

# DEVELOPMENT OF SERVICES IN THE HOSPITALITY SECTOR. CASE STUDY: S.C. RO COM CENTRAL S.A.

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## **Abstract**

Opening a SPA center in the Central Plaza hotel is needed for various reasons: it increases the turnover with at least 25 % compared to a hotel without SPA center; at least 20-25% of hotel customers can be attracted to these services (an important criterion in the choice of hotel by customers); and transformation of the hotel with seasonal activity in "all-seasons" hotel. The market in which S.C. RO COM CENTRAL S.A. is standing is very extensive. Customers are both around the country and abroad. With the opening of the SPA center, the company significantly increases the number of customers and also the accentuated development of the hotel market.

**Keywords:** SPA center, Hotel, Services, Customers.

## **1. INTRODUCTION**

This paper investigates the development of services in the hospitality sector, with the aim to reveal some good practices of improving services and protecting in the same time the environment. Therefore, after a short conceptual framework regarding the sustainable development of tourism, the paper reveals a case study concerning the development of services at a four-star hotel that is SC Ro Com Central S.A. Central Plaza Hotel.

## **2. CONCEPTUAL FRAMEWORK**

Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet theirs.

Sustainability for tourism as well as other industries has three independent aspects: economic, social - cultural and environmental. Sustainable development involves continuous development, which means that sustainable tourism requires optimal use of resources (including biological diversity), minimizing the negative economic, social, cultural and ecological impact, and maximizing the benefits to local communities, national economies and the conservation of nature.

The aim of achieving sustainable tourism must be subordinated to national and regional plans for economic and social development. Actions may cover economic purposes (revenue growth, diversification and integration of activities, control, zoning and development), social goals (poverty alleviation and income distribution inequality, indigenous social-cultural heritage protection, participation and involvement of local communities) or environmental purposes (eco-tourism protection functions, conservation and sustainable use of biodiversity) (Radu, 2008).

Nowadays, policy makers recognize the role of tourism in employment creation, investment, trade facilitation due to business travel, and economic growth (Gautam and Kg, 2012).

The influence of prices can cover tourism product in its entirety or only one of its components: transport, accommodation, food, entertainment; it can manifest in relation to international or internal market; can produce quantitative or qualitative mutations.

There is a growing trend worldwide of the international tourism, as a consequence of various economic, political and social factors (Pîrvu and Gheorghe, 2014).

Research undertaken on the role of tourism has shown that it has a considerable impact on the economy of societies and cultures of different countries. Its action manifests on multiple levels: economic, social, cultural, political; intensity of these actions are distinct from one country to another by its level of development and politics promoted towards it (Zamfir, 2011).

It is complicated and difficult to produce useful generalizations concerning the management of service organizations due to the great diversity of the service sector in general, and of the tourism area in particular (Zamfir, 2013).

In general, the practice of high rates limits the access to tourism services and reflects especially in reducing the number of travellers, length of stay, travel distances, frequency departures, holiday etc. In the same time, side effects are not excluded, where the very low rates can generate mistrust for tourists in the quality of the services determining, a reduction in requests for that tourism services (Turcu, 2008).

The most effective solutions to reduce the negative effects of seasonality were found to be the extension of the season and exhibiting holidays. Among the most important means that stay at the hand of the travel organizers in this respect are counted the measures with economic and organizational character of supply development, diversification of services and increase of its quality, practice of pricing differentiated by the steps according to the season, developing and enhancing tourist propaganda, etc.

### 3. CASE STUDY REGARDING THE DEVELOPMENT OF SERVICES AT SC RO COM CENTRAL S.A. CENTRAL PLAZA HOTEL

#### 3.1. Overview of the hotel

Central Plaza Hotel is the project made from passion for tourism of a group of local investors, upgrading and remodelling the structure of the traditional Central hotel. New hotel redefines elegance and sophistication and the city is surrounded by natural scenery, spectacular and fresh, as if it has found through it the size that it needed.

#### Mission

Desire of the guests to return in the elegant and refined atmosphere of the hotel is the main concern of the team at Central Plaza. Thus, the company chooses carefully the staff, instructs and motivates it to exceed the expectations of their guests with care, warmth and professionalism.

#### Values

At Central Plaza, values are the principles that guide it, motivate and inspire to fulfil its mission. They are found in personalized service and memorable positive experience for their guests!

During the period September 2010 - December 2011, Central Plaza Hotel employees have received an intensive training and personal and professional development within the project "Development of competencies - professional hospitality", financed by the European Social Fund through the Operational Program for Human Resources Development 2007-2013. (<http://www.centralplazahotel.ro/>)

#### 3.2. Opening a SPA center in the Central Plaza hotel – method of service development

In order to improve the activity and services provided by the hotel, we propose to create a new company as a SPA center in the Central Plaza hotel.

Vertical integration can be used in a strategic way in order to weaken the short-term competition (by raising the costs of the rivals), or long-term competition (by increasing input costs) (Corboş, 2011).

##### 3.2.1. Short description of the company

The name of the new company is S.C. CENTRAL SPA S.R.L., with headquarters in Piatra Neamt, 1-3 Petrodava Square. The capital is of 200 Euros, and the CAEN code is 9604, meaning activities of body maintenance.

### 3.2.2. The potential market

The company targets active adults with demanding professions neurological-psychological system with disturbances of biorhythms sleep-wake and sleep - effort. Anyone can become "addicted" to the state created by the spoiling in a private atmosphere. In general, the public is concerned about the general state of well-being and health, but also the personal image is a very important aspect in the promotion ladder and personal and professional development.

Employees can choose to escape from the monotonous office environment and to take a large portion of relaxation at a SPA party with colleagues. We want that a SPA center to turn from a cost center into a profit center. The main advantages are:

- Regaining form (fatigue, stress)
- Relaxing muscles and joints
- Stimulate circulation
- Weight Loss
- Remove toxins
- Oxygenation and skin firmness

### 3.2.3. Projections of market research

In Romania, the investment in SPA was of 10 million Euros in 2008 - 2009, and of 15 million Euros in 2010. In Bucharest, there is still not a SPA center that will stand up to the most modern in Europe, but only centers in five star hotels, of much smaller dimensions and satisfy small needs of tourism business, according to Irina Petrescu, general manager of the consultancy and management company in SPA industry, Ecovital Spa management.

Other countries in Europe have different levels of investment, such as:

- Hungary - level of investment in SPA 320 million euros over the last five years.
- Czech Republic has transformed historic resorts in profit centers. The best known, Karlovy Vary, attracts millions of tourists every year.
- Italy has 10 million customers for SPA centers, being the country with the higher number of clients for SPA centers in Europe.

In the U.S.A., the SPA center market is a business of 11 billion Euros and more than 33 million customers.

### 3.2.4. Competition

Regarding the **competition**, the main competitor is Anna Spa, a company created in 2007, in the picturesque town of Piatra Neamt. Each of the 22 members of the Anna SPA team has chosen to look after the guests with respect, commitment and a warm smile. Always up-to-date with the latest trends and novelties in care and beauty, Anna SPA offers a wide variety of beauty services with the help of the beauty therapists, using the most renowned professional cosmetic products in the world. The services offered are: sauna, Turkish bath, salt, hairdresser, capillary treatments, facials, massages, etc. (<http://www.annaspa.ro/index.php?t=ghidul>).

### 3.2.5. Marketing and sales plan

#### Targeted market segment

According to a study MondoSPA, conducted in three SPA centers in Bucharest, Romania, 80% of clients are women.

In general, the public is concerned about the general well-being and health, but also the personal image is a very important aspect in the promotion ladder in personal and professional development.

In the group of demographic variables can be identified:

- By age, market can be segmented into:
  - o Young people under 30 who are receptive to everything that is new
  - o People over 30 years
- By income, the market is segmented in:
  - o For people with high incomes - complex treatment packages
  - o For medium and high income individuals - massages, body treatments, access to pool, etc.
- By environment, market segmentation is performed as follows:
  - o Generally people in urban environment

### 3.2.6. The new services proposed

The SPA center will offer various facilities: swimming pool with warm water, sauna, steam bath, jacuzzi, vertical solarium, Fitness Centre, Spa Bike, room of snow and a wide variety of SPA treatments and massages.

The services proposed, such as SpaBike and Snow Room are unique on the market:

- *SpaBike* - cycling underwater is the latest trend in fitness, combining advantages of "aqugym" to those of cycling, "indoor" improving: reliability cardiovascular, exercise capacity, blood circulation (elimination of sensation "heavy legs");
- *Snow Room* - customers using sauna can cool off with this type of treatment that has a beneficial effect on the cardiovascular system.

The quality of services offered is high because of the latest equipment (Table 1), and skilled personnel (Table 2). An efficient managerial act can be accomplished through direct action on human resources which influence the development of the company (Muscalu and Muntean, 2012).

TABLE 1 – FINANCIAL DATA

The critical number	Equipment	Pieces	Value (euro)
1.	Hydrotherapy	36	259.200
2.	Saunas	24	121.800
3.	Snow Room	12	57.600
4.	Seats	60	98.400
5.	Jacuzzi	12	132.000
6.	Pool	4	529.564
7.	Massage Table	12	7.200
8.	Spa Bike	6	16.794
Total Value: € 1.222.558 of which:			
<ul style="list-style-type: none"> <li>• € 600.000 – own sources</li> <li>• € 622.558 - other sources: partnership with S.C. RO COM CENTRAL S.A</li> </ul>			

TABLE 2 – HUMAN RESOURCES NEEDED

Human resources	Employees
1 workers	44
1.1 directly productive	32
1.2 indirectly productive	4
1.3 general serving	8
2. technical and production staff	4
3. administrative staff	3
Total number of company employees: 51	

Source: (Popescu, 2013-2014, page 24)

In the SPA Center, charges can be classified as: differentiated, flat, and high rate.

On the *differentiated tariff*, its application is practiced according to various criteria such as number of people, age, etc. There are given lower rates than those of receiving groups, to loyal customers etc. (Nicolescu and Verboncu, 2008).

*The flat tariff* is the reception tariff which includes a minimum package of services, access to the pool and SPA.

*The tariff increases* during crowded periods around holidays to select clients.

Through promotion policy, the center seeks a more complete distribution services marketed while being a source of communication to reinforce its image and reputation of service and operating environment.

Advertising materials include the following categories: brochures services, leaflets of an individual landmark, flyers and leaflets, posters, CDs, and web pages.

#### 4. CONCLUSIONS

A wellness center is an investment that adds value to the hotel for the following reasons:

- Attracting clients - meet their need to have a unique experience, high quality, safe, in order to create a healthier lifestyle.
- Keeping customers - a hotel with a wellness area will become the first choice for people who want to maintain a regular maintenance schedule.
- New meeting places - provides a meeting point for people with busy and active life; here will relax, socialize and will "recharge the batteries".

Spa and wellness markets, worldwide, have reached a volume that speaks for itself: over 289 million customers, of which 60 billion are spa market.

According to a study conducted in 2012 by Coyle Hospitality, 88% of the respondents placed first among the reasons for relaxation and stress management, arguments often coincide with reasons to spend a holiday or a weekend in some hotel.

The spa can be regarded as an important point in the loyalty of the guests in the hotel.

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