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## **THE INFLUENCE OF DIGITAL TECHNOLOGIES ON THE DEVELOPMENT OF THE HOSPITALITY INDUSTRY IN MODERN CONDITIONS**

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### **ABSTRACT**

*The purpose of the article is to study the features of the introduction of digitalization processes in the hospitality industry to increase economic entities' efficiency and meet consumers' needs.*

*During the research dialectical and abstract-logical methods, methods of system approach, comparison, observation, analysis, synthesis, induction, deduction, etc. were used.*

*The article examines the importance and role of digitalization in modern conditions of information society development, which forms a digital, virtual reality with specific social, cultural, and consumer practices. It is proved that the use of innovation processes and the introduction of*

*digitalization elements in the activities of the hospitality industry significantly contribute to improving its efficiency and customer satisfaction in modern conditions.*

*The set of circumstances indicating the need to use Internet technologies to successfully promote the services of the hospitality industry in the market is described. The positive and negative impact of digitalization processes on the development of the hospitality industry, whose activities are aimed at meeting a variety of both individual and collective needs of consumers. It is proved that in modern conditions the Internet is an important tool for successful business development. It is substantiated that the digitalization of the processes of organization of facilities, management, and customer service in the hospitality industry will contribute to the formation of single information space and increase the competitiveness of the industry. The results of the study showed that overcoming the existing negative trends in the hospitality industry, which were formed under the influence of destructive factors, will be possible with the active use of innovations, among which special attention should be paid to digital technologies and information positioning of the hospitality industry in cyberspace.*

**KEYWORDS:** *digitalization, digital technologies, hospitality industry, innovations, information technology communications.*

**JEL CLASSIFICATION:** *L83, Z32, Z330.*

## **INTRODUCTION**

The hospitality industry performs one of the leading functions in the world economy, providing the generation of a significant share of world's gross domestic product. The modern industry is information-rich, as it is characterized by a variety of business relationships with partners, the dynamic nature of business processes, the establishment of tourism and hotel services, technological improvement, and a highly competitive environment. The rapid development of digital technologies requires appropriate response and adaptation by the hospitality industry to the new conditions for instant satisfaction of consumer demand and the formation of competitive services.

The use of digital technologies allows you to quickly and efficiently meet the requirements of consumers in the service sector, expands sales channels and opportunities to promote services, promotes rapid communication between producers and consumers of services. Due to the fact that in recent years the number of users of the global Internet has increased significantly, and the volume of the Internet services market has increased accordingly. According to World Telecommunication, in 2021, 4,9 billion people are Internet users. The number of Internet users in the world in 2021 compared to 2005 increased by 3,8 billion people and 900 million people exceeded the level of 2020, which indicates an increase in interest in the Internet environment (Statistics, 2021). The rapid spread of the Internet has changed the type and behavior of consumers of services in the industry, who before purchasing the service want to inspect accommodation, food, tourist facilities, read reviews of previous visitors, make reservations, create your own route and purchase services that meet their requirements. .

Given the current trends in the unstable environment and high consumer demands, the introduction of digitalization processes in the activities of industrial entities is a necessary condition for improving business efficiency, optimization and improvement of production processes, changing forms and methods of offering and providing services, implementing functional capabilities of the communication system, reducing the cost of communication with consumers of services.

Research of problems of urgency of introduction and use of digitalization in the hospitality industry, its role, influence on development of branch in modern conditions is devoted to scientific achievements of many known scientists, among which are Abakumenko, O. et al. (2016), Falko, Ye. (2015), Felenchak Yu. & Shevchuk I. (2019), Grybinenko, O. (2018), Korol, S. & Polovyk, Ye. (2019), Semilitko, D. (2019), Ristova, C. & Maglovski, A. (2018). Hristoforova, I. et al. (2019) and other.

Given that digital technologies determine the further development of the hospitality industry, which is forced to operate in new economic conditions and take into account new challenges of time, it is advisable to further generalize theoretical developments and develop practical recommendations to improve efficiency through digitalization.

The aim of the article is to study the features of the introduction of digitalization processes in the hospitality industry to increase the efficiency of economic entities and meet the needs of consumers.

During the research dialectical and abstract-logical methods, methods of system approach, comparison, observation, analysis, synthesis, induction, deduction, etc. were used.

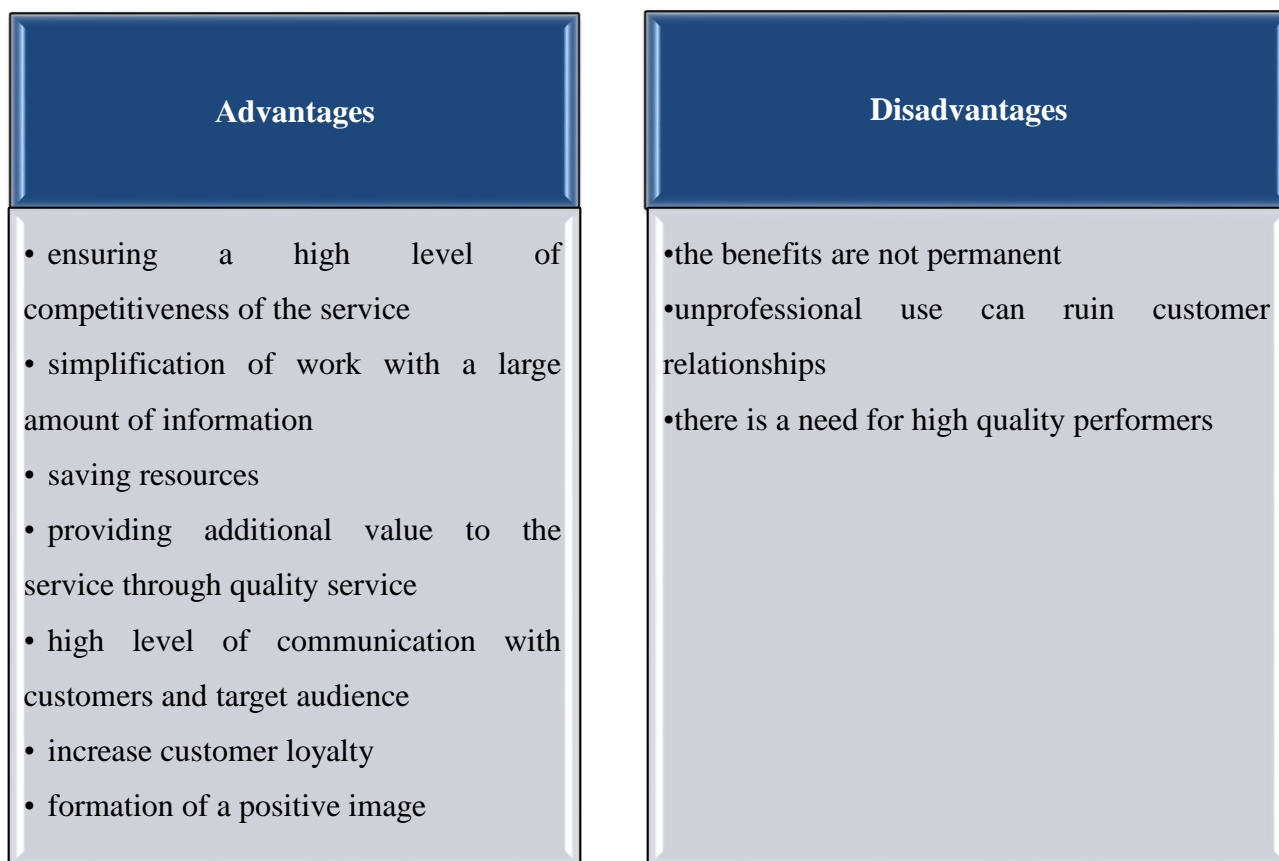
### **BODY OF PAPER**

Digital technology is a modern tool used to promote products and services, brand or brand through all digital channels and provides conditions for rapid interaction between business and consumers. Recently, the interest of scientists in the study of the category of digitalization is growing. However, the analysis of scientific approaches to the category of «digitalization» shows the complexity of this process.

Digitalization is defined as the transformation, penetration of digital technologies to optimize and automate business processes, increase productivity and improve communication with consumers (Grybinenko, O., 2018). According to Abakumenko, O. et al. (2016) digitalization is the process of converting a certain information field from analog to digital format for easier use on modern electronic devices. Korol, S. & Polovyk, Ye. (2019) in their research proves that digitalization involves the creation of a system of data collection, storage and analysis, optimization of information retrieval using the Internet, processing of voluminous databases, the use of artificial intelligence, the Internet of Things. Semilitko, D. (2019) considering the current features of the impact of digitalization on business, considers digital transformation «large-scale business transformation», which involves the use of digital technologies for business process, increasing company productivity and improving customer experience and proves the need for organizational transition to new ways of thinking and working based on the use of social, mobile and other digital technologies.

Digitalization contributes to the generation of new ideas for doing business and increases creativity, innovative approaches to their activities. Digitization meets a wide range of needs of customers in the hospitality industry through the use of personalized service. Accordingly, the introduction of digital technologies at all stages of service promotion is a necessary condition for further effective development of the hospitality industry.

Ensuring the appropriate level of digitization processes allows company executives to organize effective activities, analyze the situation in the services market, objectively assess the advantages and disadvantages and make appropriate management decisions to improve performance. However, it should be noted that despite the significant benefits of using digital technologies, not all businesses are widely implementing them for some reason (figure 1).



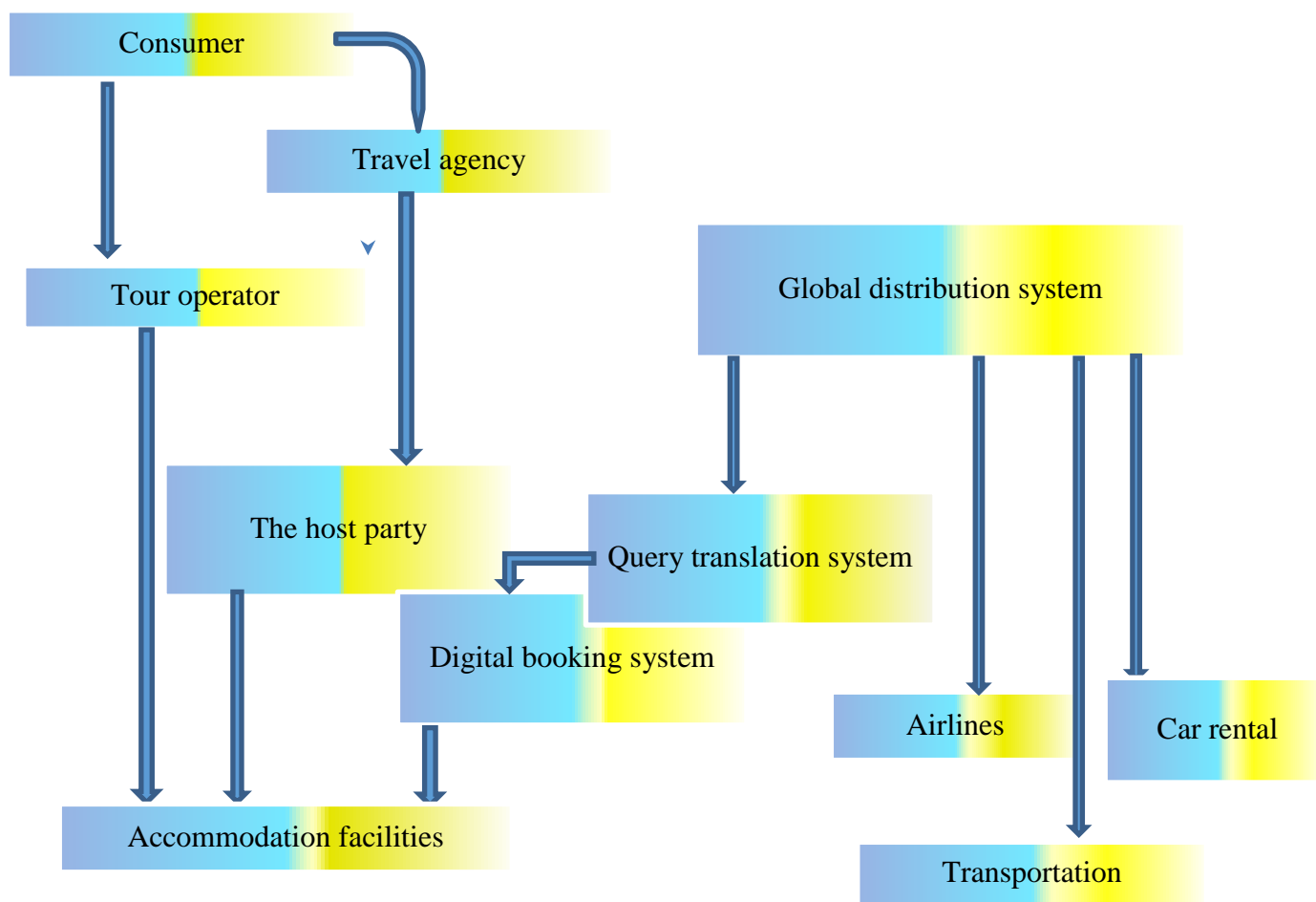
**Figure 1. The main advantages and disadvantages of the digitalization process**

Collection, storage, processing and transmission of relevant information is the most important and necessary condition for the activity of any enterprise in the hospitality industry. The success of the business directly depends on the transfer of information, its relevance, timeliness, adequacy and usefulness. In this regard, the successful development of this area involves the widespread use of new technologies in the field of both tourism products and their promotion in the services market. (Ristova, C. & Maglovski, A., 2018).

The hospitality industry allows you to use a variety of digital technologies, from specialized software products for individual management to the use of global computer networks. Today, the hospitality industry uses the latest digital technologies, such as global computer reservation systems, integrated communications networks, multimedia systems, and information management systems. These digital technologies are used with different rates of activity and have different distributions. The degree of their influence on the development of the hospitality industry is also different.

The specifics of the development and implementation of digital products in the hospitality industry requires systems that quickly provide information on the availability of vehicles and accommodation facilities, provide fast booking of tickets and hotels, and automate additional tasks in providing travel and hotel services (simultaneous issuance of documents , such as travel tickets, invoices, guides), as well as the provision of invoices and background information (Hristoforova, I. et al., 2019).

Currently, the formation of a tourism product involves the use of global distribution systems that provide fast and convenient booking of travel documents, hotel rooms, car rentals, currency exchange, as well as tickets for entertainment and sports events (figure 2).



**Figure 2. Use of the global digital distribution system in the field of services**

Thanks to the use of digital technologies in the hotel business, the quality of visitors' leisure is significantly improved. In particular, implementation of services: keyless entry; mirror TVs; voice activation and touch activation; smart rooms; virtual concierge helps to meet the individual needs of clients, create additional facilities and increase the competitiveness of the institution.

With the help of modern information technology communications, most transactions are carried out online, which allows to bring together geographically distant countries (Falko, Ye. 2015). It should be noted that in 2020, in the field of tourism and travel, only 35% of global sales of services were made offline, while the share of online shopping was 65%. Digital technologies allow to reach the target audience both online and offline through the use of mobile applications, SMS / MMS, advertising screens on the streets, POS-terminals, exhibition LCD stands with presentations, QR-codes.

For the hospitality industry, the Internet is a tool for business development by creating their own websites and placing unique offers on them, placing constant relatively inexpensive advertising, using e-mail and communications to work with consumers, partners, tour operators, hotels, transport companies, Internet shops (Kyryliuk, I., 2022). High-quality and easy-to-use website allows the company to increase the number of customers, and modern technology allows you to collect data about the user and customize the site according to his needs. The use of digital technologies allows you to optimize the site, configure search engines, use Internet marketing, contextual advertising, viral marketing, real-time marketing, video marketing, affiliate marketing, retargeting, develop a customer-centric development strategy that will ensure the company's image (Kyryliuk, I., 2021).

Website optimization in mobile search is complemented by the use of mobile adaptation tools. Involvement of mobile Internet services Viber, WhatsApp, Telegram, mobile version of Skype allows to implement communication policy, maximize the functionality of the current communication system and reduce communication costs (Falko, Ye., 2015).

Internet marketing is an important tool for promoting the hospitality industry and marketing communications. The set of measures used in Internet marketing aimed at improving the company's rating, improving the efficiency of the website and increasing the number of its visitors, attracting new customers and expanding the company's activities.

According to research (Hristoforova, I. et al., 2019), the main factors influencing marketing communications in the tourism and hospitality industry are: customer relationship experience, content optimization, data management marketing and mobile applications. In addition, it has been found that 60% of travel and hotel businesses that run a blog attract more customers; 54% of tourism and hospitality companies generate potential customers through social networks; 55% of Internet users watch online videos every day.

The behavior of modern consumers of hospitality services has changed significantly. Often, it is the preview of the object and the feedback of visitors posted on the Internet that influence the consumer's decision to purchase services. By posting reviews and recommendations of their own experience, consumers encourage other users to update their needs or re-evaluate the importance of the attributes of the hospitality industry services and create new needs.

Today, consumers of hospitality services are looking for more digital experiences, so the demand for digital services is constantly growing. Virtual reality is a technology that aims to simulate the real world with the help of computer technology, enhance the emotional and aesthetic impact on people, get the effect of being anywhere in the world with the help of modern gadgets without physical movement. Virtual tour is a very convincing and effective way to provide the most complete and detailed information to the consumer about the service at a convenient time and allows him to «feel» the service to some extent, to form a positive first impression, which provides significant support in promoting and selling services (Kyrlyuk, I., 2022). Placing 3D tours on the website of business entities attracts the attention of potential customers, allows you to better demonstrate the product or service, promote advertising more effectively, improve the image and increase competitiveness.

Social networking is one of the most effective tools for promoting hospitality services, providing businesses with instant communication with potential customers. The popularity of social networks is growing significantly among Internet users, their use allows to attract a significant audience of consumers. Today, 53,6% of the world's population uses social networks. In recent years, there has been a trend of increasing users of social networks, in particular: compared to 2019 in 2020 the number of new users increased by 321 million, or 9%; in 2021 - by 490 million, which is 13%. On average, more than 1,3 million new users joined social networks every day during 2020 (almost 15,5 new users per second) (DataReportal, 2021).

The information that users receive on social networks is beginning to play a significant role. If in 2018 31% of users wrote reviews about tourism and hotel products, in 2021 the figure rose to 58%.

Artificial intelligence is one of the means of fast communication and maximum consideration of the interests of customers in the hospitality industry. Its use allows you to process and analyze large amounts of data, generate optimal offers and create a new product faster than using traditional search technologies, taking into account the personal requirements of the client and the history of his previous requests.

In order to ensure continuous communication with customers, the hospitality industry uses chatbots that connect to Facebook Messenger, Telegram, Viber or any other platform that saves time and resources, reduce the burden on professionals, satisfy individual needs of clients, increase the effectiveness of advertising campaigns. Chatbots are used as the first line of technical support, their functionality allows you to identify the needs of tourists, create personalized offers, segment the customer base, send information by segment, keep track of customer service and customer base, accept payments by integrating with payment systems. such as Way For Pay, interact with other services (CRM, weather services, database of your own website, etc.) and bots, convert the audience of website visitors and customers through advertising campaigns, book hotels and tickets,

scale the distribution of advertising materials, conduct chat analysis for business process optimization1 (Felenchak, Yu. B. & Shevchuk, I., 2019).

## CONCLUSION

Digital technologies are penetrating traditional business. Active use of modern information technologies and digitalization elements in the hospitality industry is an effective means of promoting services and an important marketing tool for communication. The use of digital technologies has contributed to the creation and application of new electronic marketing channels for the promotion and sale of tourism products. The introduction of digital technologies in the activities of the hospitality industry allows the consumer to interact directly with the service provider, which contributes to the creation of a better and cheaper product, increases the responsibility of the manufacturer. Increasing the number of Internet users and digital capabilities allows the hospitality industry to reach a wider audience, promptly inform real and potential customers about new offers, to form a corresponding demand for services. Digitalization allows not only to increase the efficiency of marketing activities but also to optimize individual cost items, which is relevant and cost-effective in conditions of high competition for the consumer.

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