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Strategy of international hotels as the factor of development of tourism in russia.

Nikolaev-Pasukhin Stanislav: A szállodák stratégiája, mint a turizmus fejlődésének tényezője Oroszországban

Összefoglaló
A publikációmban a nemzetközi szálloda láncok vizsgálatára kerül sor, akik a szálláshely szolgáltatás egyik meghatározói tényezői. A moszkvai hotel láncok vizsgálata során azt vizsgáltam, mely tényezők befolyásolják leginkább a turisták döntéseit. A szállodák vizsgálatát CSG analízis segítségével végeztem el.
Kulcsszavak: szállodaláncok, Oroszország, CSG analízis

SUMMARY

The international tourism, globalization and other factors created the soil for emergence of the international hotel chains – the largest players in this market, which strategies we have investigated by means of maps of strategic groups. Certain intermediate conclusions were already drawn, we will highlight once again importance of research of players of such scale – in many aspects they will define development of the market of hotel services in the future.

Keywords: hotel chains, Russia, CSG analysis

INTRODUCTION

Tourism is one of the most important components of modern life and is roughly developing branch. People travel, visit new countries, go to business trips, etc.

In 2012 among the leading countries of the world tourism Russia was ranked 10th on number of tourist arrivals and the 30th on the volume of receipts from tourists. [1] Modern development of tourism in Russia is considered as the innovative direction of transformation of the national economy, allowing to transit to saving resources growth [2 s.153]

So in recent years in Russia the following situation is observed:

	2000	2005	2010	2011	2012
Volume of paid services to the population, million rub.					
Tourists	10639	33849	99879	112829	121545
hotels and similar means of accommodation	...	60098	112855	125541	141012
sanatorium and health improving	16840	36082	60460	68521	75622
Indexes of physical volume of paid services to the population, as a percentage to previous year:					
tourists	97,8	121,6	120,8	103,6	100,8
hotels and similar means of accomodation	...	96,1	99,1	103,3	103,7
sanatorium and health improving	99,8	105,6	94,3	103,8	103,5

Sheet 1 the main indicators of services in the field of tourism [3]

According to this statistics, constant development of this branch was observed in 2011 and in 2012.
Russia attracted many foreigners, more and more tourists visit our country: According to the table the quantity of trips for the last 2 years has strongly increased. Growth proceeds also for the first quarter of this year.

In my opinion, it is not yet a limit – the tourist partnership can be even more developed, but much depends on external factors: political, economic and other. In this case, it is very actual.

	2010		2011				2012			
	entrance	departure	entrance	% of growth	departure	% of growth	entrance	% of growth	departure	% of growth
Number of trips - all	22272	39304	24920	12%	43707	11%	28168	13%	47806	9%
including on the purposes:										
business	4432	1344	5475	24%	1433	7%	6201	13%	1195	-17%
tourism	2134	12605	2336	9%	14496	15%	2570	10%	15332	6%
private	13696	22890	14863	9%	25101	10%	16956	14%	28393	13%

Sheet 2. Dynamics of a tourist stream in Russia (thousands) [3]

	entrance				departure			
	2012	2013	2013/2012(%)	1q.2014	2012	2013	2013/2012(%)	1q.2014
Hungary	23 047	27 155	17,82	5 820	51 686	71 850	39,01	26 369

Sheet 3. Dynamics of a tourist exchange between Russia and Hungary [4]

Between Russia and Hungary there is rather intensive tourist stream:

Flow of tourists increases, for them hotels are under construction, many of which are run by the international hotel chains.

FEATURES OF STRATEGY OF DEVELOP-MENT OF THE INTERNATIONAL HOTEL CHAINS IN MOSCOW

We decided to carry out research in which we will take the international chains in Moscow and we will analyse them from the point of development strategy. It is necessary to understand, given such development of branch, how will develop the international chains in Moscow and what benefits are for the domestic private sector.

The choice of strategy and its realization make the main part of the content of strategic management. In strategic management strategy is considered as long-term qualitatively certain direction of development of the organization, concerning the sphere, means and forms of its activity, system of relationship in the organization, and also an organization position in the environment. The clear and well-reasoned strategy will allow not only to avoid risks, to realize growth potential, but also to increase controllability of business.

Now our country is the organizer of many events of world level, such as the Olympic Games in Sochi 2014, University games, FIFA World Cup, the Summit in Vladivostok, etc. Taking part in such vast projects, the hotel companies have opportunity to significantly reduce a payback period of projects.

USE OF CARDS OF STRATEGIC GROUPS FOR THE ANALYSIS OF STRATEGY OF HO-TEL CHAINS

We in the work decided to apply such tool, as the card of strategic groups. This tool will show that the similar, almost uniform companies actually have the features on certain indicators which we and want to reveal. This tool will allow dividing all analyzed companies into groups on similar signs.

We allocated the following parameters for creation of cards of strategic groups:

- Ratio of the prices and quality in the Moscow market;
- Territorial coverage (number of the countries in which the chain has branches);
- Product differentiation (quantity of brands);
- The size of the company (revenue, profit, number of employees, number of hotels and numbers in the world);
- Efficiency of activity of the company (profitability);

Theoretical bases of the analysis:
Before creation of cards of strategic groups, we will designate a theoretical basis of this analysis.
Algorithm of application of CSG
- We will designate the studied companies – hotel chains.
- We will choose couple of differentiating characteristics.
- We will put hotel chains on the two-dimensional schedule according to values of characteristics.
- The companies which are closely to each other in this two-dimensional space, unite in one strategic group.
- To make the comparative analysis of two-dimensional schedules to establish Strategic Groups on the multidimensional basis.
- The closer are companies, the more strongly competition is between them.
Rules of drawing up card of strategic groups
1. Variables which undertake as couple which is setting two-dimensional space, have to be rather independent variables on the relation to each other.
2. The chosen variables have to establish actually distinctions between the companies.

The analysis carried out by us.
We carried out this analysis of CSG which results we will give below. We conducted the first research by criteria the price-quality. For this research data on the price of single standard room in hotel without discounts and actions, and also an average assessment of hotel on the basis of responses of tourists were with own hand collected. It was carried out by means of one of the largest systems of online room reservation in Booking.com hotels.
On schedule (Pic. 1) the first card on all analyzed hotels is submitted.
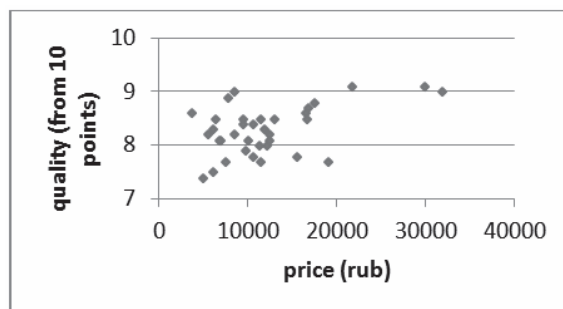
Pic. 1 Strategic map price-quality, general case
On this card we see only dependence: the higher price, the higher quality. However defined conclusions according to this schedule can't be made.

For the further analysis we will unite values on brands – that is we will take average values on all hotels of a brand. Then we receive the following card, (Pic. 2). At this stage it is already possible to distinguish 2 leaders from brands. It is The Ritz-Carlton Moscow (The Ritz-Carlton) and ARARAT PARK HAYAT (Park Hyatt). We will note that it is 2 different chains of Mariott and hyatt.
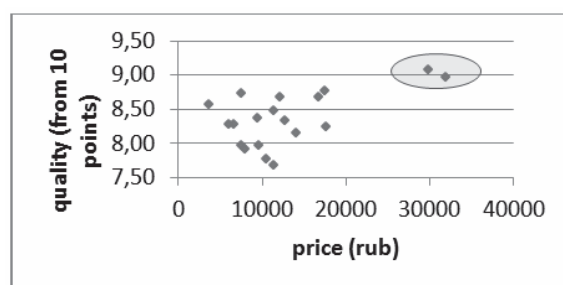
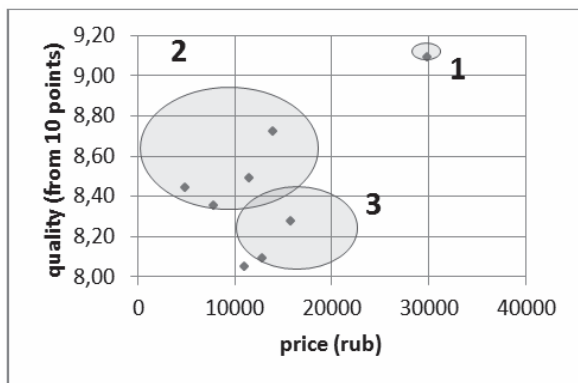Pic.2 Strategic map price-quality, brands
We will take the following step similar to the previous – we will construct such card for chains (Pic. 3). According to this card it is already possible to designate 3 groups:

2 group – average, has the range of the prices approximately from 5 to 15 thousand and the range of quality about 8,3-8,7. This group includes Accor, The Luxury Collection by Starwood, Best Western, Kempinski.

3 group – losing on quality. They have the similar range of the prices, but concede on the quality, which range from 8 to 8,3. This group includes Mariott, SAS Rezidor, InterContinental Hotels.
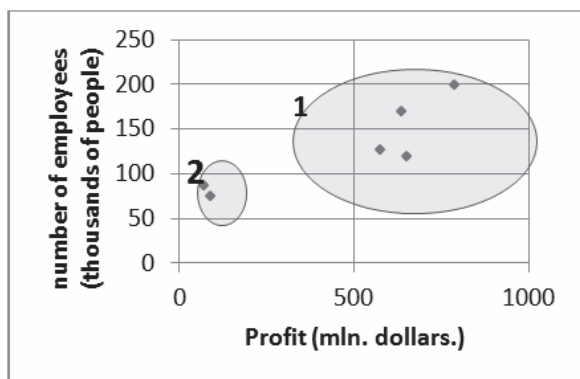
We will construct the card on the following indicators: number of employees – revenue. (Pic. 4)
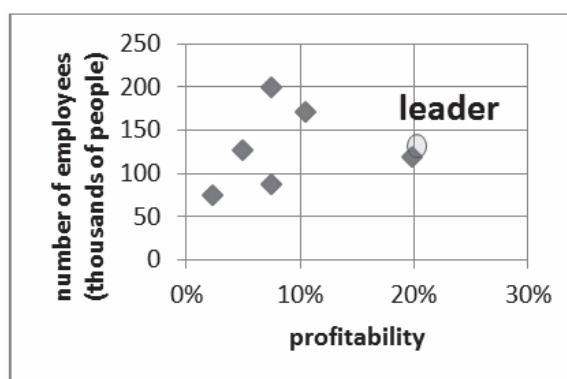

Pic.3 Strategic map price-quality, chains

1 group – the leader. Only one chain enters it – hyatt as it has only one hotel in Moscow ARARAT PARK HAYAT
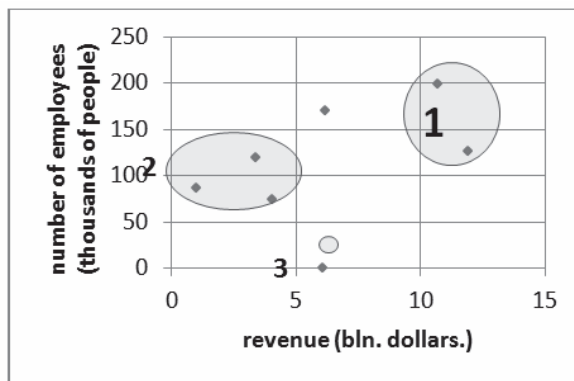
Pic.4 Strategic map number of employees – revenue

Pic.5 Strategic map number of employees – profit

Pic.6 Strategic map number of employees – profitability

According to this card we can allocate 3 groups: 1 – the leader both on number of employees, and on revenue. This group includes 2 chains: Accor and Marriott

2 – group with the smallest revenue and average on number of employees. 3 chains enter it: hyatt, InterContinental Hotels and SAS Rezidor. The Luxury Collection by Starwood chain is intermediate

3 – the outsider on number of employees and the middle place on revenue is taken by Best

Western chain that is explained by feature of its device is an association of different hotels under a brand while the personnel of hotels controlled by these chain makes only slightly more than 1000 people.

We will construct the card on the following indicators: number of employees – profit. (Pic. 5)

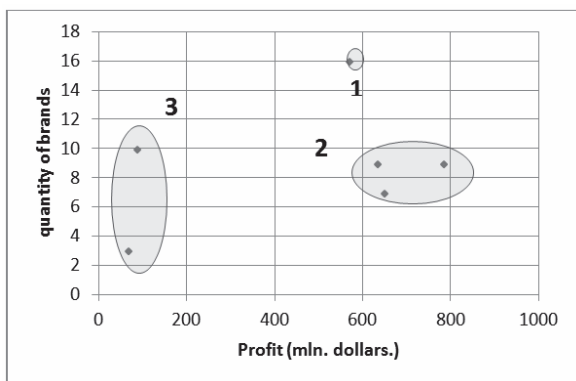According to this card we can allocate 2 groups:

1 – the leader both on number of employees, and on profit. This group includes 4 chains: Accor, Marriott, The Luxury Collection by Starwood, InterContinental Hotels.

2 – group with the smallest profit and number of employees. 2 chains enter it: hyatt ISAS Rezidor. It should be noted that 2 of 3 chains of similar group in the previous card coincide, but into group of leaders passed InterContinental Hotels chain.
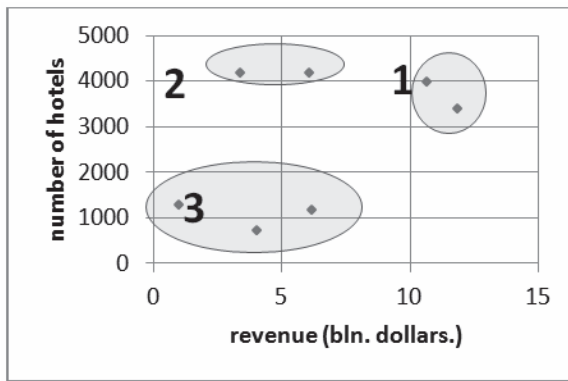
We will construct the card on the following indicators: number of employees – profitability. (Pic. 6)

According to this card it is possible to note only being allocated chain of InterContinental Hotels which is the undoubted leader on profitability at average number of employees.
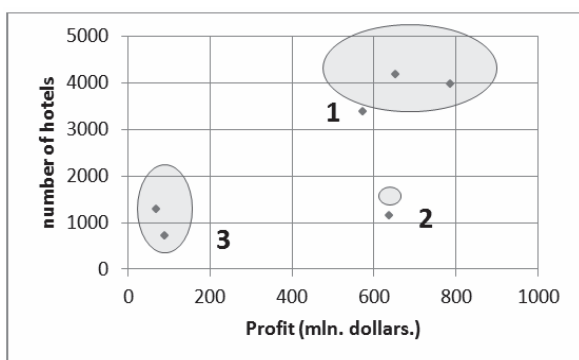
We will construct the card on the following indicators: quantity of brands – profit. (Pic. 7)
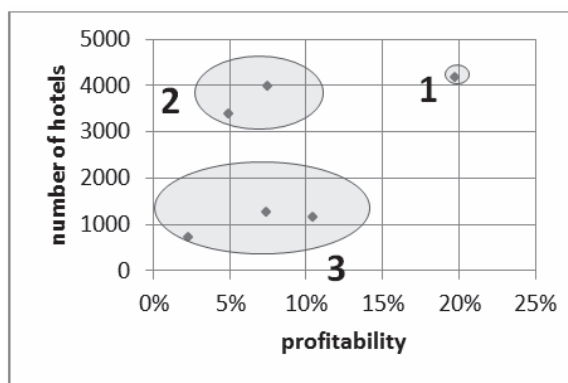

Pic.7 Strategic map quantity of brands – profit

Pic.8 Strategic map number of hotels – revenue

Pic.9 Strategic map number of hotels – profit

Pic.10 Strategic map number of hotels – profitability

According to this card we can allocate 3 groups:

1 – the leader on number of brands. It is Marriott chain.

2 – group with the greatest profit and average on number of brands. 3 chains enter it: Accor, The Luxury Collection by Starwood, InterContinental Hotels.

3 – with the outsider on profit occupy SAS Rezidor and hyatt chains, and SAS Rezidor is the absolute outsider on these two indicators.

We will construct the card on the following indicators: number of hotels – revenue. (Pic. 8)

According to this card we can allocate 3 groups:

1 – the leader both on number of hotels, and on revenue. This group includes 2 chains: Accor and Marriott

2 – group with average revenue and the leader by number of hotels. 2 chains enter it: InterContinental Hotels and Best Western.

3 – outsiders on number of hotels are chains of The Luxury Collection by Starwood, SAS Rezidor and hyatt.

We will construct the card on the following indicators: number of hotels – profit. (Pic. 9)

According to this card we can allocate 3 groups:
1 – the leader both on number of hotels, and on profit. This group includes 3 chains: Accor, Marriott and InterContinental Hotels.
2 – by number of hotels and the leader on profit – The Luxury Collection by Starwood.
3 – outsiders on number of hotels and profit are SAS Rezidor and hyatt chains.

We will construct the card on the following indicators: number of hotels – profitability. (Pic. 10)

According to this card we can allocate 3 groups:
1 – the leader both on number of hotels, and on profitability – InterContinental Hotels.
2 – group with average profitability and the leader by number of hotels. 2 chains enter it: Accor and Marriott.
3 – outsiders on number of hotels and on profitability are chains of The Luxury Collection by Starwood, SAS Rezidor and hyatt.

We will construct the card on the following indicators: number of the countries in which hotels of this chain – profit. (Pic. 11)
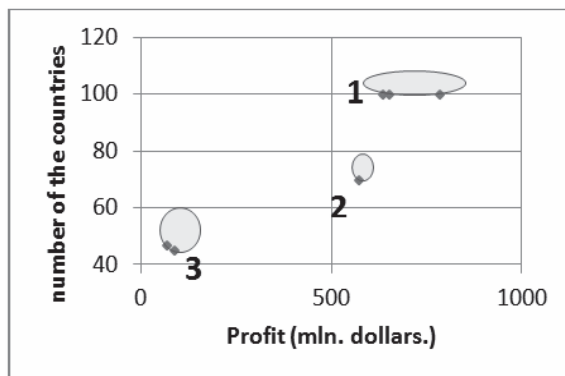
Pic.11 Strategic map number of the countries – profit

According to this card we can allocate 3 groups:
1 – the leader both on number of the countries, and on profit. This group includes 3 chains: Accor, The Luxury Collection by Starwood, InterContinental Hotels.
2 – chain with average profit and average by number of the countries – Marriott.
3 – outsiders on number of hotels are SAS Rezidor and hyatt chains.

On the basis of the carried-out analysis it is possible to make the summary table in which the provision of a hotel chain in each of the supervision, defined by the CSG tool will be designated: leader, average or outsider.

Further we will give to the leader, average and the outsider points respectively 3, 1 and 0 as it becomes in sports competitions.

	1	2	3	4	5	6	7	8
Accor	leader	leader	average	average	leader	leader	average	leader
Marriott	leader	leader	average	leader	leader	leader	average	average
The Luxury Collection by Starwood	average	leader	average	average	outsider	average	outsider	leader
SAS Rezidor	average	outsider	average	outsider	outsider	outsider	outsider	outsider
InterContinental Hotels	average	leader	leader	average	average	leader	leader	leader
hyatt	average	outsider	average	average	outsider	outsider	outsider	outsider
Best Western	average	-	-	-	average	-	-	-

Sheet 4. Place of hotel chains in analytical research

On the basis of this table it is possible to draw certain conclusions: leaders are Marriott, Inter-Continental Hotels, Accor. These chains will try to hold the leading situation, improving it as far as possible, for example, increasing profitability indicators by introduction of more effective technologies.

Position following leaders is held by The Luxury Collection by Starwood chain. Strategy of this corporation can be designated, as attempt to be among leaders, to win strong positions and to improve indicators.

The final table looks as follows.

Marriott	18
InterContinental Hotels	18
Accor	18
The Luxury Collection by Starwood	10
hyatt	3
SAS Rezidor	2

Sheet 5.   Total about a place of hotel chains in the Moscow market

SAS Rezidor and hyatt are outsiders that sets for them absolutely other tasks – to extend and be modernized for strengthening of the positions. It won't be simple to win a share a wound from leaders, but it is necessary. Without it these hotel chains can be forced out from the Moscow market that doesn't enter their interests.

AVAILABILITY OF SITES OF HOTELS TO ONLINE BOOKING

Presently became popular to travel independently, without using services of travel agencies. In absolute majority of cases information search, and also a choice and booking of hotel happens on the Internet.

We conducted small research of hundred Russian hotels which have been selected in a casual order on four most popular tourist regions of Russia: in Moscow, St. Petersburg, Sochi and cities of the so-called Golden Ring. The analysis was carried out by six criteria:

1. Position in the largest searcher in Russia – Yandex: situation less than 20. The inquiry was: "hotel in (the region name, for example, hotel in Moscow)".
2. Prices: existence or absence on a site of hotel of information on the prices was specified only.
3. Booking system: existence or absence on a site of hotel of a booking system was specified only.
4. Location map: existence or absence on a site of hotel of the location map was specified only.

5. The description of services on the site, estimated on a scale from 0 to 5 points: value judgment of perception of quality of hotel by the tourist who is looking for information on the Internet.
6. The interface estimated on a scale from 0 to 5 points: value judgment of perception of quality of a presentation of information and convenience of using site.

CONCLUSIONS

As a result, we analysed the factors which are strongly influencing transactional expenses. If on the hotel site there are 6 reflected and opened aspects stated, site can be considered to be excellent that allows hotel to show their advantage to independently traveling tourists and to lower their expenses of information search, negotiating and conclusion of contracts (that is the transactional expenses arising before transaction) to a minimum. At first sight it seems that hotels have to have excellent sites, after all it demands minimum material inputs, but has a bunch of positive moments. But research yielded interesting results which should be properly analysed to draw correct conclusions.

Among hundred surveyed hotels: 5* - 18; 4* - 24; 3* - 35; 2* - 16; Econom category – 7.

We will note that very few hotels got to the first 20 links by search in Yandex. The majority of the links issued by the searcher, were on sites – catalogs of hotels. Such sites help to search hotels, but force out sites of hotels from

the first positions. The prices are specified in 69% cases that isn't enough as the cost of numbers – one of the major factors at a hotel choice. Hotels 5* less often than others specify the price. It is possible to explain with aiming at the wealthy clients, which are interested more in the superior quality of numbers and services, instead of the prices. In other categories the percentage is much higher that shows interest of hotels in decreasing transactional expenses of information search of the possible clients. The booking system exists in 94% cases, that is easy to explain. Managing directors understand that in the modern world many orders happen on the Internet. The location map is for 92% of the surveyed sites that is easy to explain by almost zero cost of placement of the scheme on a site and awareness of its convenience to tourists. It is possible to make the assumption that shortly the location map will appear on all sites of hotels as it helps to orient and does hotel more attractive, doesn't spoil the first impression. Further there are 2 subjective indicators: the description of services on a site and the interface. The interface in this case is understood as a interaction of the user with a hotel site, which is organized by means of pictograms, the menu, dialog boxes and so forth. Average value of an assessment of the description of services has made 4,58. Two last subjective indicators reflect quality and convenience of information provided on a site and influence the first impression of the tourist about hotel. Therefore you shouldn't neglect these details. It is easy to improve these indicators therefore it is possible to expect in the near future increase in good sites of hotels.

In the conclusion, I would like to add some words. First of all, I would like to underline, that the international tourism – one of the most developing branches of the world economy, which growth depends on a world environment. But development is also explained by various factors and is finally provided by cooperation of the different countries (for instance our cooperation with Hungary). It is only one of the components of our future partnership.

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