

Implementation of European Experience in the Activities of Modern Domestic Enterprises of the Hospitality Industry

Svitlana Peresichna*, Ihor Hryhorchak, Yevheniia Hushcha, Nataliia Bulhakova, Liudmyla Zotsenko and Kateryna Yatsko

Department of Hotel and Restaurant and Tourist Business, Faculty of Hotel and Restaurant and Tourist Business, Kyiv National University of Culture and Arts, Kyiv, Ukraine

*Corresponding author: svetap264@ukr.net (ORCID ID: 0000-0003-2023-558X)

Received: 10-05-2022

Revised: 11-08-2022

Accepted: 23-09-2022

ABSTRACT

In the context of strengthening the European integration of Ukraine, it is relevant to study the practice of functioning of the enterprises in the field of hospitality in European countries in order to form recommendations for the implementation of similar experience in domestic enterprises. The purpose of the academic paper lies in analysing the European experience of enterprises in the field of hospitality, with the aim of its implementation in the activities of domestic companies. The methodology of the research is based on the case method for the experimental study of innovative practices of the two largest hotel chains in Europe: Motel One Group and B&B Hotels. The results demonstrate a combination of concepts of customer orientation by virtue of personalized products and customer experience, with a focus on unique modern design as a key competitive advantage. Hotel chains focus on the low price segment and increase dynamically due to the advantages as follows: unique design, organic food, concentration on the main needs of customers. The activities of the hotel network correspond to the trends of the European and global market. The theoretical value of the research lies in the fact that the analysis of the cases proves that in order to implement the paradigm of “unforgettable experience”, the enterprises of the hospitality industry can concentrate on one of the parameters: entertainment, aesthetics, escapism, education. At the same time, it is possible to indirectly provide an “unforgettable experience” for customers through staff recommendations (routes, events, places of interest).

HIGHLIGHTS

- Analysing the European experience of enterprises in the field of hospitality, with the aim of its implementation in the activities of domestic companies.
- The theoretical value of the research lies in the fact that the analysis of the cases proves that in order to implement the paradigm of “unforgettable experience”, the enterprises of the hospitality industry can concentrate on one of the parameters: entertainment, aesthetics, escapism, education.

Keywords: Customer experience, hospitality industry, customer orientation of hotels, innovations in the hospitality industry

Quality personalized service is a key component in the hospitality industry; consequently, the business processes of enterprises in this area are focused on serving the customer according to his needs. “The aim of great service culture in hospitality industry isn’t just to satisfy the guest, but to create a unique, unforgettable, authentic experience with impeccable and sophisticated style of service” (Michaelides,

2017). The focus on quality service and a unique experience is driven by the growing demand for quality service and the increasing level of customer

How to cite this article: Peresichna, S., Hryhorchak, I., Hushcha, Y., Bulhakova, N., Zotsenko, L. and Yatsko, K. (2022). Implementation of European Experience in the Activities of Modern Domestic Enterprises of the Hospitality Industry. *Econ. Aff.*, 67(04s): 735-743.

Source of Support: None; **Conflict of Interest:** None



awareness of new trends in service through digital feedback collection systems (Akhalaia & Vasadze, 2016). The service increasingly takes into account the numerous needs of customers, such as the availability of Internet access, additional services (delivery of flowers, calling a taxi, etc.) (Radojevic, Stanasic & Stanic, 2015).

The concept of customer focus and providing the customer with an unforgettable experience in receiving services is slowly being introduced into the activities of Ukrainian enterprises: large companies in the hospitality sector, concentrated in big cities, actively use European experience, while small and medium-sized companies lag significantly behind in terms of service quality. If we speak about Europe, the main trends in this sphere should be outlined, namely: the development of “a multicultural intelligence” among the staff to work with customers from all over the world in conditions of cultural diversity; development of service culture and personnel competencies to meet the needs of industry enterprises; implementation of new strategies and tactics of personnel recruitment (Michaelides, 2017); an increase in the number of highly specialized firms in the industry that provide services for a specific type of client with different income levels, needs; establishment of international service standards; growing popularity of private hotels and museum hotels, hotels with a unique concept; increase in the level of innovation of hospitality industry products (Akhalaia & Vasadze, 2016).

The above-mentioned trends determine the relevance of studying the European experience of the hospitality industry for the formation of recommendations for domestic enterprises. The purpose of the research lies in analysing the European experience of enterprises in the field of hospitality with the aim of its implementation in the activities of domestic companies.

Literature Review

The European model of functioning of hospitality industry enterprises is characterized by a high level of service quality, active implementation of the concept of customer orientation. The European hospitality industry is characterized by dynamic development, in particular, due to historical, social and cultural factors that have attracted visitors from European

countries (Masset, Uzelac & Weisskopf, 2019). In the sphere of European hospitality, the following key development trends can be considered (Akhalaia & Vasadze, 2016), namely: the desire to reduce the capacity of rooms by hospitality enterprises in order to increase the level of individual service; the key competitive advantage is stylish and sophisticated interior design, high-quality service and business reputation; location of enterprises of the middle and high price segment (in particular, hotels) in unique places, historical locations that attract visitors; supplementing personal communication with automated methods, communication channels with customers; segregation of enterprises, which manifests itself in the separation of enterprises of different price segments and enterprises with different concepts.

Akhalaia & Vasadze, (2016) have outlined the following trends in the development of enterprises in the hospitality industry, namely: an increase in the level of democratization of enterprises in order to increase the availability of services; allocation of the functions of enterprises to other products and services (food, leisure, exhibitions, etc.); increasingly narrow specialization of enterprises in order to focus on certain market segments; constant implementation of innovations; globalization and concentration of enterprises: formation of networks, creation of unions, organizations; personalization of services, focus on customer needs; integration of information and communication technologies and new technologies for optimising business processes, especially in the field of marketing and management.

The scientific work of Sipe & Testa (2018) pays a particular attention to the central role of the paradigm of “unforgettable experience” of customers, which is provided through the following parameters: entertainment, aesthetics, escapism, education. FustéForné, F. (2015) notes the significant success achieved by hospitality enterprises in providing unique customer experiences due to direct communication through satisfaction surveys. Ivanovic, Milenkovski & Milojsica (2015) also focus attention on the concept of customer experience, ensuring effective communication for the formation of innovative personalized products. “In the context of the “Experience Economy” in the general business environment and consumer behaviour, in particular,

the task of providing an unforgettable travel experience to visitors and guests is a top priority for all companies in the hospitality industry” (Sotiriadis & Apostolakis, 2015). Kandampully, Zhang & Jaakkola (2018) conclude that there is a need for cooperation between different departments of hospitality enterprises in managing positive customer experience (collaboration between marketing department, operations department, design department, human resource management and strategy combined with technology and social media). Rather (2018) empirically proves that customer experience influences customer loyalty, creating a memorable experience and it is an effective tool for developing competitive advantages, differentiation and generating valuable customer relationships. Customer experience, in particular, involves creating memorable experiences and loyalty in order to succeed in the highly competitive hospitality industry. Smit & Melissen (2018) note the importance of design in creating an unforgettable customer experience. Cetin & Dincer (2014) also empirically prove the importance of physical space for ensuring a positive customer experience. The investigation conducted by Adhikari, A. and Bhattacharya, S. (2016) synthesizes the customer experience through two different but related streams:

1. experience as a product attribute or complete product;
2. the consumer experience created through the interaction of the customer with the physical environment or people.

Teixeira *et al.* (2012) also argue that the customer experience is becoming increasingly important for hospitality and service industry enterprises, which is a source of revealed comparative advantage, a basis for service designers. Li, Hudson & So (2019) have distinguished four dimensions of the customer experience when interacting with a service booking platform in the hospitality industry, namely: information about product benefits, personalized services, authenticity and social connections.

According to the viewpoint of Hwang & Seo (2016), despite the development of the theoretical fundamentals of the customer experience management concept as a vital field of research, a

significant part of investigations remains conceptual, indicating the need for further empirical studies.

Methodology

The case method as an empirical scientific method has been used in the research in order to study the innovative European experience in the operation of hotel chains in Europe: Motel One Group and B&B Hotels (Sanabria-Díaz, Aguiar-Quintana & Araujo-Cabrera, 2021). The lack of quantitative data for comparison and the availability of qualitative data have determined the choice of the case method as an effective way of studying the activities of hospitality industry enterprises in a real context and taking into account modern trends in the hospitality industry.

The principal advantage of the case method is the possibility of using different sources of data, both primary (official sites) and secondary data, which makes it possible to conduct a comparative analysis according to criteria within the concept of the customer experience. Thus, in conditions of limitedness and data availability (for instance, there are no data on the financial status of the B&B Hotels network on the official website), this method is the most effective. Therefore, the use of different data sources and their combination ensure greater accuracy of the research (Woodside, 2010).

The data sources include as follows: the official websites of Motel One Group and B&B Hotels, which contain information on the concept of operations and operation strategy, products and services, financial results of operations, key competitive advantages.

The cases of Motel One Group and B&B Hotels have been studied according to the following criteria of the “customer experience” concept (Sipe & Testa, 2018): entertainment, aesthetics, escapism, education. Entertainment and aesthetics are defined in the literature as passive components of the customer experience (theatrical performance, gallery, etc.). In contrast, educational and escapist experiences require the active participation of the customer in the process of receiving a service (for instance, a tourist route – escapism or a skiing lesson – education). In the scientific literature, the customer’s optimal experience covers all aspects, forming a “sweet spot” (Sipe & Testa, 2018).

RESULTS

The case of the Motel One Group network

The Motel One Group hotel chain, headquartered in Munich, currently manages 83 hotels with approximately 23 933 rooms in Germany, Switzerland, Poland, Belgium, Denmark, the Netherlands, the Czech Republic, Great Britain, Austria, France and Spain. The group concludes contracts on increasing the portfolio to 107 hotels with a total number of 30 248 rooms. The goal of Motel One Group is systematic growth based on the strategy of leadership in the low-budget segment within Europe, providing innovative products in the hospitality industry in major European cities. The Motel One Group’s budget design concept and focus on key services required by customers ensure the dynamic growth of the hotel chain. The expansion of the Motel One Group’s activities involves the construction of new buildings, the modernization of existing ones, the acquisition of new buildings or the conclusion of lease agreements. The Motel One Group network places its own hotels in historical or economically developed areas of Europe’s largest cities. Such location of hotels provides a competitive advantage and a greater influx of tourists (Motel One Group, 2022 a).

From among other competitive advantages of the Motel One Group hotel chain, the following ones should be mentioned, namely:

- ♦ Room prices that, thanks to the creation of an efficient number of rooms, can attract customers who need a room only for their own stay (offer “For guests travelling alone looking for smart yet cosy room”);
- ♦ Reduction of the portfolio of services that are in the least demand among tourists (for instance, there are no food services in the evening, except for drinks and snacks, which are in the greatest demand);
- ♦ Focus on a narrow customer segment (“Motel One hotels offer high-quality amenities, exclusive design, high level of service and location in the city centre at a low price”): customers traveling alone; customers with an average income level;
- ♦ Organic products and use of local products, development of the menu according to the features of local cuisine: “We want you to be able to taste this regional character in addition to seeing it; so, there are also local products and specialities offered at the breakfast buffets of international Motel One hotels. Try out our hot English porridge in London, enjoying delicious

Table 1: Financial results of the Motel One Group: 2013–2020

Key performance indicators	2013	2014	2015	2016	2017	2018	2019	2020
No Hotels	46	54	51	55	62	71	74	75
No Rooms	10.293	12.822	13.887	14.583	17.387	20.160	20.851	21.086
Owned rooms	3.310	3.563	2.493	2.984	2.974	3.655	3.400	3.400
Occupancy, %	32	28	18	20	17	18	16	16
Rev per Room sold, euro	78	81	88	89	91	95	98	98
P&L statement								
Revenue	205,5	256.4	321.7	357.4	400.8	487.1	562.3	208.9
EBITDA	72.6	81.2	96.6	111.0	121.8	150.3	175.9	-42.5
EBIT	50.4	54.3	69.9	79.9	87.3	92.1	115.5	-94.6
Operating profit	43.5	50.5	63.7	72.2	80.6	83.8	106.5	-102.1
EBT	69.5	70.9	99.5	128.5	89.9	133.5	165.6	-102.1
Tax	-18.7	-21.6	-22.0	-36.9	-31.3	-29.0	-37.1	+24.8
Net Result	50.8	49.4	77.5	91.6	58.6	104.5	128.5	-77.3
Balance Sheet								
Fixed Assets	346.4	428.7	436.4	535.6	643.0	700.5	667.6	696.9
Net working Capital	36.6	55.9	55.6	-14.3	73.4	-4.0	-52.2	35.9
Net Debt	82.7	94.9	48.8	153.1	173.9	215.1	172.5	199.3
Equity	227.1	277.9	331.9	396.9	395.7	489.4	547.3	461.7
Net Debt / EBITDA	1.1	1.2	0.5	1.4	1.4	1.4	1.0	n.a.

Source: Motel One Group Financial Summary (2020); Key financial indicators of Motel One Group (2021).

aimed at the constantly expanding huge market in the centres and on the periphery of small, medium and large cities. B&B Hotels is growing dynamically thanks to launching of an average one new hotel per week.

Thus, the key product of B&B Hotels involves hotels in a modern style, interior design adapted to local destinations, quality bed linen, unlimited breakfast with a wide selection of quality and organic products, high-speed Wi-Fi access, private parking lots and 24-hour access to rooms.

Like the Motel One Group, the B&B Hotels chain offers customers direct booking through the website or mobile application, thereby personalizing the approach to the provision of accommodation services. B&B Hotels operates on a digital platform that allows customers booking rooms directly at the best price on the website and a mobile application. A loyalty program and discounts on accommodation have been developed for regular customers.

The strategy of B&B Hotels is created on the concept of social corporate responsibility, which includes the

following three strategic components (B&B Hotels, 2022), namely:

1. the development of inclusion and the formation of a multicultural environment for personnel development;
2. ensuring flexibility to the changing local and global environment in order to provide services to customers according to their needs, using the “customer experience” paradigm;
3. using the concept of customer orientation and the feedback system to improve the service.

Like the Motel One Group, the B&B Hotels chain locates hotels in strategic locations of interest to tourists and travellers (stations, airports, historical sites, etc.). From among the innovative services, a particular attention should be paid to managers – guides who create a route for travellers, including bicycle routes around the city, routes through historical places, information about exhibitions, restaurants, etc.



(a) Rooms



(b) External appearance

Source: B&B Hotels (2022).

Fig. 2: Design of B&B Hotels

DISCUSSION

The study of the activities of the Motel One Group and B&B Hotels makes it possible to highlight the following key innovative practices, namely: a unique concept focused on stylish modern design and equipment of the room stock in accordance with modern design trends; focusing on a portfolio of services that are in demand among customers and hotel guests; low price segment, which can be established only by focusing on the services required by the customer (accommodation, breakfast, location, price); location in historical areas, economically developed districts; organic products; offer of tourist routes for visitors; personalization of products due to the possibility of direct booking on the website or a mobile application; loyalty programs for regular customers; providing customers with an unforgettable experience through such components of the customer experience concept as entertainment, aesthetics, escapism. It is worth noting that the customer experience of the hotel chain is formed in a direct way thanks to aesthetics – modern interiors, and in an indirect way – thanks to the formation of tourist routes, providing recommendations on local events, exhibitions near the location of the hotel. Such an optimal combination of direct and indirect experience makes it possible to set low prices for products and ensure dynamic growth.

Thus, the study of the activities of the Motel One Group and B&B Hotels hotel chains confirms that enterprises in the European hospitality industry correspond to modern trends in the development of this sphere. As noted by Akhalaia & Vasadze (2016), the growth in the level of democratization of enterprises takes place in order to increase the availability of services. As the experience of Motel One Group and B&B Hotels shows, the management of enterprises has focused on the low price segment, effectively democratizing prices due to concentration on services required by customers, namely: accessible location, accommodation at a moderate price, organic food, modern interior. It is also worth noting the narrow specialization of enterprises to focus on defined low-price market segments, which corresponds to the conclusions (Akhalaia & Vasadze, 2016). Herewith, if Motel One Group concentrates more on the accommodation of one or two people in a room, offers group accommodation services, then B&B Hotels implements the concept of

“Only for Everyone”, which involves specialization in different segments of customers whose budget corresponds to the price of a hotel room. Actually, this means that segmentation is not based on the income of customers, but on the basis of their needs and motives.

The tendency towards continuous innovation (Akhalaia & Vasadze, 2016) is more relevant to the Motel One Group chain, which, thanks to the development of the design according to the localization of the hotel, provides innovative services (Ivanovic, Milenkovski & Milojica, 2015) and a unique visitor experience (Sotiriadis & Apostolakis, 2015). This corresponds to the conclusions of Cetin & Dincer (2014), Smit & Melissen (2018) about the importance of design in creating an unforgettable customer experience. Therefore, the new competitive advantage of hospitality enterprises is design as a tool for forming positive experiences and impressions. This means that hotel chains shape the customer experience through the interaction of customers with the physical environment, correlating with the conclusions of the study conducted by Adhikari, A. and Bhattacharya, S. (2016). At Motel One Group, there is a clear desire to reduce room capacity in order to increase the level of personalized service, while B&B Hotels have developed a standardized design. The innovations of Motel One Group and B&B Hotels also involve the provision of personalized services (FustéForné, 2015), especially for regular customers, thanks to the possibility of direct booking through the website or a mobile application. Accordingly, the hotel chains under consideration personalize services, focusing on the needs of customers. Similar to the conclusions of Li, Hudson & So (2019), it can be argued that the website and a mobile application, as well as the service booking platform in the hospitality industry, form four dimensions of customer interaction experience: information about product benefits, personalized services, authenticity and social connections.

Motel One Group and B&B Hotels are growing dynamically (Masset, Uzelac & Weisskopf, 2019) due to internationalization strategies: globalization and concentration of hotels in large developed cities, their location in the most developed historical, cultural, economic areas.

Despite the integration of information and communication technologies (websites, mobile applications) and new technologies to optimize business processes, especially in the field of marketing and management, hotel chains maintain direct communication with customers.

Studying the activities of European chains Motel One Group and B&B Hotels makes it possible to formulate the recommendations for domestic enterprises in the hospitality industry as follows:

1. focus on minimalist stylish design and aesthetics, renovation and modernization of the number of rooms due to the growing demand for single-occupancy as one of the key competitive advantages;
2. focus on the customer's requirements in the following three areas: location, price, key services (accommodation in developed areas, organic food);
3. personalization of services for regular customers.

The present research proves that in order to implement the paradigm of "unforgettable experience" (Sipe & Testa, 2018), hospitality industry enterprises can focus on one of the parameters: entertainment, aesthetics, escapism, education. It is the focus for enterprises operating in the low or medium price segment of the market that ensures dynamic growth. At the same time, it is possible to indirectly provide an "unforgettable experience" for customers through staff recommendations (routes, events, places of interest). Taking into account that travellers become more and more aware of the quality of service, products offered in the hospitality market, it is important to ensure the optimal combination of price and key services.

CONCLUSION

The present research highlights key innovative practices in the operation of European hotel chains that should be implemented by domestic enterprises of Ukraine, namely: formation of a unique design concept as a new competitive advantage that creates an unforgettable customer experience; modernization of the room stock in accordance with market trends in order to reduce its capacity and transition to personalized service for one or two guests; focusing on the key product portfolio, which

will make it possible to reduce product prices, focus on the low price segment (accommodation, breakfast, location, price); location of enterprises in historical areas, economically developed areas; transition to organic products; offer of tourist routes for visitors; personalization of products due to the possibility of direct booking on the website or mobile application; loyalty programs for regular customers. In the course of the research, it has been proved empirically that the customer experience of a hotel chain is formed in a direct way thanks to aesthetics – modern interiors, and in an indirect way – thanks to the formation of tourist routes, providing recommendations on local events, exhibitions near the location of the hotel. Such an optimal combination of direct and indirect experience makes it possible to set low prices for products and ensure dynamic growth.

REFERENCES

- Adhikari, A. and Bhattacharya, S. 2016. Appraisal of literature on customer experience in tourism sector: review and framework. *Current Issues in Tourism*, 19(4): 296–321.
- Akhalaia, N. and Vasadze, M. 2016. New trends in hospitality industry and Georgia. *Adv. in Manage. and Appl. Econ.*, 6(6): 83.
- B&B Hotels, 2022. Retrieved form: <https://www.hotel-bb.com/en>. Last accessed on 13th April, 2022.
- Cetin, G. and Dincer, F.I. 2014. Influence of customer experience on loyalty and word-of-mouth in hospitality operations. *Anatolia*, 25(2): 181–194.
- FustéForné, F. 2015. Front-line employees-customer relationship experience: exploratory case on mission identification in the Spanish hospitality industry. *Cuadernos de Turismo*, no. 36,(2015).
- Hwang, J. and Seo, S. 2016. A critical review of research on customer experience management: Theoretical, methodological and cultural perspectives. *Int. J. Contemporary Hospitality Manage.*, 28(10): 2218–2246.
- Ivanovic, S., Milenkovski, A. and Milojica, V. 2015. Croatian tourism and hospitality industry: Current state and future development perspectives. *UTMS J. Econ.*, 6(2): 293–305.
- Kandampully, J., Zhang, T.C. and Jaakkola, E. 2018. Customer experience management in hospitality: A literature synthesis, new understanding and research agenda. *Int. J. Contemporary Hospitality Manage.*, 30(1): 21–56.
- Key financial indicators of Motel One Group, 2021. Retrieved from: https://www.motel-one.com/fileadmin/dam/2021/Corporate/6951-21MO_DevelBro_2021_rz_Web_Doppelseiten.pdf.
- Li, J., Hudson, S. and So, K.K.F. 2019. Exploring the customer experience with Airbnb. *Int. J. Culture, Tourism and Hospitality Res.*, 13(4): 410–429.

- Masset, P., Uzelac, I. and Weisskopf, J.P. 2019. Family ownership, asset levels, and firm performance in Western European hospitality companies. *J. Hospitality & Tourism Res.*, **43**(6): 867–889.
- Michaelides, R. 2017. Hospitality industry and the service culture in Europe. *Tourism and Travelling*, **1**: 15–19.
- MotelOneGroup, 2022a. Retrieved form: <https://www.motel-one.com/en/>.
- Motel One Group, 2022b. Retrieved form: <https://www.motel-one.com/en/food-and-drink/food-and-drink-overview/>.
- Motel One Group, 2022c. Retrieved form: <https://www.motel-one.com/en/food-and-drink/food-and-drink-overview/>.
- Motel One Group Financial Summary, 2020. Retrieved from: https://www.motel-one.com/fileadmin/dam/2020/04_Corporate/MO_Financial_Summay_2020.pdf.
- Radojevic, T., Stanisic, N. and Stanic, N. 2015. Ensuring positive feedback: Factors that influence customer satisfaction in the contemporary hospitality industry. *Tourism Manage.*, **51**: 13–21.
- Rather, R.A. 2018. Customer experience, memories and loyalty in Indian hospitality sector. *Int. J. Marketing & Business Communication*, **7**(3): 36.
- Sanabria-Díaz, J.M., Aguiar-Quintana, T. and Araujo-Cabrera, Y. 2021. Public strategies to rescue the hospitality industry following the impact of COVID-19: A case study of the European Union. *Int. J. Hospitality Manage.*, **97**: 102988.
- Sipe, L.J. and Testa, M.R. 2018. From satisfied to memorable: An empirical study of service and experience dimensions on guest outcomes in the hospitality industry. *J. Hospitality Marketing & Manage.*, **27**(2): 178–195.
- Smit, B. and Melissen, F. 2018. *Sustainable customer experience design: Co-creating experiences in events, tourism and hospitality*. Routledge.
- Sotiriadis, M. and Apostolakis, A. 2015. Marketing challenges in travel, tourism and hospitality industries of the European and Mediterranean regions. *Euro Med. J. Business*, **10**(3). <https://doi.org/10.1108/EMJB-07-2015-0035>.
- Teixeira, J., Patrício, L., Nunes, N.J., Nóbrega, L., Fisk, R.P. and Constantine, L. 2012. Customer experience modeling: from customer experience to service design. *J. Service Manage.*, **23**(3): 362–376.
- Woodside, A.G. 2010. Brand-consumer storytelling theory and research: Introduction to a Psychology & Marketing special issue. *Psychology & Marketing*, **27**(6): 531–540.

