

## HOTEL AND RESTAURANT BUSINESS IN THE UNITED STATES ECONOMY: IDENTIFYING CONTEMPORARY KEY TRENDS

## ГОТЕЛЬНО-РЕСТОРАННИЙ БІЗНЕС У ЕКОНОМІЦІ СПОЛУЧЕНИХ ШТАТІВ АМЕРИКИ: ВИЗНАЧЕННЯ СУЧАСНИХ ТА КЛЮЧОВИХ ТРЕНДІВ

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*Actuality of Identifying Contemporary Key Trends in Hotel and Restaurant Business of the United States Economy has been established. An analysis of previous research in the field of Hotel and Restaurant Business has been performed. In this context, it is determined that the study of the problem of the development of hotel and restaurant business is traditionally carried out by large numbers of Ukrainian scientists. The recent tendency for the creation and development of hotel and restaurant business in the United States of America has been reviewed and summarized. It is also determined that the hotel and restaurant business in the United States economy has a very stable pace of development. It looks like this trend will continue in the near future. It is established that the hotel and restaurant business, as one of the first industries, accepts online booking for the benefit of the consumers. In the study, we came to the conclusion that hotel-restaurant business is developing the US economy, creating jobs and providing great opportunities for development. The hospitality industry has the best level of competition in the United States, because it has a Predatory pricing strategy that is the usual strategy in hotels, motels and restaurants. Organizational culture has a specific and very important role in the US hospitality industry. It should also be noted that with growth from January 1, 2017 to January 1, 2018 in the hotel and residence supply, for both branded and unbranded properties, the rate is the strongest in 15 years. It also was established, that Hospitality Industry has a Permanently Rising Costs tendency.*

**Key words:** Hotel and restaurant business, hospitality industry, Accommodation and Food Services industry.

*Встановлено актуальність дослідження обраної тематики. Щодо визначення сучасних та ключових трендів розвитку готельно-ресторанного бізнесу у Сполучених Штатах Америки. При цьому визначено, що економіка Сполучених Штатів зазнає як кількісних так й структурних перетворень, головним чинником яких слугують цивілізаційний розвиток та науково-технічний прогрес. Виконано аналіз попередніх досліджень у галузі. У зазначеному контексті визначено, що вивченню проблем розвитку готельно-ресторанної справи традиційно приділялася велика увага вітчизняних науковців. Виходячи із актуальності та необхідності вирішення вищевикладеної наукової проблеми, у якості мети статті визначено встановлення останніх трендів розвитку готельно-ресторанного бізнесу у економіці Сполучених Штатів Америки. В процесі аналізу було встановлено, що по-перше, на цей час на існує загально визнаних досліджень сучасних ключових тенденцій в готельному та ресторанному бізнесі в економіці США, які не мають альтернативної точки зору. Отже, піднята тематика буде залишатися актуальною та перспективною для подальших досліджень. Визначено також, що готельний і ресторанний бізнес в економіці Сполучених Штатів має*

дуже стабільні темпи розвитку. Схоже, ця тенденція буде продовжуватися в найближчому майбутньому. Встановлено також, що готельно-ресторанний бізнес, як одна з перших галузей, що приймає онлайн-бронювання на користь споживача, стоїть на передньому краї електронної комерції. У процесі дослідження ми дійшли аргументованого висновку, що готельно-ресторанний бізнес розвиває економіку США, створює робочі місця та надає великі можливості для розвитку. Індустрія гостинності у США має найвищі показники конкуренції, адже хижацьке ціноутворення це життєздатна маркетингова стратегія, що зазвичай використовується в готелях, мотелях і ресторанах. Також зазначено, що організаційна культура має специфічну та дуже важливу роль у індустрії гостинності США. Слід також відмітити, що пропозиція у готельній сфері є найбільшою за останні роки. При цьому, у цілому індустрія гостинності у Сполучених Штатах Америки відрізняється поступовим збільшенням вартості послуг, що надаються.

**Ключові слова:** готельно-ресторанна справа, галузь гостинності, індустрія розміщення та харчування, США.

Установлена актуальність виявлення сучасних ключових тенденцій в гостиничному і ресторанному бізнесі економіки США. Проведен аналіз передідущих досліджень в області гостиничного і ресторанного бізнесу. В цьому контексті определено, что изучение проблемы развития гостиничного и ресторанного бизнеса традиционно проводится большим количеством украинских ученых. Были рассмотрены и обобщены последние тенденции создания и развития гостиничного и ресторанного бизнеса в Соединенных Штатах Америки. Также установлено, что гостиничный и ресторанный бизнес в экономике США имеет очень стабильные темпы развития. Похоже, эта тенденция сохранится в ближайшее время. Установлено, что гостиничный и ресторанный бизнес является одной из первых отраслей, которая принимает онлайн-бронирование в интересах потребителей. В ходе исследования мы пришли к выводу, что гостинично-ресторанный бизнес развивает экономику США, создает рабочие места и предоставляет большие возможности для развития. Индустрия гостеприимства имеет в Соединенных Штатах наивысший уровень конкуренции. Организационная культура играет особую и очень важную роль в индустрии гостеприимства США. Следует также отметить, что предложение в гостиничной сфере является крупнейшей за последние годы. При этом, в целом индустрия гостеприимства в Соединенных Штатах Америки отличается постепенным увеличением стоимости услуг.

**Ключевые слова:** гостинично-ресторанное дело, отрасль гостеприимства, индустрия размещения и питания, США.

**Actuality of issue.** A well-known research report by the San Francisco based restaurant and hospitality agency stating the problem in its general form and its relevance to important scientific or practical tasks, outlining the 2018 report on new trends in the industry, described the main trend currently prevailing in the industry today: "There's one thing we can count on for next year, and it's ... nothing. Change is here to stay, and this year's top trends reflect the industry's acceptance of this state. Successful hotels and restaurants are turning creativity into innovation and adapting faster than ever [3]. As we have already determined, the modern world is rapidly changing. The economy experiences both quantitative and structural transformations, the main factor of which is civilization development and scientific and technological progress. Particularly important are interactive online technologies and the use of modern business opportunities by various business partners. Together with the accumulation and improvement of super-modern large databases, there are new mechanisms for their use. At the same time, moving in the trend of modern progress, the business obtains significant competitive advantages, or refraining from the advantages and opportunities of existing technologies loses its position. It should be noted that along with other branches of the economy, the hotel and restaurant business undergoes significant transformations under these conditions.

**Analysis of the previous researches.** We should note that the study of the problems of the development of hotel and restaurant business has traditionally been the subject of great attention of domestic scientists and specialists. Let's note the work of O. Borisova, O. Golovko, G. Krul, M. Malskoy, I. Minich, L. Nechyuk, N. Pyatnitskoy, O. Shapovalova, in which the organization and development of the hotel and restaurant economy are considered, factors that influence the market of hotel and restaurant business in Ukraine are being analyzed.

Previously, we also partially have been stopped on these issues. The use of factor analysis allowed to identify the four main factors influencing the development of hotel and restaurant business and will mainly shape the trends of the near future. These are factors such as mobile technology, business technology, marketing innovation, the use of large databases (Big Data) and the use of APIs or Application programming interface [1; 2].

**The purpose of this article** Based on the urgency and the need for solving the proposed scientific problem, we will try to determine the latest trends in the development of hotel and restaurant business in the United States economy.

**Statement of the main research.** It should be noted that in the modern sense the hotel and restaurant business is a rather complex and

diverse concept. At the same time, it is often associated with the following types of business:

Accommodations, which include such types of business as:

- Bed and Breakfasts
- Hotels
- Motels
- Flotels
- Inns
- Resorts
- Serviced apartments

And also, Restaurants and bars, which includes:

- Bars
- Cafés
- Nightclubs
- Pubs and Public houses
- Restaurants
- Tea shops
- Wine shops [4]

Thus, the analysis of this complex branch of economy should be diverse. And the level of innovation in this field is impressive. For example, the AF & Co agency, which we have already mentioned earlier, provides facial recognition for making payments in the industry as one of the important trends of the future, which is already really working in China.

The worldwide-known consulting company Ernst & Young in its latest report provides the following information from respondents. Respondents were asked, "Which of the following customer segments are you most focused on in US brand and product development?"

Replies were as follows:

- Unsure/not relevant to my business – 9%;
- Baby Boomers (age 52+) – 5%;
- Gen X (age 36-51) – 41%;
- Millennials (age 18-35) – 45%;
- Gen Z (age <18) – 0% [5].

So, as you can see, Millennials are expected to dominate the purchases in the travel industry in 2020. This confirms the demand for the innovation industry. After all, such a customer likes more innovative products.

Let us dwell in more detail on the dynamics of the restaurant sector in the United States and around the world. Last year, STR launched the first edition of Global Hotel Study, which covered the trends that shaped the hospitality sector in each of the world's regions and their key markets. As a result, we have the following dynamics:

- Canada + 10%;
- United States + 3%;
- Mexico + 6,4%;
- Caribbean + 1,4%;
- Central & South America + 2,8%;
- Europe – +5.6%;
- Middle East – -5.6%;
- Africa – +13.4%;
- Asia Pacific – +3.5% [6].

As we can see, the percentage growth of the industry in the United States is relatively low in relation to the whole world, but it is necessary

to take into account the absolute volume of this development.

So, according to the American hotel & lodging association, every day, nearly 5 million people check in to a hotel and there is a strong pipeline to expand the 5 million rooms available across the United States. 480 online hotel bookings occur per minute in the United States. Online travel agency (OTA) channels account for 13% -15% of all hotel reservations, according to 2015 data.

Hotel commissions are 5 to 6 times higher than other travel sectors:

- Hotels 15-25%
- Airlines 3-5%
- Car Rentals 3-6% [7].

Also, the industry provides more than 53,000 properties nationwide and 30,000 new hotel jobs. These 30,000 new hotel jobs build on the travel industry's continued growth, resulting in an additional 100,000 new travel-related jobs and an increase of over \$12 billion in travel-related wages and salaries.

In the terms of size, USA based hotel chains has the leading position in the world (Fig. 1).

As we can see, this statistic shows the leading hotel companies as of June 2018, by number of properties worldwide.

Wyndham Hotel Group was the leading hotel company worldwide with 8,976 properties around the world. In the United States, the largest hotel chain in terms of property numbers was Holiday Inn Express, which had 1,931 hotels in 2015. Holiday Inn Express is a brand of the Inter Continental Hotels Group, the third largest hotel company in the world (Fig. 2).

The Bureau of Labor statistics United States Department of Labor provides in table 1 next interesting statistical data:

As we can see, in general, 3,069,730 employees are working in this field in the USA, including 2,403,430 Waiters and Waitresses. The sector is not only a significant part of the national economy but is also a big part of national culture.

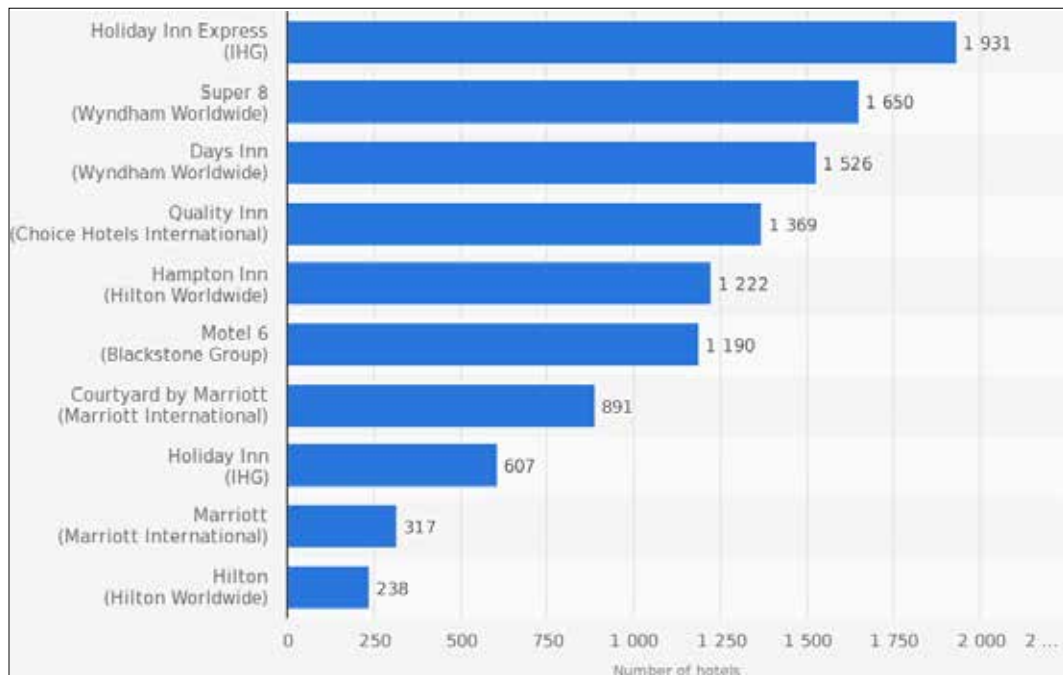
Fig. 3 is illustrating positive in the general dynamic of the revenue per available room in the United States lodging industry from 2005 to 2019.

This data is important in the context of annual growth in average global hotel rates worldwide: and Revenue of the United States hotel industry (Fig. 4, 5). We also can see the tendency in Table 2 where there is represented suspendable grow of the Revenue in the USA.

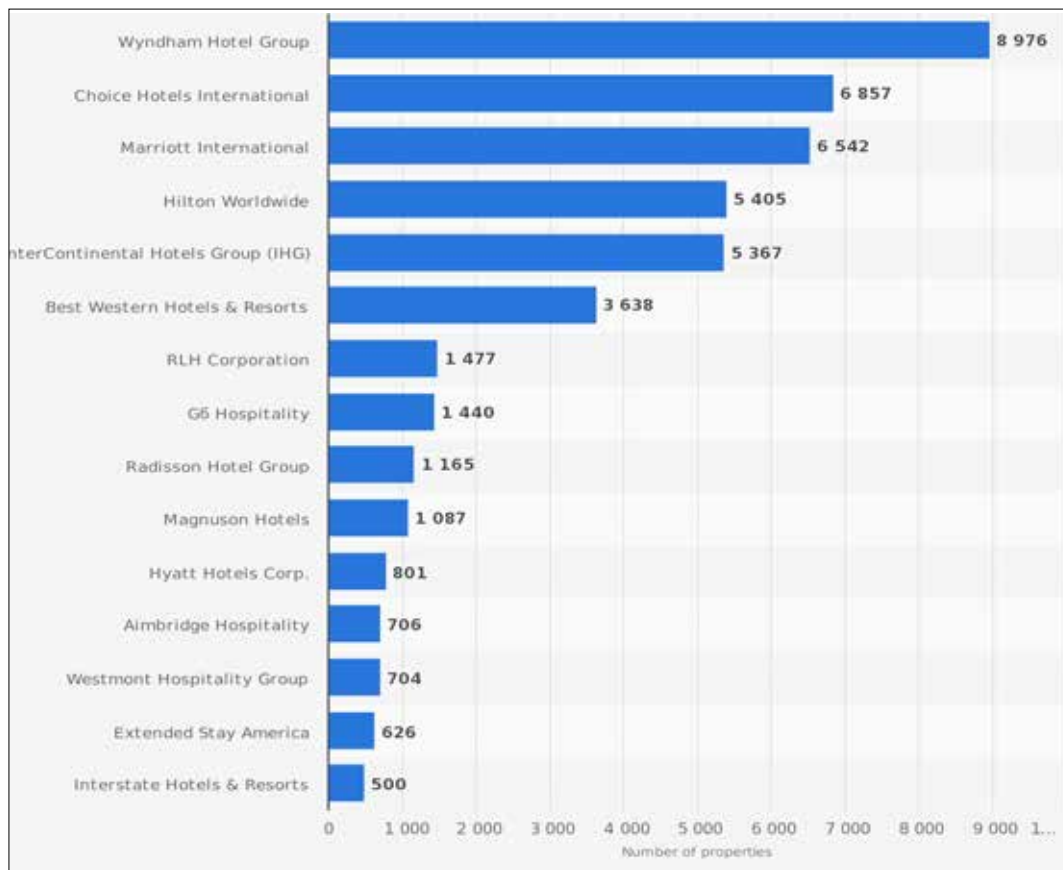
The economic climate in the United States has become a serious factor today. While the country's economy continues its development, it has become increasingly apparent that this trend is going to be common to hotel and restaurant business.

Then restaurant's customers was asked, which qualities are most important to a restaurant guest, experts reserved next users in range of importance [11]:

- Staff is happy, friendly, and attentive.



**Fig. 1. Leading hotel chains in the United States in 2015, by number of hotels**  
Source: [9]



**Fig. 2. Leading hotel companies worldwide as of June 2018, by number of properties**

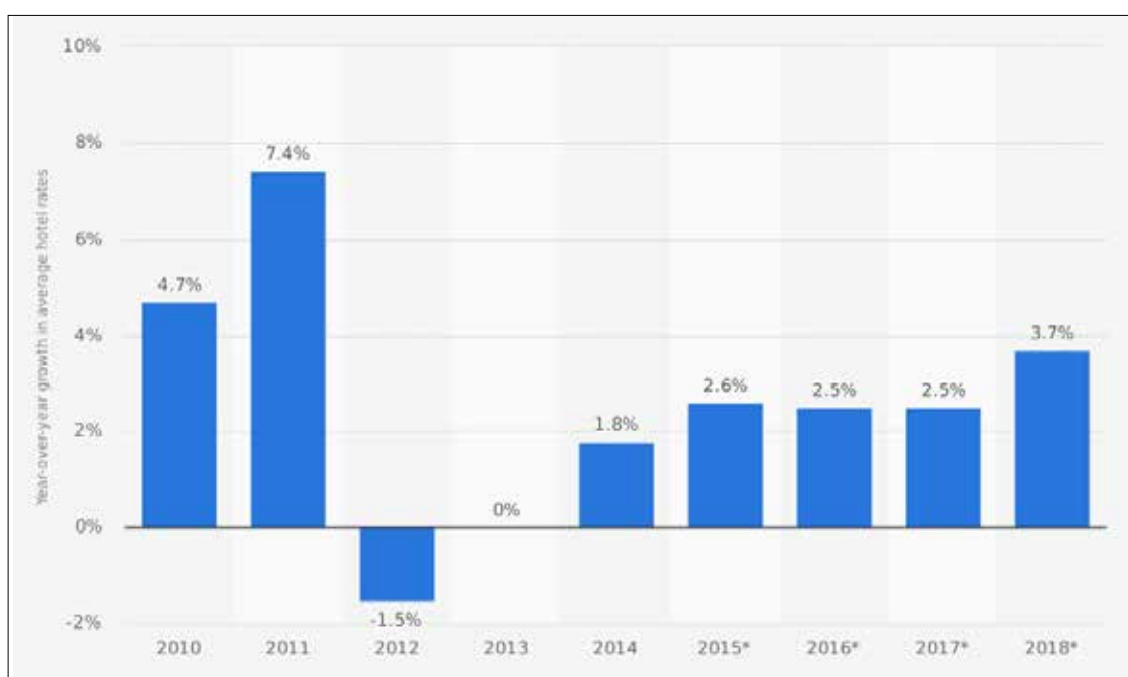
Source: [9]

- Uses sustainable food products and practices.
- Provides the flexibility for me to create a customized meal.
- Effectively resolves problems when they arise.
- Knows and accommodates my dietary preferences with alternative substitutes.
- Makes me feel that my feedback is valuable.
- Knows where I am and what I need.
- Hears, acknowledges, and remembers my feedback.
- Allows me to provide feedback when and how I want.
- Sends personalized communications.

So we have seen that communication issues for customers are going to the first place.

**Conclusions.** After summarizing the main trends of the Hotel and Restaurant Business in the United States Economy we must conclude next:

1. First, there is indeed no research on Contemporary Key Trends in the Hotel and Restaurant Business in the United States Economy, which do not have another alternative point of view. Based on this the topic seems very perspective for further research.
2. Except for the crisis of the 2008 year, Hotel and Restaurant Business in the United States Economy has very stable and sustainable development's pace. It looks like this trend will be continued for the foreseeable future.



**Fig. 3. Change revenue per available room in the United States lodging industry from 2005 to 2019**

Source: [9]

Table 1

**Largest Occupations in Sector 72 – Accommodation and Food Services, May 2017**

Occupation	Employment
Combined Food Preparation and Serving Workers, Including Fast Food	3,069,730
Waiters and Waitresses	2,403,430
Cooks, Restaurant	1,207,010
First-Line Supervisors of Food Preparation and Serving Workers	772,590
Bartenders	510,110
Cooks, Fast Food	487,400
Food Preparation Workers	482,220
Maids and Housekeeping Cleaners	468,490
Dishwashers	445,280
Hosts and Hostesses, Restaurant, Lounge, and Coffee Shop	397,240

Resource: structured by author on the basis of [8].

3. Hotel and Restaurant Business, as one of the first industries to adopt online bookings to benefit the consumer, are at the forefront of e-commerce.

4. Lodging and Tourism boost USA economy creates jobs and drives business. (1 in 9 American jobs depend on travel and tourism. \$2.5 billion Res-

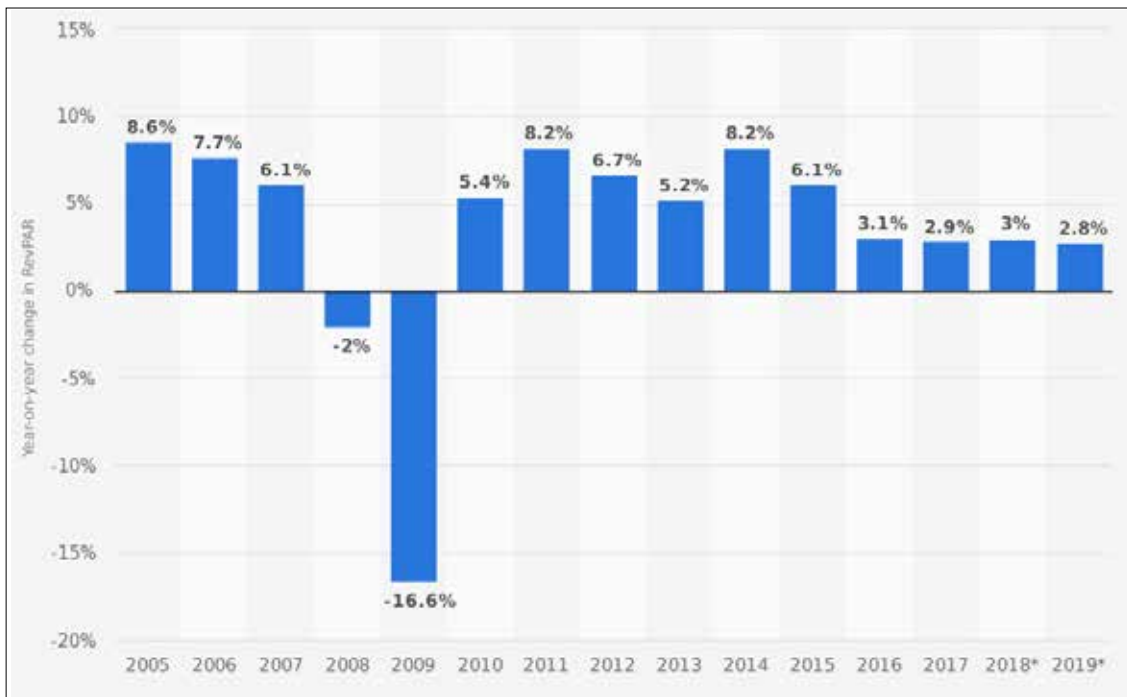


Fig. 4. Annual growth in average global hotel rates from 2010 to 2018

Source: [9]

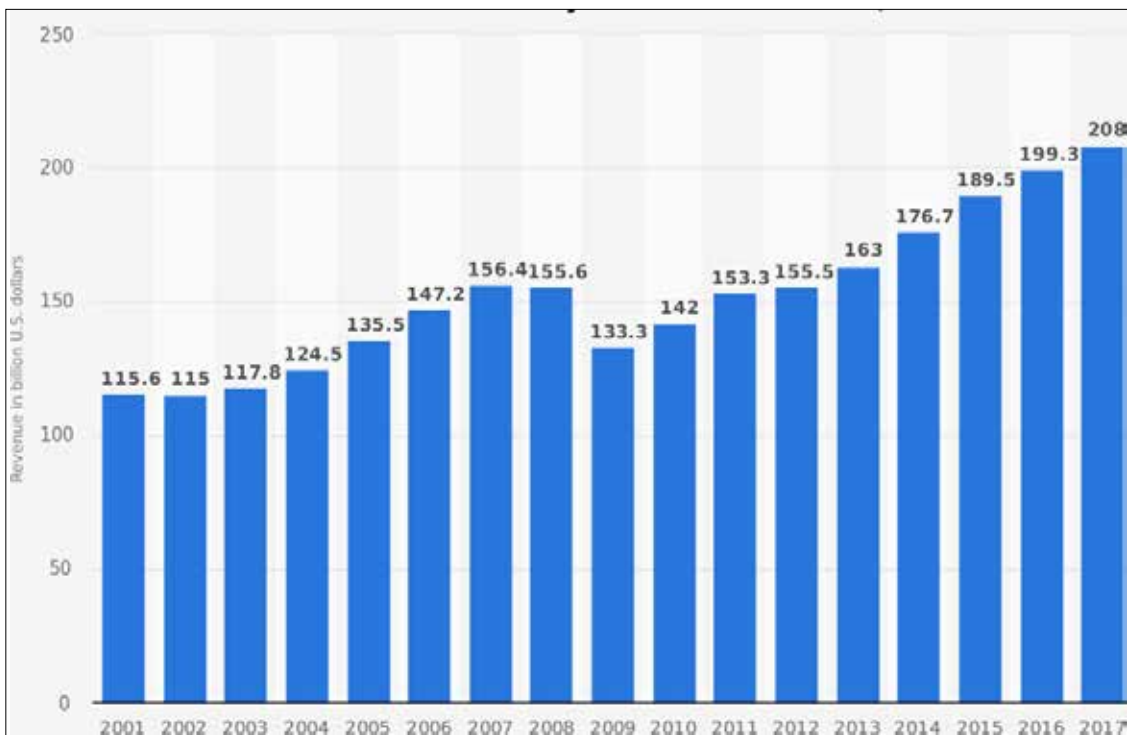


Fig. 5. Revenue of the United States hotel industry from 2001 to 2017 (in billion USA dollars)

Source: [9]

Table 2

**USA Room Revenue**

Year	Supply	Demand	Total Room Revenue	RevPAR
1996	3,636,653	857,953,667	60,720,832,978	\$45.74
1997	3,763,439	880,383,612	65,811,913,192	\$47.91
1998	3,912,986	904,625,348	70,671,928,272	\$49.48
1999	4,062,926	931,878,372	75,332,686,893	\$50.80
2000	4,178,380	965,098,664	82,219,256,714	\$53.91
2001	4,277,404	932,657,287	78,304,966,454	\$50.16
2002	4,344,708	935,753,763	77,394,990,667	\$48.80
2003	4,389,972	948,463,191	78,558,310,148	\$49.03
2004	4,410,565	987,155,136	85,155,672,196	\$52.90
2005	4,413,961	1,016,609,518	92,464,809,403	\$57.39
2006	4,439,785	1,027,327,729	99,972,192,251	\$61.69
2007	4,468,168	1,030,858,746	106,750,063,182	\$65.46
2008	4,586,277	1,011,561,443	107,706,669,450	\$64.34
2009	4,734,417	952,266,656	92,819,617,581	\$53.71
2010	4,827,455	1,014,568,881	99,372,859,129	\$56.40
2011	4,842,069	1,062,135,606	107,877,712,567	\$61.04
2012	4,848,248	1,087,435,148	115,320,771,630	\$65.17
2013	4,885,308	1,110,527,243	122,499,628,183	\$68.70
2014	4,923,033	1,157,230,900	133,537,859,249	\$74.32
2015	4,971,710	1,189,614,896	142,717,142,071	\$78.65
2016	5,039,952	1,205,133,146	149,315,822,576	\$81.17
2017	5,121,721	1,233,203,792	156,234,286,952	\$83.57

Source: USA Lodging industry overview [10]

ident and international travelers in the United States spend an average of \$2.5 billion a day, \$105.8 million an hour, \$1.8 million a minute, and \$29,398 a second. \$1.4 trillion Travel revenue generated throughout the economic chain or 8.0% of GDP).

5. Hospitality Industry has one of the Highest levels of competition in the USA (Predatory pricing is the practice of lowering your prices so much that your competitors cannot match them, thus losing business. While predatory pricing may appear unfair or unethical, in the hospitality industry it is a viable marketing strategy commonly employed by hotels, motels, and restaurants [12]).

6. Organizational Culture has a specific and very important role in the Hospitality Industry of USA. Herewith communication issues for customers are going to the first place.

7. With growth from January 1, 2017 to January 1, 2018 in the hotel and residence supply, for both branded and unbranded properties, the rate is the strongest in 15 years. The economic climate in the United States has become a serious factor today. While the country's economy continues its development, it has become increasingly apparent that this trend is going to be common to hotel and restaurant business.

8. Hospitality Industry has a permanently rising costs tendency.

9. The percentage growth of the industry in the United States is relatively low in relation to the whole world, but it is necessary to take into account the absolute volume of this development.

10. In terms of size, USA based hotel chains have a leading position in the world.

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