THE WORLD HOTEL MARKET: CURRENT STATE AND DEVELOPMENT TRENDS

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ABSTRACT
The world market is an area of steady commodity-money relations between countries based on international labor division. One of the most fast-growing segments of the world market is tourism market. Trips become longer, simpler and more available with the development of transport and mobility increase. Tourism infrastructure and hotel sector as its main component has noticeable development as well as tourists’ growth. This article describes the most important element of the world tourism market such as hotel services market. Memorandum of Understanding was signed by the World Tourism Organization (UNWTO) and the International association of hotels and restaurants (IH&RA) on March 10, 2014. They combine efforts in development of hospitality industry. Current state of hotel market and trends of its development are also described in the article. It is stated that labor, cultural and historical resources play a great role in hotel market unlike other markets of the world economy. Classification of hotels is given. A special focus is on classification by geographical factor. Features of hospitality industry in different world regions are revealed. Characteristics of hotel market in the former Soviet Union are shown. There is a conclusion that development of the world hotel industry has acyclic character that
is shown in positive growth rates of key indicators at descending trends of world economic development.

**Keywords:** Tourism, Hotel, Hotel Service, The World Market, Hotel Market, Hospitality Industry.


1. **INTRODUCTION**

The world tourism market is one of the most fast-growing segments of the world economy. According to The World Tourism Organization (UNWTO) annual increase is about 3%, about 6% of the world capital investments are invested into tourism development. Tourism provides over 10% of the world national product and about 30% of trade volume [1, page 6]. Hotel sector is developing progressively at the same time as growth of tourist flows [2; 3]. This sector is considered as the main component of tourism infrastructure. This article is devoted to current state and trends of the world hotel market development.

2. **METHODOLOGY**

Such methods as analysis and synthesis methods, comparative and system approaches, historical and logical analysis and statistical methods of data processing are used. Analytical researches and statistical materials of The World Tourism Organization, scientific researches of foreign and native scientists are analyzed.

3. **DISCUSSION**

The leading foreign researchers who are founders of the world hotel market study are S.V. Barrows and T. Pauers [4], J.R. Walker [5], T.R. Teor [6], etc. The leading Russian researchers in this field are V.A. Larionova [7], O.G. Olshanskaya [8], E.S. Timofeeva [9], A.S. Taldikin [10]. Development of hotel services in the Russian Federation is described by N.E. Goryushkina [11] and A.A. Kolupayev [12].

4. **RESULTS**

It must be kept in mind that any accommodation is any objects used by tourists. Accommodation can be occasional or regular [13, page 8]. There are no uniformed international standards in accommodation classification. So development of accommodation standards is carried out at national level and at international level by non-governmental organizations [14].

But some approaches to accommodation classification and enterprises providing them are already developed and are recognized by the majority of countries [15-17].

So according to "Recommendations about statistics in international migration" approved by UNWTO in cooperation with Department of Economic statistics and UN social council, all accommodation is divided into two big groups. The first group is accommodation which provides services on nonprofit (gratuitous) basis; the second is providing services on commercial, paid basis [18-21].

It turns out that the first group is a stay in a place where acquaintances, relatives or friends live, home exchange, live in your own apartment or house (property right) or rent an
apartment or a house. Stay and having meal in some commercial institution is the second group.

In its turn commercial accommodation is divided into collective and individual. Hotels and similar places are collective accommodation. According to UNWTO guest room inventory (a certain number of guest’s rooms) is the main feature of a hotel. At the same time number of rooms is varied. 10 rooms is a standard for the Russian Federation, 7 rooms are for Italy [22, page 252].

There is no uniformed categories’ classification or system of hotels. There are more than 30 classifications in the world. The most widespread is the system of stars used in the Russian Federation, France, Austria, Hungary and in some other states. The system of crowns is used in Great Britain and the system of letters is in Greece [22, page 27, 29].

A number of researchers suggest dividing hotels into two groups: full-time accommodation and temporary accommodation. But such division is very relative because none of the hotels refuse long-term accommodation except those which work only on a seasonal basis [23-27]. Hotels on seasonal basis are temporary accommodation. So-called capsule hotels, hotels at the airports and at large stations (used as accommodation and rest for some hours) are also temporary accommodation.

There is a hotel division in the world hotel market. There are bed and breakfast hotels, residential hotels and semi-residential hotels. In bed and breakfast hotels tourists can stay for a short term (for a day or even for several hours). Residential hotels are for a long term stay (for a month or a year with monthly or quarterly payment. Semi-residential hotels are for both categories.

Certainly, in the last decades tourism has significantly changed. In past the main purpose for tourists was passive rest for health recovery [28]. But now a lot of tourists choose active rest. Thematic tourism becomes more and more popular. That is why "thematic" accommodation is very popular now. Today it is easy to find a hotel specializing in special "theme" or special type of rest. "Historical hotels" are especially widespread [29-32]. As a rule they are located in buildings with their own history or in buildings which are specially built in the spirit of past time taking into account local traditions [33]. Rooms in such hotels have their history or legends. In recent years “green hotels” in which everything is eco-friendly are becoming more and more popular [34, page 28, 39] [35-38].

Classification by a target segment is the world generally recognized classification of hotels. According to this classification it is possible to allocate commercial or business hotels, conference hotels. There are specially equipped complexes for conferences, seminars, symposiums in such hotels. There are also resorts, apart-hotels in which rooms are like a small apartment. Boutique hotels are also popular now. Such hotels have rooms with unique interior. Spa hotels are also becoming also widespread. These hotels offer spa treatment.

Quite often in scientific literature there is a division according to geographical factor taking into account different types of hospitality – European, American, Asian, African and East European. Basic principles of hotel business used in these parts of the world are similar for the majority of accommodation. So it is possible to say that there is a general model of hospitality. But, in our opinion, such approach is relative, though it can be used as a basis for the analysis of current state of hotel world market [39, page 36].

It is necessary to say that European hotel market is considered to be a classical model of the world hotel market. Firstly, it is the oldest in the world hotel market with extensive service experience. Secondly, all European countries have uniformed system of hotels' classification and service standards. About 70% of tourism in the world is European tourism. That is why
its hotel fund makes prevailing share (about 45%) of the world hotel fund. European hospitality is focused on high reputation due to individual approach to every guest.

Characteristic features of European hotels are: diversification of offers, existence of different accommodation classes from cheap to luxury; social segregation, it means that guest of a certain class does not contact with higher or lower class guests in a hotel; rather small amount of guest room inventory that provides high quality individual service. European hotels tend to popularity that is supported by high-quality service, traditional style, interpersonal contacts and interiors’ elegance which is not very luxury. Expensive European hotels are quite often located in city historic centers or near ancient monuments, sights or in unusual areas [40]. Focusing on European traditions and aristocratism is the main feature of such hotels.

Accor, Forte, Le Meridien, Sol Melia are the largest hotel chains operating in Europe. At the same time European hotel chains (unlike Americans) are not really large. Only 14 chains have more than 100 hotels in a chain. The biggest European chain is Accor. It was founded in 1967 and now has 3894 hotels. About a half of these hotels are in Europe, 33% of total number of Accor hotels are in France. The greatest density of world hotel chains is in Great Britain, France, Germany, the Netherlands, Belgium, and Switzerland. But it is possible to find good level hotels even in small European cities. At the same time European hotels are the most expensive in the world. These hotels ask to follow all the rules which hotel has had for many years [39, page 36].

The USA has strong hotel industry after Europe. This continent is on the second place because of tourist flows to the USA, Mexico, Caribbean islands. American hospitality model is a mixture of styles and approaches. At the same time American hotels’ model is based on strictly control by the USA and exports standardized hotel product. Standard Operating Procedures work everywhere. These procedures describe guests’ service in details, thereby providing coherence of all staff actions and divisions of American hotels.

Hotels located in the main resorts zones and tourist areas of the USA (Miami, Los Angeles, Las Vegas) are externally and internally built similar to Asian hotels. They are distinguished by big capacity, luxury and developed infrastructure. But in the oldest American cities like Philadelphia, Boston, New Orleans luxury hotels with features similar to European are widespread: stylist furniture, small size, individual service. In Europe accommodation is strictly divided into hotels for rather poor and wealthy people. In the USA motels are for rather poor tourists. But hotels are for middle and high class people. Besides, European model "dislikes" hotel chain principle while in the USA there are big hotel chains.

From 150 world largest hotel chains 71 chains are American (i.e. the headquarters are located in the USA). Cendant Corporation is the largest of them. It has 6.4 thousands of hotels in a group and more than 510 thousands of rooms. The next is Marriott International which has 2.7 thousands of hotels in the world. Choice Hotels International has 388 thousands of rooms in 4.8 thousands of hotels in the world. Such well-known hotel chains as Hilton Hotels Corp., Best Western International, Starwood Hotels & Resort Worldwide are also American [39, page 37].

American hospitality industry has a leading position in the world due to image trademarks use. It uses a trademark as marketing tool promoting hotels in internal and foreign markets. So in 2017 the IHG (GB) company had the first place in an international rating of hotel groups. Its annual rooms’ increase was 3.4%. Hilton Worldwide is on the second place [41].

Asian hospitality model has its own features. It is flexible in hotel business and has gigantomania. The highest (Shanghai), the most capacious (Bangkok) and the most magnificent (Dubai) hotels of the world are in Asia. If in Europe the category of hotel is inversely proportional its capacity, then in Asia it is vice versa. Besides it is typical for Asian
hotels to have magnificent furniture, service availability and commitment to "all inclusive" service.

Asian hotels are presented as «fantastic East" with special traditions and customs on the world hotel market. Most distinctly this is expressed in Japan where culture ryokan is preserved. So, typical ryokan inn "Hosha Ryokan", dates from 718 year, is located in Komatsu district. Rooms here are covered by mats, beds are replaced by futon mattresses, lunch is served in rooms, and service staff wears kimonos. Their behavior is regulated by ancient customs of Japanese hospitality.

19 Asian hotel chains are in 150 of the largest world hotel chains. Japanese and Chinese are the most popular. Dusit, Taj, Mandarin Oriental, Shangri-La are the most known Asian brands. They successfully work on Asian market. But they do not have their own strategy on the international market. Moreover, the main hotel chains belong to the European and American corporations are presented in Asia too. These are Six Continents, Marriott, Accor and etc. The best opportunity for international companies to be on this market is to cooperate with local chains and companies (Asia Pacific, Mandarin Oriental Hotel Group, Shangri-La).

Leaders of the world hotel industry in growth rates of hotel fund are such Asian countries as Turkey, China, Malaysia, Singapore. Since 1990th large international hotel groups has appeared on the Middle Eastern market. Tourists and pilgrims from around the world moved to historical and bible places connected with Jesus Christ's earthly life. But tourists' flow was stopped because of military conflicts. Considering current trends in development of international trade and tourism, it is possible to assume that the Pacific region countries such as Indonesia, Malaysia, Thailand, and Vietnam are becoming more and more popular for tourists [42; 43]. Cost and availability of hotel services is an advantage of an Asian system. But there are disadvantages caused by huge capacity of hotels and not very high quality of hotel services because of large amount of work in hotels. Asian market is still developing. Therefore, it is characterized by fast mobility and variability [39, page 38].

A vast majority of African states were colonies till 1960th – 1970th. This caused lag of national economies and hospitality in particular. South African countries (the Republic of South Africa) and East African countries (Zimbabwe, Tanzania, islands of the Indian Ocean) have the best growth indicators. Southern Sun is the largest hotel group in the Republic of South Africa. It is in the seventh ten of the world hotel ranking. Small hotels or country houses build in traditional style are typical for Africa.

East European model is one more hotel market model. It was created in the 1980th – the 1990th during mass transition of former Soviet states to market relations. It is distinguished from European by a large number of Post-Soviet organizations in hotel industry. Similarity to the American model is based on hotels typical both for European and Asian models. There are 165 hotels of such hotel chains as Accor Hotels, Intercontinental Hotel Group, Rocco Forte Hotels, Kempinski Hotels, Carlson Rezidor Hotel Group, Hilton, Marriott and others in former Soviet Union. More and more hotels appear every year.

Franchising contract is very popular when setting up hotels belonging to world hotel chains. This type of contract is used when selling the license to use the trademark and rights for participation in distribution systems and marketing of networks: Moscow hotels "Marriott Royal", "Marriott Grand Hotel", "Tverskaya" (Marriott network); Holliday Inn Vinogradovo (Holiday network). In this case the world hotel chain does not deal with management in a single hotel. For example, three Moscow hotels of Marriott network are managed by Interstate company but Hotel National is a municipal organisation. Other type of intercompany exchange is contract between organizations of tourism industry for management. Such
contracts are widely used by hotel chains for expansion and entrance into new tourism market [44; 45].

Creation of joint companies was widely adopted along with franchising and management contract. For example, the largest working chains in Russia are “Novotel” (Sheremetyevo), “Radisson Slavyanskaya”, “Renaissance Moscow”. In this case the chain becomes an investor of the project investing its capital and having future profits from the hotel.

But there are Russian hotel chains in the Russian Federation. In modern conditions it is very difficult for them to compete with perceptively developing transnational companies. National companies are developing taking into account experience of foreign hotel chains. There are such hotel chains as Azimut Hotels, Amaks Hotels&Resorts, Heliopark, Cronwell in the Russian Federation. Hotels&Resorts has 61 hotels. 54 hotels are in 35 cities and 7 more hotels are resorts and are located out of big cities. All Russian hotel companies are similar in "multifunctionality". They want to capture a full service range from consulting to construction and management.

Sanctions of western states influence modern hotel market formation in the Russian Federation. Geographical location, climate [46-47], economy level development [48-49], currency movements also have a big influence [50-54]. There is a complex of problems in Russian hotel market. Not high service quality in comparison with western standards, lack of qualified staff, weak hotel management, the best hotels are in Moscow and St. Petersburg, insufficient international advertising are among these problems [55, page 31-32] [56-57]. A serious problem of Russian hotels is outdated fixed assets that prevent involvement of foreign tourists who get used to good quality of hotel service. Insufficient staffing of hotel business is one more problem. The level of stuff service is also not good. Russian hotel industry has to know the latest technologies in the field of hotel business and work with guests [58-59]. There is a lack of professionalism, attentiveness, complaisance. That is why it is impossible to have consumer's satisfaction and provide world quality level of hotel service [60, page 72-74; 61, page 8-9].

Formation and development of supranational regulation mechanism is a new trend in development of the world hotel market. Growth of international organizations which has supranational elements and key functions of monitoring process in the world hotel market a part of such development [62-63]. Importance of such organizations at present stage of the world hotel market development is defined by activity harmonization achievement for international organizations and national regulators for tourism and hotel industry. Adaptation of national hotel industry to institutional innovations in the process of transnationalization is also important [64-67].

5. CONCLUSION

A variety of consumers' interests predetermined modern segmentation of the world hotel market and variety of hotels. Active entry of global hotel chains on national markets and acyclic development of this process in comparison with world economy growth rates should be noted as the most noticeable trends of the world hotel industry development. Expansion of international hotel companies happens, as a rule, in the form of national market participants’ absorption. At the same time this process is very fast in a segment of budget hotels. Franchising and management contracts are the most common forms of foreign hotels entry into the Russian market. It is caused by rather conservative development strategy of global networks in the world economy recession. At the same time competition increase between global hotel chains, Russian national hotel chains and Asia-Pacific region should be noted.
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