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Key sources when formulating competitive advantages for hotel chains

Abstract

This paper's purpose was to identify the key sources when formulating competitive advantages of hotel chains. The research assessed the financial activities performance included in annual hospitality industry reports and on their official websites; questioning of loyal and potential customers; the five-point Likert scale and the Pearson correlation coefficient were applied to understand the possible consumer reaction to a certain competitive advantage or its absence. The paper confirms the effectiveness of key sources used by management to win and retain competitive advantages: despite strong dependence on the economic cycle phase etc., after the devastating crisis of 2007, 2008, but also to achieve sustainable growth. All the networks examined over the last decade have expanded their presence in international markets, diversified the portfolio of brands, increased the number of jobs and profits. It was also proved that the opinion of the final consumer is still not sufficiently taken into account in the assessment of the Pearson correlation coefficient (the latter allowed the authors to propose their own definition of the competitive advantage in the industry). The paper attempts for the first time to consider the competitive advantages of hotel chains from the point of view not only of theorists and business practitioners, but also with the view of the opinion of the services consumer; there were identified the discrepancies, which consideration would allow to increase the level of guest satisfaction and, accordingly, the efficiency of the hotel business. In future papers, the authors plan to verify the existence of a correlation between the degree of guest loyalty to a particular hotel network and the main financial results of its activities.

Key words: competitive advantage; sustainable competitive advantage; hotel chains; hospitality industry; organizational culture

Introduction

Any enterprise, regardless of the industry that it represents, does its utmost to get and retain a long-term advantage in the market (for the hotel, in particular, it means offering a service of a higher quality or one that is not available from a competitor (Enz, 2015)). In the hospitality industry, the task is significantly complicated by the volatility of demand for its services and the instability of the business environment; variability and diversity of consumer tastes; threat of the emergence of new products from rivals (İplik, Topsakal & Doğan, 2014, p. 16); processes of mergers and acquisitions, the lack of possibility to regulate them properly (İplik et al., 2014, p. 17) and predict the final results; relative limitations of the services portfolio (accommodation, food and beverages); "short-term" success: the implementation of any creative idea (an ability to generate it is the necessary skill of the entrepreneur), even if it leads to a competitive advantage (CA), then it is not long (Lee-Ross & Lashley, 2009).

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At the same time, it is difficult to overestimate the contribution of the hospitality industry to the social and economic development of individual countries and the world as a whole. Only in 2016, the industry provided the global economy \$ 878 billion, 4.3 million new jobs, 739,000 operating enterprises (businesses); has maintained a stable growth rate of 3.2% over the past five years (IBISWorld, 2017). Such success, of course, actualizes the study of factors that contribute to it as a whole; competition as a driving force for increasing quantitative and improving qualitative indicators of development, in particular.

Analysis of recent research and publications

A variety of aspects of competition have attracted the attention of both theorists and business practitioners for a long time; while a significant part of the researchers focused on factors that contribute to the achievement of success in the struggle for getting and retaining (the attention) of the buyer. For example, Amit and Schoemaker (1993) attributed this to the ability of a firm to place and combine resources (tangible and intangible) in the production process to produce the desired result (increasing productivity, strategic flexibility and protecting the end product) (Amit & Schoemaker 1993, p. 35). Salgado (2003) found that the company's stable success in a changing environment depends on the strategic methods of Human Resource Management (HRM) and organizational identity: by recruiting employees based on their emotional capabilities, respectful attitude to their subordinates. It is expressed in ensuring the development of skills and a fair attitude of management, establishing transparent rules that stimulate behavior which brings benefits to the consumer, a synergistic effect is achieved. At the same time, Velychko and Velychko (2017) points out that contemporary logistics as well as supply chain management should also be seen as parts of competitive advantage of operation systems in the field of services.

Teece, Pisano and Shuen (1997) insisted on the fact that dynamic abilities (DA) can lead to the emergence of a sustainable competitive advantage (SCA), both on their own and in conjunction with other resources; while the influence of the former and the latter is mutually reinforcing. In the case of the presence of DA, enterprises are able to really adapt their competencies to specified market conditions; Coyne (1986) added that the difference in these abilities also can be a source of SCA. a) functional differentiation (the ability to do specific things), b) cultural (rooted in the organizational culture (OC)), c) regulatory (confirmed by patents, property rights, trade secrets, etc.) and d) positional (reflecting the history of decisions and depending on the distance traveled) were assigned to such differences. DA of tourism enterprises were studied by Bogodistov and his colleagues (Bogodistov, Presse, Krupskyi & Sardak, 2017) and Krupskyi and Grynko (2018), however, in their studies the researchers did not mentioned hospitality enterprises.

Michael Porter, the guru of strategic management based SCA winning on the size of the value that the firm creates in the process of providing the service. The author emphasized the importance of choosing one of the three main strategies for achieving success – differentiation, price leadership and concentration. He warned that throwing between them would lead nowhere (Porter, 1980); later he stressed the importance of a) a lower price, b) unique quality the customer will be willing to pay considerable amount of money c) the degree of attractiveness of the industry. Also, he has identified five forces that determine the level of competition (Porter, 1985) and the interrelation of the organization's actions, which significantly reduces the opportunity and probability of imitation. The author of the theory insisted that effective positioning implies a "fitting" of three orders: the first (individual actions or functions are well coordinated with the overall strategy); the second (individual steps reinforce each

other); the third (coordination and information exchange within the framework of activities help to eliminate redundancy and minimize wasted efforts). The contribution of the second and the third components is more significant; even if the competitor can adopt some elements, he will have problems with replicating, solutions integration into other divisions, and the lack of systematic in approach (Porter, 1996. pp. 73-74).

The importance of unique quality creating that would differ not only in the novelty of technology, but also in the complexity of reproduction (repetition) were emphasized by the authors of the resource theory by Barney (1991) and Grant (2016). Globalization changes that affect all branches of human life led to the transformation of ways of social development (Sardak, Korneyev, Simakhova & Bilskaya, 2017) which in transformation of ways clients form their priorities. It also transformed competitive advantages of international enterprises.

Akkermans (2001) as CA considered three types of logic: technological (the company's ability to accept and use technology); market (the ability to understand the target audience, assess its needs and behavior in the future); business (awareness of production processes and the place of the company in chain of the values created by industry as a whole). Also, experts highlighted the contribution made by the knowledge management to the common task solution (Ruhanen & Cooper, 2004). They have mentioned Internet, first of all, Web-resources as a global and inexpensive source of direct information (Gratzer & Winiwarter, 2003, p. 1); bench-marketing as an incentive to changes (Price Waterhouse Change Integration Team, 1995). In particular, it allows to ensure a continuous process of implementing improvements through experience gained from others; an objective approach to the construction of interaction systems, rather than focusing on finding errors and guilt; consideration of each separate task in its interrelation with the others; evaluation of results, recognition and remuneration (Bogan & English, 1994); leadership and cost differentiation (even for the industry outsiders) (Hallowell, 1997).

All of the above is inherent to companies specializing in recreation. However, there are other tools in their arsenal:

- enterprises create and develop brands, change the design of premises, provide unique experience and innovations to improve the guest's satisfaction, the degree of his loyalty and profitability of activities through the value creation (Bishop, 2014, p. 1);
- eliminate the existing gap between individual brands within the network by introducing new products (Bill Xu & Chan, 2010);
- involve all the resources from which the firm can make a profit: financial, material (land, buildings, equipment, location, infrastructure); human (skills, experience, level of managers and employees training, communication between them; knowledge acquisition and corporate (reputation, brands, patents, contracts and relations with outsiders) (Enz, 2010, p. 8).
- direct efforts to increase the staff's ability to translate guest's wishes, understand and accept common goals, choose the location of the establishment, take into account the level of tourism support in the region as a whole (Bernini, 2009);
- conduct regular monitoring of the brand total value (brand equity) using it with new goods and services (brand extension) (Kwun, 2010);
- investing in shares in stock markets (Dzhusov, 2013);
- assess the adaptability of the strategy (Custis, 2012);

- combine and restructure the portfolio (in the case of hotels, we mean the geographic or product expansion of the housing style that best suits the guest's taste) (Morrow, Sirmon, Hitt & Holcomb, 2007);
- introduction of high-tech services (Meshko & Shitov, 2016);
- do not forget about market segmentation, which ensures customer loyalty (Sirmon, Hitt & Ireland, 2007);
- apply the "blue ocean" strategy through the creation of innovative proposals for unoccupied niches (Bowonder, Dambal, Kumar & Shirodkar, 2010);
- create guest experience through the use of tangible and intangible tools, such as thematic design of premises, color scale and palette of fragrances, the opportunity for a client to be directly involved in the production process, etc. (Ivanov & Zhechev 2011; Oh, Fiore & Jeoung, 2007);
- attract to the strengthening of the organizational culture not only employees, but also guests (Mangan & Collins, 2002; Han, 2012; Kalnitskaya, 2015);
- to be clearly aware of their position in the market, their own core competencies, trends in consumer behavior and changes in the issues related to the environment (Hard, 2002);
- entrepreneurial abilities which supported by university-level education (Olsen & Mykletun, 2012, p. 5);
- understand the importance of low prices for hotels (Yonghee, 2010, p. 72);
- increase labor productivity and reduce costs; achieve a synergy effect in the case when information technology takes into account resources, business strategy and marketing policy; improve the organizational structure and competence of managers (Cho, 1996);
- improve the qualification taking into account the learning curve of employees; invest in technology (in particular, Marriott created advanced information systems of booking and demand management); use outsourcing provided that there is effective coordination and control (Enz, 2015, pp. 16-17); acquire, develop and manage resources with potential and ruthlessly get rid of inefficient ones (Enz, 2015, p. 18);
- carefully select the staff for recruitment, training and motivation of other employees who meet to the organization goals and ensure the productive operation of the hotel (Ofobruku & Iheabunike, 2013).

Moreover, as review of the research literature made by the authors of this article demonstrated the majority of works on the topic concerned the organization management in general. If they addressed the tourism industry, they were mainly focused on the restaurants activities and small / medium-sized hotels. The proposed study will expand the existing theoretical basis and motivate further research and discussion.

The purpose of the study is to identify the factors that lead to the acquisition of sustainable competitive advantages by hotel chains.

Methodology of the study

To achieve this goal, a statistical analysis of the financial reporting provided by the industry leaders was carried out; a questionnaire was used, including open and closed questions (the results were evaluated using the five-point Likert scale and the Pearson correlation coefficient).

Results of the study

The analysis confirmed the ability of industry giants to develop and expand their presence in the market, including foreign ones; to maintain stable or even improve performance indexes. It is an extremely difficult task in the condition of the high-level competitive struggle which is characteristic for the industry (Table 1); quickly recover after global economic, in some cases very significant, shocks. For example, the net profit of Marriott International in 2008 was \$ 362 million (-94% compared to the previous year), in 2009 – a loss of \$ 346 million was recorded (-196%), and in 2010 the company has already resumed a positive trend (\$ 458 million, +232%) (Marriott, 2018b) For the ING group, the decline was less dramatic, but more prolonged (in 2008 – 262 (-43%), 2009 – 214 (-18%), 2010 – 280 (+31%) (IHGPLC, 2018b). Hyatt Hotels Corporation in the corresponding period declared \$ 168 million (-38%), -43 (-126%), 66 (+ 253%) (Hyatt Hotels, 2018b); Wyndham Worldwide – -1074 (-366.5%), 293 (+ 127.3%), 379 (29.4%) (Wyndham Destinations, 2018); Hilton Worldwide Holdings Inc. – -5663 (-1090%), -532 (+90.6%), 128 (+124) (relative to 2006) (Hilton Worldwide Holdings, 2018b); Choice Hotels International – 100.2 (about -10%), 98.3 (-1.9%), 107.4 (+9.25) [Choice Hotels International, 2018b]; AccorHotels Group – 613 million euros (-32.8%), -265 million euros (-143%), 3,610 million euros (+1462%) (AccorHotels, 2018b).

Table 1
The main indicators of the leading hotel chains

| Year | RevPar, USD. | OCC, % | ADR, USD. | Number | | | | | Net income, \$ million |
|--|---------------------|--------------------|---------------------|--------|------------------|---------|---------------|-----------|------------------------------|
| | | | | Breeds | Countries (≈) | Staff | Accommodation | | |
| | | | | | | | Buildings | Rooms | |
| Marriott International (Mar) | | | | | | | | | |
| 2007 | 121.34 | 73.5 | 165.19 | 23 | 68 | 151,000 | 2,999 | 535,093 | 696 |
| 2016 | 113.50 | 72.5 | 156.53 | 30 | 122 | 226,500 | 6,080 | 1,190,604 | 780 |
| 2017 | 131.40 | 73.7 | 178.02 | 30 | 127 | 177,000 | 6,520 | 1,257,666 | 1,372 |
| InterContinental Hotels Group (ING) | | | | | | | | | |
| 2007 | 153.13 ¹ | 75.23 ¹ | 199.96 ¹ | 7 | 100 | 10,366 | 3,949 | 585,094 | 463 |
| 2016 | 79.52 | 71.36 | 111.33 | 12 | 100 | 350,000 | 5,174 | 767,135 | 434 |
| 2017 | 81.67 | 72.07 | 112.44 | 13 | 100 | 350,000 | 5,348 | 798,075 | 593 |
| Hyatt Hotels Corporation (Hyatt) | | | | | | | | | |
| 2007 | 117.00 | 67.7 | 173.00 | 7 | 45 | 45,000 | 381 | 113,230 | 270 |
| 2016 | 174.00 | 76.7 | 226.00 | 12 | 56 | 45,000 | 657 | 171,133 | 204 |
| 2017 | 176.00 | 76.9 | 229.00 | 14 | 58 | 35,309 | 719 | 182,913 | 249 |
| Wyndham Worldwide (WYN) | | | | | | | | | |
| 2007 | 36.48 | 53.7 | 67.96 | 11 | 100 | 33,200 | 6,500 | 550,000 | 403 |
| 2016 | 36.67 | 54.4 | 67.44 | 15 | 110 | 37,800 | 8,035 | 697,600 | 612 |
| 2017 | 37.63 | 55.1 | 68.24 | 17 | 110 | 39,200 | 8,422 | 728,000 | 872 |
| Hilton Worldwide Holdings Inc. (Hilton)² | | | | | | | | | |
| 2006 | 148.19 | 74.0 | 200.13 | 9 | 72 | 105,000 | 2,935 | 501,000 | 572 |
| 2016 | 107.65 | 75.0 | 143.63 | 14 | 104 | 169,000 | 4,922 | 804,097 | 364 |
| 2017 | 109.27 | 75.5 | 144.78 | 14 | 105 | 163,000 | 5,284 | 856,115 | 1,264 |
| Choice Hotels International, Inc. (Choice) | | | | | | | | | |
| 2007 | 65.50 | 63.2 | 103.64 | 11 | 40 | 115,000 | 5,570 | 452,027 | 111.3 |
| 2016 | 51.00 | 61.7 | 82.64 | 11 | 36 | 133,000 | 6,514 | 516,122 | 139 |
| 2017 | 52.25 | 62.2 | 84.02 | 14 | 40 | | 6,800 | 500,000 | 115 |

Table 1 Continued

| Year | RevPar, USD. | OCC, % | ADR, USD. | Number | | | | | Net income, \$ million |
|---|-----------------|-----------|--------------|--------|------------------|---------|---------------|---------|------------------------------|
| | | | | Brends | Countries (≈) | Staff | Accommodation | | |
| | | | | | | | Buildings | Rooms | |
| AccorHotels Group (Accor) 2017 конс, с. 77 | | | | | | | | | |
| | EUR | | EUR | | | | | | EUR million |
| 2007 | 47.77 | 68.9 | 68.33 | 14 | 100 | 150,000 | 4,000 | 500,000 | 912 |
| 2016 | 57.00 | 67.1 | 85.00 | 18 | 95 | 250,000 | 4,200 | 528,690 | 265 |
| 2017 | 61.00 | 68.8 | 89.00 | 25 | 99 | 250,000 | 4,283 | 616,000 | 441 |

¹ average for the group

² as for 2006

Source: AccorHotels (2018a); AccorHotels (2018b); Choice Hotels International (2018a); Choice Hotels International (2018b); Hilton Worldwide Holdings (2018a); Hilton Worldwide Holdings (2018b); Hyatt Hotels (2018a); Hyatt Hotels (2018b); IHG PLC (2018a); IHG PLC (2018b); Marriott (2018a); Marriott (2018b); Wyndham Destinations (2018a); Wyndham Destinations (2018b).

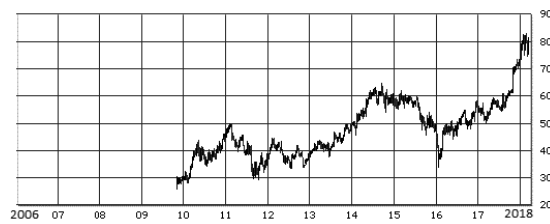
The results of the hotel business activity leaders described above and given in Table 1 can also trace by the dynamics of the common shares market prices of the companies which we are analyzing. Below, in Fig. 1, price charts of the stock prices movement for Marriott International (MAR), InterContinental Hotels Group (IHG), Wyndham Worldwide (WYN) and Choice Hotels International (CHH) are shown. Dynamics of market prices of shares of Hyatt Hotels Corporation (H), Hilton Worldwide Holdings Inc. (HLT) and AccorHotels Group are very similar to the price charts of shares of MAR, WYN, IHG and CHH. Therefore, we do not present them here.

Figure 1
Dynamics of market prices of companies shares

MAR



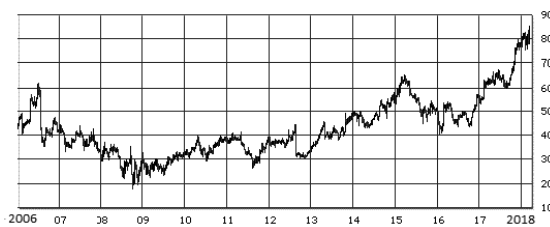
IHG



WYN



CHH



MAR – Marriott International, Inc.

IHG – InterContinental Hotels Group

WYN – Wyndham Worldwide Corporation

CHH – Choice Hotels International, Inc.

For the period from 2006 (for IHG – from 2009) to 26/03/2018. On the ordinate of graphs – the price of shares in US dollars; on the abscissa – years. Source: MarketWatch (2018).

Diagrams clearly show a descending tendency that continued till 2009, then stable ascendant tendency was formed and it continues to the present day. Diagrams also clearly distinguish some correction in 2015 and also partly in 2016, but it wasn't able to turn a stable ascendant tendency, and shares of all

the companies under consideration have increased by now (compared with 2009) from 170% (IHG shares) to 3,150% (WYN shares).

Such an impressive result couldn't have been achieved without a deep understanding of sources of their origin. Their analysis is an integral part of a senior manager work. It also shows that the whole line of the factors is common for industry leaders (Table 2); there're also ones that can be considered as unique.

Table 2
Competitive advantages of hotel networks

| Advantage | Mar | ING | Hyatt | WYN | Hilton | Choice | Accor |
|--|-----|-----|-------|-----|--------|--------|-------|
| Strong recognizable brand | + | + | + | + | + | + | + |
| Wide geographical coverage | + | + | + | | + | + | + |
| Highly qualified management and staff | + | + | + | + | + | | |
| Strong capital base | | | + | + | | | |
| Stable flow of availability, financial discipline | + | | + | + | | | + |
| Work in prestigious segment | + | + | + | | + | + | |
| Coverage of other price categories | + | + | + | + | + | + | + |
| Diversified approach to recruitment | + | + | + | + | + | | |
| Well-established system of knowledge exchange and increasing qualification | + | + | | | | | |
| Stable connection with partners, participation in strategic alliances | + | + | + | + | + | | + |
| Personalization / high quality of services | +/+ | +/+ | +/+ | +/+ | +/+ | +/- | -/+ |
| Price policy | + | | + | + | | | |
| Economy on scales | + | | | | + | | |
| Using of newest technologies (including online booking system) | + | + | + | + | + | + | + |
| Effective loyalty program | + | + | + | | + | | + |
| Corporate culture | + | | + | | + | | + |

Source: AccorHotels (2018a); AccorHotels (2018b); Choice Hotels International (2018a); Choice Hotels International (2018b); Hilton Worldwide Holdings (2018a); Hilton Worldwide Holdings (2018b); Hyatt Hotels (2018a); Hyatt Hotels (2018b); IHG PLC (2018a); IHG PLC (2018b); Marriott (2018a); Marriott (2018b); Wyndham Destinations (2018a); Wyndham Destinations (2018b).

So, apart from those shown in table, Marriott network gets its competitive advantages on account of:

- Team of owners and franchisees, targeted on success;
- Concentration on openness and communication;
- Mostly imposing in brand portfolio branch (30 – in accordance with principle "right brand on the right place");
- Leadership in amount of numbers in control;
- Acknowledgment of innovation "DNA (deoxyribonucleic acid) of the company" (primacy in offer of Apple Pay mobile registration (Marriott's Automated Reservation Systems for Hotel Accommodations); instrument of audit Property Guest Object Oriented System, entrance without a key and Heavenly Bed, exclusive bed – top of an engineering idea; app for virtual trips; feedback with the help of «Guest Satisfaction Survey», the main target of which is making unrepeatable impressions for the client);
- Focus on optimization of investments in people, processes, systems, elimination of authority duplication; use of innovative methods of price formation;

- Preferences of franchising and administrative contracts for minimization of investments and risks, that are connected with ownership of own real property (Marriott, 2018a) (accent on this, as on its strong side, makes also Accor; group also adds high speed of expansion to it – every 36 hours new institution opens (AccorHotels, 2018); infrastructure, that was admitted as best by experts; readiness to adapt to market conditions (AccorHotels, 2018).

Hilton's leadership in its turn, came to a conclusion, that strong real property portfolio in ownership allows to save money on rent and serve as assistance in case of emergence of crisis situation and thread of bankruptcy; staff loyalty, considerable expenses on promotion, revealing of hidden reserves and attractive price policy strengthen the gotten effect (out of all viewed hotels, an approach "find cheaper – get 50" is used also in Choice) (Choice Hotels International, 2018b; Marriott, 2018a). Except this, last one mentioned, highlights importance of maximization of investment return and income security for shareholders and franchisee (Choice Hotels International, 2018b; Marriott, 2018a).

In IHG-network asset – the ability to support relations with client during the entire life; straight channels of distribution that are letting to save money on expenses; leadership of online registration system in organization, paying tribute to digital technologies (Crown Plaza – entirely electronically-controlled brand); leadership of business trips and meetings in organization (IHGPLC, 2018a; IHGPLC, 2018b).

Wyndham Worldwide sees recipe for success in unique complex strategy in digital marketing (absent from competitors) (Wyndham Destinations, 2018a); Hyatt Hotels – in experience of introduction of new products, company integration (including technological); in high productivity level in new markets, attracting extra income flow and decreasing of risks at their expenses; in a reliable distributive network, in successful strategy Go To Market for their production; in strong position on markets with high speed of growth (China, India, Near East); in effective vertical knowledge exchange system, mentoring and support; in unconditional honesty towards clients and suppliers; in unacceptance of facts distortion by company representatives during negotiations (Hyatt Hotels, 2018b); in achieving a significant level of client satisfaction (IHGPLC, 2018a).

His preferences are changeable and not always predictable. In order to understand them better, questioning was lead; 264 took part in it (98 men, 166 women; 81.23% out of total number of guests). Considering the fact, that questionnaire was in public access during one month, feedbacks disintegrated the following way: 51 reply (19.3%) – were sent by e-mail; 72 (27.3%) – were received from random internet respondents a 141 (53.4%) – through personal interview. Questionnaire looked like list of questions, which became basic for highlighting factors not only of competitive ability, but also of general hotel reputation. 325 people were invited to participate in questioning; 264 provided answers (98 men and 166 women), which formed 81.23% of planned amount. Questionnaire was in free access in Internet during 1 month; 72 feedback were received over there (27.3%). 51 filled form were send by e-mail (19.3%); other 141 (53.4%) of questionnaire were filled during personal interview. Conclusions were based on ranking method as the importance of indicator and feedback decreases according to Likert's five-point scale (1 – factor doesn't affect, 2 – affect insignificantly, 3 – any effect is not noticeable, 4 – minor influence, 5 – influence is significant). Closed questions were summarized and conditionally separated in two groups: one matched Table 1 rows, another – Table 2 rows. Herewith, authors had a task to define how important are those indicators for consumer, who is making a decision, choosing the place for having rest (leading business negotiations, training, conference).

Results were kind of paradoxical. First of all, big part of respondents highlighted, that CA, on which companies' accent, are too general, unclear and indistinct for respondents (68%). Herewith, "very

recognizable/ recollected brand" was pretty significant factor for men – Pearson correlation coefficient was 0.59 (further – Rp_m), for women – 0.66 (Rp_w), error probability for the first (p_m) and the second (p_w) was 0.1. "Wide geographical coverage" turned out to be less important: $Rp_m = 0.41$, $Rp_w = 0.35$ (Rp_w), $p_m = 0.1$, $p_w = 0.1$ respectively; highly qualified management and staff – 0.6, 0.71, 0.01, 0.1; "strong capital base" – 0.42, 0.27, 0.1, 0.05; "stable flow of availability, financial discipline" – 0.34, 0.18, 0.05, 0.1; "work in prestigious segment" – 0.4, 0.36, 0.1, 0.1 (situation was seriously different only in a group with high income – $Rp_m = 0.76$, $Rp_w = 0.68$); "coverage of other price categories" – 0.53, 0.65, 0.05, 0.1; "diversified approach to recruitment" – 0.13, 0.21, 0.01, 0.01 (significant deviation was for those, busy in tourism area – $Rp_m = 0.46$, $Rp_w = 0.39$); "well-established system of knowledge exchange and increasing qualification" – 0.18, 0.1, 0.01, 0.1; "stable connection with partners, participation in strategic alliances" – 0.08, -0.14, 0.1, 0.1; "personalization / high quality of services" – 0.55, 0.76, 0.01, 0.01; (however most of the questioned – 78% – considered such statements as indistinct); "price policy" – 0.66, 0.78, 0.05, 0.05; "economy on scales" – 0.2, 0.06, 0.1, 0.01 (with ability to make final product cheaper this indicator was connected only by 13% of respondents); "using of newest technologies (including online booking system)" – 0.71, 0.68, 0.1, 0.1; "effective loyalty program" – 0.29, 0.33, 0.1, 0.01 (for well-off clients – $Rp_m = 0.61$, $Rp_w = 0.65$); "corporate culture" – 0.37, 0.45, 0.1, 0.01.

Feedbacks according to offered by authors criteria were united in two main groups – accommodation and nutrition (related services, like transfer to hotel, didn't show significant connection – Table 3).

Table 3
Results of the questionnaire

| Criteria | Rp_m | Rp_w |
|---|--------|--------|
| Accommodation | | |
| • Reputation | 0.63* | 0.68 |
| • Corporate culture | 0.37 | 0.45** |
| • Room conditions (convenience, availability of built-in bath, conditioner, autonomous heating system, refrigerator etc.) | 0.61* | 0.70* |
| • Service level according to expectations | 0.58 | 0.75 |
| • Ratio price-quality | 0.76** | 0.89 |
| • Fast management reaction on emergency problems (noisy guests, misunderstandings with booking etc.) | 0.43 | 0.51* |
| • Ability of operating personnel to eliminate defects (cleaning, leakage, laundry etc.) | 0.36* | 0.40** |
| • Staff friendliness (faithfulness, trust, empathy, helpfulness) | 0.47 | 0.65** |
| • Extra facilities (swimming-pool, spa, gym, bar, shops, tennis courts; ability to organize activities for children or business meetings; entertaining program) | 0.71* | 0.90 |
| • Loyalty program (first of all discounts or free children accommodation) | 0.48 | 0.51** |
| • Internet access; computer and/or Xerox | 0.72 | 0.77 |
| • Interior, design, general atmosphere, location | 0.39* | 0.54 |
| • Tee/coffee during the day | 0.23** | 0.35 |
| • Convenience of online service and apps for smartphones | 0.48 | 0.41 |
| Nutrition | | |
| • Ability to eat on the terms of "all inclusive" | 0.83 | 0.81* |
| • Only breakfast included in price | 0.35** | 0.39 |
| • Food quality (usefulness for health, presentation, freshness) | 0.27** | 0.38 |
| • Service level | 0.4 | 0.55 |
| • Variety and preference accounting (children dishes, dietary menu etc.) | 0.29 | 0.61** |
| • Location of eating stations | 0.18* | 0.25 |
| • General atmosphere, interior design, purity, space, music | 0.31 | 0.42 |
| • Product differentiation by price (calculation for clients with different income level) | 0.11 | 0.37** |

Table 3 Continued

| Criteria | Rp _m | Rp _w |
|----------------------------|-----------------|-----------------|
| • Trust to the institution | 0.44 | 0.63* |
| • Working hours | 0.29* | 0.19 |

$\rho < 0.10$ * $\rho < 0.05$ ** $\rho < 0.01$

Surely, there are significant differences between various analyzed segments. However, some resemblance was also noticed. So, statement "reputation" was associated by most of the questioned (82%) with personal experience and feedbacks of referent groups, more than with informational or advertising materials, located in mass-media. For residents of developing countries (120 people, three quarters out of them live on territories of previous soviet republics) is ratio price-quality the most important factor – 93% (41% admitted, that they are ready to change their initial plans, in case competitor has more profitable proposition); 76% representatives of this category voted for "all-inclusive" (out of remaining people, 19% preferred not to be tied to a particular eating place because of provided excursions, 3% – intended to try national food in all its diversity, 2% were not sure about their answer).

Herewith, for example, points of view about criteria of extra facilities had much bigger differences (mostly because of differentiation on income level). In particular middle and higher-class women attach high importance to spa-procedures (it was admitted as extremely important by 84%) and ability to do sports (67%), quality of products (91%). Those, whose income is lower, found Wi-Fi a serious advantage (55%) and tee-coffee during breaks between main meals (47%). Herewith, women-mothers of the first and second group were close in their desire to provide their children with an interesting and independent leisure (74% and 82% respectively; those, who wasn't included into this amount either worked out their own activity program in advance, or didn't want to give their kid to unknown people).

Men also weren't indifferent to an extra-service, but their priorities were put differently: for those, whose income was higher than middle for their country of residence, principled were "Internet Access" (84%), "fast management reaction in case of emergency problems" (69%), loyalty program (35%); for those, who earn less, foreground were nutrition "all-inclusive" (83%) and free swimming-pool (41%).

In other words, it can be noticed, that supplier's and client's understanding of hotel service and sources of forming CA significantly differs. Taking this conclusion into account, authors offer to understand competitive ability of an institution as *a set of attributes and hotel characteristics, which are influencing perception of consumer and helping him to make a final decision in favor of the particular enterprise.*

Conclusion

Identification of key sources, formation and retention of competitive advantages is the key to the success of any organization. In the hotel business, which is differed by a high level of competition and dependence on the phase of the economic cycle, the need to solve the respective tasks is not only exacerbated but also becomes more complicated; in such conditions, to achieve success, organizations need a sustainable competitive advantage over their rivals (İplik et al., 2014, p. 17).

Leaders of the industry – Marriott International, InterContinental Hotels Group, Hyatt Hotels Corporation, Wyndham Worldwide, Hilton Worldwide Holdings Inc., Choice Hotels International, AccorHotels Group – are aware of the complexity of the situation, and make persistent and continuous efforts to consolidate their positions in the market: media and official websites of companies make public domain of information about received professional awards, developed strategic programs, technological innovations and breakthroughs, efforts to strengthen the organizational culture and social corporate responsibility.

Such communication helps the company to make the brand remembered; forms an image; attracts qualified staff; in some cases – directly stimulates the purchase.

It also becomes a definite guide for the development in the host countries not only of the hotel industry, but of society as a whole. For example, in the states-leaders of the world economy, sustainable development is not a slogan, but a matter of every citizen. Tourists are increasingly concerned with environmental issues, saving resources, providing decent jobs, preserving cultural heritage. The relevance or disparity of a particular hotel with these requirements has a significant effect on the degree of its appeal to the guest. Equally important is the organizational culture, whose functions become more diverse as competition becomes more intense, and the role is significant. However, as had shown the analysis of Russian and Ukrainian-language sites, their content is limited to providing a price calculation for a specific date, a brief list of services provided (often the same for hotels of the same status); possibly – information about vacancies and photos.

In general, the guest had to make a conclusion, I'm guided, in fact, by the only criterion-price. And this choice is always far from optimal.

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