

Responding to the COVID-19 crisis: A case study of the Chinese hotel industry

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Abstract

The hotel industry is an industry that is extremely vulnerable to crisis. In recent years, a number of large-scale crises have taken a toll on the hotel industry, the latest being the recent COVID-19 coronavirus epidemic that broke out in 2020. The emergence of COVID-19 has caused severe damage to the hotel industry globally. Many countries had to issue travel bans in an attempt to control the spread of COVID-19, causing long-lasting impacts on the hotel industry. Because China was one of the earliest countries to control the spread of Covid-19, and the hotel industry is currently recovering well, this study will explore how the Chinese hotel industry responded under the COVID-19 crisis, and the impact COVID-19 had on the Chinese hotel industry.

In order to achieve the purpose of the research, this research adopts qualitative research methods. Secondary data is used, with government documents, news articles, and corporate reports being the main sources. The data is divided into four themes: Government, Hotel, Platform and Trend. The survey results showed that COVID-19 reduced hotel occupancy rates, daily room rates and income, and it also affected consumers' willingness to travel.

Secondly, policies play an important role in the recovery of the hotel industry and can facilitate a good environment for this to happen. When formulating marketing strategies, hotels need to understand the changes in consumer preferences and integrate current popular marketing methods. Additionally, in the face of the COVID-19 crisis, joining a hotel group can help independent hotels better weather the crisis.

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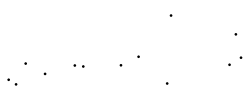
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Attestation of Authorship

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.”

Signed: 

Xinyu Yao

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Chapter 1: Introduction

This study will explore the impacts of COVID-19, with a specific focus on the Chinese hotel industry. Firstly, the research background, research significance and purpose are summarized. Secondly, the research questions and methods of this research are explained, and finally the structure of the paper is introduced.

1.1 Research background

With the increase of natural disasters and man-made catastrophes, the calamities and hazards threatening the hotel industry are also increasing (Ritchie, 2004). Due to the globalization of business and international exchanges, crises and natural disasters would inevitably have a global impact on business and the economy (de Sausmarez, 2007). The hotel industry particularly has experienced many crises and disasters in recent years, including natural disasters, epidemics and economic recessions; these crises led to economic recessions, which had significant impacts on the development of the global hotel industry (Ritchie, 2004). For example, during the 2003 Severe Respiratory Syndrome (SARS) outbreak, restaurant businesses' patronage declined significantly due to concerns about the risk of eating in public places (Alan et al., 2006), and the 2008 global financial crisis (GFC) caused a 14% drop in average global hotel room prices (Campiranon & Scott, 2014). Consequently, crisis management has become an extremely important research direction in the hotel industry.

The year 2020 started with a highly publicized global outbreak of a contagious novel coronavirus disease (abbreviation: COVID-19) which was discovered in late 2019. Starting from within China, large-scale outbreaks followed successively across many cities in many countries. National border closures were declared one after another and

travel restrictions enforced, which undoubtedly dealt a huge blow to the hotel industry both locally and internationally. The emergence of COVID-19 had caused an unprecedented global health situation with a devastating impact on society and the economy (Anguera-Torrell, Aznar-Alarcón, & Vives-Perez, 2020). As of December 1, 2020, there were 63,236,804 cases of COVID-19 reported, and the global death toll had reached 1,467,987 - almost every country had reported cases of infection (*Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)*, 2020), and the number of cases worldwide is still increasing as this study is being undertaken.

The hotel industry in China entered the emergency phase on January 23, 2020, which lasted until mid-March 2020 - first, Wuhan City was shut off to the rest of the country and the world, followed the next day by 30 provinces and regions across the country launching a public health emergency response (Chen, Feng & Lin, 2020). The Chinese government imposed a series of travel restrictions to prohibit movement across provinces and cities as COVID-19 continued to spread across the country. As of March 15, a total of 81,048 infections were reported, with 3,204 deaths (Harbin Epidemic Prevention and Control Center, 2020). China's hotel industry experienced a sudden catastrophic decline, reaching a freezing point almost overnight (Hao, Xiao, & Chon, 2020). Evidently, study on coping with the COVID-19 crisis has become instrumental.

This research will explore COVID-19 as the research background and the Chinese hotel industry as the research object. Although COVID-19 had a major impact on China, the country has effectively controlled the spread of the virus within a short period of time with high recovery rates. Compared to other countries still battling with the spread of the virus, life in China has basically adapted to a new normal. Therefore, the recovery of China's hotel industry is of great significance, as it may be able to provide some guidance for the recovery of the hotel industry in other countries.

1.2 Research aim and research questions

The hotel industry is easily affected by external factors and COVID-19 was no exception, causing an unprecedented impact on the global hotel industry (Anguera-Torrell et al., 2020). This is why it is imperative to study the hotel industry's recovery after the COVID-19 crisis. Based on the current situation, the recovery status of the hotel industry in China after the COVID-19 crisis can be considered quite exceptional; therefore, based on the exploration of the Chinese hotel industry's recovery, the researcher will attempt to provide some guidance for the recovery of the hotel industry in other countries.

According to the purpose of this research, the following two research questions are designed:

Main question:

1. How is COVID-19 being managed within the Chinese hotel industry?

Sub question:

1. What is the impact of COVID-19 on China's hotel industry?

1.3 Research methodology and methods

This research employs qualitative research with an exploratory case study method in order to achieve the purpose. This study examines China's hotel industry as the research object, and selects China's Hubei Province, Beijing, and Shanghai as the government data collection objects. Industry collection objects include Huazhu Hotel

Group, Jinjiang Hotel Group, BTG Homeinns Hotel Group, Hilton Hotel Group, Marriott Hotel Group, ‘Trip’ reservation platform and ‘Meituan Dianping’ reservation platform. These hotel groups were selected as they provided a comprehensive coverage across many large cities in China for data collection, and the reservation platforms were selected for their prevalent use as hotel booking applications. The textual data for this study is sourced from government documents, industry reports, corporate financial reports and news articles.

The study applies Faulkner’s (2001) crisis management plan as a framework to guide data analysis. Document analysis and thematic analysis will be used to analyze the data. Thematic analysis is a method for identifying, analyzing and reporting data, which is widely used in qualitative research (Braun & Clarke, 2006).

1.4 Structure of the dissertation

Chapter One: Introduction – this chapter introduces the background of the research, the purpose, the research questions, and the overall research method used.

Chapter Two: Literature review – this chapter reviews the existing literature on crisis management. It also defines a crisis, crisis management, and organizational crisis management. The relevant literature on epidemic crisis management is also reviewed.

Chapter Three: Methodology - this chapter outlines the methods and research methods used in this study. The popular social science research methods are explained, as well as the ontology and research paradigm of this research. The qualitative research methods and the use of induction and inductive reasoning are also outlined, before finally describing the case study method used and the research process.

Chapter Four: Findings – this chapter introduces the research data related to the qualitative research.

Chapter Five: Discussion - this chapter offers a theoretical discussion on the Findings in Chapter 4, including the impact of COVID-19 and necessary factors for the recovery of the hotel industry.

Chapter Six: Conclusion - this chapter summarizes the results of the final research goals. It also outlines the limitations of this research and future research, as well as the final conclusion.

Chapter 2: Literature review

2.1 Introduction

This chapter will focus on the current available crisis assessment academia, review existing concepts and past research methods, and how it can inform further research. The subsections that follow will outline the current key concepts (crisis, crisis management, pandemic), the hotel management issues that have been identified in relation to the COVID-19 pandemic, and the current use of crisis management in hotels.

2.2 Crisis: Origins and definition

The word "crisis" (plural: crises) originates from the Greek word "Krisis", meaning "decision"; it can also allude to the turning point of a disease, which determines whether an individual can recover from it (Santana, 2004). It is a concept that has become more frequently used in academia.

However, there is disagreement on the criteria for defining a crisis: Santana (2004) describes that crises are characterized by new (often defined as ‘unexpected’ and ‘unstructured’) situations within an organization, which are outside the typical operating frameworks of that organization, whereas Pforr and Hosie (2008) maintain that existing literature on crisis lacks clarity regarding the exact definition of crisis.

Researchers have attempted many different definitions of crises, for instance, Ritchie, Dorrell, Miller and Miller (2004) believe that a crisis is uncertain, numerous and unforeseen; similarly, Prideaux (2004) noted that crises and disasters are usually unpredictable. Additionally, Pauchant and Mitroff (1992) consider crisis as a kind of destruction that physically affects an overall system and threatens its basic

assumptions, its subjective sense of self, and its core of existence. Some scholars also believe that no matter in what form an event occurs, if it has an impact on the wider industry and causes a sudden adversity to the organization, it can be referred to as a crisis (Laws & Prideaux, 2006).

Selbst (1978) (as cited in Faulkner, 2001) defined a crisis as “any action or failure to act that interferes with an organization’s ongoing functions, the acceptable attainment of its objectives, its viability or survival, or that has a detrimental personal effect as perceived by the majority of its employees, clients or constituents” (p.136). Moreover, Pearson and Mitroff (1993) believed that a crisis is composed of five aspects: high magnitude, requiring immediate attention, an element of surprise, the need for taking action, and being outside the organization’s control, thereby providing a more precise definition of a crisis as an event that threatens the reputation and survivability of an organization.

Pauchant and Douville (1993) suggested that because the word crisis was so widely used in different fields by various researchers, the definition of crisis had also become diversified. In the tourism industry, a crisis is defined as an event that affects the regular operation and development of the tourism industry, and behaviors that negatively impact tourists’ perception of tourist destinations, thereby threatening the safety, attractiveness and comfort of tourist destinations (Santana, 2004). Pforr and Hosie (2008) indicated that crises can occur at any operational level, including individual restaurants or local travel companies, regional, national, and global travel. For example, in a tourism destination context, a crisis is usually characterized by a decline in tourist numbers, decline in employment, decline in private-sector profits or government revenue, and possible discontinuation of further investment (Laws & Prideaux, 2006).

While most researchers define crisis as a generic term, Ritchie and Jiang (2019) believe that understanding the *nature* of crises and disasters can help better identify

crisis management and disasters. However, only a few studies distinguish between crises and disasters. Faulkner (2001) makes a distinction between a crisis and a disaster by suggesting that the main difference lies in the extent to which the event occurs, that is, within the organization itself, or outside the organization. More specifically, a crisis describes a situation in which, to some extent, the root cause of an event is self-inflicted due to problems such as a lack of disaster structure, whereas, a disaster refers to a situation in which an enterprise faces sudden and unpredictable catastrophic changes with little control (Faulkner, 2001).

Disasters could include floods, typhoons, earthquakes or man-made events such as terrorist attacks and wars (McKercher & Hui, 2003). Pforr and Hosie (2008) also pointed out that disasters are "multilevel, complex and damaging systems-related events that unfold over time and space, through an emergent complex interaction of elements, involving structures, connection and networks and which are shaped by ideological, economic and social factors to generate impacts on elements of society that change the performance of the normal order of the societal setting" (p.252).

While some scholars have defined disaster and crisis separately, others further distinguished their characteristics. Shaluf, Ahmadun and Mat (2003) believed that disaster and crisis have distinct characteristics: a disaster can be a single natural or human-made event, or both, whereas a crisis can only be a man-made event; also, disasters only cause adverse effects, while crises not only cause negative effects but may also bring about positive outcomes. Furthermore, disasters can cause large-scale damage to human life and the physical environment, resulting in substantial social costs and economic losses, whereas crises can occur anywhere and anytime in any large or small, national or international business organization without warning, wreaking havoc on business operations, influencing public perceptions of the business, and exerting financial pressure on the business (Shaluf et al., 2003).

Finally, a crisis and disaster as explained by Shaluf et al. (2003) can be summarized as follows:

1. Crisis and disaster are two different but related events, wherein the effects of a crisis are considered more comprehensive than that of a disaster.
2. A *technical* disaster is a crisis-related event, which may develop into an industrial crisis.
3. In the development stages (pre-event, event, and recovery stages), disasters can be similar to crises.

2.3 Global crisis

Every country is interconnected and interdependent in this global age - from climate change to the global war on terrorism, and world poverty to humanitarian disasters - these are all global crises and represent a global community with a shared future (Simon, 2008). Global crises are defined by Simon (2008) as crises that span geographical and political territories (transcending ethnic and national boundaries), such as the global financial crisis; looming energy crises; food, security, and water shortages; and rapidly spreading diseases (pandemics, epidemics). In recent decades, the world has faced several major global crises such as the SARS outbreak in 2003, the global financial crisis in 2008-2009, and the COVID-19 pandemic in 2020, all of which have had a major impact across the world's communities; even today, many countries are still struggling to cope with and recover from the impacts caused by the COVID-19 pandemic crisis.

2.4 Organizational crisis

When a crisis impacts on organizations and their members, it is known as an organizational crisis (Milburn, Schuler, & Watman, 1983). An organizational crisis is

a low-probability and high-impact event that threatens the viability of an organization, and is characterized by unclear causes, consequences and solutions, and the belief that decisions must be made quickly (Pearson & Clair, 1998). Billings, Milburn and Schaalman (1980) also interpreted an organizational crisis as a situation involving the possibility of significant losses to the organization and situations that require time to resolve. Similarly Keown-McMullan (1997) also considered an organizational crisis as “a situation that must be so significant as to threaten the existence of an organization, or government, or country” (p.9).

2.5 Classification of crisis

Naming and categorizing crises is a vital step towards resolving crises, especially in the initial stages of the event – categorizing crises into specific types or forms can often reduce initial uncertainty. However, to date, there has been little agreement on crisis classification, as different researchers have their own divided ways for crisis classification.

Santana (2004) uses the crisis *type* (socio-economic, natural/technological) and *severity* (normal, severe) to establish a matrix for grouping crises, whereas Racherla and Hu (2009) divide crisis into four types based on *occurrence probability* and *control level*:

- *Unexpected crises* - low probability of occurrence with a low controllable level, but are difficult to predict, so although they are uncommon, they still affect large geographic areas (examples: terrorist attacks, earthquakes, hurricanes, tropical cyclones);
- *Conventional crises* - predictable events with a high probability of occurrence but low control capabilities. Conventional crises are externally influenced, meaning that

individual organizations cannot easily control these crises. Although the level of control is low, such crises provide organizations with opportunities to continuously learn to solve these crises (examples: economic downturn, rising oil prices, changing government regulations);

- *Tractable crises* - relatively high levels of predictability and control and can directly cause economic losses and threaten the businesses competitiveness. However, compared to other crises, tractable crises can be controlled, and managers can formulate strategies to reduce the impact, such as appropriate investment in technology and equipment. It was also found that the measures taken by hotels in response to such crises could improve their overall service quality and competitive position (examples: rampant inflation);

- *Extraneous crisis* - probability of occurrence is low (so may easily be ignored by enterprises), but the degree of control is high. Unless they result in the loss of life, property, or goodwill, they would be valued by management, but a significant extraneous crisis will damage the reputation and infrastructure of the business (such as a tourist destination), and the reconstruction of the two will likely take many years (examples: fires, food poisoning).

Kuo, Liou, and Boger (2017) further extended that crises could be divided into three types according to time constraints: *Immediate crises* (usually unprecedented and traumatic, and one that cannot be predicted easily, therefore is challenging to have a plan for prevention); *Emerging crises* (may develop slowly but can be equally surprising, therefore the process of recognizing such crises is complex); and *Sustained crises* (have a longer duration (weeks, months, or even years) and are often stirred up by gossip). It was also pointed out that each classification would require different crisis management methods, treatment time, damage intensity, and threat level (Kuo et al., 2017).

Yang et al. (2020) highlighted that the COVID-19 pandemic is considered a public health emergency with a global influence, and that it was beyond reasonable control and prediction - therefore, we can establish from the literature that the COVID-19 pandemic is considered as an *immediate crisis*.

2.6 Defining crisis management and organizational crisis management

Crisis management is ubiquitous in human society, occurring at many levels nationally and internationally, as well as across many fields such as health, finance and business (Milburn et al., 1983). Recent years have seen an increase in literature on crisis management, which refers to the process of planning, coping, and recovery (Huang, Tseng, & Petrick, 2008). A more detailed definition by Pforr and Hosie (2008) proposes that crisis management can be seen as comprehensive work carried out by an organization continuously and effectively, aiming to understand and prevent crises first, and taking its recovery plan into consideration, to effectively manage the crisis that had occurred. Crisis management is employed to eliminate risks and uncertainties inherent in low-probability and high-impact events, so that business managers can better control management operations (Huang et al., 2008). Therefore, crisis management can help tourist destination and hotel operators prepare for crises, and respond accordingly (Racherla & Hu, 2009).

Moreover, Pearson and Clair (1998) have defined crisis management within an organization, stating that organizational crisis management is a systematic attempt made by organization members and external stakeholders to avoid crises or effectively manage existing crises, and that the effectiveness of organizational crisis management is demonstrated when potential crises are avoided, or when key

stakeholders believe that the successful outcomes of short-term and long-term crises are greater than the failures.

2.7 Crisis Management models

Different types of crises require different crisis management models to solve, so a number of scholars have proposed various crisis management models. Pearson and Mitroff (1993) emphasized that four factors should be considered in every crisis management strategy: the *type* of crisis, the *stages* of the crisis, the *reasons* for the crisis, and the *people* involved. Racherla and Hu (2009) in support, have suggested that this can effectively increase the success rate of crisis management. Pearson and Clair (1998) further pointed out that an organization can resume or continue to operate and minimize the loss of stakeholders after a crisis, which illustrates that crisis management can be effective.

Crisis management models can be classified into four main classifications based on the phases in the crisis: Crisis Management Plan, Strategic Crisis Management Approach, Action-orientated Crisis Management Approach, and Integrated Approach (Huang et al., 2008). The phases, models and examples of crises corresponding to each category are summarized in Table 1, and Table 2 provides more details about each model:

Table 1 Four main classifications of crisis management models

Classifications	Phase (latest version)	Authors	Types of crisis
Crisis Management Plan	pre-event, prodromal, emergency, intermediate, long-term and resolution	Faulkner (2001)	Natural Disasters, e.g. Flood
Strategic Crisis Management Approach	crisis management formation, implementation and evaluation	Preble (1993)	Financial

Action-oriented Crisis Management Approach (also called the FourRs)	reduction, readiness, response and recovery	Wilks and Moore (2004)	General
Integrated Approach	Including both proactive (mitigation, preparedness and warning for disasters) and reactive (the assessment of post-disaster impact) strategies	Moe and Pathranarakul (2006)	Natural Disasters, e.g. Tsunami

Table 2 - Each model in more detail

Authors and Model	Stage Contents of Crisis Management	Components of Crisis Management
<p>Preble (1993)</p> <p>Strategic Crisis Management Approach</p>	<ol style="list-style-type: none"> 1. Crisis management formulation <ul style="list-style-type: none"> ● Top management initiates contingency planning ● Risk assessment ● Develop alternative strategies 2. Crisis management implementation 3. Crisis management evaluation <ul style="list-style-type: none"> ● Recycle 	<ul style="list-style-type: none"> ● Group formed ● Resources allocated ● Identify threats ● Estimate likelihood ● Determine impact ● Prevention techniques ● Backup plan ● Steps ● Responsibilities ● Strategies ● Procedures ● Update ● Revise ● Retest
<p>Faulkner (2001)</p> <p>Crisis</p>	<ol style="list-style-type: none"> 1. Precursors <ul style="list-style-type: none"> ● Disaster management team ● Relevant institutions and departments 	Initial stage:

Management Plan	<ul style="list-style-type: none"> ● Communication systems ● Develop strategies ● Education systems ● Activation protocols <p>2. Mobilization</p> <ul style="list-style-type: none"> ● Warning systems ● Command center ● Secure facilities <p>3. Action</p> <ul style="list-style-type: none"> ● Rescue/Evacuation ● Daily supplies ● Medicals ● Monitoring systems <p>4. Recovery</p> <ul style="list-style-type: none"> ● Monitoring system ● Restoration/ Clean-up ● Media <p>5. Reconstruction and reassessment</p> <ul style="list-style-type: none"> ● Repair ● Rehabilitation ● Reactivate ● Revision ● Counseling victims ● Review 	<p>Risk assessment on disaster probability, impact contingency plans</p> <p>Implementation detail:</p> <p>Disaster contingency plans</p> <ul style="list-style-type: none"> ● Likely impact ● Community and visitor capabilities ● Minimum impact actions ● Priority actions ● On-going review on experience, structural change, environment
Wilks and	1. Reduction	<ul style="list-style-type: none"> ● SWOT analysis

<p>Moore (2004)</p> <p>Action-oriented Crisis Management Approach (also called the 'FourRs')</p>	<ul style="list-style-type: none"> ● Crisis awareness ● Political awareness ● Standard operating procedures <p>2. Readiness</p> <ul style="list-style-type: none"> ● Crisis management plan ● Tourism planning ● Health and safety measures <p>3. Response</p> <ul style="list-style-type: none"> ● Emergency response procedures ● Investigation ● Family assistance ● Communication <p>4. Recovery</p> <ul style="list-style-type: none"> ● Business continuity plan ● Human resources ● Debriefing 	<ul style="list-style-type: none"> ● Identify risks and impacts ● Secure political cooperation and involvement ● Anticipate systems ● Enhance staff awareness <ul style="list-style-type: none"> ● Crisis management team ● Public and private sectors involvement ● Priority decision ● Contingency plan ● Training system <ul style="list-style-type: none"> ● Caring for visitors and involving the community ● Target marketing ● External marketing communications ● Leadership ● Victim support <ul style="list-style-type: none"> ● Public communication ● Domestic health services ● Disability issues ● Counseling ● Return of effects of deceased victims to next-of-kin ● Community harmony ● Community support
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		<ul style="list-style-type: none"> ● Rural issues ● Inter-governmental welfare issues ● Role of airlines ● Insurance coverage ● Domestic economic issues ● International issues and interaction with other disasters
Moe and Pathranarakul (2006) Integrated Approach	1. Prediction 2. Warning 3. Emergency relief 4. Rehabilitation 5. Reconstruction	<ul style="list-style-type: none"> ● Mitigation and preparedness activities ● Structural and non-structural measures ● Impact prediction ● Provision of timely and effective information ● Immediately assistance ● Basic subsistence needs ● Life preservation ● Restoring and improving the pre-disaster living condition

Huang et al. (2008) suggested that the Crisis Management Plan could help comprehensively manage tourism disasters, while the Action-oriented Crisis Management Approach showed the actions and activities that should be taken to restore tourism after the crisis and disaster; additionally, the Integrated Approach could assist the crisis management team to respond before, during, and after the crisis.

Crisis managers need to develop bespoke plans for various crises rather than planning for each individual situation (Coombs, 1999). Heath (1998) also pointed out that the characteristics of each crisis are not the same - each one presents in different forms, with varying time constraints, resource requirements, and social and economic threats, therefore distinct crisis management approaches are required.

The emergence of the global financial crisis (GFC) in 2008-2009 had a significant impact on individuals, businesses, industries, and across countries. According to Townsend and Wilkinson (2013), the Australian hotel industry faced a two-fold loss due to reduced international travel and domestic corporate demand, which made it imperative for many enterprises to undertake crisis management to survive the GFC.

A study by AlBattat and MatSom (2014) showed that the hotel industry in Malaysia had applied the Strategic Crisis Management Approach by Preble (1993): first, the formation of the crisis was examined by undertaking specific analysis of the classification of the crisis and its impact. Alexander (2005) noted that although each crisis was unique, they had enough in common to make it easier to deal with the current crisis by understanding similar crises before it. Secondly, an emergency plan was formulated and applied to cope with the crisis, for instance, the government gave its citizens paid holidays, and hotels offered greater discounts to attract tourists. Finally, the overall crisis management was evaluated, and the normal operation of the enterprise was restored - this evaluation considered three important aspects: firstly, the rate at which the hotel could resume normal operation; secondly, the speed at which businesses had returned to pre-crisis levels; and thirdly, how much the

enterprise had increased its ability to endure the crisis (AlBattat & MatSom, 2014). Through this assessment, the hotel organization would have acquired more information about the crisis, and learnt lessons in order to tactically modify the crisis management strategy at any time, to help enterprises survive the crisis (Preble, 1993).

According to the literature, Faulkner's Crisis Management Plan model could be applied to the COVID-19 pandemic. Based on the research of Pearson and Mitroff (1993), Faulkner (2001) developed the first crisis management model suitable for tourism and hotel industries, and an important aspect of this model was the inclusion of local hotel and travel companies and local communities in the crisis management process. As the hotel and tourism industries have permeated into the local communities, the industries and communities need to cooperate and coordinate their responses in crisis.

Faulkner's model is composed of six phases: *pre-event*, *prodromal*, *emergency*, *intermediate*, *long term (recovery)*, and *resolution*. Miller and Ritchie (2003) break the phases down as follows: in the *pre-event* phase, measures are taken to prevent and mitigate the impact of disasters; the *prodromal* phase indicates when a disaster is imminent; during the *emergency* phase, people begin to feel the impact of the crisis and focus on the organization's response, thus taking on an investigative role; at the *intermediate* phase, the goal is to address people's short-term needs and keep services and communities operating as close to normal as possible; the *long term/recovery* stage is a continuation of the intermediate stage where the undertakings that could not be completed in the previous phase (such as self-analysis, recovery, and post-mortem), are completed in this phase; and finally, the *resolution* phase is returning to routine or acquiring a significant improvement based on reflection .

2.8 Managing pandemics

The emergence of pandemics have varying degrees of impact on all industries, with the greatest impact on the hospitality industry (Lee & Warner, 2006). The epidemic and pandemic outbreaks that have had a huge impact on the hospitality industry in recent years include Foot and Mouth Disease (FMD) in 2001, Severe Respiratory Syndrome (SARS) in 2003, and the novel Coronavirus (COVID-19) in 2020.

Ritchie et al. (2004) found in their study that FMD first appeared in 1967, and re-emerged in an epidemic outbreak in the United Kingdom in February 2001 - during that period, 2030 cases were reported, and the epidemic took a toll on the UK tourism industry. The English Tourism Council (ETC) predicted that the UK's tourism industry would lose 5 billion pounds due to FMD in 2001, and suffer a further 200 million pound and 100 million pound losses in 2002 and 2003 respectively (Ritchie et al., 2004).

It took 11 months to eliminate the virus in the UK, but in the early days of the outbreak, the British Tourist Authority (BTA) did not have a comprehensive crisis management strategy to deal with the outbreak of FMD (Ritchie et al., 2004). To further complicate the difficulty of crisis management, Ritchie et al. (2004) pointed out that as information transmission was not well developed at the time, different information with varying degrees of accuracy were released to the media by tourism organizations and government agencies involved in dealing with the disease; consequently, many negative or erroneous reports were generated, misshaping potential tourists' perception of destinations and how the epidemic was being managed. Keown-McMullan (1997) stated that the media could influence the intensity and speed of crisis development and even turn an event into a crisis.

However, as Ritchie et al. (2004) found, the BTA was not fazed – it quickly established an immediate action group to develop strategies for responding to the

FMD outbreak, and instituted communication channels to uniformly release accurate information to the public to rectify the misleading information released earlier; a global public relations company was also tasked with managing negative or misinformation about the UK, and reshaped the British brand and image to help restore tourism across the country.

A similar tale could be found in the SARS outbreak that reported 8,096 cases across 27 countries, and caused 774 deaths worldwide (Kuo et al., 2017). Tse, So and Sin (2006) reported in their study that the catering industry in Hong Kong lost up to 90% of its business following the outbreak, highlighting the fragility of the restaurant industry, and its initial inability to respond to crises, especially for an epidemic like SARS.

After studying the 2003 SARS crisis, Tse et al. (2006) proposed a four-step crisis management method to manage the SARS crisis: firstly, *crisis classification* - the crises to be dealt with are classified into one of seven categories: natural disaster (example: earthquakes and viruses), technological failure (example: food processing system failures), confrontation (example: strikes), malevolence (example: terrorist attacks), skewed values (example: selling junk food harmful to public health), deception (example: restaurants deliberately serving problematic food), and misconduct (example: illegally obtaining a permit to perform certain activities).

The second step was *damage assessment* - before implementing a recovery plan, managers must assess the extent and type of damage to the restaurant caused by the crisis, for example, the immediate concern for restaurants and hotels after the SARS outbreak, was the disruption of capital flow, so the core of the strategy should be to minimize operating costs of the business to maintain sufficient capital flow (Tse et al., 2006). Moreover, a marketing strategy should be developed to increase revenue.

The third step proposed by Tse et al. (2006) was to *develop and implement strategies* to deal with the crisis which involved designing a suitable plan to ensure the survival

of the business - management had to consider every step of the operation in order to mitigate the impact of the crisis.

Finally, *feedback loops* should be used to evaluate the effectiveness of the response strategy, so that managers could amend the strategy promptly - in their study, Tse et al. (2006) found that Hong Kong restaurants were able to successfully respond to the SARS crisis by following these processes. Subsequently, the government also formulated corresponding anti-epidemic policies and support policies to deal with SARS and other potential outbreaks.

2.8.1 Epidemic Prevention Policy - China

China's public health system enforces health policies from the central government to the village-level Centers for Disease Control and Prevention (CDC), that is, the National CDC delegates tasks and powers to the local CDCs (Schwartz & Evans, 2007). When dealing with outbreaks, the responsibilities of local CDCs include reporting disease outbreaks, adopting disease control measures, conducting limited research, and providing health education services, while the government enforced 20% to 30% of the population to remain at home during the outbreak, launched education campaigns encouraging people to wear masks when travelling, and distributed medical supplies to communities to treat the outbreak (Schwartz & Evans, 2007).

2.8.2 Support Policies after SARS

After the SARS outbreak occurred, the central government established a "100 million yuan" SARS prevention and control fund. As of May 6, 2003, over 5 billion yuan of special funds was amassed for the prevention and treatment of SARS - the cities of

Guangdong, Beijing, Shanxi, Inner Mongolia, and Tianjin were worse affected than others, and Hebei and other cities in China adopted various measures including tax reduction and exemption (Chen, 2003). On May 7, 2003, the State Council proposed eight specific policy measures to combat SARS and ensure stable economic growth: emphasizing the need to do everything possible to increase farmers' income; working hard to increase urban and rural employment; stimulating urban and rural consumption; stabilizing investment and domestic and foreign trade; adjusting fiscal revenue and expenditure structures; maintaining a normal production and living order; increasing investment in public health infrastructure construction; and promoting industry-wide revival (Chen, 2003). The implementation of these measures, as reported by Chen (2003), effectively alleviated the impact of SARS and brought the economy back to the track of sustained rapid growth.

Due to the ban on tourism and entertainment consumption in public spaces during the outbreak, Wen, Huimin, and Kavanaugh (2005) noted that as the outbreak came under control, the drive to curb consumption weakened, and the demand in the later stages of the SARS outbreak showed a "blowout" upward trend. Many large hotels removed the popular European style buffet, replacing it with a set meal format to reduce the possibility of cross contamination between the food and the customers, and bakeries also packaged freshly baked bread and pastries in individual wrapping to reassure customers of the food's hygiene (X. Chen, Z. Lin, Luo, & J. Lin, 2007).

Affected by the SARS epidemic, many people could only travel around within the country for tourism, and many also chose to travel by car on their own - X. Chen et al. (2007) noted in their study that outdoor tourism activities became more popular, however, travellers were still hesitant to use public transportation, so tour bus operators and aviation companies emphasized the safety and sanitation of their air filtration and disinfection systems to alleviate public concerns.

The SARS epidemic eventually spread to Taiwan, hitting the Taiwanese catering and restaurant businesses hard, and X. Chen et al. (2007) noted that various food promotions and discount activities had to be launched to stimulate demand, even for the big restaurant brands such as KFC, who launched the province's first major meal specials for the first time in 18 years - this allowed them to maintain a growth rate of approximately 30-40% compared to the same period last year. Thus there is evidence that large organizations such as hotel and restaurant groups could out-perform small organizations (independent hotels and restaurants) in their response to crises such as the SARS outbreak (Johnson, Lu, Tolomiczenko, & Gellatly, 2008).

2.9 Summary

This chapter reviewed the existing literature on crisis and crisis management: firstly, the origin and definition of crisis was explained and differentiations made between global crisis and organizational crisis. Secondly, the methods used by different scholars to classify crises were explained, and crisis distinguished from disaster. Different crises call for different crisis management methods, and since the research mainly focuses on the COVID-19 pandemic crisis, this chapter focused on reviewing the literature on epidemic crisis management. The next chapter will describe the process and research methods of this research.

Chapter 3: Methodology

3.1 Introduction

This chapter provides an overview of the interpretivist positioned paradigm selected for this study, as well as the exploratory case study methods, document analysis and theme analysis methods used in this study.

Additionally, this chapter also provides a detailed overview of the entire research process. Firstly, the research goals are outlined. Secondly, the reasons for choosing qualitative research and document analysis are explained. Next, the case study method is introduced in detail, before then elaborating on the reasons for choosing China as the case, and introducing the data sources and data collection process. Then, an explanation is provided on how themes analysis was performed on the data, and a detailed overview of the entire coding process is presented. The reliability of the research is then explained before finally outlining the possible limitations associated with the study.

3.1.1 Research Aim

The goal of this research is to explore how the Chinese hotel industry responded under the COVID-19 crisis; therefore, the following research questions are raised:

Main question:

1.How is COVID-19 being managed within the Chinese hotel industry?

Sub question:

1. What is the impact of COVID-19 on China's hotel industry?

3.2 Research Paradigm

Pringle and Booysen (2018) pointed out that the choice of paradigm was based on the researcher's ontology or belief system (which informs how we think and conduct research) - and *ontology*, *epistemology*, *axiology* and *methodology* all provide information for the researcher's research paradigm or worldview and research discourse. *Ontology*, according to Pringle and Booysen (2018), refers to the researcher's view of the nature of reality, or the individual's conceptualization of reality; *epistemology* refers to how researchers know the nature of knowledge; *axiology* is the value on which our thinking and research are based, and it explores the role of value and ethics in the process of inquiry; and *methodologies* are used to determine and justify the research methods.

In the social sciences, there are two main research paradigms: positivist and interpretivist. The ontology of positivism is an objective (single) reality, according to Pringle and Booysen (2018), and positivism is usually related to quantitative methods. It can quantify social phenomena (Gray, 2013) and is one form of objectivism (Scotland, 2012). Interpretivist positioning is the opposite - according to Scotland (2012), the ontological position of interpretivism is relativism. The relativistic view is that reality is subjective and varies from person to person - in other words, reality is complex, each individual is independent, and has their own unique ideas about reality, so an interpretative methodology aims to understand phenomena from the perspective of individuals, and study the interaction between individuals (Scotland, 2012).

The paradigm chosen for this study is the interpretivist position. Interpretation theory is usually generalized, generated *from* data, not *before* data (Scotland, 2012). Therefore, based on the research question, an interpretivist position is suitable for this

research. The theory of this research is produced in the process of analyzing data and studying the interaction between the COVID-19 crisis and the hotel industry, in accordance with the research purpose. Therefore, the theory derived from the research is the subjective idea of the researcher.

3.3 Qualitative Research Methodology

Qualitative research methods will be used to explore how the hotel industry in China is responding to COVID-19 because this method is exploratory and comprehensive. Soiferman (2010) defines qualitative research as research conducted in the natural environment. This approach seeks answers to questions like “What’s going on here?”, which yield contextual answers and emphasize on text rather than numbers through text analysis (Baxter & Jack, 2008). Thus, this approach is particularly suited to exploring ways to deal with the crisis. Moreover, qualitative research aims to learn from the participants (Soiferman, 2010) and the researchers can demonstrate in detail and depth the complexity of the research focus so that it can be understood by inexperienced readers (Ary, Jacobs, Razavieh, & Sorensen, 2002). The purpose of this study is also consistent with that of qualitative research as indicated by Soiferman (2010), that is, the purpose of this study is to explore how the Chinese hotel industry is responding to COVID-19 in order to learn how to respond to COVID-19 for readers in similar situations.

Furthermore, Soiferman (2010) explains that qualitative research usually adopts inductive thinking or inductive reasoning, as it changes from a specific observation of a single event to a broader generalization and theory. Soiferman (2010) also points out that the inductive research moves from the specific to the general. Moreover, Woiceshyn and Daellenbach (2018) stated that inductive research facilitates empirical

observation on some interesting phenomena, and forms concepts and theories on this basis - this can be summed up as a "bottom-up, using the participants" approach.

When conducting a study using induction, researchers start with specific observations and measurements, and then move on to detect themes and patterns in the data - Merriam and Tisdell (2016) explained that the induction method starts with little or no predetermined theory or structure, but uses collected data to construct themes and theories. This approach allows researchers to form early hypotheses that can be explored, the results of which may later lead to some general conclusions or theories (Creswell & Clark, 2017). The purpose of this study is to identify themes by analyzing comparative cases and collecting information from the cases so that they can develop theories inductively, therefore, the application of induction is fitting for this study.

3.4 Case Study Method

Management in a crisis is an ambiguous concept, which generally requires deep and detailed exploration. The exploratory case study methodology will be employed in this study to investigate methods for responding to the COVID-19 crisis, as case studies are ideal when a comprehensive, in-depth investigation is required (Feagin, Orum, & Sjoberg, 1991). In addition, the process of inquiry is a process of explanation and understanding of the phenomenon under study (Brown, 2008). Baxter and Jack (2008) supported the use of the exploratory method, as "... case study is used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes" (p.548). Tellis (1997) considered the exploratory method as a prelude to social research. Moreover, Meyer (2001) pointed out that case studies were very suitable for exploring concepts with unclear outcomes.

Tellis (1997) further emphasized that case studies were also known as triangular research strategies, and triangulation could be achieved through data, investigators, theories and even methods. Stake (1995) also referred to triangulation as the protocol used to ensure accuracy and alternative interpretations. The need for triangulation comes from the ethical need to verify the validity of the process (Tellis, 1997), and in the case study, this can be achieved by using multiple data sources (Yin, 2003), which are also the hallmark of a case study. Compared with other qualitative methods, case studies are unique in that investigators can collect and integrate quantitative survey data, which is helpful to achieve an overall understanding of the phenomena studied (Baxter & Jack, 2008).

In this case study, data from different data sources is aggregated during the analysis rather than being processed separately. Each data source is a part of the whole, and each part fits in the researcher's understanding of the whole phenomenon.

3.4.1 Case Selection

The strategic selection of cases is referred to as *purposeful sampling*, because cases are deliberately selected and are of particular informational nature (Merriam & Tisdell, 2016). The COVID-19 pandemic was the first major outbreak in China, and the Chinese hotel industry was hit hard. China, being one of the earlier countries to contain the COVID-19 pandemic, had effectively directed the citizens' lives to a new normal much sooner than many other parts of the world, therefore, the hotel industry in China has a very high research value and representativeness. Hence, the "case" in this study was identified as the hotel industry in China.

This study selected Beijing, Shanghai, and Hubei Province in China as the data collection objects. Beijing and Shanghai are all first-tier cities in China with large population flow and were key cities for the spread of the virus. These cities are also

very important transportation hubs and financial centers in China. Hubei Province is where COVID-19 first broke out in China, and had the highest infection rate, therefore, in this context, Hubei Province was considered the worst affected location within China. These cities provide a suitable context and comprehensive coverage for exploring COVID-19 management methods in China.

This study also selected local hotel brands in China, such as Huazhu Hotels Group, Jinjiang Hotels Group, and BTG Homeinns Hotels Group, and international hotel chains such as Marriott Hotels Group, Hilton Hotels Group, and InterContinental Hotels Group as the object of data collection. There are over 20,000 hotels owned by Huazhu Hotel Group, Jinjiang Hotels and BTG Homeinns in China, covering almost every city in the country. Therefore, the data from these hotels would provide more comprehensive information and trends for this research. Additionally, this study selected Meituan Dianping (Meituan) and Trip booking platforms, two of the most widely-used applications for hotel bookings in China. As it is increasingly popular in China to use apps for hotel reservations and travel itineraries, these two apps will allow researchers to investigate the current consumer situation more directly.

In conducting this study, this case should strongly demonstrate the general characteristics of the China hotel industry's response to the COVID-19 crisis.

3.4.2 Document Analysis

Also used in this study is document analysis, which is a systematic procedure for reviewing or evaluating printed and electronic (computer-based and internet-based) material for documents (Bowen, 2009). Document analysis is an iterative process where superficial examination (skimming), thorough examination (reading), and interpretation is required (Mackieson, Shlonsky, & Connoll, 2019).

Bowen (2009) outlined that the specific functions of document analysis include the following:

1. Provide background information;
2. Extract data;
3. Ask questions that need to be asked;
4. Supplementary data;
5. Get an image of how an organization or event progresses with the event; and
6. Validation of the results.

General document analysis is often used in conjunction with other research methods as a way of triangulation, to supplement, confirm (or refute), and clarify (or extend) findings in different data or from different data sources, to reduce the impact of potential biases in the study (Bowen, 2009; Danto, 2008; Frey, 2018). Moreover, document analysis is also used as an independent qualitative research method (Bowen, 2009), and can provide answers to questions about policies, past events, and cultural backgrounds (Frey, 2018).

Context analysis and thematic analysis may also be included in document analysis (Mackieson et al., 2019). Thematic analysis will be used in this study and is described in detail below.

3.4.3 Data Collection

The data collection methods of this study include the secondary data collection approach and file analysis, and uses multiple data sources which can enhance the credibility of the data (Patton, 1990). All government and industry policies as well as the hotel's own policies are obtained through the respective official websites. Mackieson et al. (2019) supported the use of existing government documents as an excellent source of data due to the official status of these records, and the fact that the

content are usually of high-quality. Data on the public's travel intention and the occupancy rates of hotels were obtained via collection from authoritative institutions and websites on the internet. Part of the data was also obtained through the financial reports of the hotel groups. There were many formats of data collected, including images and text.

3.4.4 Secondary Data Collection Approach and Document Analysis

Secondary data refers to data originally collected for different purposes and subsequently used in another research question (Hox & Boeije, 2005). As the world wide web is a huge and extremely chaotic source of information, in order to utilize it effectively, this research selected appropriate keywords to develop a search strategy to locate relevant documentation.

In addition to using secondary data, government documents, industry documents and hotel documents were also perused. These documents elaborated on the government and the hotel policies and measures for the COVID-19 crisis, as well as the current status of the particular hotel groups. These documents provided a rich source of reliable information for research, supplementing the information collected through secondary data (Hancock & Algozzine, 2017). Moreover, Yin (2003) and Tellis (1997) both pointed out that multiple data sources serve to improve the accuracy of triangulation and can confirm data from other sources.

Since the case of this study is China, the following documents were accessed through the official websites of the national government and city government, and used in this research, as shown in Table 3:

Table 3 Various documents of the Chinese government, provincial government and municipal government

The State Council of the People's Republic of China		
Title	Date	Area (China)
Take more measures to help the accommodation, catering, cultural and tourism industries	2020.2.27	Nationwide
Notice on Doing a Good Job in Epidemic Prevention and Control and Safe and Orderly Opening of Tourist Attractions	2020.4.14	Nationwide
Implementation Opinions of the General Office of the State Council on Strengthening Employment Stability Measures in Response to the Impact of the New Coronary Pneumonia Epidemic	2020.3.18	Nationwide
"Guidelines for Prevention and Control of Epidemics in the Tourism and Accommodation Industry in Shanghai"	2020.2.3	Shanghai City
Several Policies and Measures of Shanghai to Prevent and Control the Epidemic to Support the Stable and Healthy Development of Service Enterprises	2020.2.8	Shanghai City
Several Measures to Boost Consumer Confidence and Strongly Release Consumer Demand	2020.4.23	Shanghai City
Several Measures to Cope with the Impact of the Pneumonia Epidemic Caused by the Novel Coronavirus and Promote the Sustainable and Healthy Development of Small, Medium and Micro Enterprises	2020.2.5	Beijing City
Arrivals to Beijing must provide nucleic acid test certificate from April 12	2020.4.10	Beijing City
Guidelines for the prevention and control of star-rated hotels in Beijing during the COVID-19 epidemic (ninth edition)	2020.7.21	Beijing City
Several Measures for Responding to the Impact of the New Coronary Pneumonia Epidemic and Going All Out to Do a Good Job in Stabilizing Employment"	2020.3.27	Hubei Province
"Several Policies and Measures to Promote Economic and Social Development in Hubei Province"	2020.3.12	Hubei Province
Regulations for Creating Epidemic-Free Catering Companies	2020.3	Wuhan City

These types of government documentation detailed the state's support policies for the resumption of work in the hotel industry, the resumption requirements of various local governments for the local hotel industry, as well as guidelines for resumption of the general workforce. They also outlined related support policies for the hotel industry, such as rent reduction, exemption of pension insurance, unemployment insurance, and related consumer support policies.

Additionally, this research also obtained relevant information that was beneficial to this research, through the local government's official websites and the official websites of a few well-known organizations and newspapers. Table 4 below details the specific information and sources:

Table 4 Policy data sources

Information Keywords	Internet Source
Impact on the hotel industry	finance.sina.cn, Xinhuanet.com
Hotel occupancy rate	www.shanghai.gov.cn
Current status of Chinese hotels	China Hospitality Association (CHA) , finance.sina.cn, stcn.com
The response strategy of each hotel	China Tourist Hotel Association (CTHA) , Mc Kinsey Company (China), finance.sina.cn
Public travel intentions	Mc Kinsey Company (China), CHA www.qq.com The State Council of the People's Republic of China, www.oliverwyman.cn
Public preference for choosing hotels	finance.sina.cn

Moreover, information about the hotel's profit and its current development status was obtained through public reports issued by organizations such as TF Securities co., Ltd, Shenwan Hongyuan Group CO., LTD and China Merchants Securities, which are all well-known listed securities companies in China. TF Securities CO., Ltd was founded in 2000 and was listed on the Shanghai Stock Exchange on October 19, 2018; Shenwan Hongyuan Group CO., Ltd was listed on the Shenzhen Stock Exchange on January 26, 2015; and China Merchants Securities was founded in 1991 and was listed on the Shanghai Stock Exchange on November 17, 2009. The specific information obtained from these organizations is shown in the Table 5 below:

Table 5 Company data sources

Information Keywords	File name	Number of pages	Securities company
CHotel profit	The improvement of the supply structure is accelerating, and a new cycle is expected to begin-The fourth in-depth report on hotel cycle theory: Perspectives on hotels under the epidemic	21	Shenwan Hongyuan Group CO., Ltd
	Recovery of hotel demand, performance restoration, emphasis on supply-side reforms and long-term growth value	25	TF Securities CO., Ltd
	After the epidemic, the "dangers" and "opportunities" of the hotel industry-in-depth tracking report of the hotel industry	18	China Merchants Securities
Current hotel development scale	The improvement of the supply structure is accelerating, and a new cycle is expected to begin-The fourth in-depth report on hotel cycle theory: Perspectives on hotels under the epidemic	21	Shenwan Hongyuan Group CO., Ltd
	Recovery of hotel demand, performance restoration, emphasis on supply-side reforms and long-term growth value	25	TF Securities CO., Ltd

Official documents and articles can provide reliable and high-quality information for the study being undertaken (Danto, 2008; Hancock & Algozzine, 2017; Mackieson et al., 2019). Moreover, the research questions could be further refined based on the data obtained (Hancock & Algozzine, 2017).

Additionally, as China is selected as the research scope of this study, the data was presented in the Chinese language, so in this study, some data had to be translated using the following process: firstly, the original text of the data was run through Google Translator, then checked by the researcher. Then, Siyu Qing (a Master of Translation and Interpreting graduate from the University of New South Wales, Australia) conducted a second check to ensure the accuracy of the translation.

3.4.5 Data Analysis

In this study, thematic analysis was used for data analysis, and inductive reasoning was applied. Inductive reasoning is when the researcher selects a small and diverse document sample from the whole, conducts open coding line by line to determine the most suitable coding, and then encodes the entire sample document (Frey, 2018). The previously predetermined set of categories forms the basis of the code used to analyze the document subsamples, which means that qualitative researchers can identify themes from the collected information to develop theories inductively (Creswell & Clark, 2017). Thematic analysis and document analysis have similar principles and procedures, and are a method of identifying and analyzing data (Braun & Clarke, 2006; Smith, 2000). It can discover which themes are important for describing the phenomenon, and can reveal the most important part of the data by mining information related to the research problem (Joffe, 2012).

Soiferman (2010) pointed out that qualitative research draws on data through observation, interview, and document analysis, and therefore, the results cannot be

accurately measured - they must be interpreted and organized into themes or categories. The process of subject analysis includes careful and more targeted re-reading and review of data, where all the data is closely and carefully looked at, then coded and analyzed according to the characteristics of the data, to discover themes related to phenomena (Bowen, 2009). For researchers who are not familiar with more complex types of qualitative analysis, thematic analysis is simpler and easier to understand, making it easier for novice researchers to use it flexibly (Joffe, 2012).

According to Braun and Clarke (2006), the process of thematic analysis mainly involves 6 stages:

1. *Familiarize with the data* - Researchers need to read the data repeatedly, immerse themselves in the data, and search for the meaning and patterns of the data during the reading process. Before starting to code, researchers need to read through the entire data set once - this lays the foundation for the rest of the analysis at this stage. During this step, researchers need to record coding ideas for use in the next stage.
2. *Generate initial code* - the code is a feature in the identification data, that is, the code refers to the most basic element or part of the original data (Boyatzis, 1998). Miles and Huberman (1994) stated that the Coding is part of the analysis, and Tuckett (2005) further adds that this process allocates data into meaningful groups for analysis. There are two coding methods: manual coding and computer software coding.
3. *Find themes* - the code previously created is then sorted to form a broader theme; at this stage, tables and mind maps can be used to organize, and finally form themes and sub-themes.
4. *Review themes* - at this stage, it is necessary to review whether the previously formed themes are accurate. Researchers need to read all the excerpts of each theme and consider whether they form a coherent pattern, and if an issue with the theme is identified, the researcher must return to the previous steps and re-encode until a satisfactory theme is formed.

5. *Define and name themes* - requires determining the "essence" involved in each theme and determining what data each theme needs to capture. There need not be too many themes, and there should be minimal overlap between themes. As a verification, the scope and content of each theme should be easily described in a few sentences, otherwise the theme is too complex.
6. *Generate reports* - particularly vivid data in the theme is extracted to prove and illustrate the universality of the theme.

Because of the research purpose of this article, thematic analysis was considered the most appropriate method. Based on the analysis steps proposed by Braun and Clarke (2006), this research formed the following specific research steps:

Phase 1: Familiarization

The source of the documentation was determined, and data was familiarized with. At this stage, the government and hotel industry's policies on dealing with COVID-19 outbreak were collected. Then, relevant news articles and reports that reflected the current impact on the hotel industry were collected. Finally, documentation on the public's thoughts on travel after this crisis were collected. Then the researcher read through all the data.

Phase 2: Generate initial code

The initial code was generated for the collected data. Manual coding was conducted within this research as the small sample size and time constraints warrant the use of coding software. For coding, a piece of A4 paper and a computer were used to record the analyzed text. First, an excel table was created with a list of four items: primary

coding, object, date, source. After entering the primary codes, the screening function in excel was used to find similar data. A total of 40 codes were collected in this step.

The initial code included: issuing coupons, extension of membership points, masks, gloves, occupancy rate, turnover, travel restrictions, concerns about health and safety, and reduced profits.

Phase 3: Search for themes

At this stage, the 40 codes obtained previously were printed out and colored pens were used to sort and generalize the codes to help develop a preliminary theme and mind map.

Phase 4: Review the subject theme

At this stage, the 40 codes obtained previously were printed again, and colored pens were used to sort and summarize the codes. A preliminary theme was formed, and Xmind software was used to make a mind map.

Phase 5: Define and name themes

In this step, the essence of each theme and data related to the theme were extracted, named, and defined. Ultimately, four themes were obtained: ‘*Government*’, ‘*Hotel*’, ‘*Application (APP)*’, and ‘*Trend*’. The ‘*Government*’ theme refers to all the data proposed by the government regarding the resumption of hotel work; ‘*Hotel*’ theme refers to all the data about the resumption of hotel work from hotel groups and hotel industry associations; ‘*APP*’ refers to the relevant data of the booking platforms; and ‘*Trend*’ refers to the phenomenon after the emergence of the COVID-19 outbreak.

Phase 6: Generate reports

The flow chart (Figure 1) and themes map (Figure 2) produced from the research are presented as follows:

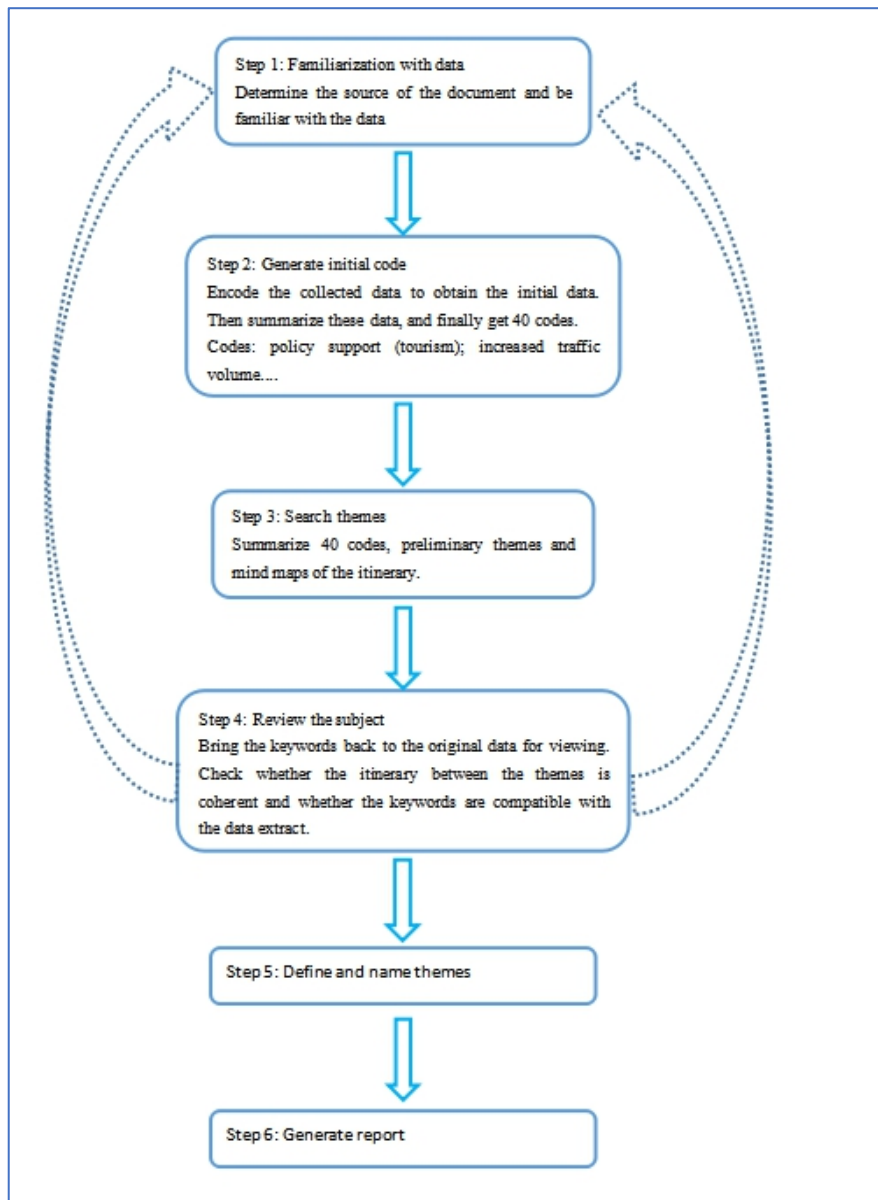


Figure 1 Flow chart

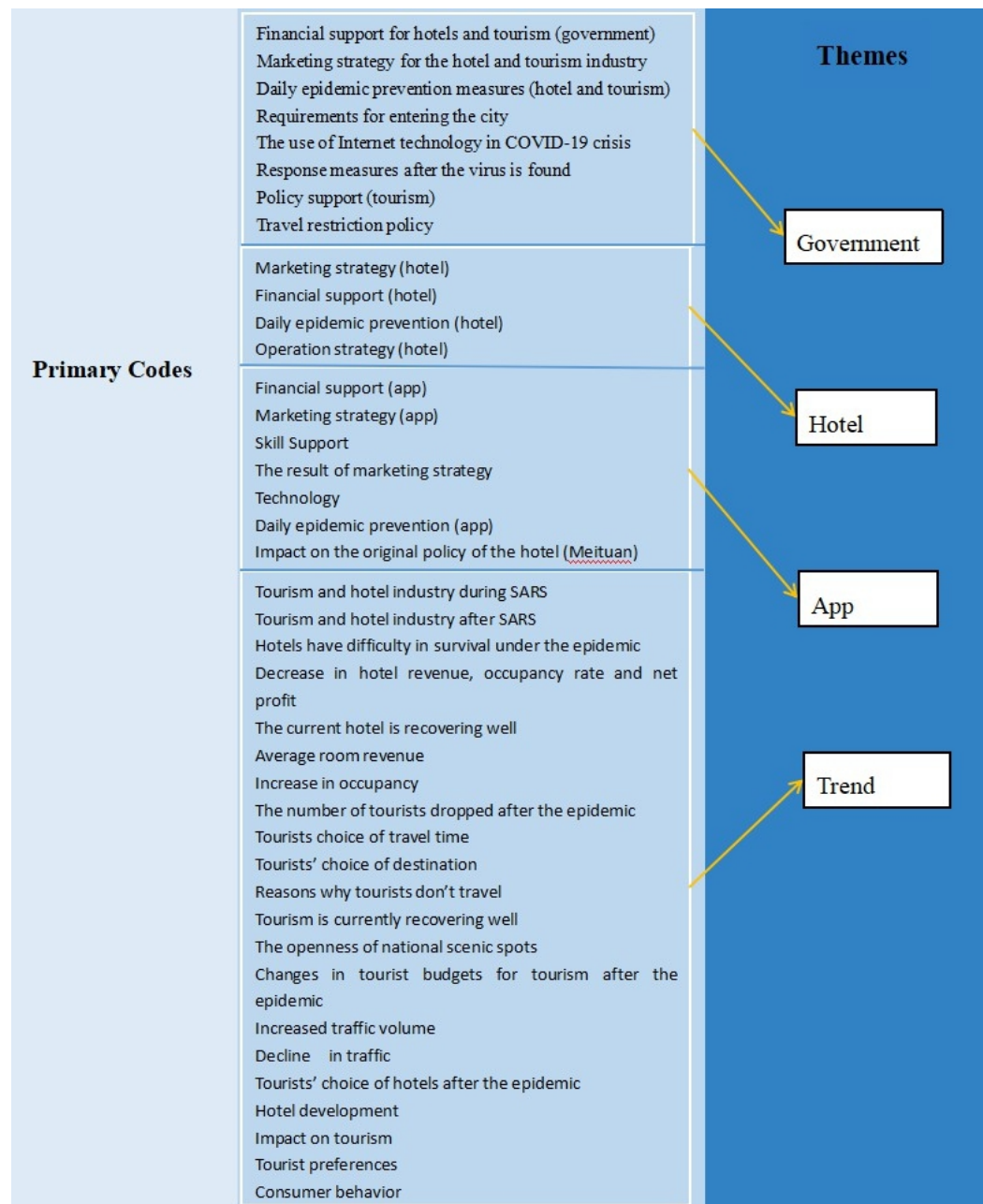


Figure 2 Themes map

3.4.6 Data Coding and Themes

This study will use the thematic analysis method for analysis and use induction to determine the most appropriate code for analyzing documents. Thematic analysis can be thought of as a form of pattern recognition using document data (Bowen, 2009;

Frey, 2018), but Braun and Clarke (2006) proposed a more popular explanation - that thematic analysis is the method of identifying, analyzing, and reporting patterns (themes) in thematic analysis data. Thematic analysis describes the specific information of the data set to a minimum, and inductive and deductive are two methods used in thematic analysis to identify themes or patterns in data (Braun & Clarke, 2006). The inductive method refers to the fact that the determined subject is closely connected with the data, and is somewhat similar to grounded theory (Patton, 1990). Braun and Clarke (2006) also added that inductive analysis is the process of encoding data.

Frey (2018) explained that during the coding and categorization process, researchers review the encoded data, think about how they are related, look for big ideas that permeate the data, and links within and between categories. Patton (2002) believed that although there were many terms used to describe the qualitative analysis process, there was no commonly used term definition except grounded theory. Therefore, in this study, encoding refers to the extraction of potential fragments or tags corresponding to research problems from document text (Miles, Huberman & Saldana, 2014). These themes contain code for common reference points, and have a high degree of generality, thus unifying the thinking behind the themes (Vaismoradi, Jones, Turunen, & Snelgrove, 2016). Each theme may also be further subdivided into subthemes to obtain a comprehensive view of the data (Vaismoradi et al., 2016).

Analysis is not a linear process, according to Braun and Clarke (2006) - on the contrary, it is a progressive process during which researchers need to constantly move back and forth between the entire data set, the encoding extraction of the data being analyzed, and the analysis of the data being generated. The "themes" are also usually abstract and vague, therefore, writing is an indispensable part of analysis (Braun & Clarke, 2006). From the first stage, researchers need to record potential coding schemes and ideas and continue writing this throughout the whole analysis process (Braun & Clarke, 2006).

Therefore, before conducting data analysis, this study formulated five potential categories (themes) according to the purpose of the research, to create guidelines for data collection: 1. *Financial support*; 2. *Daily epidemic prevention*; 3. *Public travel*; 4. *Marketing strategy*; and 5. *Hotel recovery*.

3.5 Research Trustworthiness

Regardless of the research method used, establishing validity is paramount. However, the recognized quality and rigorous quantitative research standards are not suitable for qualitative research (Merriam & Tisdell, 2016; Patton, 2002). Therefore, the concept of trustworthiness proposed by Lincoln and Guba (1985) could be used to replace the concept of validity and reliability in quantitative research. The standards proposed by Lincoln and Guba (1985) are accepted by many researchers (Connelly, 2016).

Connelly (2016) explained that Qualitative research could be evaluated from four aspects: *credibility*, *confirmability*, *dependability*, and *transferability*:

Credibility is very important in the evaluation criteria and can reflect the authenticity of the research and the confidence in the research results (Polit & Beck, 2009). *Credibility* and *confirmability* refer to the opinions of the participants in the research (Connelly, 2016), however, the data used in this study was secondary data and text data so there were no actual participants. The secondary data source is considered verifiable (confirmable) and credible because they are official professional reports or government reports. *Dependability* refers to the stability of data over a period of time (Polit & Beck, 2009) - the data used in this research is all official data, so is very reliable. *Transferability* refers to the usefulness of research results to others (Polit & Beck, 2009), and triangulation could also be used to show the effectiveness of a research (Mays & Pope, 2000). Triangulation compares two or more data collection methods, and can also compare the results of two or more data sources to confirm its

validity. This study drew from a variety of data sources to improve the effectiveness and integrity of the research, so overall, the contents in this study are in line with the standards of Lincoln and Guba (1985).

3.6 Limitations of the Methodology

The main disadvantage of qualitative research analysis is that the findings cannot extend to a wider audience with the same degree of certainty as quantitative analysis (Atieno, 2009), as the results of qualitative studies have not been tested, and so it is uncertain whether they are statistically significant or just by chance.

This research uses an explanatory paradigm, so the understanding of the data is the subjective idea of the researcher. As Scotland (2012) pointed out, the understanding of researchers cannot be exactly the same as the understanding of research participants, and in response to this concern, the method of triangulation was chosen to resolve it, however there may still be some discrepancies.

3.7 Summary

This study explores how the Chinese hotel industry had responded to the COVID-19 crisis. An interpretive research paradigm was applied and qualitative research methods employed to collect data. The data was collected from secondary sources including government documents, industry documents and hotel documents to provide reliable and high-quality information. Thematic data analysis and inductive reasoning was applied to analyze the data.

Chapter 4: Findings

4.1 Introduction

This chapter introduces relevant findings about the recovery of China's hotel industry. To help readers understand the data more clearly, they will be described based on four themes previously mentioned: *Government*, *Hotels*, *Application (APP)*, and *Trends*.

4.2 Government

The Government's anti-epidemic policy in response to the COVID-19 crisis was implemented in 3 parts: *Hotels*, *employees*, and *consumers*. It elaborated on the government's support policies, which were mainly divided into four aspects: *tax relief*, *exemption from fees*, *financial support*, and *marketing support*, all of which will be discussed in detail below.

4.2.1 Government Response

As COVID-19 is a highly contagious virus which could be spread in many ways, daily epidemic prevention measures became vital. Both local and national governments had proposed corresponding epidemic prevention measures - the Chinese National Government, Shanghai Municipal Government, Beijing Municipal Government, and Wuhan Municipal Government all had anti-epidemic measures and policies formulated to address three areas: *hotels*, *employees*, and *consumers*, which are detailed below:

Hotels

The Beijing Municipal Government stipulated that the hotel must establish a leading group for the prevention and control of COVID-19 to be responsible for the hotel's epidemic prevention work:

[...] establish a leading group for the prevention and control of COVID-19, establish and improve the responsibility system and management system for epidemic prevention and control, [...] the normalized epidemic prevention and control check-in policy formulated by the industry authority. [...] professional disinfection and air-conditioning disinfection should be grasped in time and implemented by the prevention and control guidelines of professional departments (Beijing Municipal Bureau of Culture and Tourism, 2020).

The Shanghai and Beijing municipal governments also required hotels to establish temporary isolation observation rooms to deal with emergencies. The Beijing Municipal Bureau of Culture and Tourism (2020) stated:

Once an epidemic is discovered, emergency plans should be activated in time to prevent and control emergency response. A temporary isolation observation room should be set up to detect guests (including guests in long private rooms) or employees. Those with suspicious symptoms such as fever should be isolated in the temporary isolation observation room in time and reported to the local street (township) and other departments. Residents with fever (including guests in long private rooms) or employees should go to designated medical institutions for treatment in time.

The specific requirements of the Shanghai Municipal Bureau of Culture and Tourism (2020) were similar:

[...][if] the temperature of the tested subject exceeded 37.3°C, or cough, sore throat, chest tightness, difficulty breathing, fatigue for suspected symptoms such as muscular soreness, tourist accommodation enterprises should notify the district disease control department, deal with them under its guidance, [...]. Temporary isolation spaces should be set up in the business premises of tourist accommodation enterprises, and the location should be relatively independent to ensure emergency (p.53).

For the daily cleaning and disinfection of hotels, Beijing Municipal Bureau of Culture and Tourism (2020) stipulated: “Hotels must increase the frequency of cleaning and earnestly complete the records and signs of disinfection work”. The Shanghai Municipal Bureau of Culture and Tourism (2020) also required that “toilets in public areas to be disinfected every 2 hours, and rooms to be disinfected once a day” (p.56). Cleaning appliances were divided by area, and each area used different concentrations of disinfectant (Shanghai Municipal Bureau of Culture and Tourism, 2020).

Moreover, Shanghai Municipal Bureau of Culture and Tourism (2020) also stipulated that “the guest rooms should be ventilated no less than twice a day, no less than 30 minutes each time” (p.56). In order to better understand the physical condition of the guests, the Beijing Municipal Bureau of Culture and Tourism (2020) required that “the hotel must provide guests with morning and evening temperature testing services”. The hotel must also provide guests with disposable alcohol disinfection tissues (Shanghai Municipal Bureau of Culture and Tourism, 2020). In addition, the hotel must "remind people entering the hotel and guests (including guests in long-term private rooms) to wear masks" (Beijing Municipal Bureau of Culture and Tourism, 2020). For used masks, hotels should also handle them separately to avoid the risk of secondary infection (Beijing Municipal Bureau of Culture and Tourism, 2020).

Employees

The Beijing and Shanghai municipal governments required all companies to equip their employees with necessary personal protective equipment, such as masks, alcohol wipes, gloves, and disinfectant. Employees were required to wear masks and gloves at work (Beijing Municipal Bureau of Culture and Tourism, 2020; Shanghai Municipal Bureau of Culture and Tourism, 2020; WuHan Catering Association, 2020).

Additionally, social distancing was to be maintained at all times in the workplace, and hotels must also establish health inspection files for employees to record their health status (Beijing Municipal Bureau of Culture and Tourism, 2020):

[...] Establish a daily health monitoring system for employees, conduct body temperature monitoring and registration, and require employees to strengthen personal protection during work, maintain personal hygiene, wear masks, gloves, maintain social distance, and go to work without illness (Beijing Municipal Bureau of Culture and Tourism, 2020).

The Shanghai Municipal Government (2020) also stipulated that hotel companies must check their employees' health QR codes daily - these Health QR codes (an example is shown in Figure 3) came from the government's tracking app and were used to record the user's whereabouts and report on their health status daily. Specifically, hotels were required to:

[...] Check the "health QR codes" of the employees daily, summarize the employees' health status according to requirements, and report to relevant local departments on time [...] Employees must wear masks during their on-the-job period, and if possible, they should also wear goggles (Shanghai Municipal Bureau of Culture and Tourism, 2020, p.54).



Figure 3 Health QR codes of Shanghai

Furthermore, the Beijing and Shanghai Municipal governments required that all employees take temperature measurements each time they entered and exited the hotel premises (Beijing Municipal Bureau of Culture and Tourism, 2020; Shanghai Municipal Bureau of Culture and Tourism, 2020). The Beijing Municipal Bureau of Culture and Tourism (2020) stated that the temperature of every person would be taken upon entry to the hotel, and entry would be denied to anyone who refused to comply with this requirement (or those found to have higher body temperature). The Shanghai Municipal government also stipulated that employees must dine at different times, and social distancing (at least 1 meter) to be maintained while eating in staff

cafeterias, to reduce the risk of transmission (Shanghai Municipal Bureau of Culture and Tourism, 2020).

Consumers

The governments of Beijing and Shanghai required that upon check in, guests must provide identification information and a Health QR code to confirm they were in good health (Beijing Municipal Bureau of Culture and Tourism, 2020; Shanghai Municipal Bureau of Culture and Tourism, 2020). The guests also had to provide their place of origin to facilitate inquiries about relevant information (Beijing Municipal Bureau of Culture and Tourism, 2020):

[...] All visitors are required to truthfully fill in the "Health Information Registration Form", issue "Health Reminders", and check their "codes with the application" (Shanghai Municipal Bureau of Culture and Tourism, 2020, p.53).

[...] Strictly use "Beijing Health Code" and truthfully register the name, origin, contact information and other information of the guests (including those in long stay private rooms) (Beijing Municipal Bureau of Culture and Tourism, 2020).

Additionally, the Shanghai Municipal Bureau of Culture and Tourism (2020) stipulated that residents should reduce their outings, and required temperature testing and hand disinfection every time they entered and exited the premises. The policy specifically required “residents to minimize going out and no longer welcome visitors, and conduct temperature testing and hand disinfection every time they come and go (using hand sanitizer), and records temperature” (p.53). The consumers must also abide by the regulations such as eating at different times to reduce the risk of infection (Shanghai Municipal Bureau of Culture and Tourism, 2020).

The local governments' main response policies for consumers are summarized in Table 6.

Table 6 Summarized consumer information collected at hotels

Consumer	
Beijing	Shanghai
Provide identity information	Provide identity information
Health QR Codes	Health QR Codes
Origin	Temperature check and hand disinfection are required every time you go in and out
Contact information	Eat at different times

4.2.2 Government support

After the emergence of COVID-19 in China, local governments such as Beijing, Shanghai, and Hubei Province, and the central government formulated policies to reduce the impact of the outbreak on enterprises including the hotel industry and tourism industry. Government support included *tax relief*, *exemption from fees*, and *financial support*, as detailed in Table 7 below, and *marketing strategies* which will be discussed separately:

Table 7 Government support

Chinese government	Hubei province	Beijing	Shanghai
Tax relief			
1. Income from accommodation and catering companies is exempt from value added tax (Y. Zhu, 2020).	1. Part of the value-added tax exemption from taxpayers across the province (Hubei Provincial Government Office, 2020)	1. Enterprises can apply for deferred tax payment; 2. For "regular fixed quota" merchants affected, rationally adjust quotas, or simplify business closure procedures. (Y. Liu, 2020)	1. Delay in filing tax returns. 2. Exemption from the tax burden of regular fixed-rate individual industrial and commercial households (Shanghai Municipal Peoples Government, 2020a)
Exemption from fees			
1. Enterprises exempted from pension, unemployment, and work-related injury insurance (Y. Zhu, 2020)	1. Exemption from the payment of pension, unemployment and work-related injury insurance units in the province's enterprises; 2. Implement the payment policy of halving basic medical insurance for employees 3. Apply for deferment of payment of social insurance premiums	1. suspension of administrative fees, such as sewage treatment fees; 2. Reduce or exempt rents enterprises. 3. Refund travel agency's quality guarantee deposit (Y. Liu, 2020)	1. Reduce or exempt corporate housing rents. 2. Temporary refund of the travel service quality deposit 3. Return 50% of the total unemployment insurance premiums paid by the enterprise in the previous year (Shanghai Municipal Peoples Government, 2020a)

	<p>4. For enterprises that cannot start work normally, relax the change cycle and capacity reduction (suspend) period of the tolerant (demand) electricity price charging method, and gradually reduce the enterprise electricity price by 5%</p> <p>5. The price of natural gas used by enterprises is reduced</p> <p>6. Reduction or exemption of corporate housing rent</p> <p>7. For travel agencies, 80% of the travel service quality deposit will be refunded temporarily (Hubei Provincial Government Office, 2020)</p>		
Financial support			
	<p>1. All financial institutions shall not blindly draw, suspend or suppress loans</p> <p>2. Implement temporary deferred debt and interest repayment</p>	<p>1. Further increase in credit supply.</p> <p>2.Reduce corporate financing costs (Y. Liu, 2020)</p>	<p>1. Increase credit support for tourism, accommodation and catering industries</p> <p>2. Reduce corporate financing guarantee rates (Shanghai</p>

	<p>arrangements to avoid penalty interest.</p> <p>3. Relevant companies that serve epidemic prevention and control are exempt from guarantee fees (Hubei Provincial Government Office, 2020)</p>		<p>Municipal Peoples Government, 2020a)</p>
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In terms of *tax relief*, the national government's policy was that the income from living services such as accommodation and catering companies during the epidemic prevention and control period, would be exempt from VAT (Y. Zhu, 2020). Moreover, local governments created additional tax policies based on city conditions, for example, the Beijing Municipal Government adjusted the amount of tax based on actual conditions and introduced tax deferral measures to support severely affected enterprises, as stated in the following policy:

Enterprises affected by the epidemic with tax declaration difficulties can apply for deferred tax payment in accordance with the law, up to a maximum of 3 monthly (Y. Liu, 2020).

The Shanghai Municipal Government not only allowed taxpayers to postpone their tax declarations, but also took measures to directly exempt regular fixed-amount taxes, as described in the following policy:

Exemption from the tax burden of regular fixed-amount individual industrial and commercial households. During the period of epidemic prevention and control, individual industrial and commercial households who pay regular fixed-amount taxes are exempted from paying fixed tax according to the law (Shanghai Municipal Peoples Government, 2020a).

In terms of *exemption from fees*, the national government implemented a reduction or exemption of pension, unemployment, and work injury insurance costs from February to June 2020:

Small and medium-sized enterprises outside Hubei will be exempted from pension, unemployment, and work-related injury insurance premiums for February to April, and large-scale enterprises will be halved; Hubei enterprises will be exempted from February to June pension, unemployment, and work-related injury insurance premiums (Y. Zhu, 2020).

Furthermore, the Hubei Province Government introduced a series of additional fee reduction measures: employees' basic medical insurance premiums were halved, and they could apply for deferred payment of social insurance premiums for no more than 6 months. For different companies, electricity and natural gas fees could be reduced by up to 5% and 10%, respectively. Moreover, small, medium, and micro enterprises that rent state-owned assets for business use were exempted from rent for three months, and then have rent halved for six months. Some travel agencies could be refunded 80% of the travel service quality deposit as stated in the policy: "For travel agencies with well-established operations and good reputation, 80% of the ¹travel service quality deposit will be refunded temporarily" (Shanghai Municipal Peoples Government, 2020a).

Beijing also introduced similar policies: Small and medium-sized enterprises stopped paying some administrative unemployment fees, special equipment inspection fees, sewage treatment fees, and road occupation fees; and companies that shut down as required but did not lay off staff (or had fewer layoffs) could be exempted from paying the rent in February, and be entitled to a 50% reduction in office land rent (Shanghai Municipal Peoples Government, 2020a). The quality deposit of the travel agency was fully refunded, as stated in the policy: "According to relevant regulations, we will refund the travel agency's quality guarantee deposit in full to well-established and reputable travel agencies, and repay it in due course after the epidemic ends." (Y. Liu, 2020)

¹ Travel service quality deposit refers to a certain amount deposited by a travel agency in a designated bank or provided by a bank guarantee in accordance with the provisions of the Tourism Law of the People's Republic of China and the Travel Agency Regulations for the payment of compensation for the quality of tourism services and the personal safety of group tourists funds paid in advance for emergency relief expenses in case of danger.

In addition to reducing or exempting corporate rent, and refunding guarantees for the quality of tourism services, the Shanghai Municipal Government also refunded 50% of the unemployment insurance premiums paid by the companies in the previous year:

Starting from February 5, 2020, 80% of the travel service quality deposit will be temporarily refunded to travel agencies [...], and will be refunded before February 5, 2022 [...] In 2020, the city will continue to return 50% of the total unemployment insurance premiums actually paid by the units and their employees in the previous year to employers that do not lay off, reduce staff, and meet the conditions (Shanghai Municipal Peoples Government, 2020a).

In terms of *financial support*, the Hubei Provincial Government ordered all financial institutions not to draw loans blindly, cut off loans, or suppress loans. Enterprises could also postpone the repayment of the principal and interest of their loans. Similarly, related companies that contribute to the epidemic prevention and control were also exempted from guarantee fees: "Governmental financing guarantee re-guarantee agencies exempt enterprises that serve epidemic prevention and control from guarantee fees and re-guarantee fees" (Hubei Provincial Government Office, 2020).

Besides introducing a deferred loan repayment policy, the Beijing Municipal Government also increased measures to reduce corporate financing costs: "For companies that have temporary difficulties in their operations due to the epidemic, but have development prospects, do not draw, continue to lend, and do not suppress loans. For small, medium and micro-enterprises that are severely affected by the epidemic, they may have difficulties in repaying due, and they can be extended or renewed loan" (Y. Liu, 2020).

The Shanghai Municipal Government increased its credit support to the tourism, accommodation, and catering industries by changing the repayment arrangements, extending the repayment period, and renewing loans without repayment. Furthermore,

the government also reduced the corporate financing guarantee rate to 0.5% per year: "The financing guarantee rate for newly applied loans for small, medium and micro enterprises will be reduced to 0.5% per year, the re-guarantee rate will be halved, and the guarantee fee will continue to be waived for the startup secured loans." (Shanghai Municipal Peoples Government, 2020a).

Marketing strategies

On top of providing varying degrees of financial support, the government also formulated new marketing strategies based on the status quo to encourage consumer spending, for example, the Shanghai Municipal Government organized the "Five-Five Shopping Festival, Citywide Discount Season" series of promotions, mainly organizing merchants to carry out marketing activities and guiding online consumers to spend in physical stores through the internet (Shanghai Municipal Peoples Government, 2020b). These events were a collaboration between the government and well-known bloggers online, allowing the bloggers to promote some preferential activities provided by the government and encourage spending in physical stores. The "Safe Consumption Plan" was launched on the online platform, and the government also launched a series of tourism-themed activities, such as gourmet tourism and art tourism season, which were intended to attract citizens to "see Shanghai, visit scenic spots, and live in hotels" (Shanghai Municipal Peoples Government, 2020b).

4.3 Hotel

This section outlines the hotel group's prevention and control measures against COVID-19, and the hotel group's physical support for the recovery of the hotel industry. The fiscal support of the hotel group (section 4.3.2) will be described in three aspects: *Fees, financial support, and hotel membership*.

4.3.1 The Hotel Groups' Prevention and Control Measures

The emergence of the COVID-19 had caused the bigger hotel groups to pay more attention to the hygiene of its hotels. For example, the Huazhu Hotels Group launched the "Stay at ease" epidemic protection service, and formulated 26 steps of room cleaning and 6 steps for facility disinfection (Qu, 2020). BTG Homeinns Hotels Group launched a "rest assured hotel" service, which included 24 special cleaning standards, 59 anti-epidemic cleaning measures, and introduced local food cooking standards (Qu, 2020).

At present, these hygiene standards are being extended further from pilot stores to stores nationwide, and Qu (2020) reported that there were already more than 2,300 operating hotels under the Huazhu Hotels Group that provided the "Stay at ease" services. BTG Homeinns Hotels Group currently has more than 2,400 hotels with "rest assured hotel" services, and both Huazhu Hotels Group and BTG Homeinns Hotels Group have successively launched isolation room services (Qu, 2020).

4.3.2 The Fiscal Support of Hotel Groups

Fees

Since the COVID-19 outbreak, many hotel groups had formulated relevant policies to help direct and franchised hotels survive the crisis, as detailed in Table 8 below.

Hilton Hotels Group waived the basic management fee for their hotels during the epidemic period, the direct franchise hotel usage fee, the revenue integration service fee of the suspended hotel, and the 50% revenue management integration center

service fee of all other hotels (China Tourist Hotels Association, 2020). The basic management fee/license fee for all directly managed hotels in February and March 2020 were waived, as well as the usage fee for all directly franchised hotels in February and March 2020 (China Tourist Hotels Association, 2020), and the BTG Homeinn Hotels Group proposed to exempt and halve the brand usage fee and service support fee of franchised hotels for cities in Hubei Province and outside Hubei Province.

Moreover, for franchised hotels during the expropriation period, Home Inns waived all brand usage fees and service support fees:

Hubei and expropriated hotels will be exempt from brand use and service support fees from January 20 to March 31; other cities will charge half of the brand use and service support fees from February 1 to March 31 (Mei & Li, 2020, p.7).

During the COVID-19 outbreak, Huazhu Group halved the franchise management fee for their franchise stores across the country, and those stores requisitioned by the government or medical and health institutions were exempted from paying management fees during the requisition period:

Franchise stores in Wuhan and Hubei's inner city are exempted from the franchise fee during the lockdown period; on January 31, a new policy of halving franchise management fees was adopted for 5,049 franchise stores across the country [...] (Mei & Li, 2020, p.6).

Jinjiang Hotels Group fully waived the franchise management fees of brand franchised hotel members within the Hubei Province from January to March 2020, and halved the management fee for franchised hotels in regions outside of Hubei Province:

The management fee of Hubei Province and the franchise stores of expropriated hotels from January 23 to March 31 will be reduced,

and the hotel management fee of other areas from January 23 to March 31 will be halved (Mei & Li, 2020, p.6).

The fees support provided by various hotel groups are summarized in Table 8:

Table 8 Fees support provided by various hotel groups

Hotels Group	Fees Support
Huazhu Hotels Group	1. Reducing franchise management fees; (Mei & Lee, 2020)
BTG Homeinns Hotels Group	1. Reduction and exemption of hotel brand usage fees and franchise fees (Mei & Lee, 2020)
Jinjiang Hotels Group	1. Reduce hotel management fees and franchise fees (Mei & Lee, 2020)
Hilton Hotels Group	1. The basic management fee for all directly managed hotels will be exempted 2. Exemption of brand usage fees for direct franchise hotels; 3. Reduction and exemption of the service fee of the Hotel Revenue Management Integration Center (RMCC) (China Tourism Hotel Industry Association, 2020)

Financial support

Many hotel groups also provided some form of financial support for their franchise branches - on February 9, 2020, the BTG Homeinns Hotel Group provided financial support policies (financial assistance and deferred/extended repayment) and insurance policies (hotel operation /business interruption insurance) for their franchisees (Mei & Li, 2020). Additionally, Huazhu Hotels Group opened low-interest loans to operating hotels on February 6, 2020, when low-interest loans were urgently opened to operating hotels, with a single-store loan line of up to 500,000 yuan, and an annualized interest rate of 4.75% (Mei & Li, 2020).

Jinjiang Hotel Group raised 3.5 billion RMB and launched 5 financial support policies to help its hotels tide over the crisis, including:

1. Liquidity support loan 2. Material procurement support loan; 3. Delay the existing hotel loan fund for 6 months Repayment period; 4. Reduction and exemption of ongoing franchise fees and management fees for operating hotels under the group's brands; 5. Implementation of "double low-cost financial support" for newly franchised hotels (Mei & Li, 2020, p.6).

The financial support provided by various hotel groups are summarized in Table 9.

Table 9 Financial support provided by various hotels

Hotels Group	Support
Huazhu Hotels Group	1. Open low-interest loans to operating hotels; (Mei & Li, 2020)
BTG Homeinns Hotels Group	1. Financial assistance and repayment extension; provide hotel business interruption insurance (Mei & Li, 2020)
Jinjiang Hotels Group	1. Liquidity support loan; 2. Material purchase loan; 3. Delay hotel repayment period; 4. Implement "dual low-cost financial support" for newly joined hotels (Mei & Li, 2020)

Hotel Membership

Many hotel groups also put forward corresponding policies for their members and consumers, including membership points and membership extensions. Huazhu Hotels Group restored the membership levels and corresponding membership benefits for members who were downgraded, and extend the validity period of all member levels:

[...] For members who have been downgraded from January 1, 2020, to February 29, 2020, the membership level before the downgrade will be restored on March 1, and the corresponding membership benefits will be valid for three months; all existing

members All levels enjoy a three-month extension (China Tourist Hotels Association, 2020).

The BTG Home Inn introduced a similar policy around membership tier status and validity/extensions from mid-January to mid-March, 2020:

From January 15, 2020, to March 15, 2020 all members will not be downgraded. Members who have been downgraded will be restored to the pre-downgrade level and enjoy the rights of the pre-downgrade level membership. The level is valid for 3 months (China Tourist Hotels Association, 2020).

Likewise, Jinjiang Hotel also extended the membership tier validity, hotel coupons, and even provided compensation points to members who missed out on certain benefits during the outbreak:

Before March 31, 2020, Jinjiang members with a gold card and above, if the hotel stays at a hotel that cannot exercise their breakfast rights due to the epidemic, they can contact customer service and receive 500 points as compensation (the hotel that did not provide breakfast is not This compensation scope) (China Tourist Hotels Association, 2020).

As the exemplar in branded hotels, Hilton Hotels and Marriott Hotels had introduced slightly different measures: Hilton Hotel extended the validity period of members based on their elite membership status, removed points expiry dates:

① *For all members who have not reached the relegation standard in 2019 and will be downgraded on March 31, 2020, the validity period of their current membership level will be extended to March 31, 2021.*

② *For all members who have successfully reached the relegation or upgrade criteria for distinguished membership (diamond membership, gold membership, silver membership) in 2019, the validity period of these membership levels will be extended to March 31, 2022.*

③ All Hilton Honors members worldwide: From now until December 31, 2020, points will not expire (Hilton, 2020b).

In contrast, Marriott Hotel only extended the validity period of the elite membership level for 2 years, and the validity period of the points for some inactive accounts were extended to February 1, 2021, while , the free night award for Chinese members were extended to 2021 (Marriott: COVID-19 related cancellation policy, 2020).

The Hotel Groups also changed the refund policy for room reservations - for example, Hilton Hotel Group stipulated that guests staying at the Hilton Hotel before June 30, 2020, regardless of the method of booking, could change or cancel their reservation for free, up to 24 hours before check-in (Hilton, 2020a). Marriott Hotel Group's free cancellation period was from July 6 to September 30, 2020 (Marriott: COVID-19 related cancellation policy, 2020). The free cancellation period for the Jinjiang Hotel Group was from January 24 to February 28, 2020, whereas for the BTG Home Inn it was from January 22 to February 10, 2020 (Mei & Li, 2020). The Huazhu Hotel only provided free cancellation guarantee for bookings made during the Spring Festival from January 21 to January 31, 2020 in Wuhan (Mei & Li, 2020).

The Hotel Membership support by the hotel groups are summarized in Table 10.

Table 10 Members support provided by various hotels

	Hilton Hotels Group	Marriott Hotels Group	Huazhu Hotels Group	Jingjiang Hotels Group	BTG Homeinns Hotels Group
Membership extension	1. Member's membership and points extension (Hilton, 2020b)	1.Member's membership and points extension; on February 1, 2021, membership points that expire will be extended to August 1, 2021; membership in 2019 will be extended to February 2022 (<i>Marriott: COVID-19 related cancellation policy</i> , 2020)	1.The membership and points of the members, as well as the corresponding member discounts, will be extended for three months; (China Tourist Hotels Association, 2020)	1.Extend the validity period of the membership (China Tourist Hotels Association, 2020)	1.The membership level is extended for 3 months; (China Tourist Hotels Association, 2020)
Membership level			1. During the period from January 1 to February 29, members will not be downgraded (China Tourist Hotels Association, 2020)	1.Members who were downgraded in January 2020 will be restored to their original status; (China Tourist Hotels Association, 2020)	1.From January 15th to March 15th, 2020, all members will not be downgraded; (China Tourist Hotels Association, 2020)
Additional benefits		1.Member's free night bonus extension (<i>Marriott: COVID-19 related cancellation policy</i> , 2020)		1.Member breakfast coupons that cannot be used can be converted into points 2. All hotel discount coupons are extended	

				(China Tourist Hotels Association, 2020)	
Consumer policy	1.24 hours before check-in, free change or cancellation within a limited time (Hilton, 2020a)	1.24 hours before check-in, free cancellation and change of reservations for a limited time (<i>Marriott: COVID-19 related cancellation policy</i> , 2020)	1.Free cancellation of reservations in Wuhan for a limited time (Mei & Li, 2020)	1.Free cancellation of reservations within China for a limited time (China Tourist Hotels Association, 2020)	1.Free cancellation of hotel reservations within a limited time; (Mei & Li, 2020)

4.4 Application (APP)

This section elaborates on the qualitative data about APP through two aspects: the *support policy of the booking/reservation platform* (fees and financial), and *marketing strategy*.

4.4.1 Reservation Platform's Support Policies

Many hotels now collaborate with booking platforms to increase reservations, therefore, the booking platform operators also proposed relevant support policies for hotels in response to the COVID-19 outbreak.

Firstly, ²Trip launched the "Brother Plan" to its partners in the hotel, travel, and vacation sectors on its platform - for hotels, Trip would invest more marketing resources and exclusive "³Nice Hotel" labels to endorse hotels participating in the "Safe Cancellation Guarantee" program, and provided reduced commission measures for certain durations:

[...] hotel store merchants refund 50% of marketing expenses during the epidemic, and then free extension of marketing resources, and other life services in hotel malls Such products are free of commission for 1 year, and the platform commission is free for 6 months for hotels in Wuhan that receive free medical staff (Lin, 2020).

For the travel and vacation platform partner providers, Trip waived the advertising and promotion expenses invested in the early Spring Festival, the transaction commissions for reservations during the Spring Festival, and refunded the platform

² Trip is a comprehensive platform for online travel, dining and hotel booking in China.

³ "Nice hotel" label: Hotels with this label can cancel their reservation at any time.

system usage fee for at least 3 months (Lin, 2020). Trip also bore the irreducible losses incurred in canceling reservations during the Spring Festival, such as costs of air tickets, hotels, visas, car and ground resources (Lin, 2020).

The support policy formulated by ⁴Meituan was similar - Meituan launched a billion-dollar operating subsidy for merchants, including an online marketing resource compensation of US\$650 million, a US\$300 million management and operating system subsidy, and 6000 times the resumption of work material procurement subsidies (Ran, 2020). Meituan also introduced US\$500 million consumer subsidies to benefit consumers in the form of coupons. Meituan takeaways, Meituan to-store catering, Meituan hotel and guesthouse tickets, Meituan-to-store integrated services and products also provided users with over 400 million yuan in subsidies in March 2020 alone (Ran, 2020). At the same time, Meituan also reduced commissions and extended the validity period of annual fees for merchants (Meituan Dianping, 2020a):

[...] Such measures include commission waivers, extension of the validity period of annual fees, and commercial loans with preferential interest rates (Meituan Dianping, 2020a, p.5).

Moreover, in order to further support the recovery of the industry, Meituan used their platform capabilities to launch the "⁵Relaxed Living Project" which formulated preventive measures and improved service capabilities for partner hotels, such as adopting strict health precautions for all employees and consumers, closely tracking consumer data, free cancellation of reservations, and additional accommodation discounts. The campaign made significant progress and successfully attracted many hotels from hundreds of cities across the country to join (Meituan Dianping, 2020a).

⁴ Meituan is a comprehensive platform for online travel, dining and hotel booking in China.

⁵ Relaxed living project refers to the name of an activity project. The sanitation and after-sales service of hotels participating in this project can be guaranteed.

In terms of finance, Trip Finance established business loans for hotel and travel partners, and worked with a number of bank partners to provide Trip platform merchants with loans of no less than RMB 10 billion, and priority was given to the capital needs of merchants in Hubei Province (Lin, 2020). Meituan also launched a preferential loan policy, for example, Meituan's green channel for preferential loan applications was opened nationwide, and high-quality merchants everywhere could apply for a 30-80% discount the preferential interest rate (Ran, 2020).

Furthermore, Trip also offered a total of 2,000 free online courses from Trip Hotel University and Trip Institute of Tourism to their partners (Lin, 2020), which provided hotel and tourism-related technical support for partners to improve service levels. Meituan University also tailored training courses for merchants in various industries to help them better discover business opportunities (Ran, 2020).

4.4.2 The marketing strategy

Both Trip and Meituan put forward corresponding marketing strategies in response to the COVID-19 outbreak. Firstly, both Trip and Meituan launched a "6Live at ease" marketing strategy for the hotels they partner with, which allowed consumers to understand the hygiene conditions of various hotels more intuitively so they can make reservations with more confidence. Similarly, Meituan also launched a series of product features such as "ease" restaurant, "ease" hotel, "ease" play scenic area, "ease" shopping mall, "ease" haircut, etc., where the participating restaurants could show the hygienic operation processes of the front hall and the rear kitchen, as well as the public area cleaning process, through the restaurant's online display (Ran, 2020). Users could search for the "ease" series of service tags on the Meituan platform before

⁶ "Live at ease" indicates that the sanitation and after-sales service of this hotel can be guaranteed, and consumers can book with confidence.

booking, or scan the QR code representing the tag when they go to the physical store to check the sanitary conditions of the hotel, which would help them stay at ease (Ran, 2020). According to the survey, 93% of Meituan users believed that the label "Live at ease" played a role in their booking decisions, and Meituan also stated that the rate of hotels uploading anti-epidemic photos grew by 99% compared with other hotels during the epidemic period (Trustdata, 2020).

Secondly, Trip changed its previous marketing strategy which was based on the data collected after the SARS outbreak - according to the data released by Trip, in the month that SARS ended, the number of tickets on Trip's platform increased by 200% and in the first holiday period after the end of SARS, the ticket volume on the Trip platform increased by 500% (Lin, 2020). So, this time, Trip launched an online pre-sale strategy, where consumers could purchase travel-related products such as air tickets, hotels, scenic spot tickets, and holiday products, at discounted prices. Pre-sold products could still be used after the epidemic, and free refunds were available if they expired:

[...] the upcoming "book future travel" pre-sale products include thousands of hotels, thousands of tourist routes, hundreds of routes and scenic spots. [...] Provide free refund and change services, and the price ranges from 40% to 80% (Sina, 2020). Most of the hotels participating in the pre-sale price are between 40% and 60%, and refunds are supported at any time throughout 2020. Covered hotels The number is more than 10,000 (Sina, 2020). In terms of hotels, the first batch of hotels participating in Trip's pre-sale supply is more than 40, of which international and domestic large hotel groups account for about half, and the product prices are mostly between 40% and 60%. between. Product support will be refunded without an appointment and will be refunded at any time throughout 2020. [...] (Sina, 2020).

The strategy adopted by Meituan was similar - according to Ran (2020), tens of thousands of hotels and scenic spots had joined Meituan to launch pre-sales with the a minimum of 10% discount across their offerings. In addition, Meituan used discount coupons to promote public consumption. As a leading platform for local services, Meituan had been cooperating with local governments since March 2020 to distribute to consumers a variety of discount coupons that could be used for local services (especially for in-store dining, which was most affected during the epidemic). Meituan believed that consumer coupons not only stimulated one-time consumption, but also had a powerful leverage to stimulate the recovery of overall consumer demand in related regions and industries (Meituan Dianping, 2020a).

4.5 Trends

This section mainly explains the current development trends of the hotel industry through four aspects: *the negative impact of the COVID-19 epidemic on tourism* (overall current situation), *the negative impact of the epidemic on the hospitality industry* (including net revenues, occupancy rates, and hotel survival), *changes in tourists' preferences*, and *the current recovery of the hotel industry and tourism industry*.

The negative impact of the epidemic and the current recovery status are mainly reflected in the financial reports of various hotel groups and platforms. The hotels involved include Huazhu, Jinjiang Inn, BTG Homeinns, Marriott and Hilton. The platforms involved were Trip and Meituan Group. Additionally, data on the survival of hotels and changes in tourists' preferences were obtained from web pages, and reports from securities companies.

4.5.1 Negative impact of COVID-19 on tourism

The sudden COVID-19 outbreak brought about global travel restrictions, causing travellers to cancel or change their original travel plans due to the government-issued border closure orders (Meituan Dianping, 2020a), and have shortened the itinerary of travellers who already started their trips (Trustdata, 2020).

According to Trustdata (2020) statistics, different types of travel from January to February 2020 were affected to varying degrees - Trustdata observed the online user behaviors on hotels and travel platforms from January to February 2020 to understand the trend. As shown in Figure 4, three-quarters of users made refund applications and changes to orders on the platform, while only 14% of users continued through to booking (Trustdata, 2020).

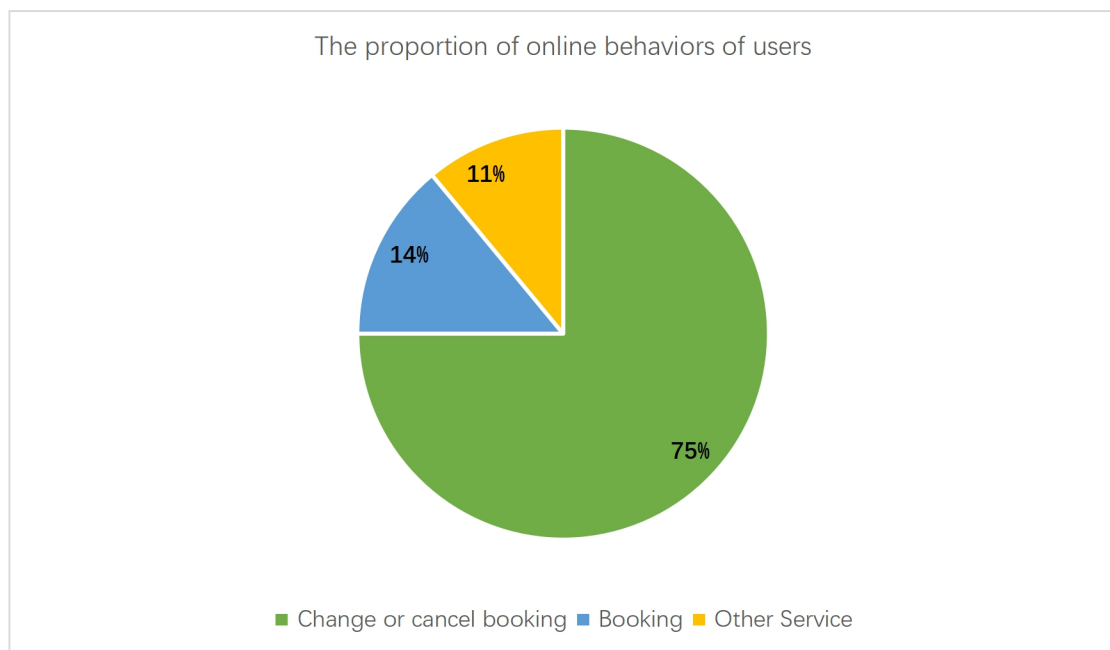


Figure 4 The proportion of online behaviors of users (Trustdata, 2020)

4.5.2 The negative impact of COVID-19 on the hospitality industry

On net revenues and occupancy rate

The emergence of COVID-19 had forced travellers to suspend their travel plans, resulting in mass cancellations of hotel reservations, which ultimately took a toll on the hotel industry. The Tianfeng Securities report pointed out that in the first quarter of 2020, the net profit of Jinjiang Hotel Group, BTG Homeinns Hotel Group, and Huazhu Hotel Group experienced a significant decline (Z. Liu, 2020). In its financial report for the first quarter of 2020, Huazhu Hotel Group's net revenues fell by 46%, down 15.7% year-on-year to 2013 million yuan (Huazhu, 2020a).

As shown in Figure 5, the Huazhu Hotels Group lost a total of 2.1 billion yuan in the first quarter of 2020, compared with the 106 million yuan net income in the first quarter of 2019 (Huazhu, 2020a). In the second quarter of 2020, Huazhu Group's net revenues fell 36.3% year-on-year to RMB 1953 million (Huazhu, 2020b) - its net loss was valued at RMB 548 million. Compared with the net income of RMB 613 million in the second quarter of 2019, Huazhu Group was still in a relatively serious state of loss in the fourth quarter (Huazhu, 2020b). Huazhu took cost-cutting measures to reduce costs and expenditures, but some measures (such as reducing rent, personnel costs, and management expenses) would only affect future quarters (Huazhu, 2020a).

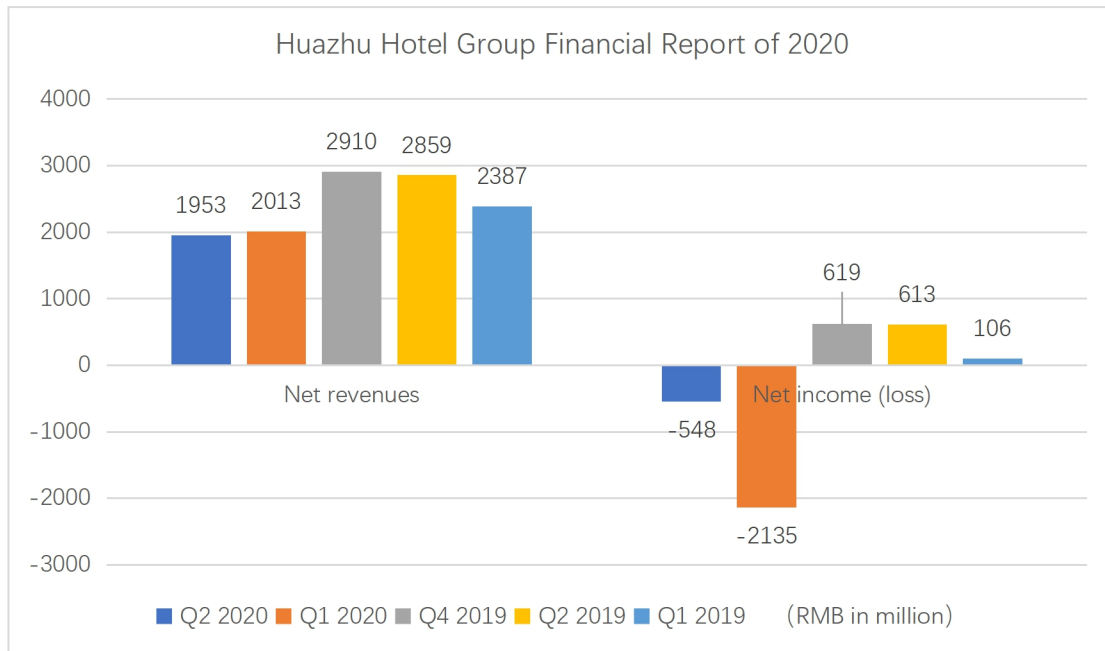


Figure 5 Net revenues and net income of Huazhu Hotel Group

The decline in average room rates and room occupancy rates of Huazhu Hotel Groups in the first quarter of 2020 (in Figure 6) further illustrated the severity of this negative impact. The average room rate of the group's hotels in the first quarter fell to 189 yuan, while the average room rate in 2019 was 221 yuan (Huazhu, 2020a). In February 2020, China's absolute occupancy rate was only at 12.8%, which was the lowest level ever recorded (ChinaTravelNews, 2020).

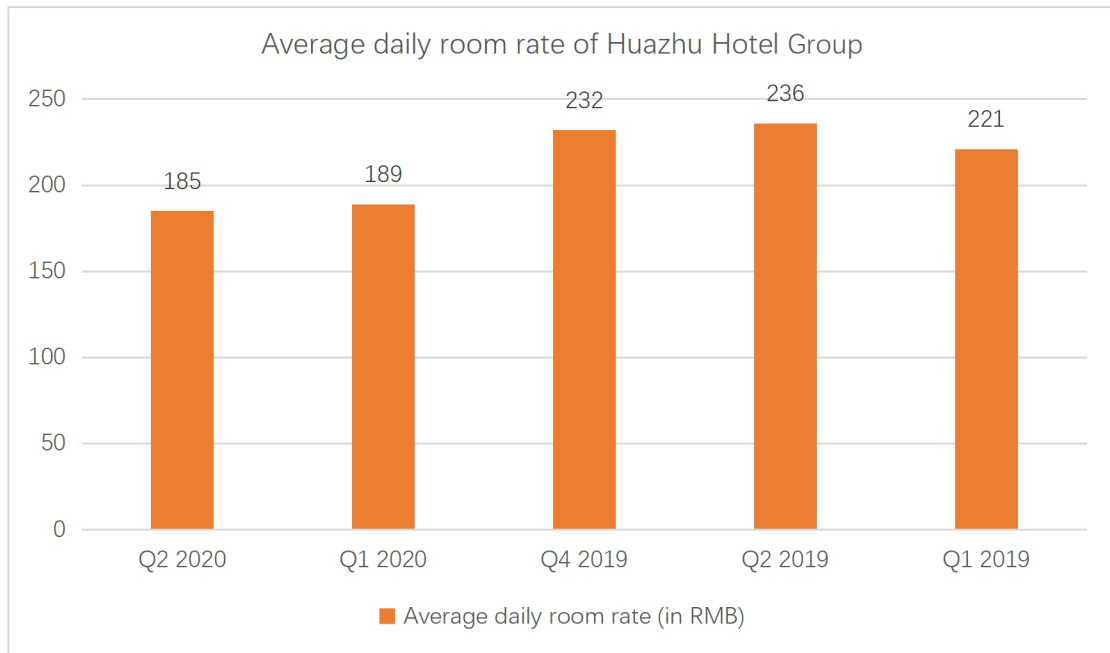


Figure 6 Average daily room rate of Huazhu Hotel Group

As can be seen from Figure 7, the room occupancy rate in the first quarter of 2020 plummeted to 46.7% which was just over half of the previous quarter (Huazhu, 2020a).

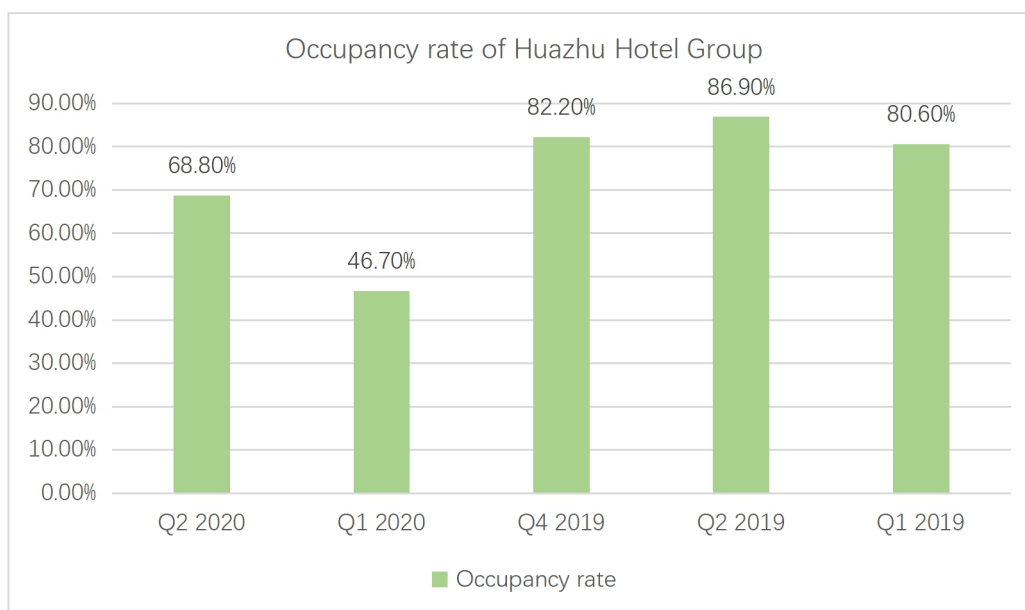


Figure 7 Occupancy rate of Huazhu Hotel Group

Data source: Huazhu Hotel Group's 2020 first and second quarter financial reports (Huazhu, 2020a, 2020b)

As an indispensable partner of the hotel industry, the online booking platform industry was also severely hit. As shown in Figure 8, as of March 31, Meituan Group's store, hotel and travel revenue was 3,094,978 thousand yuan, and its profit was 680,179 thousand yuan. Compared with the previous year's 4,492,102 yuan and 1,592,878 thousand yuan, a year-on-year decrease of 31.1% and 57.3% respectively (Meituan Dianping, 2020a). In terms of platforms, Meituan's hotel and travel business revenues fell 13.4% year-on-year from RMB 5,245,308 thousand to RMB 4,543,982 thousand during the second quarter of 2020. Operating profit decreased by 11.9% year-on-year to RMB 1,891,563 thousand (Meituan Dianping, 2020b).

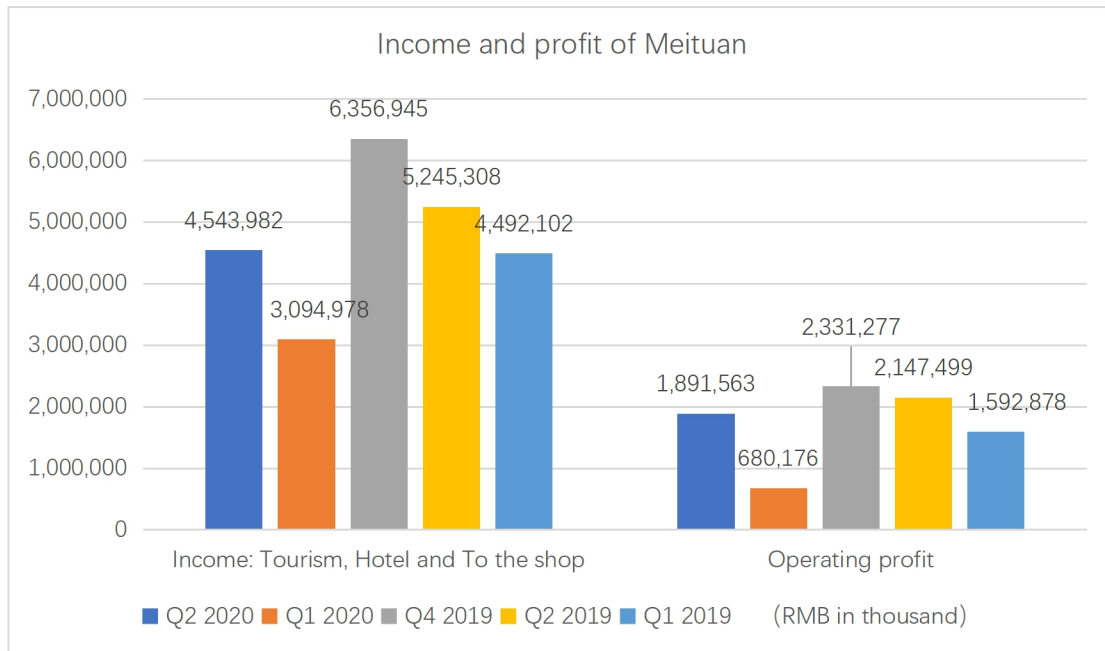


Figure 8 Income and profit of Meituan

Data source: Meituan's 2020 first and second quarter financial reports (Meituan Dianping, 2020a, 2020b)

The Trip Group was even worse affected - as shown in Figure 9, its net income in the first quarter was RMB 4,731 million, a decrease of 42% from the same period in 2019 (Trip, 2020a). Among them, accommodation booking revenue was 1,155 million yuan, a 62% decrease from the same period in 2019, and a 61% decrease from the previous quarter (Trip, 2020a). Overall, the group's operating loss for the first quarter of 2020 was 1,509 million yuan, while its profit for the same period in 2019 was 885 million yuan, compared with 580 million yuan in the previous quarter (Trip, 2020a). In the second quarter of 2020, the Trip Group reported the net income of RMB 3,159 million (approximately US\$448 million), a 64% decrease from the same period in 2019 and a 33% decrease from the previous quarter (Trip, 2020b). Accommodation booking

revenue was 1,254 million yuan (US\$178 million) in second quarter in 2020, a decrease of 63% from the same period in 2019 and an increase of 9% from the previous quarter (Trip, 2020b).

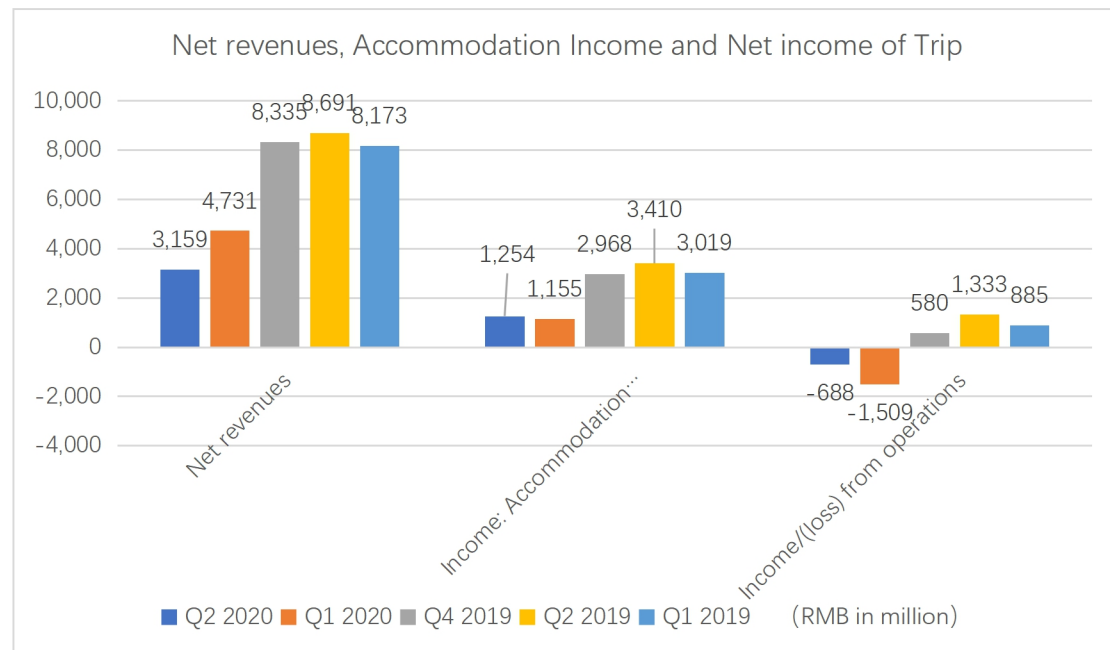


Figure 9 Net revenues, Accommodation Income and Net income of Trip

Data source: Trip's financial reports for the first and second quarters of 2020 (Trip, 2020a, 2020b)

Hotel survival

In the first half of 2020, the number of hotel-related Chinese company registrations hit a record low in five years, down nearly 30% from the same period in 2019 (Z. Liu, 2020). Over 40,000 hotel-related company registrations were cancelled and revoked, especially after March 2020, when the number of hotel-related company write-offs continued to rise from 6,000 in March, to 7,000 in April, and 11,000 in May - the number of write-offs in June was expected to exceed 15,000 (Z. Liu, 2020). For example, the Huazhu Group closed 76 hotels in the first quarter of 2020, reaching an all-time low since 2014 (Huazhu, 2020a).

Additionally, due to COVID-19, some hotels were used by the government as quarantine facilities, and had to be temporarily closed to the public - the number of temporarily closed hotels dropped from 2,310 in mid-February to 369 on March 31, 2020 (Huazhu, 2020a). In terms of platforms, based on the data from Trip's bookable hotels, the number of searchable hotels nationwide dropped from 630,158 on February 7 to 535,030 on July 1, 2020 (L. Liu, 2020) – this trend can be seen in Table 11. The number of hotels in first-tier, second-tier, and third-tier cities decreased by 28,922, 12,831, and 71,140 respectively from before February 7, 2020 (L. Liu, 2020).

Table 11 Number of hotels available on Trip

Booking data	The city level	Economy hotel chain	Mid-range hotel chain	High-end hotel chain	Total Number of hotel chains	Percentage of hotel chains	Independent hotels	Total hotels
On February 1	First-tier City	2,543	1,153	757	4,453	6.60%	39,681	67,427
	Second -tier City	4,562	1,920	1,137	7,619	5.43%	97,092	140,190
	Third -tier City	13,689	5,817	15,050	34,556	8.32%	149,389	415,525
	Total	20,794	8,890	16,944	46,628	7.40%	286,172	630,158
On July 1	First-tier City	2,776	1,269	788	4,833	12.55%	24,121	38,505
	Second - tier City	5,096	2,394	1,321	8,811	6.92%	84,472	127,359
	Third -tier City	14,551	4,658	2,210	21,419	6.22%	171,012	344,385
	Total	22,424	8,326	4,329	35,063	6.56%	281,311	535,030

4.5.3 Changing Tourist preferences

The emergence of COVID-19 had brought about changes in the general population's consumption philosophy, consumer behavior, and consumption demand.

Changes in travel time and destination choice

One of the changes was the time that tourists plan for future travel. According to the data published in the "Survey Report on Tourists' Travel Intentions After the Epidemic" on March 13, over half (60%) of those who took the survey in China were willing to travel as the epidemic was thought to be effectively controlled - a small number of those surveyed (13%) were worried about health issues and indicated they would not travel this year (Pacific Asia Travel Association, 2020) – this data is detailed in Table 12.

Table 12 Tourists choose their travel time

Plan a trip	Chinese population who took the survey
No trips will be considered for 2020	13%
Undecided	27%
Willingness to travel after COVID-19 was controlled in March,	60%

Data source: "Survey Report on Tourists' Travel Intentions after the Epidemic" jointly carried out by Ivy Alliance Tourism Consulting, China comfort Travel Group, and Pacific Asia Travel Association (Pacific Asia Travel Association, 2020)

During the same period, Oliver Wyman (an American management consulting firm), as cited by Jacques and Katie (2020), also surveyed the travel preferences of Chinese tourists - after the number of confirmed COVID-19 cases in mainland China were eliminated and zero cases maintained for 1 month, 61% of the surveyed respondents stated they would consider travel. However, 22% said they would only travel as long as there were no new or existing COVID-19 cases in mainland China, and 9% of those surveyed maintained a more optimistic attitude, stating that they would choose to travel as long as there were no new cases. However, 7% of the respondents answered that they would no longer consider traveling in 2020, and even 1% said they

were unwilling to travel now. The results of their survey on the planned travel time of tourists is detailed in Table 13 (Jacques & Katie, 2020):

Table 13 Planned travel time for tourists

Plan a trip	Chinese population
Willingness to travel now	1%
For the whole of 2020, I will not consider traveling due to the epidemic	7%
no new cases	9%
all patients are cured and no new case	22%
all patients are cured and no new cases for 1 month	61%

Data Source: Oliver Wyman (Jacques & Katie, 2020)

McKinsey Company also conducted a travel willingness survey in China in late August 2020. Their research report showed that the percentage of respondents willing to travel during the National Day holiday (October) to the end of the year, had risen to 70% (Chen G. et al., 2020), showing that the Chinese citizens' willingness to travel was gradually increasing as the epidemic came under control.

Moreover, the results of the survey jointly launched by the China Tourism Research Institute and Trip, and the survey data published in the "Survey Report on Tourists' Travel Intention after the COVID-19" indicated that most people surveyed would choose domestic travel currently (Fu & Liu, 2020). Furthermore, a study by the Pacific Asia Travel Association (2020) found that people were more inclined to seaside vacations and famous hotel vacations - the research report showed that leisure vacations and relaxing tourism products were the first choice for domestic travel. From the perspective of the different types of tourism products, 54% of those

surveyed chose relaxing seaside vacations (Pacific Asia Travel Association, 2020). Peng Liang, chief researcher of the Trip Travel Big Data Lab, also believed that from consumer surveys, the impact of the epidemic on the tourism industry was phased - travelers' needs have not disappeared, and domestic leisure and vacation tourism would usher in new opportunities (Yang, 2020).

Based on the above data, it was found that the time that travellers planned to travel varied with the development of the epidemic – this finding was consistent with the results shown in the research report provided by Ivy United Travel Consultants, China Kanghui Tourism Group, and Asia Pacific Travel Association. The survey pointed out that although most people surveyed were willing to travel, many believed that the epidemic situation was uncertain, so naturally were more cautious about scheduling specific travel (Pacific Asia Travel Association, 2020):

41% of the tourists [...] the time of the trip is still uncertain. It depends on the situation. 32% of the interviewed guests said they plan to travel in July and August [...]. May to December accounted for the highest proportion in each time period (Pacific Asia Travel Association, 2020).

Additionally, health and safety was the main concern of tourists - before traveling, tourists would generally try to understand the risks of the destination and the hygiene conditions of the hotel (Pacific Asia Travel Association, 2020):

The survey report shows that health and safety during travel is the main concern of tourists, and guests generally hope that travel agencies and destinations travel. The department can do a good job in health and safety protection, take necessary measures to ensure the health and safety of tourists during travel, and provide timely information on the epidemic risk situation of the destination country or region, and hotel sanitary conditions (Pacific Asia Travel Association, 2020).

Safety, holidays, and discounts were still the main factors affecting tourism decision-making, and in terms of products, services, and prices, letting the people “travel with peace of mind” was still the key to relaunching the market (Yang, 2020).

Changes in consumer behavior

More consumers started to re-engage in domestic travel (Trip, 2020b), and a new trend in the booking cycle emerged during the National Day holiday in 2020. As chain hotels had formulated standard procedures for disinfection, consumers now paid more attention to health and safety (Meituan Dianping, 2020a, 2020b), and were increasingly inclined to book with chain hotels:

The epidemic has also promoted the increase in industry concentration and chaining rate, because consumers are also more inclined to clean hygiene with a sanitary standard accommodation environment, more owners will be willing to join a standardized hotel (L. Liu, 2020, p. 19).

The McKinsey's survey (as cited in Will, Yu, Shen, Suo, & Chen, 2020) also showed similar findings:

McKinsey's survey of tourist sentiment under the COVID-19 shows that the two most popular accommodation types for Chinese tourists are international chain budget hotels and local boutique hotels, both of which are reasonably priced and more comfortable (Will et al., 2020).

4.5.4 The current recovery of the industry

As the spread of COVID-19 became effectively controlled in China, the restrictions around the tourism industry also gradually loosened, and the passenger volume on air and railway travel steadily increased (Z. Liu, 2020). Trip's second-quarter financial

report showed that China's domestic flight bookings achieved positive growth (Trip, 2020b) as China's domestic tourism gradually picked up again. As of March 2020, over 1,600 well-known scenic spots in China have re-opened, and over 40% of 5A-level scenic spots have re-opened (H. Yang, 2020). High-end tourist groups also engaged in domestic tourism (Chen G. et al., 2020) in lieu of overseas travel. Trip data showed that the number of households booking travel products on its website had increased by 400% compared to the previous month (ChinaTravelNews, 2020).

With the recovery of the tourism industry, the hotel industry was also progressively improving. The absolute occupancy rate in China recorded on ChinaTravelNews rose from 12.8% in February (the lowest level on record) to 23.2% in March 2020 (ChinaTravelNews, 2020).

As shown in Figure 10, Huazhu Group's net revenues in the second quarter still fell to 1953 million yuan, but it remained at a level similar to the data in the first quarter, which meant an overall decline in group income (Huazhu, 2020b). The downward trend was slowing down. The net loss in the second quarter was RMB 548 million which was a dramatic improvement from the net loss of RMB 2135 million in the first quarter (Huazhu, 2020b).

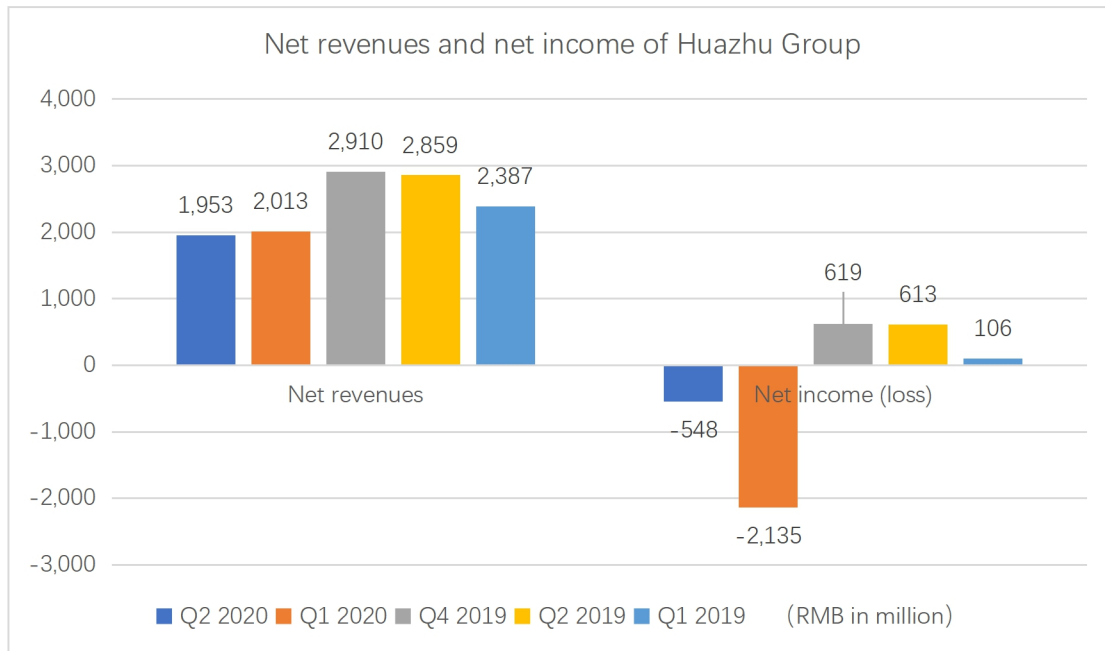


Figure 10 Net revenues and net income of Huazhu Group

Additionally, the occupancy rate of Huazhu Hotel Group, the number of closed hotels, and the overall return to work rate also indicated that the Hotel Group was on the path to recovery. The occupancy rate of Huazhu Hotel Group in the second quarter was 69%, which showed an upward trend compared with the first quarter (46.7%) (Figure 11), while the number of temporarily closed hotels under Huazhu dropped from 2,310 in mid-February to 369 on March 31 (Huazhu, 2020a). As of March 11, Huazhu Hotel had almost a fully resumed workforce (90%), and the store manager's on-duty rate was also close to 100% (Fu & Liu, 2020).

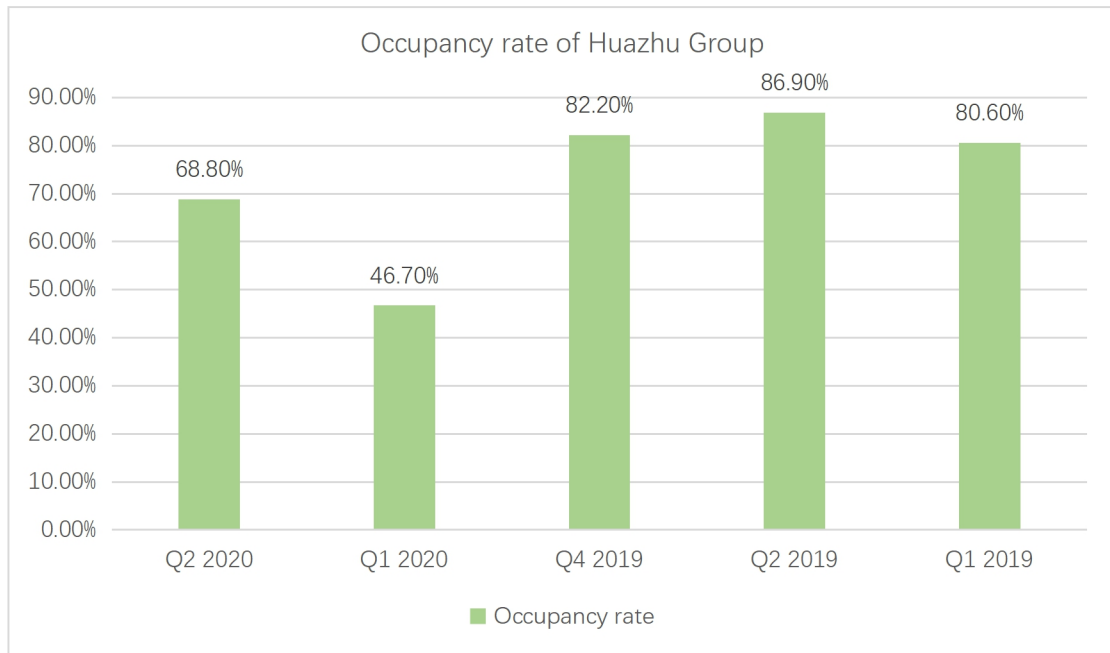


Figure 11 Occupancy rate of Huazhu Group

Data source: Huazhu's first and second quarter financial reports

From the perspective of booking platforms, both Trip and Meituan's hotel booking revenue have also achieved a growth trend. As shown in Figure 12, Trip's financial report for the second quarter of 2020 pointed out that the accommodation booking revenue in the second quarter was 1254 million yuan, an increase of 9% over the previous quarter (Trip, 2020b). Furthermore, its operating loss in the second quarter was 688 million yuan, compared with a revenue of 1333 million yuan in the same period in 2019 and a loss of 1509 million yuan in the previous quarter (Trip, 2020b).

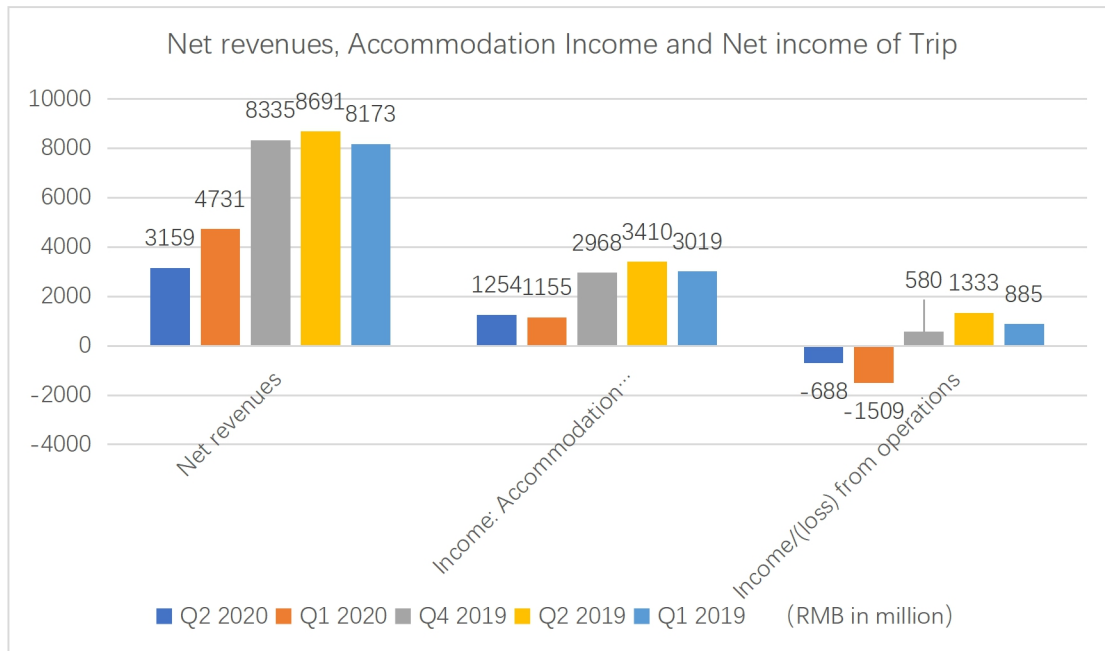


Figure 12 Net revenues, Accommodation Income and Net income of Trip

Data source: Trip's first quarter and second quarter earnings

The financial report of the Meituan Group shows that the revenue from in-store, hotel and travel businesses decreased by 13.4% year-on-year to RMB 4,543,982 thousand (Figure 13), and its catering and hotel operating profit increased to RMB 1,891,563 thousand in the second quarter of 2020, a year-on-year decrease of 11.9% (Meituan Dianping, 2020b). Although the two platforms Trip and Meituan were still at a loss in terms of revenue in the second quarter of 2020, their losses were significantly reduced compared to the first quarter of 2020.

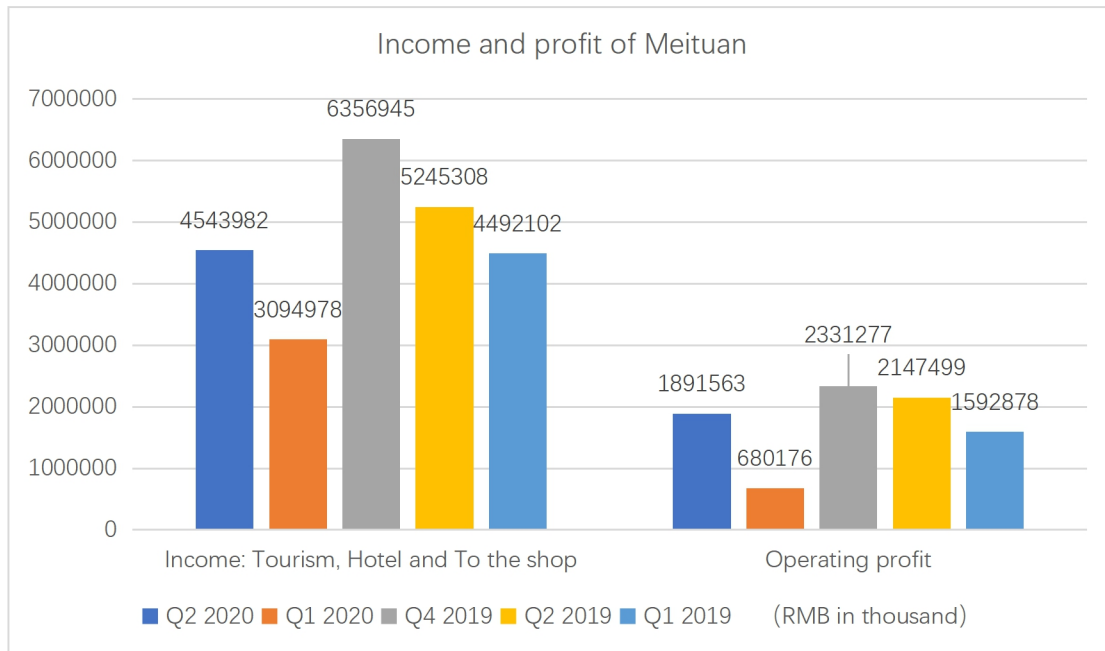


Figure 13 Income and profit of Meituan

Data source: Meituan first quarter and second quarter earnings

4.6 Summary

This chapter elaborated from two aspects of measures and development of the China hotel industry amid the COVID-19 crisis. In terms of measures, the government, platforms, and associations have put forward effective protective measures (maintaining social distance, wearing masks, checking health QR codes, restricting travel) and financial support (reducing tax relief, exemption from fees, and extra financial support) for enterprises, employees, and consumers.

In terms of the industry development, the data showed that the hotel industry, tourism industry, and reservation platforms were all hit hard by the outbreak, however, with the introduction of a series of measures, the hotel industry and platforms recovered well during the second quarter, slowing the decline in revenue. Additionally, due to

the impact of the outbreak, tourists' travel preferences had changed, and more tourists were engaging in domestic tourism. When choosing hotels, the environmental hygiene was the main concern of tourists, who now also preferred to book with bigger chain hotels and hotel groups. The hotel industry had also seen an increase in chaining, which will be discussed in following chapter.

Chapter 5: Discussion

5.1 Introduction

This chapter will discuss the impact of policies on the recovery of the hotel industry, changes in consumer preferences, and new trends in the development of the hotel industry. According to the qualitative research data introduced in Chapter 4, the state of the hotel industry from the emergence of COVID-19 to the present is evident: the emergence of COVID-19 had dealt a huge blow to the hotel industry. Following the release of government policies and hotel group policies, the hotel industry gradually returned to the path of recovery.

To answer the research question, this chapter compares the main findings with the theories in the existing academic literature. Firstly, the discussion answers the research question (impact of COVID-19 on the Chinese hotel industry). Secondly, the role of policies in the recovery of the hotel industry is discussed. Then, a discussion around the changes in consumer preferences after COVID-19 is presented, followed by a discussion on the use of digital marketing in the hotel industry. Finally, a discussion on the development trend of the hotel industry (chainization) after the emergence of COVID-19 will be presented followed by a summary of discussions.

5.2 The impact of COVID-19 on the hotel industry

As mentioned in the literature review, since we are now living in a global age, the unexpected outbreak of COVID-19 would inevitably have had a catastrophic impact on the global hotel industry, involving every stakeholder related to the hotel industry (Hao et al., 2020). COVID-19 is an extremely contagious and destructive virus to the human body, and patients tested positive with COVID-19 are not only at risk of

spreading the disease during the incubation period, but they are also at risk of death. Although the fatality rate of COVID-19 is not as high as that of the SARS virus (Ergonul, Ippolito, Petrosillo, Petersen & Viceconte, 2020), the COVID-19 virus spreads much faster and easier than SARS due to its genetic structure, and China's rapid and tight transportation network systems could further facilitate its spread. Therefore, the impact of this COVID-19 crisis is considered far greater than the SARS crisis in 2003.

The travel ban issued by the China government and the national panic about the virus outbreak resulted in mass cancellations of travel plans and hotel reservations, followed by a decline in the general population's willingness to travel. Research such as that conducted by Gössling, Scott and Hall (2020) showed that travel restrictions, border closures, and fear of virus spread have all brought unprecedented challenges to the hotel industry. The panic about an epidemic also manifested itself during SARS, and as stated in the literature review (Chapter 2), the domestic catering industry lost up to 90% of its business at the time (Tse et al., 2006), while the income from tourism accommodation decreased by 77 billion yuan (Wen et al., 2005).

The findings in Chapter 4 of this study clearly demonstrated the impact of the COVID-19 outbreak on the hotel industry. According to qualitative data, the hotel's net revenues and occupancy rates saw a sharp decline compared to the same period in the previous year and even the previous quarter. Revenue from hotel-related booking platforms was also much lower than the previous year, and from the data presented in the findings, the emergence of COVID-19 had made a huge impact on the operation of the hotel industry in China. The hotel occupancy rates, average daily room rates, and net revenues were all severely reduced. Anguera-Torreil et al. (2020) believed that in the face of the COVID-19 crisis, the unprecedented low occupancy rate would lower prices to attract consumers, thereby reducing the average daily house price. The decline in revenue and the cost structure's heavy dependence on fixed costs ultimately

dragged down the profitability of the company (O'Neill & Mattila, 2006; Planas, 2007).

Additionally, the earlier SARS crisis in 2003 had similar (though not as widespread) effects as COVID-19, and Chien and Law (2003) pointed out in a study that during the SARS outbreak, many international travelers changed their schedules. The hotel industry in Hong Kong experienced the same problems as the hotel industry in this COVID-19 crisis, and the occupancy rates also dropped sharply (Chien & Law, 2003). For the hotel industry in Hong Kong, the number of hotel guests also plummeted to unprecedented levels (Hung, Mark, Yeung, Chan, & Graham, 2018).

Unlike the SARS epidemic, the COVID-19 epidemic lasted longer, and there are still new cases being reported to date. The SARS epidemic period only lasted from February to July 2003, so the COVID-19 outbreak has had a more serious and longer-lasting negative impact on hotels. The outbreak of COVID-19 caused a large number of hotel closures across China (Hao et al., 2020), and the number of hotel-related company registrations in the first half of 2020 hit the lowest in five years, with over 40,000 hotel-related company registrations being canceled. According to Trip data, the number of hotels that could be booked also plummeted. Overall, the impact of the COVID-19 outbreak is evident – it had brought unprecedented damage to the hotel industry in China, and a lot of work would be needed to recover.

5.3 The role of Policies in the recovery of the hotel industry

Although the China government had very limited control over the death toll and economic impact of COVID-19, it was certainly able to take measures to improve the current situation (Anderson, Heesterbeek, Klinkenberg, & Hollingsworth, 2020). In the early stages of the COVID-19 outbreak, the government formulated relevant

epidemic prevention policies to curb the spread of COVID-19, and in the later stages, formulated relevant *economic policies* to assist the recovery of enterprises. These two policies created an effective, safe environment for the recovery of China's hotel industry.

5.3.1 Policies for Epidemic prevention

As a country that quickly brought the COVID-19 epidemic under control, China's epidemic prevention policy could be considered quite successful. According to the analysis of the Faulkner (2001) model, China's national defense policy for COVID-19 could be divided into four aspects: Precursors, Mobilization, Action, and Recovery.

1. Precursors: Set up an emergency team

During the SARS epidemic, the Chinese local Centers for Disease Control (CDCs) implemented disease control measures, provided health education instructions at the local level, and reported the relevant situations to the National Center for Disease Control and Prevention. However, during the COVID-19 outbreak, the state delegated part of the power and responsibility of epidemic prevention and control to the hotel industry, requiring hotels to set up working groups to strictly implement and supervise various epidemic prevention policies, and complete emergency work around prevention and control (Beijing Municipal Bureau of Culture and Tourism, 2020). Contrary to the SARS outbreak, the responsibilities and tasks of COVID-19 prevention and control were delegated to the hotel industry and local governments, thereby reducing the pressure on the central government, and helping make epidemic prevention work more meticulous.

2. Mobilization: control travel, the country enters a state of emergency

When bringing the SARS crisis under control, the government only required 20% to 30% of China's population to stay at home (Schwartz & Evans, 2007). However,

since the outbreak of COVID-19 in Hubei Province, the provincial government directly adopted a policy of restricting non-essential travel and closing the city off to control the spread of COVID-19 to other provinces and cities. Subsequently, other cities in China also enforced travel restrictions to prevent cross-transmission between cities.

One of the main reasons the virus spread so quickly was due to the timing of the COVID-19 outbreak, which happened to be the most important holiday in China - the Spring Festival (usually in February), during which a large urban population would normally return to their hometowns from different cities to reunite with their families. Coupled with the more advanced (compared to the time of the SARS epidemic) and tight transportation network systems, it became possible to facilitate the movement of millions of people across the country in a day, and if the travel restrictions were not implemented *before* the Spring Festival, it would have accelerated the spread of COVID-19 exponentially and caused more dire consequences (Chen et al., 2020). In their study, Chen et al. (2020) also pointed out that controlling movement during the public holidays at the beginning of the COVID-19 outbreak provided a critical window for the government to respond with the next steps, and more recent studies showed that government control had effectively slowed the spread of COVID-19 in China. Although the COVID-19 virus is more contagious than SARS, measures such as the nationwide lockdown and travel bans had significantly delayed and controlled the spread of virus, and ultimately played a vital role in managing the COVID-19 outbreak.

3. Action: Wear a mask and perform daily epidemic prevention tests

After the travel restriction policy was implemented, the Chinese government also increased the daily travel requirements to reduce the risk of infection - wearing masks was made compulsory for daily travel, as was the need to maintain social distance. Studies have demonstrated that the management of COVID-19 was more effective

through personal and social distancing measures (Anderson et al., 2020). The government also set up temperature checkpoints at various public transportation stations and airports to check that passengers were compliant. For hospitality businesses that continued to operate, employees were required to report their health status to the hotel's COVID-19 working group every day and wear personal protective equipment. The Chinese government launched the COVID-19 policies based on the SARS epidemic prevention policies, so the COVID-19 outbreak was able to be effectively brought under control within a short period.

4. Recovery: daily supervision

Due to the available advanced information technology, the government was able to use mobile application technology during the COVID-19 outbreak and launched corresponding tracking apps to record tourists' travel trajectories and personal health statuses (Shanghai Municipal Bureau of Culture and Tourism, 2020, p.54). Using the tracking application, the government was able to monitor and review each citizen's situation, so during the COVID-19 outbreak, the government could conduct effective contact tracing and promptly notify relevant personnel for information and isolation.

Moreover, the recovery stage also included policies and measures to restore the economy, including the government's economic policies, and the marketing plan of the hotel industry, which will be explained below. The series of supervision measures introduced by the government and the hotel industry not only effectively controlled the spread of COVID-19 to curb resurgence of the epidemic, but also facilitated the gradual resumption of normal business activities in an orderly manner (Hubei Provincial Government Office, 2020). This is significantly reduced further losses incurred by companies due to business closures and enabled them to recover more quickly. Furthermore, consumers were also able to regain confidence and willingness to travel (Pacific Asia Travel Association, 2020).

5.3.2 Economic policies for recovery

For Enterprises

During the SARS epidemic, the government amassed over 5 billion yuan for prevention and control funds, and adopted tax reduction and exemption measures for industries that were more affected (Chen, 2003). Its main policy was to increase citizens' income, increase urban and rural employment, stimulate urban and rural consumption, stabilize investment and domestic and foreign trade, adjust fiscal revenue and expenditure, and maintain normal production and living order.

During the COVID-19 outbreak, the Chinese government learnt from the recovery experience of the SARS outbreak, and formulated similar economic policies to help companies tide over the crisis. The government mainly provided tax relief, exemption from fees, and financial support for enterprises. In terms of tax relief, the government mainly exempted the accommodation and catering industry from value-added tax and fixed-term tax, as well as a deferred tax payment (Y. Zhu, 2020). In terms of exemption from fees, the government mainly reduced rent, administrative fees, refunds of unemployment insurance premiums, and lowered electricity and natural gas fees for companies (Hubei Provincial Government Office, 2020). The hotel groups introduced a financial support policy for their hotels, that included reducing or exempting franchise fees and management fees (Hubei Provincial Government Office, 2020). For companies that laid off less than the required number of employees, the government also additionally reduced costs and taxes for them. In terms of financial support, the government mainly introduced deferred repayments and reduced corporate financing costs (Shanghai Municipal Peoples Government, 2020a).

Moreover, the hotel groups had also provided some financial support for their hotels - from the findings in chapter 4, the Huazhu, BTG Homeinns and Jinjiang Hotel Groups mainly provided deferred repayments and financial assistance to franchised

hotels. These measures introduced by the government during the COVID-19 recovery were mainly aimed at helping businesses reduce costs, cut their losses, and alleviate the pressure on the company's capital chain caused by the epidemic. This was in line with the policy of stable investment and domestic and foreign trade during the SARS crisis recovery.

Additionally, staff layoffs were amongst the cost-cutting measures that many hotels had to take in order to cope with the epidemic, however, reducing the company's labor force would lead to the loss of knowledge resources, reduced employee satisfaction, change in the work atmosphere, and declining trust, causing capable employees to leave, thereby damaging the company's learning and memory capabilities (Flanagan & O'shaughnessy, 2005). The government measures encouraged companies to minimize layoffs as much as possible to avoid the long-term losses caused by layoffs, which ultimately not only provided adequate human resources protection for enterprises in the recovery phase after the epidemic, but also reduced the risk of social unrest caused by rising unemployment. This coincided with the simulation of increasing urban and rural employment and maintaining the normal order of production and life during the SARS recovery.

For Employees

For employees, the government provided insurance premium policies for pensions, unemployment, and work-related injuries – such policies served to protect employees' lives, helped alleviate the pressure they faced in the uncertain times, and avoided demotivation. Tian (2016) emphasized that a good quality of life would positively affect employees' work performance and stimulate their morale to devote more energy to meet work challenges. This had the same outcomes as the policy for

increasing citizens' income and maintaining normal life during the SARS recovery period.

For Consumers

During COVID-19 crisis recovery, the government collaborated with the application platforms to issue electronic coupons to consumers to stimulate consumption, which was consistent with the policy of stimulating urban and rural consumption during the SARS crisis recovery. However, during the COVID-19 recovery period, the government employed advanced information and digital technologies and commissioned more high-end electronic coupons to be issued quicker and on a larger scale through the network platform to obtain better results. Coupons are the most common method of promotion in this digital age, as it affects the customer's purchase intention by influencing their perceived value relationship (Guo & Tang, 2011). Appropriate placement of coupons could stimulate more consumers to go to the physical stores for consumption, but more importantly, they helped increase the cash flow for merchants, boosted the economy, and helped speed up its recovery. The fundamental purpose was not to increase the profits of businesses, but to drive the operation of the entire industrial chain in the form of small profits with quick turnover, and work together to pick the economy back up from the slump caused by the impact of the epidemic.

Understandably, during the COVID-19 crisis recovery period, the Chinese government borrowed from the policy guidelines of the SARS crisis recovery period and adopted very similar measures. The economic policies provided by the government to enterprises, employees, and consumers became part of a favorable domino effect: when businesses were capable of operating, the number of dismissed

employees were reduced, and a complete work team could be retained to preserve resources for the company.

The findings presented in chapter 4 showed that after experiencing the SARS crisis, hotel bookings in China skyrocketed, therefore, it could also reasonably be expected that after experiencing the COVID-19 crisis, Chinese hotels would experience similar surging consumer demand again, which would generate more reservations and require sufficient staff to serve consumers. The policy for employees could guarantee the living needs of employees, avoid unemployment, and preserve manpower for the subsequent recovery of the hotel industry. Anguera-Torrell et al. (2020) stated that government fiscal policies could help hotels recover better. The government issued discount coupons to consumers to motivate them to consume, which directly drove the consumer cycle (consumers to consume > corporate profits > employees have income > employees consume as consumers). Corporate funds would be able to flow, and hotels would gradually recover.

5.4 The emergence of COVID-19 has changed consumer preferences

After experiencing the COVID-19 outbreak, consumers' preferences for planning travel changed. According to the findings in chapter 4, most travellers indicated their schedules would be based on the development trend of the COVID-19 outbreak. Many tourists had a 'wait-and-see' approach, and indicated that if the outbreak were properly controlled, they would choose to travel again after the pandemic (Pacific Asia Travel Association, 2020). This was consistent with the changes during the SARS crisis recovery - at the end of the SARS epidemic, the demand in the tourism and hotel industries experienced a rapid upward trend. Therefore, it could be

reasonably expected that after the COVID-19 crisis is brought under control, demand in various industries would usher in a wave of rebound.

Peng Liang, chief researcher of the Trip Travel Big Data Lab, believed that from consumer surveys, the impact of the epidemic on the tourism and hotel industry appeared to be phased - people's travel needs had not disappeared, and domestic leisure and vacation tourism would bring in more opportunities (Yang, 2020). The strict travel bans, and fear of the virus had curbed the people's motivation to consume, and their consumption was postponed to avoid risks, however, the government's control of the epidemic would directly affect the willingness of tourists to travel, and thus affect the recovery capacity of hotel industry after the epidemic. In the face of the COVID-19 crisis, the Chinese government had adopted extremely strict and mandatory epidemic prevention measures, so that the epidemic could be controlled quickly and effectively, and enterprises could focus on their recovery.

After the COVID-19 outbreak was brought under control, health and safety were the primary concerns of consumers. This coincided with the changes in public awareness and concern for health and safety after the SARS crisis. Tourists now generally tended to research the COVID-19 situation in the destination, and actively sought to understand the hotel hygiene conditions before traveling. Due to the COVID-19 outbreak, chain hotels had formulated more stringent sanitation and cleaning procedures, therefore, when choosing hotels, consumers were now more inclined to book chain hotels. Consumers felt that the sanitary conditions of these larger hotels were more secure; also because the chain hotel needed to maintain its brand and image, when consumers had doubts about any product quality or service levels, the brands and reputation became an important influence on the customer's selection process (Maghzi, Abbaspour, Eskandarian, & Hamid, 2011). Therefore, the chain hotels could secure the trust and confidence of customers more effectively compared to individual or smaller boutique hotels.

Moreover, since the COVID-19 outbreak many Chinese tourists now preferred domestic tourism, which was consistent with changes in the consumer preferences in regions where short-distance travel was preferred during the SARS crisis. The border closures in countries outside China were also a significant factor in choosing domestic travel, as well as the fact that compared with traveling abroad, Chinese tourists were more familiar with the domestic environment, so when in China, they had a stronger sense of security and trust (Fu & Liu, 2020). Domestic tourism had now become more highly sought after than ever in China, which created a very favorable business environment for local hotels.

The hotel booking cycle had also been extended compared to previous years, although this trend was not noticed in the changes in consumer preferences after the SARS crisis. The main reason was that the COVID-19 outbreak lasted much longer than the SARS outbreak. Consumers were more cautious than ever when they travel, and now tended to carefully plan their travel. Additionally, because the hotels introduced a flexible refund policy, customers eliminated the worry of financial losses caused by unexpected changes in itineraries. The rebound consumption phase after the epidemic was usually characterized by short duration and high intensity, so hotel over-booking could potentially occur in the reservation process. Overbooked hotels result in customers being unable to check-in, and therefore hotels would be unable to provide services to those guests. This could cause serious damage to the hotel's reputation and revenue, especially the potential loss of future revenue for dissatisfied customers (Antonio et al., 2017). Therefore, the lengthening the reservation cycle could be more conducive, allowing hotels to make adequate preparations and plans to cope with the increased guest flow.

5.5 Digital marketing

In this era of digitalization and highly developed networks, active participation in online consumption is prevalent across a range of age groups. After the SARS epidemic, the main hotel consumers market became mainly 35 year olds, followed by 25 year olds (Zhu, 2003) - as the main force in the consumer market, they had the potential to be a new force driving the recovery phase of the hotel industry. How to use digital marketing to seize the market became a key strategy for businesses recovering after the epidemic.

Even after the epidemic was brought under control, consumers still harbored some fear of COVID-19 and distrusted the sanitation of hotels and restaurants, which potentially hindered their travel plans. To dispel their doubts, the reservation platforms used an online live broadcast to show the cleaning processes of hotels, the kitchen cleaning processes of restaurants, and endorsed hotels with a 'peace of mind' label (Lin, 2020). This marketing strategy helped eliminated the hygiene concerns of consumers and encouraged out-of-the-house consumption. Similarly, during the SARS recovery period, because tourists had doubts about the sanitation of public facilities, merchants eliminated such doubts by answering their questions patiently and making guarantees.

Furthermore, the reservation platform adopted an online pre-sale strategy - on the one hand, it attracted more customers to buy at preferential prices, and on the other hand, the pre-sale strategy successfully diverted consumers' rebound consumption (Sina, 2020). As previously mentioned, this type of rebound consumption was similar to the consumption pattern of booking holidays - short duration and high intensity, and often caused various issues due to insufficient preparation of hotels. Through the pre-sale strategy, merchants could have enough time to make adequate preparations and plans in advance, such as resource allocation, staff scheduling and arrangements, and

advertising, thereby avoiding the overbooking issues and traffic inconvenience caused by a large groups of customers converging in the same area at the same time. This marketing strategy was not mentioned after the SARS epidemic, so it could be reasonably expected that the merchants reflected on the "blowout" rebound consumption after the SARS epidemic, and made corresponding adjustments by adopting a pre-sale strategy in anticipation of similar consumption behaviors post-crisis. This was therefore an improvement in the marketing strategy learnt from the SARS crisis recovery period.

After the SARS epidemic, price-cutting promotions were also the main marketing tools of the hotel industry and the restaurant industry. However, during the SARS recovery period, network technology was not as advanced as it is now, and network marketing methods were not used, so the scope and speed of marketing coverage would have been relatively slow. As the transit point of the industrial chain, the internet platform had increasingly powerful industrial chain mobilization and integration capabilities. At the current stage of the COVID-19 epidemic, businesses had an urgent need to make the entire industrial chain flow. During the epidemic, people could only stay home and consume online, but after the epidemic, merchants used promotional methods such as holding shopping festivals and giving away discount vouchers online to attract and guide online consumers out of their homes and into the physical businesses (Shanghai Municipal Peoples Government, 2020b). Moreover, the hotel industry used celebrity fan traffic to promote its brand and build its brand image through cooperation with well-known bloggers, self-media, and other traffic celebrities. These promotional activities increased the cash flow of businesses, boosted the economy, and enabled the economy to recover quickly.

5.6 Chainization - a new trend in the hotel industry

From the findings identified in chapter 4, it was evident that the chain rate of China's first-tier cities was rapidly growing – its rate rose substantially from 6.6% in February 2020 to 12.55% in July. Compared with first-tier cities, second-tier cities had a slower growth rate, and due to the large number of closed hotels in third-tier cities, the chain rate had dropped. However, the overall chain rate of hotels was on the rise, as it was evident that hotels would have a better chance of surviving the crisis by joining a hotel group and using the hotel group's financial support policy for franchise stores. Large organizations had better brand impressions, stronger financial support, and more established successful management systems (Johnson et al., 2008), therefore, the risk management ability of a franchised hotel in a chain would become stronger.

Additionally, consumers now preferred hotel chains in their choice of hotels, as they felt that chain hotels would have a higher unified cleaning standard, so the environmental hygiene of the hotel could be guaranteed. In the later crisis recovery stage, franchised hotels could also rely on the brand reputation and management standardization of chain hotels to accelerate the speed of hotel recovery. During the SARS period, there was already evidence that large organizations (hotel chains) performed better than smaller organizations (independent hotels) in responding to disasters such as SARS (Johnson et al., 2008).

5.7 Summary

This chapter was mainly focused on five aspects - discussing the impact of the COVID-19 outbreak on the hotel industry in China and corresponding strategies, the role of policies in the hotel industry's recovery, changes in consumer preferences, digital marketing, and the hotel chaining trend. The COVID-19 outbreak had brought tremendous pressure and changes into the lives of citizens and the operations of

enterprises, and the negative impacts it caused were far more profound and widespread compared to the SARS outbreak. However, the Chinese government reflected on previous experience with the SARS outbreak, learnt from the successful crisis alleviation strategies, and subsequently introduced similar but bespoke support systems and policies based on the six policy guidelines from the SARS recovery period.

Moreover, these government policies were also consistent with the Faulkner (2001) model of crisis management. As consumers' travel plans changed in accordance with the development trend of the epidemic, they became more inclined to choose safer and more hygienic hotels, engaged in domestic tourism, and willingly made travel plans in advance. These were very similar to the consumer changes after the SARS crisis. Furthermore, during this COVID-19 epidemic, businesses also used promotions and answering of queries to boost consumption and recover, but unlike the SARS period, the merchants this time used more advanced networks, information, and digital technologies to achieve very positive outcomes. Finally, this study found that the chaining trend of hotels in China had risen after the COVID-19 outbreak was brought under control.

Chapter 6: Conclusion

6.1 Introduction

This chapter summarizes the study by reviewing how the Chinese hotel industry responded under the COVID-19 crisis. First, this chapter discusses the main findings related to the research question in this study, then it explains the theoretical and practical significance, before discussing the limitations of this study, and finally providing suggestions for future research.

6.2 Research objectives and main findings

This study used qualitative data to explore the impact of the COVID-19 crisis on the Chinese hotel industry, and how the Chinese hotel industry responded to COVID-19. After analyzing the data and producing the findings, this research answers the relevant research questions and fills in the knowledge gaps in the hotel industry, thereby contributing to the understanding of the COVID-19 crisis. The conclusion of this study is as follows:

Impact of the COVID-19 crisis on the Chinese hotel industry

1. Consumers reduced their willingness to travel because of travel restrictions and fear of the virus spreading.
2. COVID-19 had greatly diminished the Chinese hotel industry's revenue, and some hotels even had to close due to funding problems.

The Chinese hotel industry's response to COVID-19 crisis

1. The policies of the government, hotel industry, and hotel companies helped reduce the operating costs of hotels and created a favourable environment for the industry's recovery.
2. In the process of recovery, hotels had to monitor the changes in consumer preferences and behaviours, and adjust their marketing strategies promptly and accordingly to adapt to the changes.
3. For some independent hotels with low risk-mitigating abilities, join a larger hotel group could help improve their risk management ability and recovery rate.

6.3 Theoretical and practical implications

This research aimed to explore the recovery of the Chinese hotel industry under the COVID-19 crisis. The study found that Faulkner's (2001) crisis management model was beneficial in helping the hotel industry respond to the COVID-19 crisis. The most important contribution of this research was providing a guiding framework for the recovery of other hotel industries in the later period of recovery. Since the COVID-19 outbreak was a sudden and unprecedented global crisis (which is currently still ongoing), there were relatively few studies in this area.

Additionally, through this research, it was found that China's response to the COVID-19 crisis was managed according to the Faulkner (2001) Crisis Management Plan model, and the recovery of the Chinese hotel industry could be considered from these four aspects:

1. Policies (anti-epidemic policies and funding policies);
2. Changes in consumer preferences;
3. Adopting new marketing strategies;
4. Chain operation.

Policy formulation should correspond with changes in the development of the COVID-19 crisis. Moreover, appropriate marketing strategies could be formulated according to changes in consumer preferences. In response to the COVID-19 crisis, Chain hotels had become a new development trend in the hotel industry to ensure business survival through crises. Based on the above findings, this study can be considered as a practical contribution to the recovery of the hotel industry under the COVID-19 Crisis.

6.4 Limitations of the study

This research utilized qualitative research, so there are some limitations, one of them being the lack of relevant quantitative data. Additionally, as the COVID-19 crisis is still unfolding, new and unforeseen challenges may arise in the later stages. Moreover, China's consumer habits, social development, and economic conditions would be different (to varying degrees) compared to those of other countries, and therefore the extent to which the results of this study could be applied to other countries would be limited and require more detailed and careful consideration.

6.5 Recommendations for future study

This research reviewed the COVID-19 crisis management in China's hotel industry, however there were some restrictions due to limited information and time. Future research could investigate the management policies of hotel industries in other countries in response to the COVID-19 crisis, and contrast with China's response to obtain a more versatile pandemic crisis management policy.

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