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HOTEL TARIFF TYPES AND COMPLEX NATURE OF HOTEL SERVICES

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Abstract

The essence of the tariff policy of the enterprises of hotel industry is considered. Its impact on the formation of business effectiveness is determined. It is proposed to use a system of special tariffs. The structure of these tariffs can include "packet services". It is determined that the rate of tariff «Packet» (packaged rate) is one of the most promising. It meets almost all the increasing needs of today's customers. It is proved that in the process of formation of hotel tariff it is necessary to consider the prospective level of profitability of the hotel. This approach should be based on the approach «bottom – up». The results of the study have shown that the procedure for establishing hotel tariffs for different types of rooms is one of the key management decisions, which has a significant impact on the ultimate profitability of the hotel industry. Only the application of effective tariff policy will allow owners of hotel complexes to achieve the required level of congestion accommodation facilities.

Keywords: hotel tariff; hotel industry; profitability; pricing policy; pricing.

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ТИПИ ГОТЕЛЬНИХ ТАРИФІВ ТА КОМПЛЕКСНИЙ ХАРАКТЕР ГОТЕЛЬНИХ ПОСЛУГ

Анотація

Розкрито сутність тарифної політики підприємств готельного господарства та її вплив на формування результативності бізнесу. Запропоновано застосовувати систему спеціальних тарифів, до складу яких можуть бути включені «пакетні послуги». Визначено, що тариф «Пакетний» (packaged rate) є одним із найбільш перспективних при задоволенні всезростаючих потреб сучасних клієнтів. Обґрунтовано, що при формуванні готельного тарифу обов'язково слід враховувати перспективний рівень прибутковості готелю, базуючись на підході «знизу – вгору». За результатами проведеного дослідження з'ясовано, що процедура встановлення готельних тарифів для різних типів номерів є одним із ключових управлінських рішень, що чинить вагомий вплив на кінцеву прибутковість готельного господарства. Лише при застосуванні ефективної тарифної політики власники готельних комплексів можуть досягти необхідного рівня завантаженості номерного фонду.

Ключові слова: готельний тариф; готельне господарство; прибутковість; тарифна політика; ціноутворення.

JEL classification: L85, M49

Introduction. Modern hotel management company is a coherent system of interconnected elements that act as a unit to address specific problems and achieve the goal, namely a positive final financial result of their own businesses under the latter is formed by the results of the delivery of basic and additional services. Therefore, the justification of required level of profitability of the hotel industry is the key reference point in the formation of tariffs for hotel services in general. It is directly related to the construction of methodological basis of tariff policy. The growing competition in the market of hotel services should guide management decisions on the formation of owners packet structure of hotel rates. It also determines the need for more research in this direction.

Brief Literature Review. Some aspects of specific tariff policy of hotels and its impact on the formation of financial results from operations are examined in the scientific works of such authors as S. I. Baylyk, N. M. Kuznetsova, M. P. Malska, A. A. Musakyn, I. G. Pandyak, T. G. Munin, A. O. Zmiyov, S. V. Samartsev, A. A. Hats, K. P. Maksymets, H. I. Rohlyev and others [1; 2; 3; 4; 5]. In particular, M. P. Malska, I. G. Pandyak, exploring the formation of mechanism and features of hotel rates, claim that it is one of the important activities of the hotel managers. It determines the efficiency of its operation in the market of hotel industry.

Is necessary to take into account many factors: market conditions; readiness for market fluctuations to ensure self-development and strategy of economic survival in a competitive environment [3, p. 198]. In addition, during the process of determining tariffs, according to the above scientific approaches, we must take into account the following things: the cost of hotel rooms and services in general; investments; trends and the situation prevailing in key target markets; profit margins and return on invested capital costs; supply and real demand in the target market at a certain time; the possibility of competitors, the presence in the area of other means of temporary residence; quality of service in hotels and the possibility of its improvement [3]. Therefore there is a need for further research in this area in order to develop measures for structural reorientation of tariff policy toward the enlargement of additional services. This will increase the financial results and improve congestion of hotel rooms.

Purpose. In the conditions of the growing competition in the market of hotel services, hotel complex owners have faced with the problem of part-load of the hotel. To achieve better financial results we should propose additional services and create an effective tariff policy. Other words, we should offer a comprehensive service which structure that may include free components that form the «package».

Results. In the works of such foreign scientists as S. I. Baylyk rate (from Eng. Tariff – rate) is treated as a system that is still improving and the amount of payment for hotel services is treated as a price which is set by the property providing a place for temporary accommodation in a hotel room of an appropriate type [1, p. 93]. However, it should be noted that there is a substantial difference between the price of hotel services and tariffs, because the identification of these concepts is inappropriate.

After all, the tariff stands at broader spectrum concept and actually combines a set of prices that are designed for a specific segment of consumers with the restrictions (payment terms, etc.) and content components (eg including breakfast). Internationally tariff «weekend» in various enterprises of the hotel industry can have different numerical expression of the price, which depends on the segment and demand. It always includes such components as: accommodation from Friday to Sunday; breakfast; excursion; free access to the wellness center (SPA). In other words, hotel tariff is based on the consideration of international experience. It is useful to treat as a pricing concept that aims to identify a particular segment of customers, while the price is just its numerical expression.

The structure of the hotel fare (cost of living), excluding the cost of accommodation in the rooms of a certain type, includes such components as double or full board (or just breakfast), such service as mini-bar (drinks), sauna, etc., It also depends on the characteristics of demand and customers relevant marketing (including product) policy of the hotel business. We should also consider such components are not included in the hotel tariff discounts, such as settlements in room of an adult or a child. On the basis of these and similar features we have worked out the hotel rates, which can be called as «family fare», «European rate», «American fare», etc. [3, p. 198-199].

Some hotels of Western Europe and the USA propose such tariffs that include: group rate – for groups of tourists; family fare – for parents with children; daily rates – for clients staying in the hotel less than a day; commercial fare – for private clients, etc. [1, p. 93].

The need to build an effective hotel industry management is determined by the application of special tariffs. Those are the reasonable prices for reduced standard rate. The owners should also offer discounts. It is a familiar tool which gives an opportunity to attract the customer and to expand the market in terms of hotel product potential competition in the hotel industry. It is proved that into the cost of living (depending on hotel) we may include such «package services» as breakfast, half board, board, in addition, it may also be included the medical package, sport package, swimming pool and fitness center.

Payment for fitness center and swimming pool can be included in the cost of living and can increase. Pay attention to that fact that if you pay a one-time visit (even at a higher price) income will be lower because only 20% of customers use this type of service. According to many scientists, we should apply the system of special tariffs for specific customer categories.

According to K. A. Kurkina pricing policy of the company of hotel industry when implementing wellness center (SPA) is primarily driven by frequency of visit (one-time or for a subscription) of customers. This researcher justifies the difference between the value of family and corporate subscription.

Pricing tactics depend on a selection of hotel facilities. It is possible to make a strategy of changes market price for the services that best meets its intended function, providing the desired level of profitability of hotel business [3].

On the domestic enterprises of hotel industry it is common to differentiate hotel rates according to the forms of service: rates for tourists and citizens of Ukraine, foreign tourists and citizens, rent for offices, long-term residence and so on. While determining the cost of accommodation we have used differentiated approach for pricing which depends on the type of room [3, p. 210].

Overall hotel price structure may be represented by different types of hotel rates, each of which has its own characteristics and conditions. International hotel rates in practice brings together several groups:

- rack rate – officially published tariff;
- best available rate – rate is based on supply and demand at a particular time. The above tariff can be used by several times a day, depending on fluctuations in demand for hotel services;
- consortia rate – commission rates for agents and for global reservation systems (for frequent equal to the base rate);
- corporate rate – special rates for corporate clients at a particular time, for frequent with 20% discount from basic;
- tour operator net rate – tariff designed to implement special packages for a discount of 10 to 40% of baseline;
- wholesaler rate – tariff for large tour operators in the market for the inclusion of other tour operators travel package discount 50% [7].

M. P. Malska, I. G. Pandyak, having carried out a comparative analysis of domestic and foreign hotel management companies, pay attention to the ineffectiveness of the discriminatory system of differentiation of hotel rates according to nationality. According to the researchers, domestic hotels must make greater use of international experience revenue management and installation of special tariffs, because it can increase the sales of services and maintain constant attract additional customers without reducing prices for all other visitors. If the demand is not elastic at a price it is possible to receive payment for the full cost of accommodation without discounts. Additional revenue and cost optimization contributes to the achievement of the desired level of profitability hotel business [3, p. 211].

Choice of a tariff and pricing strategy formation, regulation of prices for existing property products are the essential parts of an effective management system of hotel industry.

Tariff «Accommodation and breakfast» (bed and breakfast) includes the cost of lodging and breakfast (often «buffet»), quoted rate is quite popular among hotel guests. It is often used in American system of formation of hotel fare. This technique includes as the cost of living in a hotel room (the cost of accommodation) so the food costs.

Among the most promising hotel rates the tariff «Packet» (packaged rate) occupies an important place. It includes some services of the hotel (eg, airport, breakfast and use one of the wellness center (SPA)). Complex («packet») service is cheaper than buying it all included components separately. Exploring the specific installation of flexible tariffs that vary depending on the market, you should pay attention to the use of domestic hotels of various types of discounts, such as seasonal, regular customers, corporate, special, etc. [7].

The benefits that the hotel can offer to the client, of course, increase customer loyalty, leading to higher customer satisfaction of hotel services and increase the number of rooms and congestion. It is the key to profitability of a hotel. It can also create some difficulties in the accounting of income and financial results from the sale of hotel services.

Here is a scheme which is based on the concept of «bottom – up», which involves determining the initial desired level of profitability of the hotel business and the last tariff calculation of the average hotel room (Fig. 1).

The specifics of pricing policies of hotels focuses on the following features of the hotel business, in which the cost of a hotel room of an appropriate type (for frequent highest category) may include the use of wellness center (SPA) without additional payment. In particular, foreign scientist proves the possibility of booking such hotel rooms which can provide you these components for free [7].

S. J. Korol [6] draws our attention to the need for transferring of the pricing system on the basis of the separation of the structure of sales of accommodation. It should be considered as the other income from operating activities.

S. I. Baylyk [1] describes how to install hotel rates for different types of hotel rooms as one of the key management decisions. Such decision has a significant impact on the ultimate profitability of the hotel industry. According to the scientist, in order to set tariffs that would ensure the desired level of hotel revenue from the provision of residence, we should take into account such factors as costs, inflation and competition.

In frequent practice, there are different approaches to pricing hotel rooms. The most frequently used method is the method of approximate calculation. It can also be called Formula Hubbarta.

Conclusions. The results of the study have shown that the procedure for establishing hotel tariffs for different types of rooms is one of the key management decisions, which has a significant impact on the ultimate profitability of the hotel industry. Only the application of effective tariff policy will allow owners of hotel complexes to achieve the required level of congestion accommodation facilities.

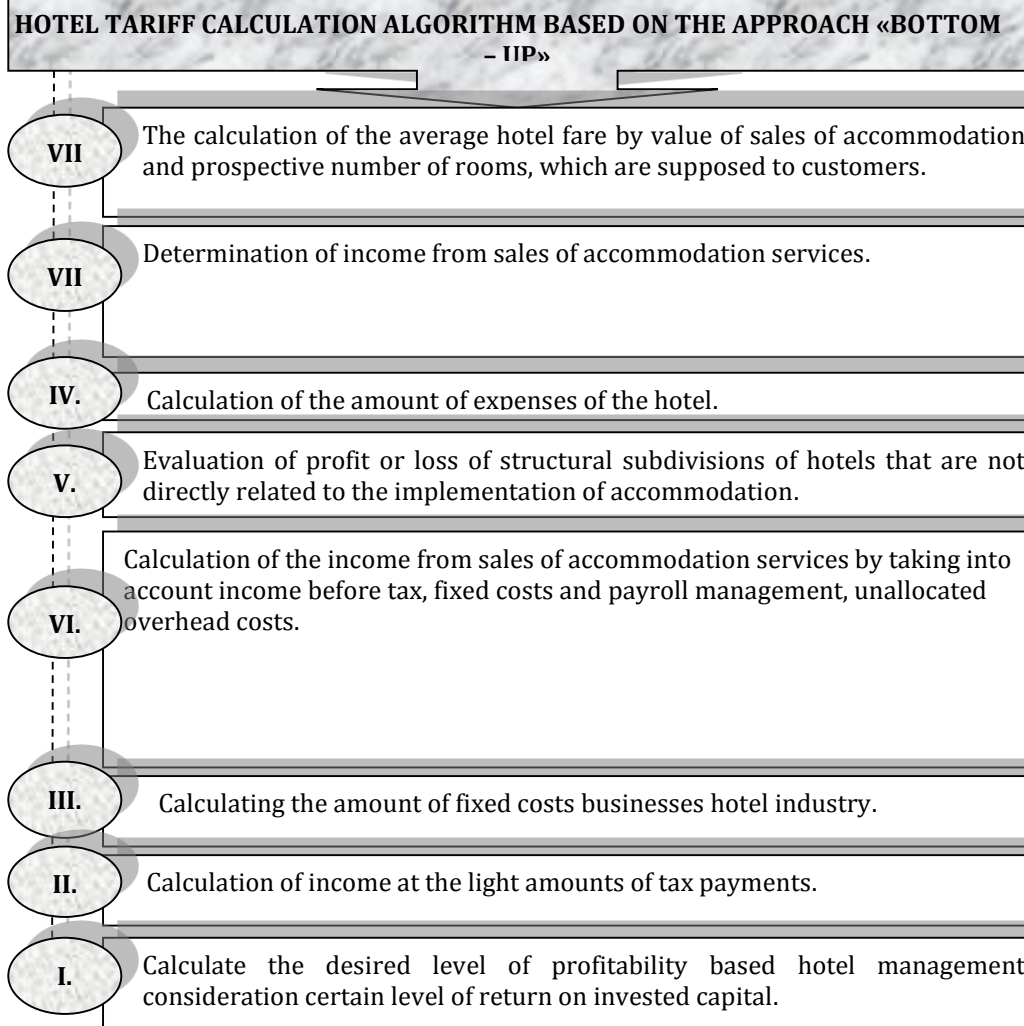


Figure 1. Formation of hotel rate which is based on consideration of prospective profitability of hotel industry management [1]

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