

ASSESSMENT OF OPPORTUNITIES FOR DEVELOPMENT OF ACCOMMODATION SERVICES IN REZEKNE CITY

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Abstract. *The topicality of the research is determined by the importance of tourism for the development of national economy and individual regions; therefore, the tourism industry in Latvia needs to become attractive and have competitive strength on the common tourism market of Europe. Tourism statistics show ambiguous information on the numbers of foreign tourists entering Latvia in 2014 – 2016. In Rezekne these numbers have a positive dynamic; therefore we need to continue strengthening the capacity of the tourism industry. A significant element forming the tourism product is the accommodation industry. The article covers an assessment of the opportunities for developing accommodation services in Rezekne city, and based on the results of the study, recommendations have been developed for improvement of accommodation services in Rezekne city. The specialization and offered ancillary services must be taken into consideration by planning their establishment. As a possibility the establishment of a SPA hotel in the city Rezekne can be mentioned.*

Keywords: *Tourism, accommodation services.*

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Introduction

The tourism industry is one of the most important parts of national economy in the world because specific territories receive financial resources through it, but at the same time, it is strongly affected by the political, economic and social situation in the world. Tourism is an important income source for service export, a source of jobs, as well as an important factor of national and regional development.

The topicality of the research is determined by international processes that create challenges and opportunities for the tourism industry of Latvia; thus it needs to become attractive and have competitive strength on the common tourism market of Europe. Tourism is an important factor of regional development, using the opportunities of the national and private sector partnerships, we need to promote the diversity of services offered to clients, ensuring quality, and as a result, tourist satisfaction.

Defining the research problem, the authors believe that a significant element forming the tourism product is the accommodation industry. Satisfaction with this service largely forms the opinion of tourists on the

product received, and consequently, their desire to recommend it to others or use it again. The satisfaction with this service forms the tourists' opinion about the received tourism product in the city Rezekne. It results in a desire to suggest it to others and to use it again.

Research aim: Assess the opportunities for developing accommodation services in Rezekne city.

The following research objectives were formulated to achieve the aim:

1. Analyse tourism development tendencies in Latvia and Latgale;
2. Determine a classification of accommodations;
3. Analyse accommodation available in Rezekne;
4. Based on conclusions made, make recommendations for further development of the services.

Research methods employed: content analysis, logical and constructive analysis.

Research period: 2014 – 2016.

Development of Tourism in Latvia and Latgale

In the tourism industry of Latvia, ambiguous tendencies were observed in 2014 – 2016, as the information on the Current Statistics in Tourism prepared by the Central Statistical Bureau of the Republic of Latvia shows. The data on entrants show that in 2015, the number of overnight trips of foreign travellers (2 million), compared to 2014, increased by 9.8 %. As report data on the activity of hotels and other tourist accommodations show, accommodation services in Latvia in 2015 were used by 1.5 million foreign travellers, which is 3.1 % more than the year before, but in 2016 the number of overnight trips of foreign travellers (1.8 million), compared to 2015, decreased by 11.4%. However, accommodation services in Latvia in 2016 were used by 1.6 million foreign travellers, which is 6.7% more than the previous year (Tūrisma statistikas aktualitātes, 2016., 2017.).

According to the strategy of Tourism Development State Agency (*TAVA*), the target tourism markets of high priority for Latvia are Lithuania, Estonia, Germany, Russia, Sweden, and Finland. Priority target markets are Norway, Denmark, United Kingdom, Italy, Spain, and the Netherlands. Secondary markets are all other European countries, whereas prospective markets are the United States of America (USA), Japan, China, and India. According to report data on tourist accommodation, in 2016 there was no significant change in the proportion of foreign travellers from countries judged as high priority target markets, reaching 55.3% (in 2015 – 55.6%). Moreover, the proportion of travellers from priority and prospective tourism market countries increased, reaching 23.8% (in 2015 – 22.4%) of the total number of travellers (Tūrisma statistikas aktualitātes, 2016., 2017.).

The average length of stay for foreign visitors in accommodations in Latvia in 2016 was 1.93 nights (in 2015 – 1.95 nights, in 2014 – 2.01 nights). The average length of stay for visitors from high priority markets was 1.8 nights, which was identical the year before. The average length of stay for foreign visitors continues to decrease during the last four reporting years. One of the aims of the previous tourism marketing strategy is to increase the proportion and number of foreign travellers who stay for three or more nights. Data on the activity of accommodations show that in 2016, the proportion of three and more nights increased to 8.0% (242.5 thousand nights) of the total number of nights spent by foreign visitors. In Latvia, visitors from Ukraine, Ireland, Russia, the USA, and Belarus stay for the longest (in 2015, 4 – 9 nights). The most popular destinations were Riga, Ventspils, Daugavpils, Liepaja, Jelgava, Rezekne and the districts of Aluksne, Sigulda, and Saulkrasti (Tūrisma statistikas aktualitātes, 2016., 2017.).

In Latgale region, a generally positive tendency is observed in the tourism industry. While in 2014 from 1 January until 31 October, the total number of tourists was 1 154 301, in 2015 during the same period, it was already 1 414 833, a 22.40 % increase (the report available did not contain information on the districts of Vārkava and Ilūkste). However in the first ten months of 2016, it was 1 369 466, or a 3.07% decrease (Tūrisma statistikas aktualitātes, 2016., 2017.).

Table 1 Total number of persons served at tourism objects and tourist accommodations in Rezekne city in the periods 01.01.-31.10.2014, 01.01.-31.10.2015, 01.01.-31.10.2016 (number of persons), (prepared by authors based on *Latgales tūrisma statistika, 2015., 2016.*)

Tourism objects	Time periods		
	01.01.2014.- 31.10.2014	01.01.2015.- 31.10.2015	01.01.2016.- 31.10.2016
Artisan workshops	3424	3455	1875
Museums	19623	21213	20212
Cultural and historical, sacral objects	823	836	2277
Households for sightseeing	56565	58721	No data
Objects in nature	3213	3316	No data
Tourist accommodations	14816	16275	16307

As seen from Table 1, the general increase is in the largest part of tourism objects of Rezekne city (with the exception of artisan workshops), but the largest increase in 2015 – by 9.8% – is observed in tourist accommodations, in 2016 – by 9.8%. In the Tourism Law of the Republic of

Latvia, the notion of **tourist accommodation** is defined as a building, group of buildings or well-appointed place (territory), in which a merchant or a performer of economic activities ensures daily accommodation and service provision for tourists (Tūrisma likums, 1998).

Table 2 shows a summary of data on local and foreign tourists that have used the services of the Tourist Information Centre or tour operators. It can be concluded that in 2014 – 2016 the number of local tourists who have used these services decreased but the number of foreign tourists increased. The services of the Tourist Information Centre and tour operators in Rezekne city were mainly used by tourists from Estonia, Lithuania, Russia, Great Britain, Germany, and Poland.

Table 2 Number of persons served at the Tourist Information Centre/at tour operators in Rezekne city in the periods 01.01.-31.10.2014, 01.01.-31.10.2015, 01.01.-31.10.2016 (number of persons), *(prepared by authors based on Latgales tūrisma statistika, 2015., 2016.)*

Type of tourists	Time periods		
	01.01.2014. – 31.10.2014	01.01.2015.- 31.10.2015	01.01.2016.- 31.10.2016
Local tourists	11741	7599	6709
Foreign tourists	1990	2134	2541
Countries represented by foreign tourists	RU 506, GB 154, DE 151, BY 139, LT 185, PL 162, EST 150, FR 85, UA 53, FIN 37, IT 30, SE 25, CZ 28, GE 20, EL 20, AU 15, US 12	EST 287, LT 152, RU 131, GB 88, DE 79, PL 66, BY 50, FIN 43, FR 41, IT 32, NO 25, US 23	EST 274, LT 70, RU 229, DE 173, PL 38, BY 50, FIN 43, FR 61, NO 24, US 50

The Essence and Classification of Accommodation Services

The potential dynamism of tourism objectively requires an expansion and quality improvement of the accommodation facilities and premises.

Large and small guesthouses provide various kinds of tourist accommodation. Different evaluations of the future development of hotels exist. Some specialists believe that hotel corporations whose activity is more subjected to the regulative influence of society and the State will mostly dominate the market of hotel business. Others defend the assumption that small hotels can provide unique specific offers. It seems that both opinions are valid, and each category of guesthouses will find a place in the tourism industry (Forands, I. 2011).

Tourism in the general understanding is considered the sector of demand; however demand cannot be met without supply. Hotel business has reached such a level of development that separate companies dominate the

international market. The tourism and accommodation industry of Latvia is currently dominated by companies of the private sector.

Despite the fact that the number of guest accommodation companies in Latvia has soared, there is still enough free space in the business (Raudive, A.).

Nowadays, the accommodation sector employees need to be aware of the requirements and expectations of the travel and tourism market from the accommodation as a company and from the service as a product. For a guest accommodation company to achieve the aim set and successfully compete on the market of the accommodation service sector, it needs to offer such services that satisfy not only the needs of the guests but also their wishes (Raudive, A.).

The accommodation sector includes different kinds of lodging and guest accommodation possibilities that can be classified into those with full service (catering is provided) and those where guests need to take care of catering themselves. These are not fixed categories because some types of accommodation, such as recreation camps or educational institutions, can provide the service or offer self-service, or have the clients take care of catering. Still it helps differentiate between the characteristic features of these categories (Holovejs Dž.K., 1999).

Hotels are the most significant and widely known type of tourist accommodation. In most cases, they are one of the main elements of holiday packages (Holovejs Dž.K., 1999).

Hotels and other types of accommodation in the world can also be classified by the features that clients are interested in when choosing a hotel. The classification can be based on: differences of the hotel product formed; size; property type; location; service and comfort level and target market (Malik, E.M., Naeem, B., Nasir, A.M., 2011).

In international practice, standard classification of tourist accommodation facilities is accepted. According to this practice, all accommodation facilities are divided into two categories: collective and individual.

Collective tourist accommodation services include hotels and similar accommodation facilities, specialized institutions and other accommodation companies. Hotels consist of rooms, have common management, are grouped into classes and categories according to the services offered, facilities available and national standards. The list of hotel services is not limited to cleaning the room and sanitary facilities, and making the bed.

They are not included into the category of specialized institutions (Holovejs Dž.K., 1999).

Accommodation Available in Rezekne City

Considering the importance of accommodation services in the formation of the total tourism product, analysis of available accommodation in Rezekne will follow.

Table 3 Distribution of persons served in tourist accommodations in Rezekne city in the periods 01.01.-31.10.2014, 01.01.-31.10.2015, 01.01.-31.10.2016 (number of persons), (*prepared by authors based on Latgales tūrisma statistika, 2015., 2016.*)

Time period	Local tourists	Foreign tourists
01.01.-31.10.2014.	8843	5973
01.01.-31.10.2015.	10401	5874
01.01.-31.10.2016.	9357	6950

Data summarized in Table 3 show that during the period of the study, the number of travellers who have used tourist accommodations increased. In Latvia, there is competition in the tourism industry between cities. The number of hotels and tourist accommodations is an important factor of a city's competition in attracting tourists. In the database of the Central Statistical Bureau of the Republic of Latvia, information is available on hotels and other tourist accommodations in the cities of the Republic, which shows that comparing the 1st quarter of 2015 and the 1st quarter of 2016, one more tourist accommodation with 11 rooms and 44 beds appeared in Rezekne city. From the comparison of data on hotels and tourist accommodations between the cities of the Republic, it can be concluded that in the 1st quarter of 2016 Rezekne shows the smallest number of tourist accommodations, that is 3; in terms of the number of beds offered, Rezekne shows the lowest numbers, only Jelgava and Jekabpils show an even smaller number of beds.

However, the database of the Central Statistical Bureau of the Republic of Latvia does not show the statistics for all accommodations because in the 1st quarter of 2016, the online booking system www.booking.com shows that **5 hotels and hostels and 12 apartments are functioning** in Rezekne:

- "Kolonna Hotel Rēzekne"
- Hotel "Latgale"
- Hotel "Restart"
- Latvijas Sarkanā krusta viesnīca (*Latvian Red Cross Hotel*)
- Vocation rooms of the East Latvian Creative Services Centre ARPC "Zeimuļš"
- "Anna Apartment"
- "Vin Service".

Sparks and Browning in the article “The Impact of Online Reviews on Hotel Booking Intentions and Perception of Trust” believe that the rating of hotel quality in online booking systems allows managers to understand the factors that affect the customers’ decision-making when choosing and booking hotel rooms on the Internet (Sparks, B.A., Browning, V., 2011). Comparing the possible accommodation facilities in Rezekne based on the evaluation given by tourists on the online booking system they were analyzed according to 7 criterias (cleanliness, location, staff, internet access, comfort, possibilities, value for price).

In Rezekne city, apartments are rated only excellent (over 9), and visitor comments are very positive; only small details are mentioned among drawbacks.

The ratings of hotels and other accommodation companies are lower in general than those of apartments, and visitors have noticed many more and more significant drawbacks, especially in hotel “Latgale”, which has received the lowest rating. Accommodations that differ in class categories have relatively high ratings – hotel “Restart” that opened in 2016 and “Latvijas Sarkanā Krusta viesnīca”. From visitor reviews it can be concluded that quality to price ratio is important. For a customer choosing accommodation, not only the availability of a place to spend the night is important but additional related services have significance too.

Based on visitor reviews, it can be concluded that tourists in Rezekne are more willing to choose “Kolonna Hotel” or one of “VIN service” apartments.

Rezekne city needs new providers of accommodation services that would be able to provide the guests of the city with the necessary accommodation, especially considering the strategic development aims of the tourism industry.

Conclusions and Recommendations

1. In 2016, the proportion of foreign travellers from high priority market countries did not change significantly, reaching 55.3% (in 2015 – 55.6%), the proportion of travellers from priority and prospective tourism market countries increased, reaching 23.8% (in 2015 – 22.4%) of the total number of travellers. Data on the activity of accommodations show that in 2016, the proportion of three and more nights increased to 8.0% (242.5 thousand nights) of the total number of nights spent by foreign visitors.
2. From the comparison of data on hotels and tourist accommodations among the cities of the Republic, it can be concluded that in 2016 Rezekne shows the smallest number of tourist accommodations, that

is 3; in terms of the number of beds offered, Rezekne shows the lowest numbers, only Jelgava and Jekabpils show an even smaller number of beds. This is to be considered an obstacle in the development of the tourism industry not only in the city but in the whole region.

3. The ratings of hotels and other accommodation companies are lower in general than those of apartments, and visitors have noticed many more and more significant drawbacks. For a customer choosing accommodation, not only the availability of a place to spend the night is important but additional related services have significance too.
4. Rezekne city needs new providers of accommodation services that would be able to provide the guests of the city with the necessary accommodation, especially considering the strategic development aims of the tourism industry. When planning the creation of accommodation, specialisation and additional services offered need to be considered. As a possibility, a SPA type hotel can be mentioned.



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