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Three Box Solutionin New Normal Hospitality Sector: A Conceptual Framework

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ABSTRACT*: To provide a conceptual framework for understanding and provide ideas on the application of The Three Box Solution concept through the new normal in the hospitality sector. This paper contains a combination by presenting an overview of the impact of COVID-19 in the hotel sector based on the latest news reports, The Three Box Solution conceptual and then develop framework for application new normal hospitality sector and offer for further research. The results of this paper are the framework application of three box solutions in the form of box 1: present, focus hotel performance: implement health and hygiene protocols, box 2: past, reducing hotel high-touch service such as spa & gym, and box 3: future, create new strategy along with touchless technology and create a safety culture.*

KEYWORDS*- The three box solution, New normal, Hospitality sector*

I. INTRODUCTION

COVID-19, first reported by China on December 31, 2019, has swept across the globe in a matter of weeks now, threatening the health and lives of millions of people around the world. As a result, there are limitations and restrictions on travel due to COVID-19 to avoid its spread. This has resulted in global economic shocks that affecting stock markets, consumer confidence and global supply chains [1]. In fact, hospitality and tourism operations in many countries have nearly closed and international travel (and, in some countries, domestic travel too) has ended [2]. Indeed, air and sea travel has been highlighted as one of the main causes behind the rapid and global spread of COVID-19, especially in form of a cruise ship which is "Diamond Princess" was the first cruise ship to have a major outbreak [2].

This condition also occurs in Indonesia. The presence of COVID-19 resulting in Large-Scale Social Restrictions (PSBB) in several regions of Indonesia has had a major impact on the hotel business. According to data from the Indonesian Hotel and Restaurant Association (PHRI), hotel occupancy rates have dropped dramatically. Even the occupancy of hotels and resorts in Bali only reaches 20 percent. Meanwhile, the overall occupancy rate in hotels in Indonesia stands at 30-40 percent, the lowest since late December or when the outbreak started [3]. In addition, PHRI also noted that 2000 hotels were closed due to Covid-19 until early May 2020 [4]. This number has increased significantly, from the previous data on April 16, there were only 1,642 hotels from 31 Provinces that were closed due to the coronavirus outbreak, and the dominance was held by three regions, Jakarta with 100 hotels, Bali with 281 hotels and West Java with 501 hotels.

In the 21st century, there are two main drivers of change in the travel and tourism sector, namely climate change and global health emergencies [5]. And one example of a global health emergency currently happening is the coronavirus (COVID-19). Therefore, it is important for governments and stakeholders in the travel and tourism sector to consider the costs, risks and impacts of these global health emergencies on the travel and tourism sector [5]. Moreover, the hotel sector is very vulnerable to a decline in tourism and travel, with a slowdown in economic activity due to these global health emergencies [6]. Therefore, the government and hospitality stakeholders need to consider

ways to sustain the hospitality sector, attract customers back during this pandemic and consider the future of the hospitality sector after the pandemic is over.

This paper contains a conceptual framework for understanding and provides ideas on the application of the three-box solution concept in the new normal hospitality sector case. Quality service interactions are needed to determine perceived service quality and customer satisfaction and repurchase intentions [7]. In an environment as uncertain as to the COVID crisis, with the worldwide lockdown/quarantine measures, people are mostly afraid and hesitate to use hotels as a place to stay, which is high-touch surfaces in hotel rooms. It is essential to hospitality sector react as quickly as possible to current events to make innovation, change to new normal hospitality, and prepare for move towards the future of post COVID-19 hospitality sector. That is why the author interest in researching more about the three-box solution concept in the new normal hospitality sector to findings application of this concept to understanding the problem and improve public confidence in hospitality sector. How is the application of the three box solutions concept in the new normal hotel sector case? What is the outcome of the three box solutions concept framework in the new normal hotel sector case?

The Three Box Solution Concept Framework

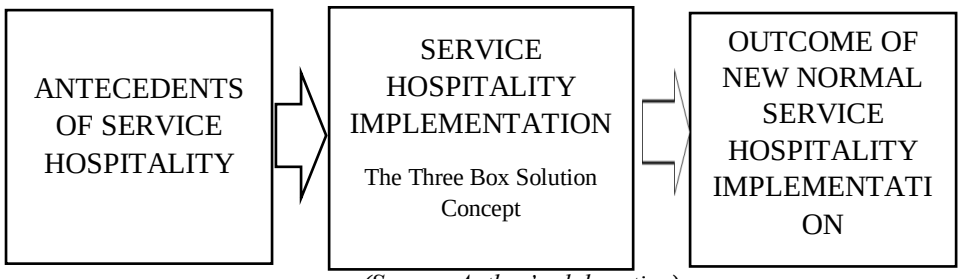
In the hotel sector, it is important to pay attention to the service and hospitality, starting from the first impression of the reservation, check-in, the use of hotel facilities (guest rooms, laundry, housekeeping, dining, spa, gym, swimming pool, and many other services), and after service provided. Because in this case it determines the hotel rating system, the more varied and the better the services provided, the greater the star rating given to the hotel. There are nine critical areas that determine the hotel rating system, including service quality, infrastructure, facilities and services, human resources, sustainability, safety and security, accessibility, quality systems, and online hotel ratings [8].

Service is a representation of technical performance (it can be measured), while hospitality is more of a representation of attitude and enthusiasm for the services provided. This paper argues that service provision in hospitality must be more than just service but secure for guests using the three box solution concepts, furthermore during pandemic (critical condition for hotel sector).

Many questions arise about the importance of managing (or saving) businesses that are in critical condition by considering business renewal or re-innovation [9]. Govindarajan suggested that company leaders should sort out activities in the transition from current business to new business into three boxes:

- Box 1: Now – Optimize the current business.
- Box 2: The past - Let go of the values and practices that fuel the current business but failthe new one.
- Box 3: The future - Invent a new business model.

The Three Box Solution is a strong guide for aligning organizations and teams on critical but competitive activities [9]. By balancing the three boxes company can innovating a new business while running a high-performing business at the same time. Using this concept author makes a framework by applying the box solution concept into the new normal hotel sector (Fig. 1).



(Source: Author's elaboration)

Figure 1. A Simplified Version of The Three Box Solution Framework

II. METHODS

This research uses the qualitative descriptive approach, interpretative or theories framework with a case study. In order to fill the relevant gaps between the antecedent hospitality service management and the conceptual three-box solution, the authors developed a conceptual framework which, focusing on the implementation process and overcoming the three-box solution theory for the new normal hospitality sector problem. This research uses in-depth interviews to collect data and information, then analyzes and summarizes the result. The object of this research is the five-stars hotel in Surabaya, Indonesia. The informants are from operational department.

III. RESULTS

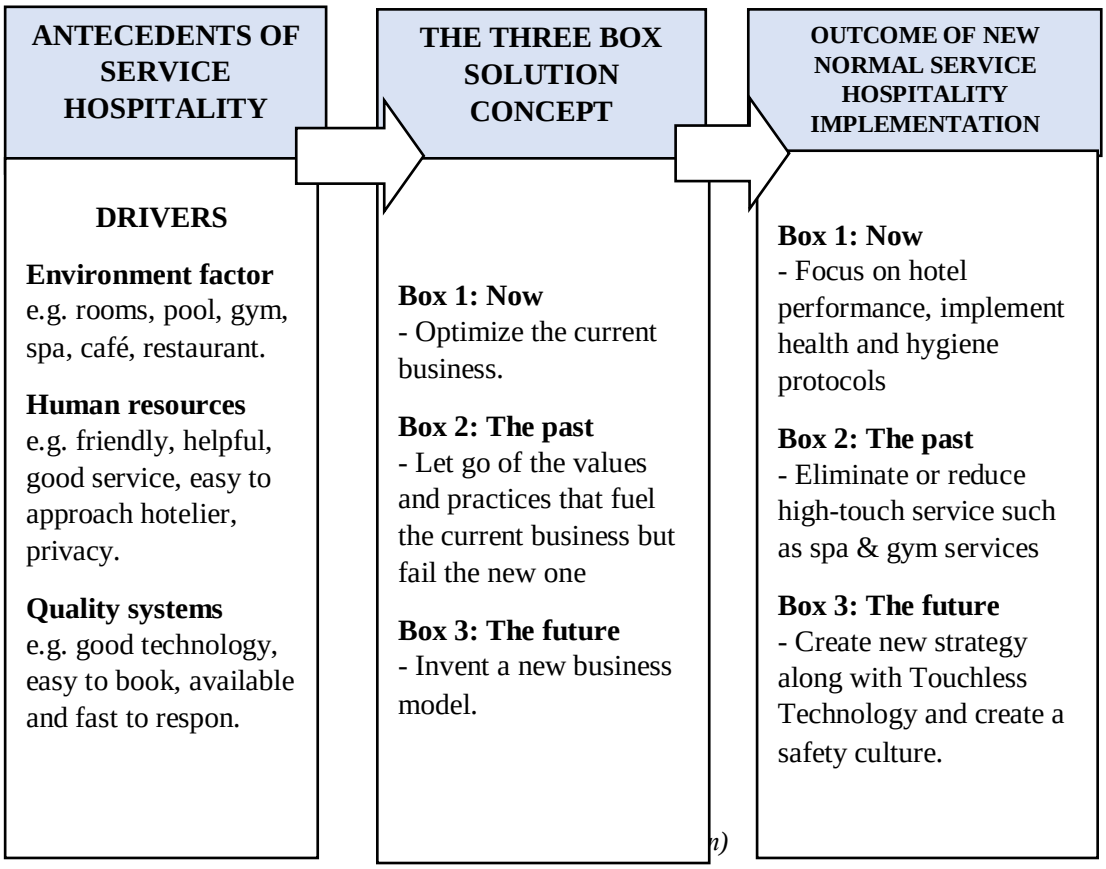


Figure2. The Conceptual Three Box Solution Framework

The First Box: Present – Focus on Hotel Performance, Implement Health and Hygiene Protocols.

Due to the increasing spread of COVID-19 in the world, governments and businesses are currently focusing on the safety of their people. Along with the hotel sector, the hotel sector has a "Duty of Care", hotels are required to ensure the safety or welfare of their guests, this has become mandatory law and an important aspect of hotel operations [10].

COVID-19 forces the hotel sector to rewrite the rules of the game in the hotel sector, where hoteliers are forced to make daily changes to how they run their business [11]. Regardless of the government's “new normal” regulation, hotel guests will remain cautious after travel restrictions are lifted and will require hotel guarantees to provide them with peace of mind while staying at the hotel [12]. This proves that the hotel needs to improve the hotel safety, sanitation and hygiene practices for every public space and guest room to provide serenity for the guests.

Hygiene and cleanliness are very important for successful hotel operations and increase attention after a public health crisis such as the 2003 SARS outbreak [6]. Studies show that hygeine and cleanliness are influences when customers make purchasing decisions in service sector [6]. Moreover, this is supported by the statement of Aodhan Sheahan, VP Operations, MasterBuilt Hotel, Canada argues: "*Historically, cleanliness was just as important in hotels. Before COVID-19 cleanliness was part of guests' basic expectations, but now hygiene is the main product. Cleanliness has become part of what guests buy and will be part of branding"*[11].

Not only does it focus on cleanliness, but hospitality sector also needs to pay attention to the application of health protocols in every operation to ensure the safety of guests and restore consumer confidence. One of the informants said:

"COVID-19 as a whole has changed our hotel operations. We are forced toimplement health and hygiene protocols in hotel operations to ensure the safety of our employees and guests. We clean all areas of the hotel according to hygiene standards, ensure employees and guests are safe by requiring the use of masks, sanitation and maintaining physical distance in every activity. We believe rebuilding consumer confidence through health and hygiene protocols in all operations has emerged as one of the biggest priorities for today."

The Second Box: Past – Reducing High-Touch Contact Service

COVID-19 can be transmitted through person-to-person transmission [6], therefore people have been urged to reduce personal contact and increase physical distance. This changes many things in the hotel's facilities. The examples are spa & gym facilities. Researcher found that an outdoor swimming pool, a wellness service gym and a spa are basic facilities that are favorites of hotel guests [13]. Even though this facility was a favorite of hotel guests before the pandemic. However, during this pandemic, it is important for hotels to eliminate available spa or gym sessions [14]. Even so, the socialization factor between customers and employees is an important component in understanding how customer satisfaction is with the service environment [15]. Spa & gym facilities rely mostly on high touch interaction, and hotel spa and gym facilities need to be removed to create distance between clients and staff in post-COVID-19 hotel operations [16].

In addition to eliminating the option, the hotel can also limit the number of gym users. As the example done by Four Season Hotel in New York, guests that wish to use the hotel gym had to register for a specific time slot to continue social distancing practice [17]. Of course, this can be done by cleaning the gym equipment regularly according to health protocols. That example has been done by our informant too, as the informant stated:

"In the beginning of the pandemic we closed all pool, spa, restaurant and gym facilities to prevent the spread of covid-19. But as time went by, with the awareness of the guest health protocol was getting higher, we decided to reopen the facility but still comply with the health and hygine protocol also put some restrictions on the number of users. Not only that, our hotel also carries out some restrictions in lift and restaurants facilities."

The Third Box: Future – Create a new strategy along with Touchless Technology and create a safety culture.

The chance that guests around the world's technology expectations will turn significantly high as guests prefer post-COVID-19, untouched and fully mobile hospitality experiences[18]. Here are some examples of providing a touchless hospitality experience are using mobile applications in cellular, which include some feature as check-in and registration, digital buttons, payments, barcode scans (for membership, check-in rooms, food orders), chat services and many more.

Apart from using cellular, the COVID-19 outbreak has accelerated the use of robotic AI technology in the hospitality sector [6]. to provide contactless services hotels can implement "unmanned" devices and use robots. The application of AI and robotics in hotels is a new concept of service. Of course, to do this innovation requires capital and time for its development and not all hotels can afford that.

The post-COVID-19 will change consumer behavior, in the future people will be more familiar with the health and hygiene protocol. The customer would expect lesser in-person interaction but the best possible hygiene standard. Therefore it is important to Hotel create a safe culture. Which all changes in hotel operations are not just temporary

during a pandemic, but have become a culture for the safety of guests and employees. Along with that our informant stated:

"Although Covid has changed a lot in hotel operations, I think these changes are taking the hospitality sector in a more advanced direction. Hotels are required to make more innovations in touchless technology also health and hygiene protocols make hotels more aware of the importance of cleanliness and care for the safety of guests and employees."

IV. CONCLUSION

The spread of COVID-19 around the world has had a major impact on the hotel sector. With travel bans and restrictions making events around the world continue to be canceled or postponed which causes hotel occupancy rates to drop, the COVID-19 pandemic has dealt a severe blow to hoteliers around the world [6]. Nonetheless, the hospitality sector needs to think about ways to survive this pandemic and move towards the future of post-COVID-19 hospitality sector.

In this paper, the researcher tries to apply the concept of The Three Box Solution to understand and develop a framework for solving the problem in a new normal hospitality sector case. Author's finding: in the First Box: present, hotels must focus on hotel performance, implement health and hygiene protocols. because health and hygiene protocols will be the main factors for restore consumer confidence and being part of what guests buy today. Second box: past,reducing high-touch contact service. Hotels could eliminate or make some restrictions through their high-requirement pyshcical facilities, because these facilities require high touch interaction so it will risk the spread of the COVID-19 virus. Third box: future, Create new strategy along with Touchless Technology and create a safety culture. Hotels can start innovating touchless technology to provide a sense of security for guests, either with mobile applications or robotic AI. And also, hotels need to create a safety culture, includes the application of health and hygiene protocols.

Due to limited time and resources, this study has limitations that can be used for further research and different results, first is the limitations of the object of research, besides that, further research can improve the concept and the field of research for greater impact especially in the hospitality sector.

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