

Peter Laco

Matej Bel University, Banská Bystrica, Slovak Republic

INFLUENCE OF SEASONALITY ON ACCOMMODATION FACILITIES' CAPACITY PLANNING

Abstract

Comparing contemporary tourism to the situation a few years ago, we can see various differences. New places are becoming attractive as a destination, the length of stay is changing. The differences are caused by various reasons like changes in demographic structure, information sharing, currency strengthening and others. Several studies and papers point out the potential of central and eastern European countries and that is why we focused in our paper on tourism business, particularly on accommodation facilities in Banská Bystrica, Slovakia. We discuss the current state of capacities available and the influence of seasonality, because this feature seems to be one of the most important factors influencing the capacity planning.

1. Accommodation facilities in Banská Bystrica

According to the data collected by the Statistical Office of Slovak Republic there are 26 accommodation facilities with 2 231 beds in Banská Bystrica, out of which 884 beds are in hotels or apartments. Comparing this number with the number of inhabitants (in thousands), we can calculate the value of the so called "touristic function of a city". The current value for Banská Bystrica is now 11.05. If we compare this value with the situation in 1999, when there were 9.69 beds for one thousands of inhabitants, it is only an insignificant increase. After realizing that the number of inhabitants with permanent address in Banská Bystrica decreases, we cannot interpret this as a very positive advancement. The number of inhabitants in Banská Bystrica has decreased by 5000 during last 10 years, the current number is less than 80 000. The share of number of beds in Banská Bystrica compared to total number in Slovakia is less than 1% (0.8%), what is a surprisingly small number, when considering that it is the sixth largest city in Slovakia. The numbers of accommodation facilities, rooms, beds and percentage of capacity usage during last four years are presented in Table 1.

Table 1. Accommodation capacities in Banská Bystrica

Year	Accommodation facilities	Rooms	Beds	% of capacity usage
2007	26	1 080	2 231	24.7
2006	26	1 129	2 453	25.6
2005	23	1 046	2 246	24.1
2004	24	748	1 660	20.0

Source: Statistical Office of Slovak Republic, 2004-2007.

As we can see, the percentage of capacity usage is very low. Comparing with other cities in Slovakia, it is the third worst result (after Spišská Nová Ves and Považská Bystrica). We can observe even small decrease during the last year besides the rise during previous years. Based on these numbers it looks that there are more accommodation facilities than necessary, because the supply exceeds demand. For comparison, ten years before there were only 7 accommodation facilities with 534 beds and percentage of capacity usage was 29.6%.

Table 2 shows that the number of visitors has not changed significantly during last four years. If we compare this number with the total for Slovakia, we can see that the situation in Banská Bystrica is not very optimistic. The number of visitors dropped during last year by 8% and the shortening of the length of stay is also a negative aspect.

Table 2. Performance of accommodation capacities in Banská Bystrica

Year	Number		Number		Average nights		
	all visitors	foreigners	all stays (nights)	foreigners	all	Slovak	foreigners
2007	50 242	18 100	107 527	38 231	2.1	2.2	2.1
2006	54 283	19 685	125 221	42 546	2.3	2.4	2.2
2005	48 015	17 162	105 709	38 908	2.2	2.2	2.3
2004	48 937	15 841	108 241	32 369	2.2	2.3	2.0

Source: Statistical Office of Slovak Republic, 2004-2007.

Concluding what is written above (based on SOSR data), we can see that the number of accommodation capacities is very low and their usage is critically low. Is the situation really so dramatic?

We investigated opinions of owners, managers and employees of all hotels in Banská Bystrica by a managed interview. Opinions of customers of hotels in Banská Bystrica were also investigated by a questionnaire, but these results exceed the scope

of this article. The interviewed accommodation capacities are classified into three groups: hostels and students' houses, apartments, and hotels, because of different features of these kinds of accommodation.

2. Accommodation capacities' usage and ways of its monitoring

Monitoring of accommodation capacities' usage in hostels is on the lowest level. Most of them do not use any computer equipment for this purpose. Small hostels keep almost no evidence, larger hostels use chart boards, typically for a period of one month. That is why it is impossible to determine their occupancy exactly, but it is the highest (compared to guest houses and hotels). According to opinions of managers and employees, it is often 100% and average can be about 70-80%. Most of guests are workers or students (external). These guests are staying for a much longer period than guests in different types of accommodation facilities.

Even though a majority of guests ask for long-term accommodation, there are also rooms intended for tourists seeking short-term stay in the facilities. These are, however, used less frequently and their price is driven upward by higher variable cost of short-term stay and an increased risk of these rooms staying vacant.

Student boarding houses which operate at full capacity during the school year, but are free to offer their facilities to tourists during summer holidays, are a special case. Unlike students, who are not obliged to pay value-added tax, the price of stay for tourists is augmented by this item.

The majority of apartment and all hotel managers take advantage of IT when monitoring the usage of their accommodation capacities. The average usage of apartments' capacities ranges between 30 and 60%. The differences are caused by two ways of calculating the capacity usage. Apartments using rooms as units of accounting for capacity usage naturally disclosed better results than those using single beds as units. The emergence of the former way is caused by the sort of clients who are mostly people on business trips, preferring to take the whole room. The location of an apartment also makes a significant difference. The lasting lack of lodging capacities of this category in the town centre (reported by the owners) and the increased interest for them caused by, as the visitors say, more personal approach of the staff and more pleasant environment, make it very difficult for visitors without prior reservation to find a place to stay in such facilities, particularly during workdays.

The average usage of hotels' capacities exceeds 40%. Their greater capacities, broader scope and higher standard of services and conference halls for various events all speak in their favour.

The municipal representatives of Banská Bystrica evaluate the overall accommodation capacities in the town in its Programme of Economic and Social Development of Banská Bystrica for the years 2007-2013. The Programme states that the commercial usage of the facilities accommodation capacities does not correspond to the tourism potential of the town and its surroundings. Facilities with lower

categories and classes of accommodation make a large part of these capacities, and they logically offer services of lower quality, with additional and congress facilities insufficient or totally non-existent in many of them.

Compared to western countries, the structure of accommodation facilities of Banská Bystrica truly features a lot more facilities of lower classes and categories. However, the still insufficient purchasing power within the region makes the need to construct higher-class facilities questionable. According to experienced specialists, the present number of facilities is adequate, with fair competition and customer segment distribution. In case of interest for higher standard, the hotels are prepared to offer a broad scale of rooms, ranging from standard ones to the presidential apartment. The grand expositions, taking place approximately thrice a year, are the events during which the lack of lodging capacities becomes so strong that the capacities in the town surroundings are used as well. However, constructing new facilities only due to these events may prove unwise, since their survival during the rest of the year would be very unlikely and they would cause problems to the already existing facilities.

Some people have explained the low usage of the accommodation capacities in Banská Bystrica (24.7% in 2007) published by the Slovak Statistical Office to have been caused by differentiated calculation methods, but intentional reduction of capacity usage by the facilities themselves may also be a reason. It was the low figure of capacity usage provided by the Statistical Office that made us believe there are too many accommodation facilities in the town.

3. The influence of seasonality on accommodation capacity usage

Seasonality is experienced differently by various classes of accommodation facilities. In boarding houses, it depends on the character of long-term occupants, mostly construction workers, great in number due to the latest construction boom. These facilities have almost no vacancies in spring, summer and autumn, when the conditions are favourable for construction, but the last winter was mild enough to keep the constructions running and workers in place. Boarding houses not oriented on workers experience the same seasonality impacts as other facilities, particularly the ones accommodating also students; their weakest periods being during state and summer holidays (Barmo and Milvar boarding houses). As a competition tool, they use prices that are much lower than in other facilities (SAD boarding house charges 120 SKK/night for a long-term stay).

Most apartments feature seasonality typical for urban facilities, namely lower capacity usage during holiday periods. September, October and spring months, with their many congresses, expositions, and cultural events, are the strongest periods of the year. The preference of a seaside holiday makes July a weaker period. The weakest winter period is in January. Compared to mountain hotels, seasonal differences in

urban temporary-stay facilities are less significant, their capacity usage oscillating around the average value in the remaining months.

Our research exposed an interesting fact that some apartments reach the highest usage of their capacities in the same time period as the mentioned mountain hotels. The relative vicinity of winter sport centres with much higher prices makes the location of Banská Bystrica very convenient. According to the apartment owners, these high prices make people prefer to stay in town and commute to the centres every day. That is the reason why certain apartments (Expo, Olympia, Kúria) experience February as the strongest month of the year.

This fact is further reflected in the capacity usage of Lux hotel which has been accommodating massive groups of Finnish skiers in February and March for the past four consecutive years. January and July, with decreased corporate activities, are the weakest period for hotels. Weekends and holidays are also problematic due to lower usage of accommodation capacities and lower revenues.

The length of stay in urban facilities is different from that in mountain tourist centres, with people staying 2-3 times longer in the latter than in the former. A longer stay brings about stronger demands for variety and scope of additional services. Urban hotels may take advantage from the services that are available for their clients in the nearby mountain hotels.

The answer of the owners to how they soften the negative impact of seasonality on capacity usage in their facilities was surprising. Practically none of them considered seasonality a problem worth solving in the near future. Such knowledge is staggering, particularly because seasonal ranges bring changes in revenues. All people questioned mentioned slight seasonal changes in facilities offering temporary stay. They rely on the fact that the majority of their clients are people on business trips, almost unaffected by holiday seasons. Barmo boarding house admitted increased advertising activity in summer, when the number of clients is frequently lower; Arcade hotel provides weekend discounts. Other accommodation facilities ignore the impact of seasonality on their capacity usage, regarding it to be too low (Expo apartment states only 10% changes between months). Dixon hotel compensates the negative impacts of seasonality by providing a broad scope of additional services, congress halls and availability of sports activities.

4. Conclusions

Based on the data collected by the Statistical Office of Slovak Republic and the results of our research we showed the difference between official statistics and reality. These differences were acknowledged by the employees of the Statistical Office of Slovak Republic. The most possible reasons are tax reasons and unwillingness of accommodation facilities to provide the correct data.

According to our research, accommodation capacities structure and usage seem to be adequate. This fact is again in contrast with the official statistics. The exception is the period of the grand expositions, when the accommodation capacities in the city centre are insufficient.

Quite surprising was the finding that the seasonality is not regarded as a problem for accommodation facilities in Banská Bystrica. Mostly typical urban seasonality is present, but its negative aspects are neglected by nearby nature, hills and attractions. Only some of the hotels are dealing with seasonality and that is why we would like to focus our following research on this kind of accommodation facilities.

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WPLYW SEZONOWOŚCI NA PLANOWANIE MOŻLIWOŚCI ZAKWATEROWANIA

Streszczenie

Sytuacja turystyczna ostatnio podlega różnym zmianom w porównaniu z latami poprzednimi. Powstaje wiele nowych miejsc turystycznych. Zmienia się też długość pobytu w ośrodkach turystycznych.

W artykule analizowane są możliwości zakwaterowania w Bańskiej Bystrzycy na Słowacji. W szczególności dokonana została analiza wpływu sezonowości jako najważniejszego czynnika określającego możliwości planistyczne.