

## FORMATION OF ADAPTATION VECTORS OF HOTEL BUSINESS MANAGEMENT IN UKRAINE ON THE BASIS OF INTERNATIONAL EXPERIENCE



**Yulia Biriukova**

*Ph.D. Student, Department of Economics and Services,  
Kyiv National University of Technologies and Design,  
Kyiv, Ukraine*

**Abstract.** The article is devoted to the analysis and substantiation of the international experience of hotel business management for the improvement of the development management system of Ukrainian hotel enterprises. The formation of the algorithm for adapting the international experience of hotel business management should be based on the experience of the world's leading countries in the development of the hospitality industry.

The novelty of the approach is that by analyzing the foreign experience of hotel business management it is necessary to form vectors for the adaptation of advanced aspects in Ukraine.

**Keywords:** management system, hotel business, tourism business, tourism industry, hospitality industry.

### Introduction

Adaptation of the main aspects of the international experience of hotel business management should take into account the advantages, prospects, problems and shortcomings of the development of hotel enterprises, management system. To this end, it is advisable to study the differences in the development of hotel business in advanced countries, implemented tools to support the development of hotel business in various economic systems known in the international hotel market quality and quantity of hotel services, the dynamics of innovation and scientific and technological progress, demand transformations and proposals in the international hotel market, global processes and trends in economic development. Such an analysis will provide an opportunity to identify factors that have a positive and negative impact on the management of the international hotel business in foreign countries.

**Literature review.** The analysis of the means of supporting the development of the hotel business, the transformation of supply and demand in the international hotel and tourism markets, the development of innovations in the hotel and tourism spheres should be reflected in the developed guidelines for adapting international best practices. The above will, first of all, be interconnected with the problematic core situations regarding the progress of the domestic hotel market, taking into account the economic and political situation, the state of functioning and development of historical and cultural values, infrastructure, tourism sector and so on.

Adaptation of the main aspects of the international experience of hotel business management to the national environment is carried out by performing the functions of analysis and assessment of the state of hotel business management in Ukraine; identification of strengths and weaknesses in the hotel business in Ukraine; study of the potential of hotel business development in national conditions, formation of the final decision on the future development of hotel business in Ukraine.

**Research methodology.** The analysis of economic results was carried out on the basis of materials of monitoring of work of hotel enterprises and tourist organizations. Accordingly, the functional scheme of implementation and adaptation of the international experience of hotel business management in the national environment is formed (Fig. 1).

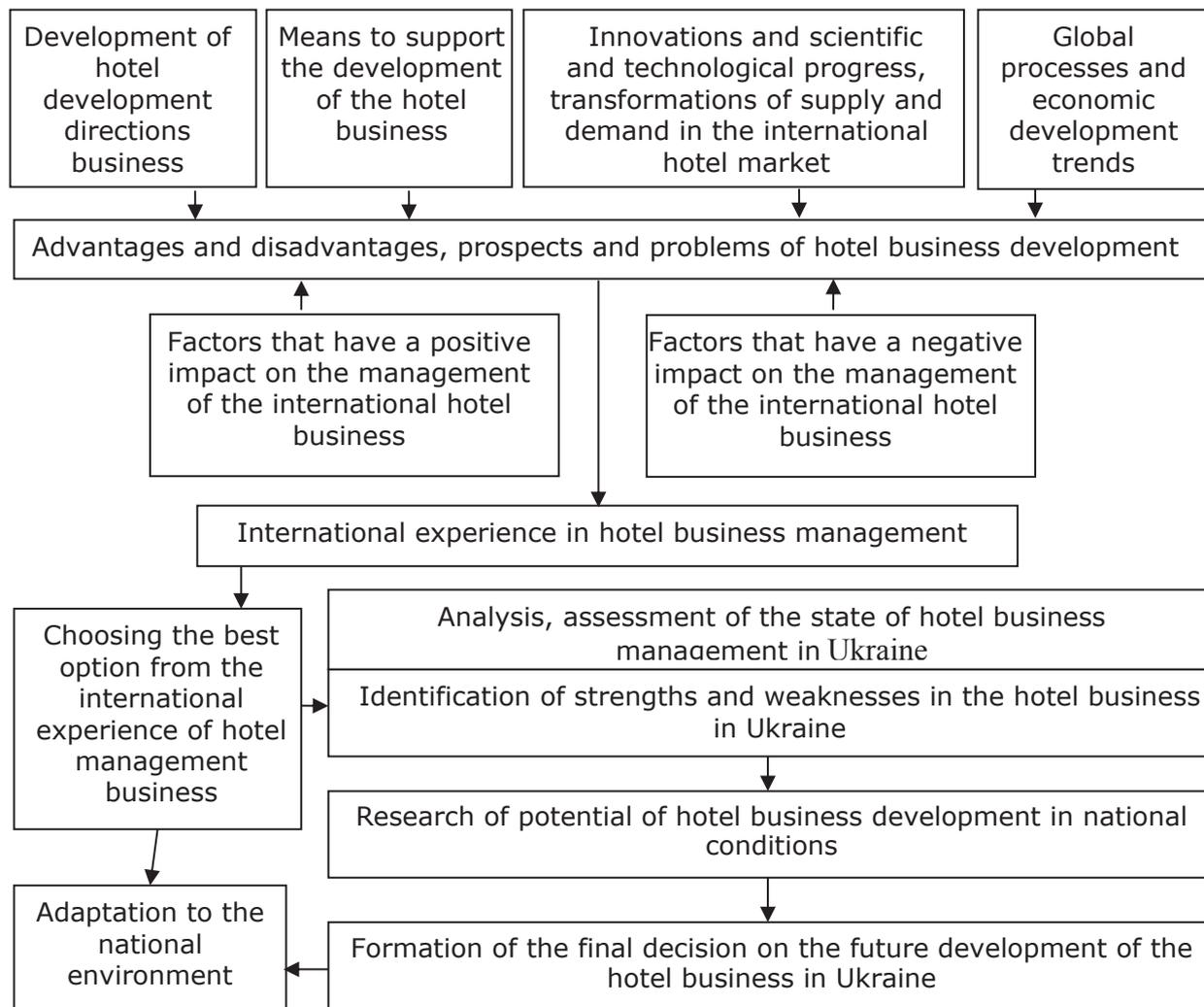


Figure 1. Functional scheme of presentation of implementation and adaptation of international experience of hotel business management

Source: developed by the author.

**Research results.** In the process of realization of the international experience of hotel business management in the national environment it is expedient to take into account the existing and perspective hotel potential of our state, all resources are involved in the hotel sphere. The implementation of certain means of supporting the development of the hotel business should be reflected in the pricing of hotel services, the state of competition in the market, the interaction of hotel business participants.

The hotel business is one of the most important components of the tourism industry and characterizes the real potential. Analyzing the international hotel business market, it is worth noting that the size of the global hotel industry market and the profitability of the sector have been steadily increasing until 2020. The global hotel business brought in about 400 to 500 billion US dollars annually, a third of this revenue came from the US (Statista.com, 2020).

The global hotel industry has undergone a large number of transformations, which are due to the growing demands, desires and changing needs of consumers of tourism products in the world. Due to increasing competitive conditions, all global hotel-type enterprises are looking for new opportunities to build their own potential.

Central and Eastern Europe was an attractive segment for the development of the hotel business. The growth of tourist flows in this direction has contributed to increasing the economic activity of hotels, attracting investment for the operation and development of the hotel industry. At the same time, the occupancy rate of hotels located in Eastern Europe tended to increase compared to other regions of Europe.

According to a study presented in the "Report on the Global Travel Economy", which involved 28.4 thousand respondents of average consumers and 10.3 thousand respondents of businessmen (business tourists), the needs of the target group of consumers, expectations from the hotel on average statistical tourist in the world, additional opportunities (Table 1).

Table 1.

**The importance of hotel services for different groups of consumers**

Types of objects	Consumer type and criterion value (% of the total number of respondents)	
	the average consumer	business tourist
Free Wi-Fi in the rooms	74	87
Free breakfast	60	67
Free shuttle / taxi	55	15
The ability of staff to speak the language of the guest	55	-
King Bed	55	59
Free parking	32	80
Restaurants in the hotel	26	-
Room service	21	58
Gym	-	17
Spa / beauty salon	12	4
Children's club	5	7

*Source: compiled on the basis of (UNWTO, 2016).*

The following are the most popular needs of hotel visitors and similar accommodation:

- Late check-out (young people (67% under the age of 29) insist more on this requirement than the older generation (53% over the age of 50);
- Breakfast in the hotel room (46% (mostly women and young people) would like to have breakfast in bed if breakfast is served free of charge in the room; only 35% of older hotel guests choose breakfast in the room);
- free luggage delivery to the room (45% of hotel guests (54% - women and about 37% - men) prefer this service);
- Early breakfast (this requirement is typical mainly for business travelers). Indicators of the efficiency of hotels and similar accommodation are presented in Table. 2. The use of these indicators makes it possible to conduct a comparative analysis of hotels in relation to competitors in the foreign market and within the hotel chain, which facilitates rapid decision-making by hotel management and response to market and economic changes.

Table 2.

**Indicators of efficiency of hotels and similar accommodation establishments**

Indicator	Treatment
RevPAR	Income from an available number or income per room
ADR	The average daily price (cost) of a hotel room
REV	Revenue from the sale of hotel rooms
OCC	Occupancy rate of the hotel
MPI	Index of hotel penetration into the market
GOPpar	Gross operating profit from one available number
ARR	Average price per room in the hotel (excluding taxes and breakfast)
RGI	Hotel profitability index
EBITDA	Profit before taxes, interest payments, depreciation deductions
ARI	Average tariff index

*Source: compiled on the basis of (Kapera, 2016; Wojnarowski, 2016).*

In the practice of Ukrainian hotels and similar accommodation facilities, these indicators are mostly not used, the management is not sufficiently aware of the specifics of their use. The reason is

the lack of a proper level of knowledge on the use of performance indicators, the presence of a small share of hotel chains and international hotels in our country.

According to the world experience, the most important indicators of the hotel's efficiency are the revenue from the available room (RevPAR), the average daily room price (ADR) and the occupancy rate (OCC). RevPAR is mostly calculated by multiplying the average daily price of a hotel room (ADR) by the occupancy rate. As a result of the coronavirus pandemic (COVID-19), the hotel industry was hit in 2020.

In May 2020, revenue from an available number (RevPAR) in Europe fell to \$ 11.35. US, and compared to the previous year, this figure decreased by 85.33 US dollars. RevPAR, created by European hotels, was about \$ 93.71. The United States on average in 2019. For comparison, the Asia-Pacific region formed the lowest RevPAR, which was approximately \$ 68 per room. In 2019, in Southern and Western Europe, the average daily room prices (ADR) were 125.25 and 119.64 dollars. The United States, respectively, making them the most expensive regions on the continent that year. Southern Europe also received the highest revenue per available space (RevPAR). Eastern Europe has the lowest ADR since 2011. The countries of Southern Europe have the largest number of hotel brands on the continent, in particular in Italy, Spain and Greece, the number of hotel brands has reached more than two hundred. The impact of the coronavirus on the hotel business is serious. Monthly hotel revenue per available room worldwide has fallen sharply in all regions, as have average daily rates and occupancy. If we consider the regional distribution of RevPAR worldwide, Europe had the highest revenue from the available number in 2018 and 2019. However, until these years, the Middle East and Africa had six years with the highest RevPAR levels. At the same time, the regional distribution of the average daily price per room worldwide showed that the Middle East and Africa had the highest average daily rates among all regions in the previous decade. Finally, the regional distribution of occupancy worldwide highlighted the fact that Europe has the highest occupancy rate among all regions in the last six years.

The global occupancy rate (the share of the total number of available rooms currently occupied or rented) of hotels in most of the world's tourist regions has increased over the past five years. In 2019, Europe was in first place with the highest occupancy rate (the share of the total number of available rooms that are occupied or rented for a certain period of time) hotels in the world, while occupancy was 72.2%. The Asia-Pacific region (Central and South Asia, Northeast Asia, Southeast Asia, Australia and Oceania) had the second largest hotel occupancy rate in 2019 – 69.3%. The Middle East and Africa are the most expensive regions for hotels with an average daily rate. The cheapest region in the last five years has been the Asia-Pacific region. The development of the world hotel market, hotel business should be represented by a system of determinants (Table 3): centralization of management, democratization, cooperation and integration of hotel business with other services, large-scale cooperation, globalization of hotel business, strengthening specialization, large-scale innovation.

Table 3.

#### A system of determinants for the development of the world hotel market

Nº	Determinants and their characteristics
1	centralization of management: a single center for booking and delivery of daily information to places of use, which allows to ensure a stable load of hotels and similar locations, the formation of quality hotel services, activation of all economic and operational institutions, continuous staff training, professional development, staff monitoring
2	cooperation and integration of the hotel business with other areas of service: catering (restaurant service), entertainment centers, territorial production and sports complexes to improve the process of providing hotel services and measures to unify the territory of institutions
3	democratization: hotels try to attract not only categories of the population with enough to provide hotel services, but also the middle and lower social strata of society. This shows the focus of hotels on a systematic approach to management and the mass load of the number of rooms
4	strengthening the specialization of hotels: serving categories of customers who have specific goals of arrival leads to the facilitation of marketing and hotel management (allows a clear treatment of a particular segment of the hotel market), to meet a range of needs for

	aggregate demand for hotel services (diversification within hotel segments) business)
5	large-scale cooperation, globalization of the hotel business: merging hotels into consortia, associations (mergers, acquisitions, establishing corporate ties of global hotel chains, including well-known brands) to optimize activities in today's competitive relations of foreign hotel business; expansion into foreign markets of hotel services
6	large-scale introduction of innovations and the latest information and communication technologies, "expert systems" in operational management, personnel management, formation of financial documentation, construction of a room reservation system, etc.

*Source: compiled on the basis of (Machalkyn, 2012, Andrzejewski, 2018).*

In world practice, several models of hotel business organization have been formed:

- Ritz model. The main focus of these hotels is on supporting European traditions of sophistication and aristocracy. Requires hotel-type enterprises significant investment in construction, image maintenance, promotion of hotel products. For a large number of medium and small enterprises of the hotel business, attracting large investments becomes an impossible task. This model is in crisis;

- K. Wilson's model, which focuses on great flexibility in combination with fairly high standards of service. Important requirements of the hotel chain include: unity of style (architecture, interior); speed of customer registration; availability of rooms provided for regular customers and a conference hall; buffet breakfast; flexible tariff system; unified management, marketing and communications service. More than 50% of hotel rooms in the world are controlled by hotel chains built on this model. Such chains fall under the control of one owner – the main holding;

- "Independent" hotel chains, where under a single brand unite hotels with homogeneous characteristics that meet certain standards and sets of services, regardless of location. Hotels-members of the chain pay contributions to a single fund, which is spent on joint advertising and marketing activities, promotion of the hotel product. At the same time, their financial, economic and managerial independence is fully preserved.

In Ukrainian realities, the second model is more likely to gain momentum because it is less costly, although somewhat less effective. At the same time, in practice there is a combination of different models, most hotel facilities are integrated. Thus, there are powerful hotel associations, consortia that combine hotels and fairly small hotel groups of various classes. Each participant creates its

own standards of hotel service, the board of the consortium promotes the promotion of hotel companies in global services markets, which act as representatives of their interests in the reservation and reservation system. Instead, participating hotels are required to pay a fixed annual fee or a certain percentage of profits. International experience demonstrates the success of hotel business management on the example of the internationalization of international hotel systems. This system unites more than 60,000 international corporations, 37% of which carry out service activities. The main direction of expansion of this type of tourism business was to increase profitability due to geographical development, increase savings through the use of economies of scale. All this is due to a fairly high level of service, efficient logistics system, the ability to reduce administrative costs (for example, by centralizing certain hotel activities, staff training, implementation of integrated and centralized reservation systems, etc.).

The Czech Republic, Hungary and Poland are among the main hotel markets in Central and Eastern Europe, thanks in part to their largest cities. Hotels of international brands make up a larger share of hotels than domestic brands in many European countries, including Poland and Hungary, but the largest hotel groups have national names. Some of the largest hotel chains are Wyndham Hotel Group, Marriott International, Choice Hotels International, Hilton Worldwide, InterContinental Hotels Group. All these companies have in their portfolio a variety of hotel brands, ranging from limited service to a full range of services.

The global hotel chain Wyndham Hotel Group leads the ranking of the best hotel companies by the number of properties. As of June 2020, the global portfolio of this network includes 9,280 units of property, which ranged from economy class to high-end premises. The closest competitors were Marriot

International and Choice Hotels International, which have 7,484 and 7,118 properties, respectively.

The hotel industry is full of competition and continues to grow due to the growing global pool of tourists. The competitive nature of the industry means that the number of properties owned by a hotel company can vary. This is because companies build, buy or sell real estate. For example, the acquisition of Wyndham La Quinta Holdings added more than 900 hotels to its real estate portfolio in 2019. Some cities and countries have more new hotels than others. New York had the largest number of new placement projects in the world, making the United States one of the most productive countries in terms of new housing. International hotel systems adhere to the level of internationalization through the selection and implementation of such strategies:

- market-partnership strategy (franchise),
- independent strategy (own management),
- participation strategy (acquisition, acquisition).

The development of international hotel systems is possible due to:

- risk distribution of the hotel business due to the location of facilities in different countries, which are characterized by different socio-economic conditions,
- introduction of the newest methods of management.

The expansion of the private hotel business, the increase in the number of small and medium enterprises in the hotel market has led to increased competition and the addition of the general structure of hotel establishments, led to an increase in hotel services and the introduction of new operational strategies.

## **Conclusions**

Globalization contributes to the further expansion and development of the hotel business, obtaining additional profits as a result of the use of location and technological advantages. This process provides a more efficient allocation of resources, free movement of goods, services and human resources, access to capital, innovative technologies, dissemination of new knowledge. The constant increase in the competitiveness of economic entities in the sector of the number of small and medium enterprises in the hotel market is due to:

- constant growth of innovations and implementation of business development strategy;
- formation of key competencies of managers and employees at the hotel business;
- introduction of modern technologies, new operational strategies, new concepts, management methods;
- improving the quality of supply, obtaining certificates and eco-labeling;
- specialization in the development of market niches, individualization of regional and local products of hotel tourism;
- strengthening cooperation in the small and medium-sized enterprises sector, concluding strategic alliances, consolidating the tourism environment, which is extremely important for creating a strong and efficient logistics and organizational base for the entire tourism sector. Foreign experience in the hotel business shows the transformation in the model of hotel enterprises: from the headquarters, which decides on business development (traditional hierarchical structures), through networks of business partners, suppliers, consumers – jointly forming innovations with flexible structures, benefiting from scientific -technological progress - to the optimal use of business processes in order to provide consumers in different parts of the world with goods at the right price and the right level of quality.

For the hotel business of Ukraine, which is characterized by problematic situations, it is important to comprehensively study the best international experience of hotel business management to track measures to increase the competitiveness of national hotel business, develop their strategic development, find optimal methods of hotel management, crisis management.

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