

## **Navigating Unprecedented Challenges: The Grand Hotel des Bains Kempinski St. Moritz's Response to the COVID-19 Pandemic**

Olga Novitskaya

ORCID: 0000-0001-9057-1795

PhD in Economics and Social Sciences, Founder and Managing Director of Swiss consulting company URPEAK, Affiliate Member and Tourism Management Expert of UNWTO (Switzerland)

[olga.novitskaya@urpeak.ch](mailto:olga.novitskaya@urpeak.ch)

Novitskaya, O. (2023). Navigating Unprecedented Challenges: The Grand Hotel des Bains Kempinski St. Moritz's Response to the COVID-19 Pandemic  
Sportculturalonline scientific journal, Issue 1 p. 40-46: <https://sportculturalonline/2023/11/28/>

### **Abstract:**

*This case study explores the strategic response of the Grand Hotel des Bains Kempinski St. Moritz, a renowned five-star luxury hotel in the Swiss Alps, to the challenges posed by the COVID-19 pandemic. Examining the hotel's experiences from the initial impact in February 2020 to the ongoing adaptations, this study sheds light on the critical decisions, safety measures, and operational adjustments undertaken during an unprecedented global crisis.*

**Key words:** COVID-19 pandemic, Crisis management, Safety measures, Hospitality industry, Resilience, Marketing strategies, Employee management

### **Introduction:**

While the COVID-19 pandemic may be behind us and fading from memory, it is imperative to document the lessons learned from this crisis to enhance preparedness for future pandemics. Despite the devastating impact of the recent pandemic, certain aspects of business management can be highlighted to empower companies to transform challenges into opportunities and thrive in crisis environments. To illustrate this, the following case study is presented in this article.

Furthermore, the successful implementation of safety and hygiene measures has not only enhanced the reputation of individual businesses but has also contributed to an improved image of entire countries as safe destinations. This, in turn, has led to a substantial restoration of international tourist arrivals and a surge in domestic tourism. While initially triggered by a crisis, these achievements have had a lasting positive effect.

### **Hotel overview:**

The Grand Hotel des Bains Kempinski St. Moritz stands as an iconic five-star luxury retreat nestled in the picturesque Swiss Alps, offering a captivating mountain backdrop. Boasting 184 inviting rooms, 29 luxurious residences, a sprawling 2,800 m<sup>2</sup> SPA area, and an array of culinary delights, including the prestigious two Michelin Star Restaurant Cà d'Oro, the hotel has meticulously crafted Kempinski White Glove Services to ensure a health-conscious and secure environment for both esteemed guests and dedicated staff. The hotel is open to welcome guests for eight months each year, operating from June to September during the summer and December to April throughout the winter season.

Approximately 60% of the hotel's clientele comprises international guests. In the summer, visitors predominantly hail from the U.S., Asia, the Middle East, Italy, and Germany, while the winter season attracts guests from various European countries, the UK, and Russia. The addition of a robust local Swiss German market contributes to a regular hotel occupancy rate of up to 65% during the summer and 80% during the winter.

### **Leadership and Crisis Management:**

At the helm of this distinguished establishment is General Manager Mr. Konstantin Zeuke, a seasoned professional with a Kempinski tenure since 1998. Having managed Kempinski properties worldwide, Mr. Zeuke draws on his rich international experience, navigating through crises such as the 9/11 terrorist attacks in 2001 and the 2008 bank crisis. However, the unprecedented challenges posed by the COVID-19 pandemic required a unique approach. Mr. Zeuke attributes the hotel's success during the pandemic to the collaborative efforts and timely responses of the hotel management team, support from the Kempinski hotel management group, and the invaluable assistance from the Grisons cantonal government. Key to this success, according to Mr. Zeuke, was the ability to make rapid decisions and take immediate action without hesitation. Reflecting on the decision to close the hotel, he notes that swift action was taken the day after the ski lifts were closed, ensuring a prompt and thorough closure within a few days. The subsequent reopening involved meticulous analysis, preparation, and timely execution, ultimately preventing any financial losses for the hotel.

### **Operational Adaptations and Safety Measures:**

In February 2020, the hotel was fully booked. However, by the end of February, almost all reservations had been cancelled due to the announcement of the developing COVID-19 pandemic. Ski lifts ceased operation, restaurants closed, and travel came to a halt. Consequently, the hotel made the decision to close in March, just a few weeks prior to the end of the crucial winter season.

The Kempinski global hotel management group had encountered the onset of the COVID-19 pandemic in China, and the lessons learned there were compiled into a comprehensive internal document. This document outlined safety measures, service quality standards, and procedures for immediate adoption at its international locations. The management of the Grand Hotel des Bains Kempinski St. Moritz gained confidence from this comprehensive guidance, leading to the decision to reopen for the 2020 summer season.

These world-class service standards, coupled with COVID-19 hygiene and safety measures regularly updated by regional headquarters in line with national and regional rules and regulations, provided standardized guidance to its hotels. The local hotel management was tasked with implementing these measures while upholding the convenience and quality of service at the high level expected by their discerning guests.

To implement these new measures before the hotel's reopening for the 2020 summer season, online crisis meetings were organized for hotel personnel. Follow-up meetings ensured that the new measures were thoroughly reviewed with every single employee. Intensive employee training took place, with a particular focus on the housekeeping department. Employees readily embraced the new requirements, already being quite sensitive to the pandemic situation from their own daily life experiences. Managers and supervisors consistently monitored compliance and strict adherence to the rules by every employee.

For hotel guests, numerous messages communicating new hygiene and safety measures were delivered at different stages of their engagement with the hotel. These messages were initially published on the hotel website to inform guests during the booking process and reassure them of the safety of staying at the hotel during the pandemic. Upon arrival, another message outlined the safety rules and regulations at the hotel. The majority of guests willingly accepted these rules, appreciating the safe environment guaranteed by them.

For the 2020 summer season, which normally starts in June, the hotel was obliged to postpone its opening for a few weeks due to the persisting international travel restrictions. Nonetheless, the 2020 summer season turned out to be very successful, thanks to guests coming from Switzerland and neighbouring countries like Germany and Italy. The percentage of the domestic Swiss market increased from 40% to 60% during this period.

Despite the ruling generally prohibiting events and public gatherings during the pandemic, the Kempinski St. Moritz hotel was able to host a classic car event. This was possible because, during the event, participants were sitting in their own cars and following all COVID-19 distancing and mask restrictions. The St. Moritz municipality and the Grisons cantonal authorities assisted by providing guidelines on how to manage this event.

In December 2020, the hotel opened for the winter season with all the restrictions and safety measures in place to provide a secure environment. The hotel management had decided to limit the occupancy of the hotel during the winter season to 60% to comply with COVID-19 social distancing requirements and provide sufficient comfort and services for the guests under the restrictive pandemic circumstances.

Even though all events usually scheduled for the beginning of the winter season had to be cancelled, the numerous returning loyal guests were able to compensate for this loss. Also, because Switzerland was the only country in Europe that didn't close ski lifts during the 2020-2021 winter season, many people were attracted to functional ski resorts like St. Moritz, and bookings were encouraging. All outside restaurants were closed or offering only takeaway services, obliging hotel guests to have their meals in their own hotels, which reinforced revenues from the hotel restaurants.

### **Public Relations Impact:**

All hotel employees were tested for the coronavirus twice a week, and this frequent testing allowed for the early detection of an outbreak of the South African variant among hotel employees, leading to the hotel being obliged to close in the middle of January 2021.

Upon detecting the coronavirus infection among employees, all guests were promptly informed and immediately isolated in their rooms for a quarantine period of 24 hours. With guidance from the canton, a crisis management meeting was organized, and a task force team was created to manage the situation. Guests were informed that they must all undergo a PCR test, and they could be released if the results were negative. During this quarantine period, the hotel provided room service to every guest free of charge. Fortunately, none of the hotel guests tested positive for the coronavirus, so they were all allowed to leave the hotel, which was then completely closed for two weeks. The feedback from these guests was very positive because the entire situation was managed with care and in a highly professional manner. Employees who tested positive and had to be isolated received full support from the hotel during their quarantine period, with colleagues assisting them with food shopping and delivering any required medications.

This story was published in many Swiss newspapers and ironically played a significant role in building an image of the safest hotel in Switzerland. This unintentional publicity attracted the attention of potential clients and eventually brought an even higher number of guests.

Unlike many other luxury hotels that were forced to close for quarantine and did not reopen, the Kempinski St. Moritz decided to reopen. Most of those guests who were locked in their hotel rooms for 24 hours and had to depart after testing immediately returned upon the reopening of the hotel. The virus outbreak among employees had alarmed the hotel management and pushed them to implement even more stringent safety measures. At the reopening, every guest had to provide a negative PCR test certificate, be vaccinated, or show proof of recovery from coronavirus. There was no resistance or any complaints from the guests, and they clearly appreciated the increased safety measures, gaining more confidence in the hotel knowing that every guest and employee was checked for the coronavirus.

### **Enhanced Safety Measures and Hygiene Standards:**

In a 5-star luxury hotel, hygiene standards are already at a high level, but during the COVID-19 pandemic, intensified training of the staff took hygiene to a higher level at the Kempinski St. Moritz. Cutlery was polished more often, and after every guest visit, both lounges, the saunas, and other areas were systematically cleaned and disinfected. The hotel provided masks to guests, equipped every employee with a set of masks for the day, and hand sanitizer dispensers were available throughout the hotel. For valet parking, guest cars were fully disinfected after each use by a hotel employee. Guest luggage was also disinfected after delivery by an employee to the guest room on arrival or to the guest car at departure. None of the traditional services where employees touched guest possessions were abolished to ensure that the luxury service environment was maintained, with just a strict disinfection policy being implemented. The only exception was room service, which was delivered to the door for guests to take the chariot into their room themselves, unless a guest specifically required being served in the room by a hotel employee; however, most guests accepted this safety measure. Also, guests had the choice of suspending housekeeping services and having no hotel personnel enter their room during their stay; however, most guests elected to continue having their room cleaned twice a day as during normal times.

To enter the Spa area, a reservation was required to reduce the total number of guests to only 35. Also, for the restaurant, a reservation was required, and two seatings were arranged that shifted the overall time of the restaurant service to earlier hours. It was now open from 6 pm instead of 7 pm and had to be closed at 10 pm, with the second seating starting at 8 pm. Seating at the restaurant was limited to 4 people per table, and in any case of disobedience, guests were asked to leave the hotel. In accordance with government regulations, the hotel did not accept any external visitors to its restaurants, allowing only registered guests to dine there. There were naturally a few guests who complained about the restrictions; however, the hotel had clearly communicated all enforced measures multiple times to guests prior to their arrival and during their check-in, so the vast majority of them did not have any negative comments. Guests had no other options to dine, because all of the restaurants outside their hotel were closed during the pandemic.

The hotel buffet breakfast, always known as one of the best in Europe, required a different approach during the pandemic. Hand sanitizer dispensers were provided at every strategic location, and guests were required to wear a mask and gloves while taking food from the common service area where the buffet tables were protected by plexiglass shields. The option to be fully served at the table or to use the self-service buffet was offered to every guest, but

all drinks were served at the tables. The chef cooked eggs to order, but portions of cold items like cheese and meats were packaged separately for individual use. Thanks to the reduced density of 60% occupancy, the buffet services were able to be managed in compliance with all COVID-19 safety measures.

In addition to the shielded buffet tables, plexiglass protective shields were placed wherever close interaction between guests and employees was necessary, including the main and Spa receptions and other service areas. These pandemic-oriented safety measures turned out to be quite useful and will be kept in place permanently.

### **Marketing Strategies and Financial Considerations:**

Marketing efforts by the hotel were actually reduced during the COVID-19 pandemic because events were not allowed, and regular guest reservations were coming through established channels that did not require additional push. Many returning loyal guests, who usually stayed at the hotel only during the winter season, also came to the hotel during the summer because their preferred summer destinations like St. Tropez or Sardinia were all closed. The only thing done differently is that the hotel provided virtual tours to its top agents worldwide via social media and conference calls. The hotel also shared videos online showing how different meals and cocktails were prepared. Despite the pandemic, in February 2021, The Cà d'Oro restaurant won a second Michelin star. This achievement was widely announced on social media. Various cooking classes by the restaurant's head chef were also eventually offered virtually.

The hotel experienced a significant uptake in the Eastern European market, with guests from countries such as Poland, the Czech Republic, and Slovakia during the pandemic. These new markets expanded the hotel's geographical coverage, bringing in new business effortlessly.

To partially compensate for limited room availability due to the 60% occupancy rate limitation, the hotel adjusted its pricing slightly during the pandemic period. Most reservations were made last minute, leading the hotel to completely rethink its planning process. For instance, during the winter season, only about 30% of the rooms were sometimes reserved at the beginning of the week, but by Friday, all available rooms were fully booked for the weekend. This was a departure from the pre-pandemic situation, highlighting the challenges people faced in planning vacations in advance due to the uncertainty stemming from constantly changing travel regulations.

Regarding hotel employees, during the winter season, the hotel managed to retain all employees under contract, thanks to financial support from the Swiss government. About 20% of its employees were placed on 100% paid leave until their contract expiration. In the 2020 summer season, there were approximately 25% fewer employees than before the pandemic. Looking ahead to the upcoming 2021 summer season, the hotel plans to have only about 10% fewer employees compared to pre-pandemic times.

### **Conclusion:**

The Grand Hotel des Bains Kempinski St. Moritz's response to the COVID-19 pandemic provides a comprehensive case study for the hospitality industry. From crisis management and safety protocols to marketing strategies and employee retention, the hotel's experiences offer valuable insights into navigating unprecedented challenges and maintaining operational resilience in the face of a global crisis.

## Teaching Notes:

### 1. Crisis Management and Decision Making

- a) Discuss the global impact of the COVID-19 pandemic on the hospitality industry.
- b) Analyse the timeline of critical decisions made by the hotel management, including the decision to close and reopen.

#### References:

- Garsoy, D., & Chi, C. G. (2020). Effects of COVID-19 pandemic on hospitality industry: review of the current situations and a research agenda. *Journal of Hospitality Marketing & Management*, 29(5), 527-529.
- Fowler, D. S. (2022) Impact of COVID-19 on the global hospitality industry: a brief review of current academic literature and meta-analysis to determine primary qualitative themes. *Research in Hospitality Management*, 12(1), 29-34,
- Dube, K., Nhamo, G., & Chikodzi, D. (2021). COVID-19 cripples global restaurant and hospitality industry. *Current Issues in Tourism*, 24(11), 1487-1490.
- Faulkner, B. (2001). Towards a framework for tourism disaster management. *Tourism Management*, 22(2), 135-147.
- O'Neill, M., & Davis, J. (2020). The COVID-19 pandemic: Considerations for the impact on tourism. *Tourism Geographies*, 22(3), 567-577.
- Lai, I. K. W., & Wong, J. W. C. (2020). Comparing crisis management practices in the hotel industry between initial and pandemic stages of COVID-19. *International Journal of Contemporary Hospitality Management*, 32(10), 3135-3156.

### 2. Operational Adaptation and Safety Measures

- a) Explore the safety measures implemented by the hotel, considering global guidelines and the Kempinski hotel management group's recommendations.
- b) Discuss the challenges faced in maintaining service quality while ensuring guest and employee safety.

#### References:

- Bonfanti, A., Vigolo, V., & Yfantidou, G. (2021). The impact of the Covid-19 pandemic on customer experience design: The hotel managers' perspective. *International Journal of Hospitality Management*, 94, 102871.
- Xie, C., Zhang, J., Chen, Y., & Morrison, A. M. (2023). The effect of hotel employee resilience during COVID-19: The moderation role of perceived risk and challenge stressors. *Tourism Management Perspectives*, 46, 101087.
- Rabiul, M. K., Promsivapallop, P., Al Karim, R., Islam, M. A., & Patwary, A. K. (2022). Fostering quality customer service during Covid-19: The role of managers' oral language, employee work engagement, and employee resilience. *Journal of Hospitality and Tourism Management*, 53, 50-60.
- Berry, L. L., Danaher, T. S., Aksoy, L., & Keiningham, T. L. (2020). Service safety in the pandemic age. *Journal of Service Research*, 23(4), 391-395.

### 3. Marketing and Communication Strategies

- a) Evaluate the effectiveness of the hotel's marketing efforts during the pandemic.
- b) Discuss the role of communication in reassuring guests and maintaining the hotel's reputation.

#### References:

- Hughes, H. L. (2020). Responding to COVID-19: A strategic framework for hoteliers and hospitality leaders. *The Cornell Center for Hospitality Research*.
- Nilashi, M., Abumalloh, R. A., Minaei-Bidgoli, B., Zogaan, W. A., Alhargan, A., Mohd, S., ... & Samad, S. (2022). Revealing travellers' satisfaction during COVID-19 outbreak: moderating role of service quality. *Journal of Retailing and Consumer Services*, 64, 102783.
- Redjeki, F., Narimawati, U., & Priadana, S. (2021). Marketing strategies used by hospitality businesses in times of crisis of the COVID-19 pandemic: Case study. *ENDLESS: International Journal of Future Studies*, 4(1), 121-131.
- Shin, H., & Kang, J. (2020). Reducing perceived health risk to attract hotel customers in the COVID-19 pandemic era: Focused on technology innovation for social distancing and cleanliness. *International Journal of Hospitality Management*, 91, 102664.

#### 4. Financial Considerations and Pricing Strategies

- a) Analyse the hotel's pricing strategies and the impact of last-minute reservations on revenue.
- b) Discuss the challenges faced in planning and managing room availability.

##### References:

- Deyá-Tortella, B., Leoni, V., & Ramos, V. (2022). COVID-led consumption displacement: A longitudinal analysis of hotel booking patterns. *International Journal of Hospitality Management*, 107, 103343.
- Guizzardi, A., Ballestra, L. V., & D'Innocenzo, E. (2022). Hotel dynamic pricing, stochastic demand and covid-19. *Annals of Tourism Research*, 97, 103495.
- Kim, E. J., Kim, E. L., Kim, M., & Tanford, S. (2023). Post-Pandemic hotel cancellation policy: Situational cues as perceived risk triggers. *Journal of Hospitality and Tourism Management*, 55, 153-160.
- Jang, Y., Miao, L., & Chen, C. C. (2022). Pay now or pay later: The impact of time on payment preference in hotel booking. *Journal of Vacation Marketing*, 28(4), 439-454.
- Garrido-Moreno, A., Garcia-Morales, V. J., & Martin-Rojas, R. (2021). Going beyond the curve: Strategic measures to recover hotel activity in times of COVID-19. *International Journal of Hospitality Management*, 96, 102928.

#### 5. Employee Management and Retention

- a) Discuss the hotel's approach to retaining employees during different seasons.
- b) Analyze the impact of government support on workforce management.

##### References:

- Salem, I. E., Aideed, H., Alkathiri, N. A., & Ghazi, K. M. (2022). Retaining talented employees during COVID-19 pandemic: The leverage of hotel pandemic response strategies. *Tourism and Hospitality Research*, 14673584221141294.
- Salem, I. E., Elbaz, A. M., Elkhwesky, Z., & Ghazi, K. M. (2021). The COVID-19 pandemic: The mitigating role of government and hotel support of hotel employees in Egypt. *Tourism Management*, 85, 104305.
- Wu, L. F., Achyldurdyeva, J., Jou, W. P., Fong, W. T., & Jaw, B. S. (2021). Relief, recovery, and revitalization measures for tourism and hospitality industry during Covid-19 pandemic: case study from Taiwan. *Sage Open*, 11(3), 21582440211040805.
- Sanabria-Díaz, J. M., Aguiar-Quintana, T., & Araujo-Cabrera, Y. (2021). Public strategies to rescue the hospitality industry following the impact of COVID-19: A case study of the European Union. *International Journal of Hospitality Management*, 97, 102988.
- Mujtaba, B. G. (2022). Workplace Management Lessons on Employee Recruitment Challenges, Furloughs, and Layoffs during the Covid-19 Pandemic. *Journal of Human Resource and Sustainability Studies*, 10(1), 13-29.