

## STUDY ABOUT ENLARGING AREAS OF ACTIVITY OF A HOTEL

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### **Abstract**

*Concentric diversification strategy is one of the best ways to combat the economic crisis in the hospitality industry.*

**Key words:** strategy, economic crisis, diversification

### INTRODUCTION

Problem of all hospitality establishments in the economic crisis is the low number of tourists who use the services of the hospitality industry. So no hotels can escaped the economic crisis and fighting for existing market share is still fierce and hotel managers resort to all possible strategies to attract customers. As can be seen in the literature, there are a variety of strategies that can be applied in such situations. One of the best strategy is diversification strategy.

Diversification strategy may be of two types: concentric, the hotel diversify its business activities in different areas of the current one, but somewhat related. This category includes clubs, casinos, packages of services including treatments, etc.. Another diversification strategy is diversification through conglomeration, which assumption into completely different fields unrelated to the current company.

### MATERIAL AND METHODS

For research was chosen Hotel International from Băile Felix because is one of the best new hotels open, modern and luxurious resort, where hotel management to combat the economic crisis decided to implement a diversification strategy, offering a good opportunity for research locally this strategy.

Of the more than 10 spa hotels in Baile Felix, we could say that the most modern and luxurious is the Hotel International "Fig.1".

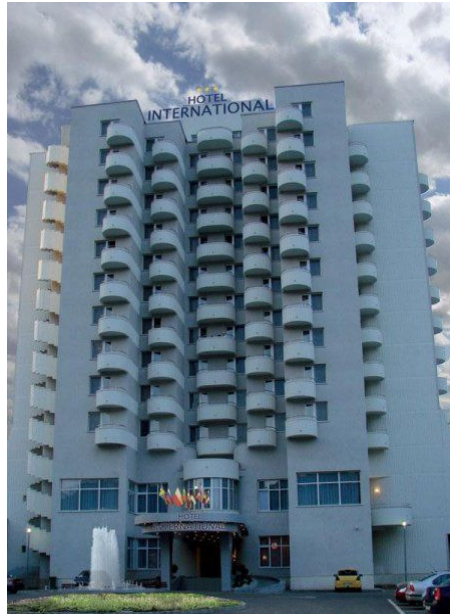


Fig.1

Built during the communist era, the International Hotel, Baile Felix resort logo was relaunched in April 2007 after a complete renovation that has ensured the transition to four-star standards category.

The hotel is located in the resort and has 80 single rooms, 110 double rooms, 20 suites and three rooms for guests with disabilities. Accommodations are equipped with bathroom with shower, air conditioning, telephone, TV, cable TV, minibar, internet access, safe, balcony and central heating. In the restaurant can be served traditional Romanian dishes and international cuisine. In addition, the hotel has 2 lifts, bar, basic treatment (hydrotherapy facilities and procedures, physiotherapy, electrotherapy, thermotherapy, stretching, inhalation-aerosol, massage therapy and sauna), wellness (sauna, solarium, fitness) , conference rooms (20, 100 and 200 seats), two indoor pools, three outdoor pools, beauty salon, currency exchange, shop, safe at reception, credit card acceptance, laundry, dry cleaning, ironing and parking.

Hotel International from Băile Felix is the first spa resort in Romania that received the quality brand holding EUROSPA Med, supported by the European resorts (ESPA). This brand is international recognition of quality local therapeutic remedies, health, infrastructure and therapeutic procedures and patient safety.

In the current economic environment, marked by financial crisis, the hotel management had to resort to the diversification strategy to maintain and to increase the interest of potential customers.

Diversification strategy is to promote business activities in areas that clearly differentiate the company's current business. Diversification can be concentrated where penetration is achieved by different business areas at current, but somewhat related.

This type of diversification has been applied to the International Hotel in Băile Felix, by setting up a club for entertainment.

Opened on 1 May 2010, Club Dark for both hotel customers, tourists staying at other hotels and young people came from nearby villages of Băile Felix can spend unforgettable evenings dancing to the rhythms of electronic music, pop, house , etc., having available a wide range of alcoholic and non-alcoholic beverages.

The club has a capacity of 400-500 people, 25 to 30 meals, bar, dance floor and toilets. The atmosphere is maintained by the staff every night club composed of waiters, bartenders, DJ's and the world-class entertainer.

The material was used for statistical research and statistical forecasts provided by financial accounting department of the International Hotel in Băile Felix, with the unit leadership.

These statistics are:

- The occupancy date of opening
- Average length of stay

The working method was the comparative study of data obtained and their interpretation.

Considering that one of the most important statistical data is the occupancy of the rooms was the first comparative study of their hotel from the opening date and including the forecast until next year (Table1, Fig. 2).

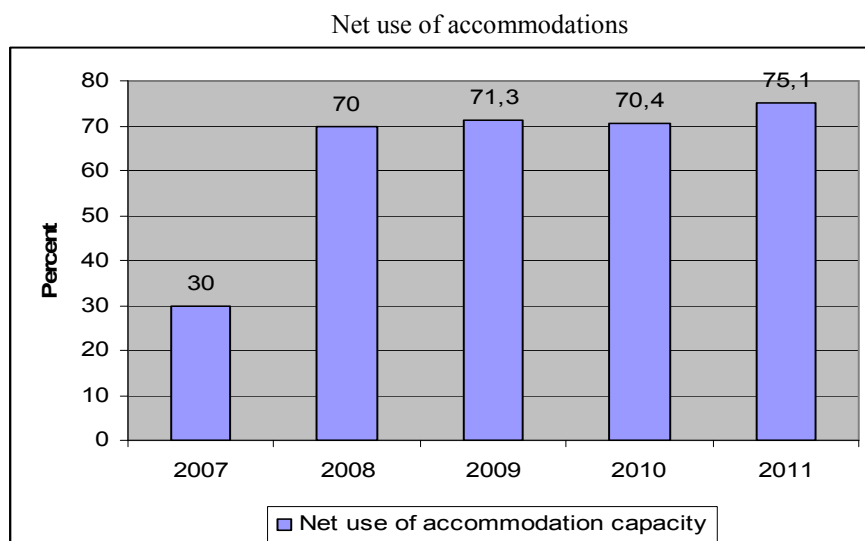
*Table 1*

Net use of accommodations					
Year	2007	2008	2009	2010	2011
%	30	70	71,3	70,4	75,1

Graphic interpretation of the data in the table top can be seen in the chart below.

As can be seen in opening new market occupancy is quite small, but has recovered dramatically in coming years. Because concentric diversification strategy expects that next year the occupancy rate to increase by about 4 percent to 5 percent last year to year.

Fig. 2

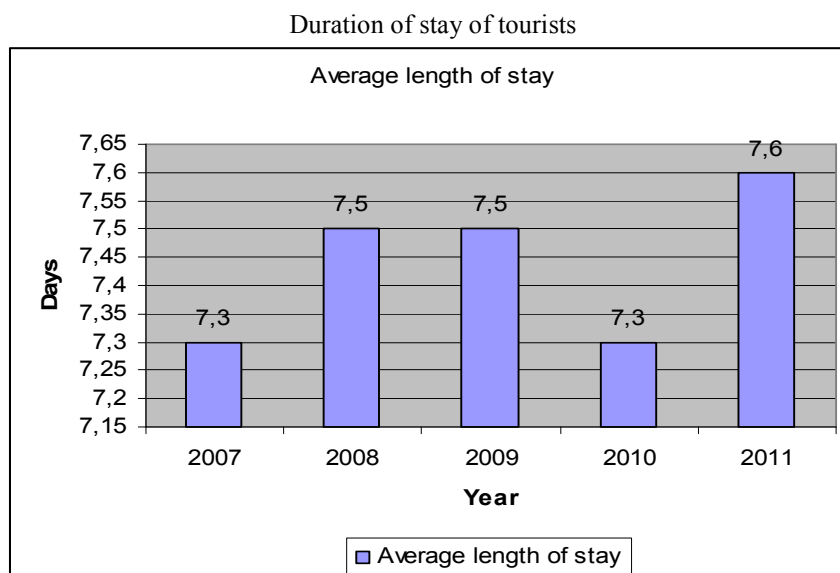


Another very important statistical criterion is the duration of stay of tourists (Table2, Fig. 3).

Table 2

Duration of stay of tourists					
Year	2007	2008	2009	2010	2011
Vacation days	7,3	7,5	7,5	7,3	7,6

Fig. 3



As can be seen, the average length of stay for the reopening of the unit so far and even in the near future is quite stable at 7.5 days, with minor variations in 2007 and 2010 when the period is shorter by 0.2 days and the forecast of 2011 where we expect growth in length of stay of 0.1 days.

## CONCLUSIONS

Following research undertaken in the International Hotel in Băile Felix on concentric diversification strategy have emerged a number of conclusions:

- The economic crisis, the investment made by the hotel management is a benefit, not only now but also the distant future
- By entering into foreign fields of the hospitality industry they managed to attract new customers
- Bringing something new and insufficiently exploited in a market as the station managed to increase revenues and services offered by the club
- Concentric diversification strategy is a technique to extend the activities that will bring a very significant future income for the unit.

I recommend that other hospitality establishments to follow the model of the International Hotel Felix by implementing diversification strategies to counter the economic crisis; although it requires an initial investment in the long run they prove to be profitable and stable offering hotel.

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