An Early Response To COVID-19: The Case of Phuket Tourism Business
การตอบสนองต่อวิกฤตการณ์ COVID-19 ระยะแรก: กรณีธุรกิจการท่องเที่ยวในจังหวัดภูเก็ต

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ABSTRACT

This paper discusses the effects of the COVID-19 pandemic situation on the tourism industry, especially on the tourism business in Phuket. This preliminary study explores immediate responses that occurred during the first stage of the outbreak. The concept of customer relationship management (CRM) is applied in this study. It was found that, despite the challenging time, the tourism business, especially hotels, performed some CRM activities allowing them to continue to build and maintain relationships with their customers. The concepts of extension, retention, and socially responsible action are suggested. It is recommended that travel organizations practice CRM, especially during this crisis.

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Introduction

Currently, the coronavirus disease 2019 (COVID-19) outbreak has spread around the world. China was the first country to suffer from the disease caused crisis. One of the earliest cases discovered on 17 November 2019, originated from a seafood market in Wuhan, according to media reports of unpublished Chinese government data. The corona virus has been a major world concern since February 2020 (WHO, 2020). Later, the World Health Organization (WHO, 2020b) on 11 March 2020 categorized COVID-19 as a pandemic. The COVID-19 outbreak reached Thailand on 13 January 2020 when the country announced they had case, the first case outside of China (The Nation, 2020). A small number of COVID-19 infection were revealed in Thailand throughout January. The first reported incidence of local transmission was confirmed on 31 January in Bangkok. In Phuket, the first patient with the disease was found in the middle of March and the disease continued to rise afterward. Nearly all provinces in Thailand have reported cases of the outbreak. A few provinces including famous travel destinations such Phuket, Bangkok, and Chiang Mai, have reported more than 100 cases of COVID-19 (Department of Disease Control, 2020).

A variety of industries have suffered from the recent COVID-19 epidemic. The tourism industry is no exception. Phuket has welcomed approximately 10 millions international tourists annually in recent years (Department of Tourism, 2019). Currently, the total number of international tourists in Phuket is much less than normal now at the end of the peak tourism season. For instance, on 28 March 2020, Phuket only received six international tourist arrivals while, at the same time, 8,000 tourists flew back to their home countries. Additionally, the statistics from the Phuket International Airport showed that 517 local Thais arrived in the city and 2,000 Thais left Phuket by planes. Later, in May 2020, the governor of Phuket closed the Phuket International Airport. This led to the decision by several airlines to ground their fleets. For example, the Thai Airways International airline cancelled their flights to many destinations. This is due to safety concerns and the decision is part of the plan to dampen the global outbreak (Aucello, 2020).

Perhaps, hotel business has been the most affected aspect of the tourism industry, at least during the early stage of the outbreak. According to the Thai Hotels Association, out of the 32,564 hotels registered in Thailand, 95% will lose all revenue during April as the temporary lockdown escalates around the country. It is evident that hotels in Phuket experienced a rapid decline in occupancy rate in March in comparison to the rate received in January and February of the same year. Some hotels even had zero bookings in early March. In addition, a number of hotels in Phuket closed. At least 50 hotels in Phuket announced their
plans to close due to the effects of the COVID-19 pandemic. In addition, the outbreak has also forced hundreds of hotels to temporarily shut down (ManagerOnline, 2020).

The COVID-19 outbreak is a worldwide health disease unlike any other experienced in recent times. Normally, industries around the globe experience crises at either the local, national, or regional level, but none at the worldwide level. However, it is evident that the current crisis is the global issue. The tourism business in Phuket had natural disaster management experience from the 2004 Indian Ocean tsunami (Rittichainuwat, 2006). However, this previous incident occurred in specific areas and less likely affected tourism demand. The current COVID-19 outbreak, in contrast, hit tourism demand hard, leading to the rapid effect on the supply side. This research seeks to understand early responses to COVID-19 by tourism related organizations, both profit and non-profit organizations, and how they have adopted, especially regarding consumer relationship management.

**Literature review**

The aim of this study is to understand tourism crisis response, activities; especially how affected businesses keep relationships with their customers during their temporary closure. Therefore, the literature review focuses on tourism crisis management and customer relationship management.

**Crisis management**

Natural disaster is one among several types of crises. Natural disasters can be in many forms including floods, tsunami, and fires. Health related diseases can be considered as crises, for example, the Severe Acute Respiratory Syndrome (SARS) and the Avarian (bird) Flu epidemics which took place in South East Asia in 2004, the Middle East Respiratory Syndrome (MERS) which took place in 2015 and the most recent COVID-19 outbreak which is ongoing but took off in 2020. Such outbreak has severely affected the tourism industry as tourism is vulnerable (Pforr & Hosie, 2008).

A number of studies have been conducted to explain crisis management (e.g., Faulkner, 2001, Pforr & Hosie, 2008). Overall crisis management comprises of three key stages, namely the pre-crisis, crisis, and post-crisis stages, respectively. While the first stage is to plan and provide for possible crisis situations, the second one is to mitigate the impact of a crisis. This is how firms respond to the actual crisis. The last stage of the crisis management is to effectively determine losses caused by the crisis (Heath, 1998). Specific to the tourism industry, Faulkner (2001, p. 44) further illustrated a few extra steps for the crisis stage of crisis management. The prodromal phase is the step when a firm is unable to avoid the crisis and needs to enact a prepared contingency plan. This is followed by the emergency phase, which is the state when specific actions are taken to protect tourism resources including people and property. Faulkner also suggested an intermediate phase, which is the state where a rescue team should respond the immediate needs of people. Moreover, Pforr & Hosie (2008) suggest that building human resource capital is actually one way of reducing the vulnerability of tourism. Nevertheless, some sudden crises, for instance, the most recent health pandemic, allow no time for the tourism industry to prepare contingency plans.

This research mainly investigates actions, which took place during the earliest stage of the COVID-19 outbreak. Therefore, only the crisis stage of the crisis management literature is reviewed. It was shown that a number of previous studies have investigated crisis response in the tourism business (e.g., Pforr & Hosie, 2008, Walters, Mair & Lim, 2016, Gurtner, 2016, Ketter, 2016). The literature suggests that having a clear media communication strategy is important at this phase. A misrepresentation of the crisis contributes to huge losses in tourism revenue (Walters et al., 2016). Social media techniques can be adopted in order to respond to crisis. Ketter (2016) focused on destination image restoration using the case study of Nepal’s
earthquake. This extant research found an important role of social media, Facebook in the study, as a tool to restore destination image. In the case of Napal, grant assistance and post-disaster recovery communications including promotions were adopted during the response and recovery stages (Granville, Mehta & Pike, 2016). However, little detail was found regarding the responses, for example, what actual activities were actually done during this stage.

Some responses to health crises provided details of actions taken. In respond to the SARs epidemic, a study from Henderson (2004) explained what happened during the SARs outbreak in Singapore. She found that a specific procedure was applied. The Singaporean government required health declaration cards from those arriving by air, sea, and land. Thermal imaging systems were installed at the major terminals including at the Changi Airport. In addition, international collaboration and meetings took place. This existing research found that travel was still allowed, however, strong advice was given not to visit SARS affected countries. She further noted that local holidays with local hotel visits were encouraged to support domestic tourism. For the private sector, for instance, tourist attractions, were in operation and offered lower entrance fees. In addition, the airline companies reduced their number of flights. Special promotions were offered for hotel guests. Perhaps, responding to the health pandemic may differ from other disaster forms. As mentioned earlier, tourism is a vulnerable business. It is very much dependent on visitors. Therefore, while almost all destinations are shut down, what has been happening to local tourism businesses should be investigated.

Later years, Jayawardena, Tew, Lu, Tolomiczenko & Gellatly (2008) suggested that the acute crisis stage is the stage of implementing a SARS crisis contingency plan. This existing study suggested a number of plans, for example, informing managers and employees on how to handle the specific crisis. As suggested by others (e.g., Pforr & Hosie 2008), in order to restore tourist confidence, clear communications using media is recommended. In addition, re-directing marketing and sales efforts including working with local DMOs is an option. In their crisis management planning and implementation model, Jayawardena et al. (2008) proposed the idea of public brand management. Such management includes leadership, political and social responsibility, government and industry collaboration. Public brand management should be further investigated for a world class tourism destination like Phuket. In addition, their marketing management during the out-of-business period should be researched.

Customer relationship management

One of the significant steps in the key marketing process model, according to Kotler, Armstrong, Swee-Hoon, Siew-Meng & Chin-Tiong (2017) (2017), is the process of building profitable relationships and creating customer delights. In order to capture value from customers to create profits and customer equity, businesses are required to manage relationship with their valuable customers. CRM engages in building and maintaining profitable customer relationships by delivering superior value and a great level of satisfaction to customers. This is the idea of acquiring, keeping, and growing customers. By definition, CRM involves detailed information about individual customers and managing customer touch points which refers to any situation that customers engage with the brands and products.

While CRM is a well-established aspect of marketing management, the tourism literature review suggested not many recent studies have attempted to understand the effects of CRM on tourist satisfaction. In the area of tourist attractions, Alananzeh, Jawabreh, Al Mahmoud & Hamada (2018) found a significant impact of tourist attractions and facilities, and front office services on tourist satisfaction, whereas outlets (F&B) has no significant impact on it. In the context of accommodations, Rahimi & Kozak (2017) qualitatively studied the overlaps between customer expectations and managers’ perceptions of CRM applications. This existing study recommends providing a good value for money and core products affected customer satisfaction in the context of budget hotels.
Some studies have focused on tools and methods used for CRM achievement. The extant study from Lo, Stalcup & Lee (2010) found evaluation and control activities are perceived as very important aspects for creating customer value and tracking performance of customer touch points at hotels and restaurants. In addition, Diffley, McCole & Carvajal-Trujillo (2018) stated that the social CRM activities of hotels could improve hotel service innovation activities, and would further positively impacts the ability to develop customer-linking capability. Most recently, Garrido-Moreno, Lockett, García-Morales & King (2020) recommended firms, for instance, hotels, to utilize social media tools to generate business value in the organizations. The social media in this recent study referred to Blogs, Microblogs, Social Networking, Video Sharing, and Photo Sharing. Garrido-Moreno et.al. (2020) supported that the use of social media played an important role in the process of customer value creation. In addition, they found that the more social media tools were used, the higher the performance of the firm would be.

CRM is a management tool for business growth and profit. It is critical for any service-type business including tourism organizations in order to maintain mutually beneficial relationships with key stakeholders including customers in any circumstances (Rahimi, Nadda & Wang, 2018). At the same time, how tourism business maintains relationships with their clients during crisis events is under researched. To address this gap, this study adopts the concept of CRM to examine how tourism related businesses engage with their customers and their stakeholders in destination communities.

**Research methodology**

A qualitative method using document analysis is utilized in this study. Document analysis is a systematic procedure for reviewing documents. Like other analytical methods in qualitative research, document analysis requires that data be examined and interpreted in order to elicit meaning, gain understanding, and develop empirical knowledge (Corbin & Strauss, 2008). In addition, it is less time-consuming due to available knowledge, as such, it is more efficient than other research methods. Document analysis requires data selection, instead of data collection (Bowen, 2009). Nevertheless, document analysis is often utilized in combination with other research methods to gain a deeper knowledge in research studies. In this study, the researcher chose to solely apply online document analysis solely due to the purpose of the current study being to explore early responses used by the tourism businesses during the COVID-19 outbreak. In addition, it is more convenient because tourism stakeholders were busy solving problem at the time. Various online documents published during March and April 2020, including local newspapers and Facebook fan pages, were selected. The privacy of such online information was ensured before selection. The key words used in data collection included a combination of COVID-19, Phuket tourism, hotels and response. The coverage of the key areas is, thus, intentionally not exhaustive. However, by focusing on a world-class destination like Phuket, it is believed that one can gain the most important conceptual dimensions of tourism business responses during the early stage of the health crisis. In addition, the range of time was limited to two months, from March to April. This criterion is to seek immediate solutions being adopted by the tourism organizations. This article applies the concept of customer relationship management (CRM) from the area of marketing. This is to understand what has been happening within the tourism businesses in Phuket during the earliest stage of the COVID-19 outbreak.

**Findings**

This research is based on a variety of secondary sources—including Facebook fan pages. Other media such as key newspapers as well as specialist journals and Government reports were also reviewed. Social media and local newspapers reveal how tourism businesses
are responding to such a crisis. It was evident that tourism businesses engaged with the marketing process during its temporary shutdown. While focusing on survival, it was found that many businesses, for instance, hotels and restaurants, have been taking this out-of-business period for renovations. The key purpose of such renovation is to provide a better image and better service quality to its customers. As Phuket is a world-famous destination, hotel rooms have usually been occupied. Previously, a specific section was assigned to temporarily close for its maintenance. However, it was found that, despite its negative effect, the global outbreak offers time for hotels to improve their premises.

In particular, it was found that tourism business, at least the local businesses in Phuket, performed CRM during this outbreak. Some evidence can be addressed.

First, tourism businesses stayed connected with their profitable customers. A number of tourism attractions have been temporarily closed. The governor of Phuket has announced a closure of risky venues to curb the spread of COVID-19. Until further notice, all beaches in Phuket have been closed. The famous Bangla walking street in Patong beach was in lockdown until 30 April 2020. Shopping centers, excluding grocery shops, are locked. Locals are encouraged to stay home as much as possible. However, what can be observed from news and social media, such as Facebook fan pages, is that most of these businesses still communicate with their customers. For example, one tourism attraction in Phuket is actively communicating online with and inviting customers to name its newborn tiger. Thai AirAsia also created a video clip to educate people regarding airline passenger procedures that also included a message encouraging people to stay home. Daily online messages were posted to stay in-touch and communicate with customers. For instance, a photo of restaurant sanitization was shown to reassure guests of high level of cleanliness. This suggests that marketing is still required to be operation even during crises.

Second, some tourism businesses experimented with different styles of operation by engaging in new ways to serve their customers. For example, many restaurants and food chains switched to home delivery during COVID-19. Restaurants are operating on food delivery and take away only and dining services were not available at this stage. One reason was that the idea of social distancing was being promoted, and local Thais are encouraged to practice it. The rapid growth of delivery service is evident. Many restaurants offer a special promotion to its delivery customers to encourage them to stay home. For instance, a 50% discount is given to those who place an online order. Many restaurants work together with delivery businesses such as Grabfood, Lineman, and Food Panda, all of which have become popular among Thais recently. This type of service forces both merchants and customers to use online payment methods including eWallet more than ever. Already famous food venues are also required to use eCash service as some customers fear to use banknotes. It should be noted that before COVID-19, ePayment was not as popular in Thailand as it has been overseas, but since it has been reported that banknotes and coins could be virus transmitters. Many more local Thais are now interested in using online banking.

Third, a number of tourism organizations are taking this time to return good deeds to their stakeholders. Many hotels are practicing corporate social responsibility to their local communities in response to the coronavirus impacts. Some hotels provide food and beverages for those who lost jobs or who have other economic issues. Some hotels in Phuket, rather than choosing to close down, are offering their places as field hospitals. There are not many hospitals that can manage patients with COVID-19 symptoms, especially those with severe cases. In addition, Thailand does not have enough negative pressure wards to serve such cases. Therefore, beds in hospitals are essentially just for critical cases. A number of hotels are offering “isolation units” to the local community. These hotels, working together with local hospitals, offer rooms to those with mild conditions and who need to isolate themselves during the outbreak. A number of hotels also offer their rooms as “local quarantine units” for local
people coming back from other countries. Several hotels offer places to stay for medical staff that are free-of-charge. International visitors who miss a flight home also benefit from this courtesy. This is one way of showing how some hotels pay back their communities and loyal customers.

Fourth, the analysis reveals that strong relationships with loyal customers are promised. Most of the firms offer a loyalty program for their guests. Such loyalty programs provide points, which are valid over a certain period of time. In order to maintain loyalty, some airlines, including Singapore Airlines have extended their loyalty miles for their privilege customers. This philosophy has also been applied by the hotel business with announcements of the extensions of expiring points. For example, the Dusit gold member program offered by the Dusit Thani group extends an extra six months of validity for the expiring points. Hence, the customers are able to redeem those points post COVID-19 that ensures that the customers will likely think of their business after COVID-19.

The Role of Government

While such affected businesses continue to build a strong relationship with their customers during these hard times. These businesses, however, perceive themselves as customers of one particular department of the government, namely the Social Security Office. The way the Social Security Office system in Thailand works is that 10% of salaries are contributed monthly to the Social Security fund. Among this amount, five percent is from employers and five percent is from workers. Emergency assistance is sought to help hotel operators and hotel employees during their legal temporary closure. Most hotels in the provincial areas prefer a clear order from the authorities to close all hotels. This is for the sake of employees as it makes them eligible for benefits from the Social Security Fund.

The Social Security Office launched a few ways to assist those suffering from the pandemic, as of the middle of April. Section 75 of the Labor Protection Act is one of these actions, which stipulates that, when shutting down their businesses, hotel operators must pay 75% of their employees’ salaries. However, during the current situation, occupancy rates are nearly zero. This makes most of the affected hotels unable to pay, prompting the Thai Hotel Association to request more official measures to support employees (The Phuket News, 2020, The Thaiger, 2020). As such, what Thai hotels require from the government is a registry for hotels to temporarily stop operations. This measure would better aid hotel employees to receive 50% of salaries from the Social Security fund for 180 days in compliance with Section 79-1 of the Social Security Act. This is now, perhaps, the best way to assist the hotel industry during this tough time. It can be concluded that as a customer of the government, the tourism related business also require the Social Security Office stay connected with them and take some responsibility to assist them. It is indicated that the government should therefore practice CRM to retain relationship with its customers.

Conclusion and implication

Theoretically, a crisis management and contingency plan is required to minimize the devastating effect of a crisis or disaster. A well developed plan will enable organizations to react quickly and effectively to a crisis (Jayawardena et al., 2008). Nevertheless, some sudden crises, for instance, the most recent health pandemic, bring no time for the tourism industry to prepare contingency plans. Therefore, immediate plans were launched. Many industries including tourism have inevitably suffered from the sudden COVID-19 pandemic. In the case of Phuket, many tourism attractions and hotels have responded to the situation in different ways in order to maintain relationships with their customers. The current research supports existing findings (e.g., Rahimi et al., 2018) that any business including tourism organization should maintain beneficial relationships with their key stakeholders
including customers during any circumstances. This study provides support that hotel businesses still do marketing to its valuable customers although they are experiencing difficulty during the current crisis. It was suggested that the affected organizations still communicate, share, and offer what services are possible to their customers and community. In turn, they also request assistance from the government for their survival. In addition, this research strongly agrees with others (e.g., Garrido-Moreno et al., 2020) and suggests that social media is the best friend for various businesses including tourism organizations. A clear and attractive online message should be communicated to a valuable customer, especially during a crisis.

This research also provides practical implications for tourism and hotel businesses. In alignment with Jayawardena et al. (2008), this research provides support for developing contingency plans, which perhaps, do not exist. However, immediate plans are required as soon as a crisis event occurs. It is vital that businesses around the globe should learn from the COVID-19 outbreak and implements a plan for dealing with the next possible health crisis. Perhaps, contingency plans in response to health crises are more difficult to arrange. However, an organization or a destination can minimize crisis impacts by utilization of well planning.

One common strategy is that the concept of CRM is being used. Figure 1 concludes that CRM activities were performed by tourism businesses in Phuket during the early stages of COVID-19. Such activities occurred in three forms, namely, extension, retention, and social responsibility.

![Figure 1](image.png)

**Figure 1** Tourism business CRM activities during the COVID-19 pandemic

This research suggests that businesses should always retain and communicate with its valuable consumers on a regular basis. The crisis event is not an exception for lost connections. Social media has been found to be the best and, perhaps, the cheapest way for many firms to reach the target. Therefore, the firm should inform its audience of its activities including daily message. Perhaps, a message does not need to relate to what the firm is doing at that time. For instance, the hotel does not have to post messages about its hotel only. Rather, everyday topics are a possibility for sharing. During the current period, how to stay safe during the pandemic is useful for the audience. The concept of the new normal lifestyle is also beneficial for sharing.

Tourism businesses, for instance, hotels may extend into new business lines, for instance, bakery, food, and beverage. Furthermore, hotel employers should be ready to operate any other relevant business. For example, hotels may offer short stays for those who need space to work. In addition, tourism attractions may include offering webinars inviting guests to virtually enjoy the local tourism attraction. The idea of adaptation should be practiced. We know that tourism is a vulnerable industry. It is affected easily by external factors. Therefore,
tourism business should respond quickly enough to any circumstances. The concept of e-payment has been long applied in various businesses internationally. However, it had not been popular in Thailand. With the reality of the COVID-19, it is a good time for Thai businesses to start using more frequently.

In addition, a good technique for maintaining relationships with valuable customers is to practice social responsibility. The business is encouraged to be socially responsible even during crisis events. Assistance to the poor and the local community can project a positive image to public. Modern consumers are more likely to support those who demonstrate care for others.

The current research includes practical and theoretical implications. However, this is only a preliminary study from secondary data. Further research should focus on first-hand information to seek a deeper understanding. Different types of hotels should be investigated seeking different types of responses from those reported. In addition, a future study may apply a quantitative method to generalize research findings.

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