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## CREATIVITY IN HOSPITALITY INDUSTRY: STUDY OF HOSTELS IN ST. PETERSBURG

Irina BOROVSKEYA<sup>1</sup>, Mariya DEDOVA<sup>2</sup>

National Research University Higher School of Economics,  
16 Sojuza Pechatnikov str., 190008 St. Petersburg, Russia  
E-mails: <sup>1</sup>[iborovskaya@hse.ru](mailto:iborovskaya@hse.ru); <sup>2</sup>[mdedova@hse.ru](mailto:mdedova@hse.ru)

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The aim of this study is to explore dimensions of creativity in hostels managerial practices taking the example of St. Petersburg. Within the study 72 semi-structured interviews were conducted with owners and employees of hostels during October–November 2012. The findings of the study identify four main managerial activities as key elements of creativity in hostels. They are: targeted recruitment, segmentation of customers, organization of space, and organization of communications both with internal and external stakeholders.

**Keywords:** creativity, hostels, hospitality, creative communication.

### Introduction

Creativity in hospitality industry has been practiced worldwide. Niche tourism market attracts more travelers, and hotels located in unusual places such as aircrafts, trains, underwater and trees find a quick sale. However, there is little literature on creativity exhibition and development in the field of hospitality and this paper seeks to fill this gap.

The purpose of this study is to explore dimensions of creativity in hostels' managerial practices. Hostels are the main object of the study being one of the newest accommodation form and at the same time one of the most creative. To our view, there are a number of

crucial factors for it. First of all, hostels belong to low-priced segment of hospitality market. Downscale price is an important, but not a determinative feature of this accommodation form. Besides hostels the low-priced segment in St. Petersburg is presented by one or two stars hotels, mini hotels with 3 up to 50 rooms and dorms. According to statistics available for 2012, there were 687 hotels in St. Petersburg with 33, 736 rooms. Among them two stars hotels together with one star hotel and mini-hotels accounted for 471 units and 8,270 rooms (Official Webpage of the City of St. Petersburg 2013). In most cases services available at these types of accommodation are quiet typical and targeted at price-oriented customers.

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In case of hostels, customers usually look for more than low price; they are also interested in social interaction. In Murphy (2001) hostels are argued to encourage social interaction of backpackers due to their communal nature. Hostels are considered to be an advantageous environmental setting, where it is possible to control the social situations. Existing studies on hostels are closely connected to the issue of backpacking tourism (Murphy 2001; Nash *et al.* 2006; Hecht, Martin 2006), which has become an object for academic research since 1970s (Cohen 1972, 1979). The main reason for this is conformance of accommodation facilities and ambience of hostels to backpackers' needs. One of the most common characteristics used by scholars for backpackers' identification is budget travelling and, therefore, budget accommodation (Loker-Murphy, Pearce 1995; Nash *et al.* 2006; Larsen *et al.* 2011), there is also a strong emphasis on meeting and socializing with other travelers as well as locals (Loker-Murphy, Pearce 1995; Murphy 2001; Sorensen 2003; Nash *et al.* 2006), flexibility in travel planning (Uriely *et al.* 2002; Welk 2004; Nash *et al.* 2006), tendency to have long vacations and engagement in informal and participatory activities (Loker-Murphy, Pearce 1995). Therefore, backpackers are characterized by a set of distinctive features that enables researches not only to distinguish them from tourists (Welk 2004), but even recognize them as a subculture (Power 2010). The scope of studies on backpackers' culture embraces such issues as travel motivations and risk concerns (Larsen *et al.* 2011), origins of backpackers (Welk 2004), approaches to identity (Maoz 2007), backpacker enclaves (Wilson, Richards 2008), sustainability of backpacker tourism (Purvis 2008). Recently some of researchers have argued development of a new sub-cultural group within backpackers – flashpackers (Hannam, Diekmann 2010; Jarvis, Peel 2010; Paris 2012). Flashpackers are featured by older age, more disposable

income, active use of communications technologies and travelling as a backpacker by own choice rather than by budgetary needs (Hannam, Diekmann 2010).

Evidences of our study show that in the case of St. Petersburg's hostels a variety of customers can't be limited to backpackers and flashpackers. Profiling hostels guests is an issue for an independent paper; however a key feature intrinsic for the majority of hostels' customers is demand for social interaction and gaining new experiences. In this sense, people, who work in hostels on satisfaction of customers' requirements, should be also creative. One of environmental stimulant for creativity identified in literature (Amabile, Gryskiewicz 1989; Amabile 1997) is freedom. Hostels as less regulated organizational settings turn out to be an attracting job place for creative people, who are aimed at self-expression and self-development. Conjunction of employees' needs and customers' expectations for creative accommodation enables hostels to gain competitive advantage.

The issue of employee creativity in hospitality industry has been addressed by a number of researchers (Wong, Pang 2003; Wong, Ladkin 2008; Hon 2012; Slåtten, Mehmetoglu 2011; Hon *et al.* 2013; Wang *et al.* 2014). However, to our knowledge, there are no studies on employee creativity in hostels. Moreover, there has not been much discussion on creativity in terms of space organization and organizational network in academic literature on hospitality industry.

In addition to studying prerequisites of creativity in hostels, it is important to identify its components. We assume that they are featured by both spatial and eventual character. Creativity in hospitality includes not only approaches to space organization, but managerial activities in building interactions in marketing environment as well. In this sense we should also study various forms of hostels' creative interactions with internal and external marketing environment.

## Material and methods

A research project conducted by the Laboratory of Economics of Culture at National Research University Higher School of Economics was designed to study all hostels working in St. Petersburg during the period of empirical data collection in October–November 2012. Using information available in open access in social media, at booking websites, online media 133 hostels were identified. An official letter with inquiry for interviews was sent to each of 133 hostels. In addition to this, phone calls were made to each of hostel. In total 54 hostels gave their approval to take part in the study.

Interviews in hostels were organized with owners of hostels and personnel: receptionists and managers. Here we need to explain that a position of a manager was presented not in all hostels, but tend to be in larger hostels, where an owner doesn't take part in operations management. Respondents vary from hostel to hostel, in some hostels interviews were conducted only with owners, in others – only with personnel and in some both with personnel and owners. This depends on willingness to participate. In total, 72 semi-structured interviews were conducted in 54 hostels.

The guide developed for the research project aiming to identify those types of creative forms of hostels' activities that enable them to hold themselves out as an essentially new stage of hospitality industry development. In general questions for personnel and owners were similar. However, interview with hostel's owners contain more questions on creation of a hostel, significance of personal networking for hostel development and strategic management. Besides, there were questions on managerial practices in operations management, target audience, marketing and promotion issues as well as interaction with other organizations, in particular with organizations of creative industries. In average interviews took from 30 minutes to one and a half hour. Data received

from interviews and observation diaries was processed using NVivo software.

## Findings

The present empirical study primarily shows the diversity of creativity level in St. Petersburg's hostels. Taking into account positioning and promotion of some of the analyzed hostels we find out that they are actually mini-hotels. Currently there are no legal definition stated in legislative regulations for hostel and corresponding standards for this form of accommodation in Russia. However, based on world practice hostel should fit "established and globally accepted criteria of shared dormitory space, common areas, low cost, and short-term stays" (Timothy, Teye 2009).

These features are used by some owners of accommodation for self identification and self proclamation as hostels. However, this treats of internal space is nor exhaustive, nor principal. According to results of interviews with the industry practitioners, the key element of hostel is ambience. Using the results of interviews we can divide owners into two main categories: those, who act like investors aiming at profitable business without taking efforts on creation of a specific marketing environment. They are targeted on satisfaction of demand for budget accommodation without provision of any additional services. In most cases, operations management is exercised by hired managers, and owners themselves take part only in strategic management. The second category represented by owners, who do care about the ambience of a hostel. They usually are familiar with foreign hostel culture that is much developed than Russian and aspire to create something similar. They take active part in creation, tactic and operations management of a hostel. They come to their hostels every day, sometimes they simply live there. In some cases it can be a family business: *"We are not planning staff increase, because we can do everything by ourselves. Every time*

*there should be somebody in the hostel, twenty four hours. Usually it is Natalia, she has a special room to sleep here, and sometimes our daughters stand by”.*

People are aimed at creation of a special place with its own ambience and they exercise creative managerial activity for running and promoting that business. One of the main reasons for such people to enter this market is a possibility of personal fulfillment and creative potential development. Their creativity in its turn is a prerequisite for creativity in hostels.

*“When I was a student I used to stay at hostels travelling across Europe. The most impression I got from the hostel “Circus” in Berlin that was a club, a bar and a hostel with unique ambience. Experience accumulated during my trips inspired me for creation of my own hostel”.*

*“I consider hostel’s customers as my guests. It is like I’m hosting people at home. I like, when customers communicate with each other”.*

All the efforts of the owners and hostels’ employees directed to make a hostel be a creative place are based on knowledge that it should be so as their customers demand it.

*“Designers, musicians, extraordinary personalities are often stay in our hostel. They find it due positioning”.*

*“During the high season mostly foreigners come to the hostel. They are from Germany, Italy, China, in the low season there are more Russians. Most of the guests are educated, sociable and open-minded people aged 18–30 years. The philosophy of the hostel means communicating, this is the place where live travelers, but not tourists”.*

Hostel differs from other accommodation facilities in specific approaches to space organization, specific management style, a way of interaction between the management and guests, a specific kind of interaction between guests, distinctive ways of interaction with external organizations. In broad sense these different types of managerial activities are linked to organization of internal and external environment.

Analyzing creative management efforts aimed at formation of creative environment we identify four main directions: targeted recruitment, segmentation of customers, organization of space, and organization of communications. These four directions in a variety of elements and forms create a phenomenon, which, in fact, is the product of hostels, making them a unique form of hospitality.

### **Forming creativity of hostels: four directions**

#### *Targeted recruitment*

In accordance with two identified approaches employees are hired. In creative hostels owners hire managers and receptionists, who are young, open, initiative and sociable. They often know English or other foreign languages. They are similar to customers and are interested in communication with them. Their efforts towards formation of favorable environment are also a prerequisite for creativity of a hostel. However, we couldn’t find any examples of these efforts being encouraged by managers within special programs like in large hotels as it is mentioned above. To our view, the reason for this is that in a hostel, like in majority of small enterprises, most of the processes are not formalized. Nevertheless, it is initially implied and owners by their own example show the desired modus operandi.

*“For the hostel the basic idea is to create a friendly environment, so the main requirement for employees is a friendly attitude towards all guests”.*

*“It is important that receptionists do not just keep sitting at the desk, they need to interact with customers, while not bothering them”.*

*“Both clients and employees are mostly hipsters. You can’t say that they have some privileges over other candidates, it just happens as this type of activity is interesting to them”.*

### Segmentation of customers

Hostels' customers are people looking for communication, new experiences and knowledge, something unusual and unique. Many of them have already traveled across Europe and are familiar with the local best practices. Thus, they expect the same from the hostels in St. Petersburg. Moreover, they form creativity in hostels by themselves through not only their expectations, but also their active participation in social gatherings and hostels' events. When forming the internal environment, managers are interested in certain homogeneity of the target audience. Casual people in hostels, who don't look for communication rather than for low-cost accommodation may negate managerial efforts to form a community of customers, employees, invited guests etc. That is the reason for managers to use such promotional methods and customer engagement strategies that allow focusing on the particularly desired segment.

*"The hostel has preferences to accommodate foreign guests as large groups of Russians cause a lot of problems, they do not have an idea of a hostel. Very often they expect to see a hotel on arrival, so they often do not like it. They do not understand that the hostel is a community".*

There are no data available on guests' opinion, but using data from hostels' owners we can conclude that customer – oriented approach is applied and opinion of creative class is taken into account.

*"We're welcoming to visitors who come on the recommendation of friends; these guests are more desirable as they already know the features of the hostel".*

*"The hostel has a policy of a 'closed organization', there is no signs to avoid casual customers. The only way to stay in the hostel is to book it through booking sites".*

Creativity of a target segment of customers is one of the main prerequisites for hostels' creativity. In its turn, creativity of hostels isn't heterogeneous and consists of many elements and is formed through different types of managerial activities.

### Organization of space

In design and interior of hostels emphasis is put not on the coziness and high level of comfort. In some case, on the contrary, conditions are not that comfortable. The comfort is measured in other terms, defined by youth. There is less space for privacy, more – for communication.

Some hostels utilize themed design dedicated to music, art, specific elements like bikes employing contemporary design style or vintage. This helps to create a special place that can attract target audience. In the same time, the interior can be a starting point for communications. In addition to direct organization of space assuming place for communication such as kitchens, living rooms, porches, and etc. some hostels allocate space for co-working. Ability to use an equipped workplace is provided as an additional service with hourly rate.

*"We provide a well-organized work space: desk, computer at the request, unlimited Internet (wi-fi), free use of office equipment".*

In some cases the use of co-working area is an integral part of living in a hostel and is included in the monthly payment.

*"We're starting a new project hostel and co-working in the same time. This business model is designed primarily for non-resident students and young entrepreneurs who are going to run a business in St. Petersburg. Only those, who has passed the preliminary interview and discussed with the owner their own projects, are allowed to accommodate in the hostel".*

### Organization of communications

Communications in hostel's space are of particular importance and are distinguished in style. Here we deal with communication between employees and customers, and communication of customers with each other.

The first type of communication is a more informal than in other accommodations. The reason for this is also specific characteristics of

employees as it was discussed above. Employees speak the same language, helps with advice, being locals stay ready to hang around.

*“Receptionists and sometimes the owner organize tours to show the city, arrange cooking classes”.*

Communication between customers is the hallmark of hostels as travelers stay in hostels for meeting new people, communicate with like-minded persons (Loker-Murphy, Pearce 1995). In addition, hostels often accommodate people who come to a concert or other event and thus have shared interests. Many of customers come in groups and can communicate in an appropriate setting with friends. Individual travelers also find new friends and associates. Provision of opportunity to discuss an important event prolongs the pleasure from the event itself.

*“Guests gather in the kitchen-living room, meet, socialize, watch TV, play cards”.*

*“Due to the proximity to the concert hall we have visitors who come to concerts of celebrities, sports or music competitions”.*

Communication is definitely possible in hotels, but it is indeed in hostels, where it can be of a system and initiated character. The owners realize that it is not enough to provide guests with a living room and a friendly receptionist and hope that communication will improve. All possible efforts should be taken to involve customers to interact and create. For this reason managers organize different events, parties and concerts and/or support customers' initiatives. A guest can spontaneously play music in hotel, but this is not the same comparing to the place, where the space is deliberately created to foster creativity.

*“We carry out different activities in the hostel such as culinary evenings. If we have small number of guests, the hostel pays for products. If there are a lot – we ask guests to make a contribution”.*

*“We have English evenings, board games, watch movies and football on the projector”.*

*“The hostel positions itself not only as a place to stay but also as a platform for creativity and*

*self-realization. You can create decorative items for the hostel, paintings; music bands can conduct rehearsals here”.*

*“We position ourselves as a hostel club. Every weekend, we hold concerts, parties and invite different bands to perform”.*

The above mentioned efforts create a special environment that is to a large extent is a product of hostel. Many customers choose hostel as accommodation to experience this environment. Creativity of managers in this sense creates a competitive advantage for hostel. However, promotion of this product is also an important issue that should also meet the requirements of creativity. The elements of creativity are visual, verbal and other components of promotion including outdoor design, design of sign-plates, motto, signs, including those placed on pavements.

The external managerial activities on interaction with other stakeholders are also taken. These creative stakeholders are represented, first of all, by creative spaces, festivals, search and entertainment web portals, on-line media. Through communicating within this environment, some hostels take part in developing a specific creative product for hospitality and tourism industries. It helps not only to create a comprehensive product, but also to strengthen creative perception of various tourism products.

*“Hostel is partner for youth festivals like Stereoleto, Street Dance, Uppsala Circus”.*

*“At the webpage of a hostel there is a news line, where all main events of St. Petersburg are highlighted. Information on all offers and contests is also published in the social network VKontakte... We are already preparing for a new festival and waiting for fans of the ‘30 seconds to Mars’ on 13 July and now we raffle old records”.*

*“We try to attract those people, who come to visit different concerts”.*

*“At the hostel webpage there is a special section ‘Visited’, where guests share their impressions and observations from various cultural events of the city”.*

One of the most common services offered by hostels is an unusual tour of

St. Petersburg – walking on roofs, bike tours, St. Petersburg at night, etc. The organization of such activities carried out in cooperation with tour guides and tour agencies.

*“In the hallway near the front desk there are plenty of leaflets offering unusual excursions and flyers with discounts in bars, clubs, etc. The hostel negotiates with the companies as it is beneficial for both sides: for a hostel this is an opportunity to provide additional services and entertain guests, for other organizations – to attract customers”.*

*“As for tourist organizations, our partners are Avito tour, which provide mainly excursion transfers; VT service, that offer a specific set of excursions and also we often address to organizations that conduct unusual tours (in bars, etc.)”.*

Interaction with the environment takes creative forms, but also promoted products are creative and related to the elements of creativity in other areas.

## Conclusions

The paradox of a hostel as an accommodation form is that a basic need of a hostel's customer is not a sleep, but communication, socialization, impressions and experience. To meet this demands hostels need to develop their creativity. Within the study we identified four main managerial activities as key directions for creativity in hostels. They are: targeted recruitment, segmentation of customers, organization of space, and organization of communications both with internal and external stakeholders.

Based on results of the study we argue that hostels are not only a segment of hospitality industry, but also a significant component of creative industries providing necessary infrastructure for stakeholders' engagement. Hostels are also an important actor in creative industries of St. Petersburg and, to our view, their influence on it will further increase due to extended external communication networks developed by them.

Future research in this field should be aimed at comparative study of hostels' creativity in various cities and countries for exploring Russian and world trends in this field, profiling hostels' customers as a subculture of creative tourism. Besides in case of St. Petersburg this theme should be further developed in terms of exploring interaction between hostels and creative industries.

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