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Versatility in Hospitality Industry Around the Globe A Case Study on 'Development and Challenges in Hospitality Sector- "Mongolia"

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Abstract: *This study aims at reporting key challenges and development in the hospitality industry in Mongolia. This study is all about the challenges the Mongolia country faces in the hospitality industry like vast technology, resources, staff skills, knowledge, lack of transportation and lack of security. In this study it is also shown the development of the hospitality sector like how it is developing in this new trendy world, and how the government is developing new policies and establishing new hotels for the future growth. Quality is perhaps the most variable feature of the hotel industry. Modest hotels charge minimal fees and provide only the most essential amenities, whereas luxury hotels geared toward wealthy travellers can be extremely expensive. The most basic hotels might offer small, one-bedroom units, but pricier hotels come equipped with vast suites. Both extremes on this spectrum have clients, a fact which serves to emphasize the massive reach of the hotel industry. As long as the rooms are filled and the customers receive the services they anticipate, a hotel, no matter how big, small, affordable or luxurious, can consider itself successful. Generally, there is much more than renting rooms woven into this industry. Many hotels have in-house bars and restaurants that require their own staff. A critically acclaimed restaurant can earn money for a hotel even if its patrons are not room-renting guests. It is also common for hotels to have pools, fitness facilities, or activity centre's available for guests seeking recreation. Some companies even offer valet and laundering services, Internet access, and child care. Featuring all of these additional perks is a two-fold strategy within the hotel industry. The convenience or luxury of special amenities makes a hotel seem more appealing to guests, and by including them the management is hoping to make their location appear superior to competitors.*

Keywords: Principality, Romanian, Autonomous, Cultural, Hospitality

I. INTRODUCTION

A hotel is commonly defined as an establishment providing accommodation, meals, and other services for travellers and tourists. A hotel is a place where one can sleep away from their home. This could be for a holiday, business purposes, or convenience when travelling for other reasons such as a hospital appointment in a different area. Hotels are also establishments that provide paid lodging on a short-term basis, which ranges from one night to a few weeks and even months. Hotels take all shapes and sizes and there are varieties of them found throughout the world today. Quality is perhaps the most variable feature of the hotel industry. Modest hotels charge minimal fees and provide only the most essential amenities, whereas luxury hotels geared toward wealthy travellers can be extremely expensive. The most basic hotels might offer small, one-bedroom units, but pricier hotels come equipped with vast suites. Both extremes on this spectrum have clients, a fact which serves to emphasize the massive reach of the hotel industry. As long as the rooms are filled and the customers receive the services they anticipate, a hotel, no matter how big, small, affordable or luxurious, can consider itself successful. Generally, there is much more than renting rooms woven into this industry. Many hotels have in-house bars and restaurants that require their own staff. A critically acclaimed restaurant can earn money for a hotel even if its patrons are not room-renting guests. It is also common for hotels to have pools, fitness facilities, or activity centre's available for guests seeking recreation. Some companies even offer valet and laundering services, Internet access, and child care. Featuring all of these additional perks is a two-fold strategy within the hotel

industry. The convenience or luxury of special amenities makes a hotel seem more appealing to guests, and by including them the management is hoping to make their location appear superior to competitors. Also, by providing a wide variety of services in-house, the hotel management stands to benefit financially.

II. SUMMARY

Introduction of Mongolia's Hospitality Industry:

According to the Mongolian Association of Hotels, Mongolia currently has around 1,800 hotels. 67 have star ratings, including 11 five-star hotels, and 9 four-star hotels. Outside of Ulaanbaatar, other than budget-friendly hotels and hostels, the provision is decidedly limited. Prices tend to be relatively low, and reflect the general quality of the hotels on offer. E.g. The Erdenet Inn, listed on various travel websites as the premier place to stay in Erdenet, offers rooms priced at between $25 and $50 per night. An analysis of statistics for the quarterly income, by aimag, of hotels shows that highest revenue occurs in Q3 and Q4 of each year across the country. Tourist numbers peaked across the country in 2014, and have dropped off slightly since then (other than in Ulaanbaatar which grew slightly in 2016 due to increased FDI and expansion of foreign hotel groups into the capital). However, as the economy improves, it is likely that tourist numbers will increase in 2017. Indeed, Amex has noted vast increases in the number bookings for holidays to Mongolia in 2017. Ger camps tap into the 'authenticity' and 'cultural immersion' trends in tourism, and present perhaps the most exciting opportunity for future development in the Mongolian hospitality industry. As of 2012 there were 300 ger camps across the whole of Mongolia, with few meeting international luxury standards. Ger camps may be divided into two categories: tourist, and luxury. Approximately 50 tourist ger camps are available for booking online via the online platform mongoliagercamps.net. Two of the most exclusive ger camps include The Mongke Tengri Camp, in the Orkhon National Park, close to the ancient city of Kharkhorin. It has been featured in Condé Nast Traveler and charges guests more than $500 a night. [1]

III. LITERATURE REVIEW

- Challenges and Development in Hospitality Industry
- Trend in Hospitality Industry

3.1 Challenges

- Lacking in Infrastructure:-Mongolia's hotel industry has its hard infrastructure, but they are still lacking in the soft infrastructure, which includes the quality of services, booking systems, and the skill of staff. We need to improve the soft infrastructure and bring it up to international standards. However, the biggest challenge remains to be attracting the guests from abroad or in-country.
- Government Policies:-There is stronger competition in this industry, businesses are not seeing enough innovations or reforms in the goods and services they provide. One key reason is that the policy from the government is unclear, with existing difficulties understanding and interpreting the rules, standards, and legal procedures set by the government. If the Minister of Environment and Tourism had approved the recommendations from the ministry committee on star ratings submitted in August 2016, they would have had two more 5-star hotels (Blue Sky and Tuushin), one more 4-star hotel (Bishrelt), and one more 3-star hotel (Springs). Shangri-La submitted their request for a 5-star rating, but it is still pending at the ministry. The hotels cannot have the star ratings posted until the ministry provides the certificate.
- Flow of Information:-the information flow between the businesses is low, and there are not many professional competitions between these businesses.
- Implementation of Technology:-Over the past year technology has ramped up within the hospitality industry; self-check-ins, contactless service, online ordering and payment via apps has become the new norm. It's a challenge for the industry to provide a good customer experience with a mix of human and tech-enabled interactions; customers crave experience thus the company must be doing everything they can to adhere to this. If the technology system is not in place at all or is down it can stop the whole production system, thus organisations need to have back-up plans in place to be prepared for any issue thrown at them with the world of technology.

- Reputation Management:-Online platforms are becoming increasingly popular every year, with customers giving companies online reviews, through comments, ratings and photos. The hospitality industry has been battling to establish strong relationships with their consumers to increase their reputation. Reviews and comments can destroy or glamorise companies, thus the industry needs to utilise certain platforms to their advantage and manage their reputation, a challenge that organisations will face.

- Retaining and Attracting Employees:-The hospitality industry is known for high turnover rates, with about one-third of workers quitting their jobs after working for just six months and around 45 percent of workers holding on for an average of two years. The industry is continuing to grow with more employees being expected to be hired every year, thus for companies to remain competitive they need to ensure they have employees with strong qualities, skills and knowledge. Employee expectations are always changing and growing, organisations need to keep up with the latest trends for attracting and retaining employees, which is proving to be an ongoing challenge within the hospitality industry.

- Personalising Customers Experience:-Customers today have grown to expect to be recognised and treated as individuals, rather than a steam-lined operations system. While consumers expect a greater level of personalization, businesses still struggle to translate data and insights into actions. This information provides companies with customers' past buying habits and their interests, enabling the hospitality industry to tailor their offers and promotions to specific customers. The industry needs to continually find new and unique ways to personalise a customer's experience to keep a competitive edge.

- Hygiene Issues:-Keeping rooms clean and spotless is a full-time job which often gets put on the backburner if the hotel simply doesn't have enough staff on hand. It is because of this that many managers opt to hire a facility management company to provide this outsourced service.

- Security:-Crime is rife all over the globe, which is why security challenges have become more common. Installing extra security measures is expensive, yet necessary.

- No Transportation:-Guests expect easy access to a transport facility to and from your hotel, especially if it is situated in a remote area.

- Low-Quality Entertainment:-Guests have also become more demanding when it comes to the quality of the events and entertainment offered at the hotel in which they are staying. If entertainment isn't provided, they will likely stay elsewhere the next time they are in town.

- Seasonality of the hospitality industry:-Peak seasons in the hospitality industry tend to bring a lot of business but it also brings undue stress to the management and its staff. Managers are also charged with the responsibility of keeping up with the ongoing changes in booking and pricing, which can be daunting for anyone. Everyone is required to make the most during peak season. While more staff, as well as resources, are required during peak season, the percentage drops heavily during the lean season making it difficult for hospitality managers to ensure profitability. Innovation, diversification and effective management would continue to hold the key in terms of managing the issue of seasonality in the hospitality industry.

3.2 Development

- In Revenue:-In the first nine months of this year, the hotel industry revenue reached MNT 131.7 billion, showing an increase of MNT 2.1 billion or 1.6 percent, compared to the same period of the previous year. This increase was mainly due to MNT 2.7 billion (6%) increase in revenue of unrated hotels and camps, reports The National Statistics Office of Mongolia (NSO). Of the total revenue of the first nine months of this year in the hotel industry, three or more star hotels accounted for 62.3 percent, unrated hotels --35.7 percent and two-star hotels -- 1.9 percent.

- GDP:-It has been predicted Mongolia's hospitality industry can expect sustained growth until 2027. It predicts the GDP contribution from the hospitality industry will rise 5.3% this year, with numbers of tourists projected to rise 6%. American Express has noted a sharp increase in bookings for Mongolia hospitality in 2017, projected to rise to 620,000 in 2025, all encouraging figures for the development of Mongolia's hospitality industry.

- Establishment of Hotels:-The country's capital and commercial centre, Ulaanbaatar has Mongolia's best hotels. The city's international establishments include the Shangri-la and the Kempinski. The budget-friendly ibis Styles Ulaanbaatar has just opened, and more hotels are under construction such as the five-star Mövenpick hotel. According to the Mongolian Association of Hotels, the number of hotels stands at 1,800 establishments, including 11 five-star hotels, and 9 four-star hotels.

- Technology:-With many travellers planning their own trips online, Mongolia's hotels must be online and easily accessible. Currently, booking.com lists only five properties outside Ulaanbaatar, and no hotels in Erdenet are currently listed on English-language booking websites. Technological platforms are used to create one-to-one interactions between the guest and the host at scale. AI-powered chatbots have proven to be a customer service asset both during the booking process and in responding to recurring questions. Hotel operations more generally are increasingly shaped by the use of management systems to monitor and optimize revenues, customer relationships, property, channels and reputation. Not to mention the rising importance of integrated messaging, predictive analytics, customer profiling and middleware, which seeks to connect any disparate systems.

- Experience economy & essentialism:-Experience economy & essentialism Customers request both extreme personalization and unique experiences. This could very well lead to the death of the travel agent and the rise of the independent traveller. Travel guilt is real. Minimalism has reinvigorated the otherwise somewhat dusty saying "less is more". Travelers are decreasingly seeking lavish displays of wealth, preferring instead to spend wisely, purposefully and make a positive impact on the world. Unique experiences that give back to local communities in meaningful ways are in demand, as are niche properties, adventurous holidays and relaxation retreats.

- Sustainability:-A hospitality trend that is both current and a hallmark of recent years: "sustainability" once again assumes its position. A natural extension of avoiding disposable plastics, eliminating unnecessary paper consumption thanks to opt-in receipts and reducing food waste, more far-reaching ethical and environmental considerations are shaping decisions made at the hospitality management level. Decisions about things as simple as which towel rails to install during renovations have disproportionate repercussions when implemented at scale. Simple eco-friendly switches include replacing miniature toiletries with larger, locally sourced dispensers, choosing ethically produced bed sheets made from organic materials and reducing energy consumption with smart bulbs, etc. Vegetarian and vegan options also harbour well-known environmental advantages.

- Traveling less (& Staycations):- Travel restrictions in 2020 and 2021 have facilitated the rise of the staycation. Even with international travel opening back up, between airline price hikes, Covid testing requirements and the complicated bureaucracy involved in going abroad now, many deem foreign travel either too expensive for a big family vacation or not worth the hassle for the weekend breaks of the past. Hence, opting in favour of the staycation trend instead, or simply travelling much less than pre-pandemic levels.

3.3 Trends in Hospitality Industry

- Standardization can no longer be the norm:-It is becoming critical to personalize and tailor the services to the needs and preferences of the traveller.

- To create value, focus on niche markets:-More customization and specialization may enable increased value creation for hospitality companies. But be careful, as a respondent said, this requires to genuinely think about the value proposition of your offer and not "simply branding and rebranding".

- Exploit technology as an accelerator for business:-Technology will be at the core of the hotel experience both in room, before and after the trip. This will lead to the development of new concepts and more innovation in the industry, and contribute to the emergence of an ever more individualized offer.

- Social responsibility is a moral and economic obligation:-The impact of global warming can today be considered a major risk for both corporations which may lose in revenues and profits, and society as a whole. It is thus critical for governments, but even more so for corporations, to become more sustainable: "not just green, but real sustainable business models". People are becoming increasingly sensitive to environmental and

social issues. A respondent said that this "has to be considered in branding, but beware of green-washers: consumers are now well-aware that window-dressing exists and they will not buy it."

- Manage talents actively:-The days of long-lasting employee retention as well as passive, hierarchical management styles are definitely gone. "Attracting, developing and keeping the right talent into and within the hospitality industry remains a core challenge."[2]

IV. CONCLUSION

In recent years, International chain hotels and famous brands have introduced us. We should improve the competitiveness and service quality and on the other hand that makes us opportunity to attract foreign tourists. Today hotel industry is growing but we have not enough hotels and other accommodation for only 400000 tourists. In July and June, even in September there is not enough room for tourists in high quality hotels. During the celebration there is an oversupply of hotel room booking. Accordingly, it is necessary to further expand the market sector.

In Mongolia, Hotel business environment is limited, not only because most customers are foreign visitors and that makes industry personnel and so many issues they have. The hotel industry undoubtedly is facing several major challenges globally such as economy influx (fluctuations in economy), labour shortage & retaining quality personnel, rising technological demand, providing & maintaining absolute cleanliness & hygiene, providing & maintaining excellent & exceptional guest service standards, providing meaningful & memorable personal experiences, sustainability, increasing competition, lack of latest & sophisticated marketing techniques, difficulties in managing energy & resources, providing impeccable safety & security & providing nutshell cyber security & data privacy etc. The Mongolian hotel industry & therein working hoteliers need to sort, resolve, find & implement appropriate solutions to all the above mentioned major challenges by formulating efficient & effective strategies henceforth with immediate effect in order to ensure smooth functioning of hotels & winning the confidence, trust & faith of hotel guests.

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