

## Managing Hotels during Economic Challenges: A Case Study on Hotels in Sharm El-Sheikh and Hurghada, Egypt

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### Abstract

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The tourism and hospitality industry in Egypt is suffering since 2011. This study comes to explore the impacts of economic downturn on the basis of hotels and investigate crisis management practices implemented by hotels. This research used questionnaire survey as a research method and sum of 107 forms were distributed on hotels' executives in four and five star hotels in Sharm El-Sheikh and Hurghada, among these 82 forms were valid. The results of the study showed that hotels were much influenced by the economic downturns in Egypt reflected in a variety of aspects: high drop in occupancy percentages, fall in hotel sales and decline in tourist arrivals. The findings revealed that focusing and marketing hotel services to new segments, reducing employees' wages and emphasizing cost reduction in all business activities were among the most highly ranked and implemented measures by hotels. The study highlighted statistical significant differences occurred between four and five star hotels across some investigated crisis measures. The study stressed on the great importance of government support to assist hotels in times of economic challenges and concluded with a List of 32 practices for hotel operators to manage their businesses during economic crisis concentrating on four main dimensions: marketing, workforce, cost control and responsible bodies support.

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**Key words:** Economic downturn, hotels, crisis, marketing measures, workforce, cost cut, Egypt

### 1. Introduction

Economic slowdown can be harmful to countries and has regional and sectorial repercussions particularly on the tourism industry. Previous research revealed that it could make changes to consumer behavior, reduce number of international tourist arrivals to countries affected by crisis, increase unemployment rate and loss of income (Smeral, 2009). The global economic crisis in 2008 had a great effect on the economies and industries of many developing and developed countries. The demand for the tourism industry had largely influenced as a result of the poor economic conditions (Song and Lin, 2010). The economic and political crises have strong negative consequences on Egypt's economy as the Gross Domestic Product (GDP) has declined by 3.2%, the foreign debts were increased and significant reductions occurred in employees' wages across all sectors particularly those working in the tourism and hospitality industry.

A crisis means "any situation which has the potential to effect on a long period the trust in an organization or in a product or which can intersect with its capacity of continuing to function in a normal mode" (Malhotra and Venkatesh, 2009:67). Crisis is unforeseen and/or sudden situation that leads to the necessity to make a fundamental change within the organization's philosophies and practices (Henderson, 2007). The tourism and hospitality industry is exposed to many risks and are facing many challenges and turbulences as a result of recessions, inflations, rising costs and/or other causes of economic crises. Almost tourism and hospitality businesses are more susceptible to economic downturns in all business sectors which are reflected in high business failure rate.

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During economic challenges customers and firms reduce their expenditures on travelling in which negatively influence the volume of business (Henderson, 2007; Youn and Gu, 2009). During financial turbulence many hotel operators are struggling to manage declining demand and how best they can respond to the pressure to reduce tariffs. Almost all hotel categories have experienced falls in occupancy, average daily rate and revenue per available room in many parts of the world (Kimes, 2009). Gehrels and Blunar (2012) added that the recession lead hotels to re-consider their prices and the value offered to customers.

The economic crisis affects all business sectors in Egypt. The tourism and hospitality industry in Egypt is suffering since 2011 as reflected in its contribution to GDP and the laying of thousands of employees. Tourism is considered one of the most important pillars in Egypt's economy. According to the official estimates reported by the World Bank (2017) the international tourist arrivals were reached its peak in 2010 accounted for 14 million tourists with international receipts from tourism 13.6 Billion US dollars for the same year. However, these figures were reduced significantly in the following years in which number of tourists reached 9.6 million tourists in 2014 with 30 percent reduction compared to 2010, in addition, international tourism receipts accounted for 7.9 Billion US dollars in 2014. It can be noticed that number of tourist arrivals in Egypt had witnessed a major declines since 2011. Egypt lost about 5.7 Billion dollars as a result of the political and economic turbulences.

Pappas (2015) revealed that the actions implemented by companies to deal with crisis fall into four categories: marketing strategies, costs of production, marketing innovation and IT marketing. Companies' usage of these factors varied and influenced to a large extent by the accommodation category and geographical type. Few firms within the hospitality industry are prepared to encounter crises and engaged in effective disaster management planning despite the threats to the sector. A planning in which involves reactive and proactive strategies for crisis management. This means that the business set actions and procedures in place to be undertaken in case of risks to reduce damage prior to and during the crisis and thus the operation is able to resume after the crisis (McCool, 2012). Previous research revealed that the study of crisis measures and management particularly in the hotel sector remains insufficiently explored and thus there is a need to research and guidance on how businesses can cope successfully with the crisis (Kukanja and Planinc, 2013; Dzhandzhugazova et al., 2015).

## **2. Aims of the Research**

This research focuses on Sharm El-Sheikh and Hurghada as hotels' occupancy percentages declined and many hotels closed down. In 2013 more than 86 hotels shut down in the area of the red sea because of tourism recessions. In addition many countries band their tourism flights to Egypt. This research aims to:

- Identify the impacts of economic challenges on hotels in Sharm El-Sheikh and Hurghada.
- Explore the measures undertaken by four and five star hotels and investigate the role of the responsible bodies in relation to support hotels during the periods of crises.
- Determine the distinction between four and five star hotels in regards to their implementation of crisis management practices.
- Develop a List of practices for managing hotels during severe economic conditions.

## **3. Literature review**

Egypt has faced numerous challenges since 2011 including: low foreign investments, high debt rate, budget shortage, increased unemployment rate, high poverty and low standard of living (Abdou and Zaazou, 2013). The country suffered a sharp decline in national income and foreign currency earnings as a result of witnessing periods of demand downturn for the tourism and hotel industry. The instability in Egypt reduced its appeal to international tourists and limiting receipts and hence, funds available for investment. During the Arab Spring in 2011, the occupancy levels fall by 30% in Cairo and the resorts of Sharm El-Sheikh and Hurghada also suffered. The political turbulence led to a decline in tourist arrivals by nearly a third from 14 million in 2011 to 9.5 million (World Economic Forum (WEF), 2015). WEF showed that Egypt is 83<sup>rd</sup> out of 141 countries in the global ranking and the 10<sup>th</sup> in the Middle East and North Africa in the list of world's attractive destinations. The tourism industry contributes to Egyptian GDP with 5.7% of total GDP and employs 5.1% of total employment.

The inflation and unemployment rates were highly increased in Egypt. Inflation refers to a significant increase in goods and services' prices over a period of time accompanied with high level of unemployment. It influences business expansions and customers' purchasing power as goods and services are costing more than ever before.

If inflation increased then the rate of products purchased would be much lower. Inflation can take place as a result of many factors, among these: increased cost of production, rising debts and higher costs of energy (Bhati and Kalyankar, 2013). The rate of inflation in Egypt has been increased since 2012 from 7.11% to 10.35% in 2015 (World Bank, 2017). The unemployment level in Egypt reached 9% in 2010 and this figure was increased gradually to 13.2% in 2014. In an environment where inflation becomes a prevalent case people tend to save money than did before and cut spending or spend less on issues like tourism and travelling. Therefore hotel businesses should find ways to reduce unnecessary costs associated with their operations and provide the services with discounted prices (Bhati and Kalyankar, 2013).

The world economic crisis in 2008 had influenced all economic sectors particularly the tourism industry. Demand on tourist services and hotels had significantly influenced as tourists adapted their behaviours to these new circumstances. They started to choose low grade hotels and/or those offering discounted prices, reduce their spending during holidays and the periods of their vacations (Iordache, 2013). Economic crisis has a direct impact on the tourism industry which reflected in a significant reduction of purchasing power of potential customers. This issue has consequences on hotel organizations depending on the type and scope of business. Demand on hotels will decline significantly during economic crisis (Migov, 2015). Mohammad et al. (2016) explored the low demand for hotel rooms within the context of Cairo hotels. The results of this study revealed that hotels in Cairo had witnessed great demand downturns as a result of a variety of reasons, among these: the political events of 2011, the financial crisis of 2008, poor facilities of hotels and low-quality services and products. The study concluded that the performance of both hotels and the official bodies in terms of managing demand downturns was still insufficient and/or ineffective.

McCool (2012) identified a number of factors that are crucial for business's survival in a time of crisis, including: effective planning and preparation prior to the crisis, a quick response to the accompanied situations occurred and strategic recovery following the crisis. Theoretically, crisis management involves three main issues, including: crisis anticipation, crisis identification and reactive crisis management. Mohammad et al. (2016) developed a model for managing demand downturn for hotels involving four consecutive stages: prevention, preparedness, response and recovery. Each of these involves certain measures that should be adopted by hotel management. Dzhandzhugazova et al. (2015) studied the development of the Russian hotel market under the crisis focusing on the existing threats and the potential trends for the development. The results of their research indicated the great necessity for hospitality businesses to have anti-crisis measures in place to be applied by hotel management in case of fluctuating market. The top priority measures identified were the improvement of the marketing policy and the restructuring of the business processes.

There are a range of common measures adopted by businesses across all industries in challenging situations: cost reduction is the first and most common measure followed by reducing number of employees and putting more control over companies' financial assets (Migov, 2015). Recently, many businesses considered a strategy of differentiation with the aim of creating a brand loyalty. Businesses adopted such strategy provide a product or service that is unique and differ from competitors. Such strategy is suitable for businesses that do not want to reduce prices during recession periods. Differentiations may be adopted via using new technology, changing product's features, improving customer service and providing special offerings (Bhati and Kalyankar, 2013). Innovation is an important technique that will assist companies to present creative ideas to improve the firm's products, services and processes. No doubt companies that focus on innovation during crisis are more likely to survive (Falk, 2013). Israeli (2007) developed a model to evaluate crisis management practices focusing on two main factors: first, businesses realization of the measures that can be implemented in periods of crisis and second, the level of usage for each of these measures.

Kukanja and Planinc (2013) investigated the usage of operational crisis management practices in the restaurant industry in Piran, Slovenia. The study shed light on the variances among the restaurant industry in responding to economic crisis. The results showed that most food and beverage outlets did not really know how to deal successfully with financial crisis. There were no statistical significant differences among the restaurants in relation to the usage of the crisis management practices according to the ownership structure, type of the food and beverage facility and the forms of business organizations.

The hotel managers' decision to adopt a pricing approach depends on a combination of several factors, including: competitors, cost structure of the firm and customer perceptions of the value of the products and/or the services offered (Raab et al., 2009). No doubt pricing strategy influences customers' loyalty and for many customers prices reflect the quality of the products. Therefore it should be determined very carefully.

Ang et al. (2000) identified two main strategies during downturns including: charge the same price for a higher quality or charge a lower price for the same quality. With the first strategy the company is more interested with enhancing the quality of the product and services offered even if this means a loss of customers particularly those who are more price sensitive in recessions. It will be easy for these companies to increase their prices after the economy recovered. The second strategy assists companies to maintain and/or extend their market share as they offer lower prices. However companies will find a difficulty in recovering and/or gaining market share after recession. Overall, businesses should concentrate on providing offers and bundle service instead of permanent price cuts.

Businesses may have a difficulty in maintaining pricing levels of their products and services in the crisis periods as the drop in demands moved the pricing power to consumers. Despite this fact many hotels' revenue managers can compete effectively on the price to attract price conscious customers using different methods, e.g. bundle services (packages), using opaque distribution channels and provide a discounted rate promotions. Besides, many revenue managers invest in non-price techniques, including: competing on the basis of quality and adding value, creating strategic partnerships, taking advantage of your loyalty program, developing additional revenue sources and developing additional market segments (Kimes, 2009). One of the main approaches used by hotels to manage rates during crisis is keeping an eye on competitors. This indicates that hotels should keep their pricing positions for instance Average Daily Rate (ADR) relative to competitors. In case of low markets businesses should not offer price cuts across the board but instead make rate modifications to a particular market segment and distribution channels. When faced with what is called a price war business should evaluate three factors: (1) your current and potential guests, (2) your hotel and competitors, and (3) your distribution channels (Kimes, 2009).

Rates are indication to the type of the hotel and the overall brand image. Luxury hotels should be very careful before discounting as this could influence the hotel's image in the long-run. While budget or economy hotels may not be affected by price war as they take the advantage of providing lower prices. Hence budget hotels appeared to offer better value in relation to the lower prices during economic downturns (Kimes and Anderson, 2011). Reducing rates during hardship times will have a destructive impact on the hotel itself and the hotel market overall in the long-run. The short-term objective beyond hotel's strategy in relation to reducing rates is to maximize occupancy. However, the hotel will find a difficulty in maintaining demand levels when restore their pricing structures after the economic downturns. This is because customers were become more price sensitive and look for discounted prices (Gehrels and Blantar, 2012). Grundey (2009) analyzed marketing actions undertaken by companies during economic downturn and found that price wars were not the solution particularly for well-known hotel brands. Even those companies which adopted price wars as a strategy in economic crisis had weaken their brands and positions in the market. Instead hotels should adopt an effective marketing strategy and practices to reach their target market.

The hotel sales department is responsible for creating demand for the hotel particularly in economic downturn periods. Sales representatives put great efforts to retain existing customers and attract new ones and thus they are responsible for the hotel success to a large extent (Mainzer, 2009). The sales team and revenue management team should collaborate together to reach the hotel's target market and gain their share in hardship times. The sales department is challenged to find creative ways to sell hotel products and services and attract customers and thus increase RevPar for the hotel. They add value to loyal clientele which encourage repeat business (Kimes, 2009). Alonso-Almeida and Bremser (2013) examined the strategic response of the Spanish hospitality sector to the financial crisis. The study revealed that hotels were well prepared to handle crisis when focusing on issues including: high quality, brand image, strong marketing performance and loyal customers.

Companies should adapt their marketing mix and strategies in order to maintain their marketing share in changing environments. Changing marketing strategies does not necessarily mean reducing marketing budget in times of crisis. However research proved that businesses that maintain or increase their marketing expenses would not suffer a significant loss but they could recover faster, increase their market share and increase their profits after downturn than businesses that cut their marketing spending (Köksal and Özgül, 2007). Hotels can use opaque distribution channels such as priceline.com, Lastminute.com and hotwire.com to protect the brand image and hotel rates by offering for instance discounted room rates to their services while hiding these discounts from customers.

In addition hotels should maintain the standard of their service levels as any reduction in standards or changes will be noticeable to customers and influence them negatively. Hotel managers must perceive that crisis will not be forever and it would be very difficult and take them a long time to return back and maintain their current and potential guests after the recession is over. However if the hotel is obliged to reduce costs they should do so in areas which would not have any impact on customer service and hotel image (Kimes and Anderson, 2011).

Using Information Technology (IT) can assist companies to reduce costs and enhance productivity. IT was used effectively in marketing providing tools to reach new markets. IT marketing is more beneficial and has significant advantages particularly during crisis periods over traditional marketing (Savrul and Kilic, 2011). Tourism and hospitality businesses can use IT marketing during crisis to reach and interact with a wide base of customers, reduce marketing costs and be responsive to competitors' promotional campaigns (Jia et al., 2012). Iordache (2013) pointed out another strategy for crisis management in the hotel industry is to develop partnerships with event organizers. This approach will allow the hotel to target a new market segment and benefit from the event's advertising campaigns which always indicate the location of the hotel. Such partnerships can be developed with event organizers, large companies and institutions to hold their seminars, workshops, exhibitions, conferences etc. in the hotel. Many participants of these events can become regular guests to the hotel.

One of the most important issue considered by most businesses in times of crisis related to human resource. Israeli and Reichel (2003) found that the tourism and hospitality industry made major cutbacks in the labor force as an immediate and fast measure implemented in hardship times. Hence the labor force is a common practice in crisis management and the hospitality industry in many countries downsized their labor force as a first option in periods of crisis. However, Israeli and Barkan (2004) pointed out that staff are the key success factor in the catering industry and executives should combat crisis with practices other than labor cutbacks. Instead, managers should consider two fundamental issues in crisis management, including: enhance business's competitiveness and adopt cost reductions activities. All businesses should work towards achieving these goals to improve their ability to perform during crisis. McCool (2012) indicated that businesses must have plans in place to deal with crises and encourage staff involvement to implement such plans appropriately. Staff must be involved in the planning process and should be given a regular training to know their roles in the crisis management. Communication is another important aspect in the process of crisis management.

Israeli (2007) explored crisis management practices in the restaurant industry and evaluated the level of usage and the importance of practices adopted. The findings revealed that most restaurant managers adopted crisis management practices in a consistent way and showed the vital role of the government in supporting businesses during crisis. The government can develop international marketing campaigns and provide resources, financial support, tax exemption and other aids that required for recovery. The government can play a diplomatic role to improve the country's image as a tourist destination and represent the country in international events, exhibitions and conferences (Ritchie, 2009). During periods of low demand the government should assist hotels to reduce their operating expenses until they recovered and generate revenues by rescheduling and/or cancelling debts due from hotels such as taxes, loan interests, water, gas and electricity's bills (Mohammad et al., 2016).

#### **4. Methodology**

This research used questionnaire as a research method to gather data from the field. The questionnaire survey was selected as it could help the researcher to target large proportion of population to investigate the issues of crisis management in hotels. The questionnaire was developed based on previous research. The list of practices developed by Israeli (2007) of crisis management for the restaurant industry was adapted and used as a guiding tool for developing the questionnaire. The questionnaire composed of four main parts. The first part focused on having preliminary data about the sample in relation to hotels and respondents participated in this study (i.e. age, sex, educational level, hotel category). The second part is concerned with identifying the impacts of economic challenges on hotel businesses and whether the hotel has a plan in place to deal with economic challenges. The third part outlines the crisis management practices adopted by hotels in relation to three main dimensions: marketing (13 practices), workforce (9practices) and cost control (8 practices). The fourth part involves eight practices to evaluate the assistance provided by the responsible bodies to hotels in economic downturns. All the questions were in an open-ended nature and respondents were given the chance to write down their comments at the end of each question. The questions were assessed using 5-point Likert scale ranging from 1 to 5 where 1 refers to "strongly disagree"/"highly not implemented" and 5 refers to "strongly agree"/ "highly implemented".

Sum of 107 questionnaire forms were distributed on the executives of four and five star hotels in Sharm El-Sheikh and Hurghada between June and August 2017. Among these 82 questionnaire forms were returned and valid for analysis with a response rate of 76.6%. The questionnaire was distributed personally and also through some colleagues working in the hotel sector in both cities. The questionnaire was verified with some experts in the field of hospitality before distribution to remove any confusion and their comments and feedback used to improve the structure of the statements. A probability sampling approach using random sampling technique was used to select a sample from four and five star hotels in Sharm El-Sheikh and Hurghada in which all hotels had an equal chance to be chosen. These two cities were chosen to conduct the research because of the fact that Sharm El-Sheikh and Hurghada as tourist destinations were highly influenced and number of tourist arrivals greatly declined due to the economic and security challenges. Even the spending power of customers is very low and almost looks for cheaper services of accommodation and food service particularly during crisis, an issue which might cause substantial problem to high quality hotels (four and five star category). Data was analyzed using Statistical Package for Social Sciences SPSS (version 18). Descriptive statistics and an independent sample t-test were carried out to determine the priorities of crisis measures implemented by hotels and whether there was any statistical significant difference between four and five star hotels. Reliability was measured using Cronbach's Alpha and all constructs achieved more than 70% which was acceptable.

## 5. Results and Discussion

### 5.1 Sample analysis:

The results in Table (1) revealed the features of the research sample. It was shown that the majority of respondents were aged between 40 to over 50 years (67%). This reflects that most respondents are elderly people and may have the experiences needed particularly in the field of crisis management. In most hotels handling economic challenges is a main responsibility to a committee headed directly by the hotel manager and involves some operational managers i.e. revenue manager, cost control and sale and marketing manager. Moreover, most respondents were males (85.4%) while females were (14.6%). The sample was qualified in terms of education as the majority of participants (82.9%) were having higher education (college), in addition to (17.1%) were having postgraduate education such as PhD, Ms.c., Diploma etc. The sample was formed from high quality hotels in Sharm El-Sheikh and Hurghada consisting of 37 five star hotels and 45 four star hotels.

**Table 1: Sample analysis**

	Frequency	Percent	Mean	Std. Deviation
<b>Age</b>				
Less than 30	7	8.5%	2.7439	.82867
30 to less than 40	20	24.4%		
40 to 50 years	42	51.1%		
Over 50 years	13	15.9%		
<b>Sex</b>				
Male	70	85.4%	1.1463	.35562
Female	12	14.6%		
<b>Qualification</b>				
Postgraduate education (PhD, M.sc, etc.)	14	17.1%	1.8293	.37859
Higher education	68	82.9%		
Secondary education	0	0%		
<b>Hotel category</b>				
Five star hotel	37	45.1%	1.5488	.50068
Four star hotel	45	54.9%		

### 5.2 The impacts of economic challenges on hotel businesses

The hotel sector in Egypt suffered greatly from the tremendous economic challenges which faced the whole country in terms of higher inflation, rising prices, reduction of foreign currency, political change etc.

The results showed in Table (2) revealed that the standard deviation to most factors was low and this indicates the conformity and non-dispersion of the sample's responses. The Mean is more than 3 ( $M > 3$ ) which reflects the importance of the factors and the consensus of most participants that these factors impact and/or threat the hotel business. Initially, almost all hotels did not have a predetermined plan to deal particularly with economic challenges and diminish its impacts on hotels but they dealt with the situation after it took place. Consequently, many hotel operators encountered a difficulty in handling the crisis because they were not well-prepared in advance. There are five major effects of the economic crisis on four and five star hotels in Sharm EL-Sheikh and Hurghada. Firstly, the most important effect identified is that "the occupancy percentage had witnessed a significant decrease in time of crisis than ever before". This effect was valued and agreed by the majority of respondents ( $M=4.82$ ). In March 2017 hotels' occupancy percentages in Sharm El-Sheikh had reached 23%, besides numerous hotels closed down. Such poor conditions in terms of lower occupancy percentages is expected to continue as a result of increased flight prices and decline of incoming tourism. This result accords with Sharkey (2008) pointed out that the recession started in 2007 influenced upscale hotel properties and occupancy percentages much decreased due to rising cancellation.

Secondly, hotels were influenced in respect of getting "a great decrease in hotel sales of lodging, food service and events" as expressed by most respondents ( $M=4.51$ ). This can be explained by the fact that tourist arrivals were reduced dramatically due to the economic and security challenges and thus hotel sales witnessed a remarkable decrease. Many countries like Russia and Britain stopped their tourism flights after Russian aircraft crash in Sinai in November 2015. Thirdly, the majority of participants indicated that "hotel revenues and profitability were greatly influenced" ( $M=4.24$ ). This is an inevitable issue as a result of the shortage of occupancy percentages, tourist arrivals and the decline of hotel sales. Fourthly, the economic challenges highly influenced hotels in terms of "limiting of hotel business activities" as indicated by large number of respondents ( $M=4.03$ ). During crisis hotel operators were much concerned with how to cover their costs and keep their business opened as a result of lower revenues. They started to restrict their activities, close some departments, accommodation sections, reducing wages and so on in order to save costs. Ritchie (2009) and Mohammad et al. (2016) confirmed that in severe downturn times hotels may be more concerned to implement measures to reduce costs until the market recovers such as closing some departments. Finally, "the spending power of both individual customer and corporate decreased" ( $M=3.86$ ). Many customers and organizations put price as a high priority when searching for accommodation. Particularly during economic crisis they started to spend less on their visit and travelling. They preferred to stay in hotels that bundle service and offer highly discounted prices. No doubt all these issues effect negatively on hotel businesses.

**Table 2: The impacts of economic challenges on hotel businesses**

Effects	Strongly Disagree		Disagree		Uncertain		Agree		Strongly Agree		Mean	Std. Deviation
	Fre	%	Fre	%	Fre	%	Fre	%	Fre	%		
The occupancy percentage witnessed a great decrease than ever before the crisis	0	0	2	2.4	0	0	8	9.8	72	87.8	4.829	.539
Hotel revenues and profitability were greatly influenced	6	7.4	9	11	2	2.4	7	8.5	58	70.7	4.243	1.338
Limiting of hotel business activities	5	6.1	3	3.7	1	1.2	48	58.5	25	30.5	4.036	1.011
The spending power of both individual customer and corporate decreased	8	9.8	7	8.5	2	2.4	36	43.9	29	35.4	3.865	1.264
A Great decrease in hotel sales of lodging, foodservice and events	0	0	5	6.1	2	2.4	21	25.6	54	65.9	4.512	.8201

### 5.3 Hotel's crisis management practices

#### 5.3.1 In relation to marketing dimension

All hotels participated in this research were asked to assess their implementation of crisis management practices in relation to marketing dimension (see Table 3). The study found that the practice of "targeting new market segments" was highly utilized by most hotels in times of crisis and thus ranked number 1 (M=4.731). The political change occurred in Egypt accompanied with economic and security challenges caused high reduction of international tourist arrivals. This led many hotels to search and target new markets such as domestic tourism to merchandise their services and products. This finding agreed with previous studies (Kimes, 2009; Kukanja and Planinc, 2013) indicated that managers should create a strong brand image and turn to new markets during recession through intensive marketing and the use of new distribution channels. The following practice implemented is "enlarging hotel's marketing and advertising campaigns" which was ranked number 2 (M=4.231). This explains that most hotels put more efforts in marketing via developing comprehensive advertising campaigns to reach a wide base of customers to cover the shortage occurred in occupancy percentages during crisis. The next practice adopted is "providing highly discounted rates" which was ranked number 3 (M=3.695). Initially, many hotels think first to provide special offers, make large discounts on hotel's products and services offered and/or bundle services to encourage and attract more customers in difficult times. This result confirmed with Grundey (2009) customers would be more interested in having special offers when buying rather than considering the brand's advantages.

Respectively, the practice of "providing and promoting price cuts on hotel products and services" is ranked number 4 (M=3.609). If the previous strategy of discounting did not work well in times of crisis then hotel operators started to reduce standard prices. However they should be very careful when adopting such a strategy as it might influence the image of the hotel on the long run particularly after the crisis finished. The practice number 5 implemented by many hotels is "studying and understanding the needs of the target customers and the changes that take place" (M=3.597). There is no doubt that purchasing behaviors and customer desires change in times of crisis so that hotels in need to study and meet customer needs. This process will yield data about hotels' potential clients and target markets that will enable customer retention and enhance relationships with them. The practice which is ranked number 6 is "focusing on loyal customers during crisis" (M=3.512). Hotels identify clients who have commitment to the organization through the existing database (guest history records). They communicate and focus on loyal customers because it will be difficult and costly to attract new customers in challenging times. So they set up and promote programs for loyal customers involving giving them special services, greater discounts, free additional services and a membership card that encourage them to buy. This finding confirmed with previous research (Kimes, 2009; Williams and Neumann, 2011; Alonso-Almeida and Bremser, 2013) indicated that operators can retain their loyal customers by offering them added value.

Moreover, the practice of "using electronic marketing and opaque distribution channels" was ranked number 7 (M=3.378). Number of travelers used internet increased extensively. Electronic marketing has a lot of advantages over traditional marketing including: low cost, communicate with large community, high levels of consumer engagement etc. Drew and Isozaki (2013) pointed out online marketing and promotions can provide hotels with an immediate access to a global audience during crisis. Unexpectedly, the practice of increasing hotel's marketing budget was ranked number 8 (M=3.170). Despite the importance of this alternative it is lowered down in the list of practices used. It seems that most hotels suffered from lower hotel revenues in difficult times and thus did not tend to increase marketing budget. However preceding studies (Köksal and Özgül, 2007; Kimes and Anderson, 2011) showed that hotels that increase spending on marketing will be able to maintain their current customers and attract new ones than those cut down their marketing budget. Thus operators need to increase spending on marketing activities, campaigns and tools in order to stay in the market. The practice number 9 is "keeping up with competitors to take advantage of any developments that arise" (M=3.158). Some hotel operators indicated that they constantly communicate and keep in line with competitors to get advice and/or benefit from successful cases in dealing with the crisis. They simulate competitors in their provision of hotel services and products to be able to respond to the changes that occurred in the market during the crisis. The simulation process includes identifying their goals and strategies implemented during the crisis, marketing and pricing strategies, operating policies etc.



The practice number 10 is “building relationships with customers using e-mails, social relationships etc.” (M=2.963). This practice was implemented by many hotels that use social media (Facebook, twitter) to build an effective relationship with customers, respond to their comments and answer their queries. Previous research (Johnston and Clark, 2001; Köksal and Özgül’s, 2007) revealed that communication with customers is of great importance during crises and identified e mail and social media can be used to enhance effective relationships with customers. The practice number 11 is “developing partnerships with event organizers” (M=2.926). Such partnerships can be developed with large companies and institutions to host and organize their events (e.g. seminars, workshops, exhibitions and conferences) as a way of another source for income during crisis. The practice number 12 is “encouraging innovative ideas to improve hotel services” (M=2.817). Some hotels developed a system to come up with new ideas by encouraging their staff to setup ideas for example to save costs and/or improve services and compensate the staff whose ideas would be implemented. Finally, “introducing new services and products” was the last option used by hotels in challenging times and ranked number 13 (M=2.109). This can be illustrated that hotels in difficult times suffer from a higher decrease in revenues and occupancy percentages which threat their existence in the market and thus they do not have enough funds to develop and introduce new services. However Pappas (2015) referred that investing in new products and services can enhance hotel competitiveness and give them proactive stance.

**Table 3: Hotel’s crisis management practices in relation to marketing dimension**

	Marketing dimension	Levene's Test for Equality of Variances		t-test for Equality of Means			Mean	Std. Deviation	Rank
		F	Sig.	t	df	Sig. (2-tailed)			
1	Increase hotel’s marketing budget	.675	.414	-.532	80	.018	3.170	1.377	8
2	Enlarge hotel’s marketing and advertising campaigns	2.776	.100	.370	80	.712	4.231	.8505	2
3	Target new market segments	1.175	.282	.411	80	.682	4.731	.4981	1
4	Build relationships with customers using emails, social relationships etc.	2.723	.103	-.256	80	.798	2.963	1.418	10
5	Make use of electronic marketing and opaque distribution channels	2.891	.093	-.645	80	.046	3.378	1.366	7
6	Provide and promote price cuts on hotel products and services	1.122	.293	-.907	80	.367	3.609	1.358	4
7	Provide highly discounted rates (i.e. bundle services)	1.087	.300	1.113	80	.269	3.695	1.254	3
8	Develop partnerships with event organizers	.193	.662	1.334	80	.186	2.926	1.455	11
9	Encourage innovative ideas to improve hotel’s services	.032	.858	-.359	80	.043	2.817	1.371	12
10	Study and understand the needs of the target customers and the changes that take place	.046	.830	-.761	80	.449	3.597	1.195	5
11	Keep up with competitors to take advantage of any developments that arise	2.791	.099	.629	80	.531	3.158	1.452	9
12	Focus on loyal customers during crisis	.072	.789	-.322	80	.032	3.512	1.335	6
13	Introduce new services and products	.000	.995	.864	80	.390	2.109	.7536	13

An independent sample t-test was used to examine the differences in the implementation of crisis management practices in relation to marketing in four and five star hotels. As can be seen in Table 3, Levene’s Test for Equality of variances revealed that the homogeneity of variances was accepted ( $p>0.05$ ). The statistical significant differences between four and five star hotels occurred only at four practices ( $p<0.05$ ), including: practices 1, 5, 9 and 12 where the P value respectively: ( $p=.018$ ), ( $p=.046$ ), ( $p=.034$ ) and ( $p=.032$ ).

Thus the null hypothesis is rejected for these practices. By comparing the means for the two groups of hotels it was found that the mean of the first group (five star hotels) was larger than the second group (four star hotels) across the four practices. This indicates that five star hotels implement these practices in times of crisis to a larger degree than four star hotels.

Despite the great suffering faced by all type of hotels in Egypt during the last five years five-star hotels recognized the importance of increasing the budget allocated for marketing and not reducing it to spend on all marketing activities. Moreover, five-star hotels use E-marketing and modern technologies more than four star hotels to market their hotel services on a larger scale and open up new markets. They are interested in designing attractive website and relying more on specialized booking sites and the use of social media as an effective way to gain customers. Five-star hotels also develop special programs for loyal customers as an avenue for maintaining their business. They support innovative ideas to overcome the crisis and future projects to develop services, policies and hotel operations. They encourage employees to participate and facilitate the process of presenting ideas and proposals that are evaluated and the best is selected by hotel management.

### **5.3.2 In relation to workforce dimension**

The most common practice adopted in hotels regarding workforce in time of crisis is "reducing employees' wages and pay rates", it was ranked number 1 (M=3.975) (see Table 4). During crisis hotels would reduce salaries and cut employees' bonus, social insurance and other benefits. The 12% of service would be much reduced as a result of lower occupancy percentages. Staff would almost take the basic salary without additions or bonuses. In addition, "giving employees mandatory vacations" is used by hotels as a second resort (M=3.609). Instead of firing employees and losing them forever hotels give them unpaid mandatory vacations until the conditions improved. In this way hotel operators maintained their staff that was familiar with their hotel operations and so did not pay much money to spend on recruiting new staff after the crisis finished. Moreover, the practice of "laying off employees to reduce labor rate" is ranked number 3 by respondents (M=3.353). Most hotels think in getting rid of large number of employees to save costs as a traditional resort and sacrifice with their experiences, knowledge and familiarity with the operation. However, the costs of HR not only salaries but there are costs involved in HR's planning, selection and recruitment, training and development etc. Thus following such a strategy hotels lose one of their real assets which is a well trained personnel. Consistently, Israeli and Reichel (2003) and Bhati and Kalyankar (2013) revealed that as a way to reduce costs adopted many companies started to lay off employees which increased the unemployment rate.

The fourth practice adopted by hotels is "requiring staff to undertake additional duties that are not in the employee's job description" (M=3.317). Due to the hotel's policy of firing many employees and giving some compulsory leave in times of crisis hotels resorted to give staff more tasks to run the work. The fifth practice adopted by hotels is "making changes to hotel's organizational structure" (M=3.134). This is occurred by combining positions and their related duties and/or deleting unnecessary jobs. Moreover, the practice of "reducing staff working hours" was placed number 6 (M=3.097). Many hotels resorted to this action as the occupancy and the hotel operations reduced significantly and to minimize wages. Israeli (2007) mentioned that reducing working hours is a traditional practice that is mostly implement in hardship times. The practice ranked number 7 is "replacing permanent employees with part-time temporary employees" (M=3.061). No doubt replacing permanent employees will help hotels to reduce costs in terms of high salaries, bonuses and/or other monetary advantages. However they will lose their experiences besides depending on temporary staff may influence hotel's quality of service and it will take the hotel long time and high costs to recruit such experienced staff again. The practice number 8 is "communicate continuously with all employees" (M=2.743). Clearly, this measure is lowed down in its importance to many participants. However hotel managers should talk openly and communicate continuously with all employees to explain to them the seriousness of the crisis and its effects on their hotels, the roles of staff and point out why the organization taken such decisive decisions e.g. firing staff, reducing wages etc. to gain their support. Finally, "training and developing workforce during crisis" was ranked number 9 (Mean=2.634). Unfortunately, this practice is not largely implemented. However, hotels should exploit the period of crisis as an opportunity rather than threats to their businesses to improve the skills of their staff and handling deficiencies by giving them training courses.

**Table 4: Hotel's crisis management practices in relation to workforce**

	Workforce dimension	Levene's Test for Equality of Variances		t-test for Equality of Means			Mean	Std. Deviation	Rank
		F	Sig.	t	df	Sig. (2-tailed)			
1	Reducing employees' wages and pay rates	.560	.457	-1.311	80	.194	3.975	1.206	1
2	Laying off employees to reduce labor force	3.938	.051	-1.196	80	.235	3.353	1.318	3
3	Giving employees unpaid mandatory vacations	5.567	.021	1.968	80	.052	3.609	1.312	2
4	Replacing permanent employees with part-time temporary employees	2.149	.147	.262	80	.794	3.061	1.468	7
5	Making changes in the hotel's organizational structure	1.563	.215	2.575	80	.012	3.134	1.429	5
6	Reducing staff's working hours	.111	.740	.482	80	.631	3.097	1.552	6
7	Training and developing workforce during crisis	1.860	.177	-1.018	80	.312	2.634	1.409	9
8	Requiring staff to undertake additional duties	1.677	.199	.040	80	.968	3.317	1.464	4
9	Communicate continuously with all employees	.186	.667	-.512	80	.610	2.743	1.521	8

As shown in Table (4) Levene's test indicated that the variances of investigated factors were homogeneous ( $p > 0.05$ ) and t-test revealed that there was statistical significant differences ( $p < 0.05$ ) occurred between four and five star hotels on the base of only two factors: practice 3 ( $p = .052$ ) and practice 5 ( $p = .012$ ). Therefore the null hypothesis is rejected for these practices. Distinction of Means between the two groups of hotels showed that five star hotels implement these practices more than four star hotels in times of crisis. Five star hotels recognized the importance of experienced staff to their businesses and therefore they made great efforts to maintain them during crisis. They give staff unpaid vacations and so there might be a chance to restore them after the conditions improved. They also make changes and/or reduce the hotel's organizational structure and so the hotel will retain on competent staff.

### 5.3.3 In relation to cost control

Table (5) identified eight crisis management practices that hotels used to control costs in challenging times. The first practice is "emphasizing cost reduction in all business activities" ( $M = 4.085$ ). The majority of hotels were interested in minimizing and controlling direct and indirect costs of all hotel operations (e.g. costs of production, wages, supplies, maintenance and energy consumption). This result is consistent with previous research (Kirtis and Karahan, 2011; Bhati and Kalyankar, 2013) revealed that firms tend to adopt cost-cutting approaches and find ways to reduce unnecessary costs during crisis. The second practice is "postponing some of the hotel due costs and/or reschedule payments". It is highly implemented by hotels ( $M = 3.804$ ). No doubt hotels suffered greatly in severe economic conditions and did not have enough funds to cover their due costs (e.g. taxes, insurance, bills and loans) and thus hotels started to delay and/or rearrange payments. The third practice is "developing additional avenues for revenues" ( $M = 3.682$ ). Due to the great reduction of hotel revenues comes from the traditional sources including sales of rooms and food and beverage most hotels search for and create new sources of revenue so that they can cover their costs and can stay in the market. The fourth action adopted by hotels in this regard is "closing some departments and/or accommodation sections" ( $M = 3.622$ ). Following this way hotels seek to limit their services and facilities as a result of low demand and to control costs associated with the operation of these parts (i.e. salaries, gas, electricity and water bills etc.).

The fifth ranked action is "buying less expensive substitutes when purchasing" ( $M = 3.561$ ). For many hotels low-cost is a priority when purchasing any food or non-food items even if it is low in quality particularly during economic challenges. The sixth ranked action used by hotels is "starting discounting strategy" ( $M = 3.487$ ). Many hotels provided large discounts, reduced their standard services' prices and/or bundle services in order to become appeal to large customers as an opportunity to increase occupancy percentage. Moreover, the seventh ranked action adopted is "using new technologies for reducing operating costs" ( $M = 3.475$ ). The price of new technology is relatively high but no doubt hotels invest in buying new technology will help in saving costs on the long run.

For instance replacing old equipment with energy saving ones (refrigerators, ovens etc.) and also the use of water and energy management systems can help hotels to control and reduce their consumption and reduce costs. Affirmatively, Savrul and Kilic (2011) referred that using IT can help companies to reduce costs and enhance productivity. Finally, the eighth practice implemented is “shrinking investment directed for expansions” ( $M=3.426$ ). It seems that hotels did not give priority to make hotel expansions either investing in new properties and/or making major modifications to current organizations during crises because they hardly covered their expenses and thus did not have sufficient budgets for expansions.

**Table 5: Hotel’s crisis management practices in relation to cost control**

	Cost control	Levene's Test for Equality of Variances		t-test for Equality of Means			Mean	Std. Deviation	Rank
		F	Sig.	t	df	Sig. (2-tailed)			
1	Emphasize cost reduction in all business activities	.025	.874	.656	80	.514	4.085	.958	1
2	Close some departments and/or accommodation sections	2.621	.109	-1.629	80	.616	3.622	1.317	4
3	When purchasing use less expensive substitutes	.420	.519	.503	80	.017	3.561	1.423	5
4	Postpone some of the hotel due costs and/or reschedule payments	.148	.702	-.139	80	.890	3.804	1.241	2
5	Start discounting strategy	.010	.920	.485	80	.629	3.487	1.344	6
6	Use new technologies for reducing operating costs	.324	.571	-.398	80	.692	3.475	1.442	7
7	Develop additional avenues for revenues	8.619	.004	1.165	80	.247	3.682	1.285	3
8	Shrink investment directed for expansions	1.967	.165	-2.120	80	.037	3.426	1.474	8

The results of Levene’s Test revealed that the homogeneity of variances was satisfactory  $p>0.05$  and the independent sample t-test showed significant discrepancies between four and five star hotels on the base of two practices:3 and 8 ( $p<0.05$ ), namely: when purchasing use less expensive substitutes ( $p=.017$ ) and shrinking investment directed for expansions ( $p=.037$ ) (see Table 5). Therefore, the null hypotheses of these factors were rejected as significant differences occurred between the two groups of hotels. The means for both practices showed that four star hotels prioritized and implemented these two practices to a larger degree than five star hotels. Certainly, Four-star hotels were primarily concerned with cost reduction. This strategy is directly reflected in its procurement and expansion policies during the crisis period.

#### 5.4 Responsible bodies’ support

The findings indicated that large ratio of hotel operators of four and five star hotels were not satisfied on the services and the support provided by the governmental bodies to assist hotel businesses stay alive in the market in times of crisis (see Table 6). This finding is consistent with Mohammad et al. (2016) found that practices undertaken by official bodies were ineffective and their response was always late. More than half of respondents (59.8%) indicated that the government’s initiatives to promote domestic tourism were still limited and unsatisfactory. Following the crash of the Russian plane, the Ministry of Tourism in cooperation with Egypt Air launched campaign to activate domestic tourism to Sharm El-Sheikh and Hurghada to compensate for the absence of international tourism. The ministry supported this initiative at reduced prices to encourage Egyptians to spend their holidays in Sharm El-Sheikh’s resorts and hotels. However, the Egyptian Ministry of Tourism withdrew its support to the initiative because of the negative behaviors adopted by many local tourists in destinations and the harm caused to hotels, beaches and coral reefs. The results showed also that large proportion of respondents (63.4%) revealed that the efforts done by the governmental bodies and stakeholders after 25 January 2011 towards improving the country’s image as a tourist destination were not effective in resuming the international tourism.

The majority of respondents (75.6%) were not content with the support provided to hotels in terms of financial and/or technical support. The government did not provide any help in this regard for example, tax exemption, cancelling due debts, reducing loan interests and other aids (insurance), an issue which led many hotels to close down. The only help provided was to allow hotels to reschedule their due debts. Moreover, many participants (46.3%) were not happy with the outcomes of Egypt’s participation in international events and exhibitions.

Indeed, Egypt participated in many international events and exhibitions such as the International Tourism Fair in Berlin and World Travel Market (WTM) in London. However they failed in restoring the confidence of foreign tourists in Egypt as an attractive and safe tourist destination despite the fact that Egypt had enjoyed valuable tourist resources than any other country.

Also many participants (41.4%) indicated that the government should make more efforts in relation to segmenting the tourism market during the crisis and target some specific markets such as the Arab market and Eastern Europe and perhaps new markets such as China. Furthermore, 64.4% of participants revealed that the government should provide additional facilities to countries (Arab, Asian, etc.) such as free visa, exempting flights from certain taxes etc. in order to stimulate and encourage more tourism flights to Egypt. Akova et al. (2011) identified that the government can help fostering the tourism industry's recovery and save many businesses from bankruptcy during crisis and identified various strategies (i.e. tax reduction, late payments, marketing initiatives) to support tourism firms. Besides, large number of participants (64.7%) was not satisfied about the government's responsibility towards hotels. The government should hold periodic meetings and invite hotels' owners/mangers to discuss the different ways to get out of the crisis and reduce its severity on hotels and understand how the government and all related stakeholders could help hotels. Lastly, the role of the government representing in the Ministry of Tourism and the Egyptian Tourist Authority is still weak in regards to developing and promoting alternative types of tourism (i.e. health tourism).The majority of respondents (84.1%) commented on this issue stressing on the importance of the government's role on both the local and international levels to develop and market new and alternative types of tourism and raise the awareness of tourist destinations in Egypt particularly in challenging times via advertisements, promotion campaigns, events etc. This would encourage more tourists to visit the country and thus assist hotels and all other sectors within the tourism industry until the economic conditions improved. Affirmatively, Okumus and Karamustafa (2005) revealed that many tourism businesses could not respond effectively to the economic challenges because of the shortcomings in the governmental role.

**Table 6: Responsible bodies support to hotels in times of crisis**

	Responsible bodies support	1 (%) Extremely dissatisfied		2		3		4		5 (%) Extremely satisfied		Mean	SD
		Fre	%	Fre	%	Fre	%	Fre	%	Fre	%		
1	The government encourages domestic tourism	19	23.2	30	36.6	6	7.3	16	19.5	11	13.4	2.634	1.38
2	Improve the country's image as a tourist destination	20	24.4	32	39	10	12.2	14	17.1	6	7.3	2.439	1.23
3	Provide technical and financial support to hotels	24	29.3	38	46.3	3	3.7	10	12.2	7	8.5	2.243	1.24
4	Invite to and participate in international events and exhibitions	16	19.5	22	26.8	14	17.1	12	14.6	18	22	2.926	1.44
5	Segment the tourism market and target some specific and new markets	12	14.6	22	26.8	9	11	24	29.3	15	18.3	3.097	1.37
6	Provide additional facilities to many countries (Arab, Asian, etc.)	21	25.6	32	39	5	6.1	16	19.5	8	9.8	2.487	1.32
7	Cooperate with hotels and hold meetings to discuss ways out of the crisis	18	22	35	42.7	11	13.4	12	14.6	6	7.3	2.426	1.19
8	Develop and promote alternative types of tourism	36	43.9	33	40.2	3	3.7	10	12.2	0	0	1.841	.974

**6. A Proposed List of practices for managing hotels during economic crisis**

A List for assisting hotel operators to manage their hotel businesses during economic crisis was developed based on the results obtained and the literature reviewed (see Figure 1). The List provides 32 practices in which hotels can implement in times of economic downturns under four main dimensions, namely: marketing, workforce, cost control and responsible bodies' support. The Marketing dimension represents the cornerstone for the success of hotels in poor economic conditions.

Indeed, marketing is the first and most important issue that should be cared for in challenging times. As long as the hotel does not cut spending on marketing activities they have great opportunity to secure market share during financial hardships. Marketing team should put more effort to develop a marketing strategy that meets the changing needs of customers during crises and reconsider the hotel marketing mix to enhance occupancy and attract more customers. They should be able to create demand and use creative ways to sell hotels' services and products. Research revealed that hotels were well prepared to handle crisis when focusing on issues including: high quality, brand image, strong marketing performance and loyal customers (Alonso-Almeida and Bremser, 2013). The List identifies the practices that should be considered in this domain.

Moreover, the second important dimension is related to workforce. The cost of HR is massive and considered the largest in hotels operating costs in terms of salaries, insurance, benefits etc. In fact most hotels were not able to cover such costs particularly during crises. Thus many hotel operators think of firing staff during crisis as a first resort to save costs, whereas this is not the optimal solution because this is "lose – lose" situation. On one hand the hotel loses experienced staff plus the costs associated with HR planning and recruitment and on the other hand the employee loses real job. Alternatively, the hotel can reduce for instance, employees' wages, working hours or giving staff unpaid vacations and explain to them why such decisions taken in these hardship periods. This means that the hotel at least maintains good relationship and/or links with their staff even if they gone. Indeed staff is the key factor for a successful hotel business and thus hotels should make great efforts to keep their staff particularly experienced ones. Also hotels can take the advantage of these periods as an opportunity to invest in their staff by training them to improve their skills and performance.

The third dimension of the proposed List is cost control. Actually, hotel operators are obliged to reduce costs of hotel activities in challenging times because of low revenues. However they should do this without influencing the quality of services offered. Even when hotel operators depend on less expensive substitutes they should not sacrifice the quality of items bought. Also the strategy of reducing costs should not be built upon cutting of labor. The List determines range of practices in which hotels can adopt to save costs, including: eliminating unnecessary costs, postponing due debts, closing room sections, discounting, developing new avenues for revenues and using new technologies. Finally, the fourth dimension is related to government support. The role of the government is crucial as hotels will not be able to encounter crisis alone. For instance, in last years some tourism markets stopped sending tourists to Egypt like Russian and some European markets (Italian, German and British) and this needs cooperation and great effort from the government, hotels and all concerned stakeholders to resume these markets again and open new markets. The government support should also focus on: developing new forms of tourism, providing technical and financial support, improving country's image, enhancing domestic tourism and hosting international events and exhibitions.

**Figure 1: A Proposed List of practices for managing hotels during economic crisis**

<p style="text-align: center;"><b><u>Marketing practices</u></b></p> <ol style="list-style-type: none"> <li>1- Target new market segments</li> <li>2- Enlarge hotel's marketing and advertising campaigns</li> <li>3- Provide highly discounted rates (i.e. bundle services)</li> <li>4- Provide and promote special offers and price cuts on hotel products and services</li> <li>5- Study and understand the needs of the target customers and the changes that take place</li> <li>6- Focus on loyal customers during crisis</li> <li>7- Make use of electronic marketing and opaque distribution channels</li> <li>8- Increase hotel's marketing budget</li> <li>9- Keep up with competitors to take advantage of any developments that arise</li> </ol>	<p style="text-align: center;"><b><u>Workforce practices</u></b></p> <ol style="list-style-type: none"> <li>1- Reduce employees' wages and pay rates</li> <li>2- Give employees unpaid mandatory vacations</li> <li>3- Lay off employees to reduce labor force</li> <li>4- Require staff to undertake additional duties that are not in the employee's job description</li> <li>5- Make changes in the hotel's organizational structure</li> <li>6- Reduce staff's working hours</li> <li>7- Replace permanent employees with part-time temporary employees</li> </ol>
<p style="text-align: center;"><b><u>Cost control practices</u></b></p> <ol style="list-style-type: none"> <li>1- Emphasize cost reduction in all business activities</li> <li>2- Postpone some of the hotel due costs and/or reschedule payments</li> <li>3- Develop additional avenues for revenues</li> <li>4- Close some departments and/or accommodation sections</li> <li>5- When purchasing use less expensive substitutes</li> <li>6- Start discounting strategy</li> <li>7- Use new technologies for reducing operating costs</li> <li>8- Shrink investment directed for expansions</li> </ol>	<p style="text-align: center;"><b><u>Government support</u></b></p> <ol style="list-style-type: none"> <li>1- Develop and promote alternative types of tourism</li> <li>2- Provide technical and financial support to hotels</li> <li>3- Cooperate with hotels and hold meetings to discuss ways out of the crisis</li> <li>4- Provide additional facilities to many countries (Arab, Asian, etc.)</li> <li>5- Improve the country's image as a tourist destination</li> <li>6- The government should encourage domestic tourism</li> <li>7- Invite to and participate in international events and exhibitions</li> <li>8- Segment the tourism market and target some specific and new markets</li> </ol>

## 7. Conclusion

Economic crises have the most dangerous influences on hotels where the recession prevails, purchases decrease and sales drop. The tourism and hospitality industry in Egypt is facing a major challenge since large numbers of hotels have been affected. Many hotels did not find the necessary funding either for operations and/or development since the January 2011's revolution. So far this was due to the recession experienced by the tourism sector during the past years. Many hotels are currently operating partially and the majority of trained workers have abandoned the sector and have taken on to other occupations, an issue which has negatively affected the quality of services provided to tourists. Furthermore, hotels did not have plans in place to deal with crisis. This implies that hotels should develop plans for handling crises prior to their occurrences. These plans should anticipate the crisis and set proactive measures to be implemented and a strategy for quick recovery.

The results showed that economic challenges imposed deleterious impacts on hotel sector in several aspects, including: hotel occupancy fall down due to lower tourist arrivals, excessive decrease in hotel sales, a decline of hotel revenues and lessening of hotel services and activities. For the last few years the international tourism market was relatively absent. Currently tourism in Egypt depends largely on the local market which is concentrated in periods like summer vacations and holidays. Therefore, marketing is the key factor for maintaining the continuation of hotel businesses in severe conditions and thus all hotel operators should pay more attention to marketing activities and increase marketing funding. The study informed a range of practices that were highly ranked by hotel operators in respect to marketing measures, among these: targeting new market segments, broadening hotel's marketing and advertising campaigns, providing special offers, discounting rates and bundle services.

Human resources represent another major challenge to hotels during crisis because of their high costs. Certainly, staff is the cornerstone on which the success of hotels can be built upon and therefore managers of hotels should make every effort to maintain their experienced and skilled workers. Among the most practices adopted by hotels in this regard are reducing employees' wages, giving them unpaid compulsory vacations and/or terminating employees to reduce labor force. The study highlighted a distinction between four and five star hotels in regards to their use of crisis measures as statistical significant differences occur at range of practices. It was found that five star hotels were more interested in developing marketing activities and maintaining human resource to a larger degree than four star hotels. For example, using electronic marketing and opaque distribution channels; dedicating high budget for marketing; targeting loyal customers, setting a system to come up with creative ideas. Whereas four star hotels were more cared in reducing costs in terms of firing employees, buying less expensive food and non-food items and lessening expansions.

Most hotel operators were not contend with the support provided by responsible bodies and expressed on their need to more help particularly in challenging times. This implied that the government assistance to hotels is essential and should focus on several aspects: developing and promoting alternative types of tourism, providing technical and financial aids, enhancing the image of the country as a tourist destination and encouraging domestic tourism. The study provides a List of practices to help hotel operators during economic challenges. The List involves 32 measures categorized under four main dimensions: marketing, workforce, cost control and responsible bodies support. The List will help hotel operators to maintain their businesses by increasing marketing activities and controlling costs. This study provides opportunities for further research. Upcoming research can use and assess the List developed in this study in a different hotel setting. Also, future research can assess the discrepancy between hotels in terms of their implementation of crisis measures on the basis of hotel's size and ownership and management.

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