

16. INNOVATIONS IN UKRAINIAN HOSPITALITY INDUSTRY

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Being developed for centuries, Hotel Industry in the world has been in its maturity period for a long time. Confronted with fierce competition and the current global economic crisis, it becomes a hot topic in Hotel Industry how to maintain and raise revenues. By shifting focus from „Goods-Dominant Logic“ to „Service-Dominant Logic“, Service Science presents a new perspective on value creation and service experience.

Ukrainian hospitality industry also has its long-lasting tradition of „Quality over Service“ approach, but now being under the pressure of European all-consuming „Service-Dominant Logic“, it implements new ideas in what seems to be already

well-working. In this new perspective, value is co-created by various roles, experienced and evaluated by customers. However, the problem is how to implement theories in a specific industry taking into account all economic roles engaged in the industry (hotels, IT system providers, local businesses and customers, food suppliers, etc.) and relationships among them (from a linear model to a netlike model).

Service sector has dominated the world's economy. In most countries, services nowadays contribute to more economic values than agriculture, raw materials and manufacturing all together. Service economies dominant position is more apparent in developed countries. Up to three-quarters of the wealth and 85% of employment are generated by services (Tidd and Hull, 2003), and most new job growth comes from services. The importance of service has been recognized by corporations, institutes and governments, and related research is ongoing. Within various aspects and disciplines of Service Science, service innovation therefore becomes one central part due to its critical role. Since Goods-Dominant Logic has been mainstream logic for a long time, as far as innovation is concerned, the experience from manufacturing will be reminded to most corporations and customers firstly. However, there are essential distinctions between service innovation and manufacturing or high tech innovation in Ukraine. With the shift from Goods-Dominant Logic to Service-Dominant Logic, the innovation concept and process need also shift from traditional perspective to a new service perspective. As suggested by Edvardsson (2005), "service is a perspective on value creation rather than a category of market offerings. The focus is on value through the lens of the customer, and co-creation of value with customers is key and the interactive, processual, experiential, and relational nature form the basis for characterizing service."

Similarly, customer centred and processual idea can also be perceived in one of the definitions of service innovation from TEKES, a Finland's research Agency. "Service innovation is a new or significantly improved service concept that is taken into practice. It can be for example a new customer interaction channel, a distribution system or a technological concept or a combination of them. A service innovation always includes replicable elements that can be identified and systematically

reproduced in other cases or environments. The replicable element can be the service outcome or the service process as such or a part of them. A service innovation benefits both the service producer and customers and it improves its developer's competitive edge.”

The model above shows a clear customer centered perspective in Service-Dominant Logic, where value is co-created by customers, and companies provide prerequisites to help customers to create, experience and evaluate services. It has great perspectives and can be implemented in any country of the world, as no national stereotyped or mentality features are taken into consideration.

From the above analysis of service innovation classification, it could be concluded that the innovative activities in Ukraine within service could occur in various levels and areas. As a result, the service innovation processes also vary in different situations with more or less operant and operand resources. However, there are still common elements and steps exist in all or most service innovative activities, as some scholars suggested.