

VERTICAL INTEGRATION IN HOSPITALITY INDUSTRY: PROBLEMS AND PROSPECTS

The hotel industry continues to grow at an impressive rate, becoming more competitive as international hotel groups make inroads into a growing number of destinations. The above mentioned process resulted in a massive consolidation among huge hotel operators. International hotel operators are not limited to the formation of hotel chains, in the sense of large vertically integrated structures that allow maximizing marginal revenue and the capitalization of holdings. But it can't be denied, that there is still a problem of slow development of vertically integrated hotel chains, which results in poor interaction between hotels and tour operators. The analyses of scientific literature as well as statistical one made it possible to single out the following factors, typical of the modern international hotel business:

- trade development;
- transport infrastructure;
- travel and accommodation security;
- market resources.

There are also some key features of the international hotel business, which are worth considering:

- instability of demand;
- intangibility;
- incompleteness from the source;
- quality impermanence and unsaturation.

Based on the specifics of recent international hotel business development (concentration and centralization) the following trends were singled out: franchising, management contract, timeshare, use of new information technologies. Within these trends we managed to highlight the advantages of the international hotel chains, due to the size of their activity: financial savings, marketing savings, savings in procurement, technical savings, risk dispersion. The advantages of vertically integrated hotel chains are reflected by the authors in the comparison of the financial indicator EBITDA / capitalization of hotel chains at different levels of vertical integration. The research has shown that fully vertically integrated international hotel chains have the largest EBITDA / capitalization ratio. But as any other economic process vertical integration has both strengths and weaknesses. To our mind, the potential benefits of vertical integration include:

- effective asset management;
- increase in sales and occupancy rates;
- differential pricing;
- advanced risk management capabilities;
- access to limited resources;
- synergy of various functions (marketing, strategy, finance).

Among the potential problems of vertical integration one can reveal: company structure complexity; 2) management flexibility decrease; 3) difficult integration of separate components; 4) efficient monitoring complexity.

Judging by the above mentioned factors, we can come to the conclusion that full vertical integration can help international hotel chains to acquire long-term competitive advantages by uniting all segments of the value chain. This process, in its turn, will lead to an increase in the overall profitability of the product, which will allow to compete with another hotel chains, maintaining overall positive profitability.

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E-COMMERCE

Currently the Internet is the main infrastructure element of the new economy. When companies transfer the part of the business onto the Internet, they follow several goals: expanding the market, attracting attention to the company, improving customer service and so on. The business in its usual form is transformed into electronic.

E-commerce is an integrated complex that includes a wide range of different components, for example, the exchange of information (e-mail), transfer of documents, global database search, sales and purchasing electronic deals, cooperation with customers. Trade-money, trade-exchange operations and services play a crucial role for the effective e-commerce process.

Hence, comes the relevance of this study. The subject of the thesis is the situation of developing e-commerce in Belarus. The object of the study is different organizations that use e-commerce in their work.

In the process of the work the following tasks were set: to analyze the situation on the Internet market; to identify the main difficulties in using the Internet; to make a forecast for the year to come.

To conduct the study, we chose such research methods as comparison, statistical data analysis, and analysis of the literature and materials on the Internet.

Due to the fact that e-commerce companies are trying to reach the global customer to enhance their business through different e-commerce tools there will be more and more challenge to these sectors in coming days for adopting e-commerce. E-payment offers customers such benefits as a great variety of choice, convenience, cost reduction, control and trust. Cards are not only convenient but also more secured comparing to cash and cheques. A cardholder's liability in case of the card being lost or stolen is limited. There are following types of payment systems in the Republic of Belarus: the national payment system Belcard, international payment systems: Visa, MasterCard, E-money: EasyPay, Berlio, Joined System of Massive Payments (OSMP), WebMoney, Belqi and others.