

Review Paper

# Quality Management Strategies in the Hotel and Restaurant Industry: Best Practices and Challenges

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## ABSTRACT

The article is devoted to the study of the system of personalized service in the field of hospitality as its competitive advantage in terms of quality in the conditions of functioning in the modern market. The specifics of competition and the transformation of consumer demand in the area under study are considered, and a positive impact of the service model on the efficiency on the business is highlighted. It is shown that the best results are achieved through a model of customer data personalization that is different from competitors and its use in a well-thought-out strategy. At the same time, an effective personalized service system requires continuous investment to maintain and grow valuable data, including with the use of AI and ML.

## HIGHLIGHTS

- The article is devoted to the study of the system of personalized service in the field of hospitality as its competitive advantage in terms of quality in the conditions of functioning in the modern market.
- The specifics of competition and the transformation of consumer demand in the area under study are considered, and a positive impact of the service model on the efficiency on the business is highlighted.
- It is shown that the best results are achieved through a model of customer data personalization that is different from competitors and its use in a well-thought-out strategy.

**Keywords:** Hospitality industry, quality management, personalization, service quality, digital transformation

Today, the global tourism and hospitality industry is in tough conditions of competition for each client and is forced to react extremely rapidly to external changes in business conditions (Semenets-Orlova *et al.* 2022). Despite the unstable economic and political situation in the world, the hotel and tourism business continues to develop rapidly throughout the world (Rahman *et al.* 2022). The growth of tourism around the world causes an active expansion of the offered hotel and restaurant services. Increasing the level of openness of the service market and increased competition among hospitality industry enterprises set them the task of constantly improving the quality of services

and their attractiveness to customers (Novak *et al.* 2022). The factor of changing consumption and the consumer, the growth of his sophistication bring the issues of quality improvement to the fore. The problem of the quality of services in the hotel and restaurant complex is one of the most relevant in today's market conditions, since namely because of the oversaturation with various technological innovations and the greater number of specific

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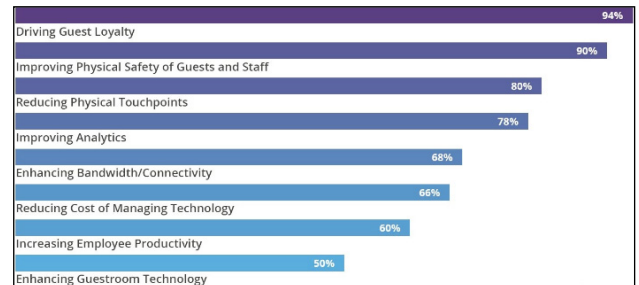


services in the hospitality industry, the quality of services is one of the strongest competitive advantages of modern hospitality companies.

In addition, the trends in the development of hospitality enterprises in recent decades are the following: deepening the specialization of the hotel offer; growth of international hotel chains; development of a network of small enterprises; introduction of advanced digital technologies; deepening the specialization of the hotel offer (Muller, 2019). For enterprises of the hotel industry, the emergence of specialized entities with a limited range of hotel services is characteristic. In the hospitality industry, specialization manifests itself as a deepening focus on serving certain consumers, as the purpose of travel is constantly expanding and changing (Slobodanyk *et al.* 2022). Namely they form the main characteristics for hotel services: prices for services, location of the hotel/restaurant, their very 'concept,' comfort of the room stock, room equipment, etc. (Zhang, 2018). For example, the segment of tourists, who are staying with a business (entrepreneurial) purpose, requires increased service.

Tourism was one of the first to feel the impact of global digitalization, since it is an information-rich industry that responds quickly to all changes (see Fig. 1). The impact of digitalization and all the more so digital transformation on the tourism industry is manifested not only in terms of the introduction of digital technologies into the business processes of enterprises in the tourism industry, but also the 'profile' of a traveler is changing. The demands of guests are growing. It is becoming increasingly difficult for companies in the hospitality industry to attract the attention of potential guests and customers. Just a good repair, convenient location and even various additional services no longer surprise anyone and cannot force them to make a choice in favor of a particular hotel or restaurant, thus something more is needed. Servicing personalization is now one of the most important competitive advantages that cannot be obtained without digital technologies. In order to understand the needs and desires of the client, it is necessary to collect and process a huge database related to his previous experience of traveling, staying in a hotel, etc. This will make it possible to form a certain virtual image of the traveler,

to model his needs with the help of artificial intelligence systems. AR and VR are being actively implemented in hundreds of hotels around the world and are showing great results in attracting customers, increasing guest loyalty and providing customers with the much-needed "wow" effect of their hotel visit and travel in general. All these rapidly deploying trends, respectively, determine changes in the system of quality assurance and measurement, in the factors of competition in the quality of services.



**Fig. 1:** Initiatives rated as “very” or “extremely” important by hotel operators (ASD, 2023)

At the same time, a significant problem for the hotel industry is service quality control. The service provided in hotels is intangible, which is why the assessment and definition of “recommended rate” is almost impossible in today’s business development realities (Park & Jeong, 2019). Most often, quality control of services is carried out through monitoring the behavior of staff. Hotels and restaurants are trying to implement Total Quality Management, undergo ISO certification, train staff, etc. However, in the BANI environment, in the era of karaoke capitalism, the landscape of consumer preferences is changing even the concept of 'luxury' is being transformed. Thus, new strategies and approaches to quality management are needed, based on the analysis of best practices (even in related industries such as retail), short-medium and long-term forecasting and modeling.

## LITERATURE REVIEW

The modern hospitality business provides customers with not only basic accommodation and food services, but also a fairly wide range of services such as transfers, excursions, entertainment, sports, medical, and other services. Market experts note that recently the number of offers in the hotel services market has been growing, while at the same time

reducing the demand for hotel services, which leads to increased competition (Tiffany, 2017). The main thing is to provide such hotel services that would satisfy and even exceed the expectations of target customers. Customer expectations are formed on the basis of experience and information coming through marketing communications channels (Buhalis & Leung, 2018). Despite this, customers choose a certain hotel company and compare their experience with expectations (Koliadenko *et al.* 2022).

The client always strives for a correspondence, determined by him, between the price of hotel services and the quality of service. Hotel services are characterized by a high level of uncertainty, which puts the client at a disadvantage, and makes it difficult for the company to promote its services to the market. Such features of the market and hotel services determine the specifics of customer service. Therefore, the most important factor in increasing competitiveness in the modern hotel industry is the use of special, somewhat unique types of service, which distinguishes a particular enterprise from its competitors (Tymoshenko *et al.* 2022). A large body of research in the field of quality of hotel and restaurant service is based on the idea that customization is today the foundation for ensuring high (primarily in the eyes of the consumer) quality, and not only in the luxury segment (Ali *et al.* 2021).

Today it is believed that a high level of service depends on professional and quality work (Bondarenko *et al.* 2022). However, it is necessary to distinguish between the concepts of a product (all professional skills) and a service (everything that is attached to professional skills). There is quite a popular idea that good service should be expensive and it is provided only by prestigious companies. But today, for example, many low-cost airlines win customers with their proactive service and customer loyalty. A service is a multilayer system that has its own structure. Thus, the analysis of the literature allows identifying the following main structural components of the service in the hotel business (Al-Ababheh, 2017):

1. Service vision a well-formulated expression, the purpose of which is to explain to each employee the meaning of the goals of the hotel and inspire people by calling for action (for example, the internal corporate motto of the Thomas Cook Group travel concern is: "Proud of myself at Thomas Cook").

2. Service culture aimed at creating a special atmosphere in the company's team and motivating employees to serve each client in a quality manner (in particular, a number of international companies use the principle of material incentives).
3. Immutable standards the standards that help to provide a high quality service.
4. Customer Experience Personalization System a secret internal system that helps to establish a special connection with the client.
5. Educational process development of effective training of employees in order to create a service culture.
6. Embodiment and execution that is, the implementation and control of the provision of positive customer experience.
7. Addressing defects in service.
8. Exceeding customer expectations.
9. Evaluation of the client's experience.
10. Understanding the concept of service and monitoring compliance with hotel management standards.

Statistical quality management tools are quite widely used to assess quality in terms of time indicators of service performance and compliance with requirements. Checklists are being developed to collect information that is used to build Pareto charts. In these indicators and tools, it is possible to determine the losses, from the point of view of the theory of Lean production associated with the irrational organization of the process of providing a service, due to the absence or waiting for a tool, material or time. It is believed that this methodology should allow managers to identify problem areas and activities included in the service delivery process (Knežević *et al.* 2017). To assess service and availability indicators, the CSAT (Customer Satisfaction Score) and NPS (Net Promoter Score) methods are considered applicable, allowing the implementation of the PDCA cycle, which generally becomes the basis for the implementation of a quality management system in an enterprise in the service sector (Knežević *et al.* 2017 ).

Service management of a hotel enterprise implies the impact on the entire management system of the enterprise's operational and marketing activities in

order to provide high quality services. However, there is no contradiction between the philosophy of quality and the desire to improve the efficiency of all hotel activities. On the contrary, a focus on customer experience reflects a reliable way to achieve and maintain high profits.

An analysis of literary sources on the research topic suggests that the correct organization of the work of hospitality enterprises in modern business conditions involves the introduction of innovative approaches and models, which affects the vast majority of performance indicators and the level of competitiveness of the hotel. This is especially true if the hotel is focused on personalized service (Tajeddini *et al.* 2019). In order to promptly and efficiently provide customers with the declared range of services, the hotel must have a well-functioning mechanism for their provision. In addition, the high-quality functioning of the personalized service system primarily involves the development and implementation of appropriate standards, staff training, control, adjustment, and improvement of service in all areas of the enterprise.

Directly the concept of “personalization” is increasingly used by companies from different industries. Often, this definition is used by marketing specialists in the event development system for retailers, services and, of course, tourism and hospitality, since namely in these industries, huge amount of data about customers (consumers) is accumulated. Personalized service, first of all, involves the formation of individual offers for consumers in real time, which is most relevant for modern hotels, that, in the face of fierce competition, find it most difficult to keep the attention of a potential client. Namely in the tourism and hospitality industry, personalized service represents a systemic process that is the most complex. After all, a hotel company needs not only to encourage a visitor to buy, as, for example, in retail, but also to make the entire process of searching and choosing services as personalized as possible so that a potential client can find exactly what he needs in the shortest possible time. At the same time, booking a room is only the first stage, so when talking about personalization in the hotel business, it is needed to take into account a lot of other opportunities in the sphere.

According to a study by global technology company Saber, which was conducted in the UK, personalization of the service means the following: address the consumer by name and send him only individually tailored offers. Thus, more than half of the 2,000 respondents were in favor of personalization, provided that companies offer them relevant services that meet their interests and current situation. Also, the majority of respondents would like the company to take into account the experience of their previous orders in further communication (Kandampully *et al.* 2018). That is, the expectation of the consumer is based on his confidence that the company has his personal profile with information about purchases and preferences, and personalized offers should be based on this data. This thesis is supported by a new GBTA study (cited by Guidara (2022)), according to which 69% of travelers want to receive travel options personalized based on their consumer experience.

Since the budget of each client is somehow elastic, personalization becomes an important tool for generating additional income if the hotel staff learns to competently offer the client the services he needs on favorable terms. However, the willingness of users to share information about their preferences with companies comes with one caveat: it is still needed to focus on the value of personalization for the end consumer, and not try to impose services that are beneficial for the service operator (Batabyal, 2020).

The need to create formalized methods for assessing the quality of service in comparison with the methods of critical cases predetermined the emergence of the SERVQUAL method, which received its name from the reduction of two words: SERV from service and QUAL from quality. It was developed by V.A. Zeitzaml, A. Parasuraman, and L.L. Berry in the 1980s through empirical research conducted by the authors through the analysis of focus group surveys based on their GAP model (Ahuja, 2016). By gaps, the authors mean differences in the perception of the main components of the process of providing a service by its various participants at different time intervals. These gaps are as follows (Gardini *et al.* 2021):

1. Gap in knowledge. The difference between how customer expectations are defined by

a service provider and the actual needs and expectations of the firm's customers.

2. Gap in standards. The difference between how customer expectations are perceived by the company's management staff and the quality standards set by the firm.
3. Gap in service delivery. The difference between established service delivery standards and the firm's actual performance relative to those standards.
4. Gap in internal communications. The difference between what the company advertises and what the service staff thinks about the characteristics of the hotel product, the level of service quality, and what quality of service the hotel is actually able to provide.
5. Gap in perception. The difference between the level at which services are actually provided and how consumers perceive the level of services received (due to the inability to accurately assess the quality of the service).
6. Gap in the interpretation. Differences between what the hotel actually promises in marketing communications (before offering services) and what the consumer expects based on those promises.
7. Service gap. Differences between what the consumer expects to receive and how he perceives the service he actually received.

The method is based on a consumer survey, in which respondents are required to rate several characteristics (or attributes) of the service provided, grouped by the main dimensions of the service.

Evidently, it is crucial for hotels to evaluate themselves so they can recognize and address any issues. The Critical Incident Technique, the Five Gap Model, and the Perceived Quality Service Model are just a few techniques that can be used for this. Even the SERVQUAL scale, though, is under critique. The bias element is these approaches' principal drawback (Kalotra & Sharma, 2017). "Even if you do an internal evaluation with a clear head, the service will always have blind spots that an impartial observer can find" – experts say (Kalotra & Sharma, 2017). Thus, it is necessary to obtain as much factual analysis as possible and attempt to outsource expertise. Additionally, hospitality

company might benefit from the mystery shopping service. This strategy has been used in the USA for 40 years, and thanks to software and Big Data, it is now more sophisticated. Thus, Big Data, AI, and even ML are becoming 'the must' for forecasting and designing parameters of service quality in hospitality.

As noted above, personalization and attention to the preferences of each guest play an important role in achieving a high level of satisfaction and creating an unforgettable stay experience. Modern hotels and restaurants strive to meet the individual needs and preferences of each guest, offering personalized services and creating unique experiences. One common way to capture guest preferences is to analyze data and stay history. Modern hospitality market players use customer relationship management (CRM) systems that store information about guests' previous stays, preferences, and special requests. In particular, based on this data, the hotel can offer the guest personalized services, promotions and offers that match his interests and preferences (Gardini *et al.* 2021).

In the literature covering hospitality quality, it is also noted that a proactive approach is a key element in effective problem solving. Successful hotels strive to anticipate potential problems and come up with solutions in advance. For example, if a hotel knows that some guests may require extra pillows or allergic bed linen, they can prepare appropriate items in the guest's room in advance (Gustavo *et al.* 2022). This allows preventing possible problems and providing a high level of comfort for each guest. At the same time, there are critically few scholarly studies that cover in a complex the features of customer preferences in today's hospitality industry, and the corresponding pitfalls in the attempts of the hotel and restaurant business to provide a quality of service that is high precisely from the position of the client, to combine customer service and customer experience in synergy. Such studies, or, more precisely, the formulation of problematic questions, are found mainly in industry business publications, as well as reports from consulting companies. Therefore, the most important task today is to systematize these developments, which will make it possible to conduct future research on this initial basis.

## MATERIALS AND METHODS

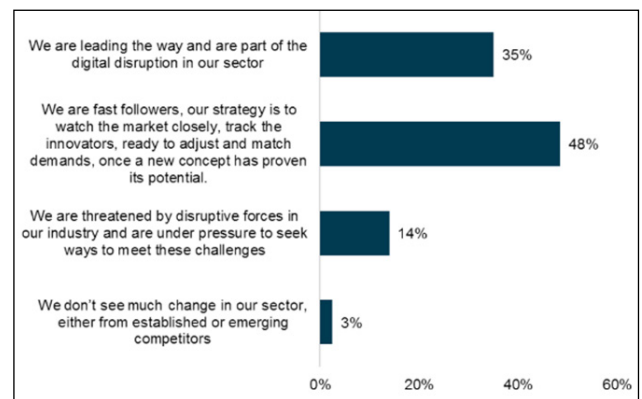
The theoretical and methodological basis of the study is constituted of the provisions of the theory of quality management, strategic management, ensuring the competitiveness of enterprises. The study used general scientific methods of cognition, including system analysis and synthesis, methods of comparison, systematization, grouping, content analysis, logical modeling. An integrated approach was used, which made it possible to determine the main provisions and methods for the formation of a quality strategy in the hospitality industry. The methods of aggregation, classification, combinatorial analysis were used and were accompanied by meaningful interpretation of the findings.

## RESULTS

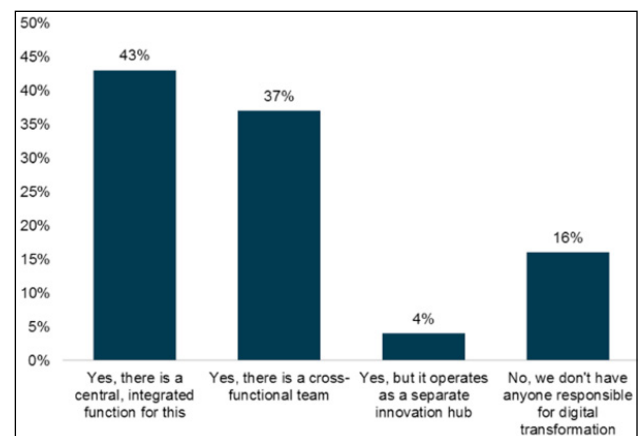
Today experts warn: “50 % of loyal customers don’t mind to try the service of your competitors. This means competition in the hospitality sector is getting heated. Despite the long history of Quality management and numerous studies and researches, your job is getting even more challenging than in the past because the clients’ demands have increased, people are willing to spread long negative reviews on every minor issue on social media, while you have to pull positive feedback out of them” (4 *Quality Management Issues in Hospitality Industry*, 2019). “The main focus in hospitality now is customer over satisfaction. It isn’t sufficient to provide qualitative basic and expected services anymore. You must amaze your client even with details” (4 *Quality Management Issues in Hospitality Industry*, 2019).

Hospitality industry enterprises are very actively implementing digital technologies, while declaring their digital transformation. This is confirmed by the results of surveys aimed at finding out the understanding of the digital transformation of the industry by its players (see Figs. 2 and 3).

As it is evident from the figure, only 16% of travel and hospitality companies lack a team responsible for digital transformation. At the same time, other data demonstrate that “North America hotel guest satisfaction declines as travel volume, room rates rise” (Effler, 2022).



**Fig. 2:** The results of Econsultancy’s “Digital Trends in the Travel and Hospitality Sector Report”, global survey of more than 600 senior digital marketing and ecommerce executives: distribution of the answers to question “Thinking about how digital technology has disrupted your industry, which statement best describes your organization today?” (Vouk, 2022).



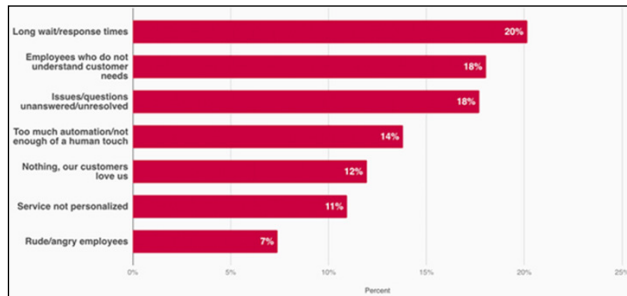
**Fig. 3:** The results of Econsultancy’s “Digital Trends in the Travel and Hospitality Sector Report”, global survey of more than 600 senior digital marketing and ecommerce executives: distribution of the answers to question “Does your organization have an individual or function responsible for digital transformation?” (Vouk, 2022).

The 2022 study’s additional important findings are as follows (Effler, 2022):

- ◆ Prices have increased across all market sectors, but many tourists do not believe they are getting good value: hotel costs and taxes are the main cause of the year’s 8-point drop in overall satisfaction. Satisfaction with hotel accommodations is another factor contributing to the reduction, which may indicate that travelers believe they are paying more but receiving less in return.
- ◆ Guest room satisfaction falls: While hotels continue to receive relatively high satisfaction ratings for guest room cleanliness, ratings for

décor and furnishings, in-room amenities, and bathroom quality drop from a year ago.

Main causes of customers' dissatisfaction in the U.S. and European hospitality markets are summarized in the Fig. 4.



**Fig. 4:** Main causes of customers' dissatisfaction/frustration, the U.S. and European hospitality markets (Guidara, 2022)

Ana Palombini (2022) rightly emphasizes that customer service and customer experience have much difference. In particular, the introduction of digital innovations in the tourism and hospitality industry is one of the key areas for increasing the competitiveness of hotels and their survival in the new reality. At the same time, hoteliers, as a rule, are not pioneers in technological progress. Instead, they prefer to adopt developments created for the commercial real estate, airports, and home sectors. From here, a new trend in the hotel business for the creation of smart hotels originates. However, not all borrowed smart technologies can be blindly implemented in hotels. A hotel reception is not the same as an airport check-in desk. In hotels, guests need a warmer welcome and more personalization. Unfortunately, this is often overlooked when planning and implementing hotel robotization projects. So, for example, back in 2015, a hotel was opened in Japan, in which guests were serviced by robots. The total number of robotic systems in the hotel was in the hundreds. In particular, in the lobby, visitors were greeted by three electronic employees at once: a dinosaur, an android, and a humanoid robot. The luggage of the guests was also carried by robots, they invited guests to breakfast and put things in the wardrobe. The microclimate was regulated automatically, robots also answered questions from visitors. The owners believed they had created a "hotel of the future." But in the end, half of the robots had to be removed, and many of them were replaced with people: as it

turned out, robots are inefficient. They often break down, cannot answer many questions, and create problems for guests. The robot found it difficult to answer simple questions in addition, it often woke up guests who were snoring right in the middle of the night. This is because the robot "thought" that a person was asking a question, and could not recognize speech in snoring. Therefore, the digital assistant-robot asked again what the person had in mind. Some guests were constantly woken up by the system every time a sleeping hotel customer started snoring (Marques & Marques, 2023). Problems arose with robotic assistants, whose task was to deliver the luggage of the guest to the room: the robots either drove past the number, or broke along the way. Significant funds were required for their maintenance, and the guests were dissatisfied with the service.

Such examples are reminiscent of attempts to introduce advanced IT solutions into corporate information systems without a preliminary systemic analysis of all the company's business processes, as a result of which the implemented component turned out to be a useless, and sometimes even harmful "flap" in an integral information system. Thus, in pursuit of the rapid creation of a competitive advantage in quality, one-sided strategies should not be applied, without a comprehensive and predictive analysis of the demand structure. Relying on high technology without taking into account the human factor and without a thorough analysis of the trends in the transformation of consumer preferences leads to negative results.

Meanwhile, one of the powerful trends in the hotel industry and, in general, hospitality in 2021 and after is closeness to nature. Luxury hotels located in beautiful places surrounded by greenery, mountains or water attract connoisseurs of natural luxury. Guests want to feel at one with nature. Hotels will have to pay attention to personalized services that complement the experience. Hotel Nihi Sumba inspires with its example. It leads tours to local villages, deep jungle bird watching and guided tours to hidden lakes, complemented by swimming and delicious individualized dining.

Such direction as glamping is developing. The word "glamping" comes from the phrase "glamorous camping". It remains a campsite, because guests live in tents in nature, and it is considered glamorous

for comfortable conditions and external beauty. In order to “keep guests in touch with civilization,” glampings are equipped with a bathroom, and hoteliers offer almost five-star service (Guidara, 2022). Glamping is a business idea for beginner hoteliers and a way for experienced hoteliers to scale their business. Therefore, the new type of accommodation quickly became a worthy competitor in the hospitality market. Equipping tents is much cheaper than building a hotel, and such a business will pay off even faster.

Also, health trips are gaining popularity. The trend for taking care of mental and physical health established in 2020 and will remain relevant in coming years. People no longer live up to the idea of “Live bright die young”, but want to live a long, harmonious, and healthy life (EHL Insights, 2023). The Global Wellness Institute estimates that recently the market will reach \$639-919 billion. A new trend in the hotel business will be the expansion of the list of services that will help customers stay active and keep fit. Hotels with gyms and spas, as well as personalized nutrition programs and sports training, will benefit (Deloitte, 2023b).

Eco-friendly accommodation options occupy an important place in the global trends in the hotel industry. According to Booking.com surveys, 73% of travelers intend to stay in a green hotel on their next trip. Moreover, 70% of people believe that they are more likely to book a place that is eco-friendly, even if they are looking for an option for a regular (non-sustainable) vacation. A Condé Nast Traveler survey found that 58% of travelers exclusively choose hotels that help preserve the environment or provide philanthropic support to local residents (Deloitte, 2023b).

Separately, it is worth highlighting the system of personifying the customer experience (Secret Service) this is the use of hidden systems in order to provide an unforgettable service to customers. Based on the secret service, the hotel forms a service strategy that helps to distinguish itself from competitors. The creation of a secret service contributes to the personalization of customer experience through proactive service and customer satisfaction. The provision of such a service creates a special emotional bond between the client and the hotel that provides the service. Secret service is an internal hidden system used by employees to

anticipate and satisfy unexpected customer needs, using visual cues and stored information (purchase history, referrals, personal choice, place of work, place of residence).

In the hospitality industry, a personalized service system means that clients’ profiles must be constantly updated after each contact with the client. To do this, enterprises in the sphere need to use effective solutions for processing personal information in order to obtain correct data that will be used in the formation of customized offers. In other words, it is an ongoing process of working with data, which should be based on a reliable technological platform with advanced intellectual functionality.

The system of personalized service has always been one of the foundations of the hospitality industry to greet a guest by name or remember what foods they are allergic to. The information revolution has brought Big Data into every decision-making process, redefining the industry and driving it to modernize its approach to customer service. Now calling a guest by name three times is no longer considered personalization in the modern sense. But while technology can solve the problem of processing and quickly analyzing client data, the hospitality industry should not forget about its basics warmth, kindness, and cordiality, which form vivid and unforgettable impressions of visiting a hotel. This is just as important as the invisible client profile.

In old Europe, there are even associations of themed and historical luxury hotels that exchange information about their customers, create a unified service system and form individual invitations to guests (Swiss Association of Historic Hotels). The style concept of such hotels is imbued with the spirit of history, valuable architecture, the uniqueness of life, service, and comfort. Thus, the hotel becomes not only a place for temporary stay, but a club and the meaning of travel.

The diversification of tourist demand has forced hotels to look for their niche in the accommodation market, which has led to a process of hotel specialization. The specialization is based on the types of tourism, the transport chosen by the clients, the tastes and interests of the guests. Resort hotels are widely specialized in therapeutic and regenerative procedures of various profiles, they



offer a course of skin regeneration, figure correction, and weight loss. There are hotels for vegetarians in Switzerland, there are already several such five-star hotels. Business hotels practice quick check-in and check-out procedures, car rental, and technical staff services. Hotels for business women offer increased security measures, specially equipped bathrooms, beauty salon services.

Many hotels and other accommodations specialize in various types of sports activities. Hotels for the disabled are opened, an example of which is the hotel for people with mental and physical disabilities Lazarushof (“House of Lazarus”) in Germany. The hotel has specially equipped elevators and toilets, wide corridors and ramps, a garage for wheelchairs, and staff is specially trained (Muller, 2019).

There are hotels with a unique specialization. For example, a hotel for small children (“Grand Hotel” in miniature) in Liverpool (England) accepts clients from one and a half to nine years old. The rooms have small toy cities, a ceiling strewn with stars, and garlands of flowers on the walls.

So, the philosophy of personalized service in the hospitality business does not replace the foundations of the expediency of the functioning of the hospitality enterprise, but forms a different approach to the practical implementation of services in relation to the individuality of each client. The management of a personalized service system is a set of activities carried out in the process of development, production, and marketing of hotel services in order to ensure the required level of their quality for an individual client. In addition, an effectively organized personalized service in a hotel or restaurant provides a balanced impact on all performance indicators of the company, taking into account the criterion of profitability.

Service personalization is now one of the most important competitive advantages, which, at the same time, cannot be obtained without digital technologies. In order to understand the needs and desires of the client, it is necessary to collect and process a huge database related to his previous experience of traveling, visiting restaurant, staying in a hotel, etc. This will allow creating a virtual image of a traveler, modeling his needs using artificial intelligence systems, and providing remote consulting services using chatbots. The

advantages of serving with the help of artificial intelligence systems include the speed and accuracy of providing information to the client. Artificial intelligence allows quick processing of information and offering various options for resolving the issue, for example, by providing several placement options with comments personally for the client. An example is the use of such systems in Hilton hotels to provide guests with a variety of tourist information.

The role of AI in achieving Total Quality Management is growing. In order to help firms find areas for improvement and make data-driven decisions, one of the main ways AI can support TQM is by giving them insightful data about their operations. AI can analyze enormous amounts of data from numerous sources, including consumer feedback, production processes, and supply chain activities, through advanced data analytics. AI can assist businesses in finding patterns and trends in this data that may point to inefficiencies or places where quality might be raised. AI, for instance, can assist businesses in analyzing consumer feedback to find recurring issues or areas where their goods or services may fall short of client expectations. Organizations can raise their level of quality generally and better serve their consumers by addressing these problems (Frackiewicz, 2023).

AI can also contribute to improving the efficacy of TQM training programs. AI may assist hospitality firms in identifying areas where their training programs may be falling short and offer tailored interventions to fill these gaps by evaluating data on employee performance and engagement. This can make sure that workers have the abilities and information necessary to support the TQM initiatives of the company.

The field of predictive maintenance is another area where AI can support TQM. AI, in particular based on ML, can assist organizations in identifying potential equipment failures before they happen, enabling them to take preventive steps. AI analyzes data from sensors and other sources.

Thus, the use of AI and ML has the potential to significantly aid enterprises in implementing Total Quality Management. AI may help businesses increase their overall quality and better serve their customers by offering insightful data, automating

quality control procedures, and boosting the efficiency of training programs. It is likely that as AI technology develops, its involvement in TQM will only increase, giving businesses even more potent tools to streamline their processes and provide the best products and services possible (Gustavo *et al.* 2022).

Overall, the latest digital technologies that act as the basis for the digitalization of tourism activities include:

- ♦ Big Data technologies, blockchain,
- ♦ Artificial intelligence,
- ♦ Internet of Things (Internet of Things - IoT and IIoT - Industrial Internet of Things),
- ♦ Various mobile devices.

The use of artificial intelligence, in particular, recognition technology:

- ♦ Ensuring room access through iris scanning or fingerprint scanning this provides additional convenience for the guest and enhances the security of the hotel stay (this technology is used in the Marriott China hotel)
- ♦ Face recognition technology improves the quality of customer service through personalization of services, for example, NEC NeoFace Express technology.

Modern cognitive platforms make it possible to analyze a person's behavior directly in the process of communicating with him and draw operational conclusions, for example, giving one or another hint to a travel agent. In particular, Amadeus Alita listens to the client, takes into account all the nuances of his request (direction, type of trip, its duration, and other factors) and displays to the travel agent the travel options that suit this client. The program differentiates intonations and can even determine the mood. If the client reapplies, then "smart assistants" refer to the booking history and further analyze the client's preferences (Marques & Marques, 2023).

In order to strategically plan its activities, Amadeus studies and predicts the image of the future traveler. The Amadeus Travel Tribes 2030 study identified three types of travelers (Marques & Marques, 2023):

1. Cultural Purists are people oriented towards the culture of the place where they arrived.

They see their journey as an opportunity to completely escape from everyday life, immersing themselves in the local culture, feeling the peculiarities of the life of the local population. They are interested in a new experience to live the life of other people. They are driven by the desire for knowledge,

2. Social Capital Seekers such travelers are attracted by social recognition. Such people actively publish their impressions on social networks. They are a kind of accumulators of social capital. It is important for them to share with others so that their story is appreciated, praised, "liked," which will significantly increase the significance of their trip. They structure their journey around their future online audience,
3. Reward Hunters reward seekers. As a rule, these luxury travelers seek a return on their investment, a reward: "I worked very hard for this, I paid well for it, and therefore I want to get the most for my money." Their message is: "I deserve a luxury vacation!"

For each of the three types of travelers, the experience is more important than the product itself. The trend of the 21st century is a focus on experiences and motivations, and not only and not so much on the products themselves (Tiffany, 2017). Millennials will make up 50% of all travelers by 2025, according to researchers. Their main feature is the desire to learn new things and get out of the "comfort zone" (EHL Insights, 2023). Most of these guests are self-sufficient, tech-savvy travelers who successfully use mobile applications to shape their journey, choose a hotel, and determine the required set of additional services. This trend is already evident in research on the preferences of travelers staying in hotels.

Currently, well-known hotel chains are implementing two main directions to attract consumers in this category. They are either creating a new type of hotel, initially equipping them with everything necessary for millennial consumers in accordance with their needs, or introducing new digital technologies, redesigning the main hotel spaces, expanding the range of additional services, thus modernizing the entire hospitality industry.

The leaders in the first direction are the hotel chains Marriott International and Melia, which

create new sub-brands and build hotels taking into account the requirements and expectations of younger generations, mainly in the concept of “lifestyle” hotels. This is mainly due to the changing needs and desires of new generations of travelers. Millennials are interested in social interaction, want more reflection of their lifestyle in the hotel space (especially in the lobby), as well as more good food and drink (EHL Insights, 2023). For Millennials, the familiar environment is digital, and complete independence and autonomy in making decisions and choosing a hotel, regardless of brands and names, brings new competitors to the accommodation market that can provide strong rivalry to traditional forms of hotel booking. There is an increase in the share of alternative segments, and the demand for accommodation is becoming increasingly more individualized. One of such players is Airbnb, which has shown significant growth since 2015 (Batabyal, 2020). Airbnb is making a big difference in the marketplace, with an increase in the number of travelers using alternative accommodations. And this is true not only for large groups of travelers, who find it economically more profitable to rent an entire house or a large apartment than to book several rooms in a hotel. Numerous surveys of tourists show that living in private accommodation allows better immersing in the atmosphere of the country of residence. This clearly results in market valuation of Airbnb (see Fig. 5).

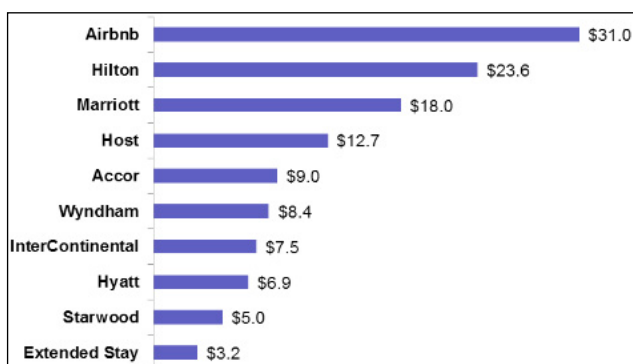


Fig. 5: Hotel company market cap/valuation (Fletcher, 2017)

A number of hotels are trying to compete with Airbnb in terms of personalization as a critical component of service quality. There are several case studies of successful hotels that apply best practices in terms of hospitality and professionalism. Each of these hotels stands out with special aspects that

make the reception of guests unforgettable and give them a feeling of special care and attention. For example, the Luxury Haven hotel offers an individual approach to each guest, taking into account their preferences and needs. They offer personalized welcome gifts and provide extra amenities such as free shuttle service or special guest care services. This approach helps create a unique first impression and establish an emotional connection with the guest. Another example is the Eco Retreat hotel, which is responsible for environmental sustainability and care for nature. Welcome to this hotel begins with a thorough explanation of the principles of sustainable resource consumption and the involvement of guests in green practices such as recycling or using energy efficient systems. This approach not only leaves a bright first impression, but also forms a conscious attitude of guests to the environment. Urban Retreat goes even further and offers guests a unique urban experience from the moment they arrive. The staff provides detailed information on attractions and local activities, as well as directions for exploring the city. Guests are greeted with personal tour guides who help create a personalized stay plan. This unique approach allows guests to make the most of their stay and leave the most positive experience at the hotel (Raga, 2017).

Thus, successful hospitality players understand that creating a first impression is a whole complex of details that must be thought out and organized. The friendly attitude of the staff and professionalism are key components of this process. However, it is also important to take into account the unique characteristics of each hotel/restaurant and tailor the approach to the needs of the guests. By applying best practices in hospitality, as well as own professionalism, hotels can create unique and unforgettable experiences that will attract guests and make them repeat customers.

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