Crisis Response
Insights from Academic Research
An Abbreviated, Annotated Bibliography of Hospitality Industry Responses to Modern Crises

Responses to Specific-Date Incidents........Page 3

Responses to Economic Shocks.............Page 10
Economic Recession, 2008-2010

Responses to Global Health Shocks.........Page 12
SARS, 2003 – H1N1, 2009

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INTRODUCTION

The current global pandemic caused by COVID-19 continues to have devastating impacts on the hospitality industry as the largest sector of travel and tourism. No segment of this industry has been spared from the dramatic consequences. Transportation, leisure, and entertainment (most vividly, sports, cruising, and gaming), clearly lodging and food service businesses (most visibly, small and independent restaurants), and the global meetings segment (from social events such as weddings to mega-events such as the Olympics), all are in peril and struggling to survive. In response to this, governments around the world are stepping in to assist in the recovery efforts.

The research faculty at Penn State’s School of Hospitality Management has used some of its strengths and resources to empirically understand the industry’s path moving forward, beginning with a look at the past. The objective of this literature review is to yield insight from prior research to assist hospitality practitioners responding both during and after the COVID-19 global crisis. By analyzing previous scholarly works of varying researchers who have applied the scientific methods of academic enquiry to understand prior modern crisis responses, we have identified relevant recommendations and situational responses that will be helpful for hospitality operators in the current and post-Covid operating climate.

These studies are categorized into three kinds of crises: 1) date-specific disruptions; 2) economic shocks; and finally, 3) health-related interruptions. Each study is presented in an annotated bibliographic format with an interpreted abstract derived from the source publication, each a peer-reviewed journal, and includes a synopsis of managerial implications as a way to develop some of the actionable take-aways for practitioners. Last, this literature review ends with the summation of collective insights that distills suggestions on moving forward as well as a comprehensive reference list.

**Abstract.** This research profiles the New York City restaurant industry’s response to the dramatic drop in business volume following the September 11th terrorist attacks. Limited accessibility to the surrounding neighborhoods of the World Trade Center site challenged the abilities of restaurants and other businesses to respond and survive the impacts of these events. Through in-depth personal interviews with 14 restaurateurs, this research reviews the New York City crisis response. In their interviews, each of the restaurateurs recounted that on the day of the attacks their first responses were to provide shelter and security for those in need. Initial responses of owners/managers were also to provide employees with a sense of security – both in terms of income and job, as well as psychologically to assure them that they had a safe place to work. The restaurateurs took a reduction in profit and their individual salaries to keep existing employees on payroll. The restaurateurs responded to customers by making changes in menu format and prices; giving more attention to ambiance; recognized their role and responsibility within the community; and assessed overall marketing needs.
Managerial Implications.

- Communicate messages to the public that restaurants are eager to serve and take community responsibility by providing basic supplies such as food, shelter, and security to those in need during the unexpected times and socio-economic climate

- Lower price points on menus via special offers and discounts with gift certificates

- Lower price points for beverage services, wines in particular

- Provide more local food and comfort food to attract neighbors rather than tourists and/or business people during the crisis

- Pay more attention to ambiance conditions, such as playing calm and soothing music or placing the menu in a soft leather cover to demonstrate tactile comfort and stability

- Rely on grants and loans to maintain basic operations


Abstract. The public relations efforts of the U.S. airlines to restore consumer confidence in the industry in the wake of the 9/11 crisis are examined in this article. The data demonstrates that following the crisis, airlines engaged in strategic communication efforts to restore their image, including the image of the industry as a whole. They reassured that they were working with all appropriate agencies; e.g., the Federal Aviation Administration (FAA), the National Transportation Safety Board (NTSB), and the Department of Transportation (DOT), to make safety the number one priority. In addition, airlines also
aligned themselves with symbols of American patriotism. Also, following the prescriptions of crisis communication theory, the airlines enacted crisis-response strategies such as remediation, rectification, bolstering and praising others. The airlines provided their frequent flier members with the opportunity to assist remediation efforts. Rectification strategies were widely used by all airlines as they attempted to demonstrate their company’s dedication that this type of crisis would not happen again. A bolstering example (where bolstering reminds publics of the positive aspects of the organization) is provided by US Airways Chairman Stephen Wolf, who wrote that the airline was stronger because of their “response to the events of September.” In an example of praising others, Northwest Airlines CEO Richard Anderson stated, “We applaud the Department of Transportation’s Rapid Response Team’s proposals to further bolster security for airline travelers.”

Managerial Implications.

- Re-evaluated and expanded the crisis management plans frequently, most especially immediately following each crisis
- Include the threat of global crises in the crisis management plans
- To be as proactive as possible in preparing for a new world in which terrorism and other events can create crises on a global scale and can potentially bring about the end of entire industries

**Abstract.** This article describes the impacts of the September 11th terrorist attacks on the travel and tourism industry (e.g., casinos, hotel, airline, sports tourism, international tourism) in the USA and lists specific responses for some of the domains. It is compiled from the wealth of secondary data published in print media, news reports on major television networks in the USA (e.g., ABC, CBS, NBC, and CNN), and informal discussions with 50 Executive MBA students and 21 faculty members at the university-level in the southeastern part of the USA. The cost of the tragedy in terms of rebuilding is estimated at about $105 billion (CNN Television News Report, October 5, 2001). The tourism industry in America was severely affected, with immediate declines in airline passenger loads of 50% and more, and similar declines in hotel occupancy. The terrorist attacks spawned new and tightened security measures at high-rise hotels and restaurants, entertainment centers, airports, seaports, bus stations, train stations, sports stadiums and other places in the USA where large numbers of people, including tourists, are likely to gather for events. Hotel and restaurants slashed their product prices and provided other incentives to attract customers.

**Managerial Implications.**

- Increase focus on the management for the security and protection of tourism and hospitality property (e.g., hotels, inns, resorts, databases)
- Spokespeople are needed to restore the image after the crisis
• National advertising campaigns and promotions are needed to lure travelers following crises


**Abstract.** The blackout of 2003 took many hoteliers in the northeastern United States and Canada largely by surprise. Hotel managers found themselves scrambling to serve guests overnight in darkened hotels, many of which did not have running water, let alone expected amenities. Despite these challenges, hoteliers in a post-blackout survey reported that their staff members were up to the task of continuing to provide hospitality for their guests—often by devising creative processes for check-in and checkout, food service, etc. For their part, guests were mostly understanding about the power failure and appreciated hotel employees’ continued efforts. However, guests were surprised that hotels often did not have backup power to maintain critical systems after the emergency power failed. Service quality and the guest experience typically suffered at those hotels that lost power and those who were ill-prepared to deal with disruptions in the service system. This article examines these problems and provides insights on how to safeguard services when the unexpected occurs.

**Managerial Implications.**

• Have backup plans and emergency plans to enable employees to do their jobs well and guests to coproduce their experience
- Be proactive to know what customers expect even during extraordinary situations
- Positioning hotels based on service quality, even when the unexpected occurs, can build a competitive advantage


**Abstract.** The electrical outage in the summer of 2003 that interrupted power to thousands of hotels wrought a variety of facilities’ failures and service-process problems. Fortunately, strong service-recovery efforts from hotel employees mitigated the worst of the blackout’s effects. Using survey data from hotel managers who experienced the blackout, this study highlights the actions of employees that most contributed to immediate service recovery, including volunteer service, being professional and responsive, working and thinking flexibly and providing personal attention. With power out, extra staff and management attention was often required to maintain service delivery and ensure a safe, calm hospitality environment. Managers at several hotels stayed up through the night to tend the needs of their guests and worked endlessly to ensure safety and comfort during this time. Employees exhibited professional manners, including following procedures, a strong willingness to help guests with most any request, and frequent and forthright communication. During the blackout, employees worked dynamically and remained flexible in thinking about how to perform their job functions, which meant working hard
and working differently to come up with solutions to these service failures. They also came up with creative solutions in order to provide news updates to their customers.

**Managerial Implications.**

- Be there—on property, act professionally, provide personal attention and hospitality, and facilitate communication during the crisis
- Strengthen the construction of organizational culture and atmosphere in addition to staff training
- Provide excellent service in the first place

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**Abstract.** This paper is concerned with the relationship between terrorism and tourism and examines the implications of the Bali bombings in 2002, with the focus being on the period that immediately followed the terrorist attacks. After a brief account of the incident, the adverse consequences for tourism in Indonesia and the wider Southeast Asian region are assessed, and the responses of official tourism and marketing agencies are further analyzed. Tourism marketing and development agencies have a pivotal role in these times of crisis and must deal with the immediate consequences while deciding upon future objectives. The tourism authorities secure recovery through expressions of sympathy and regret, offers of reassurance regarding safety and security, domestic and regional promotion and discounting.
Managerial Implications.

- Shift attention to the regional and domestic market
- Organize inexpensive tour packages aimed at the young for sale
- Strengthen security and repair the image by professional spokespeople
- Distribute information to the public to convey the realities of the situation immediately, dispelling misconceptions related to media distortion
- Discount to stimulate sales
- Make safety and security the central marketing theme

RESPONSES TO ECONOMIC SHOCKS


Abstract. When the effects of the financial crisis become more visible, the tourists begin to manage the allocated budget for satisfying their different types of needs very carefully. By taking into account the general trends specific to the economic crisis period, this article discusses the current state of the hotel industry and efforts to mitigate the crisis starting from 2008. Given the new psychology of the buyer and the cut of travel budget, some international hotel chains have made some changes. During the crisis, hotels resumed their earlier tactics of creating more personal connections, largely by placing more effort in the development of lasting business relationships. They have implemented loyalty programs and established exclusive clubs. Besides offering discounts to loyal customers, some of the
hotels are creative in the way that they market the promotion. Cross-promotion with partner companies is increasing, and the promotional campaigns involve not only accommodation(s) but also services offered at restaurants, health clubs, meeting rooms. Corporate social responsibility and environmental certifications are the trends used by the hotel industry during and after crises to increase competitive advantages and reduce costs.

**Managerial Implications.**

- Reduce cost
- Provide high-quality products at reasonable prices and attractive offers
- Develop loyalty programs with a focus on attracting and creating loyal customers


**Abstract.** Like many other industries, the 2008 financial crisis severely weakened the hospitality sector. This paper investigates the response of the Spanish hospitality sector to the crisis by analyzing a sample of 70% of all Madrid hotels. In particular, this research focuses on the connection between the impact of the crisis, the measures taken to alleviate the crisis, and the negative impacts on an individual hotel’s performance. The study shows that hotels that focus on high quality, brand image, and a loyal customer base are best equipped to handle the crisis. Increased spending on marketing also eases the impact of the crisis. Cost-cutting measures characterize the worst performance. Contrary
to the results presented in the literature, the crisis had no immediately visible negative impact upon an individual hotel’s performance.

**Managerial Implications.**

- Create a strong brand, offer high quality and build a loyal customer base to increase occupancy during the crisis
- Look for new distribution channels and increase spending on advertising to maintain prices and occupancy or avoid a decrease in sales
- Don’t take measures that affect either brand image or quality visibly

**RESPONSES TO GLOBAL HEALTH SHOCKS**


**Abstract.** The 2003 Severe Acute Respiratory Syndrome (SARS) outbreak constitutes an example of the many crises that a restaurant may encounter. This article reviews a typology of crises, examines the crisis response of restaurants in Hong Kong, illustrates how local restaurants deal with this unprecedented situation, and develops strategies for management and recovery. The researchers propose a four-step crisis management procedure to deal with crises like SARS. The first step is that restaurant managers should classify the crisis that they are dealing with into one of the seven categories (i.e., natural disaster, technological failure, confrontation, malevolence, skewed values, deception and
misconduct). Identification of the crisis type is important because it helps managers find the appropriate measures to keep the crisis under control. Next, the extent and type of damage is assessed, and then tactics are formulated and implemented to combat the crisis. The last step of the crisis management process is to evaluate the effectiveness of the recovery strategies using a feedback loop that enables managers to refine the tactics until the crisis is brought under control. The appropriate tactics in the SARS epidemic included all measures that could minimize the cost and enhance the revenue of the restaurant. Changing the marketing mix is also necessary to attract potential customers to dine. In addition, the damage to restaurants caused by SARS is largely due to panic and widespread fear as opposed to actual direct consequences of the virus. Therefore, many restaurants in Hong Kong have deployed clear and effective policies that ensure the sanitation of the restaurant premises so that the perceived risk of dining in the restaurant could be kept to the lowest possible level. They used cleanliness and hygiene as a selling point in addition to food quality and cost.

**Managerial Implications.**

- Have formal guidelines and procedures for communicating to employees, as well as the general public about various reactive measures restaurants plan to undertake in the event of a crisis
- Look at restaurants’ needs and goals to formulate a crisis management plan and establish a risk management policy and communicate it to all staff
- Consider the risk trade-offs involved and the costs of the measures to be undertaken during the planning process
• Encourage openness and participation from all staff in the planning process
• Incorporate a review process to enable restaurants to learn from each crisis for more effective crisis management in the future


**Abstract.** The sudden outbreak of severe acute respiratory syndrome (SARS) in Singapore in 2003 was a grave crisis for the tourism industry as a whole and highlighted the importance of effectively managing and planning for such occurrences. This study looks at the particular consequences of the infectious virus for the hotel sector and subsequent reactions to the challenges presented. During the crisis, half of the respondents in this study engaged in advertising campaigns and collaborated with airlines, travel agencies and the Singapore Tourism Board in assorted schemes to attract more tourists. Hotels sought to demonstrate a commitment to exemplary hygiene and cleanliness standards in an effort to reassure customers and bolster confidence in the industry. The Tourism Board granted COOL awards to hotels that met the criteria to prove that those hotels were SARS-free and SARS-ready. Actions undertaken during the SARS crisis can be categorized as disease and hygiene controls, cost savings, marketing, and lobbying for official aid. What needs to be noted is that some of the hotels had crisis management plans prior to SARS, but these were not always strictly relevant and/or covered eventualities unconnected to such a disease, or were generic in scope.
Managerial Implications.

- Avoid being overly prescriptive and maintain a flexible approach
- Draft a series of protocols that provide broad guidance on structures and procedures to use in order to accommodate the unpredictable
- Seek government involvement if necessary
- Revise formal plans in the light of the knowledge gained living through one crisis to enhance their applicability to any of a similar character that might materialize in the future


Abstract. The purpose of this paper is to review the impact that the 2003 SARS epidemic had on tourism and summarize the lessons learned from this crisis. A questionnaire was designed to investigate the impact of SARS, crisis management, recovery strategies, and formal planning. Many hotels and tourism-related organizations were caught unprepared for such an epidemic. The common strategies adopted during this period were cutting costs, laying off workers, and closing facilities and floors/wings of lodging areas (e.g., hotels). Based on four stages of crisis management (i.e., pre-crisis stage, acute crisis stage, chronicle crisis stage, and review stage), the researchers provided several strategic tips for hotels and destinations to respond to SARS. The strategic tips offered in this paper mainly
focus on collaboration and cooperation within an organization through established plans that permit speed in the communication processes and control of public concerns.

**Managerial Implications.**

- Develop and integrate preparedness and management plans to survive a crisis or disaster with minimal impact on visitors, businesses, and locals
- All stakeholders must work together to better deal with the effects of a crisis

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**Abstract.** The results of this study indicate that the SARS outbreak had an adverse impact on the Korean hotel industry. During the six months affected by the SARS outbreak, the hotels tried to minimize expenses and reduce investment activities during the SARS-affected period. As the number of customers in the hotel industry heavily relies on that of customers in the airline companies, they needed joint marketing. Thus, the hotels worked closely with airlines, travel agents, and other hospitality industries vis-à-vis shared information. To rebuild confidence with guests in the hotel industry, hotels waged intensive promotional campaigns and aggressive advertising campaigns. The Human Resources Departments provided employees with educational programs to help mitigate the impact of the SARS outbreak on the hotels. They established effective channels for internal and external communication. The hotels established a SARS emergency communication network to maintain a smooth flow in communication.
Managerial Implications.

- Quickly recognize what is happening and trigger predetermined plans to prevent the crisis
- Hold special meetings for all employees to plan the best strategies for the hotel
- Pay close attention to the importance of crisis management and adopt a practical and realistic approach to overcome crises
- Train the crisis management team frequently to make the team be innovative and effective for decisions in any crises


Abstract. Theoretically, in the tourism context, this study introduced a new concept of non-pharmaceutical intervention (NPI) for influenza and tested the impact of NPI on the behavioral intention of potential international tourists. NPI comprises administrative control measures and non-mandatory personal protective measures. Administrative NPI measures include isolating infected patients, quarantining individuals in contact with the infection, hospital infection control, and border control, whereas personal NPI measures include social distancing and personal hygiene protection. Social distancing by closing schools, calling off public events, reducing access to public transport, and working from home during an outbreak diminishes the chance for person-to-person infection. Hygiene action by washing hands, wearing masks, and techniques for containing coughing and
sneezing restrict disease transmission. The results show that the perception of 2009 H1N1 did not constrain the desire for international travel among potential tourists as they had some adaptive behavior in mind, which lowered the infection threat to a level acceptable to them. In effect, personal NPI is an adaptive behavior that reinforces the desire that supports their behavioral intention. Based on these findings, the researchers provide government agencies, tourism marketers, policymakers, transport systems, and hospitality services with important suggestions for NPI and international tourism during pandemics.

**Managerial Implications.**

- Provide NPI hygiene and other safety information in airline onboard publications
- Improve tourism operators’ online communications concerning pandemic diseases to reassure tourists of their relative safety and reduce their apprehension about traveling
- Provide convenient NPI hygiene and information kiosks within their facilities which support self-protective health behavior by staff, passengers, and guests
- Establish a validation system for NPI friendly businesses which continuously support the personal NPI actions of staff and passengers
- Adopt the system-wide tourism industry approach of a permanent, as opposed to an episodic, disease mitigation strategy which supports personal responsibility for staff, passengers’ health, etc.
ANALYSIS: COLLECTIVE INSIGHTS

This abbreviated, annotated bibliography gleans insights from prior scholarly studies examining various and significant shocks to the industry. Analysis of the managerial implications extracted from this compilation pointed to consistent actions that can be utilized by hospitality managers during this current climate and in the face of the COVID-19 pandemic. It should be noted that in every study, communication was underlined as essential, as were operational strengths, including preparedness, responses, and employee readiness. Other key insights showed the necessity for government action and support, responsiveness and sensitivity to consumers’ state of minds, and attention to employee well-being.

- **Consistent, accurate, and authentic communication is key to recovery**
  - Communicate to all stakeholders equally and as the situation changes
- **Operational trust matters before, during, and after every crisis**
  - Service staff need more support from management
- **Focus on fundamentals first – safety, security, physical and mental health**
  - Be flexible, adapt operational processes quickly
  - Rapid employment of new technologies or services, (i.e., robot or curbside delivery)
- **Make changes in offerings that reflect the new sensitivities of consumers**
  - Price appropriately, neither discounts nor premiums will result in positive outcomes
  - Transparency of revised, improved sanitation processes for customers
- **Advocate to government entities for assistance**
- **Prepare in advance – plan, practice, and train for different crises**

REFERENCES


