ABSTRACT

The outbreak of Covid-19 has impacted many countries and their businesses around the world. This research explores the impact of pandemic on hospitality industry in Kuwait and discusses marketing interactions undertaken by the businesses to overcome the negative impacts of this crisis. Fourteen semi-structured interviews were carried out with the restaurants’ owners in Kuwait to meet the research objectives. The results of this research show that businesses had to adapt their marketing strategies to the current environment. These changes include using marketing communication channels such as social media more regularly and offering different and additional products and services to be able to sustain the business. Necessary successful alterations were made to the marketing strategy during pandemic to manage business continuity and some of these changes will continue to operate after the pandemic is over.

Keywords: hospitality industry, marketing, Kuwait, Covid-19, consumer behaviour

INTRODUCTION

The impact of Covid-19 on economy and society is observed in lockdown across the countries, restrictions on labour mobility, travel bans, suspensions of international travel. Those conditions have led to the overall economic slowdown. The markets have been affected severely as the consumer spending rate declined in most of the industries, particularly hospitality (Jones, 2020; Le et al., 2020). Companies experience problems due to stagnant inventory, rental cost, employees’ income, and interest payment.

The pandemic is reshaping the global economy, consumer behaviour and is leading the companies to develop new marketing and business strategies to survive (Wolf, 2020; Nyanga and Zirima, 2020). Kuwait’s economy has also been affected due to the pandemic restrictions. Kuwait is a...
small market, when compared to any other countries’ economy in the region. During the past decade, Kuwaiti government started setting rules to offer support to businesses. Pandemic had affected the businesses in Kuwait from March 2020, after a significant increase of infected cases. Government imposed a partial ban on the regular day-to-day activities. At this point, the hospitality sector such as restaurants and coffee shops, stopped providing their services to the customers. Hence, business could not operate during the lockdown.

After a span of three-months curfew, a partial plan was imposed which continued to prevent the spread of virus. The purpose of this research is to explore the negative impact of Covid-19 on hospitality businesses and present recommendations from marketing perspective for the business owners in Kuwait to overcome the problems of declining sales. The research has practical implications to businesses and marketers supporting small and medium enterprises during difficult times. The objectives of the paper are to review challenges small businesses faced during pandemic in Kuwait and identify the marketing interventions to overcome the issues.

LITERATURE REVIEW
Small businesses had challenging experiences during pandemic because of their reliance on supply chains which in its turn have also been affected by the external environment (Fitriyania et al., 2020; Ratnasingam et al., 2020). Hadi (2020) offered recovery strategies that are much needed as support is required from various agents as a prerequisite for reinitiating the business operations. Most small companies were operating below their capacity that is a major financial strain on the viability of the business (Elshenawi and Wang, 2020). Forward-looking and more efficient firms tend to become stronger in a short span of time by undertaking range of initiatives to adapt to the current circumstances.

Beraha and Đuričin (2020) carried out research on the impact of Covid-19 on small businesses in Serbia and found that SMEs underwent exceptional experiences, for example, they had to switch business, lay off employees, had limited resources, and were unable to pay for their business. Small businesses are suffering deeply due to lack of raw of materials, and a reduction in demand both locally and globally for the product they offered (Robinson and Kengatharan, 2020). They also face problems in loan repayment, order cancellation and high cash deficits. Pandemic is difficult for both employers and employees emotionally, hence, the government support and formulating best guidelines to offer support to the companies is crucial for getting through (Robinson and Kengatharan, 2020). SMEs also face shortcomings in terms of human capabilities, liquidity, and management (Bourletidis, 2014). In a situation of crisis, companies’ operations are often affected due to their dependency on suppliers (Nugent and Yhee, 2002).

Uncertain circumstances, however, can also open new opportunities. SMEs could be able to help stabilize the economy during crisis and adjust their situation faster than large enterprises after the uncertain time. The purpose of all these actions taken by the SMEs is survival and short-term
actions may affect the long-term growth of the company and protect stockholder relations (Asel et al., 2011).

b. SMEs and Hospitality Industry During Crisis in Kuwait

Pandemic had strong impact on SMEs in Kuwait (Albaghli, 2020). Kuwait had the first Covid-19 case in January 2020 with the cases increasing rapidly soon after (EGOV, 2020). Kuwait had full lockdown for several weeks starting in May 2020. After 20 days of lockdown, the Kuwaiti government placed the partial curfew for 12 hours from 6am to 6pm. This step of the partial curfew was the first step of the five phases of the plan that was announced by the council of ministers in Kuwait (Kuna, 2020). The lockdown was detrimental for the small businesses in Kuwait as the government had to reduce the cases of Covid-19. During the lockdown, all the food delivery services such as Deliveroo, Talabat and Carriage stopped operating (Asama, 2020).

The hospitality sector is one of the weakest and vulnerable sectors affected by the crisis (Ritchie, 2009). Hospitality industry in many aspects is related to gathering, group environment and due to pandemic people were staying at home and avoiding gathering outside their homes. During this time consumer shift was seen in using online platforms for making purchase. In March 2020 US grocery online stores sales increased by 77% and restaurants sales decreased by 66% (Yoon, 2020). Kuwait hospitality industry has also been affected by this global pandemic, specifically restaurants and coffee shops. According to Hala Choufany, the President of HVS, hospitality industry’s expected lost was between $10 to $15 billion dollars in the GCC area and she added that hospitality sector will have a vital role in the recovery phase (2020). The restaurants were forced to close their doors for almost 6 months during the pandemic. This caused a decline in sales for restaurants as dining in offer is their core product offering (KuwaitTimes, 2020; Kuna, 2020).

b. Marketing strategies during crisis

The relationship between crisis and marketing innovation are interrelated. Hence, in a situation of economic crisis, majority of the businesses-imposed changes in their activities and strategies are during crisis (Koksal and Ozgul, 2007; Medrano and Olarte-Pascual, 2016). Crisis could change consumer behaviour and cause lack of demand, which leads to a short supply and reshaping the behaviour of new consumers during crisis (Hall et al., 2020). People are isolating themselves at home and using online services more than before, so organizations need to develop their marketing innovation and online strategies which align with the new consumer behaviour (Wang et al., 2020). Companies work on marketing innovation to stay competitive and maintain the customer satisfaction (Medrano and Olarte-Pascual, 2016). Marketing innovation can change, develop, or create a new product for the firm. Some firms change their pricing strategies to align with the new consumer behaviour (Wang et al., 2020). During Covid-19, some companies went from offline to online presence where social media platforms being a key to the success to overcome the crisis challenges (Waldron and Wetherbe, 2020).
If companies developed and sustained their competitive advantage, they are more likely to cross over the crisis (Halpern, 2010). Small firms are likely to have more effective marketing innovation and strategies because they are more flexible and quicker compared to the large companies (Afuah, 1998; Naidoo, 2010). Flexibility and adjustability are the factors of these companies and great tool to introduce a new service or product to market during crisis (Halpern, 2010). Small businesses during crisis tend to practice several tactics in their marketing mix, such as increase or decrease prices, introduce new products, and offer promotions (Naidoo, 2010). The risk of new product development could be related to these businesses because of their limited financials and resources (Grewal and Tansuhaj, 2001).

During the uncertainty, promotional strategies are re-evaluated by marketers, because of their vital role during and after the economic downturn. Companies which increase or maintain their promotional spending will lead to an increase in their market share and sales income. In contrast, firms that decrease their promotional spending during economic crisis are likely to perform weak during and after the economic crisis (Kim, 1992; Quelch, 2008). Majority of firms reduce their marketing budget including the promotion spending, which provides an opportunity for other firms to compete in the marketplace. Adaptation to a new consumer behaviour shift could be by spending more on promotional techniques so the customers allocate the value of the products immediately after they see it (Köksal and Özgül, 2007).

Social media is a powerful source for building customer relationships and brand image. Most businesses use social media for promoting their brand and for maintaining relationships with their existing customers (Saravanakumar and Lakshmi, 2012). It is not just important to have an account on Twitter and Facebook, there are other effective promotional platforms for marketers. Businesses more often now use Instagram to promote their products and reach potential customers (Tekulve and Kelly, 2013; Bevins, 2014). Instagram is different from other social media channels as it uses a visual strategy where a picture speaks a thousand words (Silva et al., 2013; Hird, 2013). This platform is an effective way for saving cost for promotional strategy. Each image of the product can be filtered and edited with the use of functions and effects (Herman, 2014). Instagram provides a function known as hash tags, which shows all the photos and videos that are relevant to the business products and aids to search certain products and services. Social media also allows marketers to gain understanding about their consumer profiles and identify current customer trends. It also has an option to leave and receive comments of the photos that are posted to obtain feedback on products from the customers. Being active on social media is important to maintain relationships with the followers. Almost 43% of population in Kuwait engage in Instagram platform, with more than half (61.4%) of these users are being male (Napoleoncat, 2020).

RESEARCH METHODS
Qualitative research method is adapted in this study to meet the research objectives. The data is collected by interviewing business owners in Kuwait, more specifically restaurants and coffee shops that offer dine–in services to their customers. The sample approach used in this research is
purposive. The respondents were selected and approached by a researcher through the personal contacts. The size of the sample is 14 respondents. The interviews are semi-structured in nature and consist of open-ended questions that provide the opportunity for the in-depth discussion to understand the higher impact of Covid-19 on performance of the hospitality businesses in Kuwait. This type of interviews is based on a set of predetermined questions but allows diversion depending on the participants respondents. Thus, this approach can provide very rich and fruitful data, but need careful preparation to ensure the relevance and depth of questions. Semi-structured interviews allow the researchers to have a deeper understanding in the interview topic (DiCicco-Bloom and Crabtree, 2006; Turner, 2010). The research is underpinned by constructivism philosophical paradigm which is in line with qualitative research (Guba & Lincoln, 1994). Qualitative research is widely used in marketing research to identify consumer needs and define suitable marketing communication strategies. Ethnographic approach utilised in consumer behaviour research is naturalist enquiry (Belk et al., 1988; Lincoln & Guba, 1985). The interview duration was approximately 30 minutes. Consent forms were signed by the participants in advance of the interview to ensure the research followed the required ethical processes. The respondent’s details are available in the table 1 below.

The thematic analysis technique is used to analyse the collected data from the interviews. The purpose of choosing this specific method of analysis is that it is insightful and offers detailed findings (Nowell et al., 2017). The thematic analysis is different than any other analysis tools, it required the researchers to analyse the complicated data and translate it to convince the reader about the validity of the data (Braun & Clarke, 2006). Table 1 provides details on the respondents and their businesses.

Table 1: Interview Respondents Summary Profiles

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Industry</th>
<th>Employees Number</th>
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<tbody>
<tr>
<td>1</td>
<td>Restaurant</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>Restaurant</td>
<td>9</td>
</tr>
<tr>
<td>3</td>
<td>Coffee shop</td>
<td>Unknown</td>
</tr>
<tr>
<td>4</td>
<td>Restaurant</td>
<td>21</td>
</tr>
<tr>
<td>5</td>
<td>Restaurant</td>
<td>4</td>
</tr>
<tr>
<td>6</td>
<td>Coffee shop</td>
<td>5</td>
</tr>
<tr>
<td>7</td>
<td>Restaurant</td>
<td>36</td>
</tr>
<tr>
<td>8</td>
<td>Restaurant</td>
<td>15</td>
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</tbody>
</table>
FINDINGS AND DISCUSSION

In this research 7 restaurants and 7 coffee shops of Kuwait participated. All the restaurants and coffee shops selected for this research offered dine-in service before the pandemic. All the 14 of the participants were impacted during the pandemic of Covid-19 in Kuwait and experienced a significant decline in their sales, increased employee layoffs and lack of finances to pay bills and rent. All participants in this research implemented changes in their business activities, such as developed and introduced a new product, increased their spendings on promotional material and changed the place of offering their products. The participants had to reassess their business activities and to adapt a new strategy to overcome the crisis (Singh, 2012).

While introducing the themes, the researchers considered the literature review to support the themes. The themes introduced in this research are available in the table 2 below.

Table 2: Themes and Sub-Themes

<table>
<thead>
<tr>
<th>Themes</th>
<th>Sub-themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotions</td>
<td>Social Media during the pandemic</td>
</tr>
<tr>
<td>New products developments</td>
<td>DIY and products development</td>
</tr>
<tr>
<td>Price</td>
<td>Price Vs Quality</td>
</tr>
<tr>
<td>Place</td>
<td>From dine to deliveries</td>
</tr>
</tbody>
</table>

a. Usage of Social Media
During the pandemic, the promotional strategy for all participants changed due to a new market situation. The respondents shifted their main promotion to the social media platform. All participants used Instagram to communicate with their customers during the pandemic. Participants used Instagram advertising to increase brand awareness and to enhance the interactions during the pandemic. During the crisis, businesses can make use of social media interactions to optimize independently reaction to the changes that take place in the environment, such as consumers are required to isolate themselves at home and use their smartphones for making online purchases (Kantar, 2020). Businesses without any contactless characteristics and their existence online have suffered more during the pandemic (Kantar, 2020). Participant 1 stated: “During the partial curfew and total lockdown we believed that we needed to reach people at their homes and with Instagram Ads we could do that, and we saw increase in our followers on Instagram and people are more interactive”. Participant 2 also focused on increasing usage of their social media platforms such as Instagram and Snapchat. He and his team spent more time than before creating Instagram ads to increase the awareness of their brand online. In return, the participant 2 saw an increase in their followers and engagement with the audience on their Instagram account which led to the increased customer numbers after the lockdown.

Businesses that maintain their promotional budget during economic crisis will lead to increase market share (Quelch, 2008). Participant 3 saw a significant difference in people’s engagement through their Instagram page and increase in sales after the total lockdown removed. He believed that this was because of the promotional strategy he and his team implemented. Social media is essential for all the businesses today as customers evaluate options available on Instagram and Facebook.

One participant said: “focusing on my promotions channel during the pandemic saved my business.” The participant had free time and believed he needed to focus on his business’s social media content more. Before the pandemic, participant 13 was not using promotional channels, but during the pandemic the participant used this media platforms as a main strategy of promotions: “During the pandemic we realized the importance of social media and especially Instagram to reach out to our consumers and after we spend few K.D’s on Instagram Ads, we had 3000 new followers and strong interactions “. The participant hired a third-party marketing agency to develop the content of his business Instagram posts.

Followers are interested in online interaction between the users and organisation, therefore, being attentive to comments helps to improve the relationship with consumers. Most of the restaurants are making use of their Instagram accounts for promoting their products. Participants 8, 9, 10 and 11 also increased their presence on their social media platforms especially on Instagram. The participants focused on launching advertisement campaigns on Instagram by using Sponsors Ads service and during the lockdown they saw an increased interaction on their accounts which led to growing followership.
Participant 9 said: “Instagram is the primary online platform in Kuwait and people are more on their phones during the pandemic and we used Instagram Ads to reach them out”. People are isolating themselves at home more than ever thus companies should develop their online strategies to align with the new consumer behaviour (Wang et al., 2020). Participant 7 adopted another method during the pandemic and developed their promotion channel on social media which also intended to be more socially responsible. He stated: “Well, you are able to share your thoughts with your customers, we also focused on spreading positivity, but most importantly through the social media, we showed our customers how many precautions we have been taking to protect ourselves and everyone from this virus.”

The results in this research showed that spending more on promotion activities online will assist the SMEs during economic crisis in Kuwait and will increase the brand awareness, sales, market share and interaction on social media platforms. The effectiveness of Instagram Ads showed after the participants re-opened in the form of an increase in sales and brand awareness.

b. New product development
13 out of 14 participants modified existing product or even created a new one as a marketing innovation during the pandemic or created a new product due to pandemic. 13 out of 14 participants applied the idea of DIY (Do it yourself), which they believed is a more convenient method to deliver their products in the pandemic situation. All participants stated that it is necessary to work on product development to survive in this pandemic and align with the new consumer behaviour. “During the pandemic, we removed some of our items (products) that we think are in low demand and replaced it with new products and that strategy increased our cost, but it succeeded, and the new products were accepted in market after the partial curfew and lockdowns”.

Both participants 1 and 2 believed in new product development as a tool of survival during the Covid-19 pandemic. The 11 hours of partial curfew let some restaurants offer new products and services in order to adapt to the new external environment. According to Sheth (2020), social distancing and lockdown totally affected the consumer behaviour and firms need to understand these changes in order satisfy consumers. The restaurants in Kuwait closed their dine in areas, but they still want to reach out customers, hence, some of the restaurants and coffee shops developed an idea of DIY “Do-it-by-yourself”. The idea of DIY is offering the same product, but with a different presentation. The idea here is to let the consumer cook the food by him/her at home and enjoy it by offering all the required raw materials and instructions to complete the experience. Furthermore, the restaurants offering “Do it by yourself” are providing a whole new experience to the customers. The customers now can live the experience of cooking their own food from their favourite restaurants. When the restaurants and coffee shops forced to close their dine-in’s, they saw it was necessary to change one of their products by offering it in a different prospective that align with new environment.
Participant 3 stated: “From day 1 of the pandemic we focused on developing our products to suit the new consumer behaviour or even create a new one.” Participant 3 developed the idea of DIY like all the other 12 owners and believed that to be the best method to reach out to the consumer during the partial curfew while people cannot visit the restaurants and coffee shops. By this strategy participant 3 offered a whole new experience for consumers by understanding their new habits and circumstances during the pandemic. People’s behaviour changes during any economic crisis and firms need to work on marketing innovations to stay competitive and achieve customer satisfaction (Medrano and Olarte-Pascual, 2016; Naidoo, 2016). Participant 7 stated: “Offering DIY is not just offering our products in a different way, but also we are providing the experience and the rituals of creating our products at home”. Businesses also created new products that have been added to their menu. Participant 10 stated: “After we offered DIY as a solution in the current market situation, we also re-evaluated our products on the menu, and we introduced a new item.”

Participant 5 saw the opportunity to improve the quality of their offering: “During the pandemic I noticed that we need to improve our product quality and we need to develop it. So, we changed our raw material for our signature product on menu and after we reopened in May our sales increased and specially our signature products and that because we developed it”. Moreover, participant 13 agreed that it was necessary to offer a new product during the pandemic: “We believed to diversify more in our products on menu and we offer coffees and pastries and after we saw the consumers staying at home, we offered coffee capsules and coffee machines because we know people are not able to drink their coffee at our place”.

The results extracted from the responses have shown that new product development plays an integral role in helping businesses to overcome a difficult situation. Most of the restaurant owners initiated the practice of ‘do it yourself’ by introducing a new product that will gather all the members of a family to cook a meal together. This initiative introduced a sense of belongingness towards home and family in people and they would want to share such activities that will help stick together during this pandemic.

c. Price

Most of the participants believed in keeping the prices same as before and all that because of taking in consideration of the new consumer behaviour and their low purchasing power. Only 2 out of 14 set a new pricing strategy during the time. Participant 8 re-evaluated their pricing strategies and the new strategy was aligned with new consumer behaviour: “The pricing strategy re-evaluated with low prices because we offer raw materials, but the portion was higher, so we made profit from that”. They lower prices for the products during the pandemic because participant 8 did the “DIY” and that cost them less which reduced the product prices. Participant 8 also kept the quality the same with reducing the price. They focused on offering the value more than anything else through their “DIY” products. The consumer during economic crisis should focus on the value in the product (Reed & Crawford, 2014). Participant 14 agreed with participant 8 in re-evaluating their prices during the pandemic and set a new reasonable price that fits the new consumer
Participant 14 did the opposite strategy pricing to participant 8 and increased the prices in keeping the quality at the same level. The participant focused on increasing the value through their products especially their signature products. The participant before the pandemic was selling only coffee and pastries. During the pandemic they changed their selling strategy and started offering packages with more quantity of the product. Participant 14 asserted: “We focused on adding value to our products by increasing the quantity. We implement the strategy of selling our products as a whole package and one package will include more quantity of the purchased product. Meanwhile, we increased the price reasonably”.

**d. Place**

All the participants in this research went through the same pandemic partial curfew, lockdown and then going back to the partial curfew. During the interviews 13 out of 14 participants mentioned that dine-in was their core offer and they could not offer that during the lockdown. Due to the partial curfew and lockdowns, the businesses with dine in started to develop their strategy to adapt to the new consumer behaviour and to re-evaluate their supply chains. All participants offered dine in and with partial curfew that happened in Kuwait they used deliveries to maintain their presence in the market and in the minds of the consumers. Participant 5 stated: “During the pandemic situation, we focused more on taking orders online or through phone calls and delivered the food to the customers by following the standard operating procedures during the pandemic.”

During the pandemic the ability to sell face to face has minimized in Kuwait to practice social distancing. The restaurants and coffee shops have changed their place to products from in-store to order online for deliveries. Businesses later started to reopen with the relaxation in the lockdowns, but according to the responses of the participants they will continue to operate online as well even after the pandemic is over to meet the demand of the consumers. Respondent 6 mentioned: “We never knew food deliveries are not a difficult channel to manage, hence, for the ease of the customers, we will continue both dine-in with social distancing and deliveries.” Participant 10 stated that “This online ordering and deliveries in the coming future can take a whole new form, where digital transactions will enhance as well as click and collect will be offered to the customers. This fast process will benefit the customers and will also increase frequency of shopping.”

It is evident from the responses of the participants that offering deliveries to their customers helped them overcome the lost. This pandemic has taught hospitality sector representatives to consider options that they were not using before. Businesses might have to change their place of selling and this inclusion of a different selling option can add to their revenues and increase their customer base in the future.

**CONCLUSIONS**

Research findings have shown agreement towards social media, particularly Instagram being a valuable promotional strategy for the businesses across hospitality sector. Using social media, the companies observed positive changes in their sales and were prevented from closing during the
challenging times. New product development and the idea of DIY service was used by the businesses as an innovative strategy which aligned it with the new consumer behaviour trends. These tactics demonstrated a proactive nature of smaller businesses in Kuwait and the ability to adapt to the external environmental factors such as pandemic and closure of the face-to-face services.

The results of the research have shown that Instagram turned out to be a suitable solution for all the participants in creating ads and reach out for more customers in Kuwait. The participants saw the differences of increasing in their followers’ number and interactions on their Instagram accounts which led to more new customers visiting the dine in services after the lockdown. The promotional strategies that businesses used during this time were successful in cross over the pandemic and they will still use it in the future after they observed the effectiveness of the social media communication.

This research can aid the marketers and managers of businesses in Kuwait to improve their hospitality sector in engagement with their customers during the uncertain time. SMEs can learn from the results of this research and adopt innovative marketing solutions for survival. The findings show that it is important to maintain consistent approach in marketing communication with existing and new customers even during the crisis to retain them until the situation changes for better. Today, the use of power of social media should not be underestimated. This is particularly a case for smaller sized businesses to main their clientele. As there is still little literature exploring the SMEs in Kuwait, future research can shed the light on the role and impact of smaller businesses for the Kuwaiti economy. Several factors should be investigated such as the financial damages on businesses, the government intervention and the employee’s status after the pandemic. Cross-cultural approach can also be taken in further research to understand the differences between the business operations in Kuwait and neighbouring countries.

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