

# WORLD HOTEL INDUSTRY: SELECTED ASPECTS OF ITS FUNCTIONING

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## SUMMARY

The paper focuses on the development of the global hotel industry, which in the course of historical and economic changes tended towards the formation of the international hotel systems. This problem is presented against the background of the history of the development of hospitality, pointing to significant circumstances that contributed to the development of international hotel systems. The article also includes examples of international hotel systems operating around the world.

The aim of the paper is to show the essence of the functioning of the global hotel industry in the context of hotel systems.

**Keywords:** hospitality, international hotel systems

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## INTRODUCTION

The history of the global hotel industry has developed since thousands of years. At the beginning, the functions of hotels were fulfilled by inns providing hospitality to wandering merchants. Over time, these inns turned into hosteleries. The first accommodation for foreigners (travels for diplomatic purposes) were built in Rome. Inns for travelers – mansiones (for longer stays), stationes (for short stays) – emerged.

In 325 years, the Council of Nice issued a decision on the organization of inns for travelers which initially were called "xenodochium". Then the duty of hospitality was imposed on monasteries and religious orders. At that time, hospices providing free assistance to travelers were created (the first one built in 822 and 850 years). In the XI and XII centuries, in connection with the expeditions to the Holy Land, hospices for knights began to form. Later in Germany and France, decrees concerning urban taverns has been issued. In 1356, in Venice the first guild associating owners of hospices came into existence (Miltura, Koniuszewska, 2008) – you can specify that this was some kind of system.

As a result of the conquests of the Americas, India and other places in the world in the 15–17<sup>th</sup> centuries, accommodations were built in the large ports – Seville, Amsterdam, Cadiz, London, Barcelona. In the same period of time stagecoach and mail stations were created in the inland. Later, the term "hotel" came from the names of the French noble residences Tulibacki, 2009).

In 1794 in New York City in America their was built the first hotel. In the 19<sup>th</sup> century the pace of development of hotel industry in the world increased. It was then that exclusive hotels, railway hotels and spa hotels has arisen. Also then the functions of international tourism standardized as a means to achieve important political goals – creating the image of the country abroad, the nature and scope of relations with other countries. With the development of international business tourism, demand for night shelters with high standards was growing.

In 1907, Ellsworth Milton Statler founded the company involved in the construction of hotels. Buffalo Statler was established – the first system hotel. Thirty years later, the Sheraton and Hilton chains were formed, then the Holiday Inn. At the end of the 20<sup>th</sup> century hotel chains have expanded operations in the less affluent population groups. Tourism as activities of service character has become an important element of international economic relations, where the hotel systems and their services are a complementary component of the tourist system.

The aim of the paper is to show the essence of the functioning of the global hotel industry in the context of hotel systems.

## CONDITIONS FOR THE DEVELOPMENT OF INTERNATIONAL HOTEL SYSTEMS

The modern hotel is a model of a service company that aims at a comprehensive and complete satisfaction of the needs of guests, ranging from lodging and food, to implement meticulous tourist wishes (Hyski, Dejnaka, Abildaev, 2013). To the evolution of hospitality the rapid development of civilization contributed. Higher standards of living and better wages have increased tourist traffic in the world.

Hospitality has been developed along with the development of tourism as an important component of the material base of tourism. Hotel market is so competitive that the rapid development of technology has forced the owners to improve service standards, to procure modern equipment and computer systems.

Customers have become more demanding hence individual hotels outdo each other in order to meet their diverse needs.

In order to meet the growing demands of the consumer market, hotel associations known as hotel chains and systems were formed. They aim to defend the interests of their affiliated hotels and harmonization of the nature and scope of their activities. All hotels within such a system must be submitted to the same standards – the equipment, the type of services, computer reservation systems, methods of organization. The hotel system is a complex of hotels, managed by the central management, maintaining a uniform standard and range of services, conducting specific common economic policy, and with their own accommodation reservations system covering all organizational units (Talibacki, 2000). On the other hand, the hotel chain is a team of hotels that share the same name and mark and having certain common traits (Panasiuk, Szostak, 2008).

The hotel system against the background of the hotel chain stands out with more uniformity. The structure of this kind of relationship is as follows: hotel – chain – corporation (for example: hotel – Novotel Centrum, chain – Novotel, corporation – Accor). In these types of systems, relationships manifest by uniform location conditions, own reservation system, unified emblem hotels, properly organized and harmonized licensing system: the organizational structure, operational documentation, standard equipment of accommodation and catering parts, range of services and guest service system (Talibacki, 2000).

Systems of functioning of hotel chains are divided into three basic: franchising, leasing, ownership. The franchising is based on an agreement between the hotel and the enterprise system, concerning the authorization and provision exclusivity for certain services. The leasing is that the owner of the hotel gives it in a lease to the network, and the network leads its business in the hotel, in the name and on behalf of the network, under the brand name, and by the standards of the network. The ownership includes hotels, where the owner is the operator himself (Nimirska-Fido, 2013).

International hotel systems were created for many reasons, including as a result of the development of tourism, diversification of hotel guests, increased competition in the hotel market, the benefits of the expanded business scale, and market dominance of transnational companies. The first hotels were built to meet the needs of wealthy people. Only after the Second World War, the consumer market has grown, so standards and prices had to be adjusted to the expectations of less affluent people.

## EXAMPLES OF INTERNATIONAL HOTEL SYSTEMS

One of the greatest pioneers of hospitality was formed in 1946, the American system of Inter-Continental Hotels Corporation (IHC). The Corporation has introduced a very high level of service, creating a network of luxury hotels in American style. IHC was closely connected with the Panama airlines and its evolution resulted from the formation of new air links. The basic premise of the group is the activity aimed to obtain the highest profits while maintaining a high standard of service. IHC hotels are located close to airports and train stations and focus on comprehensive business guests, but primarily on the organization of conferences and business meetings. Network Inter-Continental offers its guests the opportunity to take advantage of the most modern equipment and technology. Hotels are divided into: exclusive (five-star), economic (four-star), and holiday hotels. Holiday hotels are built in the exclusive residential neighborhoods, and the parks and gardens. Currently, the network includes the Inter-Continental facilities of the highest standard with a wide range of services: hairdresser, manicure, deposit, delivery of correspondence, ordering international phone calls, information about tourist attractions, leisure and recreation, providing car wash, car park, well-developed network of gastronomy. There are also art galleries, shops, exchange offices, cinemas. Everything to meet the needs of discerning guests.

Another hotel system is Hilton International Corporation. The actual beginning of the Hilton system took place in 1919, when after the death of his father, Conrad Nicholson Hilton took over family-run guesthouse. Expanding the family business, he managed to acquire "Moblely Hotel" in San Francisco. Hilton guided the business with two maxims: maximum comfort for minimum charges and "not one square inch of the surface should not be wasted." During the crisis in 1929, Hilton bought a lot of hotels and built a vast network. Hilton Hotels as a corporation began to act in 1946 in Beverly Hills, and two years later was transformed the Hilton International Corporation. In 1949, in the system has entered the legendary hotel "Waldorf Astoria" in New York. It was the best investment of Conrad Hilton. Hilton International Corporation now includes luxury hotels with high standard services. It has 242 hotels in 42 countries and employs more than 400,000 employees (Talibacki, 2000).

Sieh Novotel (Société d'investissement et d'exploitation hoteliers) is another system that was established in 1966. First Hotel was built in France in 1967. Ho-

tels of the network are low, well developed, situated near major routes exit and inlet to large urban areas – next to highways, airports and railway stations. The system was created to bridge the gap in the field of hotel services of big cities. It consisted of mid-range hotels, with reduced prices, attractive to travelling. In 1983, Novotel system came under greater French system – Accor (Miltura, Koniuszewska, 2008).

In 1951, in the United States, other international hotel system was established – Holiday Inn. The new system was created to meet the needs of weekend drivers. Several years later it expanded to the entire United States, including about 1,000 objects. Currently, the Holiday Inn system includes 1,740 hospitality establishments with over 312,000 rooms. The system embraces the following hotel companies: Holiday Inn (standard), Crowne Plaza (upscale, five-star), Hampton Inn (for middle-affluent guests), Harrahs (hotels-casino), Residence Inn (residencies).

The system is developing in Western Europe and Central and Eastern Europe. Its characteristic feature is the uniformity of its operational level and services in terms of accommodation and meals in all of the hotel facilities. Hotels of this system are located mostly on motorways.

The corporation uses mainly concession system – the system includes hotels owned by individuals and private companies. To facilitate internal collaboration in all hotels an internal system of organization is implemented – wide range (furniture factory, food processing plants, own transport, link with airlines, car rental agencies) and internal reservation system (Holidex). Prospective employees are trained at the Holiday Inn University, which is also a large hotel.

One of the most extensive and exclusive systems in the world is Marriott International. The system had its beginning in 1927, when Alice and Brill Marriott began to sell non-alcoholic beer in their bar in Washington. As time goes by, this family-run catering business embraced hundreds of restaurants "Roy Rogers", "BBs Big Boys" and others. Hotel activity was initiated by the opening of the motel "The Twin Bridges Marriott Motor Inn" in 1957 in Washington, DC. In the same year the first hotel of this system was opened in the city of Arlington, Virginia. The construction of these two facilities streamlined the company's operations, but the system has focused mainly on the hotel business only when it had opened 120 hotels in America. Hotel establishments of this system include:

- Marriott Hotels & Resorts – the highest standard, city centers,
- Residence Inn – designed for long stays,

- Courtyard by Marriott – business, economic and modern hotels,
  - Fairfield Inn – reasonable price, high standard,
  - Marriot Suites Hotels – network of apartments,
- hotels which use their own trademarks – Ritz-Carlton (Talibacki, 2000).

The Marriott hotel system pays great attention to customer satisfaction, and the basic corporate motto is "Customer business is also a Marriott business". At the beginning, the system had to meet the needs of wealthy clients, but now has plans to expand into less affluent sector. Today it is the fastest growing hospitality division.

The most extensive hotel system is the French Accor, which was established in 1983 by the merger Network Novotel and Jacques Borel International (<http://www.accor.com/>). At the beginning, Accor included a network of the following hotels: Sofitel, Pullman, Novotel, Mercure, Ibis, Etap Hotel, Formula I, Urbis, Arcade, Altea and motels. Now it runs over 2,300 hotels with 250 thousand rooms.

The most exclusive hotels of that system are Sofitel and Sofitel Prestige – they are four and five-star hotels offering the highest standards of service and their wide range (recreational and entertainment facilities, business center). There are 145 in the world. They are popular in countries such as France, America, Belgium, Polynesia, Italy, the Netherlands, Russia, China, South Korea, Indonesia, Vietnam. Ibis hotels are a bit lower in the hierarchy – they are located along major transportation routes. They have an average standard of equipment and simple functionality. Ibis hotels are intended for use by middle-class tourists.

Since 1984, the international Accor system has opened a chain of one-star hotels "Formula I" – they are very cheap with a simple but functional furniture. They lack the typical gastronomic part, there is only a "cold buffet" in the lobby. Each component of the system is subordinated to one reservation system – Resinter. It can be considered that the French system Accor is focused on serving many segments of the hotel market and meets the requirements of different guests.

Another of the discussed international hotel systems is the Radisson SAS Hotels, which was established in 1960 in Copenhagen during the opening of the first hotel "Sas Royal". Co-creator of this system are European airlines SAS, Carlson Companies Inc. and Radisson Hotels Worldwide. The Radisson SAS is a Scandinavian system (Norway, Sweden, Denmark). Objects of this system offer a wide range of services, including access to the latest technology for business use, and use of saunas, swimming pools, fitness clubs. Radisson SAS hotels are lo-

cated in city centers or near airports, so that potential guests have the best access to the most important parts of the city. The Corporation places great emphasis on quality – Radisson hotels are objects with a high standard of equipment and services. Since 1960 it has opened 350 hotels in 34 countries (Talibacki, 2000).

## CONCLUSION

The emergence of international hotel systems is a solution to the problems resulting from an increase in the rate of development of tourism in the world. Private, self-contained units would not be able to meet the needs of the growing number of tourist customers. International cooperation in such systems makes it easy to less wealthy and developed countries to maintain high standard of services attractive to foreigners. This kind of relationship are forcing companies to improve facilities, due to the highly competitive market of hotel systems. The existence of international hotel systems in particular countries is intensifying tourist traffic within their borders.

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## VIEŠBUČIŲ VERSLAS PASAULYJE: KAI KURIE JŲ FUNKCIONAVIMO ASPEKTAI

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### *Santrauka*

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**Reikšminiai žodžiai:** svetingumas, tarptautinė viešbučių sistema.