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Master in Management Program

Business process management approach for service quality improvement in Russian hotel  
industry

Master's Thesis by the 2<sup>nd</sup> year student

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**ЗАЯВЛЕНИЕ О САМОСТОЯТЕЛЬНОМ ХАРАКТЕРЕ ВЫПОЛНЕНИЯ  
ВЫПУСКНОЙ КВАЛИФИКАЦИОННОЙ РАБОТЫ**

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25.05.16



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25.05.16



## **Аннотация**

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**Год:** 2016

**Научный руководитель:** К.Т.Н., Доцент Жукова Киран Витальевна

### **Описание цели, задач и основных результатов:**

Основной целью данной выпускной квалификационной работы было использование метода управления бизнес процессами для формирования системы повышения качества сервиса в отельной индустрии России. Были использованы такие ключевые показатели эффективности как уровень удовлетворения гостя, количество жалоб, уровень удержания клиентов, рейтинги относительно конкурентов.

В результате предварительного исследования автор определил потребность в улучшении качества обслуживания в российской гостиничной индустрии. Главные задачи состояли в том, чтобы изучить текущую ситуацию на примере исследования нескольких компаний. Автор провел исследование в области существующих стандартов отельной индустрии и текущих инновационных трендов и схему возможности их применения в российской гостиничной индустрии. Применимость структуры была проверена, и план управления изменениями был разработан.

После того, как главные задачи были выполнены, автор подтвердил потребность в улучшении качества обслуживания в российской гостиничной индустрии и подтвердил улучшения уровней ключевых показателей эффективности.

**Ключевые слова:** Улучшение бизнес процессов, Российская отельная индустрия, Улучшение качества сервиса

## **Abstract**

**Master Students' Name:** Annenkova Yulia

**Master Thesis Title:** Business process management approach for service quality improvement in Russian hotel industry

**Faculty:**

**Main field of study:** Information Technology and Innovation Management

**Year:** 2016

**Academic Advisors' Name:** Associate professor, Zhukova K.V.

### **Description of the goal, tasks and main results:**

The main goal of this thesis was to use the business process management approach to design the framework for service quality improvement in Russian luxury hotels in order to manage such KPIs as level of guest satisfaction, number of complaints, customer retention rate, ratings against competitors.

As a result of the preliminary research the author defined the need in service quality improvement in Russian hotel industry. The main tasks were to study the current situation applying the multiple case-study research method. The author conducted a research on the current hospitality standards and the current innovative trends and designed a framework for their applicability in Russian hotel industry. Applicability of the framework was checked and a change management plan was designed.

After the main tasks were completed, the author confirmed the need in the service quality improvement in Russian hotel industry and confirmed the improvements in the levels of KPIs studied.

**Keywords:** Business process improvement, Russian hotel industry, Service quality improvement

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## Introduction of the topic relevance

Based on the personal observations throughout years since the author is connected with hospitality industry and the analysis of the new market trends it was revealed that almost 45% of the guests complain about the services provided in Russia and 40% of the travelers compare Russian hotels to leading world hotels. The information was as well supported by a netnographic research from social media and such travel-related websites as TripAdvisor and booking.com. The author checked world ratings for the presence of Russian hotels in them and none of the Russian hotels were present except for one rating where a hotel - member of a foreign world luxury chain was present. It is clear that foreign hotels have gone through drastic changes in recent innovations and these changes are not yet introduced in Russia. The competition in the Russian hotel field is mostly based on the price and not on the service quality that is delivered to the customer.

## *Research questions*

Based on the previously done research on the latest market tendencies and personal observations that were supported by a netnographic research in the field, the author established a continuously present problem in the field. The issue was connected with the constant flaws in the guest service quality in St.-Petersburg hotels. The issue was represented from multiple sides and affected several factors of the guest service business processes. The main sources that were used for the netnographic analysis of the topic were the online travel agency with the most market share such as booking.com and an application that is used directly to collect the information on the market feedback – TripAdvisor.

The goal is to design the framework for service quality improvement in Russian luxury hotels in order to manage such KPIs as level of guest satisfaction, number of complaints, customer retention rate, ratings against competitors.

The main research questions go as follows:

1. How are the key business processes interrelated in luxury Russian hotel sector?

The author studies the processes that are connected with the service quality and that affect the KPIs that need to be measured to estimate the quality.

2. How do the global trends influence these business processes?

The study of the global trends helps to understand how the current standards could be modified to improve the service quality and to see where such implementation was successful.

3. How do business processes need to be changed to implement innovations in order to improve KPIs?

The main and the most important part of the research was dedicated to the framework for implementation of the new standards in Russian hotel sector by using the multiple case study method.

### *Thesis objectives*

After establishing the issue the author formulated the following objectives regarding the research planning. The first objective is dedicated to finding the way to measure the services and consequently conducting a research regarding the latest trends in hotel standards and the perspectives in the future regarding the improvement of standards.

The second objective is aimed at testing the adoption opportunity of the new standards in St.-Petersburg market. This mainly includes the ability of St.-Petersburg companies to adopt the new technologies and use them in their service range.

The third objective is aimed at providing recommendations for the target companies that were examined and checking the applicability of the established plan on the case companies.

## 1 Theoretical background of hotel management

The aim of this chapter is to review the latest tendencies in tourism business management concepts and to acknowledge the business process optimization patterns that have been formed for the past decade.

### 1.1 Hotel management overview

When it comes to hotel management, for the last 10 years more than 350 guidebooks and academic works have been written.

According to C. Sturman, 2011 success in hospitality industry can be brought from four different perspectives. The first one is the perspective of managing the career. The author emphasizes the ways to be a leader in the industry. He states that the job in the hospitality industry requires one to be knowledgeable, skillful, and full of different abilities and talents to be a leader in the organization. What is more, it is an occupation that requires specific personal characteristics to be able to deal with it and be successful. (C. Sturman, 2011.) The second aspect is the overall operations management. The third aspect is the influence of the hotel owner on the business process. Property ownership is an important part of economies social systems and individual industries and hospitality industry plays an important role in it. The more the owners retail operational cash flows, the more the profits are in the long-run perspective (C. Sturman, 2011.) In many parts of hospitality industry business process management has been separated from the ownership of the property. The last but not least perspective is managerial point of view. The author underlines the necessity of choosing the right strategy of brand management, information coordination, costs control and right system implementation for management of different locations. These strategic responsibilities could be shared between different several or single unit operations. (Sturman C., 2011.)

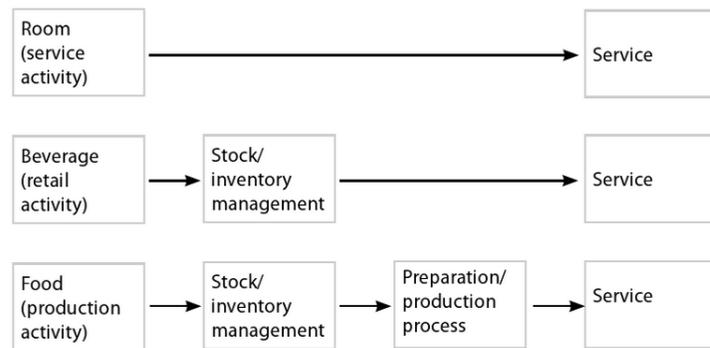
Another significant study that was made by Paul P. Maglio and Cheryl A. Kieliszewski is called Handbook of Service Science. In it, the authors emphasize the importance of acknowledging the service science and the way it creates value for the product that the hospitality industry is selling. They represent the service science as a systematic search for principles and approaches that contribute to improvement and understanding of this value creation. There are different ways of value creation and they depend on the core activity of the business. The authors highlight the fact of service profit chain being about developing an

environment in which employees interact with the customer and create competitive value. This contributes to customer retention, sales development, positive customer experience shared and it helps to get the feedback which contributes to research and development. All of these contributions provide constant growth and profitability increase. (Maglio P. & Kieliszewski A., 2010.)

One of the latest books on how to manage tourism business nowadays was written in 2010 by Fevzi Okumus, Levent Altinay and Prakash Chathoth. Basically, they collected the latest strategic thoughts and theories and observed their efficiency in the managerial decisions in the industry. Besides, they studied how they may be applied in the industry depending on the culture and the type of the organization. The main focus of the book is on strategic management in the business. The authors emphasize how it is important to acknowledge the importance of synergies between the external and internal environment. The book describes how an organization may use the external environment to its advantage and what the characteristics of managerial decisions are within the company that bring success in the industry. The authors also emphasize the importance of internationalization and cross-cultural issue, which is essential in the field.

As for the revenue management, “Profit Planning For Hospitality and Tourism” is an updated issue of a detailed analysis of the relationship between the business decisions and accounting inside the company. The authors discuss how the key managerial accounting techniques can be applied to control and maximize the profit of the organization. The issue includes multiple practical examples coupled with a wide range of theoretical knowledge. Updated edition includes the profit planning framework that can be applied to the international as well as independent organizations. The book divides the hotel activities into three parts (Figure 1).

Figure 1



It is extremely important to recognize the complexity of the combination of these activities in one enterprise. Furthermore, it is necessary to study the managerial implications that influence the profit maximization.

## 1.2 Innovations management in hotel industry

Van Riel A. is the author of one of the recent works describing innovations in service management. His book *Service Innovation Management*, written in 2005 concentrates on the changing environment: changing markets, evolving of societies, differences in customer trends. With the external environment, the services themselves may be modified or looked at a new perspective.

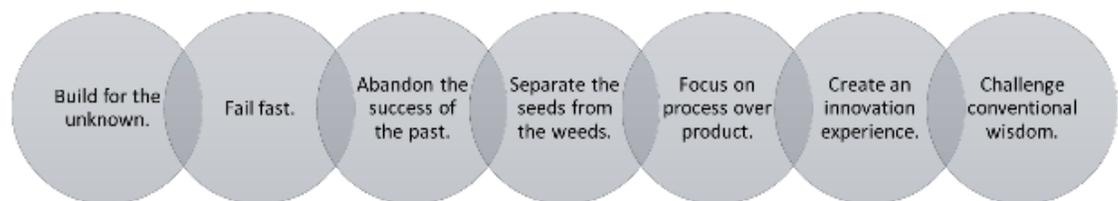
Businesses try to adapt to these changes and modify their service offers and develop and implement service delivery technologies. One of the main issue in service and any other innovations is to attract and retain the customers. (Van Riel, A., 2005.)

Innovations management is essential to the hotel industry due to its low level of differentiation of the product. When the managers are reassessing their services they need to decide what particulate innovations would create value for their service. It is important to take into account not only the value that is delivered to the customer, but also the value that the company will gain. (Van Riel, A., 2005.) The value for the customer is their perception of what is supposed to happen in a particular situation with the help of a particular product or a service in order to accomplish a certain goal. (Stahl et al., 1999). In the hospitality industry there is a multiple number of additional services that could be used to add value for the guests. Speaking about the classic services that are offered to the customer, the hotel can offer various

combinations of the existing values. The hotel could include the innovative values too, but beforehand the value needs to be assessed. (Van Riel, A., 2005.)

According to Koulopoulos T. M. the most efficient way of building a path to success is using different sorts of innovations within the organization. The author claims that it is not a completely complex process, yet not easy. It is noticeable that different companies that use innovations show the same pattern of behavior depending on the environment. Innovations are difficult in terms of being first in the field to apply a certain technique. It is more reliable and safe to follow somebody's steps. Here are the main lessons that are gathered from different organizations that have to be learned. These lessons might help the managers to get used to the fact that innovations are necessary and at the same time they bring risks. (Figure 2.)

*Figure 2*



The model assumes that all the innovations start from trying to achieve unknown results. However, within time, the aims start to be more and more clear and specific. Every innovation strategy needs to “encourage experimentation and tolerate failure”. (Koulopoulos T. M., 2009.) It is important to acknowledge that after innovation implementation the new or renewed product or service should be introduced wisely to the market.

Another tip of the seven lessons is about the company not being afraid to win some of its old products by introducing a new product within the organization. At the same time, the development should be made separately, so that the ideas and concepts do not get mixed up.

What is more, a lot of products are based on a very complex process and especially in the hospitality, the product is the service and it is delivered involving a lot of people and a lot of departments. Not only the product and the process can be innovated, but the way that it is delivered to the customer and the way that it exceeds the customers’ expectations.

An even newer issue of a work on the importance of innovations in business management is Turban, E. et. All, 2013. *Information Technology for Management: Advancing Sustainable, Profitable Business Growth*, 9th Edition was reviewed by the author.

The research is based on looking in the details of information management and IT architecture. The authors mention different ways of managing databases and networks. The book is divided into 4 parts. The second part is concentrated on the latest technologies introduced in relation to digital marketing and social networking. As already noticed in relation to CRM such trends as social, mobile, cloud, big data, and analytics bring a large number of opportunities to the companies and this is how companies try to gain their competitive advantage and differentiate the product.

The first way to bring optimization to the operations is to control properly the database. Managing the companies' financing and thinking in terms of investing strategy is simultaneously connected to business process optimization. The biggest latest trend in CRM is contacting the potential and existing customers through social networking.

Having reviewed several works on the innovations in the hotel industry the author concluded that a lot of researchers have one opinion on the hotel industry not being so eager to changes. Basically this industry is built on the standards that seem to work for decades. The majority of authors underline that structural and behavioral peculiarities of tourism sector can generate substantial barriers to innovations. (Najda-Janoszka, M., Kopera, S. 2014) The detailed description of the barriers is presented in Appendix 1. However, with the latest technological trends and changes in the behavior and abilities of consumers, the hotel industry is changing as well. Moreover, actions taken to adopt to the world progress are aimed to stay competitive. (Konovalova, T., Jatuliaviciene, G. 2015) Problems of risk aversion, resistance to change, low awareness about importance of innovations, resource limitations that are common among small-scale businesses become the whole industry struggle. However, some studies have evidenced the existence of highly innovative small tourist enterprises and the fact that in small tourist firms innovation is positively correlated with entrepreneurship inclination. (Najda-Janoszka, M., Kopera, S. 2014)

Innovation is mostly possible in the hotel industry if the management is executed by people with a different perspective and they do not limit the existing operations. (Allegro, S., de

Graaf, R. 2008) Innovation in the hotel industry most often refers to the introduction of new services or the improvement of the existing ones. What is more, hoteliers use the introduction of new creative processes. (Konovalova, T., Jatuliaviciene, G. 2015) In the following thesis the focus will be taken at the idea of processes adjustment and implementation of a new model from the management point of view.

As a part of the seminar on hotel management, Cuenllas, A. discusses the lack of innovations use in hotel management. He states that it occurs because of the general type and mechanistic sets in motion of organization of the hotel business. The companies get to a trap in some kind of obsolescence because their reaction to escape from this trap depreciates more the cost of the business and knowledge. (Cuenllas, A. 2013)

It is common for management to perform cost reduction through centralization of decisions and management, and also to mechanize transactions. Due to this fact, a vicious circle of an impoverishment business strengths occurs, by placement of service and operational workers in the lower part of their priority list. Nevertheless, hotels, still "make" service as a product core activity. (Cuenllas, A. 2013)

Working this way, hotel management thus commercialized more hotel services and operational knowledge. Limiting operational knowledge, management also limits a role of innovations as the possible decision to reduce differentiation. An innovation results from also fixed enhancement of work. In transactions of a hotel it shall happen the same. The business hotel which limits innovations to the top level of management or does not consider improvement of work to be a responsibility and also undertakes workers of services industry, certainly, limits its organizational training and knowledge bases and, therefore, becomes closer to a business obsolescence. (Cuenllas, A. 2013)

Hotels face from the life-endangering competitor who can forever change an industry landscape, at least a landscape as we know it today. For five stars hotels it is necessary to enter innovations in a consumer relevant way worldwide. (Gopalakrishnan, R. 2015) The competition proceeds from commercial firms which generate the most part of the income from use of growing (and, therefore, attractive) world of joint consumption: online, peer network of trading the accommodation exchange. This business model threatens the industry and millions of workplaces.

Disruptive innovations can and shall be overcome with the help of more (and better) innovation. Recent research of service firms emphasize their growing dependence on innovations for strategic transformations. It is not surprising that hospitality innovation has become more and more interesting in recent years. (Martin-Rios, C. 2016) One important factor of this tendency is the need of fixed steady innovations to remain competitive that can give hospitality companies look for and realize a set of innovative solutions. Leaders of hotels admit how important the solution of the forthcoming problems connected with destructive innovators is. In this sense, strong partnerships with scientific experts is essential. While researchers from hotel management bring a wide range of knowledge for the companies, farther, distant approach also takes place.

In hotel industry still the most important source of innovation is the human capital and it is very often relied on the managers experience. (Ottenbacher, M., C., Harrington, R., J. 2007) It is essential to research the HRM influences on innovations of a hotel. The innovation in the hotel industry is determined as possible new approach to service for specific hotel or its target market. (Nistor, R., Stegorean, R., Petre, A. 2014)

Managers of a hotel are those which give the chance for the worker to develop specific skills by means of training. Thus, managers have a proper tool kit for introduction of improvements in current transactions, such as innovations, and they shall be informed on its importance. They are considered as the main "key employees" who promote activities of firm and whose skills and capabilities determine organizational distinctions in opportunities and efficiency in case of accomplishment of basic transactions of the organization (Lopez-Cabrales et al., 2006). Managing innovation requires a great amount of practical experience and specific knowledge in order to achieve hotel performance.

Training programs shall become an important part of activities in the field of human resources in hotels and are developed on a fixed basis. In the hotel industry training programs shall be oriented as to top management as to the employees because, through their experience, they promote more intensive innovative process and, thus, higher performance level. The role of the key clients-contact employees is very important in this sector because of direct and derivative consequences on the satisfaction of the client. Irrespective of the fact which type of innovations we is discussed - new services, products, processes and ideas, organizational or

technological it is extremely important for development and for expansion of opportunities of employees better to cope with the dynamic environment of tourist sector. Therefore to achieve these objectives it is necessary to introduce the jointed policy of training. Because of strategic nature of innovative process there is a need of continuous process of training as it leaves research. When the continuous element does not exist, results are accidental and positive long-term consequences can be distorted. (Cuenllas, A. 2013)

It is necessary to create the organization in hotel which aims innovations, providing a great value for guests and that constantly studies during its activities, managers and workers of services industry. The main objective consists in providing a great value for the guests, but not profitability. (Cuenllas, A. 2013) Profitability is important to shareholders, and, certainly, very important purpose of business but only earning money is the purpose which will not inspire many workers. So together with the guest and listening carefully to them, the working process shall be improved.

The author of the article emphasizes the use of the collective management. Collective management in the hospitality industry is increased by appropriate leadership strategies. The CEO of the hotel is the key person to make collective management happen. He or she is the one to increase the learning efficiency, to encourage improvement of workplaces and to throw down a challenge to people to receive innovative solutions of problems. Not all management styles are capable to do it. Indeed, the management shall come onboard with the corresponding leadership style. (Cuenllas, A. 2013) The leader needs to support, the teams and individuals, and also middle managers, in their daily work. They shall be an example for all. Similarly, they will be considered as the main source of energy that eventually will increase the working potential.

One of the studies of innovation in hotel industry show that the main innovation barriers belong to the questions concerning human resources, in particular: insufficient skills, abilities and low formal qualification, and also motivation to involve in the innovative processes. They are generally derivative structural and behavioral characteristics (and restrictions) of the industries of tourism, but it is necessary for their decision at various levels of an industry; at the level of decision making there shall be provided the best coordination between the changing requirements of the market and structure of an education system, and also

all industry of tourism. The education system shall solve a problem of low level of knowledge transfer in the industry in the form of formal education, professional training, etc. (Najda-Janoszka, M., Kopera, S. 2014)

The increasing value of the reviews created by users in Internet communities of travelers is influencing the hotels competition from profit unit margin to total revenue amounts and to higher level of employment numbers. From online retailers having taken the most part of the cost created from on-line transactions that means that hotels with lower room numbers have less chances to test a positive effect of online visibility on their net profitability (Neirotti, P., Raguseo, E., Paolucci, E. 2016) To avoid this competitive logic, hotels, especially small, shall use online visibility, the horizontal strategy of differentiation following from socially expanded recommendations for more effective application. In other words, through TripAdvisor, hotels with a large number of stars in the cities where the local competition is lower, and also in outside the popular directions can create great economic value due to sale of the hotel services on the Internet, taking the fact that value is created due to use social possibilities of media. It can occur because of socially expanded recommendations can positively influence tourists in the choice of hotels and the directions which will be approved with their special preferences and installations. At the same time, online visibility is this hotel platforms can reduce risk and "emotional expenses" by infomediation that travelers bear when they look for hotels outside the popular directions and which could correspond their peculiar preferences. In these conditions, hotels can find opportunities for creation more than a cost online and prevention of an decrease of their profit, connected with heavy taxes mediation which are applied thanks to the market power. (Neirotti, P., Raguseo, E., Paolucci, E. 2016)

Hotel industry shows service innovations rather than product innovations. Hertog et al. (2010) defined the six subdimensions of service innovation, as they are shown below:

- The service concept; in other words the perceived value of the service for the customer, a solution to satisfy a need of a customer that has not been met or remarked before.
- Using some new methods for customer interaction; behind the traditional methods to realize service attraction in a more efficient ways for both ways creating mutual value. For example, saving the commissions paid to the travel agencies by making hotel reservations via internet decreasing time and monetary cost for being more cost effective.

- New value system and new business partnership implementations; coalition of partners, like hotel acquisitions or mergers.
- New revenue model; new revenue management models in hotels distributing costs and revenues appropriately between departments like food & beverage, house-keeping, sales, accounting, banquet, or technical support departments.
- New organizational system; personnel, organization, culture, appropriate management and organization structure to allow service providers to new jobs properly and to develop innovative services such as, new sales-call techniques in sales departments or creation of new recipes for food & beverage department.
- New service delivery system; numerous service innovations ranging from electronic business to e-tourism with advanced multi-channel management, customization of services, introduction of self-service concept and so on. For example, different reservation and special gift services for customers might be a good example for customization. The multi-channel management comes with outsourcing of new employees, food delivery or transportation service for customers like airport transportation.

According to the Göğüş, G., Karakadılar, S. I., Apak S. (2013) quantitative research on the Innovation and sustainable growth measurement in hotel industry, hotel managers should focus on first overall service quality, second hotel brand management and third sales techniques. As a result, the managers should focus on increasing overall service quality of the hotel, creating a strong brand name and brand awareness with the help of well-organized and structured sales techniques. To be successful, the hotel shall improve the sales methods. These methods shall allow more professional sales calls, the international marketing instruments, improvement in communication and the subsequent skills to see whether the companies continue to choose hotel, or just they move to some period of time. Information system in a hotel shall be well structured with available, informative and well-managed website. The bookings from the Internet shall not be a problem, and even advertizing campaigns and promotions shall be found easily on these web pages. In addition to functionality, the convenient and simple hotel managed web pages is more preferable to increase a portfolio of clients. Really, it shall be the strategic weapon for receipt of competitive advantages in the hotel industry. Importance of skilled workers and effective instruments of setup follow these first three most important criteria for a strong growth in the hotel industry. Innovative owners of hotels and brands shall develop effective retention

programs and good compensation packets for employee retention. If future benefits from the new hotel company weight are higher, than irrevocable expenses in the end are covered.

### 1.3 Customer relationship management

Some of the main KPIs that would be analyzed by the author, which are Level of guest satisfaction, number of complaints, customer retention rate, are connected directly with customer relationship management. Successful Customer Relationship Management is the core concentration of the hospitality business aim. To understand the way that business processes could be developed, it is important to keep in mind how the decisions would influent or improve the relationship between the guests and the management.

The basics of customer relationship management are best described in such recent works as “Managing Customer Relationships: A Strategic Framework, Second Edition” by Peppers D. and Rogers M. Most of the theoretical studies have been made 12-15 years ago. Most of the recent works are concentrated more on the statistical side of the CRM analysis.

“Managing CR” is an issue that has been updated since 1993. The authors of the book recognize the importance of the changes in the business environment. The authors emphasize the fact that for the past years there has been noticed a significant change in the way businesses are thinking about the process of creating value, given the new technological abilities to track and communicate with customers. More and more companies are taking into consideration individual opinions of the customers to catch ideas of optimizing their businesses. Lately, it is more and more becoming obvious when the company is planning the processes such as websites or basic operations. The planning of the tasks is directed at the customer and it is important to ask the question of what is essential for this particular customer at this particular time. (Peppers D. and Rogers M., 2011.)

Discussing CRM it is necessary to draw the attention of its influence on the business process management. On the one hand, it is directly related to the efficiency of the processes, responsiveness of the employees and the overall different related KPI efficiencies. On the other hand, business process management can influence the results of CRM from the data collection and statistics point of view.

Recent works on business statistics CRM notice how opportunities for communication are growing with social networking and interactive media outlets. The authors were giving a forecast that stated that there will be a great increase in social media usage. Assessing this growth rate, the authors also stated that there will be an increase in collaboration and communication among the customers. Three major changes were predicted to take place. First the increase in the interactions between the customers and the companies. It would lead in the increase of the customers' influence on the companies' life, mostly the product design, advertising and branding. From this point of view, for CRM it is a great opportunity to gain feedback, as well as improve customer relationships and increase customer loyalty. Secondly, the increased communication between customers will contribute to creation of online communities and this will be one of the main sources of information for the consumers. Thirdly, the social networks will become the main link between the consumer and the brand. Social networks accumulate the databases of user profiles and this would be a great tool for customer relationship management. (Kumar V. and Petersen J., 2012.)

No matter what are the innovations, several problems in the delivery chain always stand inside the organization. For example, the relation between the product and sales managers and the CRM, the gap between the expectations and the result. Other issues are the customer support and the quality of the market research. If there is a case of early adopters of the CRM technology in the industry, but the customer strategy was not implemented, the companies usually collaborate to create the end concept of the product (Peppers D. and Rogers M., 2011.)

One of the chapters in “CRM at the Speed of Light: Social CRM Strategies, Tools, and Techniques for Engaging Your Customers, Fourth Edition” by Paul Greenberg is entirely devoted to the contribution that business process and CRM bring together. In the end of 2008 a survey was conducted by Gartner Executive programs across 1527 enterprises in 48 countries in 30 industries in both public and private sector. The survey was aimed at getting to know what was the top priority of the companies for expenses. The results have shown that the main priority was business improvement and the second was customer relationship management. (Greenberg, P., 2010.) It is extremely difficult to gain harmony in the cooperation between departments in the company when it comes to creating a sustainable delivery chain that would be efficient enough in terms of future customer retention. The author emphasizes the fact that it

is not enough just to integrate the business processes into the data systems or introduce some of the best practices in the business. (Greenberg, P., 2010.)

Business process management is used as a part of strategic planning and needs to be amended according to the current business environment changes. Greenberg, P mentions that managing customer based CRM processes is an extremely complicated task and it is not only an internal effort and it is connected with different issues. Not only the efficiency needs to be improved. Ideally the customer-related business process management is linking the internal and external participants and all the stakeholders. There is a smooth interaction between all the departments and customers. The manual and automated operations are easily integrated. If the right framework is designed, new processes may be designed and tested, without affecting the existing processes. (Greenberg, P., 2010.)

#### 1.4 Standards in hospitality

Hotel star rating is a universal way or a system for defining the hotels' quality. However, the rankings may differ a lot depending on the country. The ranks go from "one" as the lowest and to "five" as the highest. In each country the authorities, government agencies and different tourism associations influence the way the standards are formed. There are no single international standards that each hotel across the world needs to follow, however hotels stick to a certain level of service. (Amey, K. 2015)

As already said, the five star ranking differs from one country to another. Due to the fact that there is no international standard, a range of authorities are used by hotels. There are some similarities that define a hotel a level ranking one internationally. (Amey, K. 2015) For example, when we talk about a five star hotel there are specific features that are supposed to be present everywhere. At five star properties guests are supposed to be greeted within 60 seconds after arrival. In each room there has to be present a fresh flower or a live plant. The concierge needs to be able to provide any information needed and be knowledgeable whether it is a restaurant request or a museum request and there always has to be three options given (depending on the number of sights in different towns). (Adams, M. 2015)

One of the parts of the approach in the following thesis is to track the latest trends in the management innovations in the hotel industry. To analyze the models modifications in the

field and the tendencies they have, it is important to take a look at the standards that contribute to the formulation of the processes and the models.

The sources that were used to describe the typical list of standards when evaluating the rating of a hotel was the Leading Quality Assurance list of standards for a 5 star hotel.

The five star hotels have the same level of the service as in the four star hotels with additional services and regulations that increase the level of the property. Such aspects as cleanliness, hospitality, sustainability and delivery of services are evaluated and are required to be at a high level. (Amey, K. 2015) The author of the article tells about the standards in the UK: fitness and spa facilities valet parking, butler services, concierge services, 24-hour reception and room service. What is more, a lot of personal space is required for the guest and at least one suite room that consists of three rooms has to be present in the hotel.

Since the following models that would be discussed later are involving the guest services department, mainly this departments' standards will be described.

First of all, the approaching to the reception desk is evaluated - how the guest is greeted, such parameters as the queue existence and the time to acknowledge the guest are evaluated (30 seconds). If there is a queue the guest needs to be offered assistance within one minute. The complete check-in time needs has to be not more than 5 minutes from the time of joining the queue. During the check-in all the details of the reservation need to be confirmed including the special requests: room type, pre-arranged bookings, departure date. A newspaper needs to be offered for the following morning.

The room has to be ready by the check-in time. If the room is not ready, the guest needs to be informed about the waiting time and the guest needs to be informed when the room is ready by phone or e-mail. If the room is not ready, the guest needs to be informed about the hotel facilities. If the guest is new to the hotel and has not visited it before, the guest needs to be shown the facilities, pointing out at least two of the key facilities. Porterage needs to be offered. The guest needs to be shown to the room or offered to and of it is made by another employee, introduction is required. If the guest rejecting the assistance to the room, directions need to be pointed out.

Earlier mentioned standards were dedicated to the check-in procedure. However, the standards are not limited just by that. They are broadened with the behavioral standards, which are almost more important than the operations standards.

To start with, the appearance of the employee is evaluated, including the uniform, name badges and grooming. Then the speech of the employee is evaluated, if it is clear, well-paced, slang free. The speech needs to be natural and friendly, the name of the guest needs to be used naturally. The employee needs to show high level of confidence and knowledge. The service need to be intuitive and adapted to the guests' needs. The employees need to personalize the interaction and engage the guests as individuals. The employees need to collaborate seamlessly and eye contact needs to be present with full attention to the guest. The employees need to respect the guests' presence while interacting with each other. If there is a challenging interaction, the employee needs to show empathy and offer a suitable solution. The employee needs to offer a sincere farewell in the end of the interaction.

There are lots of different organizations that provide the 5 star evaluation for the hotels. To make the picture more detailed, the author investigated additionally another standards lists to add information and further understand an ideal to-be model.

An Irish company that provides accreditation to its hotels states the reception standards and in addition to the above mentioned details here are some more requirements. The satisfaction with the stay needs to be checked. Messages to the guest and from the guest should be delivered on time.

## KPIs

After the standards analysis it is important to put the emphasis on the KPIs that would be used by the author to assess the effectiveness of their use. (Table 1)

Table 1

KPIs for monitoring of the standards	
<u>KPI</u>	<u>Measurement</u>
Level of guest satisfaction	Feedback evaluation
Number of complaints for check-in procedure	Feedback evaluation
Number of complaints for room equipment	Feedback evaluation
Accuracy in bill formation	Number of mistakes in bills during check-out
Training scores	Feedback evaluation, level of accuracy of task communication
Customer retention rate	Percentage increase in the number of frequent guests
Rating against competitors	Rating position in public ratings based on reviews on-line
Profit maximization rate	Percentage increase in profit monthly
Estimation time of service	Number of guests in queue in relation to number of arrivals

The following KPIs could be divided into three subgroups. The first group includes the KPIs for measurement of the guest relation process standards. Such KPIs as level of guest satisfaction, number of complaint during the check-in procedure, customer retention rate, estimation for time service, help to evaluate how successful the company is in delivering the service in terms of guest communication.

The second group of KPIs show the level of the hotels' operations in financial and technical terms. In this list the following KPIs are included: accuracy in bill formation, profit maximization rate and ratings against competitors. What is more, it is beneficial to monitor the training scores of the staff for successful implementation of any standards.

## 2 Specificities of innovations implementation in luxury hotels

### 2.1 Research framework

#### 2.1.1 Business process improvement and change management

To create a basis for recommendations of a not-well operating system in a company, the author needed to review the previous works done on change management in terms of business process improvement.

Several books on BPR are mentioning the “Reengineering the Corporation: A Manifesto for Business Evolution” by Hammer, M. and Champy. BPR is the use of several methods, models and tools for restructuring in the organization to bring significant improvements in the processes. (Varun Grover and William A. Kettinger, 1998).

For further actions, the author would like to define the term framework. In general a framework can be defined as a basic structure, arrangement or system. (Varun Grover and William A. Kettinger, 1998). A major part of business process improvement is remembering the goals and the vision of the company.

After the visions and goals of the company (as well as the objectives) are revised, information about the AS-IS model is collected. To realize how the process could be changed and improved, first the organization of the company needs to be understood. The company could be divided into divisions, functional units or just departments, depending on the size of the company. (Harmon, P. 2007)

Business improvements is directly connected with philosophy kaizen, it is actively used in the majority of management concepts of changes. This Japanese word which, in a free translation, means to take apart (Kai = change) and to put together in a better way (zen = well, good). The term which is usually used in Japan has moved to the main course of the American language of business when Masaaki Imai's book Kaizen: A key to success of the Japanese companies has been published in 1986. But only thanks to repeated application of the principles and tools has the West began to understand true sense of kaizen which is beyond far process improvement. (Martin, K., Osterling, M. 2007)

The kaizen, or continuous gradual improvement, belongs to philosophy - a way of thinking, attitude and behavior. It is about expansion of opportunities also unleashing the

creative strength of people who actually perform work to develop more effective and efficient processes, and not requiring practice guidance of participation in it. Practicing kaizen on a daily basis influences the economical structure of the organization, feeding transition to continuous improvement of culture - the major element in the high-productive organizations. Ideally, everyone in the organization: from the top management to a front line of workers, and from those, delivering customer value directly those who support delivery of cost, begins "to think fast" and to apply kaizen every minute of the day. The true purpose of kaizen is a workplace humanization, to eliminate a hard work (as mental and physical), and also to train employees how to effectively solve problems in process of their origin, using scientific approach to study and own experience approach. In essence, the kaizen is much more about people and human dignity, than it is about specific process designing. (Martin, K., Osterling, M. 2007)

Events of Kaizen, on the other hand, are arranged actions which the organizations use for achievement of fast and cardinal improvements (kaikaku) and to gradually transmit the culture. Kaizen Events create the structured environment in which the management learns how to identify waste and to use special tools to its liquidation. In this environment "learning by doing", teams become more and more comfortable with their powers to bring improvements, and the management learns to release tactical details for which front workers best of all are suitable. Under the leadership of the experienced intermediary, Kaizen Events generate fast results, relying on a creative power of a cross-functional teams for development and implementation innovative methods for work performance, often reaching performance level breakthrough. (Martin, K., Osterling, M. 2007)

PDCA (Plan-Do-Check-Act) is the very first, main tool in kaizen implementation. It generally does three things. It helps to change constantly, in order that: the company reaches higher quality in the results and processes. What is more, it helps to strengthen fixed increases in overall performance, allows to see accurately at what stage your project is and helps you with the solution of your work logically and systematically. In other words, a PDCA method reduces dependence on Murphy's law. The initial concept has been made popular by Edwards Deming, a statistician, the founder of modern quality management. It is quite easy to understand PDCA, and it is quite easy to perform, provided the management keeps track at what stage the process is. For accomplishment of PDCA, one shall follow for four steps of a cycle, as well as in the

stated above scheme. First, you begin with the plan. In any project, at first it is necessary to build a specific and detailed plan. Be convinced of determining the purposes, to delegate work properly and to establish the precise plan of actions with indication of the main stages. It is necessary not to forget to document the plans which helps to analyze its efficiency later. As any plan never is completely perfect, one shall be convinced that the list of problems is constituted to address them. After the project is finished, at once a team should be called to recheck the list of problems and decisions faced. It is important to share information with team so everyone knows and understands how to avoid these problems, or to correct them if they occur again later. After that, the management should take a comprehensive view of the project. There are, as a rule, some key areas where the efficiency of the project could be improved or where something better could be done. Brainstorming is needed to determine areas for improvement. (Bulsuk, K. 2009)

#### 2.1.2 BPI in luxury hotels through implementation of innovative trends

According to Solomon, M. a lot of travelers nowadays relate to current check-in procedures as slow and out-of-date. What is more, lots and lots of customers are admitting that technologies play a huge role in their life and hotels are not connecting their processes in accordance to the progress across the world. The author of the article introduces three main principles of the process of the check-in. Firstly, he relates badly to the current desk designs at the hotels and claims that they should be lower and more accessible for the guest. What is more, he emphasizes the fact that employees need to go outside the desk and start interacting with guests there. It is important that the guests greeted at the lobby during arrival, every check-in has to be personal and all the details of the guest need to be taken into account. It is possible that the guest is checked-in with a help of a tablet and the lines in the queue are reduced. The author of the article confirms that the guests' attitude begins to change once they are approached by the employees and not vice versa. The behavior of the guest changes when there is an employee standing side-by-side. It contributes to creating more of the peer to peer relationship. The guests become less nervous in the queue. The author provides different examples of hotels with such redesigned check-in process that creates a more welcoming experience. (Solomon, M. 2014)

Eftekari M., a general manager of a famous world luxury chain of hotels claims that most of the times the hotel knows when the guest is going to arrival and the information of the guest such as passport and credit card details that is needed for check-in and this is an opportunity to greet the guests and speed up the check-in process. He confirms that there are customers that would enjoy if technology based check-in is done, and no actual interaction with employees takes place when everything is done online. This concept of online check –in is brought from the airlines experience.

Furthermore, he states that there always has to be an ongoing element of surprise in the service. It is important to mention that the guests’ experience of the hotel begins before one arrives at the hotel, which gives the management an opportunity for excellent service delivery. The hotel chain introduced a new smartphone application that allows the guest to organize their stay, the guests may book extra services such as spa, dinner, make housekeeping requests, any extra amenities in the room. This creates an outstanding first impression and allows making everything up to the guests’ expectations. This hotel also provides free wi-fi and an ipad in each room increases the level of service and affects in a positive way the hotel brand image. The general manager states that to impress and satisfy their guests, the hotel focused on providing the latest technology. (Eftekari, M. 2016)

Using careful employees whom guests felt comfortable and important with, from the moment of their registration on arrival, advance five-stars service through their best asset - people. Employees are engaged based on their personal attitude and welcoming personality, but not their experience. They have a wide experience in reading the emotions of the guests, looking at the habits and actively anticipating their requirements that are on interactions. These non-material qualities that hotels do unambiguously attract the guests and leave them with positive impression when they leave. (Eftekari, M. 2016) This general manager also states that as part of the standards that they instill at their hotel, reservation agents are encouraged to gather as much information as possible in order to personalize the booking process. This allows them to create personalized welcome amenities for guests celebrating special occasions, during awards season or traveling with children. (Eftekari, M. 2016)

*Trends list*

Based on the comparison of the new innovation in hotel management and service improvements in foreign countries and in Russia, the author has created a check list for implementation in every five star hotel. The list was generated based on the multiple opinions from recent reviews by leading top-manager of the hotels with a heavy brand image.

The first part of the check list is dedicated to the guest-reception relationship and how it can be brought to a next level.

#### 1) Low desk

A lot of times it was mentioned by the managers that it is very important for the perception of the guest not to be separated from the guest services and not to experience the barrier. When a reception desk is massive and high, the guest might feel intimidated and distanced from the person who is supposed to provide the service.

In Radisson chain, for example, that is considered of the highest standard in the Carlson-Rezidor hotel group, the reception desk is set a small island on purpose, so that it always easy for the guest service agent to approach the guest.

#### 2) Gathering information

The guest needs to feel special even before the check-in and before being greeted in the hotel. This can be influenced by gathering as much information of the guest as possible. This would contribute to creating an amazing experience at the hotel and affect the entire image of the hotel, as well as increase the loyalty of the guest.

#### 3) Greetings out of the desk

In lots of five-star hotels there is a rule of meeting the guest outside of the hotel and walking to the reception desk. However, lots of times it is done by the Host or the bell-boy and not the reception employee. It is extremely important for the hotel staff to make every guest feel special and pay as much attention as possible. If there is no opportunity for the guest service agent to meet the guests outside, at least the guest needs to be met in the lobby.

The second part of the check-list for the new technologies introduction is dedicated to the check-in process.

#### 4) Using tablets to check-in the guest

Following the previous point, a check-in could be improved, if the guest is not only met in the lobby, but in fact stays in the lobby and the guest service agent is using a tablet to check in the guest. This would emphasize the idea of the employee approaching the guest instead of the guest approaching the reception desk. This would save a lot of trouble for the guest and speed up the process.

#### 5) Application for guests to check-in

Another rapid way for the hotel to check in the guest is to allow them to use the application to enroll to the hotel by themselves. This would save a lot of time and satisfy the guests who do not want to visit the reception desk at all and want to proceed right to the room. This way of check-in is inspired by the airlines who allow enrolling on the flight 24h before the plane leaves. Of course this type of service has a lot of complications; however, with the idea of the customers being able to follow the new technology tendencies it could be adopted by a certain market in a short period of time. This way of service could be difficult to be introduced and educated.

#### Introducing new technologies to the room

6) Following the idea of using more tablets in the hotel, each room could be provided with a tablet. This device could be used to order any service or contact the reception – from food and spa to housekeeping and temperature in the room requests. A lot of people are travelling for business and adding a nice touch to the room maintenance could be the great contribution to the brand image of the hotel.

7) Room maintenance could also be brought to another level. There are some technological innovations that are already used in a great number of foreign hotels that still lacks in Russia and St-Petersburg. These are the small details in the room, that are most often found frustrating if not functioning perfectly:

#### a. Light

A lot of hotel still do not have a panel system in the rooms, where one can switch off the light before going to bed without wondering around the room. Even if the hotel has this device close to the bed, sometimes even the hotel staff cannot educate the guest on how to use it properly. The fact is that most of the contemporary technologies are already introduced in the hotels.

#### b. Conditioning

Conditioning has been introduced a long time ago, however, it is lots of cases it is still not working properly in the room and it is difficult to manage and maintain the personal level of temperature in the room. Most of the hotels have central heating systems and sometimes they do not change the temperature according to the personal requests of the guests. So, the following point in the check list is dedicated to having a properly working conditioning system with a simply manageable control panel.

#### c. Keys

Any person that travels a lot can say that probably every hotel has the same problem – the keys that you are given at the reception stop working after a while due to the contact with the phone. Consequently, the guest needs to come up to the reception desk to fix the key.

#### d. Plug extensions

All of the new hotels have the easy to use panels for different kinds of cables in the rooms for the convenience of the guest, so that it is not necessary to unplug anything or search for an adaptor to charge guests' personal devices.

### *Adoption in St-Petersburg, Russia*

The author has analyzed the previously mentioned point of the check-list for standards improvement and here are the main conclusions on the adoption of the following.

To provide reliable conclusions on the objectives two assumptions need to be taken into account. Firstly, the target market in Russia is still in transition to adopting new technologies. As an example Tripadvisor and Uber case could be used to support the idea that all of the technologies that involve the customer in the process are adopting late in comparison to the European countries. Secondly, the hotel business in Russia is influenced a lot by the economic and political factor and any new introduction in the following 3-5 years need to be done with the plan of cost minimization.

The final check list for the hotel to improve standards would include the parts with additional trainings to the staff and improving the already existing technologies.

- 1) The guest-reception relationship
- 2) Applications in the room based on the existing devices, e.x. television sets
- 3) Room maintenance improvement

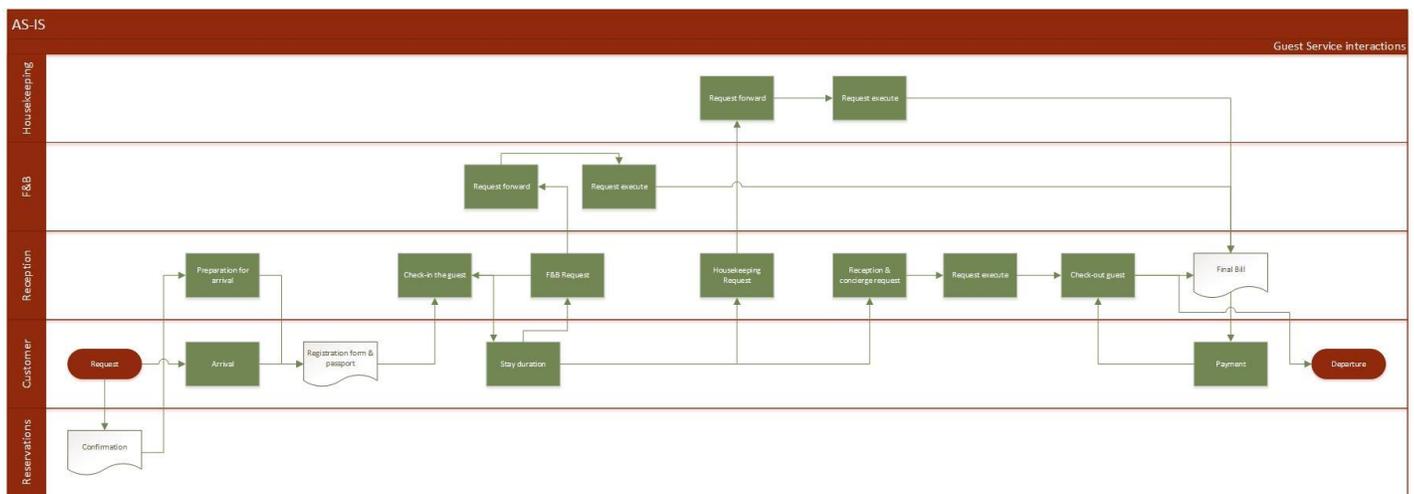
The following points are represented in the order of the easiest to introduced (number one) to the most difficult to introduce (number three).

The choice of these particular trends is base on mostly juridical analysis of the implementation process and possibility. What is more, the budgeting and economic situation is analyzed.

### 2.1.3. Research framework design

Based on the existing standards it is the author transform the information into the cross functional diagram (Figure 3)

*Figure 3*



On figure 3 the author presents the basic operation procedure in the hotel. this system may differ with details, however it is quite the same in all hotels in Russia. The guest send a request to the hotel for accommodation. The guest mat send the request directly or make the request through a third party. After that the guest ought to receive a confirmation of the booking.

On the arrival date the reception department needs to prepare to accommodate the guest. This includes cleaning the room according to the standards, checking the reservation, fulfilling any special requests.

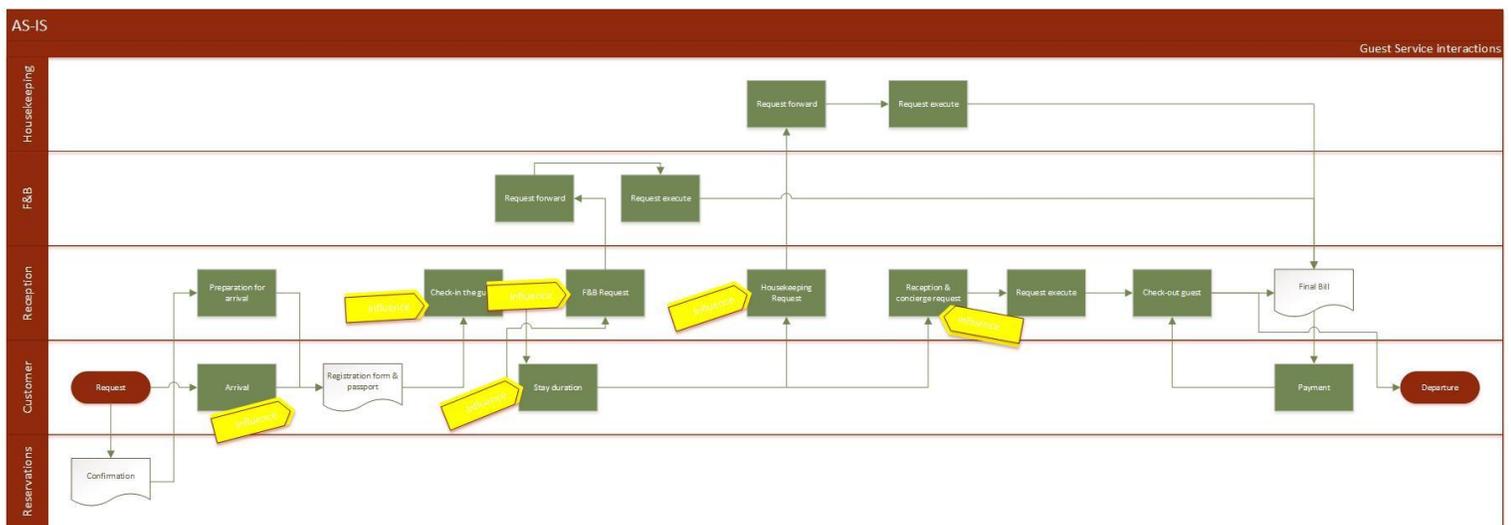
During the actual arrival, the guest needs to submit the passport, for international guests this also includes visa and the migration card. The guest needs to sign the registration card, that is the legal agreement between parties. After that payment or preauthorization of the accommodation and extra services is submitted. In the end of this process the guest receives the keys to the room. The reception department checks in the guest and the bill of the room opens.

During the guests stay several processes occur. Basically, the guest makes several different requests for reception and different departments of the hotel fulfill those requests. The AS-IS model shows that the coordination in the organization is quite complicated and has a lot of small extra procedures to do the process. Those requests may be connected with different defects in the room or a service.

In the end all of those requests are added to the room bill. To the end of the stay the guest requests a check out and pays for the bill. After that the guest leaves the hotel.

The author provides the diagram that shows which parts of the existing processes are influence if the new trends discussed before are introduced. (Figure 4)

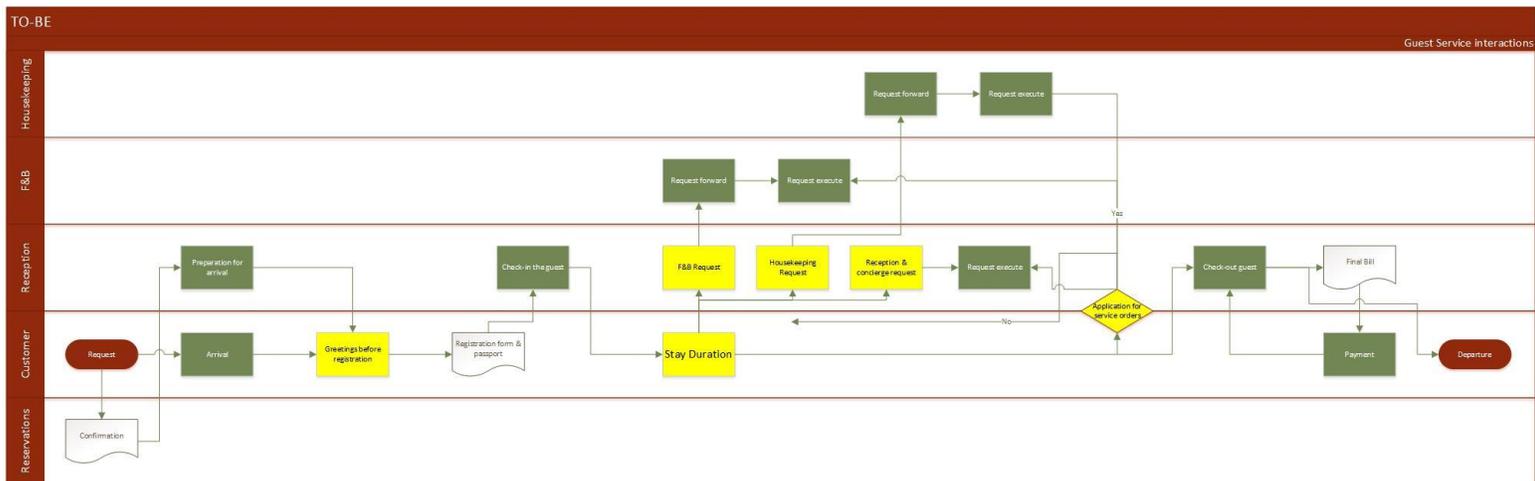
Figure 4



Firstly, with the new standards of the check-in procedure, the guest will be treated differently from the moment one enters the premises. Secondly, with the updated room equipment, less issues will occur during the stay of the guest and less complaints will be received. The updated system for request procedures will reduce the estimation for service time and will give more time for the departments for other job responsibilities.

After the analysis of the influence is made, the author designs the TO-BE model of the implementation of the new standards. This is a framework for implementation of the new standard with innovative global trends integration. This model will be later planned to be applied in the cases that are studied and specific recommendations will be provided to implement this framework. (Figure 5)

Figure 5



## 2.2 Research methods

The following thesis was written based on the analysis of the case company behavior and the analysis of their internal business processes. Continuous application of the qualitative research method provides information on the examined companies and the detailed analysis of the case company. The author chose the mixed qualitative method that consisted of the interviews conducted in the respondent companies and the personal observations that helped the author to support the facts extracted from the interview or disprove them. That way the reliability of the data collected increases.

Due to the low number of case companies in St.-Petersburg a qualitative method for research was chosen. This method provides the author the opportunity to get as detailed information on the current situation as possible. What is more, it gives the author the opportunity to compare the results in a structured way and create a full picture of the check-list applicability in the field. Multiple case study approach is chosen for the research. The criteria for the case hotel companies chosen is the rating of the hotel. Only hotels with high rating were chosen. From the one hand, the rating of the official star rating was used and 5 star hotels were chosen, due to the assumption that this rating implies the presence of high quality of service and they should be the first to be obligated to deliver it. From the other hand, independent rating based on the netnographic research was used - 7 companies that are evaluated as best at delivering the service. It would be significant for the research to assess the possibility of the framework adoption.

### 2.2.1 Interviews

The following thesis basic assumption is that apart from the main business process management calculations for profit maximization, employees intentions and opinions must be considered. The author suggests that the main start for the research needs to be the semi-structured interview for the staff of the company, so that when the observation stage begins, the author has the data to compare it with the personal opinion on the case.

The first block of questions needed to be marked with the basic information about the interviewee. Such things as the department, work experience and position in the company need to be asked. This is questioned to be aware of the level of the persons' involvement in the process management in the company and the belonging to the studies department.

The second block of questions was dedicated to the level of the awareness of the problem. The author asked the interviewees if in their opinion the problem of high number of errors and lack of development in the processes and if miscommunication exists.

The third block included the questions about the interviewees' awareness of the new standards in the field and their applicability on their company. The author asked if these standards were in the plan of being used in their company in the future.

Among the companies questioned, all of them were eager to participate in the process and so the author received a 100% response rate. As for the type of employees that were questioned, middle management sector was aimed to check the awareness level of the company and the employees and to get a more detailed and in-depth view of the business processes inside the companies.

#### 2.2.2 Observations

The second part of the qualitative research was the observations of the business processes done by the author. This part of the research took 4 weeks in the case company, when the generated plan of the solution was checked on the case company and applied.

The observations in the field were done together in parallel with the interview on sight. The author used the existing interview questioned plan to conduct the interviews which was supported by the previously generated check-list for observations interrelation.

While conducting observations on sight the author paid attention to the business processes inside the companies and how they influenced the relationships between the employees and the guests, including the personal experience. The author compared the responses of the interviewees and the actual presence of the features that were mentioned in the check-list, which was generated earlier in the research.

Such type of the research method is applicable in the case, because in the companies it is most likely that the interview responses are different from the actual facts and the current situation. The entire research is based on the questions of how the quality may be improved in the hospitality sector in St.-Petersburg and to answer this question, first the current situation data needs to be collected in the corresponding way.

#### 2.2.3 Secondary data

To understand the behavior of the companies that were taken for case studies, the author collected secondary data. This was information about the companies' economic activities, their brand background and their abilities to implement the innovative trends in their basic operations.

It was also important to collect data on the hotels background and history to understand their attitude to their traditions, flexibility and willingness to adopt to new operations planning.

## 2.3 Research results

### 2.3.1 Field interviews

After the check-list was generated, the author created the plan for field interviews with the managers and followed it accordingly. The list of approximate questions is enclosed in the Appendix 2. The questions were not asked in any particular order and were mainly followed by the respondents' introduction into the hotels services. All in all there were 7 hotels visited for interviews.

The first block of questions was asked after the premises of the hotel were entered and the author had a chance to meet with the manager at the hotel.

#### *1) What is your position in the hotel? (in the hierarchical aspect)*

All of the information was provided by hotel administrators and the guest-relations managers. The information was sufficient for the research and provided the required data for the companies' awareness analysis. All in all, 3 out of 7 hotels had their guest relation manager providing the information on services in the hotel.

#### *2) What is the basic procedure of the check-in of the guest?*

All of the 5 star hotels have the procedure of check-in. The guest needs to provide the passport, guarantee of the accommodation payment and the extra services payment in the hotel. A registration card is signed which is basically the legal agreement between the service provider and the customer.

#### *3) Is it possible to check-in the guest without approaching the reception desk?*

The guests need to come to the reception desk to proceed with check-in. Only in one hotel, w, the author was informed that the check-in can be done without approaching the reception desk by providing all the information in advance. However, this does not correlate with the basic aim of the research to determine the usage of new technologies in the 5 star hotels.

*4) What application can the hotel offer to improve the services at the hotel?*

None of the hotels could offer any applications to improve the service process except for the above mentioned application which is basically the reproduction of the website which is adapted to the phone application.

*5) What application can the hotel offer to speed up the services delivery or the request procedure at the hotel?*

Unfortunately, none of the hotels had any applications that could speed up the process of the check in, except for the website or the application that could help the guest to make a reservation in advance before arriving at the hotel.

The next block of questions was dedicated to the room, its premises, its applications, devises and maintenance.

*6) How is it possible to adjust the temperature in the room?*

Most of the hotels had the same system of the temperature adjustment. It is easy to use and the managers claimed that the temperature may stay the same as the guest has adjusted it to.

One hotel administrator actually admitted that sometimes the conditioning is not working properly and it not easy to adapt to the temperature outside.

*7) How is it possible to adjust the lights in the room?*

Most of the hotels, 6 out of 7, had the same principal of the main switcher of the lights next to the bed. The managers claimed that it is easy to use the switcher and it is switching off all the lights of the room.

*8) Is it necessary to use the key in the room to keep the electricity working?*

In most of the hotels, 5 out of 7, it is not necessary to use the key to keep all the electricity working in the room.

9) *Is it possible to get the plug adaptors in the room?*

Most of the hotels, 5 out of 7, had the necessary adaptors in the rooms.

2 out of 7 hotels had the speakers for the iPhone.

10) *What kind of applications can be used in the room to order services except the phone?*

This question was dedicated to the applications in the room that could be used to order the room service.

Only one hotel had the mobile application to order the room service food, make housekeeping requests, order concierge services, etc.

Three of the 7 hotels had the application on the TV to order room service food, make housekeeping requests, order concierge services, etc.

One hotel also claimed that they had a WhatsApp application where the guests can contact 24/7 the hotel from any location in the world.

### 2.3.2 Observations of the business processes in the case companies

As already mentioned by the author, the interviews were supported by the observations, to increase the objectivity of the data.

All of the opinions of the managers were evaluated. The author concludes that the answers to the first block of questions contains reliable data and is supported by the secondary data that was gathered in the literature review.

The answers to the second block of questions might be relatively objective, due to the desire of the managers to maintain the brand image of the company. Here are the observations of the author in relation to the check-list created in the literature review.

#### 1. The guest-reception relationship

As the interview results show the guest indeed needs to approach the reception desk to deal with any of the issues that come up at the lobby or during the check-in.

Added to the interview, the author wants to emphasize the idea of the reception desk structure. As mentioned on the literature review, small separate reception stations are considered to be more client-oriented. 2 out of 7 hotels had the reception desk divided into small stations.

## 2. Room maintenance improvement

Added to the interview results, the author does not find the light-conditioning maintenance in the room reliable except for 1 hotel. However, in every hotel according to the netnographic analysis the room maintenance is showing failures.

## 3. Applications in the room for orders

The interview results in this section were immediately checked by the author and thus the answers to these questions can be considered reliable.

### 3 Empirical findings on business process management in luxury hotels

#### 3.1 Case descriptions

##### 3.1.1 Four Seasons Hotel

The four Season Lion Palace hotel is considered the best hotel in St-Petersburg. It is the five-star hotel that has the best ratings based on the customer feedback. Consequently, based on several additional factors such as location, brand image, variety of services, it has the highest price on the market and it is one of the hotels in that has one of the closest stage of designed by the author framework implementation.

#### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

##### 1. The guest-reception relationship

Unlike the next two trends this trend of reformulating the guest-reception relationship is not that much introduced in this case company. according to the previous standards the guest is greeted at the reception desk, no guest-employee interaction is noted.

## 2. Room maintenance improvement

As for the room maintenance improvement, the rooms have standard technical services. However, no central panel for light, temperature and curtains is introduced. Based on the authors observations, the current system is not considered up-to-date.

## 3. Applications in the room for orders

Due to the fact that the hotel is a part of a global brand, this case company has the prerequisites to having the application for order that is installed in the room devices. What is more, the company has, and promotes a lot the application that they have for phones and tablets.

### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be partly applied to the current case company. The guest-reception relationship needs to be influenced from the cultural organization point of view. What is more, the company could introduce the trend of the control panels in the rooms to secure the brand image and the price/quality ration of their services.

### 3.1.2 Hermitage Hotel

The Official State Hermitage Hotel is a part of the closed joint-stock company “International Baltic Investment Company”. The Hotel itself is a unique project, since it is the only merge of a hotel and a museum. There are around 150 employees in the hotel. The Hermitage museum is a complex set of buildings. During the summer of 2013, the building of the Official State hermitage Hotel has joined it.

It is essential to mention that when the hotel appeared on the market, it managed to make a lot of guests prefer exactly this hotel to all the others and all the other companies’ market share dropped significantly. In 2015 the Official State Hermitage Hotel managed to win in two nominees in the World Luxury Hotels: the best hotel and the best design.

### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

### 1. The guest-reception relationship

Unlike the next two trends this trend of reformulating the guest-reception relationship is not that much introduced in this case company. According to the previous standards the guest is greeted at the reception desk, no guest-employee interaction is noted.

### 2. Room maintenance improvement

As for the room maintenance improvement, the hotel has a up-to-date system with a centralized control panel of lights, curtains and temperature. Sometimes there are cases of the technical errors that are not possible to be fixed without the presence of specialist.

### 3. Applications in the room for orders

Due to the fact that the hotel is an independent brand, this case company has the prerequisites to having the application for order that is installed in the room devices. What is more, the company has, and promotes a lot the application that they have for phones and tablets.

### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be partly applied to the current case company. The guest-reception relationship needs to be influenced from the cultural organization point of view. What is more, the current system that is installed needs to be monitored more carefully and current operational procedures for monitoring need to be improved.

### 3.1.3 Grand hotel Emerald Europe

Grand Hotel Europe is a part of the world brand chain of hotels and thus has a strict list of standards to be used. What is more, it is based in a historic building which was redesigned with rooms introduction in 1930s. These too facts actually reduces flexibility. The last redesign of the rooms was made in 2005-2008, the time before economic crisis and the time when the new trends in services began to evolve.

### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

### 1. The guest-reception relationship

The guest-reception relationship is operated at a high level, the employees are well trained. The hotel has a distinctive system for servicing the guests and emphasize the role of the quest relationship activities.

#### 2. Room maintenance improvement

As for the room maintenance improvement, the rooms have standard technical services. However, no central panel for light, temperature and curtains is introduced. Based on the authors' observations, the current system is not considered up-to-date.

#### 3. Applications in the room for orders

After the analysis of the data collected the author received negative results in this section.

### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be partly applied to the current case company. The operations in the company need to be changed drastically and new trends need to be implemented from the technical point of view.

#### 3.1.4 Astoria

Astoria Hotel is a part of the world brand chain of hotels and thus has a strict list of standards to be used. What is more, it is based in a historic building.. These too facts actually reduces flexibility.

### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

#### 4. The guest-reception relationship

The guest-reception relationship is operated well but not perfectly. The hotel has a distinctive system for servicing the guests and emphasize the role of the quest relationship activities.

#### 5. Room maintenance improvement

As for the room maintenance improvement, the rooms have standard technical services. However, no central panel for light, temperature and curtains is introduced. Based on the authors' observations, the current system is not considered up-to-date.

## 6. Applications in the room for orders

After the analysis of the data collected the author received negative results in this section.

### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be partly applied to the current case company. The operations in the company need to be changed drastically and new trends need to be implemented from the technical point of view.

### 3.1.5 Domina

Domina hotel belongs to an Italian chain of hotels. It is located in the city center and has 109 rooms. It is relatively small hotel that has five star accreditation. Compared to other five star hotels in St-Petersburg, it is not the not impressive one, however has nice reviews due to well-done service. Still, the level of the new hospitality trends implementation is not that high.

### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

## 7. The guest-reception relationship

The guest-reception relationship is operated well but not perfectly. The hotel has a closed reception desk although on the website they claim that the atmosphere at the hotel is barrier-free. The estimation time for service at the reception desk is quite long.

## 8. Room maintenance improvement

As for the room maintenance improvement, the rooms have standard technical services. However, no central panel for light, temperature and curtains is introduced. Based on the authors' observations, the current system is not considered up-to-date. There were some devices; however, the hotel staff could not explain what they were for.

## 9. Applications in the room for orders

After the analysis of the data collected the author received negative results in this section.

### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be fully applied to the current case company. The operations in the company need to be changed drastically and new trends need to be implemented from the technical point of view.

### 3.1.6 W

The W hotel is considered as a well-designed hotel in St-Petersburg. The design is aimed at a high-tech concept and exclusive designer decisions. This concept helps the hotel to emphasize the up-to-date services.

#### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

#### 4. The guest-reception relationship

As well as the next two trends this trend of reformulating the guest-reception relationship is not that much introduced in this case company. According to the previous standards the guest is greeted at the reception desk, no guest-employee interaction is noted.

#### 5. Room maintenance improvement

As for the room maintenance improvement, the rooms have standard technical services. However, no central panel for light, temperature and curtains is introduced. Based on the authors observations, the current system is not considered up-to-date.

#### 6. Applications in the room for orders

The company has a concept for 24-7 reachable staff and promotes a WhatsApp application or guest-service interactions; however no applications for phones or other devices are introduced.

#### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be partly applied to the current case company. The guest-reception relationship needs to be influenced from the cultural organization point of view. What is more, the company could introduce the trend of the control panels in the rooms to secure the brand image and the price/quality ration of their services.

### 3.1.7 Taleon

Taleon hotel is situated in the city center on the main street of St-Petersburg. It has all in all 120 rooms and a huge spa area with a swimming pool. The building used to be a palace and the interiors are superb. The historic design of the hotel is not supported with any up-to date applications in the room. The technical devices that create employee-guest communication look outdated.

#### *Current state of the framework application*

The current state of the framework implementation is further describes based on the three trends that were revealed previously in the research that influence the existing standards.

#### 7. The guest-reception relationship

The hotel has a huge lobby and the guests might struggle to find the reception desk. No assistance is offered when the guest is entering the hotel. The reception desk is quite massive and creates a lot of distance between the employee and the guest.

#### 8. Room maintenance improvement

There are no applications installed for guest-reception connection, however there are some indicators near the door. It was not clear though, if that was set up by the reception or by the guest. The devises that were present in the room seemed outdated.

#### 9. Applications in the room for orders

Unfortunately, there were no special applications in the rooms that could be used to perform requests. However, there was some basic information showed on the starting page of the TV.

#### *Things to be improved*

Based on the current situation analysis, the author revealed that the framework should be fully applied to the current case company. The guest-reception relationship needs to be influenced from the cultural organization point of view. What is more, the company could introduce the trend of the control panels in the rooms to secure the brand image and the price/quality ration of their services.

### 3.2 Cross case analysis of current innovative trends implementation in Russian hotel industry

Based on the cases review the author concludes the following similarities in the level of hotels' trends innovations implementation.

Firstly, the hotels have the same system of guest-employee relationship and it is quite distanced. Most of the hotels have a massive reception desk and most of the employees "hide" behind this desk. Almost none of the communication is detected out of the reception desk. If a queue appears, this reflects negatively on the guest-reception relationship. This is considered as an old-fashioned way of treating the guest and reason for such behavior is based on the absence of the managements' awareness of the issue as well as the old-fashioned corporate culture of most of the hotels. Even if the hotel is a part of an international brand chain, which promotes their corporate culture, still the employees' perception is not influenced.

Secondly, most of the hotels have the basic number of service that the five star hotels require for accreditation. It very rare to find a hotel that goes beyond this standards and that creates a negative image for the guests, both international and local. The check-in process is mostly slow and requires a lot of paperwork. There is not enough staff in the hotels to give a lot of attention to the guests. Sometimes there are guest-relation managers present; however, they are not always available.

What is more, the rooms are not well-equipped. Again, the hotels are doing the minimum that is required with the standards and nothing additional. Of course there are some exceptions that would be mentioned later, but the majority of the hotels provide the basic amenities and outdated devices in the rooms. Most of the hotels do not use the devices in the room with full potential and even if there is some technical support for maintenance, they are not functioning well and have old fashioned design.

In addition, the organization of business processes is old-fashioned. This is a very colorful example of the issue that was presented previously in this thesis concerning the barriers of innovation introduction in the hospitality industry. It is quite resistant to changes and Russian hotels do not seem to follow the world updates.

Some of the hotels, though, partly have shown progress in the business process management. In 2 hotels there was a clear implementation of almost all of the trends mentioned

in the list by the author. This influenced positively on the KPIs for service quality of the hotels. Still, the framework was not fully implemented.

There are different levels of quality levels throughout the hotels. There were cases where there are no new trends implemented in the hotel and none of the employees were aware of the issue. Some of the hotels have partly implemented the framework, however did not manage it well. Such issues as employees' awareness and corporate culture change were still present.

### 3.3 Aspects of the change management plan

Based on the case studies analysis the following change plan of recommendations is generated, for each parts of the framework implementation.

#### *The guest-reception relationship*

##### *Preparation*

- Customer feedback evaluation

Firstly, it is important to understand the customers of the hotel and to confirm that this is really an issue and the customers have a need in this special attention. Some of the guests simply want to check in and not to interact with any of the staff and market research is needed to determine the percentage of such guests in a particular hotel. If there is a lack in special attention from staff for guests, the company needs to know how much does it affect the hotel and what KPIs are affected.

- Current situation evaluation

This includes the study of the current life of the hotel, what organization do they already have. The management gets to know the level of the employees' readiness to switch to new plan and their willingness. What is more, it is important to evaluate to which extent the potential changes are already implemented and perhaps the current operation plan just needs to be adjusted.

- Training project

The training project includes preparation of the material and the way of introducing the topic. It is necessary to know how much time the transition to new changes in culture will take and how to organize these changes. What is more, the management needs to know what tools to use when training new employees and how to affect their behavior, since this particular change is connected more with the cultural aspect of the operation, than with a technological part.

- Corporate culture evaluation

It is essential to assess the corporate culture of the organization to understand how radical the changes need to be and predict the level of the resistance to the changes in the future.

- Decrease strength of old attitudes

The employees need to be ready for this change and be warned about the new way of managing operations. The employees could be inform that the new process would make the guest-employee interaction that way much easier and positively affect the image of the hotel and thus reduce complaint and stress at work.

#### *Change implementation*

- Amendments to corporate culture communication

In addition to the old training and new standards the employees need to be convinced that the new way of the operations is the only right way. It is quite difficult to achieve. One of the major parts could be leading by an example, where potential leaders such as supervisors and managers actually show that such new way of communicating with guests is better for the company and for the guest.

- Personal assessment of employees

In parallel with training, it is important to monitor the employees while they are implementing the new plan, since it will be necessary for further actions.

- Concrete trainings aimed to modification of processes

The management needs to implement trainings to explain the new ways of operation in the hotel and to emphasize the reasons why the hotel is going through these changes. What is

more, the trainings should contain not only the theoretical part of the new standards introduction, but in addition the practical part where the employees learn how to implement the new standards.

### *Results Evaluation*

- Feedback from customers evaluation

After the new framework was implemented it is important to evaluate how it affected the customers. It is necessary to get the feedback from the frequent guests to know if they have noticed the change and if it affected them positively or negative. Of course it should not be direct questions; however, observations need to take place. What is more, the new customer retention rate needs to be evaluated as one of the most important KPI.

- Personal assessment of employees

In addition to other activities in this part of the change implementation, it is important to control the standard quality and to assess each employee in following the new directions. It is important for future steps of the implementation plan and for avoiding any mistakes.

- KPIs evaluation

KPIs evaluation is necessary for assessing the effect of the change on the organization and for future strategies implementations.

- Stabilization of new operating procedure

One of the most important parts of the change plan is the stabilization of the new standards and the operation system. This is necessary to do if the change is successful, so that it is permanent and the improvements in quality are stable.

### *Room maintenance improvement*

#### *Preparation*

- Budget planning

New trends implementation regarding the room maintenance requires a lot of investment from the company and it is important to assess when to spend the budget on this upgrades and when to install them. This is important to plan since this process does not allow the hotel to sell its rooms during the installation period.

- Test of the existing equipment

This is a part of the implementation plan where hotels assess the equipment that they already have and decide whether it should be changed or completely replaced.

- Headquarters consulting

This part of the implementation plan is dedicated to hotels that operate as a part of an international hotel brand chain and need to confirm their actions with headquarters of the company.

- Plan for the readiness of the premises

Since this particular change is connected with the technological and mechanical changes in the rooms and the building (ventilation, electricity, maintenance) it is essential to assess the existing equipment and assess the risks. Depending on the age of the building the installation process period may differ as well as replacement of old devices.

### *Change implementation*

- Purchase of the software & equipment

This part of the change plan is dedicated to the purchase of the equipment. At this stage the most important action is to choose the right supplier in legal economic and level of the applicability terms.

- Installation

At this part of the implementation plan it is important to monitor the installation, to control the process and to assess if the deadlines are met. What is more, it is always difficult to perform construction at the hotel, since it is operating 24/7.

- Trainings

Apart from installing the equipment it is relevant to train the employees how to use this new equipment, as it adds value to it. The absence of trainings might add complaints from the guests and not reduce the number of them.

### *Results Evaluation*

- Feedback from employees

After the change is implemented it is significant to assess what do the employees think about this change and if they agree that this change is needed and working well. This will help to find bottlenecks in the process and assess the resistance to change.

- Feedback from customers

What is more, the hotel needs to check how the guests react to this new equipment in the room and how does it affect their perception of the price/quality relation. This would affect the evaluation in such KPIs improvement as level of guest satisfaction, number of complaints for room equipment, customer retention rate, rating against competitors.

- Monitoring by middle management

This huge step in the organization step needs to be controlled by monitoring the details of the process. The managers need to assess the possible reasons for any bottlenecks and fix any small issues connected with this new trend implementation.

- Evaluating resistance

Every change process has some percentage of resistance from the employees and it is necessary to evaluate this percentage for further actions. This could be connected with the culture of the organization, the technical incompatibility of the new equipment or absence in demand for this new trend.

- Check for bottlenecks

As stated in the previous milestones in the change plan, it is necessary to monitor the processes in details and create new plan for the equipment use to adjust the application process. This is motivated by the fact that adjusting to change is a continuous process and requires constant improvement.

## Applications in the room for orders

### *Preparation*

- Budget planning

New trends implementation regarding the applications installation requires a lot of investment from the company and it is important to assess when to spend the budget on this new software and when to install it. This is important to plan since this process does not allow the hotel to sell its rooms during the installation period.

- Market research

Preliminary market research is influential to study the demand of this service at the hotels, to evaluate the usage of these standards at the competitors' hotels and to assess which equipment would be applicable and efficient in this matter.

- Headquarters consulting

This part of the implementation plan is dedicated to hotels that operate as a part of an international hotel brand chain and need to confirm their actions with headquarters of the company.

- Check for existing equipment

The software that needs to be installed in order to improve the business processes has to be able to align with the current devices at the hotel and the software that they already have, including the server. Otherwise, this change would include more expenses and affect the budget of the company.

### *Change implementation*

- Purchase of the software & equipment

This part of the change plan is dedicated to the purchase of the software. At this stage the most important action is to choose the right supplier in legal economic and level of the applicability terms.

- Installation

At this part of the implementation plan it is important to monitor the installation, to control the process and to assess if the deadlines are met.

- Trainings

Apart from installing the equipment it is relevant to train the employees how to use this new equipment, as it adds value to it. The absence of trainings might add complaints from the guests and not reduce the number of them.

### *Results Evaluation*

- Feedback from employees

After the change is implemented it is significant to assess what do the employees think about this change and if they agree that this change is needed and working well. This will help to find bottlenecks in the process and assess the resistance to change.

- Feedback from customers

What is more, the hotel needs to check how the guests react to this new equipment in the room and how does it affect their perception of the price/quality relation. This would affect the evaluation in such KPIs improvement as level of guest satisfaction, number of complaints for room equipment, customer retention rate, rating against competitors.

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This huge step in the organization step needs to be controlled by monitoring the details of the process. The managers need to assess the possible reasons for any bottlenecks and fix any small issues connected with this new trend implementation.

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- Check for bottlenecks

As stated in the previous milestones in the change plan, it is necessary to monitor the processes in details and create new plan for the equipment use to adjust the application process. This is motivated by the fact that adjusting to change is a continuous process and requires constant improvement.

#### 3.4 Analysis of improvements effect and estimated results after framework implementation

During the research the author emphasized the usage of different standards in the hospitality industry. Such aspects of the standards that were mentioned in point 1.4 Standards in hospitality as general service standards, guest relations standards, service standards for pre-arrival and guest arrival, service standards for concierge, preventive maintenance and quality control standards, room service and room turndown service in addition to housekeeping and maintenance requests standards were discussed. Lack of the usage of the innovative trends was described in subchapter 3.1 Case descriptions. As a result of further research such trends were proven to be applicable in Russian hotel industry: improved greetings of the guests (out of the desk communication), applications for orders usable by guest, new updated equipment in the room for basic controls such as Light/Conditioning/Keys/Plug extensions. The implementation of the new trends shows significant improvements in the current KPIs levels.

The most important KPIs chosen for the research were described in subchapter 1.4 Standards. Such KPIs connected with quest relations operations were improved as the level of guest satisfaction, number of complaints for check-in procedure, customer retention rate, estimation time of service.

All in all upgrade of the existing equipment at the hotel and the software for quests' and hotel usage affected positive such KPIs as accuracy in bill formation, ratings against competitors, profit maximization rate. What is more, training score as a KPI was monitored for better implementation of the framework.

#### Conclusion

In conclusion, the author presents once again summarized answers to research questions. The following conclusions were formed as a result of the authors' research and are based on a complex study of the topic.

As stated in the first chapter of the thesis, the first research question was dedicated to the way the key business processes are interrelated in luxury hotel industry. The author studied the current standards that are used in the hotels and based on that described the process using a visual aid. The standards are described in subchapter 1.4 Standards in hospitality.

The second question was about the innovative trends in the industry and how they influence the current business processes in the hotels. Based on the chapter 2.1 Research framework, the author conducted a research on the latest trends that influence positively on the KPIs on the hotels and showed how they would affect the current system inside the hotels.

Finally, the author stated the third question of how to implement those trends in the current business process system. The author designed a framework that describes how the new system would be modified after the new trends are implemented and studied the applicability on the case companies. The change management plan is presented in the subchapter of the empirical findings 3.3 Aspects of the change management plan.

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## Appendixes

### Appendix 1 (Najda-Janoszka, M., Kopera, S. 2014)

Table 1. Specific features of tourism industry inducing barriers to innovation

Feature	Induced barrier to innovation	Authors
Heterogeneity of business models	Low market transparency and difficulties in concept testing;	(Ottenbacher & Harrington, 2010; Camison & Monfort-Mir, 2012)
Industry dominated by MSMTes	Low absorptive capacity for innovation; insufficient tacit knowledge for know-how driven innovations; change inertia; low awareness about importance of innovation; undeveloped innovation systems in tourism industry; high transaction costs for setting collaborative structures	(Pivcevic & Petric, 2011; Hjalager, 2002; Camison & Monfort-Mir, 2012; Weiermair, 2006; Beritelli & Rome, 2006; Pompl & Buer, 2006; Nordin, 2003; ECORYS, 2009; Keller, 2006)
Volatile developmental dynamics	High rate of closure of tourist SMEs and volatility of ownership of tourism businesses deters development of trust-based collaborative relations and knowledge accumulation; contribute to a negative image of the industry on the labor market; difficulties in attracting highly skilled human resources	(Pechlaner, Fischer & Hammann, 2009; Hjalager, 2002; Camison & Monfort-Mir, 2012; Nordin, 2003; Jacob & Groizard, 2007; Decelle, 2006)
Vulnerability to demand fluctuations	Highly income elastic, seasonal and volatile demand raises the risk of unstable and uncertain market for innovations, induces strategic incrementalism; high rate of human capital renewal that hampers accumulation of new knowledge and deters attracting highly skilled human resources	(Tisdell, 2002; du Cluzeau, 2006; Dwyer & Edwards, 2009; Hjalager, 2002, Sundbo et al., 2007; Decelle, 2006; Camison & Monfort-Mir, 2012)
Culture of little trust	Inefficient knowledge transfer; weak propensity toward collaboration in innovation	(Hjalager, 2002; Pechlaner et al., 2009; Najda-Janoszka, 2013,
Undeveloped tourism policy	Institutional inertia; mismatch between needs of tourism business and the institutional offers; weak support structure for tourist business; administrative burden;	(Hjalager, 2010; Keller, 2006; Weiermair, 2006; ECORYS, 2009)
Limited legal protection of innovations	Dominance of imitators and adopters over genuine innovators; weak disposition toward cooperation in innovation; free-rider attitude	(Hjalager, 2002; Najda-Janoszka, 2013; Decelle, 2006; Sundbo et al., 2007; Nordin, 2003)

## Appendix 2 Interview questions

In the beginning at the premises:

- 1) What is your position in the hotel? (in the hierarchical aspect)
- 2) What is the basic procedure of the check-in of the guest?
- 3) Is it possible to check-in the guest without approaching the reception desk?
- 4) What application can the hotel offer to improve the services at the hotel?
- 5) What application can the hotel offer to speed up the services delivery or the request procedure at the hotel?

In the room:

- 6) How is it possible to adjust the temperature in the room?
- 7) How is it possible to adjust the lights in the room?
- 8) Is it necessary to use the key in the room to keep the electricity working?
- 9) Is it possible to get the plug adaptors in the room?
- 10) What kind of applications can be used in the room to order services except the phone?
- 11) What kind of gadgets could be delivered in the room to be used?