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## THE IMPACT OF INNOVATION ON THE DEVELOPMENT OF HOTEL AND RESTAURANT ENTERPRISES

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### **Abstract**

The article analyzes the dynamics and development of innovations in service industry. It was found that innovations are a huge incentive for the further development of the hotel business; which contributes to meet world standards of hotel services. The article substantiates the need to introduce innovations in domestic hotel enterprises in order to reach a larger number of potential consumers of hotel and restaurant product.

Based on the study, the author draws conclusions about the feasibility of using innovation as an important tool for the hotel enterprises development. It is generalized that the use of new technologies of investment process management in the hotel and restaurant business at the present stage of economic development is an important task, which is of great interest to managers of enterprises in this field.

**Key words: innovation strategy; hotel industry; competitiveness; financial risk; service process; long-term strategy.**

In the current conditions of Ukraine's transition to a market economy in each industry is looking for new ways and methods production, analysis of the current state, outlines prospects for the future.

One of the ways of modernization is the introduction of innovation technologies. Innovations are new forms of organization and management, new types of technologies that cover various spheres of human life. Innovation attract the attention of customers due to the unusual offers and generally improve the image. Innovation is a key feature of the modern economy. In our time of scientific and technological progress innovations in the tourism and hotel business play a major role in the highly competitive fight for each client. The use of the latest technologies allows owners to increase the efficiency of their economy, find new reserves improving the quality of service and providing new services.

The problems of finding investments on the basis of which hotel enterprises can be developed in accordance with international standards of commercial hospitality have become especially important. However, modern economic theory has so far proposed solutions to these problems, mainly for the branches of material production. The specifics of hotels in this regard, so far, have not been fully analyzed and studied. Hotel innovations continue to be analyzed only in the narrow range of additional services that the hotel can provide to its customers, and their investment development continues to remain outside the scope of comprehensive economic analysis.

In order to study the problem of innovative development of the hotel industry, the article deals with the fundamental foundations of the implementation of measures of scientific and technological progress, its economic essence, the relationship with business processes of this concept. This led to the appeal to the works of J. Schumpeter, P. Drucker, A. Anchyshkin, N. Kondratiev, M. Deliahin, D. Kokurin, Yu. Yakovets. The works of Lynn Van Der Wagen, E. Christopher, J. Walker, I. Andrzejczyk, I. Zorin, N. Kabushkin, V. Kvartalnov, O. Chudnovskiy, E. Filippovskiy, L. Shmarova and others were also studied.

However, the problems of innovative development of hotel enterprises remain poorly studied. This is largely due to the fact that for a long time the hotel and restaurant business remained on the periphery of scientific and economic observation. The urgency of these problems led to the choice of research topic.

The main objectives of the article are to analyze and dynamics of innovative development and its impact on the hotel industry.

The main characteristic of the modern economy is innovation. Innovations are newly created and improved competitive technologies that significantly improve the structure and

quality of production and the social sphere. [1] In our time of scientific and technological progress, innovations in the tourism and hotel and restaurant business play a major role in the highly competitive fighting institutions for each client. Business owners use the latest technologies to improve the efficiency of their economy, providing new ones services and search for new reserves to improve the quality of service. [3]

Tourism and hotel and restaurant business today are among high-yielding industries that are dynamic and continuous develop in today's globalization, contributing to the solution of a number socio-economic problems. Thanks to these industries is maintained high

living standards of the population, new jobs are created, preconditions are created to improve the country's balance of payments. Therefore, in the modern world system management tourism business occupies a leading position and acts an integral part of the development of the world market. Modern tourism is a complex socio-economic system, an element of which is a highly profitable diversified industrial complex, called the hotel and tourism industry. International hotel business is a special segment of the hotel industry, which is characterized by a high degree of internationalization of capital, the international nature of its operations, as the hotel system considers the whole world as its field of activity. Thus, the international hotel business plays an important role in solving the problems of integrating a national economy into the world economy and attracting investment in the real sector of the economy. At the same time, the industry is in the process of adapting to international standards. Efficiency of management system functioning staff is determined by its contribution to the achievement organizational goals, as it permeates all aspects activities of hotel and restaurant facilities and affects the efficiency of others control systems. Management is the impact on employees for achieving the goals of the enterprise and its employees and is based on many areas of knowledge. Modern management is special sphere of economic relations, which has its own logic development. The essence of management is influence to the process through decision-making. Necessity management is associated with the processes of division of labor and separation of managerial work from executive.

Personnel management is a system,an integrated approach that takes into account the ever-changing needs of the organization in human resources, ensuring the efficiency of operation establishments of hotel and restaurant economy. The personnel management system is a complex goals, objectives and main activities, various types, forms and methods of work, as well as the relevant management mechanism aimed at ensuring continuous efficiency improvement production, productivity and quality of work.

The main distinguishing feature of the modern economy is innovation. Innovation is a powerful strategic and anti-crisis tool. The relevance of innovative technologies is explained by the globalization of the world market, shortening the life cycle of goods, as well as the need for a strategic approach to updating the quality characteristics of products and services.

The basis of management methods used there are laws, laws and principles of society production, scientific and technical level of development enterprises, social, legal and psychological relations between people. Enterprise management is aimed at people, the range of their interests, especially material, so the basis of qualification management methods is the inner meaning of the motives that guide a person in the process of production or other activities. In his own way the content of the motives of activity can be divided into material, social and coercive motives.

In scientific works of domestic and foreign scientists have proposed a number of effective methods HR. To classical methods belong to:

- administrative - based on power, discipline, based on the administrative subordination of the object of the subject on the basis of existing management hierarchy; focus on the following motives behavior, as a conscious need for labor discipline, sense of duty, work culture activities; operate through the following mechanisms: legal norms, instructions, organizational charts, regulations, regulations used in operational management process;

- economic - based on the use of economic incentives, with their help is carried out material incentives for the team, individual employees;

- socio-psychological - based on the use of moral incentives to work and affect staff through psychological mechanisms to translate the administrative task into a conscious duty, the inner need of man.

All these methods must be combined and create the necessary tools for the most effective company management.

To evaluate efficiency and productivity various methods can be used in personnel management activities, namely: use Innovation in tourism is a system of organizational and economic, research, technological and other measures and their results aimed at radical transformation and renewal of the tourist product, the mechanism of its promotion and implementation in order to achieve economic, social, environmental or other effect [1, p.17].

The application of innovations in tourism greatly facilitates the process of providing tourist services, which begins with informing about them and ends with their final consumption. For example, the emergence of the World Wide Web has led to the

simplification of information exchange, improvement of methods of implementing the marketing cycle in tourism, the development of electronic means of payment with customers and suppliers etc. The innovations use in the hotel business is economically feasible and effective if they bring the hotel additional income, provide competitive advantages in the market, increase market share, reduce costs, improve the service process, increase the efficiency of individual departments and the hotel as a whole.

The hotel business is a highly saturated information industry. It is known that the success of the business of some sectors of the economy directly depends on the speed of transmission and exchange of information, its relevance, timeliness of receipt. This also applies to any accommodation. The successful development of the hotel business involves the widespread use of the latest technologies both in the introduction of new hotel services and in their promotion on the market. It is obvious that the introduction of innovative technologies is becoming an integral part of increasing the competitiveness of the hotel business, as well as improving the quality of service.

Thanks to modern forms of management, such as franchising and contract management and a combination of these forms, hotel companies have been able to reduce costs when entering the market, more centrally manage their financial resources, minimize current costs, pursue more effective pricing policies. As a result, the development of the modern hotel sector is characterized by an increase in the share and role of international business in it. International hotel corporations that create hotel chains dominate the accommodation market. However, the processes of concentration and centralization in the international hotel business have not led to the complete displacement of relatively small independent hotels.

Along with attracting business tourists with art objects, the common world practice of promoting premium hotel services is to focus on a narrow segment of customers to create an original hotel product. For example, the number of Women only hotels is growing worldwide. The first such hotel (Barbizon Hotel for Women) appeared in the early twentieth century in New York. This “women only” hotel was to be seen as a symbol of feminism. Since the 1980's radical rules were relaxed, everyone could stay in the hotel. Currently, the hotel is included in the National Register of Historic Places of the United States [2]. It should be noted that the root cause of the creation of exclusively women's hotels - the idea of feminism - has eventually given way to the religious aspect, which is related to the rules of conduct of women in the Islamic world. In this regard, in 2007, Saudi Princess Madawa bint Muhammad supported the initiative of local businesswomen to open a special hotel Luthan, or "Escape in

search of refuge", in Riyadh. All hotel staff are also women. As stated on the booking.com website, "Men, couples and children are not allowed to stay in the hotel".

The modern market of hotel services is in constant dynamics, responding to emerging customer requests. Business travelers who need to rent a room for a few hours a day have become the reason for the emergence of a new service on the market - day hotels. Business people who have come to another city feel the need to put themselves in order before an important meeting or just relax after a long flight and then leave the hotel. For more than ten years, this service has been offered by hotels at airports, since 2010 this idea has spread among city hotels. Day visitors are usually asked to leave before 18:00 or 19:00 in order to prepare the rooms for the evening arrival of the next visitors. Thus from the visitor not hourly payment, and the fixed cost of number for day is taken. It is noteworthy: despite the fact that such a service is offered by many airport hotels, to such large hotel chains as Holiday Inn, Ibis, Novotel, Hilton, Sheraton on the Internet sites of hotels, the possibility of daily accommodation is rarely advertised.

Capsule hotels, which first appeared in Japan (Osaka) in 1979, offer tourists an alternative to budget and short-term accommodation in megacities. Capsule hotels consist of small rooms. Space in hotels is divided into two types: common and individual, which inevitably follows from the organization itself. A large public space is a mandatory requirement of capsule hotels of this type. The original Japanese concept of capsule hotels has undergone major changes for the better, and now respectable tourists stay in capsule hotels. The main purpose of the visit for the Japanese to the capsule hotel is not to stay in capsules, but to visit onsen. Onsen is a wellness center equipped with large hot mineral water baths. The Japanese believe that in prehistoric times only the gods had access to mineral springs. Therefore, accommodation in hotels such as Green Plaza Shinjuku is considered a joyful ceremony.

Determining the right evaluation criteria when developing a pricing strategy is of great importance in the hotel business. It should be noted that the emergence of a large number of budget hotels in the world is directly related to the development of low-cost air travel (Lowcost): poor passengers have become potential tourists. At the same time, there are only two ways to satisfy the needs of customers with little wealth: either to minimize the set of services, or to minimize the area of the room. The Asian corporation Tune Hotels has advanced much further on the path of creating inexpensive hotels. It was founded by the owner of the budget airline Air Asia Tony Fernandez. Today, the chain includes 27 hotels located in five countries.

The company's motto is “five-star beds at one-star prices”. The tune rooms (about 10 sqm) are equipped with a wide bed, table, chair and fan. They also have a small bathroom. But there are no towels and soap. The basic cost of living in the flagship hotel Downtown Penang (Georgetown) is about \$ 30. If guests have a desire to turn on the air conditioner, access the Internet, buy a towel, soap, etc., they will have to pay extra.

The undisputed leader in the budget hotel market is the French corporation Assor. The development of the economic segment in the Accor Group is given special importance: it generates significant revenue for the operator and is an important factor in global growth. According to analysts, the group of ibis brand, which belongs to the economy class, is most suitable for development in the regions of Ukraine. Taking the first place in the European rankings, it sets the tone on many platforms outside the Old World. The goal of ibis is to increase the share of direct bookings from the site to 40% by 2015. The number of web site visitors only in 2014 increased by 30% [5].

Along with capsule hotels, Bubble hotels belong to hotels with a unique concept and design. In France, there are a number of transparent tents designed for accommodation and recreation of tourists. The concept of the new hotel format belongs to the French designer Pierre Stephanie Dumas, who proved with his project that the ball in the hotel market is beautiful and comfortable. A new balloon hotel resembling a soap bubble has opened in a picturesque forest on the outskirts of Paris. This place attracts travelers with a quiet and cozy location that allows you to feel closer to nature, away from the noisy city and bustle. The main idea for the opening of such a hotel was the desire of the designer to create a place for temporary relaxation.

In Ukraine, there is a rapid development of the hotel business, as evidenced by the opening of new hotel facilities and the interest of foreign investors. The leaders of the hotel business in Ukraine are Kyiv, Odesa, Lviv. In addition, the hospitality industry is actively developing in Zakarpattia, Ivano-Frankivsk, Kherson and Zaporizhia regions. In 2019, Ukraine is expected to increase the hotel number due to the development of network operators in the cities of the country. At the same time, the most active operators who plan to develop their networks in the cities of Ukraine are Accor, Rezidor Hotels Group, Kempinski Hotels, HiltonHotel Corporations. Network hotel operators are interested in the market of large cities in Ukraine.

In the next few years, foreign hotel and tour operators plan to actively develop in the Ukrainian market, which is due to the objective growth of business and tourism flow to

Ukraine. In 2016, Hilton Worldwide can be predicted to increase the number of rooms, if all the announced projects are implemented, the Hilton portfolio will increase by 916 numbers.

The study provide reasons enough to suggest that the dynamics of development of the Ukrainian market of hotel services reflects the main world trends and modern practice: raising service standards; application of innovative design solutions; creation of a unique hotel product focused on the needs of a narrow segment of customers; development of new hotel services and forms of business (day hotels, capsule hotels); principles of environmental friendliness of applied technologies, saving of resources, reduction of expenses etc. However, in some cases, under modern conditions, Ukrainian hotels do not have the resources and thoughtful marketing policy to achieve effective management of the hotel and restaurant business. Therefore, the topic of using international experience, development, implementation and application of new models of innovative hotel concepts is very relevant and important for the hotel services in Ukraine.

Means of innovation are becoming determinants for competitiveness of the tourism industry and hotel and restaurant business and intensification of exchanges with other sectors of the economy related to it.

Innovative activity in the field of tourism and hotel and restaurant business is aimed at creating a new or modifying an existing product, on improvement of hotel, transport and other services, development of new ones markets, gaining customer trust, forming a positive image and introduction of advanced information technologies and modern forms organizational and managerial activities.

The need to innovate in the field of tourism and hotel business is stimulated by competition and a number of other requirements market. The importance of their use is also due to changing requirements consumers. Implementing innovation is becoming an objective necessity for everyone stages of the enterprise

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