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HOSPITALITY INDUSTRY IS THE EFFECTIVE INSTRUMENT OF TRAVEL BUSINESS DEVELOPMENT

Summary

The article deals with the essence of hospitality in its content ambiguity; the instruments of achieving competitiveness in the sphere of hospitality industry were revealed.

Keywords

Hospitality, hospitality industry, travel and hospitality industry, structural elements of hospitality, tourism services, competitiveness, consumer needs.

Actuality. Nowadays, generally, hospitality industry is very important and one of the key factors of successful development of tourism. The sphere of hospitality industry is not well developed in the 21st century. It is on the stage of renovation. It is connected with the beginning of technological progress; people do not pay attention and even forgot about human needs in kind words and communication. The employees pay attention only to technical development and have forgotten about the development of their highly qualified personal traits of character. That's why the problem of hospitality development became special important under the conditions of modern industrial surrounding.

The aim of the article is defining hospitality as the important factor forming high level of travel industry competitiveness.

The given aim causes such **tasks**: investigation of the historical reasons causing hospitality industry initiation; defining the assessment methods of competitiveness in the sphere of hospitality industry; hotel complex hospitality level assessment; effective strategy of enterprise competitiveness in the sphere of hospitality industry development.

Such scholars as H. Yakovlyev, E. Balashova, A. Kuskov, A. Medyk, Kh. Ingram, L. Shmakova, V. Kokhnenko, O. Lyubitseva, Kh. Rohlyev, V. Revenko, P. Putsenteylo, M. Malska and I. Pandyak investigated the questions concerning hospitality industry and analyzed its development. The range of defining trends in hospitality industry in increasing their competitiveness were investigated by famous and native scholars, such as: M. Porter, P. Kotler, J. J. Lamben, A. G. Strickland, David W. Cravens, I. Zulkarnayev, L. Ilyasova, L. Azoyev, Ye. Dzhandzuhazova, R. Fatkhudynov, I. Lifits, I. Spiridonov, A. Yanovskyy and others.

Hospitality was not investigated in all these works as the main factor forming the high level of enterprise competitiveness.

"Hospitality is a folk tradition of lovingly and respectfully welcoming. It is also readiness, desire to welcome guests and treat them; the very ceremony of hosting

somebody" – V. Zhayvoronok wrote in his work "Znaky ukrainskoyi etnokultury (Signs of Ukrainian Ethnic Culture)" [1].

H. Papiryan in his work "Hospitality Industry Management" described hospitality as a scientific term and considered this term as the system of measures and their implementation arrangement to satisfy different everyday, economic and cultural needs, their obliging service and rendering services [2]. Ya. Salo wrote: "Hospitality is a concept about civilization. Owing to big and constant progress this concept became one of the biggest industries in the 21st century where milliards of people work and develop. They create big and continuous service consumption" [3].

Hospitality industry is the sphere including activity of people in different spheres – hotel and restaurant business, recreation, tourism, entertainment, excursions, scientific conferences, public catering and exhibitions. Fig. 1.
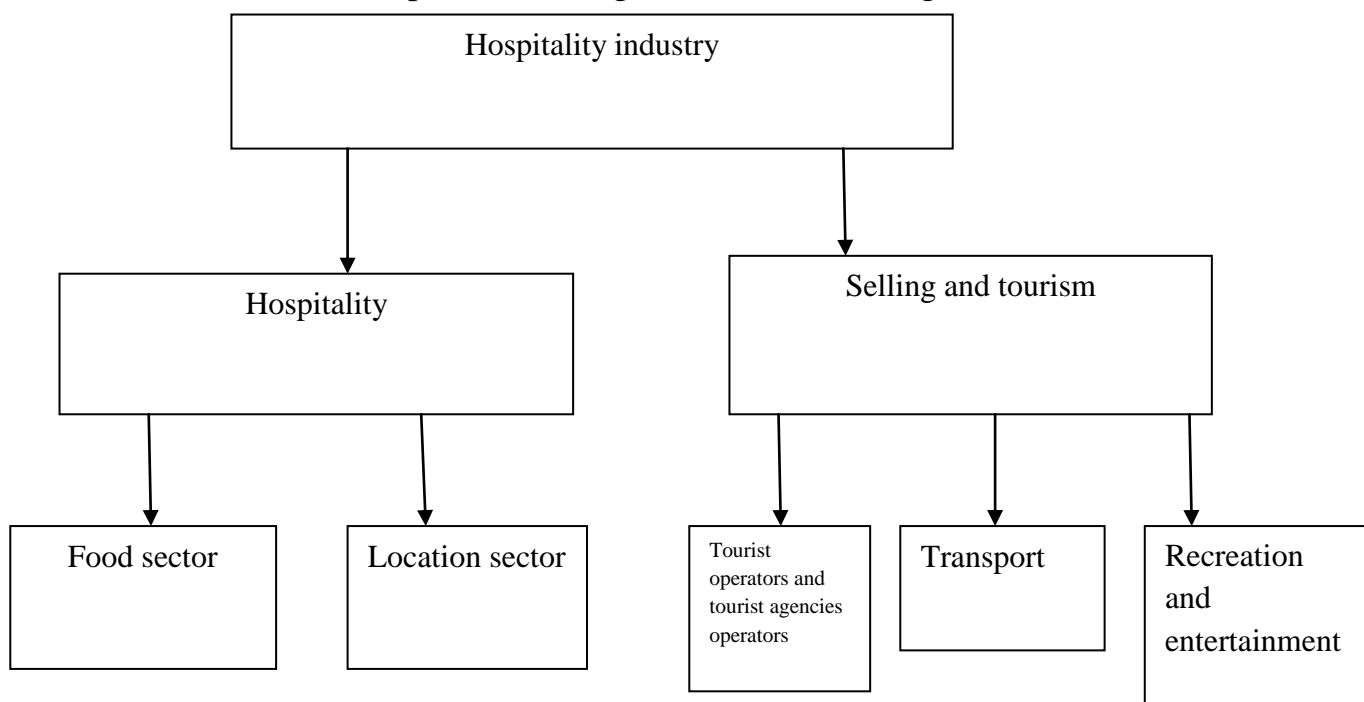
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Figure 1. Hospitality industry [4]

It should be emphasized that there is a social sphere of hospitality demonstrating its human being reception nature. Hospitality institute is one of the oldest in the history of human civilization. Hospitality (Greek "proxenia") has widely developed from ancient Hellas. In 78 antic states-polices only famous citizens – pyroxenes had right and obligation to care about foreign people.

Hospitality, derived from "guest", shows its all content ambiguity. Its elements are fundamentally implicit, diffusive, close connected but at the same time contradictory and often even logically incompatible (friend – enemy). It causes the complexity of revealing structural elements of hospitality and available interconnections between them.

Such term as "hospitality industry and hospitality" can be observed in modern literature. Today we already understand that these concepts should not be investigated separately; that tourists are first of all consumers having a lot of needs which depend on different kinds of factors, and hospitality industry is one of complex spheres satisfying different consumer needs and services consumers. Different spheres of human activity are combined in this industry: recreation, public catering (hotel and restaurant business), entertainment and excursions – tourism, different seminars and exhibitions. Hospitality became inseparable part of tourism required by all hotel services consumers. Because of all these factors it is difficult to define the concept "hospitality" definitely. It can be hardly defined. However it is not only qualitative service but a high level of individual worker preparation and development. This preparation provides workers with necessary habits to create necessary hospitable conditions for a client [5].

Hospitality is specific method of perception, understanding and reflection of own inner world, implementation of individual way of thinking in some model of behavior caused by customs, moral traditions and social rules [6].

To improve tourist business development it is necessary to be competitive.

Talking about competitiveness in the sphere of hospitality industry, it should be defined that the main factors are not strategy of enterprise and its business plan but this industry enterprise ability to show its advantages, reveal and satisfy consumers' needs and the level of development of information chains. That's why in hospitality industry it should be defined such methods of competitiveness.

1. Estimation of quality level of services provision – such factors as the level of quality of services provision and the way of its provision (workers polite, caring and attentive treatment) are taken into consideration.

2. Estimation of the level of the enterprise development – all technical means providing services are taken into consideration. Talking about tourist service it should be considered tourist company, bus or hotel. Consumers pay attention not only to the way of service providing but the place of its providing. If rooms or bus are dirty and broken a consumer will not be satisfied regardless the personnel politeness.

3. Estimation of the level of information technologies development – enterprises in hospitality industry should keep up with different information and that's why it should be constant and quick process of exchange information in any enterprise. Such software as ISMIe, Overia, TourOnline and others is a good help for enterprises. Software is a good help for enterprises using in hospitality industry – 4. Estimation of innovative implementations is the main goal for the sphere of hospitality; it is constant keeping up and satisfaction of consumers needs. It should be taken into consideration that we live in time during technical development is very rapid and consumers needs change very quickly, that's why to be a competitive in hospitality industry the enterprise should react very quickly and no typically on such changes [7].

On the other side, if compare the meaning of hospitality in different tourist services, it will be more important while forming hotel services, for example while forming excursions. Considering this fact, we can make such conclusions that hotel

enterprises in the sphere of hospitality industry perform the main functions because at first they form and then propose the whole set of hotel services in forming and promoting of which the majority of sectors of hospitality industry are involved.

Talking about hospitality in hotel, it should be of specific nature connecting with services providing by hotel complex. Because of such specific nature, except common methodic, there are separate methods of estimation of hotel competitiveness in the sphere of hospitality industry [8]:

1. Correspondence to the base of certification and standardization is standards existing in the world and which are acceptable in Ukraine not so long time ago.

2. Hotel complexes categorization. Hotel categorization by means of stars became very popular in European practice. Generally accepted is categorization from 3 to 5 because very often another marks are used also, such as: crowns, diamonds, etc. This categorization is created for consumers understanding about services providing by the given enterprise.

3. Understanding the importance of hospitality. The result of hotels activity during 1960 shows that if the enterprise pays attention only to technical peculiarities of service, forgetting about human factor, it will cause the hospitality decline, complete dissatisfaction of consumers and as a result profit decreasing. If enterprise chooses hospitality as the main way of its development and this choice is shown by workers, consumers will feel it very good.

4. Personnel training in hospitality and kindness. Training should be in such formula: "Presentiment-recognition-satisfaction". Workers should understand and act according to the principle – guest intelligent request is a law which should be quickly satisfied.

5. Personnel encouragement to show hospitality, by the means of:

•economic factors – an enterprise should support its workers with confidence in that they will save their working place if they execute their functions qualitatively and no reasons will prevent it;

•social factors – if an enterprise provides its workers with social programs and will understand its workers life situations, it will improve qualitatively their work;

•administrative factors – an enterprise should create such working conditions which are adopted by the legislation of Ukraine and they will not harm spiritual and physical health of workers;

•personal interest – an enterprise should develop questionnaires for clients to write about their opinion about an enterprise and its workers. And quarterly managers will chose the best worker.

These factors and working conditions unite the workers, make better the atmosphere among the personnel and inspire the workers to pay more attention to clients – as a result there will be qualitative work.

6. The level of infrastructure of number fund. The meaning of human factor in the development of a large sphere of hospitality was paid much attention. But it should be noted that all these efforts will be in vain if a client enters a dirty room without all

necessary things for comfort living. That's why a hotel should have a service providing repairing and changing some things, reacting quickly on client's call.

7. Communicating with consumers. Managers have to understand that hospitality should be limited. Sometimes it happens that workers are very obtrusive but not hospital. To avoid such situations it is necessary to make an anonymous inquiry among clients. They can share their impressions and make some suggestions, new ideas and wishes. A hotel doing so will be a competitive one.

In comparison with other spheres of human activity, the high level of completion is a characteristic feature for the sphere of hospitality industry. It also depends on many factors, such as: natural factors, outside, religious and political, natural conditions and cataclysms.
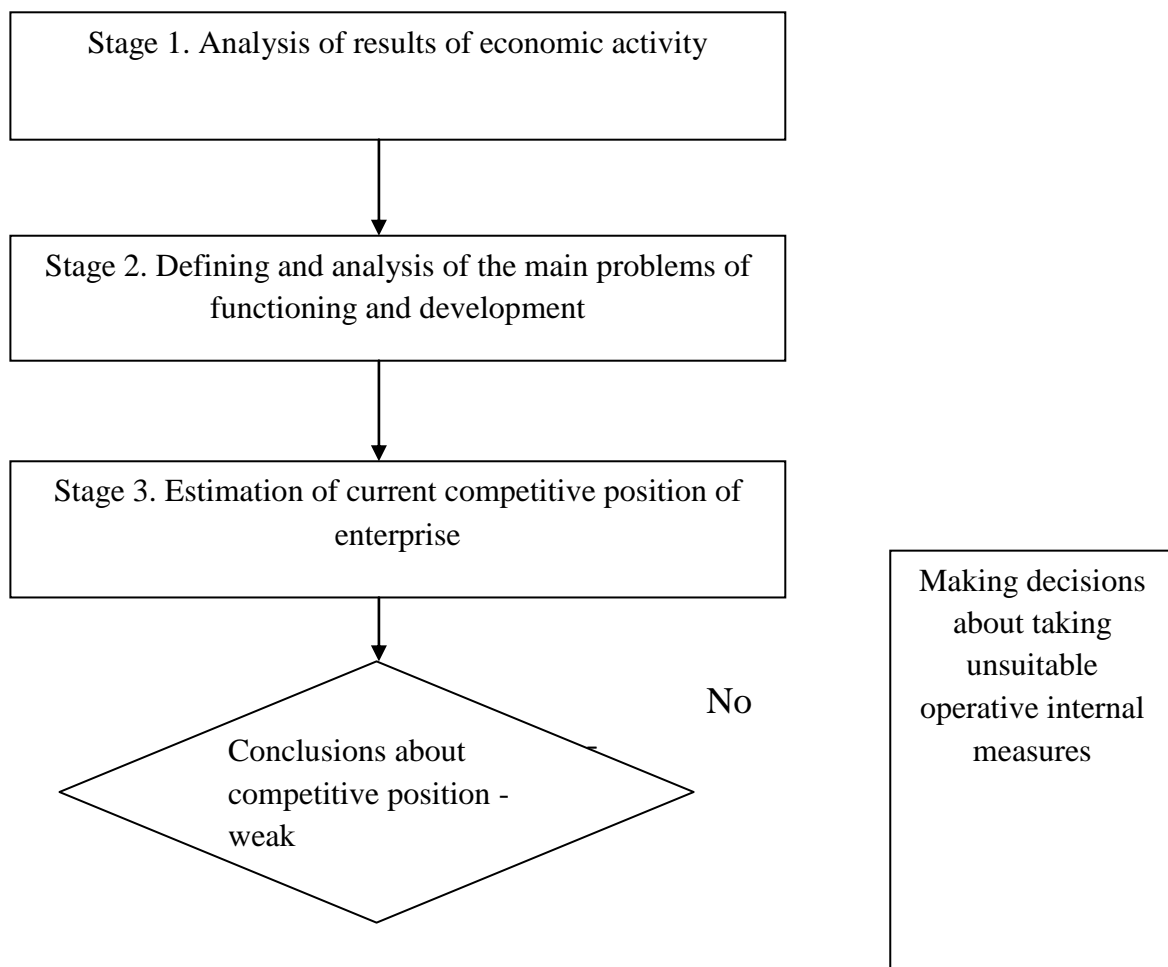
All conditions stated above and conditions influencing the development of hotel and tourist services market, labor complexity and dictate the peculiarities of enterprises activity in hotel economy [8].

Unlike any of the other, economic essence of hotel activity has no material nature. Hotel enterprises propose their product by way of service, involving a consumer in its production.

Therefore, the output element in defining the term "competitiveness of hotel industry enterprises" one can consider consumer liking and choice choosing the given services.

To define advantages and disadvantages of hotel business comparing with competitors and developments of successive competitive strategy it is necessary to study conditions of competition in hotel services market, evaluate own competitive position and study competitors' activity.

Evaluation of hotel enterprise competitiveness like other tourist enterprise can be done according to the next stages, Fig. 2.
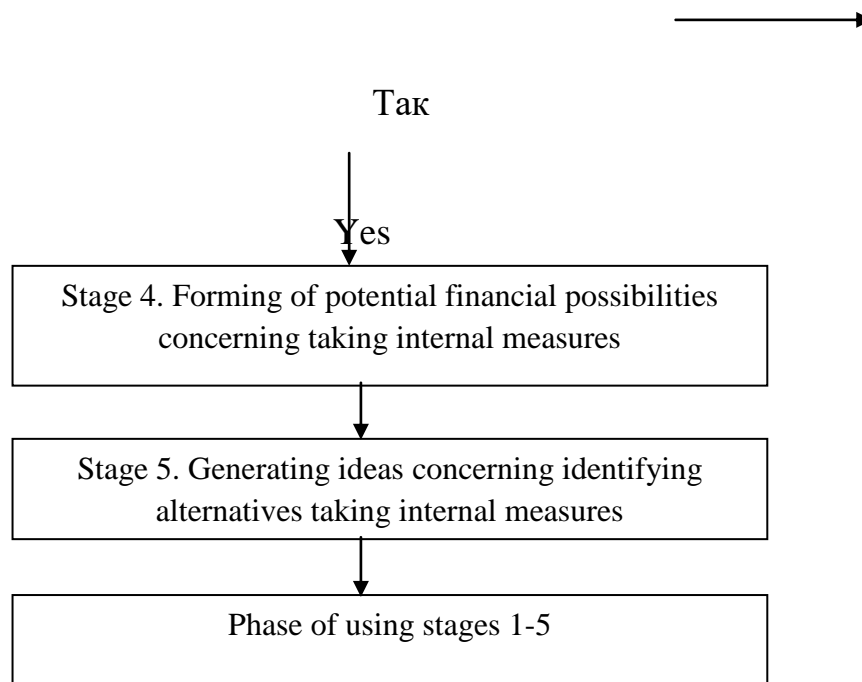

Stage 1. Analysis of results of economic activity

Stage 2. Defining and analysis of the main problems of functioning and development

Stage 3. Estimation of current competitive position of enterprise

Conclusions about competitive position - weak

No

Making decisions about taking unsuitable operative internal measures

Так

Yes

Stage 4. Forming of potential financial possibilities concerning taking internal measures

Stage 5. Generating ideas concerning identifying alternatives taking internal measures

Phase of using stages 1-5

Fig.2. Forming strategy development of hotel enterprises competitiveness [9]

Competitiveness of tourist enterprises is an effective way to develop this business.

Having analyzed the evaluation goal of hotel enterprises competitiveness, it is possible to use some methods of its level calculation. The method, taking into consideration the peculiarities of its activity, conditions of activity and tendencies of the development of the area can be used as the main factor for identifying hotel enterprises competitiveness.

Let's consider the main methods of evaluation of tourist enterprises competitiveness (Table 1).

Table 1

Analysis of competitiveness evaluation methods [10]

Evaluation method	Characteristics	Conditions of use
Method of ranks	Let to evaluate the places of enterprises-competitors by the way of arranging main indexes, reveal their advantages and disadvantages	Truth worth data about qualitative and qualitative indexes of some enterprises-competitors activity
Method of differences	Provides comparison and defining deviations of some evaluation indexes of enterprises comparatively with indexes of only one competitor	Truth worth data about competitors, necessity of defining quantitative deviations of indexes of investigated enterprise activity from a competitor
Method of points	Provides common quantitative evaluation of enterprise state in competitive	Absence of Truth worth data about main competitors Відсутність достовірної

	struggle comparatively with some competitors	інформації про основних конкурентів, наявність досвідчених маркетологів, здійснюючих збір і обробку інформації
Method of comparative advantages	Competitiveness of enterprises is caused by available comparative advantages. The level of competitiveness is evaluated by the way of comparison the level of one index of investigated enterprise comparatively to corresponding index of competitors.	Truth worth data about advantages and disadvantages of enterprises-competitors, does not require special preparation
Efficient competition method	It assumes the evaluation of industrial potential, and ratio analysis	Truth worth data about competitors, market conditions and training
Break-even point method	Deviation analysis	Truth worth data about turnover rate, expenditures and counterparts' profits
Market fate method	It will assess call for proposals due to market potential	Reliable data about tourist market and special training
Matrix method	It facilitates to define call for proposals comparing to other participants and determines the strategy. Matrix is the main instrument.	Information about venture's activity for a certain period of time and the necessity of temporary competitive analysis

During the comprehensive research of venture's competitiveness there was made a conclusion that the best assessment can be made by means fo matrix method.

Matrix methods of venture's competitiveness assessment are based on tables built on rows and columns. BCG matrix was elaborated in 60-ties of 20th century by Boston consulting group and included only 2 variables: market share and market growth ratio. This matrix is preferable (simplicity, accessibility, obviousness, attractiveness and competitiveness, and low subjectivism) but has a lot of drawbacks like exaggerate primitivism, low market sales, and market share assessment

To the contrary to double-factor BCG, the GE/McKinsey matrix is likely to be more detailed model. The matrix consists of 9 quadrants and characterizes long-term market attractiveness as well as call for proposals of any venture in it. GE/McKinsey takes into account the impact of a larger number of items (competition, financial & banking, socio-psychological as well as market indicators) than BCG matrix. There were investigated for the first time both "physical" factors (sales, profits, investment return) and individual business characteristics like market share fluctuation, technologies, and human resources. So GE/McKinsey matrix is associated with such

advantages as depth (without any further conclusions), flexibility (due to market situation), and usage range. The main advantage of GE/McKinsey model is the possibility for any indicator to be awarded different share value du to their relative importance, which enables more precise business assessment. Despite all the advantages, this matrix has some drawbacks like being discrepant and subjective; these recommendations are general and should be specified [11].

Let us investigate the assessment methods for competitiveness under General Electric / McKinsey matrix.

At first, there are defined the indicators to reflect competitiveness of hotels which are then awarded their market share basing on determined ratios that are supposed to sum up in '1'' from market attractiveness and call of proposals.

Selected calculation method at first includes the selection of estimation ratios to comply with the research item.

It is important to select relevant evaluation criteria for all range of hotels as the average ratios are supposed to be used for hotel market research.

One has to assess the following ratios: hotel occupancy, location, pricing, additional services, hotel reputation and quality of service.

The assessment of call of proposals is calculated according to the formula (1) after market analysis of hotel services:

$$Б = \frac{Зф}{Зн} * Бmax \quad (1)$$

where Б – point estimation of hotel competitiveness ;
   Зф – real meaning of index valuation of each enterprise;
   Кн– the best meaning of value index in total enterprises;
   Бmax– maximal point of index evaluation, in our case – "5".

Complex coefficient of hotel competitive position is defined according to a formula (2):

$$Кк = \sum_{}^{n} Бi * Wi \quad (2)$$

where n – number of ratios;
Бi – point estimation of each index and i-that index;
Wi – each value and i-that index.

The calculations of market attractiveness are carried out in the same way. There were selected such calculation values as market volume, market growth ratio, market profit, competitive rate, customers' loyalty.

		strong	moderate	weak
Market Attractiveness	high	Retaining of leadership; search of leaders; protection of positions; maximization of investments	Optional growth; support of positions; capital investment; controlled investment	Optional growth; concentration of efforts; stabilization; search for new investments
	middle	Optional growth; retaining positions; assessment of potential to quit via segmentation	Profit management; identification of growing segments; stabilization; optional investments	Restrictions; elimination; investment minimization; planned withdrawal
	low	Stabilization: search for new niche; re-orientation of activities; planned default	Stabilization: search for new niche; shifting of markets	Shifting of markets, going bankrupt
		strong	moderate	weak
		Call for proposals		

Fig. 3. Strategy selection due to GE/McKinsey matrix [11]

Having analyzed the advantages and disadvantages f different matrixes there were selected the GE/McKinsey one. This model is recommended while taking into consideration the peculiarities of hotel business.

Conclusions

One has to assert the fact the hotel industry influences considerably the tourism industry. Both of them are developing side-by-side. The hotel industry has experienced a long history but, nevertheless, it is an inevitable part of high-quality travel and service. One has to take into consideration that hospitality is purely human feature which can not be rendered automatically. It is necessary therefore to these factors contribute mainly to build up internal and external psychological aspects.

Having made the comprehensive research of hotel business one has to state that a list of problems within the latter are likely to be a target system deeply associated with staff innovative motivation. The possible positive trends of hotel industry development require further research concentrating on the approaches to assessment of hotel competitiveness.

The proposed matrix method to assess the competitiveness of a hotel is a detailed model based on a number of factors (competition, financial & banking, socio-psychological as well as market indicators). The advantages of GE/McKinsey are considered to be the depth, flexibility, and dissemination. A main advantage of

GE/McKinsey model is the diversification of share values depending on their relative importance for a business in a branch that surely evaluates the latter more accurately.

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