

# Improvement of the marketing management system of tourism and hospitality industry enterprises on the basis of innovations

**Olena Sakovska**<sup>1</sup> [0000-0003-2676-6170], **Raisa Kozhukhivska**<sup>2</sup> [0000-0003-4066-4170], **Lilia Kustrich**<sup>3</sup> [0000-0002-5048-4053], **Maryna Gomeniuk**<sup>4</sup> [0000-0002-7285-7746], **Svitlana Podzihun**<sup>5</sup> [0000-0003-1219-081X]

<sup>1</sup>Department of Tourism, Hotel and Restaurant Business, Uman National University of Horticulture, Uman, Ukraine, [sakovska\\_lena@ukr.net](mailto:sakovska_lena@ukr.net)

<sup>2</sup>Department of Tourism, Hotel and Restaurant Business, Uman National University of Horticulture, Uman, Ukraine, [ray80@ukr.net](mailto:ray80@ukr.net)

<sup>3</sup>Department of Management, Uman National University of Horticulture Uman, Ukraine, [kustrichlilya@gmail.com](mailto:kustrichlilya@gmail.com)

<sup>4</sup>Department of Management, Uman National University of Horticulture Uman, Ukraine, [gomenyuk.marina@gmail.com](mailto:gomenyuk.marina@gmail.com)

<sup>5</sup>Department of Marketing, Management and Business Administration, Pavlo Tychyna Uman State Pedagogical University, Uman, Ukraine, [spodzigun@ukr.net](mailto:spodzigun@ukr.net)

**Abstract.** Modern tourism is a complex social and economic system, an element of which is a highly profitable diversified economic and industrial complex, which includes travel agencies, hotels and restaurants, cafes, accommodation etc.

Structural changes in the economy, instability of the environment require a revision of the forms and methods of managing the market of tourism services.

On the basis of the conducted study, the authors concluded that the feasibility of using innovations as an important tool for the development of tourism enterprises and enterprises of the hospitality industry.

It is established that innovations act as an incentive for further development of tourism and hotel and restaurant business, allow companies not only to occupy leading positions in their market segments, but also to meet global service standards. The necessity of innovations introduction at domestic enterprises of tourist and hotel and restaurant business in order to cover a larger number of already existing and potential consumers is substantiated.

It is generalized that the use of innovative technologies in the management system of tourism and hotel and restaurant business, at the present stage of economic development, is an important task that is of great interest to managers of enterprises in this field. The results of the study presented in the article can be used as a source of information to build and improve the system of investment attractiveness of enterprises in the hospitality industry.

**Keywords:** tourism, hospitality industry, management, marketing, economy, innovations, improvement, service, consumer.

## 1. Introduction

With the beginning of economic reforms during the 1990 there is an urgent need for a systematic study of the general and specific properties of tourism business and hospitality industry, the specifics of the organization of their activities,

patterns of development and management, intersectoral and infrastructural relationships etc.

The problems of finding investments, on the basis of which the development of hospitality enterprises in accordance with international standards of commercial hospitality can be carried out, have become especially important. However, modern economic theory has so far proposed solutions to these problems, mainly for the branches of material production.

The specifics of the tourism business and hospitality development, in this regard, has not yet been fully analyzed and researched. Hospitality innovations continue to be analyzed only in a narrow range of additional services that can be provided by enterprises in this area to their customers, and their innovative development continues to remain outside the scope of comprehensive economic analysis.

## **2. Literature review**

The first international standard – Frascati Manual defines innovation activity as «an activity related to the transformation of ideas (research and development results) into a new or improved product introduced into the market, into a new or improved technological process used in practical activities, or to a new approach to social services» [30].

The innovation process is a sequential chain of actions from the generation of an idea to its implementation in the system of innovative products, services and technologies and their distribution in practice [31, p. 390].

Innovation not only require resource investments but also are associated with risk and uncertain outcomes [24, p. 160]. Evidence suggest that economic success is the foremost aim of all businesses regardless of the size and industry [8, p. 497; 3, p. 198; 12, p. 89]. From entrepreneurial point of view, it is thus pertinent to examine how hotels' innovation strategy relates to long-term economic sustainability. The hotels' motivation for sustainable service innovation is related to market positions, customer satisfaction, service orientation [15, p. 2]. A diverse array for innovation processes can be distilled from the literature. Amit, Zott and Moscardo categorize innovation into product innovations, process innovations and business model innovation, while recognize technological and organizational innovations [1, p. 58; 23, p. 5; 25, p. 56]. Conversely, Harvard Business Review identifies four types: sustaining innovation, breakthrough innovation, disruptive innovation and basic research [28]. Recognize innovation as a two stage process with ex-ante and ex-post phases. Ex-ante refers to the initial phase of innovation process which involves generation, screening and evaluation of ideas for BL innovations; and resource commitment in formal development process. Conversely, ex-post stage relates to innovations already in the market [9, p. 4]. For hotels, innovation entails enduring economically in a manner that allows the current and future guests and other stakeholders to benefit from the hospitality services and tourism experiences [26, p. 74; 16, p. 5]. Because the needs of customers in hospitality are constantly ever-changing [11, p.10388], hotels can capitalize on service innovation strategy that focus on new and improved processes that are in line with consumers' needs [4, p. 50; 6, p. 374]. Moreover, hotels may

exploit business opportunities by redesigning their products and services to meet environmental standards and social needs [38, p. 21]. That is, hotels' innovation strategy focused at responding to market dynamics can promote economics efficiency [6, p. 375].

Review of articles on service innovations reveals that, innovation research has largely focused on product innovation of manufacturing firms. According to Carlborg et al, service innovation research has evolved along three stages [6, p. 375]. The demarcation phase distinguished product (technological) innovations from pure service (non-technological) innovations. The second phase was characterized by customer involvement in the innovation process and value creation [22, p. 701]. Although most technological innovations are developed outside the hospitality industry [16, p. 5], they have extensively transformed hotels' operations [5, p. 46].

The third phase anchors on synthesis perspective, which involves the integration of both technological and non-technological innovations. From sustainability point of view argue that companies pass through five innovation stages to become sustainable. The stages include viewing compliance as opportunity; making value chains sustainable; designing sustainable products and services; developing new business models; and creating next practice platforms [25, p. 57]. In other words, to become sustainable in uncertain and competitive market environment, hotels need to maintain creativity, departing from business as usual practices, reflecting on ever-changing market demands and expectations [10, p. 130]. Accordingly, the present study conceptualize innovation strategy as hotels' actions that aim at supporting new ideas, experimentation, and creative processes that lead to new products, services and technological processes [21, p. 135]. In line with Jones et al this study views innovation strategy as means for hotels to meet the needs of various stakeholders including tourists [17, p. 37]. Therefore, hotels' ability to innovate is expected to be an important tool in managing changes in the business environment.

Innovative hotels are therefore expected to respond actively across a spectrum of corporate sustainability concerns due to their innovative capability. Basically, innovativeness represents the willingness to depart from existing technologies or practices and venture beyond the current state of the art [21, p. 136]. Thus, to be sustainable, businesses need to adapt to changing and challenging business environments [7, p. 54].

Innovation aims at improving business efficiency, competitive advantage and profitability [13, p. 65]. It is therefore businesses' attitudes and strategies towards innovation that can considerably influence the effectiveness towards the discovery of new opportunities and exploitation of niche markets [29, p. 3]. In recent years in Europe the share of online sales of services in tourism has been increasing. In Ukraine, such sales remain short of the similar traditional services of travel companies, but we can speak about the high dynamics of growth in the future. Some travel services already use the i-commerce, based on the elements of artificial intelligence, which helps to analyze large amounts of data and learn from their own and other people's experience of filling the customer orders. Personalized services that are most suitable for a particular customer are a strong competitive

advantage [20, p. 1008]. Such adaption may largely require a proper utilization of innovative strategies [37, p. 680; 39, p. 238]. In other words, the degree to which businesses create new products, services and processes that add value to marketplace influences their economic sustainability [14, p. 8]. In fact, firms with strong innovative strategies tend to constantly scan and monitor their environments while identifying new opportunities to strengthen their competitive positions. Likewise studies inform that, entrepreneurial, dynamic and innovative firms tend to be adept at environmental scanning, gathering and processing information [27, p. 206].

Therefore, innovative activities can be a driver for economic development for enterprises in tourist and the hospitality industry. However, the problems of innovative development of tourism business and hospitality enterprises remain little researched. This is largely due to the fact that for a long time tourism business and hospitality industry remained on the periphery of scientific and economic observation. The urgency of these issues led to the choice of research topic and outlined its purpose.

## References

1. Amit R. and Zott C. Business model innovation: creating value in times of change. Proceedings of Invited Papers, IESE, Barcelona, 127 (2010)
2. Balmer J. M.T. and I. Thomson. The shared management and ownership of corporate brands: The case of Hilton. *Journal of General Management*, 15-37 (2009)
3. Bansal P. Evolving sustainably: a longitudinal study of corporate sustainable development. *Strategic Management Journal*, 197-218 (2005)
4. Barcet A. Innovation in services: a new paradigm and innovation model. *The Handbook of Innovation and Services*, Edward Elgar Publishing, England, 453 (2010)
5. Bilgihan A. and Nejad M. Innovation in hospitality and tourism industries. *Journal of Hospitality and Tourism Technology*, 45-51 (2015)
6. Carlborg P., Kindström D. and Kowalkowski C. The evolution of service innovation research: a critical review and synthesis. *The Service Industries Journal*, 373-398 (2014)
7. Carsrud A.L. and Brännback M. Sustainable Economy: corporate, Social and Environmental Responsibility, ed. by R. Kao (World Publications, Singapore), 53-70 (2010)
8. Carroll A.B. A three-dimensional conceptual model of corporate performance. *Academy of Management Review*, 497-505 (1979)
9. Dziallas M. and Blind K. Innovation indicators throughout the innovation process: an extensive literature analysis. *Technovation*, 3-29 (2019)
10. Dyllick T. and Hockerts K. Beyond the business case for corporate sustainability. *Business Strategy and the Environment*, 130-141 (2002)
11. Dzhandzhugazova E.A., Blinova E.A., Orlova L.N. and Romanova M.M. Innovatsiya v industrii gosty`nnosti [Innovations in hospitality industry].

International Journal of Environmental and Science Education, 10387-10400 (2016)

12. Galbreath J. Sustainable development in business: a strategic view. *Theory and Practice of Corporate Social Responsibility*, 89-105 (2011)

13. Gobble M.M. Innovation and sustainability. *Research-Technology Management*, 64-67 (2012)

14. Gundry L.K., Kickul J.R., Iakovleva T. and Carsrud A.L. Semejnye predpriyatija, prinaldezhashhie zhenshinam, v stranah s perehodnoj jekonomikoj: kljuchevye faktory, vlijajushhie na innovacionnost' i ustojchivost' firm [Women-owned family businesses in transitional economies: key influences on firm innovativeness and sustainability]. *Journal of Innovation and Entrepreneurship*, 2-17 (2014)

15. Horng J.S., Wang C.J., Liu C.H., Chou S.F. and Tsai C.Y. The role of sustainable service innovation in crafting the vision of the hospitality industry. *Sustainability*, 1-18 (2016)

16. Hjalager A.M. 100 Innovations that transformed tourism. *Journal of Travel Research*, 3-21 (2015)

17. Jones P., Hillierand D., Comfort D. Sustainability in the hospitality industry: some personal reflections on corporate challenges and research agendas. *International Journal of Contemporary Hospitality Management*, 36-67 (2016)

18. Kozhukhivska R., Sakovska O., Maliuga L. and Maslovata S. The formation of a system of investment prospects of Ukrainian tourism and recreation sector enterprises on terms of benchmarking. *Proceedings of the 33rd Education Excellence and Innovation Management through Vision 2020*, 5282-5290 (2019)

19. Kozhukhivska R., Sakovska O., Shpykuliak O., Podzihun S. and Harbar O. Social customer-oriented technologies in the tourism industry: An empirical analysis. *TEM Journal*, 1371-1383 (2019)

20. Kozhukhivska R., Sakovska O., Skurtol S., Kontseba S. and Zhmudenko V. An analysis of use of internet technologies by the consumers of tourism industries in Ukraine. *International Journal of Advanced Science and Technology*, 1007-1013 (2020)

21. Lumpkin G.T. and Dess G.G. Clarifying the entrepreneurial orientation construct and linking it to performance. *The Academy of Management Review*, 135-172 (1996)

22. Mihalic T., Žabkar V. and Cvelbar L.K. A hotel sustainability business model: evidence from Slovenia. *Journal of Sustainable Tourism*, 701-719 (2012)

23. Moscardo G. Sustainable tourism innovation: challenging basic assumptions. *Tourism and Hospitality Research*, 4-13 (2008)

24. Mullens D. Entrepreneurial orientation and sustainability initiatives in family firms. *Journal of Global Responsibility*, 160-178 (2018)

25. Nidumolu R., Prahalad C.K. and Rangaswami M.R. Why sustainability is now the key driver of innovation. *Harvard Business Review*, 56-64 (2009)

26. Pasape L., Anderson W. and Lindi G. Assessment of indicators of sustainable ecotourism in Tanzania. *Anatolia*, 73-84 (2015)

27. Rogers P.R. and Bamford C.E. Information planning process and strategic orientation: the importance of fit in high-performing organizations. *Journal of Business Research*, 205-215 (2002)
28. Satell G. The 4 types of innovation and the problems they solve (2017) <https://hbr.org/2017/06/the-4-types-of-innovation-and-the-problems-they-solve> last accessed 2021/08/10/
29. Su D.J. and Sohn D.W. Roles of entrepreneurial orientation and Guanxi network with parent university in start-ups' performance: evidence from university spin-offs in China. *Asian Journal of Technology Innovation*, 1-19 (2015)
30. Frascati Manual 2015: Guidelines for Collecting and Reporting Data on Research and Experimental Development <https://www.oecd.org/sti/frascati-manual-2015-9789264239012-en.htm> last accessed 2021/08/10/
31. Tukibayeva K. and Barlykov Y. Osobly`vosti innovacijnoyi diyal`nosti u sferi tury`zmu [Features of innovation activity in the sphere of tourism]. *Growth trends in the XXI century*, 390-394 (2018)
32. Developments and challenges in the hospitality and tourism sector <https://ilostat.ilo.org> last accessed 2021/08/10/
33. UNWTO Press Release, <https://www.unwto.org/taxonomy/term/347> last accessed 2021/08/10/
34. The State Agency for Tourism Development 2017-2020 [www.tourism.gov.ua](http://www.tourism.gov.ua) last accessed 2021/08/10/ Ibis.accor.com, <https://all.accor.com/web-accessibility/index.en.shtml> last accessed 2021/08/10
35. Travel & Tourism Competitiveness Report 2015-2020 <https://www.weforum.org> last accessed 2021/08/10/
36. West M.A. and Anderson N.R. Innovation in top management teams. *Journal of Applied Psychology*, 680-693 (1996)
37. Whelan T. and Fink C. The comprehensive business case for sustainability. *Harvard Business Review*, Brighton, 21 (2016)
38. Wong A. Tjosvold D. and Liu C. Innovation by teams in Shanghai, China: cooperative goals for group confidence and persistence. *British Journal of Management*, 238-251 (2009)