

Nata Ciric¹, Milan Vujicic², Marija Vukovic³
**MANAGING QUALITY OF PRODUCTS AND
SERVICES IN HOTEL INDUSTRY**

Tourism and hotel industry require establishment of a strategic and holistic approach to development, particularly in terms of promoting and developing tourism products and services, as well as introducing innovations. In this regard, improved quality of hotel accommodation and other tourism products and services leads to increased tourist circulation and tourist spending, as well as the development of the tourism sector as a whole.

Keywords: management; quality; hotel industry; tourism; strategy; positioning; Serbia.

Ната Чиріч, Мілан Вуїчич, Марія Вуковіч
**МЕНЕДЖМЕНТ ЯКОСТІ ПРОДУКТІВ І
ПОСЛУГ У ГОТЕЛЬНОМУ БІЗНЕСІ**

У статті розглянуто проблему якості туристичного і готельного бізнесу, який потребує встановлення стратегічного і комплексного підходу до розвитку, особливо щодо реклами і розробки туристичних продуктів і послуг, а також введення інновацій. Доведено, що покращення якості роботи готелів і інших туристичних продуктів і послуг веде до підвищення туристичних потоків і обігу, а також до розвитку туристичної галузі в цілому.

Ключові слова: менеджмент; якість; готельна індустрія; туризм; стратегія; позиціонування; Сербія.

Літ. 13.

Ната Чиріч, Мілан Вуйичич, Марія Вукович
**МЕНЕДЖМЕНТ КАЧЕСТВА ПРОДУКТОВ И
УСЛУГ В ГОСТИНИЧНОМ БИЗНЕСЕ**

В статье рассмотрена проблема качества туристического и гостиничного бизнеса, который нуждается в установлении стратегического и комплексного подхода к развитию, особенно к рекламе и разработке туристических продуктов и услуг, а также введению инноваций. Улучшение качества работы гостиниц и других туристических продуктов и услуг ведет к повышению туристических потоков и оборота, а также к развитию туристической отрасли в целом.

Ключевые слова: менеджмент; качество; гостиничная индустрия; туризм; стратегия; позиционирование; Сербия.

Introduction. Improvement and development of tourism business leads to improvement and development of other activities which are directly or indirectly related to tourism, both at the international and national levels. It has been estimated that skills and knowledge would be the greatest capital in tourism in the future, in terms of creating, promoting and developing tourism products and services, quality management and human resource management. In this regard, all activities of hotel companies are being constantly rated on the market, especially the ability of these companies to improve their position at a target market. Furthermore, it is important to meet the needs of guests while fulfilling business goals of a company, since guest

¹ PhD, Ministry of Economy and Regional Development, Sector for Tourism, Belgrade, Republic of Serbia.

² Research Associate – Demonstrator, Department of Economics, State University of Novi Pazar, Republic of Serbia.

³ Recreatours D.O.O., Belgrade, Republic of Serbia.

satisfaction is an extremely important prerequisite for profit generation under market economy.

Methodology. Methods utilized in the preparation of this paper are: descriptive, theoretical and empirical analysis. The research is based on relevant literature in the field of quality management of products and services in the hotel industry. In order to better understand the relationships between important variables, the methods of analysis and synthesis, as well as deduction and induction were used.

Quality as a strategic tool. Although there are several definitions of quality, basically, they all come down to one issue – the compliance with requirements. Namely, when some specification is determined, quality is measured by ensuring compliance with that particular specification, which is practically the definition of quality from the perspective of supply. However, there is a definition of "compliance with the purpose", where the quality is measured from a users' perspective, i.e. from the perspective of demand. Kotler gives the following definition of quality: "Quality is the totality of features and characteristics of a product or service that bears on its ability to satisfy stated or implied needs." In his opinion, the company that fulfils the needs of consumers the greatest number of times is referred to as a quality company (Milisavljevic, 1998: 159).

When speaking of quality as a strategic asset in achieving competitive advantage at a market, 4 phases are mentioned. These phases can be clearly differentiated. In the first phase, emphasis is placed on the harmonized quality, i.e. the necessity to provide quality products and services in compliance with the set quality standards. In the second phase, the emphasis is on customer's satisfaction, however, here the focus shifts from internal operations to external customers. In the third phase the emphasis shifts to the quality achieved in relation to competition, which rests on analyzing the market trends and segments, as well as examining how consumers make decisions about choosing particular products among the wide range of products at the market. In the fourth phase, the quality is perceived as a permanent strategic tool, which actually represents the approach applied in this phase; this is a significant step forward from the point of permanent improvement of products quality and services (Milisavljevic, 1998: 160).

International standards (ISO) utilized for quality assurance and quality management, in particular ISO 8402, ISO 9000ff, ISO 10000ff, 14000ff ISO, EN 45000ff, which number is constantly increasing, can be adapted to a specific activity, both in production and service companies. The standard ISO 9000ff does not explicitly determine how a particular product or a service must be created. It describes the nature of strategic quality management in terms of specific features of the quality realized by using the processes located within business functions or even exceed the limits of particular functions. Quality, according to ISO standards, is defined as an unconditional requirement to meet expectations of customers, associates, owners, suppliers and society as a whole.

ISO 9000 are international standards that establish minimum requirements which must be met in order to achieve adequate quality. They prescribe the guidelines and instructions on how these standards should be implemented, however they do not determine the manner in which the set requirements will be fulfilled (Cerovic, 2003: 154).

Strategic approach to the quality of hotel products. A hotel product includes a number of heterogeneous, interconnected and conditioned services and as such, represents an ideal area for innovation. The innovation is actually the key to improving the quality of hotel products. By improving hotel product, introducing technological and social innovations, hotel management addresses the technological, economic and socio-psychological changes in the environment. Management of a hotel must be able to recognize opportunities, i.e. the sources of innovation that such changes bring about, which will certainly improve the quality of hotel products/services (Kosar et al., 2004: 115–125).

Since quality refers to a set of specific properties that have significant influence on the assessment of the use value of services, in terms of hotel service, the relationship marketing considers that an interactive role of consumers in creation and delivery of services is desirable. The strategic concept of hotel management on the quality of tangible and intangible elements of a hotel product is a good way of gaining competitive advantage in tourism. Considering modern business activities of hotel and tourism companies, there are numerous reasons for emphasizing the importance of quality management (Bakic, 2002: 19):

- Strong competition at the hotel services market;
- Directing considerable attention to consumerism;
- Significant increase in hotel product and hotel services sophistication;
- Increasing use of modern technologies in tourism/hospitality industry etc.

The quality of hotel products and services largely influences the overall positioning of a hotel company at the market, as well as its level of market share, which, in turn can significantly contribute to the long-term improvement of a company's financial results, i.e. increase its cost-effectiveness and profitability. In this regard, it is recommended that hotel management utilizes a strategic approach to quality of hotel products, which means that in practice, the following circumstances should be taken into consideration (Bakic, 2002: 20–23):

- In accordance with its marketing orientation, a hotel company must constantly harmonize the quality of its product with the needs and requirements of the constantly changing tourism market;
- It is necessary to identify specific features of a hotel product which are prerequisites for the placement of that product at the market by employing marketing research;
- It is necessary to keep good quality, which can be defined as a combination of quality assessment provided both by consumers and company employees;
- It is necessary to introduce the following parameters to the analysis of the hotel product quality: elasticity of demand to the quality of the hotel product and the elasticity of demand to individual quality elements;
- It is recommended to hotel management to adopt the concept of the integrated hotel product.

The essential precondition for achieving superior quality of hotel products and services, as well as for gaining competitive advantage in that respect, is reflected in interaction between buyers (guests) and sellers (hotels) of services, the so-called moment of truth. This relationship, as the literature often points out, includes not only the interaction, but also making an impression on guests. For example, an

impression of the hotel can be created at the moment when a guest parks his car in a hotel parking lot that is not clean (negative impression), or the positive impression can be left on the guests by floral arrangements in the hotel lobby (the factors of great satisfaction – "wow" factors) (Ninemeier and Perdue, 2005: 26).

Interaction in creating and delivering the hotel product/service is the very dimension of quality that it is predominant and manifested through kindness, courtesy, flexibility, and tendency of employees to establish and develop communication with guests and etc.

The process of improving the hotel product (service) quality is primarily aimed at increasing sales and reducing operating costs, while reducing or eliminating the perceived prior mistakes and failures. Making appropriate decisions regarding the level of costs for providing quality products/services represents a key issue for managers, since the quality improvement has to be financially justifiable (Ljubojevic, 1998: 118).

Total quality management (TQM). Total quality management is a relatively new philosophy, which focuses on improving the overall quality. In this context, the efforts of a hotel (tourist companies) should not be focused solely on the quality of service, but rather on the quality of the overall business activities. Activities related to the implementation of this concept should not be partially, on the contrary, a joint effort of all business functions within a company must be made. However, the initial impulse and the main support for implementation of this concept is usually provided by management structure of a company, i.e. the company's top management. It is important to implement continuous and preventive actions in order to improve the quality, rather than to implement a set of corrective actions (Milisavljevic and Todorovic, 1995: 124).

The application of TQM in the hotel industry brings into focus two dimensions (Bajic, 2002: 28–29):

- Major changes in the organizational structure of hotel companies, as well as in management tools, attitudes and behaviors of each and every company employee;
- Support of all employees for application of TQM and introduction of an acceptable method to maintain it.

TQM-oriented companies have long-term concepts of the company's vision, mission and strategy, which are aimed at innovation and customer satisfaction. Also, their development is based on the permanent small-scale investments.

Top management needs to impose a new system of values in organizational and cultural environment, to transform the way of thinking and behavior of employees, as well as to choose the most successful method of implementing the TQM concept. Therefore, the implementation of TQM in a hotel company refers to a set of measures and procedures that are essential for achieving overall quality. However, such measures vary from company to company because each business entity has its specific vision on how to adapt the TQM concept to their company's culture and tradition.

Hotel categorization and positioning. A very effective tool for identifying a hotel product and its success is a good brand. Branded products are very important in market economy. Brand development is a process through which a hotel company seeks to differentiate its offer from the offers of its competitors. The creation of individual identity allows customers to create some positive associations related to a particular

hotel brand (prestige, reputation and importance in society, comfort etc.), which simplifies the decision-making process related to purchase of hotel products. The essence of the branded hotel product consists of specific characteristics of the product that allow customers differentiate a particular product from similar products, to recommend this product and have good recollection of it (Milisavljevic, 1998: 119–124).

The classification of hotels, which is becoming increasingly common in international business, practically results from a combination of segments that are predominant with the users of hotel services, as well as the features of partial tourist product. In this context, the following types of hotels are distinguished in practice (Walker, 2007: 132–148):

- City center hotels;
- Resort hotels;
- Vacation hotels;
- Airport hotels;
- Freeway hotels and motels;
- Casino hotels;
- Convention hotels;
- Full-service hotels;
- Economy/budget hotels;
- Boutique hotels, extended-stay hotels;
- All-suite extended-stay hotels;
- Bed-and-breakfast hotels.

In terms of tourism and hotel industry in Serbia, the categorization of hotels and other hospitality facilities that includes accommodation is regulated by the Law on Tourism (Official Gazette RS, No. 99/2011) and the Rulebook on classification standards and minimal requirements for accommodation facilities, as well as other regulations. New regulations have largely harmonized the standards applied in the domestic hospitality with European practice. When determining the category of hospitality facilities, two groups of elements are looked at: arrangement and equipment, as well as services (mandatory elements) and other specific features of facilities (optional elements), including location and appearance of the building which is entirely an optional element. All the elements are rated, and even as far as the optional elements are concerned, a hotel or other commercial hospitality establishments must meet the minimum requirements, i.e. get the minimum score prescribed for a particular category (Cacic, 2010: 203–204).

The Rulebook on the Classification Standards for the Accommodation Facilities (June 2, 2010) stipulates the standards for: certain types of accommodation facilities, special standards, categories, as well as the procedure for acquisition and change of category of hospitality objects. Standards for the classification of hospitality objects include mandatory elements marked with letter "M" and the optional elements set for each category, based on which the number of extra points is given, in accordance with the Rulebook on the classification standards for accommodation facilities. Based on the mentioned Rulebook, the following types of hospitality objects that include accommodation facilities are distinguished (MERR, 2010: 1–3):

- hospitality object that includes accommodation type – hotel;
- hospitality object that includes accommodation subtype – garni hotel;

- hospitality object that includes accommodation subtype – apart hotel;
- hospitality object that includes accommodation type – motel;
- hospitality object that includes accommodation type – tourist resort;
- hospitality object that includes accommodation type – camp;
- hospitality object that includes accommodation type – boarding house;
- hospitality object that includes accommodation type – house;
- hospitality object that includes accommodation type – suite;
- hospitality object that includes accommodation type – room;
- annexed buildings belonging to the hospitality object that include accommodation such as hotel, motel and boarding house.

The Rulebook on the classification standards for accommodation facilities also sets out specific standards for certain types of hospitality objects with accommodation facilities. The hospitality object of the hotel type which has three or more stars, can also be classified according to the standards for specialized hotels, depending on the services particular hotels provide. Such hospitality object can be classified into the following types of specialized hotels: business hotel, congress hotel, family hotel, sports hotel and spa and wellness hotel, in accordance with the established standards. The Rulebook also provides the guidelines for different categories of accommodation facilities on the basis of additional points achieved by meeting the additional criteria and prerequisites for overcoming the minimum categorization requirements. Categorization of hospitality objects is marked by the corresponding number of stars on the scale from 1 to 5 (MERR, 2010: 3).

In addition to the categorization of the hospitality/accommodation facilities, a continuous and systematic work on implementation of quality assurance and improvement policy concerning the entire tourism and hotel industry is required, together with proper selection and application of appropriate measures and tools for quality improvement.

In the process of creating a complete value chain in tourism, the role of diverse and complementary offer is very important. Unfortunately, this is usually not the case in Serbia, since tourist offer is often extremely limited, inadequate and varies in quality. It is therefore important to extend the offer, provide the quality improvement of activities, products and services that make complementary "package deals" in the tourism sector, as well as to network hospitality and tourism enterprises with enterprises in sectors that can participate in the creation of new value in tourism. Thus, in order to create an integrated value chain in the hospitality/tourism industry, it is important to network them with other sectors that complete the above-mentioned "package deals"; among these sectors are trade, agriculture, crafts, culture and other complementary activities. In this context, increasing the degree of customer loyalty is one of the main goals of business, but also a critical success factor in the hotel business and industry.

Research results and conclusion. The quality of hotel products and services is in practice usually represented by a subjective judgment of service users, which is often based on the incomplete or undocumented information. Managers, however, must realistically assess the dimensions that are most important to users and focus their attention and appropriate action on them as a priority issues. One of the most important elements that must be taken into consideration is the relation between the price

and quality of hotel products and services, which means that the particular level of quality should be accompanied by adequate pricing, as well as a partnership of key stakeholders. In this context it is important for management to change or improve relationships and communication with competitors and to establish a system of cooperation and association (clusters). Hotel industry in Serbia has significant potential in this regard, but it is necessary to improve the accommodation infrastructure, especially its quality, in line with European standards, and harmonize pricing policy accordingly. In the last few years, a relatively favorable investment climate has been created which meets the expectations of investors, which is the essential basis for future investments in the development of the hospitality industry.

References:

- Bajic, M.* (2002). Total Quality Management in Hospitality. Hotel house – Hotelska kuca, Ugoprogres, Belgrade.
- Bakic, O.* (2002). Service quality as a strategic orientation of the hotel company. Hotel house – Hotelska kuca, Ugoprogres, Belgrade.
- Cacic, K.* (2010). Tourism enterprises business, Singidunum University. Faculty of Tourism and Hospitality Management, Belgrade.
- Cerovic, Z.* (2003). Hotel Management. University of Rijeka-Sveuciliste u Rijeci, Croatia.
- Kosar, L., Raseta, S., Comic, D.* (2004). Hotel house from orientation toward service to orientation toward the guest. Hotel house – Hotelska kuca, Hores, Belgrade.
- Ljubojevic, C.* (1998). Services marketing and management. Stylos, Novi Sad.
- MERR (2010). The Rulebook on the Classification Standards for the Accommodation Facilities. Ministry of Economy and Regional Development, Sector for Tourism, Republic of Serbia, Belgrade.
- Milislavljevic, M.* (1998). Marketing. Megatrend, Belgrade.
- Milislavljevic, M., Todorovic, J.* (1995). Marketing strategy. University of Belgrade – Faculty of Economics, Belgrade.
- Ninemeier, J.D., Perdue, J.* (2005). Discovering Hospitality and Tourism. Pearson / Prentice Hall, New Jersey.
- UNWTO World Tourism Barometer. World Tourism Organization – UNWTO. Madrid, Spain. Available at <http://mkt.unwto.org/en/barometer>.
- Vujicic, M., Ristic, L.* (2008). NEAT tourism – a segment of sustainable development or aggression on development. *Ekonomika*, #5–6, Faculty of Economics, Nis, Republic of Serbia. P. 38–46.
- Walker, J.R.* (2007). Introduction to Hospitality Management. Pearson/Prentice Hall, New Jersey.

Стаття надійшла до редакції 28.05.2012.