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## Innovation in sphere of the hotel business

**Maliuga L.M.**

PhD (Econ.), Associate Professor,  
Associate Professor of the Department of Tourism,  
Hotel and Restaurant Affairs  
Uman National University of Horticulture

**Kozhukhivska R.B.**

PhD (Econ.), Associate Professor,  
Associate Professor of the Department of Tourism,  
Hotel and Restaurant Affairs  
Uman National University of Horticulture

The article was aimed to analyze the dynamics of development and innovation in the hospitality industry. Author established that innovation act as a stimulus for further development of the hotel business, allow companies not only to occupy leading positions in their respective market segments, but also meet international standards of hotel service. The need to introduce innovations in domestic hotel companies to reach more potential customers hotel-restaurant-sheet is grounded. Author did conclusions on the feasibility of using innovation as an important tool of development for hotel management companies on the basis of the study. The conclusions were made on the feasibility of using of innovations as an important of development tool for hotel management companies based on the research.

**Keywords:** innovation strategy, management of hotel, competitiveness, financial risk, process of service, long term strategy.

Малюга Л.М., Кожухівська Р.Б. ІННОВАЦІЇ У СФЕРІ ГОТЕЛЬНОГО БІЗНЕСУ

У статті проведено аналіз динаміки розвитку упровадження інновацій в індустрії гостинності. Авторами встановлено, що інновації виступають стимулом для подальшого розвитку готельного бізнесу, дають змогу підприємствам не тільки займати лідируючі позиції у відповідних сегментах ринку, але й відповідати міжнародним стандартам готельного обслуговування. Для досягнення більшої кількості потенційних клієнтів у готельно-ресторанному бізнесі обґрунтовано необхідність впровадження нововведень у вітчизняні готельні компанії. На основі дослідження авторами зроблено висновки про доцільність використання інновацій в системі управління готелями як важливого інструменту розвитку підприємств. На основі досліджень зроблено висновок про доцільність використання інновацій в системі управління готелями як важливого інструменту діяльності підприємств.

**Ключові слова:** інноваційна стратегія, готельний менеджмент, конкурентоспроможність, фінансовий ризик, процес обслуговування, довгострокова стратегія.

Малюга Л.М., Кожуховская Р.Б. ИННОВАЦИИ В СФЕРЕ ГОСТИНИЧНОГО БИЗНЕСА

В статье проведен анализ динамики развития внедрения инноваций в индустрию гостеприимства. Авторами установлено, что инновации выступают стимулом для дальнейшего развития гостиничного бизнеса, позволяют предприятиям не только занимать лидирующие позиции в соответствующих сегментах рынка, но и соответствовать международным стандартам гостиничного обслуживания. Для достижения большего количества потенциальных клиентов в гостинично-ресторанном бизнесе обоснована необходимость внедрения нововведений в отечественные гостиничные компании. На основе исследования авторами сделаны выводы о целесообразности использования инноваций в системе управления гостиницами как важного инструмента развития предприятий. На основе исследований сделан вывод о целесообразности использования инноваций в системе управления гостиницами как важного инструмента деятельности предприятий.

**Ключевые слова:** инновационная стратегия, гостиничный менеджмент, конкурентоспособность, финансовый риск, процесс обслуживания, долгосрочная стратегия.

**Introduction.** In modern conditions, the problems of finding investment, which can be based on the development of hotel business in accordance with international standards of hospitality,

have become especially important. However, the specifics of hotel companies in this regard, so far, have not been fully analyzed and investigated because economic theory has still offered

solutions to these problems, mainly for branches of material production. Hotel innovations continue to be considered only in a limited range of additional services, and their investment support remains beyond the scope of a comprehensive economic analysis.

**Literature review.** The economic essence of scientific and technological progress and its interconnection with business processes were studied by O. Bulko [1], K. Halasiuk [2], M. Denysenko [3], L. Mykhailova [3], J. Holloway [5], N. Taylor [5], R. Fatkhutdinov [6], A. Yakhter [7], J. Balmer [8], I. Thomson [8] and others.

**Aims and objectives.** The main objectives of the article are the analysis and dynamics of innovation development and its impact on hotel industry enterprises.

**Results.** Tourism is a complex socio-economic system, which includes a large number of elements. One of them is the highly profitable multisectoral industrial complex – the hotel and tourist industry.

Innovation is a leading distinctive feature of the modern economy and a powerful strategic and anti-crisis tool. Innovation in tourism – the system of organizational and economic, research, technological and other measures and their results, aimed at radical transformation and updating of the tourist product, the mechanism of its promotion and implementation in order to achieve economic, social, environmental or other effect [1, p. 138].

Hospitality is the basis of the tourism business as a type of economic activity. The introduction of innovations in the hotel business is economically profitable and effective if they bring the hotel additional revenues, provide competitive advantages on the market, increase market share, reduce costs, improve the process of service, increase the efficiency of work of separate units and hotel in general.

The success of entrepreneurship in many sectors of the economy directly depends on the speed of the transfer and exchange of information, on the timeliness of its receipt and relevance. This applies to any placement. The successful development of the hotel business involves widespread use of innovative technologies both in the area of introducing new hotel services and in their promotion to the market. It is the introduction of state-of-the-art technologies that becomes an inseparable condition for increasing the competitiveness of the hotel business and contributes to the improvement of the quality of service [2, p. 100]. Thanks to the introduction and combination of modern forms

of management, such as franchising and contract management, hotel companies were able to reduce costs in the process of entering the market, centrally manage financial resources, minimize current costs, and implement effective pricing policies. That is why the development of modern hotel business is characterized by the growing importance of international business, and the global economic division is divided into powerful blocs such as the European Union (EU), the North American Free Trade Agreement concluded between the United States and Mexico, and so on. The European Union has abolished national restrictions not only on trade, but also on the movement of labor and capital. Cooperation between all participating countries has a beneficial effect on their development [3, p.49].

When formulating a national tourism policy strategy, the national administrations of the overwhelming majority of countries take into account the forecast of world tourism developed by the World Tourism Organization (UNWTO), the largest intergovernmental organization, which is a specialized agency of the United Nations and has a membership of 153 countries. According to the UNWTO Tourism – Panorama 2020 survey, in the period 2014-2020, global tourist arrivals are projected to more than double [4].

In Ukraine, improvement of the hotel business infrastructure has been recognized as one of the priority directions of the development of the national economy. World hotel corporations are actively mastering the Ukrainian market. According to the prognosis of the State Committee for Tourism, in 2020 the inbound and outbound tourist flows in Ukraine will increase to 10%. In 2016 our country was visited by more than 28 million foreign travelers. Thus, the number of international arrivals in Ukraine in 2017 increased by 13% compared to 2016. However, only 2.5 million foreign tourists came to Ukraine with tourist destinations in 2016 [4].

In many cities of Ukraine during a last time modern hotels were opened. At present, hotels in Ukraine are being built in a number of cities, which will operate in accordance with international hotel service standards. Thus, new hotels are being built in Kharkiv, Dnipropetrovsk, Lviv, Zaporizhzhia, other cities of Ukraine and regions. In general, in Ukraine the annual growth of the domestic tourist flow has grown, which has caused a boom in the construction of small hotels, especially in resort regions, as well as an increase in the number of hotels in international hotel chains in Kyiv, Kharkiv and other

major cities of the country, and the creation of domestic hotel chains.

The volume of investment in hotel construction in the regions of Ukraine increased considerably both from the side of foreign and domestic investors [3, p. 114]. Particularly noteworthy is the development of the resort and tourist complex of the Odessa region. Due to this, worldwide popularity was gained not only in Odessa, but also in the entire Odessa region as a whole, which causes long-term business interest in the development of tourist infrastructure in the region and a guarantee that in a few years the Black Sea coast will become a developed world-class resort center.

At the present stage, the main tools for the formation of an efficient hotel complex management system are the use of advanced technologies (including the Internet), energy efficiency, adaptation to the demand of users, multifunctionality, flexibility, social and environmental responsibility, regulation of operating costs [5, p. 79]. The development of the Internet brings to the hotel and tourist business such benefits as cost reduction, efficiency gains, and easier access to consumers, even for small companies [6, p. 43]. E-marketing is developing especially fast [7, p. 133].

The latest innovation in the Internet is the development of social networks such as Facebook and MySpace. Now both hotel and tourist companies take part in them. In other words, effective hotel management involves the same accounting of economic, environmental and functional aspects, as well as investment, production costs and quality of processes along with comfort, health and needs. This approach of international developers and investors is called "the blue way".

The concept "The blue way", which appeared in Ukraine relatively recently, but is widely used by hotel business specialists, includes a set of measures for cost savings, efficient planning, service improvement, and reorientation in favor of environmental technologies [8, p. 16].

One of the most popular international tendencies of hotels of the class "business" and "luxury" is the attraction of business tourists by the presence of art objects. Hotel operators cooperate with leading galleries and museums, decorating halls, restaurants and rooms with art and antiques, offering their clients tickets for diverse exhibitions. For example, the hotel chain Radisson Blu Edwardian (London, England) collaborates with the Victoria and Albert Museum, offering customers a package that includes accommodation, breakfast and exhibition tick-

ets for the legendary musician David Bowie. The popular business hotel Crowne Plaza Canberra in Vienna offers tickets to exhibitions in the National Gallery of Australia. Siam Kempinski Hotel Bangkok in Thailand changes the exposition of paintings by local artists every three months. The Luxury Suite Hotel Alexander, opened in January 2013 in Indianapolis, USA, is marked by impressive paintings and installations provided by the Indianapolis Museum of Art. About 40 works of contemporary artists were exhibited in public spaces, 14 of them were given specially for the opening ceremony. Hotel complexes exhibit unique works by Andy Warhol, Salvador Dali and Pablo Picasso, as well as works by local artists. This practice is aimed to increase customer loyalty.

Also, the widespread worldwide practice of expanding premium hotel services is concentration on a narrow segment of clients to create the original hotel product. For example, the number of hotels Women only grows around the world. The first such hotel (Barbizon Hotel for Women) appeared in the early XX century in New York. This "only for women" hotel should have been perceived as a symbol of feminism. Since the 80's radical rules were relaxed, all the guests were able to stop at the hotel. Currently the hotel is listed in the National Register of Historic Places in the United States [9]. It should be noted that the reason cause of the creation of exclusively women's hotels – the idea of feminism – eventually gave way to a religious aspect, which is related to the rules of behavior of women in the Islamic world.

In the middle of the twentieth century in a number of hotels were special hotel floors for women. They exist now, for example, in Grange City Hotel (London), where 68 rooms equipped with all the necessary amenities, are exclusively for women. The Hampton Inn Hotel in Albany (USA) offers women, besides coffee with cookies, soft socks, a moisturizer, as well as a half hour massage on the massage chair. However, men on weekends can also book rooms on the "women's" floor. One of the most important women's requirements is the guarantee of absolute cleanliness and hygiene.

Studies have shown that for a large number of travelers it is important that only women lived, used plumbing and cleaned in such rooms. Taking this into account, at the Bella Sky Comwell Hotel in Copenhagen in May 2017 opened floor with apartments exclusively for women. Lady'sFirstHotel has decided on hygiene issues differently. Their hotel accepts all, however, the

SPA-salon is a territory allowed only to women. Hyatt Hotels Corporation having studied the thoughts and ideas of its clients among various categories of travelers, has begun changes in hotels, through which customers can receive services tailored to individual needs. Their research spanned more than 40 focus groups around the world. As women increasingly travel, Hyatt focused on creating conditions that take into account their particular interests and launched a special program through which you can rent or buy the necessary toilet and consumer items at the hotel. Despite the fact that new services are driven by the needs of women, all guests can take advantage of the innovations.

At domestic enterprises, this service was unclaimed due to the lack of reasonableness of proposals and the illiterate marketing policy of the hotel industry managers. The current market for hotel services is very dynamic, due to the need to constantly respond to emerging customer requests [10]. Business tourists, who need to take a room for only a few hours, became the basis for the emergence in the market of a new service – day-care hotels. Business people who come to another city, feel the need to put themselves in order before an important meeting or just relax after a long flight, and then leave the hotel. For more than ten years, this service is offered by hotels at airports, starting in 2010, such an idea has spread among city hotels. Daytime visitors are usually asked to leave until 18.00 or 19.00 in order to be able to prepare rooms for the evening arrival of the following visitors. At the same time from the visitor is taken not the hourly payment, and the fixed cost of the room per day.

There are special sites for the convenience of tourists who need a daytime rest in the hotel, such as the Belgian Between9and5, among which partners – hotel chains Radisson, Hyatt, Best Western, Marriott. They can book “accommodation” in the morning and until 7:00 pm, and prices depend on the hotel's capacity for a specific period and day.

A similar in essence, the French Dayuse-hotels, which collaborates with 400 hotels in nine countries, from Italy to the United States, and continuously expands the offer base. This portal may also offer hotel rooms for temporary offices or luggage storage.

Another option for short-term and budget settlements in large cities offers tourists capsular hotels, which consist of small-sized rooms. The space in these hotels is of two types: common and individual, and the mandatory requirement

is a large public space. A lobby, lounge, bar, sauna, and sometimes a swimming pool, exist specifically for communication. The capsule hotels are in Tokyo, Yokohama, Osaka, Gole, Sapporo. Japan's largest capsular hotel, Green Plaza Shinjuku, is located in Tokyo.

The Japanese idea of capsules in Europe has evolved from minimalist to designer. European capsule hotels are more like cabin of modern cruise liners. In this case, the capsule hotel is the direct competitor of hostels, which consist of multi-space rooms.

Great importance in the hotel business has the determining of the correct evaluation criteria in developing a pricing strategy. Thus, the development of budget hotels in the world is directly related to the development of low cost flights (Low Cost): low and middle class passengers have become potential tourists, which can be met only in two ways: to minimize the number of services or to reduce the number of rooms to the maximum. So, the owners of Yotel decided to create small, enclosed spacious cabins at European airports. There are currently 4 Yotel hotels in Gatwick (London), Heathrow (London), Schiphol (Amsterdam) and New York with rooms of 7-10 sq.m. They are equipped with a bed, desk, WiFi, TV and a small bathroom. Meals and drinks are available upon request [11].

Hotels with a specific concept and design should also include Bubble-hotels – hotel-ball, resembling a soap bubble. The basic idea of opening such a hotel is the desire of the designer to create a place for temporary rest. It is located in a picturesque spot on the outskirts of Paris and attracts tourists to a quiet and cozy location, allowing you to feel closer to nature. At the same time the hotel fully complies with all the accepted standards of traditional hotels, providing the residents with the necessary amenities and comfortable accommodation.

The design of the new hotel-ball is based on the following principles: minimum energy, minimum material, maximum comfort and maximum environmental impact. All these characteristics allow the hotel to claim the title of ecological hotel, based on the principles of careful attitude to nature and the rational use of its resources. The design of the hotel-ball does not have any corners and edges of rigidity. The shape of the ball is supported by air, which makes it possible to create a pleasant, comfortable humidity inside the ball. The most spacious collection model is CristalBubble and BubbleRoom, ideal for large family living.

The opening of new hotel facilities in Ukraine, including with the participation of foreign investors, testifies to the steady development of the hotel business. The leaders of the hotel industry are the cities: Kiev, Odessa, Lviv. In addition, the hotel industry is rapidly developing in the Transcarpathian, Ivano-Frankivsk, Kherson and Zaporizhzhya regions.

Thus, the number of hotel rooms is expected to increase due to the development of network operators in the cities of the country. At the same time, the most active operators planning to develop networks in Ukraine are Accor, Rezidor Hotels Group, Kempinski Hotels, Hilton Hotel Corporations.

The Hilton portfolio, if all the announced projects will be implemented, plans to increase the numbering room for 916 numbers, the French network Accor has the goal of bringing more than 2500 numbers to the market, and the American InterContinental Hotel Group – to increase its number room for 1000 rooms.

Such large-scale prospects lead to a significant change in the structure of international

operators in the Ukrainian market. The leader in 2020 is the French Accor network, which is projected to take 22% of the market versus 10% in 2017, shifting InterContinental Hotel Group from the first place [4; 11].

**Conclusions.** The development of the domestic market of hotel services reflects the main contemporary practice and world trends, such as: the introduction of innovative design solutions; improvement of service standards; the formation of a unique hotel product focused on the needs of a narrow segment of clients; development of the newest hotel services (day and capsule hotels); application of environmental principles, cost reduction, resource conservation, etc.

However, in some cases, Ukrainian enterprises of the hotel business lacks the resources and thoughtfulness of a marketing strategy to achieve effective management of the hotel business. Therefore, the research, adaptation and use of international experience of innovative hotel concepts are very relevant for the sphere of hotel services in Ukraine.

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