



## Strategic adaptation of tourism service businesses in Koh Samui Island, Thailand during the coronavirus disease (Covid-19) Pandemic

Napat Horhoom <sup>1</sup>, Kanokwan Meesook <sup>2</sup>, Somnuk Aujirapongpan <sup>3\*</sup>

<sup>1</sup> Student, School of Accountancy and Finance, Walailak University, Thailand

<sup>2</sup> Lecturer, School of Accountancy and Finance, Walailak University, Thailand

<sup>3</sup> Associate Professor, School of Accountancy and Finance, Walailak University, Thailand

\* Corresponding Author: **Somnuk Aujirapongpan**

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### Abstract

Coronavirus Disease (Covid-19) pandemic impacts the tourism business dramatically due to social distancing measures, operation termination, and lockdown or international travel suspensions, including city lockdowns and prohibiting people from going out of their dwellings to control the disease pandemic. This academic article aims at studying and proposing the adaptation of tourism service businesses in Koh Samui Island, Surat Thani province, during the Coronavirus disease (Covid-19) pandemic. This crisis has affected the tourism business for a long time (since the earlier year 2020.) Therefore all entrepreneurs must adapt their businesses to respond to the changing consumer behaviors. For tourism business adaptation during the Coronavirus disease (Covid-19) pandemic, entrepreneurs should manage as follows: make a preparation plan to cope with various crises, organize training courses to give knowledge to the employees, apply numerous technologies and online platforms for publication, communication, trade, and use innovations for the strategic plan to create uniqueness to the business. For example, the entrepreneurs should design the products or services concordant with the situation and do the promotions differently from the competitors to attract customers, including surveying the consumer's behaviors toward the tourism business to perceive the purchasing or consuming behavioral types of the target customers. Then, the entrepreneurs can bring such results to improve the business styles to meet the consumers' needs efficiently and sustainably in their business performance.

**Keywords:** Covid-19, tourism business, adaptation

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### Introduction

The coronavirus disease (Covid-19) pandemic affects many businesses in Thailand, especially the enterprises in the tourism industries that have got impacted at the first stage. It makes the result that the number of foreign tourists visiting Thailand during the first quarter of 2020 has been decreasing from the same duration in 2019 at 63.96% (Permanent Secretary of Ministry of Tourism and Sports, 2020, July 20) <sup>[9]</sup>. Because Covid-19 disease is a kind of disease that virus germ can spread through the mist of secretions or breaths from the body, such as saliva mist from sneezing, coughing, speaking, or mucus (Wanchuen *et al.*, 2021) <sup>[13]</sup>. Hence, it is necessary to control the disease by using the pandemic control measures, such as social distancing, limiting the travel, canceling activities in public areas, closing various types of department stores and establishments causing to take risks of infection, etc., (Kaewchoo, 2020) <sup>[2]</sup>.

This crisis causes the businesses related to service provision to get impacted more than other economic activities in every aspect because this business type involves travel and tourism. With the tourists' reduction, both Thai and foreigners, by the Covid-19 pandemic, the tourism businesses have been recovering more slowly than in other sectors. It is because the incomes from foreign tourists are equal to two times the ones got from Thai tourists (Nitthiphrapa, 2021) <sup>[4]</sup>.

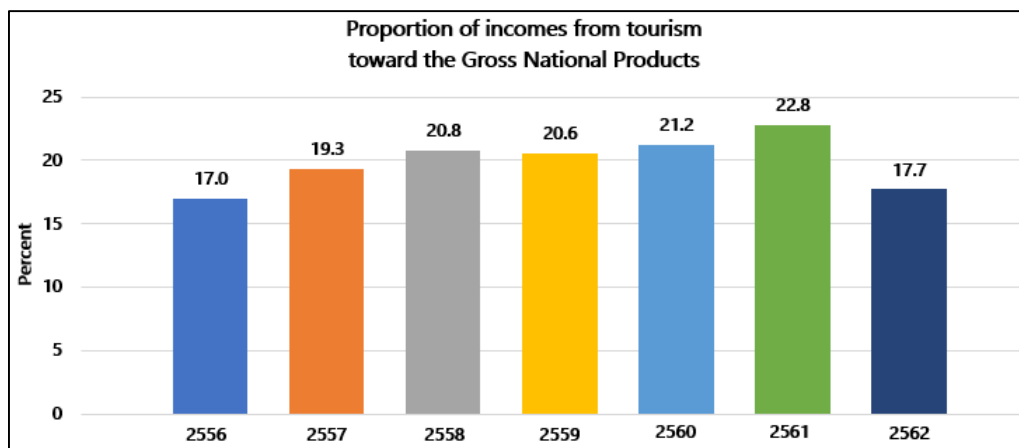
Koh Samui district, Surat Thani province, is considered a tourism attraction that has made incomes numerous from Thai and foreign tourists for several years. It is popular with foreign tourists as the third level, secondary from Bangkok and Phuket (Tourism Authority of Thailand, 2017) <sup>[12]</sup>. From such reduction, the tourist industries in Koh Samui enter into the collapsed situation on the economy seriously. Also, the incomes decrease or without any revenues despite all expenses regarding such assets still exist, such as rental payment, maintenance of instruments/equipment, and vehicles that cannot avoid (Office of Small and Medium Enterprise Promotion, 2021) <sup>[6]</sup>. It causes a decreasing income, but the expenses are the same, leading to a debt burden and liquidity of the debt payment. It is concordant with the report of the small and medium enterprise promotion in small city (Hinterland) in Surat Thani province which found that most of the SMEs business entrepreneurs view that the Covid-19 pandemic makes the economic drive stop and slow down seriously. Secondly, it is from the problem of fund resources. Most entrepreneurs lack the cash flow in their enterprises and products development. Furthermore, the financial institutes in those areas have a limit on the loan allowance that causes difficulty in accessing such funds (Office of the National Economic and Social Development Council, 2021) <sup>[5]</sup>.

From all mentioned above, it can see that the entrepreneurs related to tourism businesses get impacted by the Covid-19 pandemic. The decrease of Thai and foreign tourists affects

the reduced incomes of several entrepreneurs, lack of liquidity and loan burdens. These entrepreneurs have to adapt their styles of business performance to decrease expenses and increase revenues to enable the business to survive in this crisis. Thus, this academic article aims to propose the study and analyze the adaptation of the tourism business caused by the Covid-19 pandemic, including representing various adapting methods to survive in current situations and achieve further success.

### Situations of the tourism industry

The tourism industry is one of the major industries in the world. In 2015, the tourism industry all over the world has a value of over 7.86 trillion dollars or 9.8% of the global Gross National Products (GDP). The Thai tourism industry can make incomes of more than three trillion baht and has the tourism industry values for more than 17.79% of the Gross National Products in 2019. It can consider that the tourism industry is one of the crucial industries that helps drive the whole economy in the country. Moreover, the tourism industry unavoidably changes depending on the world's circumstances and consumers' behaviors. Hence, Thai tourism industries have to adapt themselves following the currents of the world, which is changing, and have to make a plan concordant with the market's requirements to maintain and improve the competence in domestic tourism (Policy Committees of National Tourism, 2017) <sup>[8]</sup>.



Source: World Travel and Tourism Council (WTCC)

Fig 1: Proportion of incomes from tourism toward the Gross National Products

Concerning the Covid-19 pandemic, tourism activities have to stop from the travel suspension in and out of the country. When the pandemic situation starts to be resolved, the first stage of tourism arouse relies on domestic tourists as the main. In the business sector, it stimulates consumption through various activities, such as discounts, priority, and participation in tourism promotion measures from public sectors; We Travel Together, Discovery Thailand, for instance. It is such a good fringe benefit for the tourists to get prices of services cheaper, enhance to stimulate the expenses of the tourists and help the economy in the country become well in the final quarter in 2022. (Krungthep Turakij, 2022, September 7) <sup>[1]</sup>.

### Impact from Covid-19 pandemic

#### Impact of the tourism business in Thailand

From the past Covid-19 pandemic until now, employment in

the tourism business sector has been dramatically impacted. The employees receive reduced salaries or have to suspend their work since most entrepreneurs do not have sufficient incomes to maintain employment in such a situation. Considering the effect of the Covid-19 Ripple 3, it causes the tourism business sectors to open their enterprises regularly at only 50%, close temporarily at 35%, and permanently at 4%. The most permanently closed business includes a souvenir shop, spas, Thai massage, entertaining places, and hotels (Thepparak, 2021, October 28) <sup>[11]</sup>.

Regarding the loan provided to the tourism business sectors from the Bank of Thailand, it reveals that the loan provision of the commercial banks to the residential and food services business in the Quarter 2 of 2021 is equal to 4.9 billion baht, increasing from Quarter 1 at 1.62%, and increasing at 11.90% when comparing to the same duration at the previous year. The food service business gets a loan from commercial

banks, increasing to **16.50%** compared to last year at the same time. It is concordant with the lockdown measure in quarter 2, which causes this kind of business to get effects directly. The proportion of the money as loans from commercial banks to the residential enterprise is **90%** or about **4.5 billion baht**, while the proportion of food service business is at **10%** or around **5 ten million baht** (Wongsinwiset & Chotwattanukul, 2021) <sup>[14]</sup>.

In conclusion, the business situation in the tourism sector during the first eight months of **2021** in every area was encountering reduced incomes. The impact of ripple **3** of the Covid-19 pandemic is more severe than ripples **1** and **2**. Numerous business types have to lose financial liquidity until such business has to stop or quit operation, including unemployment, and various remedial actions might not be

sufficient if the lockdown continues (Nithiphrapa, 2021) <sup>[5]</sup>.

### Impact of tourism business in Koh Samui district, Surat Thani Province

Koh Samui is a tourist attraction famous at the top that foreign tourists who visit Thailand are interested in, also Thai tourists, because there are beautiful natures, hotels, restaurants, and various types of activities attracting the tourist groups very well. Furthermore, the Koh Samui district has an airport and harbor within the Island. It enhances the potential to support tourists effectively. Before the Covid-19 pandemic, Koh Samui was a tourist attraction that numerous millions of tourists, both Thai, and foreigners, poured into that generated incomes for every sector of businesses, especially in the tourism business.

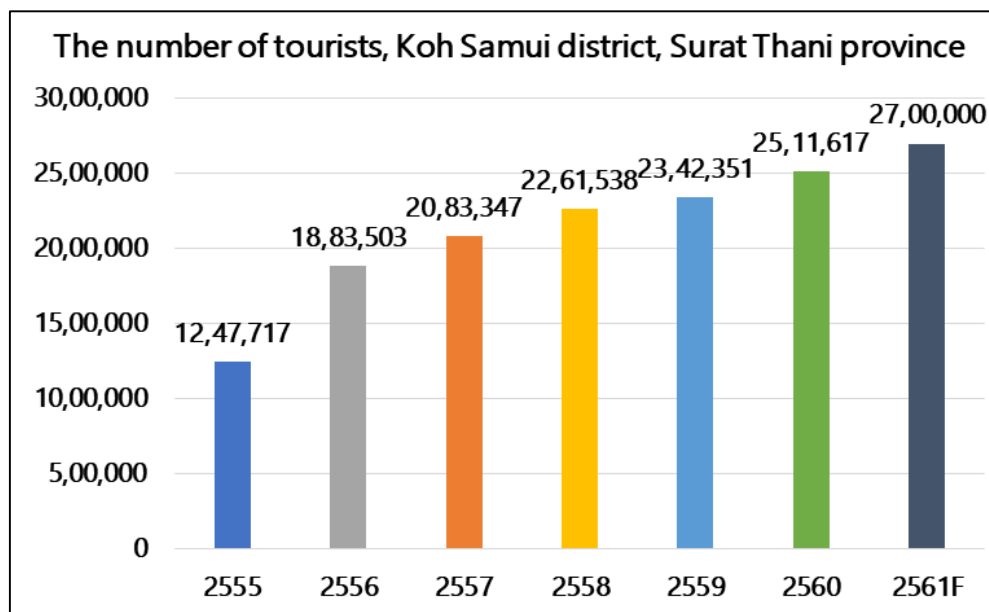


Fig 2: The number of tourists, Koh Samui district, Surat Thani province

Due to the Covid -19 pandemic, the number of tourists tends to decrease, which affects the tourism business since consumers feel anxious about the situation. Moreover, the limited measure for controlling the disease makes the travel stop. Besides, the tourists feel less reliable, which causes the cancellation or postponement of reservations on the tour, residence, or contract car. Some kinds of businesses have to close the enterprise temporarily (Office of Small and Medium Enterprise Promotion, 2021) <sup>[7]</sup> that affects the reduced incomes while the expenses are the same. The business generates debts and lacks liquidity on debts payment. The Bank of Thailand indicates that one-third of all the middle and small establishments facing the loss condition close their enterprises (Thanrattanavanich, 2022) <sup>[10]</sup>. Hence, entrepreneurs must adapt their marketing trends to survive and continue their enterprises in such a situation.

### Plan and management of the organization in the situational crisis

Entrepreneurs have to adapt after the Covid-19 pandemic. The orientation of an organizational plan and management during the crisis can determine five items as follows:

#### 1. Resolve

It refers to the impact management resulting in the business

and the involved by using the internal control measure for an organization. It helps liquidity protection, such as working from home, or social distancing at work, employees safety treatment, small and effective teamwork, clear goals, and bringing technologies to increase work effectiveness. These enhance to reduce tension and maintain the work efficiency of the employees.

#### 2. Resilience

Quick response and discipline are crucial in coping with the crisis condition, including short-term financial planning and management, as well as learning from any organization that can survive the economic downturn in the past. These businesses do not achieve success during the economic crisis from their existing funds but the crisis adaptation. There are six steps as follows : (1) to specify and order the risks, (2) to create scenarios from the highest risks, (3) to test the tolerance of the organization toward the financial stress, (4) to identify the performance orientation, increase transparency and concise financial management, and (5) to generate the dashboard to follow the crucial indicators.

#### 3. Return

It is an elaborate plan of the work return in the normal situation. It should start by following the circumstances

closely the number of infected is decreasing, detention measures from the public sectors are declining, there has been a set of disease tests providing safe and quick results, or having effective vaccines. If the situation works out, it will lead to considering the management at an organizational level. It can protect the employees with various measures, such as fever checking and frequent hand washing, to be sure that the organization has concise countermeasures. For example, the organization has a gel to kill the germ and be ready to return to work with the organization in the supply chain by trying to spread the supply chain out to several regions for risk reduction. Then, the organization considers the effects of the business interruption and continues to analyze whether it should operate the business the same as the last time or how to improve the operational ways.

#### 4. Reimagination

It is about the expectation of the social states in the new normal after the Covid-19 pandemic, what it is like, how the happened changes affect, and how the organization should reach adaptation. For example, it should change public health styles to be covered by using all technologies to help, such as Artificial Intelligence (AI). However, it should realize that adapting to New Normal can be difficult.

#### 5. Reform

The public sectors have to take part in reforming all rules and regulations to increase the effectiveness of operation, such as reducing trade barriers and determining and protecting labor rights by remote working, working from home, etc. (Maesincee *et al.*, 2020, April 3) <sup>[3]</sup>.

#### Strategic Adaptation of tourism business

Tourism business entrepreneurs must adapt themselves concordant with the consumers' change during the Covid-19 pandemic. The concept of strategic adaptation for survival is the entrepreneurs' strategic determination to manage their establishments during the Covid-19 pandemic to respond to the adapting changes during the Covid-19, which consists of as follows:

##### 1. Financial strategy

It is about the adaptable capability of the entrepreneurs in decision-making involved with money usage for survival, security, and organizational growth. It can be the investment aspect to seek and collect the properties that will generate a strong business foundation, such as economic properties, intellectual properties, human resources, quality of products, or service provision, including modern technological development.

- Adaptation of the entrepreneurs for managing the business liquidity to be capable of continuing the business by managing the internal assets and debts to reduce the business risks;
- Strict financial discipline maintenance and planning for preparing the secondary funds resources in emergency cases;
- Low-cost management to increase profitability; and
- Making the business allies with financial institutes and other businesses by using strength points of each other to reduce the cost and increase the performance capability more effectively.

##### 2. Marketing strategies

It is about the adaptive capability of the entrepreneurs for marketing performance, which can respond to the changes of competitive businesses by creating business advantages beyond the rivals, by designing novel products/services, pricing, and reducing the risks from business operation during the bad economic condition, managing customers base, using the strategy of customers relations management suitable to the situations, and realizing the significance of using marketing strategies to help adapt the business for the entrepreneurs;

- Increasing distribution and communication channels through an online system. Tourists usually search the information about purchases and share it online. Therefore, the online channel is crucial for customers' access;
- Adjusting the price of products and services to be more flexible, such as residence price or tourism package changeable over time. Tourists will decide to buy the products by viewing the worthiness, value, and convenience during that time more than focusing on the price;
- Tourists' behaviors change to a smaller group. Hence, entrepreneurs should propose products and services differently to respond to the needs of each different group. Even the tourists can design their tourism styles on their own by increasing safety and hygiene more to increase reliability to them;
- Using the storytelling technique to be outstanding and valuable about the products/services to create content and present it on digital media to attract the customers' group.

##### 3. Strategies on human resources management

The ability of entrepreneurs to adapt the human resources management is about developing the personnel and utilizing novel innovations and technologies to apply to the current business environments to help the business reach competitive advantages beyond other rivals operating the same business types.

- Managing the employees for adaptation, wages management, and doing the agreement about employment states in crises, such as stopping working without salary during the crisis. It means the employees still occupy their positions in that organization, but they have to stop working temporarily and do not get compensated during that time. Such organization continues the enterprise or might be temporarily closed. The employees can be back to start work regularly when the situation has been resolved;
- It should provide the training course for the employees currently working, by developing their skills and knowledge to be concordant with the present situations by reskilling and upskilling. Upskilling is improving the existing skills, and reskilling means creating new skills necessary for performance during the Covid-19 pandemic. Employees have to develop their skills, knowledge, and competence, to support the needs and changed behaviors of the customers. Besides, there is cross-skilling, which happens later. It is precious during this Covid-19 pandemic, as it means the employees can support various duties.
- Focusing on the employees' healthiness, both physical and mental health, encouraging the employees to let

them work under changing situations.

- Using communication through an online system more, such as talking and meeting through various platforms, such as Zoom or Google Hangout, which help reduce travel time and more convenient and quicker performance.

#### 4. Strategies of the performance process

The adaptability of the entrepreneurs on their performance can build and maintain their competitive competence from the ability to operate or perform the business under the strategy, process, and practice guidelines, including preparing and planning, both short and long term, to achieve the growth further.

- Shortening the work process, using fewer laborers and substituting with technologies for working to reduce the cost and increase work effectiveness;
- Increasing management efficiency of data flow in each department and effectiveness of internal management;
- Having good relations with public sectors and responding to the promotion policies from them, affecting the consumers' behaviors and decisions to continue the business;
- Creating the entrepreneurs' networks for reliance and using the strength and weaknesses of each organization to help each other. Big businesses can select to connect the medium and small businesses. Also, the small ones can work by efficient connection.

Furthermore, the adaptation of the tourism business should include the business development plan, analysis, and review of appropriateness toward the products and services. While the tourists' behaviors are changing quickly, the entrepreneurs can use this duration to consider adjusting the business strategies to meet the customers' changing needs and behaviors, including bringing the technologies and innovations to take part in the strategic determination. During the last decades, tourists have turned to reserving residences and travel channels through an online system and using the application via cell phones. Hence, revising and developing online marketing to reach modernity is crucial and necessary for the planning of marketing promotion. In addition, the tourism business should rush to make a plan, revise prices, and design various types of marketing promotion during this time to support several customer groups immediately when the normal phenomenon comes back.

#### 5. Conclusion

1. Follow the Covid-19 pandemic together with adapting for current and potential situations by considering the characteristics of the disease pandemic and possible economic policies. It might use the instruments of marketing adaptation as a helper for planning such adaptation (financial, marketing, personnel, and performance aspects);
2. Support and protect the employees from the crisis, emphasize their health on physical and mental aspects, allow them to work at home to reduce the infective risks, and use online channels to communicate more. For example, to organize the online conference and spread news and information about the organization through conversation channels of the group (Line, Facebook, and Google Hangouts). The managers should focus on three goals: (1) increasing communication by focusing on the balance between work achievement and moral support,

(2) changing the working styles, such as working from home or other places, not an office which is easy and convenient as much as possible, and (3) protect and treat the health of everyone by the good practices of cleanliness and personal safety at work, including adapting the policy of sick leaves appropriately;

3. Plan the performance strategies after the Covid-19 pandemic finishes. Although upfront problem solutions are essential, it cannot miss the operation after the crisis, together with planning and allocating the resources to enable the organization to adapt to future change. It might use the 5R principles (Resolve, Resilience, Return, Reimagination, and Reform);
4. Effective management strategies consist of effectiveness which can determine great goals and achieve the outcomes. For efficiency, it can be successful towards the purposes by using a low cost of resources. Organizational strategies are crucial to determine the success of that organization. Therefore, the organization must consider, then choose the appropriate ones to apply suitably, including the strategic management considered essential to the organizational performance.

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