

AGED CONSUMERS OF HOTEL SERVICES IN A CHOSEN REGION

Olga Březinová

Abstract

Ageing is an inevitable phenomenon in today's society. Not only the state, but also business is not well prepared to face this phenomenon. Aged people are not only an object of care, they can make contribution to many activities of the society, they spend their income and take place in social development. Finding new market opportunities in that connection can improve the situation of the state, business, and also aged consumers and the whole society. This can contribute to structural changes, higher employment, higher output, new income and profit possibilities.

A very important thing to overcome isolation, feeling of exclusion and connected with them deteriorating health state is to run an active life style, for instance in the form of travelling, tourism, sports and wellness programmes. The question is how business is ready to satisfy aged people specific needs connected with those activities. A short survey was done in some hotels in Beskydy region to find to which extent they are able to satisfy needs of aged people. The objective is to show the hotels how such activities can bring them higher and more stable revenues, and so to reach higher profits.

Key words: ageing population, hotel services, consumption, profit opportunities

JEL Code: D1, D6, J1

Introduction

Ageing society is a typical phenomenon of today's world especially within developed countries. Ageing in an absolute sense comes from prolonging life length thanks to the progress in medicine, to changes of lifestyle, to technology and living conditions changes. In a relative sense we can speak about changes in age structure of population coming from growing share of aged people and decreasing share of the young, mainly because of falling the share of the young.

Ageing society faces changes in demand for goods and services in that connection. Those changes are linked to growing number of older people, their changing needs, and amount of their incomes, their specific behaviour patterns, time possibilities, health risks and their activities.

For better understanding social welfare, long-term structural changes projection and linked to it investment projects, production and employment, and also future performance of the economy, it is necessary to respect those population age structure changes. The discussion often goes in a pessimistic way not reflecting the possible changes in productivity of labour and innovations. But raising human capital, the stock of physical capital, innovations in technology and progressive changes in savings and taxation can overcome the problems coming from ageing population. (Ludwig, 2012, Lee, 2010)

Older people do not represent a homogenous group. They differ one to another at their abilities, interests, activities, income possibilities, health state, living conditions and relations to their relatives and other close people. In this paper we take into account people at the moment of going to pension, who want to be active and whose conditions (income, health state, etc.) are sufficient. Older people themselves are not the object of our review, the object are offered services to this group of people. But we must know the needs and requirements of those customers, so as to find whether the supply is satisfying.

People going to pension dispose more free time. But their leisure time contents an inconsistency: people often reduce their leisure time activities in the period when they obtain more time for them. If so, they can come to the danger of quick physical and also psychological degradation, which can then bring also growing health troubles. There is an important instrument for overcoming the feeling of exclusion, isolation, declining strengths, uselessness and lack of life perspective and this is an active ageing.

There is a wide range of opportunities how to spend pension time actively, of course with respect to particular life conditions. We can see good possibilities given by lifelong education, clubs, associations and hobby groups where people can communicate with other members, learn something new in various fields of knowledge. This can contribute to seniors' increasing psychological potential, better orientation in life, higher self-confidence, but also finding new activities or job opportunities and the possibility to share their knowledge with other people.

There is a very important part of active life style, and this is tourism, recreation, interests and hobbies, active rest and experience tourism. Seniors' needs then are not only the matter of attendance and care, but they can be an important profit opportunity for providers of services connected to such activities.

1 The age effect on demand

During the life cycle demand for goods and services changes because of changes in needs, taste, income, technologies, household structure, previous consumption, and also in age. In the life cycle there is usually a period when consumption grows coming from reaching a particular position in the job due to qualification, career promotion etc. Of course there can be periods of growing and falling consumption during the life cycle. But usually, after going to pension the consumption can go down because of several reasons: pension is usually lower than previous income, some needs are not necessary to be satisfied in previous volume, number of household members goes down (for instance children become independent), there is a possibility of substitution between consumption and growing leisure time, thanks to which older people can have better purchasing opportunities and they can also do many things that they bought in the past (as cooking) themselves.

In the past there took place many surveys interested in consumption structure changes given by age (Lefèbvre, 2006, Lührmann, 2007, Šlapák, 2010, Deeming, 2011, Horioka, 2010). The surveys conclude that the consumption goes down in relation to age, and also consumption structure changes. There is a visible growth of demand for various kinds of services, especially services in the field of health care, household services, and also services connected with leisure time. There is usually a growth of expenditures for medical products and health care including home care, not paid from health insurance. On the other hand there are decreasing expenditures for household equipment, transport and clothing. Opposite, the expenditures for heating and energies are growing, because older people stay at home more often due to higher isolation and sometimes due to health troubles.

We can expect changes in demand for new goods and services, given by innovations similarly to other groups of customers. Besides that the demand for current goods and services adapted to specific needs of older people will grow. And finally the demand for specific age determined goods and services will grow, too. All those groups of goods and services will be offered in various price relations, from the simplest and cheapest to luxury goods for those seniors with high incomes. Everywhere here we can see opportunities for production and

selling, investment and employment, revenues and profits, and connected with them structural changes. (Silverstovs, 2011)

We can especially expect growing demand for goods and services supporting health, including personal assistants, for leisure time, education, trips and travelling, wellness programmes and maybe also for cultural events. This tendency can be seen not only in our country (Le Serre, 2008). Also household services will probably be growing. Besides temporary accommodation in hotels and tourist facilities there will be growing demand for steady living with different requirements for care – from flats, in principle standard, only a bit adapted to seniors' needs to houses with home care, boarding houses with active ageing programmes to homes of peaceful seniority.

Demand for household equipment development is interesting and ambiguous. There is a consumption decrease in pension given either by lower income, less intensive need for innovations or by the fact that there is a particular part of households where people shortly before going to pension decide to reconstruct their living. The reason can be lower expected future income, but also changing needs linked to ageing.

More of that, in the Czech Republic there is a relatively big part of households who have got also holiday houses besides their steady living. According to this fact we can divide aged people to several groups. The first group is represented by seniors who go on using holiday houses, often together with other members of the family, so costs are divided among them. The second group of seniors decides to sell the holiday houses, because they are not able to run two households. The third group those are seniors who spend a bigger part of the year in their holiday houses and go to their steady homes only occasionally. And finally the fourth group is represented by seniors who move to their holiday houses, change them to steady places of living and sell their flats. All this shows, among others, those seniors in the main are willing to change places, to travel. If we add those who do not change their living, but are engaged in learning new places or coming back to favourite places, we can see a relatively big group of customers for various services connected with travelling.

Travelling is a very good opportunity for leisure time active spending, for finding out new places and people. Because of more disposable leisure time for pensioners, they can go travelling for longer time, and so they can use hotel services. Seniors can have specific needs – healthier meals, barrierless, peace, staying with their pets, wellness, cultural and sports recreation programme, less physically demanding, higher security, etc. According to their health state and diminishing life forces they have higher requirements for comfort and services. All this could not be bothering for such services providers. This could represent

interesting opportunities for them as for which services to offer, how to take new customers, and how to earn interesting revenues.

2 Region development strategy and services for seniors

The fact of ageing population is widely known, but it is often taken in pessimistic or negative sense rather than linking it to future opportunities. Besides that it is difficult to find ageing aspects in various government programmes, except of pension reform. It is strange that authors of development strategies either of the whole republic or of particular regions work with this fact so insignificantly. The state gradually loses its social role and so business and local authorities should take it in bigger extent, but not only as a burden, but also as a development and profit reaching opportunity.

Beskydy region had its Strategy for travelling development for the period of 2007 to 2013 and now new Strategy for the next period (2014 – 2020) is prepared. The Strategy for previous period was based on surveys looking for potential groups of visitors and their needs. According to those surveys a typical visitor was a man between 20 and 39 years of age, and families with children. So the Strategy and accompanying it development projects were oriented to middle age people and their typical activities from sports to adrenalin activities, their lodging and board. There are no special steps for seniors. Even more, majority of municipalities state that they do not have any cultural facilities (including tourist information centres). In spite the Strategy for the next period 2014 – 2020 states that population gets older, no particular steps for solving consequences of this process are present in the Strategy.

Beskydy region consists of 63 municipalities in 7 microregions. Not in all municipalities, there are capacities for accommodation, and other facilities connected with tourism. On the other hand, this is an attractive region linked to close Beskydy regions in Slovakia and Poland, creating the Euroregion Beskydy.

3 New customer group on the market of hotel services

Travelling is a good form of active spending leisure time. Aged people represent a specific group of visitors, with their specific needs, but for hotels and other tourist facilities they can be an important source of steady incomes. Tourism is a field of activity strongly affected by seasonal character of work. Typical visitors come usually in high season (mountains in winter, seaside in summer, families with children during holidays, working people during weekends). Seniors can come out of season, during week days, they can stay longer, they do not have

such strong requirements for activities, they are more quiet and do not make noise and harm. They are not so demanding in space, they prefer quality to quantity in meals. We could find more other advantages.

Seniors usually look for smaller accommodation capacities with family background, domestic cuisine and peaceful environment. They expect some kinds of programmes and social events. They have sometimes specific requirements for meals due to diets or taste. They are not so active in sports but they need some cultural and societal activities.

4 Methodology of survey

We provided a short analysis of available data about accommodation facilities in the Beskydy region. We come from web pages and internal materials of hotels completed by a structured interview with hotels' staff. We analyzed 36 hotels in 15 municipalities in the region.

According to previous analysis of seniors' needs, we chose several characteristics of provided services in surveyed hotels.

These were as follows:

- accommodation (comfort, barrierless bathroom, heating)
- board (light meals, diets, vegetarian meals, local meals)
- programme (animators, cultural activities, organized trips and excursions)
- social events (dancing, live music, concerts, exhibitions, performances)
- sports (sport equipment, sport facilities)
- wellness (basin, fitness, massages, sauna, spa, hairdresser, cosmetics)
- education (courses of life style, physician's lectures, consultations of health, other courses, library)
- animals (having pets during staying, board for animals)
- home care (washing, ironing, repair)
- media (television, radio, video, internet, cinema, newspapers, journals)
- packages of services, group discount
- special actions for seniors

The result of the survey is rather sad and does not need the statistical analysis. It is necessary to say that business is not prepared specifically for aged customers. If there are present above mentioned characteristics, they are not targeted particularly to aged people. More of that, we can say that majority of reviewed hotels are not able to face specific needs of other group of customers, too, for instance handicapped people. The hotel staff is not aware of

possible difference among customers according to age. They are not specifically prepared for taking care of older people; they cannot see the opportunity of improving their performance by preparing special offer for aged customers.

The problem is not only in the way of running the hotel business, lack of perspective thinking, low qualified staff, or lack of initial money. This is also the matter of lack of information, advertising, weak contacts to other business units dealing with older customers (travel bureaus, education organizations, clubs and interest groups, non-profit organizations dealing with the old). And finally the hotel staff often cannot understand the opportunity of obtaining possible and stable revenues and of making competitive advantage to other hotels in the region.

We must say that there exists only one hotel in the region (hotel Javor in Řeka) which has wide special offers for aged people and gives this information on its web side and also in information sources of the region.

Conclusion

The result of ageing population is that the group of older customers is steadily growing. Production, services, business and trade should understand those changes as profit opportunities. There can be new demand for goods and services that were at the providers' margin of interest, but gradually it can represent an important niche on the market, where they can find business and employment opportunities.

Among basic requirements given on those goods and services we can put not only adapting to seniors' needs, but also availability (reasonable price while preserving necessary quality). In spite the goods and services will be of various price levels, such business linked to satisfying seniors' needs cannot be the object of quick getting rich or speculative investment. Seniors are a very vulnerable group of customers, so there is a strong need for security and no cheating. Because of vulnerability of senior customers, the business activities should be based on intergenerational solidarity, which of course does not exclude the profit motive. Profit in such activities grows more slowly, but steadily, because this group of customers is steadily growing which makes a long-term perspective of business. So the returnability of investment can be longer, but economic stability of such projects will be stronger, because future demand is ensured.

Seniors represent an important group of customers in various economic sectors, including hotel services. They have disposable income which they want to spend, they have knowledge and experience that they can exploit, they have got leisure time that they can share

with others and they will not be only the object of care, but they themselves can take care of other people. Besides that as a specific group of customers they will rather be an attractive group of visitors of hotels than a problematic one.

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Contact

Olga Březinová

FAME, Tomas Bata University in Zlin

Mostní 5139, 760 01 Zlín

olgabrezinova@email.cz