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NETWORK DEVELOPMENT OF HOTEL INDUSTRY ENTERPRISES

The article presents and substantiates the strategy of forming a hotel network as an integrated business structure consisting of six interconnected stages. It is proved that the activity of hotel chains is much more cost effective than the management of independent hotels, and has a number of significant advantages, among which the effect of scale of purchases is highlighted; cost savings for staff training; savings on promotional activities; use of a centralized reservation system; increase in the loading factor of hotel enterprises as a result of improving the hotel's image, strengthening brand credibility and increasing consumer loyalty.

Keywords: globalization, hotel, capitalization, personnel, enterprise, tourism.

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МЕРЕЖЕВИЙ РОЗВИТОК ПІДПРИЄМСТВ ГОТЕЛЬНОГО ГОСПОДАРСТВА

У статті представлено й обґрунтовано стратегію формування мережі підприємств готельного господарства, яку репрезентовано у



вигляді шести взаємопов'язаних елементів. Доведено, що діяльність мережі готельних господарств економічно ефективніша, ніж управління незалежними готелями, та має безліч переваг у об'єднанні, серед яких виділені синергетичний ефект від масштабу закупівель; економія коштів на підвищенні рівня освіти персоналу; економія на рекламі бренду; використання єдиної структури бронювання; зростання туристичного попиту на мережу підприємств внаслідок підвищення іміджу готелю, посилення авторитету готелю та зростання туристичної лояльності.

Ключові слова: глобалізація, готель, капіталізація, персонал, підприємство, туризм.

STATEMENT OF THE PROBLEM

The process of increasing the value of hotel chains in the management of the hotel business is characterized by a significant contradiction: on the one hand, the number of hotel networks operating in many countries of the world, on the other hand, is increasing, the number of countries that create their own national hotel chains, which compete successfully with multinational corporations. Ukraine's hotel business has also felt the impact of the globalization process. In connection with the political and economic transformation that takes place in Ukraine, the cultural and business ties of our state with the world have significantly expanded. This contributes to the increase of business contacts between enterprises and the growth of the number of both domestic and foreign tourists who come to separate regions of Ukraine, resulting in the need to accommodate vacationers in comfortable hotels with a high level of service.

The sphere of services is becoming more and more evolving in Ukraine, while the development of hotel business is compounded by a number of problems: imbalance of supply and demand, low quality of services, high cost of living, unresolved land issues, imperfect certification of hotel services, weak legislative regulation, economic and political instability of the country. As a result, there is a decline in competition in the hotel services market, which also worsens the state of the tourism industry and holds back the process of convergence of Ukraine with the global tourism market. Only 5.0% of domestic hotel companies operate on a network basis.

In modern world and domestic literature, the theoretical problems of the competitiveness of hotel business enterprises and their services are studied thoroughly and reflected in scientific works: T. Ambleira, I. Ansoff, G. Azoyeva, I. Arenkova, G. Bagiyeva, O. Vihansky, V. Georginova, Yu. Ehupova, A. Kovaleva, F. Kotler, M. Mescon, G. Minzberg, V. Momot, M. Porter, J. Shopper, A. Strickland, V. Tarasevich, A. Thompson, A. Yankovy etc.



THE MAIN TASK OF THE ARTICLE

Develop and substantiate a new model for the formation of the hotel network and identify the ways of its implementation.

RECEIVED RESULTS

The construction of the model for the formation of the hotel network involves determining the stages of creating an entrepreneurial structure, developing ways to build an enterprise as a market entity, the structure of enterprise organization and the development of economic aspects of this process.

The basic strategy of forming a model of a hotel network can be considered as a dynamic set of six interrelated processes. These processes logically follow from one another. However, there is a stable feedback and, consequently, the reverse effect of each process on the rest and on their entire set. This is an important feature of the model of the hotel network.

Stage 1 – conducting analysis of the external and internal environment as an initial process. This stage provides the basis for defining the mission, goals and development of the strategy of the hotel network to be created and involves studying three of its components: macro environment; microenvironment; internal environment.

The analysis of the environment involves the organizational and economic processes of the formation of the hotel network and includes the whole range of activities to study the impact of geographic, economic, political, demographic, socio-cultural, scientific and technical and international factors of the macro environment.

A complete cycle of commodity-differentiated marketing research as an integral part of the analysis of the environment is necessary for the study of groups and market segments, the definition of target markets, buyers' expectations, the identification of the labor market and the preparation of the hotel product. The analysis of the macro environment and the microenvironment allows us to begin the process of modeling the internal environment of the hotel network [1].

Stage 2 – Defining the mission and goals of the enterprise as the main way of identifying and realizing the vectors of the development movement. The definition of the mission and goals of the hotel network consists of three sub-stages:

- formation of a mission that expresses the meaning of the established hotel network and its purpose;
- definition of long-term goals and objectives of the hotel network;
- Establishing short-term goals in the main areas of company's life (income, sphere of production of hotel services, sphere of work with clients, sphere of personnel policy, etc.).

Stage 3 – Select a development strategy. After determining the mission and goals of the hotel network, the stage of analysis and strategy



selection comes. At this stage, decisions are taken as to how and with what means the enterprise will fulfill the tasks.

Strategy definition – long-term, qualitatively defined direction of development of the hotel network, concerning the sphere, its form of activity, the system of relations within the structure, as well as the position of the hotel network in the environment.

Stage 4 – The next stage of implementation of the model of the establishment of the hotel network is the establishment of the hotel network. The features of this stage are to bring the mission of the company, goals and plans for the formation and development of the hotel network in order to achieve their involvement in the process of implementing strategies, ensuring from the side of the management of the network timely receipt of all necessary resources for implementation of the strategy, planning and fixing the moment of achieving each goal.

The stage of establishment of the hotel network is characterized by positioning in the market and rather low dynamics of extensive development. It is implemented as a result of leasing and acquiring existing hotels in the market at the expense of credit resources, with their subsequent reconstruction and adaptation to the standards of the network. Another way to implement - new construction in those places where to buy objects in the secondary market is considered inappropriate (or provided that the secondary market is absent) [2].

At this stage, the establishment of the hotel network as a business entity, the integration of all its incoming companies, the development of corporate governance mechanisms, the positioning of an integrated business structure in the target markets for hotel services, the introduction and recognition of its own standards of quality, the conquest of the image and authority at hoteliers should take place and consumers, brand advertising on the domestic and foreign tourist markets. At this stage, conditions are being prepared for the widespread development of franchising relationships and contracts for the management of independent hotels.

Stage 5 – the stage of intensive growth of the hotel network. At this stage, the development of the hotel chain is becoming a priority:

- formation of the internal market of capital (the profit received as a result of functioning of the hotel chain network);
- hotels that connect to the network in accordance with franchise agreements and management agreements;
- funds raised due to the issue of shares or other securities placed on financial markets;
- obtaining municipal and state facilities for lease, which becomes possible due to the active positioning and promotion of the network brand on the market;
- further attraction of credit resources in the amount of 30,0 % of the cost of capitalization of the hotel network for the construction of new hotels.



At this stage, it is advisable to conduct a new assessment of target markets for identifying free, promising segments in order to create growth options for further promotion and capture of new markets.

It is necessary to develop and implement expansion into the markets of the near and far abroad, to actively develop the places of traditional rest of Ukrainians in order to make the most effective use of the funds invested in advertising of brands and equity equivalents; improve logistics and compete for maintaining competitive advantages in the price plan, balance the differentiation of services and focusing on the benefit of their target audience.

The hotel chain needs to develop and implement new hotel services and programs, to carry out more stringent quality control, taking into account the growth of the trend towards integration processes, paying special attention to enterprises operating under franchising agreements. Another goal of the hotel network is to conduct active targeted advertising on the domestic and foreign markets, use of opportunities for communication with the public to further promote and enhance the positive image of hotel brands, products and services offered by it on the market.

This is the stage of active entrepreneurial growth with the improvement of corporate culture and relationships in the plane of horizontal and vertical ties between employees. At this stage, the hotel chain will be very active in gaining market capitalization, and therefore particular attention should be paid to joint stock policies, development and improvement of interaction between the main and minority shareholders, the organization of measures to counteract attempts to absorb, foment joint-stock wars, corporate blackmail and other unfair competition.

The product of the hotel network will be not only the hotel services offered to potential customers, but also the standards of network service that need to be taken as a basis for

choosing the main parameters of the future hotel chain. The service is created and offered to the consumer by means of those quality standards that are pivotal for the given subject of the market. In turn, the very quality standards will act as a product offered on the market of services and will have their capitalization [3, 4].

The process of positioning the hotel network consists of the following stages:

- 1) determination of the set of possible competitive advantages on the basis of which it is possible to build a competitive position;
- 2) choosing the right competitive advantages and effectively informing consumers about them;
- 3) promotion of the chosen position on a specific target market.

Based on the analysis of the needs of the hotel services market and the selected target segment, the following standards are proposed for differentiating the services provided by the hotel chain: by hotel category;



by physical attributes; by market segments; according to the quality standards of service.

In our opinion, the most promising segment of the hotel business in Ukraine is the sphere of reception of Ukrainian and foreign tourists traveling on a cultural, cognitive, recreational purpose, as well as business tourists. Due to the existence of a tight dependence between the quality of service and the rate of return, it is proposed, with the help of a separate marketing research, to select and organize the basic and additional standards of the quality of service of the guests, which are obligatory for introduction at all enterprises of the hotel network.

The basic quality standards should apply to all areas of the hotel's life: from the quantity, quality and location of items in the room - to the duties of the staff, the time of registration of guests, the maximum waiting time for answering a phone call, etc.

Additional quality standards of service should distinguish the hotel chain created from the general set of hotels, make it aware, uniqueness and create additional amenities for consumers. These standards are developed by marketers both for the entire hotel chain and individually for individual hotels. An essential point in meeting quality standards is the unified centralized, clearly functioning quality control system that protects the developed quality standards.

Quality standards are the same for all enterprises of the integrated business structure should apply to the management systems and guest reception programs.

Each of the existing hotel chains in the world has its own set of customer service programs and various events. Among them are standard for all hotels and unique, developed by specialists of the network, only for them. Standard can include programs of special corporate offers, offers for week-end, programs for newlyweds, retirees, etc. Special programs that are part of the development of the hotel chain for marketers must necessarily include the periods of the low tourist season (for example, seminars, conferences, congresses, etc.) with their offers.

Staff training requires the most rigorous standards and the main task facing any hotel is to provide hotel services qualitatively, so that the consumer has a desire to come back here. After all, if the guest did not receive the level of service declared by the hotel, then he will not come back here again and, probably, his close surroundings also: «People are the main value of any organization; effective management of them is the key to success» [5].

Based on the importance of solving the personnel issue, which determines the labor activity and qualifications of the employees of the hotel network, we consider it necessary to organize within the hotel network a single system of selection, training and retraining of staff, which applies even to specialists with higher specialized education. According to various



estimates, the turnover of staff in the hotel business ranges from 10.0% to 30,0 % per year. The preparation of such a staff is quite costly due to its standards, therefore, the solution to the problem of «human hunger» is considered to be an organization based on one of hotels in a hotel school, where future employees will be able to undergo retraining for 1–6 months and practice the acquired knowledge and skills. In world practice, this is only possible by powerful hotel chains and allows them to save significantly on the costs of training professionals and survive in a competitive struggle.

In the future, the staff of the hotel network has a powerful incentive for career growth, as they see the prospect of promotion within the network itself, moving from one hotel to another and improving their qualifications.

As noted earlier, the hotel network has a very important area of activity, which shows the effect of saving current costs – the possibility of centralized procurement of all necessary consumables and components for the life of the incoming enterprises. These purchases can be carried out both through a single clearing account of a special supplier company, created by the network, and directly by each hotel separately, using the system of corporate agreements and discounts, concluded with a certain range of suppliers. Annual savings can reach 40,0 % of the volume of purchases across the range of goods and consumables.

This stage of the implementation of the concept provides for a clear and coordinated work of all the units and structural units of the hotel network and the special role of senior management of the integrated business structure, its shareholders and the Board of Directors in setting up processes for implementation of strategies and prompt response to environmental changes.

Stage 6 – The final stage of the model for the formation of the hotel network is the assessment and audit of the results of the strategy. The main elements of the control system will be: the establishment of indicators for assessing the implementation of the strategy; creation of a system for measuring and monitoring the state of control parameters; comparison of the real state of control parameters with their desired state; evaluation of comparative results and decision on their correction.

Regarding the perspective directions of the development of the hotel services market in Ukraine, in our opinion, this is the creation of hotel chains, united by a single brand and a high level of service quality. For several years, enterprises have to work out in practice the principles of the existence of hotels in the network, taking into account the specifics of work in Ukrainian market conditions.

In most Ukrainian cities, consumers prefer medium-sized hotel business enterprises, which is mainly determined by the differentiation of incomes in the regions. The most rational strategy to strengthen the position of the hotel services market is the construction of hotels of 2-3 stars, whose



target segment is domestic tourists traveling with recreational, cultural, cognitive and business goals.

Creating a hotel network with a wide range of services and a high level of service due to the purchase or modernization of a functioning small and medium-sized hotel can give the company not only the status of the hotel chain, but also the advantages associated with leading the market.

SUMMARY AND CONCLUSIONS

As a result, with regard to the prospects for the development of the hotel services market in Ukraine, we consider it necessary to develop priority directions of development of domestic hotel chains. In order to occupy a dominant position in the market of hotel services, the hotel chain can be developed through the construction of new hotels or the purchase of existing hotels in the largest cities of Ukraine with the possibility of their reconstruction. In order to maximize the effectiveness of the hotel network, it is necessary to base its own system of general management on a strategic vision. On the basis of strategic vision, the corporate policy of the network is formed, which is a common goal, short-term and long-term goals, norms of relations that provide effective viability and development of the business structure.

Thus, the functioning of hotels in network systems provides a number of competitive advantages, compared with hierarchical organizational and management forms, which allows us to conclude about the prospects for their further development in Ukraine. In any case, the establishment of hotel chains in our country will mean a transition to a qualitatively new level of presence on the world market of tourist services – if earlier Ukraine was only new voluminous markets, the formation of hotel chains could mark new equitable participants in the market of hotel services.

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