



## Businesses' Coping with COVID-19 Pandemic Situation in Thailand

Krisda Tanchaisak<sup>a\*</sup> & Narat Wattanapanit<sup>b</sup>

<sup>a</sup> *Institution of International Studies, Ramkhamhaeng University, Bangkok, 10240 Thailand*

<sup>b</sup> *Foundation of Education Department, Ramkhamhaeng University, Bangkok, 10240 Thailand*

### Article info

#### Article history:

Received: 1 October 2021

Revised: 10 November 2021

Accepted: 19 November 2021

#### Keywords:

COVID-19, Thailand, Business strategy, Crisis management, Crisis communication

### Abstract

Corona-19 Virus Disease (COVID-19) pandemic has led to a negative outlook for Thai economy because of the deteriorating revenues and profitability of businesses and loss of income of individuals. The government has issued many containment measures against the situation. One of the most important measures was social distancing which prohibited gathering of people. This qualitative research utilized telephone interviews with 12 well-informed key informants about COVID-19 situation's effects on their and other businesses in Thailand. Strategies which businesses utilized to cope with the situation are presented and synthesized. The issues presented have contributed to accelerating the adjustment of businesses to correspond to the ongoing global trends. Results suggested that the situation had both positive and negative aspects. Covid-19 pandemic obstructed businesses on one hand but on the other hand led to new business models and improved efficiency. Businesses and personnel should learn and develop new skills continuously in order to function effectively in the new normal.

### Introduction

Corona Virus Disease (COVID-2019) pandemic has affected Thailand in every dimension tremendously. The pandemic has led to a negative outlook for Thailand because of the deteriorating revenues and profitability of businesses and loss of income of individuals. Traditionally, the Thai economy has relied heavily on the foreign economy. The export sector normally accounts for about 60% of total Gross Domestic Product (GDP) and tourism sector accounts for about 17% of total GDP (Chantapong & Tonghui, 2021). The country's lock down and social distancing measures against Covid-19 has a drastic impact upon both export and tourism sectors. Thailand's lock down in April 2020

brought income from tourism sector down nearly 100%, i.e., the vanishing of 17% of the GDP. Moreover, the pandemic caused a global economic slowdown resulting in Thai export value to lessen to 12.9% or another decrease of 7.74% of GDP. A large portion of Thailand's national revenue comes from the tourism sector, 17% of Thai GDP. With the outbreak of COVID-19, Thailand begun surveillance protocol for COVID-19 in January 2020, during which time the number of incoming tourists into Thailand showed no significant effect. Thaiwebsites.com (2020) reported that number of tourists traveling into Thailand was 3.810 million in January 2020, an increase of 2.46% from January 2019. The pandemic

\* Corresponding Author  
e-mail: [Krisda2009@yahoo.com](mailto:Krisda2009@yahoo.com)

started in China in December 2019 and the effect started to appear in February 2020. In February 2020, the number of tourists traveling into Thailand decreased to 2.062 million compared to 3.604 million in February 2019. Thailand closed down the border for international tourists in April 2020, only 200 incoming travelers were allowed per day, including Thais living abroad who wanted to return to Thailand. The result was that number of incoming visitors decreased from 10.795 million in the first quarter of 2019 to 6.691 million in the first quarter of 2020, a decrease of 38%. In March 2020 alone, Thailand lost 39.511 billion Baht as compared to income from tourists in March 2019 or an equivalent of 4.267 billion US Dollars which was a loss of approximately 0.84% of Thailand's GDP in just one month. In an attempt to revive businesses generated from international visitors, the Thai government allowed a limited number of visitors under the special tourist visa into Thailand in October 2020 but they had to be quarantined for 14 days. Phuket sandbox project was initiated on 1 July 2021 which waived the 14-day quarantine for vaccinated visitors and allowed them to travel within Phuket Island. Bank of Thailand (2021) reported the number of foreign tourists visiting Thailand decreased from 39.916 million in 2019 to 6.702 million in 2020. The real GDP was estimated to contract by 7.7% (Thailand Board of Investment, 2020).

### **Impact on domestic businesses**

Apart from reduced foreign revenues, domestic spending was also reduced. This resulted in an economic slowdown. The Thai government implemented several strategies to boost domestic spending by increasing the spending and injected 1.9 billion Baht, which is an equivalent of about 10% of GDP, into the economy but was still insufficient to cover the losses in export and tourism sectors. In addition, the number of businesses closing down increased by 20.4% during the first 10 weeks of 2020 (SCBTV Thailand, 2020a). Closing down of businesses negatively affected the cashflow of suppliers and customers. Meanwhile, Krungsri Bank Research (2020) estimated that 11.8 million workers, or 33.2% of total formal workers, faced pay cuts or even lost their jobs. The businesses that were highly affected comprised of amusement & recreation, restaurants, hotels, crop farming and fishery businesses. Permanent business shutdowns led to long-term unemployment. This resulted in further reduction of monetary circulation in the economy.

### **COVID-19 containment measure**

COVID-19 spreads through droplets or aerosols, airborne and surface touching (Webmd, 2021). Face-to-face contacts can transmit the spread of virus hence, the government urged plans to lessen face-to-face transactions. Among several COVID-19 containment measures, social distancing was the major measure against COVID-19. This measure prohibited gathering of people and asked people to keep distance among each other. The results were that various businesses were threatened such as public transportation, event organizers, restaurants and entertainment, and many other. Hospitality, real estate, oil and automobile industries were in trouble from less mobility and face-to-face contacts. Domestic travel was halted. When social distancing cannot be avoided people are required to wear facemask.

However, in spite of the downside, the Economic Intelligence section of Siam Commercial Bank suggested that the pandemic bestows opportunities to 3 groups of business: communication and information technology, retail, and food and drink industries (SCBTV Thailand, 2020b). The COVID-19 situation changed consumers' behavior perhaps permanently to a new normal. Shopping online increased and food delivery started to grow rapidly. SCBTV Thailand (2020b) reported that people bought more personal hygiene items such as rubber gloves, hand-wash alcohol (48% increase), health and nutrition (45% increase), household cleaning products (40% increase), online shopping (32% increase), home video streaming (42% increase), and food delivery (30% increase). The acceleration rate of technological deployment and adoption benefited internet networking, data center, data services, mobile apps, platforms and relevant businesses. The formerly troublesome e-commerce and logistic benefited from the crisis. Moreover, streaming business, for example, Netflix received much more attention and subscriptions. Online payment system was needed to support these transactions.

### **Crisis management**

The crisis brought about plethora of uncertainty. People were ill-informed either due to lack of access to information or information overload. The government declared a large variety of numbers such as the numbers of infected, numbers of vaccinated persons, numbers of cured, numbers of death, and so on and so forth which made it overwhelming and hard to interpret by many. Several parties gave information from their own

perspectives. Bits and pieces of information created a chaos of information. Rumors were spread throughout the country. Some information was partially true while others were misleading and some was completely false. Businesses had to manage through the pandemic crisis carefully. The aforementioned changes called for businesses to find appropriate methods to handle the situation.

In this regard, communication strategy to inform employees and customers are of the utmost importance. Effective communication about the crisis and the approaches to handle the crisis had to be devised carefully. The Arthur W. Page Center (2021) suggested crisis communication as the collection, processing, and dissemination of information in order to create a clear understanding among the people. The Arthur W. Page Center (2021) further suggested communication in three stages of crisis, i.e., pre-crisis, crisis response, and post-crisis management. Businesses has to monitor risks to anticipate possible crisis and prepare personnel to be ready to handle possible crisis. If crisis occurs, businesses should collect and process information of the crisis, make decision to manage the crisis, and disseminate messages to people involved. Once the crisis is over, businesses should assess the crisis management operation and make follow-up with relevant parties.

Businesses did not have the ability to prevent COVID-19 but were negatively affected. Hence, the important issue at hand was to respond to the situation. The Institute for Public Relations (2007) suggested quick, accurate, and consistent responses to communicate during the crisis. Businesses should convey the businesses' side of the story about the crisis to stakeholders. The effects of COVID-19 upon the business and consequences to stakeholders should be reported. Stakeholders would want to know the information relevant to them. Arpan & Roskos-Ewoldsen (2005) reported that businesses' quick responses to crisis create credibility for the businesses.

Zemke (2020) suggested businesses to carefully prepare effective communication in response to the crisis, assist the recovery from damages and restore the situation. During the crisis, Seitel (2020) suggested businesses to disseminate accurate and honest information rapidly and timely in order to handle the confusion and chaos occurred because people lack information regarding the situation and direction to follow. In the meantime, containment of the crisis should

be performed to keep the damage minimal. The dissemination of information has to consider relevancy of specific information and communication channel used for different groups

### Objectives

The objectives of this research were to:

1. elaborate the strategies which various businesses implemented in order to struggle during the situation
2. explore the negative and positive outcomes of the situation in the business executives' point-of-view, and
3. present the future outlook of businesses in Thailand.

### Conceptual framework

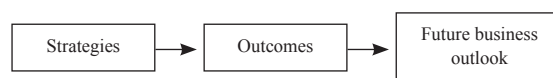


Figure 1 Conceptual framework

### Research methodology

The researcher performed in-depth interviews with executives working in various industries in Thailand. The key informants included one vice president of the Thai Chamber of Commerce, directors of two large manufacturers, directors of two large retailers, one director of the Thai Retailers Association, one owner of a large chain restaurant, vice presidents of three large education institutions, one former director of Thai Hotels Association, and one director of Thailand Convention and Exhibition Bureau (TCEB). Most key informants had access to important information regarding the business situation in Thailand. Some had branches in Bangkok and in provinces throughout the country. One of the two large manufacturers own factories, wholesale and retail outlets, and a few restaurant chains.

Semi-structured interview included questions related to the effects of COVID-19 to their organizations, the strategies they used to manage the situation, communication used during the situation, and the results from the strategies. All interviews were performed through telephone due to the social distance measure.

### Results and discussion

Data from the interviews were analyzed and synthesized. Important strategies could be grouped into operation, marketing and sales, finance, and

communication. The results were presented and discussed below. Four themes were elicited from the interviews: operational strategies, marketing and sales strategies, finance strategies, and communication strategies. These strategies are elaborated in the following section.

### **Business strategies**

#### **Operational strategies**

Most interviewees emphasized the effect of COVID-19 situation on businesses' operation. The majority of businesses grouped personnel into clusters and assigned alternate schedules for the clusters. Alternate days of week and alternate work week were scheduled for each cluster. Manufacturer grouped operation personnel into clusters and kept distance among the clusters. In case that a cluster was infected another would be safe. Those whose jobs could be performed from home were asked to work from home and take turns to come to the factory on certain days of the week.

Services which had to be delivered in person such as restaurant, event organizer, beauty salon, massage, fitness center and etc. found it difficult to find a solution. Some businesses could implement work-from-home strategy while some had to adapt and seek new approach to deliver services in order to survive. Service sector had to come up with ingenuity and creative solutions such as switching to sell products rather than relying mostly on service or offering exercise courses through online streaming. The director of TCEB informed that event organizers had to organize virtual or hybrid events. Webinar, live streaming, virtual exhibition, and online business matching were used. When face-to-face or on-site transactions had to be made, hygienic measures such as fever screening and limited number of people per space were employed.

The former director of Thai Hotels Association reported that profit centers of hotels were shifted from accommodation to non-room revenues such as fitness, spa, food, meeting space. Some had started to ask customers to check-in and out by themselves and offer contactless services. Some set up online kiosk at the hotel lobby. A hotel changed to be a hospitel to serve patients transferred from hospital to stay in the isolation program. New profit centers had to be created. Food and beverage business unit started food delivery as a new business.

In short, all operations were affected and obstructed but personnel learned to adjust and develop. They became more proficient in applying technology in their works. Hence, they became more efficient. Moreover, the

operations were more proactive. The situation made them collaborate with each other. When faced with danger, Thai people became more united.

### **Marketing and sales strategies**

Rawis (2021) suggested businesses to seek leverage from branding. Businesses should avoid emphasizing sales but switch to show empathy to consumers. Furthermore, businesses should associate themselves with positive events during the pandemic crisis. The informants reported that they performed marketing operations in the same manner they had done before but added an emphasize on online and new technology devices especially through mobile phone. Business models had to evolve to include both on-line and off-line systems. An informant suggested that "people who were reluctant to use on-line system started trial usages, however, the off-line or brick and mortar must also be available" and "a large group of customers still wanted good food and nice atmosphere to dine in".

Department stores were seeking methods to draw people to visit their stores. On-line channels were created and utilized in order to reach customers in their database and drew them to the establishments. Furthermore, they reported that sales from on-line mode were still much lower than in-store. Patrons still wanted to see and evaluate the physical products, especially those of high value, before their purchases. Several retailers in Thailand utilized delivery services which enabled customers to place order through their web page or social media and delivered products right to their houses. Some stores, especially those established in apartments or condominiums implemented membership strategy which involved the delivery of a stated amounts of products such as eggs, milk, and other staples to the customers on agreed upon dates either daily or periodically. Public transporters such as taxis and messengers were joining delivery businesses in order to deliver food or products rather than passengers.

In short, establishments were redesigned and new business models were created in order to materialize the services and products offered while on-line channel were utilized in order to draw attention of people and create real purchases. Both on-line and off-line channels had to be designed to create positive customer experience.

### **Finance strategies**

Five informants suggested about the financial issues which must be performed cautiously. Nowadays, a large part of their receivables and payables were settled online through either mobile banking or internet banking.

This made it much easier for them than sending messengers to collect cheques from customers and deposit cheques at the bank as they had done before. Although the utilization of technology lowered many costs, some informants suggested that many companies faced liquidity problem. Businesses should watch their liquidity closely. Expenses should be controlled through reduction of workforce and inventory. Accounts receivable and payable should be closely supervised.

#### **Communication strategies**

Most informants suggested they used existing communication channels as before with customers and staff. Internet communication such as e-newsletter, Facebook, Line, Zoom meeting, Google meet, and Microsoft team were utilized more often than before. Interactive channels should be created in order to allow customers to contact or share information with the businesses. Promises must be kept and informed immediately in case of any adjustment.

The management had communicated with the staff more than ever before. The information technology enabled them to contact each individual more effectively than in the past. The contents of internal communication were about COVID-19 situation, the vaccine injection, measures to take care of infected personnel or family members. All in all, the management felt the situation created more rapport between them and the staff. Individualized concerns could console the staff during the crisis.

#### **Negative and positive outcomes of COVID-19 situation on businesses**

All key informants agreed unanimously that the social distancing measure against COVID-19 affected their businesses like never before. The traditional mode of running a business was disrupted. The manufacturing operation as well as marketing and human resource management were obstructed and had to be modified. The informants asserted that business units had to be remodeled. Businesses must consider the new normal life styles both in term of work and consumer behavior thoroughly. New needs had to be assessed and the business model had to be modified in correspondence with new consumer behaviors. Businesses had to reach out to customers rather than pulling customers to their places. Operations were obstructed but market demands were still out there for products and services. The informants said they had to find ways to tap into these demands and draw them to their businesses.

The informants commented that the situation was

not completely negative. There were also some positive effects of COVID-19 pandemic situation. The social distancing measure provided an opportunity to enhance their operations. Customers and personnel were forced to adopt technology into their lives. The internet was utilized as the main communication channel. Modern technology brought about increased efficiency in their operations.

#### **Future business outlook**

Most key informants agreed that organizations were forced to adopt information technology and especially social media in the operations. This could be considered a technological disruption for many companies. One key informant inserted that “We tried to utilize and spent a lot of money on information technology long before the Covid but we were not as successful as of now.” Another key informant asserted that “Now the staff uses Line group for most communication and exchanging documents such as invoice, billing, and accounting papers” and that “receivable collections were made through bank mobile system”. Moreover, modern technology was utilized in order to reach the customers. Those companies which had not utilized advanced technology to their full potential were forced to use them. Because of the work-from-home measure and the closing down of gathering places, businesses had to operate through technology and consumers were forced to adopt and deployed the technologies. It should be noted that the pandemic did not create a new trend but sped up the ongoing global information technology trend. The adoption of technology was sped up. Earlier, companies deployed technologies at easygoing and at a slow rate.

In sum, the world is “sprinting into the future” as a result of the pandemic. It was considered a triggering event. In a way, it gave a hard assignment to businesses, on another, it shaped them up.

COVID-19 pandemic is a technological disruption event which, on one hand it disrupted many businesses and daily lives, on the other hand it demanded an adjustment and evolution into a new normal or new business model. Despite negative consequences of Covid-19, it provided an opportunity for businesses to move forward rapidly. The world is moving with the trend of aging society, urbanization, rising of middle-income group, and the technological disruption. COVID-19 is just another triggering event which fast-forward these trends. Businesses were forced by social distancing and other hygienic measures to speed up the

adoption of information technology. Most businesses focused on this opportunity and sped up the implementation of technological advancement into the operations, marketing and sales, accounting, finance, and all elements.

COVID -19 situation made businesses to really consider adjustments. Covid-19 did not alter the essence of doing business. It only called for the utilization of once reluctantly adopted measures. From this situation, businesses started to realize the importance of information technology. The world is turning into information age rapidly. Without the triggering event of COVID-19, it might take the world another decade to adopt these technologies.

Businesses and personnel should adopt and learn to utilize technology to their utmost benefits. Continuous learning should be promoted. Personnel should learn new skills and develop old skills in order to function well in the new normal.

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