

**Kyiv National University of Trade and Economics**  
**Hotel and Restaurant Business Department**

## **FINAL QUALIFYING PAPER**

**on the topic:**

**«AN INTERNATIONAL INTERNET MARKETING SYSTEM  
OF THE HOSTEL “DREAM HOUSE HOSTEL” IN THE HOTEL  
SERVICES MARKET OF THE NETHERLANDS»**

Student of the 2<sup>nd</sup> year, group 8a,  
Field of study 241  
«Hotel and Restaurant Business»  
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Kyiv National University of Trade and Economics  
Hotel and Restaurant Business Department  
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**TASK**  
**For a final qualifying paper**

**TETIANA A. POZNIAK**

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**1. Topic of the final qualifying paper:**

«An international internet marketing system of the hostel “Dream house hostel” in the hotel services market of the Netherlands».

Approved by the Rector’s order from October 17, 2017 year № 3328

**2. Term of submitting by a student her terminated paper: 01.11.2018.**

**3. Initial data of the final qualifying paper:**

*Purpose of the paper:* is to build an internet marketing project for the new hostel in Amsterdam (the Netherlands) using “Dream hostel” model.

*Object of the research* is the process of development an internet marketing for “Dream house hostel”.

*Subject of the research* is a set of theoretical, methodological and practical basis of development internet marketing strategy for the Netherlands.

**4. Illustrative material:**

Figures: Percentage of google traffic by result page (%), google search results, example of hostel page in google plus search, people who booked hotel on a mobile device (%), number of mobile phone messaging app users worldwide from 2016 to 2021 in billions, most popular mobile messaging apps worldwide as of April 2018, of monthly active users (in millions), DREAM Hostel chain on the map, DREAM Hostels occupancy in 2017, guest demographic details for DREAM House Hostel Kyiv in 2017, guest demographic details for DREAM Hostel Warsaw in 2017, a competitor matrix based on quality score and OTA rating, the chain of becoming a loyalty client.

## **5. Contents of a final qualifying paper:**

### CONTENT

#### INTRODUCTION

#### PART 1 THEORETICAL BASE OF INTERNET MARKETING IN HOSPITALITY BUSINESS

- 1.1. Internet marketing development. Concept of product life cycle
- 1.2. Internet marketing strategies in hospitality business
- 1.3. Trends developing in hospitality business

#### Conclusion to the part 1

#### PART 2. PRECONDITIONS TO ENTER THE INTERNATIONAL MARKET OF HOSTEL SERVICES FOR HOSTEL CHAIN “DREAM HOSTELS”

- 2.1. Analysis of the hostel business activity
- 2.2. Marketing report for DREAM House Hostel Kyiv
- 2.3. DREAM Hostel competitors comparative analysis

#### Conclusion to the part 2

#### PART 3. REALIZATION INTERNET MARKETING OF HOSTEL NETWORK “DREAM HOSTEL” IN THE MARKET OF HOTEL SERVICES IN AMSTERDAM (THE NETHERLANDS)

- 3.1. Market segmentation and target market selection for DREAM Hostel chain
- 3.2. Determine the effectiveness to enter the international market of hotel services for hostel chain
- 3.3. Innovations for DREAM Hostel Amsterdam as a part of internet marketing strategy

#### Conclusion to the part 3

#### CONCLUSIONS

#### REFERENCES

#### APPENDECIES

## **6. Time schedule of the paper:**

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
		de jure	de facto
1	Selection and approval of the final qualifying paper's topic	01.09.2017.- 31.10.2017.	01.09.2017.- 31.10.2017.
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**7. Date of receiving the task:** December28, 2017.

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Margarita H. Boyko

**10. The task received by the student**

\_\_\_\_\_  
Tetiana A. Pozniak

**11. Resume of a scientific adviser of a final qualifying paper:**

Student Tetiana A. Pozniak performed the final qualifying paper in a due time according to the schedule. According to content, structure and design the performed work meets the requirement. Final qualifying paper performed the actual theme. In the first chapter the theoretical position dedicated to theoretical basis of different marketing strategies and internet marketing trends in the international market of hotel and hostel services.

In the second chapter of final qualifying paper has been analyzed the business activity of the DREAM Hostel chain. The efficiency of brand portfolio as international hostel chains and analyzes of marketing report. Comparing different periods, cities and predictions for the future years. Preconditions to enter the international hostel market such as analyze of the biggest hostel chains in Europe and future competitors in Amsterdam (The Netherlands).

The third chapter is dedicated to the effectiveness of enter international market in Amsterdam (The Netherlands), which was checked. And new trends and technologies as a part of internet marketing strategy for future realization in new hostel. The purpose of the final qualifying paper was achieved and scientific tasks which were put met the execution. The work is recommended for the defense in the examination committee.

Scientific adviser of a final qualifying paper \_\_\_\_\_ Margarita H. Boyko

### **13. Resume about a final qualifying paper:**

A final qualifying paper of student Tetiana A. Pozniak can be admitted to defense to the Examination Commission

Head of the English Speaking

Master Program

\_\_\_\_\_ Margarita H. Boyko

Head of the Department \_\_\_\_\_

\_\_\_\_\_ Margarita H. Boyko

\_\_\_\_\_, 2018

## **CONTENT**

INTRODUCTION.....	7
PART 1 THEORETICAL BASE OF INTERNET MARKETING IN HOSPITALITY BUSINESS.....	11
1.1. Internet marketing development.....	11
1.2. Internet marketing strategies in hospitality business.....	16
1.3. Trends developing in hospitality business.....	22
CONCLUSION TO PART 1.....	26
PART 2 PRECONDITIONS TO ENTER THE INTERNATIONAL MARKET OF HOSTEL SERVICES FOR HOSTEL CHAIN “DREAM HOSTELS”.....	28
2.1. Analysis of the hostel business activity.....	28
2.2. Marketing report.....	35
2.3. DREAM Hostel competitors comparative analysis.....	42
CONCLUSION TO PART 2.....	52
PART 3 REALIZATION INTERNET MARKETING OF HOSTEL CHAIN “DREAM HOSTEL” IN THE MARKET OF HOTEL SERVICES IN AMSTERDAM (THE NETHERLANDS).....	54
3.1. Market segmentation and target selection for DREAM Hostel chain.....	54
3.2. Determine the effectiveness to enter the international market of hotel services for hostel chain.....	63
3.3. Innovations for DREAM Hostel Amsterdam as a part of internet marketing strategy.....	67
CONCLUSION TO THE PART 3.....	74
CONCLUSIONS.....	76
REFERENCES.....	81
APPENDECIES.....	87

## INTRODUCTION

**Relevance of the topic.** 2017 was a strong year for tourism. Figures from the United Nations' World Tourism Organization (UNWTO) show a 7% increase in international tourist arrivals – a result they called “remarkable” because it’s the strongest growth recorded in seven years.

And this achievement was a truly global effort.

Europe, despite its geographic size and market maturity, posted results only emerging destinations can dream of – 8% growth to be exact. Africa also achieved growth of 8% with Asia and the Pacific seeing an uplift of 6%. The Middle East saw a strong recovery coupled with continued growth in some of its countries and the Americas managed a 3% increase, according to the findings.

These numbers mean that more than 87 million additional people travelled internationally during 2017 than in 2016, representing a huge opportunity for hotels all around the world.

The way in which travelers research, evaluate and book hotels has changed over the past five years. Previously, when a typical traveler wanted to find a suitable hotel, be it for business or leisure purposes, there were very few ways of finding credible and reliable information to help in the decision making process.

Distribution channels that are used by hotels are discussed, with particular reference to the online channels that are becoming increasingly important. The web and mobile technology are reviewed in depth with industry examples helping to highlight the main issues.

Social media, one of the key issues affecting the industry at current is examined in detail, considering key media and their impact upon the marketing of hotels. Another increasingly important aspect of marketing is evaluated, that of hotel review sites.

The growth of social media – systems on which users can interact and exchange information with other users just like themselves – has helped address this issue. Instead of turning to professionals, consumers are increasingly seeking guidance on what products to buy or which hotels to stay in from their peers – in effect other consumers just like themselves.

Hospitality industry growing fast because of the big tendency for traveling nowadays. That's why cheap accommodation started to be more popular for young age group, for independent traveler that would like to meet people around the world and just cozy and nice atmosphere.

Hostel is not a new word for hospitably industry. But it is quite new for eastern European market. But for Western Europe is a normal practice and high competitor level.

Nowadays, travelers sometimes still choose to stay at hostels because of how cheap they are. More often though, people are staying in hostels for other reasons: sharing experiences with new friends and meeting people from different cultures. For most of these travelers, it's much more about a new way to travel and learn about the world than to stay some place for cheap.

In terms of facilities, many hostels have everything you would expect from hotels and much more besides. You should always read each hostel's description carefully on our website before you book, but here are some of the facilities you can expect to find at most hostels. Like luxurious bed, roof terrace, fun events, fancy bathroom, swimming pools, healthy food and drinks, common kitchen, free Wi-Fi, local travel secrets. This is what traveler of 21<sup>st</sup> century need.

The hostel world today is saturated with so many options per city or country or area it is ever so difficult to choose the "best" one out of the many options the market offers. Nowadays there are hostels for every category and in almost any neighborhood across the world and competition among them is very high. Yes, there are enough travelers to cover the offer and even if some hostels don't have SEO strategies, they can still be in business and survive the competitive tourism world.

Hostels have to do more than promote the website for bookings, they need to engage travelers with different but relevant content to their hostels and the things to do around them so a community can start getting together around your posts. Not only selling, but creating a community is important for travelers and tourism providers as well. It is this community that will bring more customers. Things to do in the city,



landmarks, tours, weather, amazing pictures, videos and much more will improve SEO score and will attract traffic to the webpage.

A hostel is a good business as travelling is becoming easier every day. Competition is very high and if hostels do things the old-school way they will be left behind in this digital world. Travelers are younger and technology is spreading at a rapid pace so hostels should keep up by using some of these tips and applying them to their websites. It is not something that happens overnight, but consistency will pay off in the near future.

**Purpose of research** is to build an internet marketing plan for the new hostel in Amsterdam (the Netherlands) using “Dream hostel” model, to create guidelines and suggestions for the hostel chain, and implementation of new principals in overall operation of the hotel industry based on the study of new conceptual framework and methodological approaches.

**Tasks of research.** To achieve of defined purpose it is necessary to solve the following scientific and practical tasks:

- to research strategies for internet marketing for hotel services international hotel chains;
- to research essence of methodical bases of internet marketing for hostels;
- to research new trends in hospitality in conditions of international hotel business;
- to create brand portfolio of international hostel chains;
- to analyze main hostels chain in Europe by quality, OTA rate and internet marketing strategies;
- to create market segmentation and target selection for international hostel chain;
- to analyze marketing report for different properties of the hostel chain;
- to explore essence of effectiveness to enter the international market for hostel chain;
- to create new innovations for hostel chain in internet marketing.

**The object of the research** is the process of development an internet marketing for “Dream house hostel”.

**The subject of the research** is a set of theoretical, methodological and practical basis of development internet marketing strategy for the Netherlands.

**Methods of research.** The theoretical basis of the study were the foreign and domestic fundamental assumptions of international marketing and strategical marketing. In order to achieve a particular purpose we used different scientific methods: qualitativemethod of knowledge to analyze results and relate these findings for marketing report, dialectical and system method of knowledge in order to research works of leading scientists about the nature of internet marketing, the method of economic analysis in order to analyze data of hostel industry enterprises and to detect changes in relative and absolute indicators, quantitative research method to analyze statistically and thematically information about trends and patterns of dynamics of the revenue management.

**Scientific innovation** is summary of theoretical and methodological positions and practical aspects of internet marketing applied to hospitality industry, particularly in hostel business.

The practical significance lies in comprehensive analysis of the theory and the formation of hotel marketing strategy in a market economy has made it possible to obtain scientific results that could be used in a practice.

Publications. The main theoretical position of the master diploma elucidation in the scientific article «Hospitality marketing trends for hostels», published in a collection of articles KNTEU.

Work structure. Master diploma paper consists of an introduction, three chapters, conclusions, references in items, conclusions and appendices. The main text of 74 pages is representing the 20 tables and 12 figures.

## **PART 1**

### **THEORETICAL BASE OF INTERNET MARKETING IN HOSPITALITY BUSINESS**

#### **1.1. Internet marketing development**

Internet marketing is the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising, and any other digital medium [11].

Internet marketing's development since the 1990s and 2000s has changed the way brands and businesses use technology for marketing. As digital platforms are increasingly incorporated into marketing plans and everyday life, and as people use digital devices instead of visiting physical shops, internet marketing campaigns are becoming more prevalent and efficient [12].

Internet marketing methods such as search engine optimization (SEO), search engine marketing (SEM), content marketing, influencer marketing, content automation, campaign marketing, data-driven marketing, e-commerce marketing, social media marketing, social media optimization, e-mail direct marketing, display advertising, e-books, and optical disks and games are becoming more common in our advancing technology. In fact, internet marketing now extends to non-Internet channels that provide digital media, such as mobile phones (SMS and MMS), callback, and on-hold mobile ring tones. In essence, this extension to non-Internet channels helps to differentiate digital marketing from online marketing, another catch-all term for the marketing methods mentioned above, which strictly occur online.

One of the major changes that occurred in traditional marketing was the "emergence of digital marketing", this led to the reinvention of marketing strategies in order to adapt to this major change in traditional marketing [39].

As digital marketing is dependent on technology which is ever-evolving and fast-changing, the same features should be expected from digital marketing developments and strategies. This portion is an attempt to qualify or segregate the notable highlights existing and being used as of press time.

*Segmentation:* more focus has been placed on segmentation within digital marketing, in order to target specific markets in both business-to-business and business-to-consumer sectors.

*Influencer marketing:* Important nodes are identified within related communities, known as influencers. This is becoming an important concept in digital targeting. It is possible to reach influencers via paid advertising, such as Facebook Advertising or Google AdWords campaigns, or through sophisticated sCRM (social customer relationship management) software (see table 1.1), such as SAP C4C, Microsoft Dynamics, Sage CRM and Salesforce CRM. Many universities now focus, at masters level, on engagement strategies for influencers.

Table 1.1

### Major CRM-Data Base Tasks [50]

To identify prospects	Made with a help of response feature (address, mail, others) contained an advertising
To decide which customers should receive a particular offer	Companies set up criteria describing the ideal target customer for a particular offer. Then they search their customer databases for those who most closely resemble the ideal type.
To deepen customer loyalty	Companies can build interest and enthusiasm by remembering customer preferences; be sending appropriate gifts, discount coupons, and interesting reading material.
To reactivate customer purchases	By installing automatic mailing programs (automatic marketing) that send out birthday or anniversary cards,

	shopping reminders, or promotions.
To avoid serious customer mistakes	E.g., purchase offering the same customer at different prices, giving a premium customer only a standard service .

To summarize, Pull digital marketing is characterized by consumers actively seeking marketing content while push digital marketing occurs when marketers send messages without that content being actively sought by the recipients.

Online behavioral advertising is the practice of collecting information about a user's online activity over time, "on a particular device and across different, unrelated websites, in order to deliver advertisements tailored to that user's interests and preferences [15].

Collaborative environment: A collaborative environment can be set up between the organization, the technology service provider, and the digital agencies to optimize effort, resource sharing, reusability and communications [17].

Additionally, organizations are inviting their customers to help them better understand how to service them. This source of data is called User Generated Content. Much of this is acquired via company websites where the organization invites people to share ideas that are then evaluated by other users of the site. The most popular ideas are evaluated and implemented in some form. Using this method of acquiring data and developing new products can foster the organizations relationship with their customer as well as spawn ideas that would otherwise be overlooked. UGC is low-cost advertising as it is directly from the consumers and can save advertising costs for the organization.

Data-driven advertising: Users generate a lot of data in every step they take on the path of customer journey and brands can now use that data to activate their known audience with data-driven programmatic media buying. Without exposing customers' privacy, users' Data can be collected from digital channels (e.g.: when customer visits a website, reads an e-mail, or launches and interact with brand's mobile app), brands can also collect data from real world customer interactions, such as brick and mortar stores visits and from CRM and Sales engines datasets. Also known as people-based marketing or addressable media, data-driven advertising is empowering brands to find

their loyal customers in their audience and deliver in real time a much more personal communication, highly relevant to each customers' moment and actions [42].

An important consideration today while deciding on a strategy is that the digital tools have democratized the promotional landscape.

**Remarketing:** Remarketing plays a major role in digital marketing. This tactic allows marketers to publish targeted ads in front of an interest category or a defined audience, generally called searchers in web speak, they have either searched for particular products or services or visited a website for some purpose.

**Game advertising:** Game ads are advertisements that exist within computer or video games. One of the most common examples of in-game advertising is billboards appearing in sports games. In-game ads also might appear as brand-name products like guns, cars, or clothing that exist as gaming status symbols.

The new digital era has enabled brands to selectively target their customers that may potentially be interested in their brand or based on previous browsing interests. Businesses can now use social media to select the age range, location, gender and interests of whom they would like their targeted post to be seen by. Furthermore, based on a customer's recent search history they can be 'followed' on the internet so they see advertisements from similar brands, products and services [29].

This allows businesses to target the specific customers that they know and feel will most benefit from their product or service, something that had limited capabilities up until the digital era.

***Concept of product life cycle*** first referenced in the 1920s, the product life cycle applies biological knowledge to products. In nature, a seed is planted, begins to sprout, becomes an adult then eventually withers away and dies. The product life cycle focuses on introduction (seed), growth (sprout), maturity (tree) and decline (death) phases. Each phase has its own marketing mix strategy and implications regarding product, price, distribution and promotion.

Sometimes, the life cycle concept applies to a brand or category of product. Fad items have a cycle of a few months, but some categories, will be around for at least a century. During its incubation period, the product is developed and perfected. There are

no sales during this preparatory period, but the manufacturer prepares for the product's introduction into the marketplace [10].

*Table 1.2*

Product Life Cycle

Introductionstage	<p>You can expect sales to be low while you perform introductory marketing to create awareness. Your primary goal during this stage is not to make a profit. Instead, you want to let customers know what your product does, and why it is special.</p> <p>Early efforts focus on promotion and recognition. Until customers know about the product, they will not buy it.</p>
Growth stage	<p>The growth stage is all about increasing sales and gaining consumer loyalty. Competitors usually appear during the end of the growth phase. Increased advertising builds brand preferences. Continuing to roll out new product features, improvements or upgrades keeps your customers wanting more</p>
Maturitystage	<p>If your product survives the first two stages, it will spend the most time in this phase. During the maturity stage, you will seek to maintain market share and extend your product's life cycle. Tweaking your product to make it unique helps it stand out from competitors. Keeping an eye on the competition and pricing your product accordingly conserves market share, while avoiding price wars.</p> <p>Finally, promoting brand loyalty and offering consumer incentives spurs customers to switch to your brand.</p>
Declinestage	<p>During the decline stage, demand for your product decreases along with both price and profit margin. Now, you have three choices: maintain the product and hope competitors do not, harvest the product and continue making profit as long as possible, or discontinue the product. Reducing the number of products, and</p>

refreshing the packaging can make them look new again.
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The product life cycle model is by definition simplistic. It is used to predict a likely shape of sales growth for a typical product.

Whilst there are many products whose sales do indeed follow the classic shape of the life cycle model, it is not inevitable that this will happen.

For example, some products may enjoy a rapid growth phase, but quickly move into a decline phase if they are replaced by superior products from competitors or demand in the market overall declines quickly [59].

Other products with particularly long life cycles seem to enjoy a maturity phase that lasts for many years.

## **1.2. Internet marketing strategies in hospitality business**

Of all the sectors in the international economy, none is affected by internet trends as much as the hospitality industry. Most of the customers in this industry are social travelers and tourists, who spend a lot of hours online researching on places to visit, hotels to book, and restaurants to dine in. Therefore, internet marketing has become the most viable way of getting to potential customers, establishing a brand, and developing a group of loyal customers [5].

In the hospitality industry, there are multiple marketing strategies that have proven to be effective for most businesses. These include:

### High quality commercial photography.

Taking a good quality photo is a lot harder than we think. Elements such as lighting, composition and post production play a huge role in how good your photos look. People are visual creatures and particularly with accommodation a large part of their decision will be swayed by the quality of your website photography.

Again, high quality photos are an easy way to increase bookings without necessarily increasing website traffic.

### Accepting credit cards online.



Accepting credit cards online is easy too. Most business owners aren't aware that PayPal also allows you to take credit cards as well as PayPal payments and doesn't require a big upfront investment to setup like a full bank merchant facility.

Online booking capability.

Often online booking capability is overlooked or undervalued. Today's consumer books their travel and flights online and expects the ability to book directly on website. Quite simply, if you don't have online booking capability you're losing customers. If you take two accommodation providers and all things are equal between the two of them, the site that accepts online reservations is more than likely going to get the booking.

Optimize website for search engines.

SEO is a search engine optimization involves making critical updates to website's content, code, links, and occasionally layout to improve its likelihood of ranking in user searches. Essentially, it's the process by which you can improve hotel's website to make it more likely to show up when someone searches for something like "book a hotel in [your city]."

*Table 1.3*

The top 10 results for Google result page

Google result page rank	Average traffic share
1	32,5%
2	17,6%
3	11,4%
4	8,1%
5	6,1%
6	4,4%
7	3,5%
8	3,1%
9	2,6%
10	2,4%

It's one of the most important things that hotels can do to increase their online bookings. Research has shown that the top result in searches gets around 33% of clicks. This drops to 17% for the second result and 11% for the third. If you're on the second page, you're looking at about 1% or less [52].

According to Search EngineWatch [54], the top listing in Google's organic search results receives 33 percent of the traffic, compared to 18 percent for the second position, and the traffic only degrades from there (table 1.3).

While being the number one result on a Google search results page is obviously important, these numbers show just how big of an advantage websites of this type have over any competitors listed below them. The importance of SEO for online business is seemingly quantified by these latest statistics, which, judging by their similarity to those observed as part of the 2013 study, are not likely to change significantly in the near future.

For many, it'll come as no surprise that the findings also showed a significant drop in traffic from Page 1 to Page 2 results. Page 1 results garnered 92 percent of all traffic from the average search, with traffic dropping off by 95 percent for Page 2.

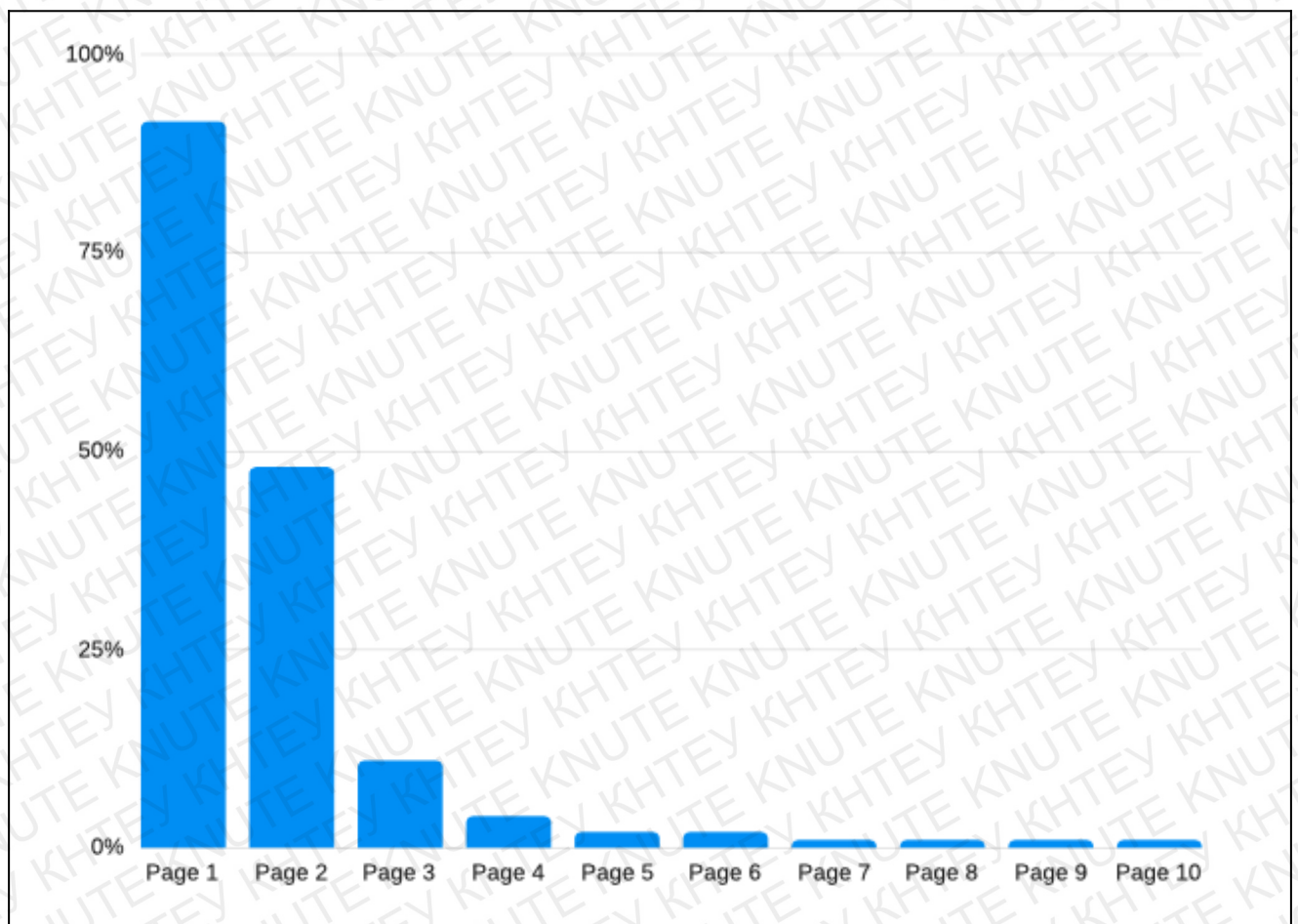


Figure 1.1 Percentage of google traffic by result page (%) [43]

And whether you're on Page 1 or Page 4, Chitika reports the top position consistently sees more traffic than others on the page. On Pages 2, 3 and 4, traffic dropped by 27 percent, 11.3 percent and 5.4 percent respectively from the first position to second position[38].

For this study, Chitika examined tens of millions of online ad impressions where the user was referred to the page via a Google search. Chitika says that from the referring Google URL, the study was able to extract the position the page was on within the prior search results page.

SEO for hotel websites can be very beneficial, as long as you play by the rules. Here are a few more things to keep in mind for optimize site for search.

Never use keyword stuffing. This is when you write sentences or paragraphs that don't make any sense but are stuffed full of the words and phrases you want to rank for. Google frowns on this activity, and potential guests who see it are likely to get confused and leave your site.

Be wary of agencies or companies that promise immediate results. SEO takes time, dedication, and significant planning to do properly. Anyone who promises you a #1 spot in a week is probably trying to scam you. Only work with SEO partners who have an established reputation, good client feedback, and who offer you more realistic timelines and plans.

Allow time for your changes to take effect. SEO is not instantaneous, and it will take time to see results. Wait several weeks before deciding that a particular change or activity hasn't had the desired effect.

This is why SEO is crucial: if there are competing with two nearby hotels for the top position for "hotel in [your city]," improvising position in search can result in a large increase in clicks to your site. Quite obviously, if visitors like what they see on website, they are more likely to book a stay [3].

### *Strengthen local SEO*

Google My Business gives hotel managers a way to stand out in searches, offer quick information about their business, and make it easy for potential guests to get in

touch with property. After set up a My Business profile, hotel be able to add the following information:

- location, contact information, and hours of operation;
- photos of the hotel;
- a short description;
- links to other websites where hotel may be featured (like Yelp or TripAdvisor);
- optionally, the cost and availability of rooms.

Also, setting up this profile will allow guests to review hotel, and have their review featured right on the Google search results (figure 1.2).

The screenshot displays a Google search result for 'DREAM Hostel Lviv'. The top section features a map with a red location pin and a photo of the hostel's reception area. Below the map, the hotel name 'DREAM Hostel Lviv' is prominently displayed, along with a 'BOOK A ROOM' button and a 4.9-star rating from 515 Google reviews. The address is listed as 'Krakivska Street, 5, L'viv, L'vivs'ka oblast, 79000' and the phone number as '0322 471 047'. A 'Check availability' button is visible, showing dates for Monday, Nov 26 and Tuesday, Nov 27 for 2 guests. A 'DEAL' banner indicates '63% less than usual'. Two booking options are shown: Booking.com for UAH 390 (2 guests) and Hostelworld for UAH 393 (4 guests). The right-hand side of the page contains 'Hotel details' describing the location, 'Service & facilities' including laundry, restaurant, and bar, a 'Review summary' with a 4.1 rating for rooms and 4.9 for location, and a 'Questions & answers' section with one question and one answer.

Figure 1.2 Example of hostel page in google plus search

Having this information available up front can provide enormous benefits for hotel. If you neglect this strategy in your hotel Internet marketing plan, you will be sacrificing many potential guests. One study found that 40% of mobile searchers are looking for travel-related information, like hotels, are likely to place phone calls if the option is available. Setting up your Google My Business page can make that option available instantly.

Strengthening your local profile isn't all about Google, of course. Many local searches will also take potential guests to review websites like Yelp, TripAdvisor, Hotels.com, Oyster, and so on. Ensuring that your profile is complete on these websites, that you have added multiple professional photos, and that you are reviewing and responding to reviews can also be a huge boost to your hotel's online presence—not to mention, its reputation.

#### *Encourage interaction on social media*

Social media for hotels can be tricky. Some hotel chains have created Facebook, Twitter, and Pinterest accounts because it was recommended to them. They worked hard to attract fans and followers, only to be disappointed when their updates and content didn't reach the number of people they anticipated.

The biggest reason that hotels and social media haven't meshed well is due to the approach. Most consumers follow a page on social media because it represents a product they use frequently, a service they love, or a brand they have affinity for. Hotels, however, often represent a very temporary place in a guest's life, and it may take a long time—and a large number of stays—for them to develop an attachment to your location or chain over another.

Because hotels may have a hard time gaining a large number of engaged fans to consume their content or make future bookings, a shift in approach is recommended. For hotels, social media can be an incredible way to encourage interaction with past, current, or future guests, solve customer service issues in a timely manner or highlight the positive experiences that guests have had at your hotel.

Linking to social media pages from hotel website, and ensuring that they are checked regularly, can help encourage potential guests to contact there. Also may want

to add a tagline to website, such as, "contact us on Facebook or Twitter with any questions we may answer about your stay"—to encourage this behavior.

If property are highly responsive and friendly on social media, potential guests will be more likely to book with you or perhaps consider making you their hotel of choice for future stays. Social media also helps humanize your business so that you can more easily relate to customers, making it a valuable part of an overall hotel internet marketing strategy [46].

### **1.3. Trends developing in hospitality business**

The hostel itself is undergoing its own transformation to take a larger slice of the hospitality market. Private rooms and designer hostels are now the standard (9 in 10 hostels have private rooms), replacing the dormitory hostel image of the past.

This changing traveler profile and new breed of hostel are remaking the market. Even though millennial hostel travelers tend to be much younger and have a lower overall average income, they spend at similar or even greater levels than the general traveler population. One in four expect to be able to book their accommodations on their mobile devices, and 93 percent used their phone while traveling. As such, they can easily compare and contrast experiences on the go. Hostels have risen to the occasion by offering amenities that cater to a more demanding clientele, such as free Wi-Fi, on-site food and beverage, daily cleaning services, social events, bicycle rentals, libraries and media centers [48].

As for most industries, it's important for the Hostel industry to adapt to the digital age in order to remain successful, especially with the expansion of people searching for the best hotel deals online. To remain competitive means constantly being up to date with the latest digital marketing trends.

*Have a Mobile-friendly web-site.* Creating a mobile-friendly website is a necessity for growth in the Hotel industry. With more and more people using their mobile phones to initially search several different hotels at once and book their hotel stays online, the importance of an accessible website via mobile is clear (figure 1.3).

According to ABTA’s Holiday Habits report 2017, Bookings on mobile devices have leaped from 13% to 20% in the space of 12 months, whilst PC bookings had fallen from 92% to 85% [41].

You want your website to be available to as many users as possible to increase potential bookings, regardless of the device they are using. Not only should your website be accessible by all devices, but the quality of the website on all devices should be the same. This prevents any of the users avoiding booking a stay at your hotel because the site isn’t of great quality.

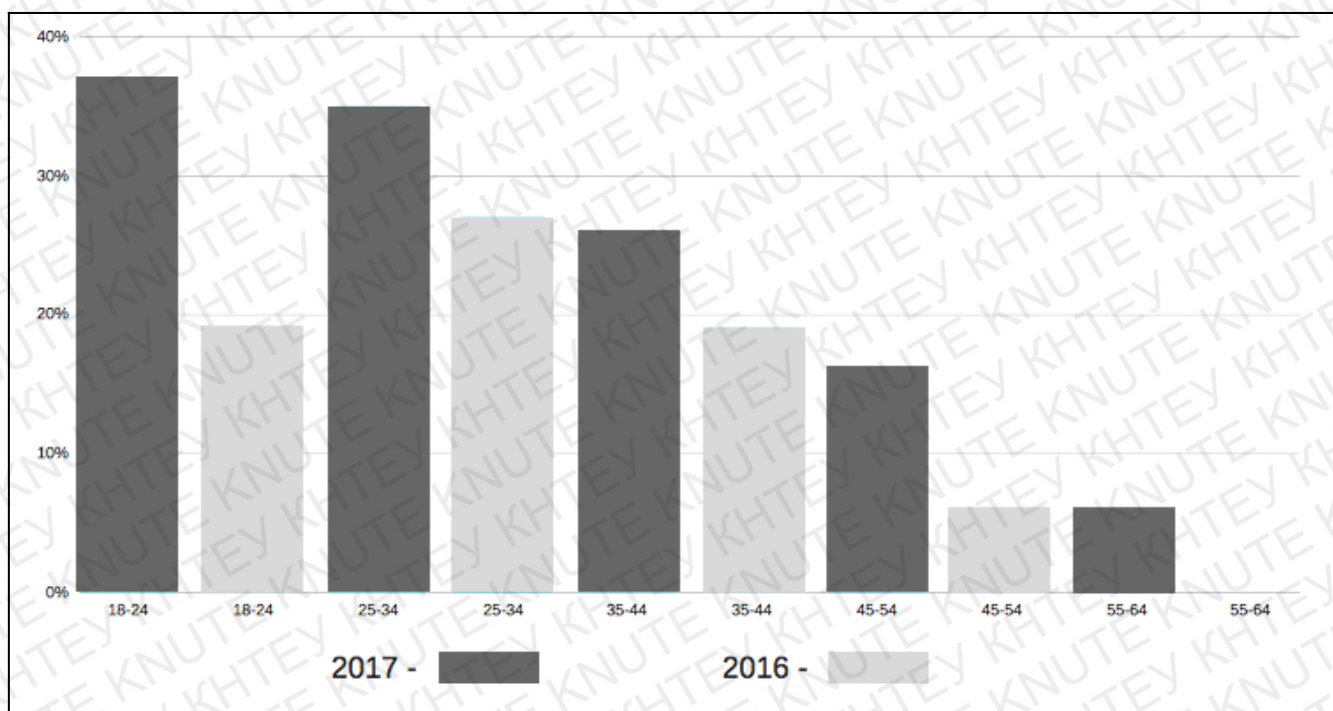


Figure 1.3 People who booked hotel on a mobile device (%)

Mobile will Take Over Desktop. It has long been predicted that mobile bookings will exceed desktop bookings as smartphones and tablets take control of our lives. Even if guests do not book their trip on mobile, it’s highly likely to interact with you at some point on mobile (figure 1.4).

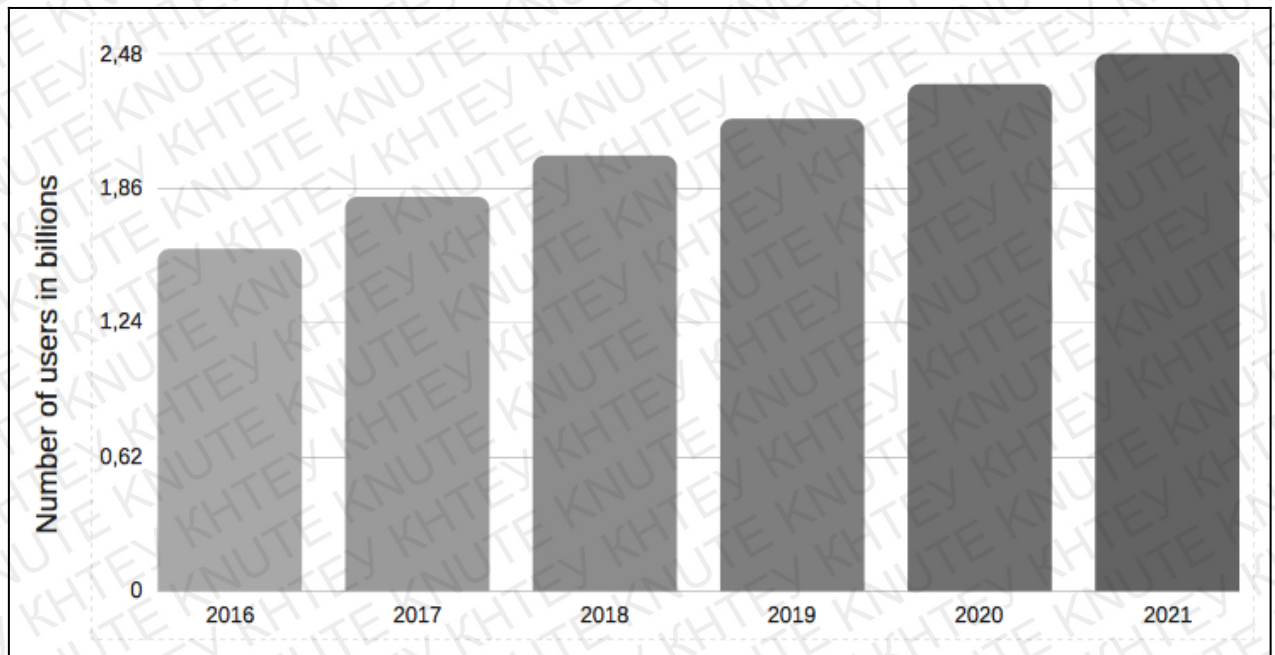


Figure 1.4 Number of mobile phone messaging app users worldwide from 2016 to 2021 in billions

This statistic presents the number of mobile phone messaging app users worldwide from 2016 to 2021. In 2016, 1.58 billion mobile phone users accessed over-the-top messaging apps to communicate. This figure is projected to grow to 2.48 billion users in 2021 [32].

Multy-channel communication or live chat. Communication is key and live chat windows, either on your property's website or through another platform like Facebook Messenger, are among the newest and most effective communication channels

Over the years, we've been introduced to countless different mediums of communication. From SMS and email to Facebook Messenger and chatbots, there are countless ways for customers to get in contact with you.

Live chat works well because you're able to supply information and fulfill requests in real time, unlike emails which may take longer to respond to. Chatbots and artificial intelligence are poised to be two of the next big things, especially in service industries like hospitality. The possibilities with artificial intelligence are endless, and we'll soon have fewer paper guides and maps in properties. Technology already has the ability to replace in-room guides, but artificial intelligence will take it to the next level



and for guests to experience a new level of personalization without even talking to someone [22].

However, the chatbots and the artificial intelligence that will power them are still a couple years away from making their prime time debut, especially for independent properties.

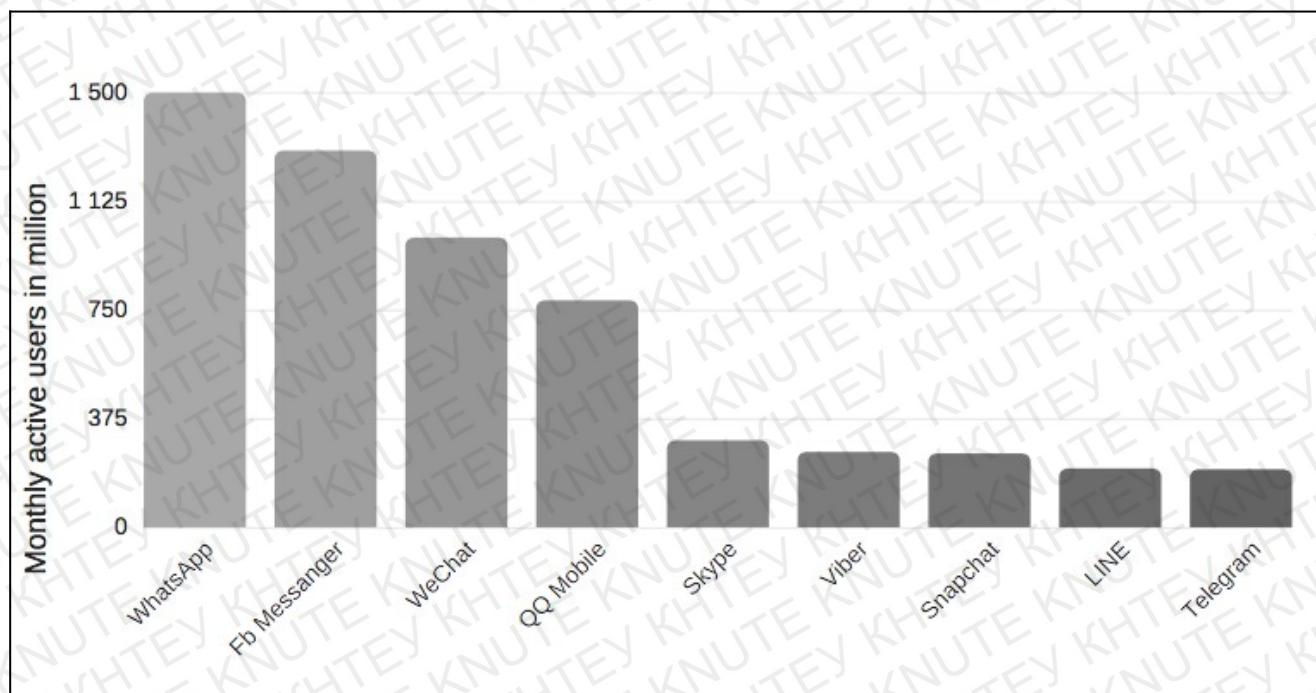


Figure 1.5 Most popular mobile messaging apps worldwide as of April 2018, of monthly active users (in millions)

This statistic gives information on the most popular messaging apps worldwide as of April 2018, based on number of monthly active users. As of that month, 203 million users were accessing the LINE messenger app on a monthly basis [31].

Instant messaging is a type of online chat which offers real-time text transmission via internet. Since the appearance of smartphone and the subsequent explosion of mobile apps, low-cost or free chat and social messaging apps have proven themselves as a cheap alternative to operator-based text messaging via SMS. Many messenger apps offer features such as group chats, the exchange of graphics, video and even audio messages as well as stickers or emoticons.

*Video Will Dominate the Web.* Using videos to market your property will remain popular in 2017. Facebook now gives preference to video content and YouTube remains one of the strongest platforms. Video content comes in many different forms and your property can experiment with it different ways. People and businesses are now using video on all sorts of different platforms to entice and educate potential consumers [31].

*Reputation Management Takes Center Stage.* Online review websites have done an incredible job at building loyal fan bases and generating a lot of traffic. It's important to keep an eye on all of your online platforms and ensure that you're staying ahead of any negative reviews. We believe it's good practice to respond to all of your reviews, but at the very least, all user-generated negative reviews should be addressed [55].

*Focus on Location.* Local and shared experiences will be at the forefront of hospitality trends in 2018, which means that your property should capitalize on the local area. There are a few different ways you can bring focus to your location's unique aspects. First and foremost, create trainings for your staff and concierge so that you're up-to-date on local trends and the best spots for different types of guests. Many properties have staff from all over the country and world, so they may not always know the area well.

Second, as a part of your content strategy, include guides and posts about your location. Not only is this good for search engine optimization purposes, but also for your staff to direct guests while they are at your property. Maps and city guides are especially helpful for guests who are on the go. Don't forget that physical guides are a good idea too, especially if your property attracts a lot of international guests [31].

*Have Fun!* Travel marketing should be fun! Travel and wanderlust are everlasting themes of the internet and your property can greatly benefit from these trends. Independent hoteliers and operators are some of the most passionate people we've met and if you infuse that into your marketing, you'll reap the benefits. When making your plans this year, don't forget to let your own passion shine through.

## **CONCLUSION TO PART 1**

1. One of the major changes that occurred in traditional marketing was the "emergence of digital marketing", this led to the reinvention of marketing strategies in order to adapt to this major change in traditional marketing.
2. Being the number one result on a Google search results page is obviously important. Page 1 results garnered 92 percent of all traffic from the average search, with traffic dropping off by 95 percent for Page 2. This is why SEO is crucial: if there are competing with two nearby hotels for the top position for "hotel in [your city]," improvising position in search can result in a large increase in clicks to your site.
3. Millennial hostel travelers tend to be much younger and have a lower overall average income, they spend at similar or even greater levels than the general traveler population. One in four expect to be able to book their accommodations on their mobile devices, and 93 percent used their phone while traveling.
4. The key to marketing and promotion on digital media is that one has to be aggressive at all costs. Whether that entails following people until they follow your Twitter account, inviting just about everybody to like your Facebook page, or following up with your customers, friends, and peers to rate your app until the effort has reached a plateau, the key is aggression and in your face promotion. In other words, one need not shy from sending invites on Facebook and sending as many alerts and messages to ask the customers and users whether they would like notifications and promotional messages to their emails and social media accounts.
5. To remain competitive means constantly being up to date with the latest digital marketing trends: have a mobile-friendly web-site, using videos to market your property, local and shared experiences will be at the forefront of hospitality trends and reputation management takes center stage.
6. Chatbots and artificial intelligence are poised to be two of the next big things, especially in service industries like hospitality. The possibilities with artificial intelligence are endless, and we'll soon fewer paper guides and maps in properties.

## **PART 2**

### **PRECONDITIONS TO ENTER THE INTERNATIONAL MARKET OF HOSTEL SERVICES FOR HOSTEL CHAIN “DREAM HOSTELS”**

#### **2.1. Analysis of the hostel business activity**

The day of a business owner consists of decisions that impact daily productivity and company growth. To help run the company more efficiently, the company owner puts together policies and programs that address basic business activities [6].

It make possible for all employees to understand how to carry out basic tasks and allow the company to operate more efficiently together. Identifying basic business goals make the hostel work easier and help staff with understanding of what they are doing.

The object of my research, I chose the international company DREAM Hostels with headquarter in Kyiv. It is 12 year old company with 8 years of experience in hospitality business (table 2.1). Two years ago company become international. Functioning in 6 countries: Ukraine, Poland, Czech Republic, Slovakia, Hungary and Italy (figure 2.1).

DREAM Hostels is a fast-growing chain of professional new-generation hostels in Ukraine and Eastern Europe, has received awards from well-known tourist resources such as booking.com, HostelWorld and Tripadvisor [34].

First hostel has located in Kyiv in heart of Podil area on April 2012. Right before football championship. All country prepared for this big event. So time for big opening was perfect. After 6 years hostel have had a lot of changes but still is the best hostel in Ukraine according to HostelWorld from 2016 and 2017.

After four years founders decided to open hostel in Poland, Warsaw. Location is great, but needed more investment for reconstruction and new patented DREAM-bed.

There was a lot of problems, but in 2 years everyone understood that it was right decision.

*Table 2.1*

DREAM Hostel chain

Country	City	Functioning from	Bednights	Rooms
Ukraine	Kyiv	April 2012	100	25
	Lvov	July 2017	150	30
	Odessa (franchising)	May 2015	26	5
	Zaporizhia (franchising)	November 2016	60	10
	Poltava (franchising)	June 2016	55	8
	Rahov (franchising)	January 2015	48	8
	Khmelnitskiy (franchising)	Opening on spring 2019	-	-
	Bukovel (franchising)	Opening on winter 2019	-	-
Poland	Warsaw	May 2016	160	45
Slovakia	Bratislava	August 2017	130	25
Czech Republic	Prague	November 2018	210	45
Hungary	Budapest	Opening in 2019	300	60
Italy	Milan (franchising)	Opening in 2019	-	-

Last summer Bratislava had a big opening and the biggest hostel in Ukraine, Lvov (table 2.1). 150 bednights is a pretty impressive number for hostel with standards of hotel. Occupancy of each hostel is higher than everyone expected (table 2.2).

Geographically DREAM Hostel chain located in Eastern Europe and is in top 10 biggest hostel chain in Europe.

One of the main productive results is occupancy compering with other periods. Each hostel has their strong and weak sides.

Warsaw used to be the biggest hostel of all chain. General manager of the DREAM Hostel Warsaw is the most experienced and showed good results by operating DREAM House Hostel Kyiv. The property has 50% of private rooms, so work as a hotel too.

Figure 2.1 DREAM Hostel chain on the map

The biggest problem is competitors. Warsaw has a lot of good hostels, as Down Town hostel and Oki-Doki Hostel. They provide high quality service and unforgettable experience. People come there to meet friends, party and be in center of everything what is going on in the city. Unfortunately, this is what we cannot provide to our guest. We recognized as cozy and family hostel.

Partying is a vital aspect of travel for many young nomads, whether they're on a six month backpacking trip or visiting a nearby city for a wild weekend. There are many ingredients which combine to make the perfect party destination, and there are endless party hostels where you can let your hair down and party until you can party no

more[57]. Oki Doki is one of the best example of this kind of hostel. They are the strongest hostel in Warsaw.

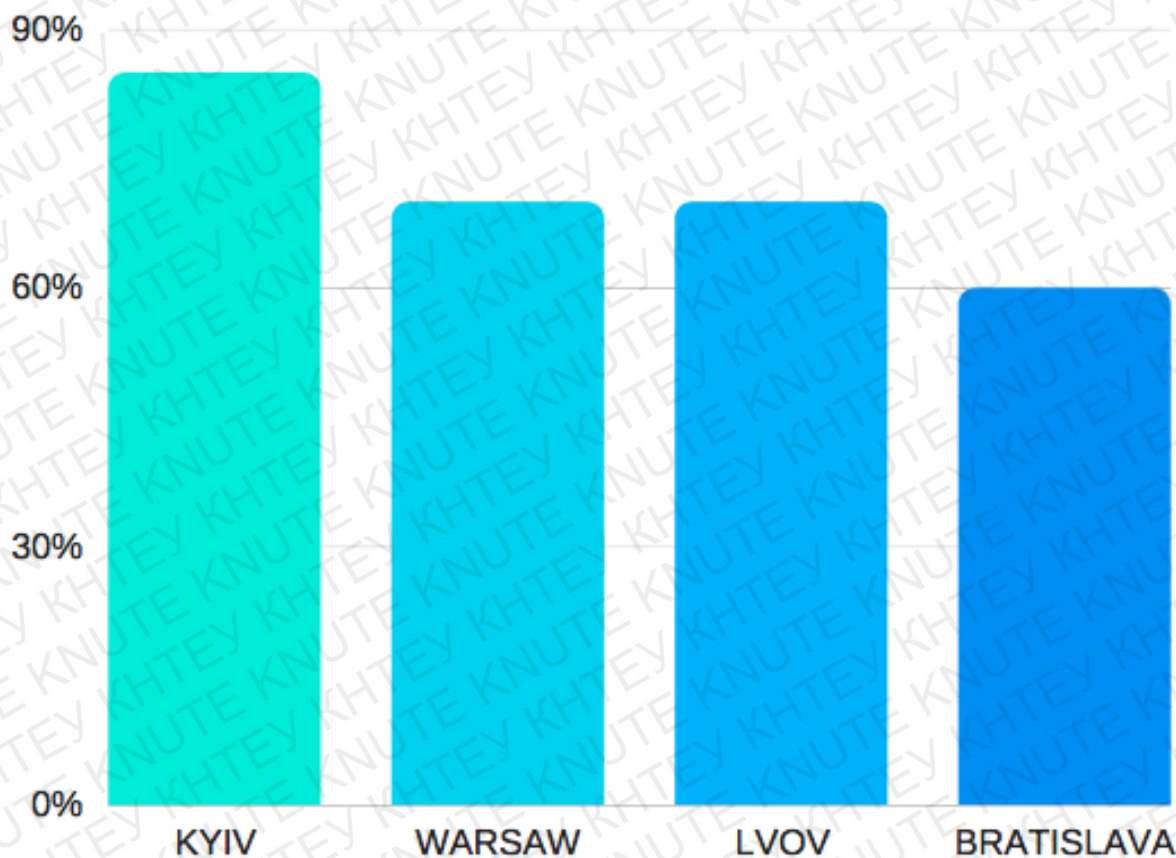


Figure 2.2 DREAM Hostels occupancy in 2017

Lvov is a small city. Even that location of the hostel is great, a lot of things have to be proved. The plan is to cooperate with Polish and local tour operators. Provide new rate with breakfast. Involve locals into hostel events.

Bratislava has the worst results. Average occupancy for 2017 was around 60%. Hostel itself has a lot of weaknesses:

- 15 minutes from the city center. All other hostels of the chain located in 2 minutes from the main attraction (or city center).
- Not very attractive city for the tourist. Average nights of stay there 1,5.
- On July 2017 was the opening. Need more time for advertisement and recognition.
- Problems with bed bags.

For next year has been prepared plan for improving occupancy in Bratislava. International internet marketing will help to improve occupancy in Bratislava in next year. They will strength local SEO and encourage interaction on local social media. Also, the revenue manager will prepare new rates for next seasons based on the city events and government celebrations.

Table 2.2

## DREAM House Hostel Kyiv Occupancy

<i>Period</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Difference between 2017 and 2018</i>	<i>Prediction for 2019</i>
Winter	70%	70%	75%	85%	+11,7%	85%
Spring	70%	70%	85%	90%	+5,8%	90%
Summer	80%	85%	90%	95%	+5,8%	95%
Autumn	75%	85%	90%	90%	0%	90%
Average	73,75%	77,5%	85%	90%	+5,8%	90%

As we can see on table 2.2, Kyiv is a leader by occupancy and we can say by revenue, also. Things that influent DREAM House Hostel occupancy:

- no competitors;
- hostel work for long enough to get a lot of recommendations and great reviews with 6 year old experience;
- location of the property (the oldest part of the city);
- one of the main area in Kyiv, where night life located;
- big percentage of returned guests;
- high rate in booking portals;
- cooperation with foreign universities and travel agencies;
- first hostel in Kyiv that provides events inside of the hostel.

The company has clear corporate structure (table 2.4) with expected result from the team, quality standards for all hostels. Company works with new technologies and trends in international hostel business. Formed goals, values and mission of the company (table 2.3).

Table 2.3



## DREAM Hostel's vision and values

Mantra	First-rate effective hostels.	
Motto	Travel. Dream. Get inspired.	
Goal	To build the biggest chain of successful hostels and Central and Eastern Europe.	
Values	Transparency and Integrity	At any time openly speak up about our achievements and pitfalls. Honest with each other, guests and partners.
	Positive attitude and smile	Look at things positively and able to see value in any failure. Sincere smile is the key to Guest's heart.
	Accountability and collaboration	Upon taking any task we become accountable for this task to the team. Having this in mind, it is crucial to help each when needed.
	Team work and ambition	Big company targets can be achieved only when each puts the same big targets in front of ourselves. Clearly realize that only in a close-knit team and like that can reach the finish-line.

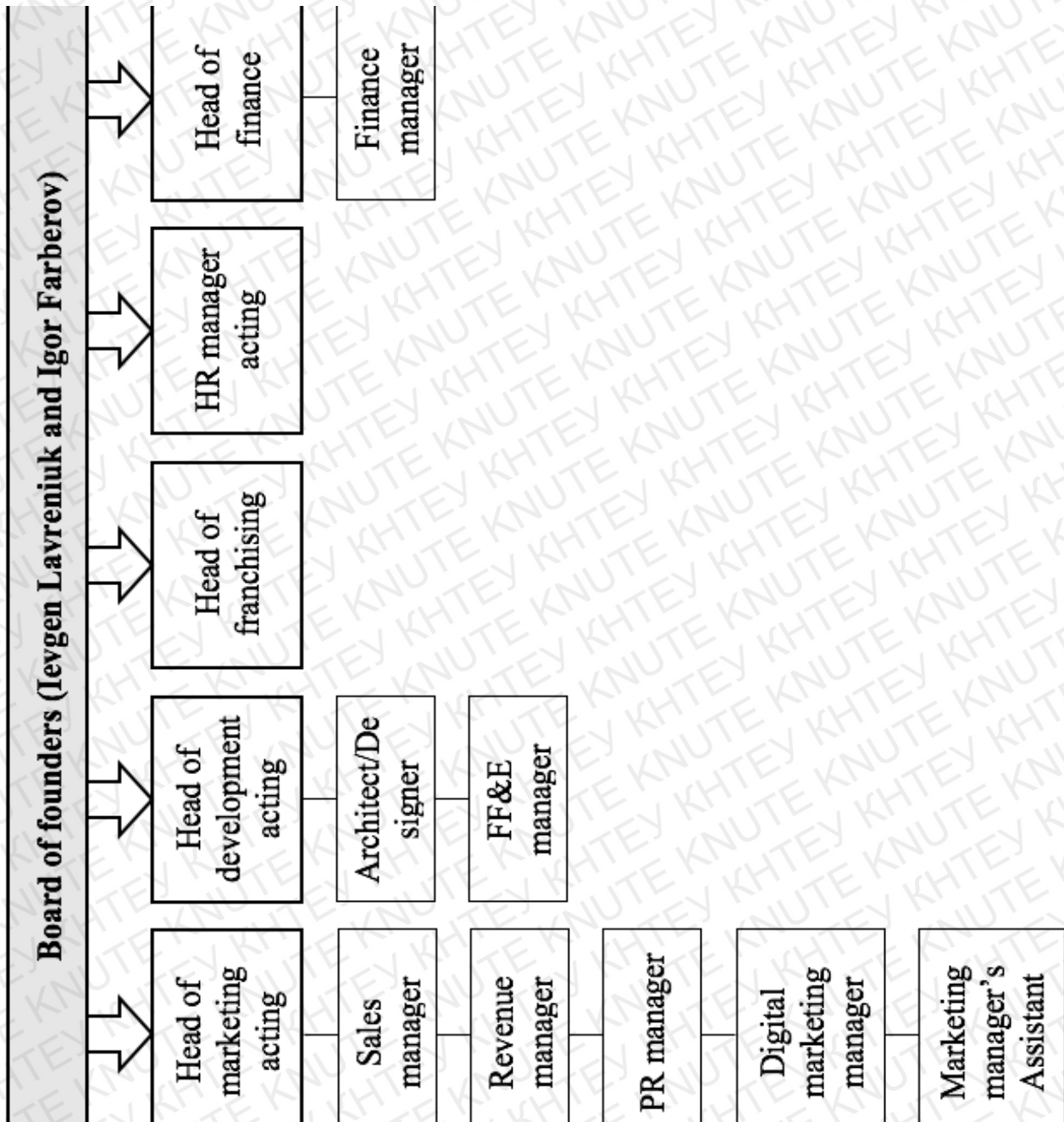
In order to reach highest results and to be maximum effective DREAM Hostels chain has significant corporate structure which helps to delegate responsibilities and tasks between departments and specialists. Depends on position each employee has expected results(appendices B).

A marketing department promotes business and drives sales of its products and services. It provides the necessary research to identify target customers.

### DREAM Hostelsheadquarter corporate structure

As we can see in corporate structure of DREAM Hostels, marketing department is the biggest in all table. It cooperate with all departments and has the leading role in all business structure.

Coefficient of fluidity is not big. Department grow up in last year because of fast



growing and understanding of dividing every part of the work. The main goal for head of marketing department is:

- implementation of the revenue plan by different marketing activities;
- high occupancy in the hostels;

- high professional level of company's Internet resources.

Hospitality marketing is not always easy. Many marketing firms will simply try their hardest to sell you their service. They will often neglect to explain the steps involved or why each step is important to the positive outcome you are working toward as a company[46].

## **2.2. Marketing report for DREAM Hostel Kyiv**

A marketing report is an internal management report made to see the status of exchange relationships of company products or services. In other words, this report, as seen on report templates, shows the demand and supply, the quality and quantity, and the price of a product or service on a specific market location during a given period of time.

The purpose of this report is to assess the effectiveness of the marketing strategies and plans of the company for their products or services. They will know what strategy to change or to continue for them to increase product or service sales.

Decisions of the management for the business entity are influenced by different factors. In order for them to have an idea on how the company products are faring, they are given period of time reports as basis for the entity's next move. A marketing report along with an annual report is one of the generated internal reports.

The marketing report, which is a normal report, is usually made weekly, monthly, quarterly, or annually, depending on the needs of the company. The downloadable templates provided show different examples of marketing reports from various types of industries for you to sift through[49].

For DREAM Hostels a marketing report is an important part of all marketing department. As hostels located in Europe, they are trying to improve international marketing every month to be competitive and strong in hospitality market. Every month there are marketing report made by revenue manager, group sales manager and digital marketer. It is consist of:

Overall information. This is the main table for all marketing department, especially for digital marketing. Then we can see the importance and movements of our marketing strategy. After analyze this information we can see where is the gap and what we have to change. Also, we compare our results with other periods (table 2.5).

Table 2.5

## DREAM House Hostel Kyiv “overall” marketing report

	2016 (average per year)	2017 (average per year)	Growth index 2017 compared to 2016
Occupancy, %	80	85	+5
Bed-nights	2517	2729	+7,7%
Guests per night	140	90	-55,5%
Average guests per night	4	2	-50%
Total number of reservations	700	760	+7,9%
Total number of guests through portals	620	780	+20,5%
Total number of guests	820	1200	+31,6%
ADR Dorms, UAH	235	360	+34,7%
ADR Private rooms, UAH	799	1200	+33,4%
Expenses marketing, UAH	6000	4500	-33,3%
Commission booking portals, UAH	60000	62000	+3,2%

So, on table 2.5 has been shown the most important marketing statistic. Comparing 2 years we can see some positive difference. ADR for rooms grow up for almost 35% and number of reservations and quantity of guest only grow up. Also, expenses for marketing had been cut for 35% too. And it didn't influent total number of guest, occupancy and total number of reservation.

But there are some negative statistic. Average stay for guests changes. It became lower for 50%. Number of reservations grow up. That mean that total expenses for housekeeping grow up too. So total revenue are smaller that hostel can

expect. To understand this changes better we can look to other parts of marketing report.

Acquisition cost. The cost of customer acquisition in hospitality is an average of 15 percent to 25 percent of guest-paid revenue, but there are many hotels that are spending as much as 35 percent of guest-paid revenue to put new heads in beds. Revenue that contributes to operating profit and expenses (such as sales and marketing) consists of whatever is left after operators pay out for loyalty investments, retail commissions and wholesale commissions, leaving a tiny slice of the pie for overall net revenue[21].

Many of these costs are an unavoidable part of doing business, but the is wholesale commissions, consisting of wholesalers, unknown online travel agencies and merchant OTAs such as Expedia and Booking.com. These merchants have a massive effect on hostel.

To enter the international market DREAM Hostels work with a lot of booking channels, such as:

- Booking.com;
- HostelWorld;
- Expedia;
- Hostelclub;
- Dorms.com;
- AirB&B;
- Hostelbookers.com;
- Ostrovok.ru;
- Hostels24;
- Gomio.com and so on.

The main goal for revenue manager is to make acquisition costs as small as possible. Nowadays for every DREAM Hostel is about 15-20% of revenue.

Group accommodation statistic. All information about group bookings. Like, quantity of people, discount, percentage of bednights that has been booked by

groups. It is the main revenue for low seasons. So, it is principal to work with travel agencies to get more bookings for low seasons or for big properties.

In table 2.6, we can see that group bookings are important for occupancy of DREAM Hostel Lvov and DREAM Hostel Warsaw. They work with a lot of travel agencies. Both of these properties can have student, travel or business groups. For clients that come to us more often we give a discount.

Table 2.6

Average group bookings per month

	2016		2017	
	Quantity of guests	%, of total bed-nights	Quantity of guests	%, of total bed - nights
DREAM Hostel Kyiv	125	15%	145	12%
DREAM Hostel Warsaw	340	20%	380	35%
DREAM Hostel Lvov	310	25%	400	40%
DREAM Hostel Bratislava	290	35%	170	18%

Occupancy by room. It shows the most popular type of room from overall. Also, we can see where we can make price higher or lower.

Analysis of the type rate (non-refundable rate, standard rate, booking rate, rate with breakfast).

Analysis of the booking engine. How many people use discounts and special offers from web-site we get.

Just because a traveler finds your hotel on an OTA doesn't mean they'll always book on the OTA. Often they'll visit website once they discover place. This

is called The Billboard Effect and it's where you have the opportunity to win back revenue.

When a traveler does land on website you need to make it as appealing as possible for them to make a booking there, instead of heading back to the OTA or even another hotel. If they don't find the same room types, names, pictures, and policies future guests get frustrated.

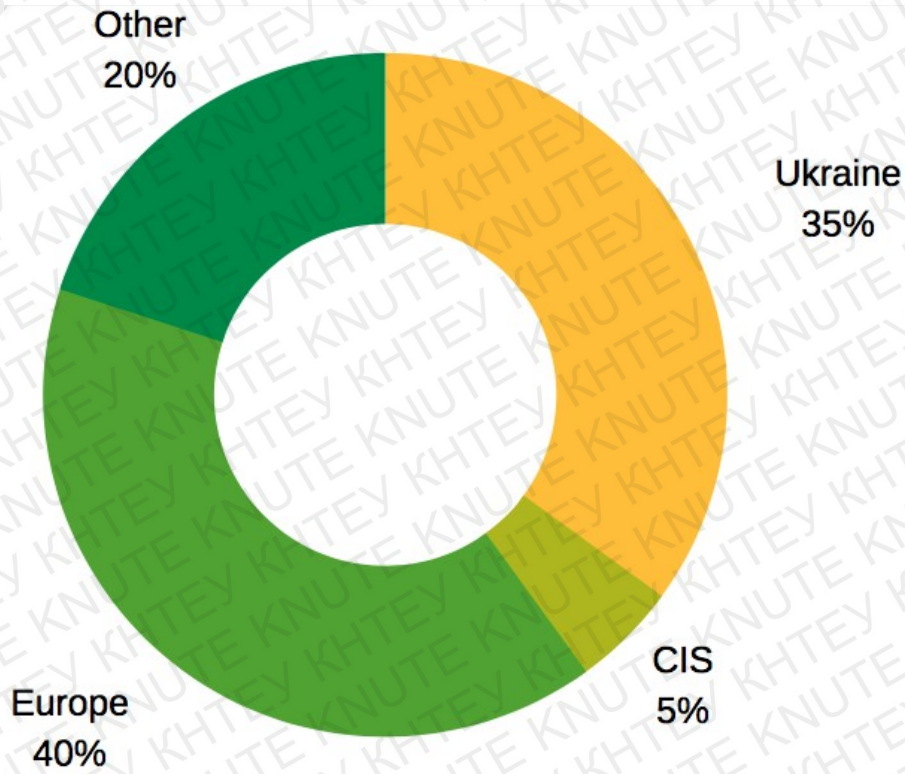
You can also win travelers over here with great content, packages, and appealing deals. Use a blog to broadcast helpful information, news, and travel tips. Establish an online booking engine to house your special packages and rates helping capture guests direct.

Nowadays, for DREAM Hostels is around 10-15% throw all reservations in different properties (table 2.7).

Guest/police report. It shows all detail information about guest. The most important for internet marketing is where they came from. It helps to sped out DREAM Hostels international marketing into new countries.

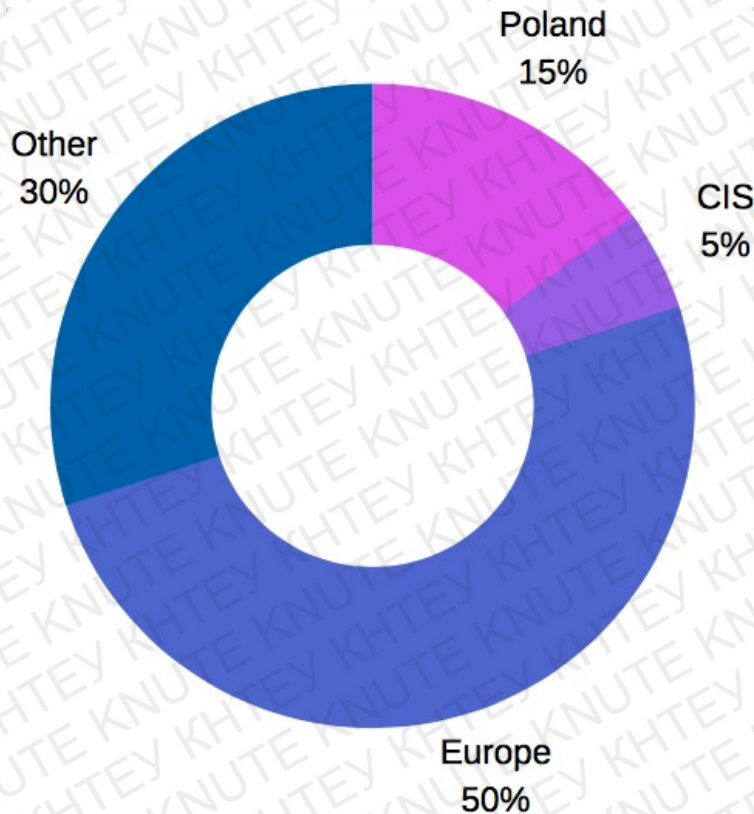
In figure 2.3 the biggest percentage of guests for DREAM House Hostel Kyiv come from Europe. Especially from Germany, USA, England and The Netherlands. Capital of Ukraine become more popular for European tourist and attract with Soviet past. Smaller percentage of Ukrainian people say that prices, compare to other hostels, are high. But it does not influent total occupancy.

As an example in DREAM Hostel Warsaw (figure 2.4) percentage of polish people is also not high. Most tourist come from Germany (average per month is around 20%) and near by countries. Compare to other hostels in DREAM democratic is a big why not so tourist as expected.



20%) and near by. Compare to other hostels in DREAM democratic is a big why not so tourist as expected.

Figure 2.3  
demographic details for DREAM House Hostel  
Kyiv in 2017



2.3 Guest details for DREAM House Hostel Kyiv in 2017



Figure 2.4 Guest demographic details for DREAM Hostel Warsaw in 2017

In Kyiv occupancy is high not matter what season it is. For Warsaw situation is different. Winter time can be around 50-55% and summer time up to 85%. Need to change or develop different marketing strategy for this property.

Booking channel summary. The duopoly of Booking.com and Expedia features among the top three highest-performing booking channels for hotel markets around the world – with the notable exception of India where Agoda and MakeMyTrip/Goibibo overtake Expedia in the second and third spots, respectively[20].

Generally, the more OTA channels you connect with, the better. But also need to be strategic about which ones you choose as partners. First need to research your market and see what channels they're most likely to be using. For this every month booking channel summer helps to see with whom to work and how good is this partnership. As an example, we can look on channel booking statistic of DREAM House Hostel Kyiv on table 2.7.

Table 2.7

**Booking methods in DREAM House Hostel Kyiv by arrived**

	2017	2016	Growth index 2017 compared to 2016

Walk – in	15%	20%	-5%
By phone	5%	10%	-5%
By e-mail	3%	3%	0%
Booking engine	15%	10%	+5%
Extend reservation	5%	5%	0%
Booking.com	40%	33%	+7%
HostelWorld	15%	10%	+5%
Hostel24	0,5%	5%	-4,5%
Hostelclub	0,5%	4%	-3,5%
Facebook	0,5%	0%	+0,5%
Instagram	0,5%	0%	+0,5%

Booking.com is the main booking channel for our hostels. In all our hostels the main leader through where guests come is booking.com. In Warsaw its around 60-70%, in Bratislava 50-60%, in Lvov around 40-50%.

As a hostel chain the main world leader is HostelWorld. It is a key distribution channel for hostels worldwide, providing a market leading hostel-focused online booking platform. It offers a lower cost distribution channel for accommodation providers than most other major OTAs. Accommodation providers also have the opportunity to raise their profile and prominence within HostelWorld's website to push the sales of beds. Accommodation providers also have access to HostelWorld's online property management system, a booking engine technology which they can use to manage their businesses day-to-day, from check-in to inventory management [18].

### **2.3. DREAM Hostel competitors comparative analysis**

Knowing who your hostel competitors are is an essential element of the hostel marketing strategy [25]. It is very important to create a clear, well-structured competitive analysis. It allows easily list hostel's strengths and weaknesses, in relation to those of your competitors. This will help to sharpen positioning by taking into account the facts surrounding the current market situations. It might even lead to the

discovery of new, untapped business opportunities. The best way to create competitive analysis is to:

Do some research on Google, using the different Google portals for all your main geographical markets, and searching with different keywords in their native languages. For example, use: hostel booking + "destination name" (table 2.8).

Go to TripAdvisor and other OTA websites, and check the rates or offers available for a given date (also try a few less demanding dates such as Sunday nights in two months, for example, to get the most of all hostel availabilities) (table 2.9).

We can use this knowledge to create internet marketing strategies that take advantage of competitors' weaknesses, and improve own business performance. We can also assess any threats posed by both new entrants to market and current competitors. This knowledge will help to be realistic about how successful we can be.

As the biggest chain in eastern Europe our main competitors are leaders at hostel chains in Europe. Such as:

***St Christopher's Inns.*** Operates 20 incredible youth hostels in the most popular and liveliest cities across the UK & Europe (London, Paris, Berlin, Amsterdam, Barcelona, Copenhagen, Cardiff, Bruges, PRAGUE, Edinburgh, Bath and Newquay) [36]. At every St Christopher's Inn you will find a Belushi's bar. These bars offer great value for money on food and drinks.

***Wombat Hostels***[37] are an excellent and award-winning hostel chain with everything you could ask for including some wild partying and cold beers aplenty.

***A&O Hotels.*** While A&O Hostels are not as flash as most of the hostel chains on this list, they offer consistently high standards over the years. They are located in 21 different cities across 6 different countries in Western and Central Europe [39].

***Generator Hostels*** offers design-led luxury rooms with events for the backpackers and locals in some of Europe's trendiest cities. You will find Generator Hostels in Amsterdam, Barcelona, Berlin 2 Locations: Mitte & Prenzlauer Berg, Copenhagen, Dublin, Hamburg, London, Rome, Venice, Stockholm and Paris [38].

For Google research we need to know about DREAM Hostels competitors and monitor the way they do business. Look at:

- the products or services they provide and how they market them to customers;
- the prices they charge;
- the devices they employ to enhance customer loyalty and what back-up service they offer (table 2.10);
- their brand and design values;
- whether they innovate - business methods as well as products;
- their staff numbers and the caliber of staff that they attract;
- how they use IT - for example, if they're technology-aware and offer a website and email and so on [8].

Potential competitors influent internet marketing in different stages of development. At the first stage will be good to compare main important indicators. It helps to see the strongest competitor and our weaknesses.

**Table 2.8**  
**Comprehensive quality score of DREAM Hostel competitors**

	Weight Factor	DREAM Hostels		Generator		Wombat Hostels		St. Ch pher's	
		pi	Pi	pi	Pi	pi	Pi	pi	Pi
	0,05	0	0	8	0,4	8	0,4	10	10
ooms	0,05	10	0,5	10	0,5	10	0,5	10	10
id toilets	0,05	8	0,4	8	0,4	8	0,4	10	10
	0,05	9	0,45	8	0,4	8	0,4	10	10
	0,07	10	0,7	10	0,7	10	0,7	10	10
ion	0,13	7	0,91	8	1,04	8	1,04	8	8
	0,06	7	0,42	10	0,6	10	0,6	10	10
	0,07	8	0,56	8	0,56	8	0,56	8	8
	0,15	10	1,5	10	1,5	10	1,5	10	10
	0,05	10	0,5	10	0,5	10	0,5	10	10
	0,05	8	0,4	10	0,5	10	0,5	10	10
	0,12	8	0,96	8	0,96	10	1,2	9	9
e the different loes guest need nselves)	0,1	10	1	3	0,3	5	0,5	5	5
s	1	8,3	8,36	8,8	7,9				

So, as we can see the strongest competitor in our market is Wombat Hostels (2.8). They provide good service and have strong marketing strategy for all chain. grow up really fast and plan to open hostel in Amsterdam till the end of 2019.

Generator and DREAM Hostel chains are very similar to each other. There score marks are really similar. Also, have to admit that Generator is the biggest chain are to other competitors. They enter USA hostel market. Their property in Amsterdam has unique design, a lot of events and good bar. Accommodation is a small part of their revenue.

A&O Hostels is the cheapest and the oldest chain in all Europe. They need to make a lot of renovation and changes to become more competitive in different business levels. All together they mainly offer only “breakfast and bed”. But their advantage is that they are huge. Can host big groups and offer to them good location with low price.

All of them located in The Netherlands and are the future competitors for DREAM Hostel Utrecht. Which is located 20 minutes from Amsterdam.

All online buyers review hostels. They routinely sort through search results by customer reviews and star ratings before making a final buying decision. The things work in the similar fashion in the hospitality business. A recent survey shows that more than 61% of vacationers now trust online reviews – they even visit social media sites and check image-sharing platforms to make a conscious decision.

In another survey, 79% of the travelers said that a good management response to a bad review reassures them whereas, 78% of the travelers said that a good response to a good review makes them think highly positive of the hotel.

Yelp alone boasts more than 120 million unique visitors monthly and over 53 million reviews. In a Harvard business school study, it was discovered that a one-star rating increase on a review site like Yelp might translate into a sales increase of 5% or more [61].

Another important fact is that in today's fast-paced, technology-driven culture, more than 43% of online buyers use their smartphones to make a price comparison and read customer reviews. The trend of using smartphone is only going to get strong over time.

So, DREAM Hostel has 4,6 from 5. What is a great results that shows good ground for international internet marketing. Give us strong competitive advantages and important results for future investors and customers.

As in previous analyze, the strongest competitor is Generator Hostels chain. Their rating is high not matter how old is the property. They care about their clients opinion and online rating shows this.

*Table 2.9*

Online rating from OTA of competitors

	St Christopher's Inns (Amsterdam)	Generator (Amsterdam)	A&O Hotels (Amsterdam)	DREAM Hostel
Trip Advisor	8 (4)	8 (4)	7 (3,5)	9 (4,5)
Google Plus	8,6 (4,3)	8,6 (4,3)	3,8	9,4 (4,7)
HostelWorld	8,6	8,5	7,7	9,4
Booking.com	8,1	8,1	7,4	9,2
Expedia	7,2 (3,6)	8,4 (4,2)	7 (3,5)	9 (4,5)
Facebook	8,6 (4,3)	8,4 (4,2)	6,8 (3,4)	9,8 (4,9)
<b>Average</b>	<b>8,18</b>	<b>8,32</b>	<b>7,24</b>	<b>9,3</b>

Altogether, rating for all of this chains is high. They have specialist who work with clients in headquarters. Every review has a full response and loyal program for not satisfied guests.

After competitors comparative analyze and online rating OTA, we can build a competitor matrix. It will allow us to visually place of our property among competitor's and get a better understanding of the international market.

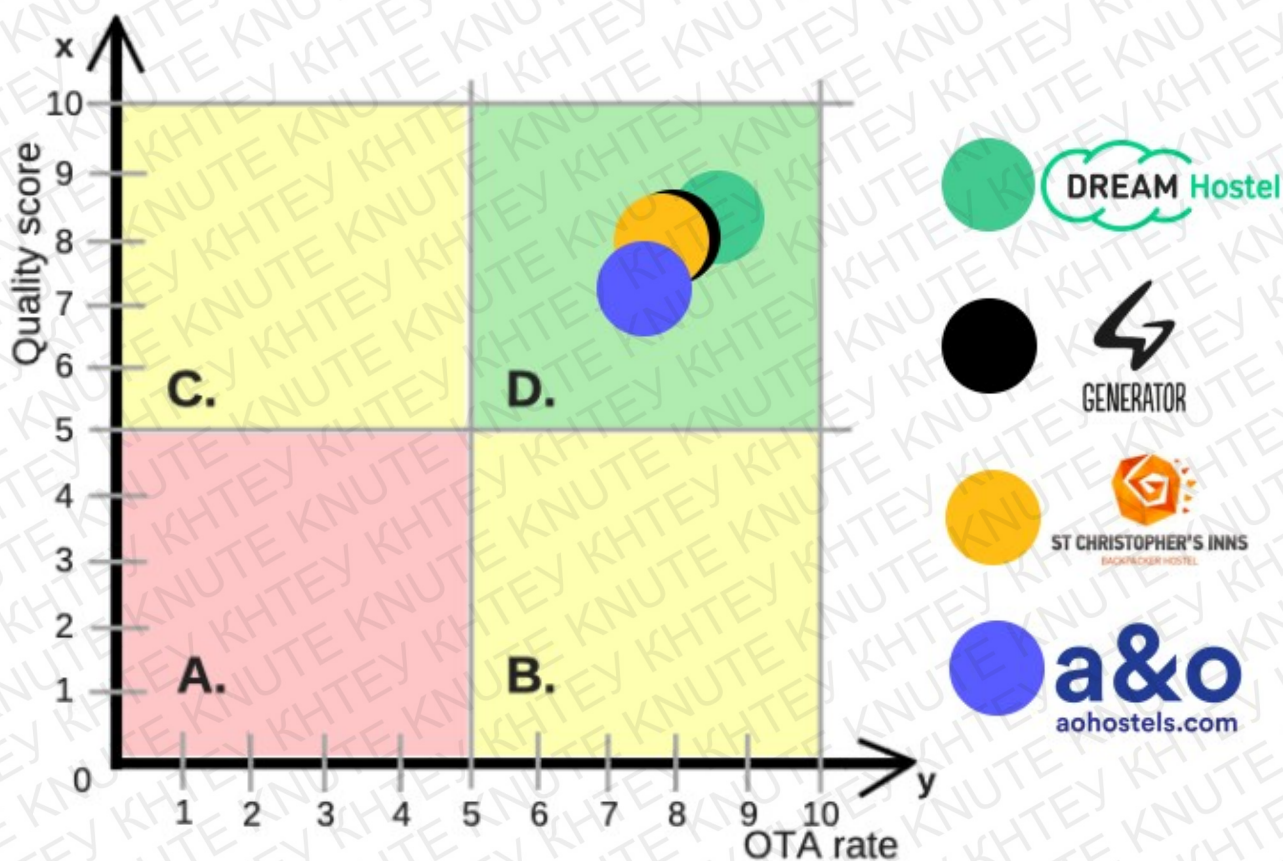


Figure 2.5 A competitor matrix based on quality score and OTA rating

So, after detail analyze of all factors and building a competitor matrix we can see that place of DREAM Hostel is better than our main competitors. Also, all of them are really close to each other. What mean that in this market is high competitor level. And stay a leader would be harder and harder every day.

Area D is the best for any company. It means that the property operate well and can be competitive. Area C and B need some improvement and they don't satisfy client as much as they could after more improvements. Its means that the quality or OTA rating is low. A&O has the biggest risk to go down. Quality is low and because of this OTA rating will go down too. Area A is a position for outsiders.

Big part of internet marketing is a web-site of the property. Knowing all of the competitors, their strengths and weaknesses will help to build strong internet marketing strategy for future hostels. Categories has been choose this way:

Site visibility by search engines. The main objective of any site is to provide visitors with relevant information. For example, if we guest will try to find "hostel in Warsaw", then our site should be seen by those who want to buy them and who are interested in this topic.

The visibility of the site by search engines would single out as the main criterion by which we can evaluate the site. If the site is not found by search engines (and most of the natural traffic is created by search engines), then they will not visit, they will not see, and in fact it will not matter if there is a website or not.

The main and mandatory conditions for ensuring the visibility of the site is its placement on the server and filling in the necessary content. Then the search engine robot will write this content to the database and issue it on request.

Website easy of use. The second most important criterion for assessing I chose usability. Finding the site itself is still half the battle. It is important to find on the site that material that interests the visitor. There are sites that contain huge amounts of content (example , but using them is nevertheless simple and easy. And there are those where there are five sections, but nothing can be understood.



Site design. Site design is often highlighted. In the view of many customers, site design is the main and often the only criterion for its quality.

One of the sites recognized as the best BeInspired (The most beautiful sites, selected manually - an electronic magazine for designers). Of course, the site should look beautiful and neat, but this work can be done already in the process of the site's existence, since the appearance doesn't affect the way the search robots see the site. They don't have an eye, so they can only read texts, or rather, HTML markup of a document. And the sooner they can do it, the faster the site will begin to give returns.

As a rule, website design requires a lot of time, much of which is spent on coordination with the customer, color matching, creating and editing graphics. All this time, the site is "in development", search robots do not index it, no one is engaged in its content, and all employees of the customer's company are passionate about design, although they are not experts in this [44].

Site functionality. By the "functionality" of the site, means the implementation of the content management system (content) of the site (CMS), as well as various services (if they are needed, such as an order basket, a search form for goods or services, user registration, voting management, surveys, publications, and .d.).

Table 2.10

### Analyze of the web-site of the competitors

	Weight factor	St Christoph er's Inns		Wombat's		Generator		A&O Hotels	
		pi	Pi	pi	Pi	pi	Pi	pi	Pi
Site visibility by search engines	0,1	10	1	10	1	10	1	10	1
Website ease of use	0,25	8	2	10	2,5	10	2,5	6	1,5
Design	0,15	8	1,2	10	1,5	9	1,35	3	0,45
Functionality	0,15	6	0,9	10	1,5	8	1,2	5	0,75
Mobile friendly web-site	0,25	10	2,5	10	2,5	10	2,5	10	2,5
Availability of online chat	0,1	0	0	0	0	0	0	0	0
<b>Overall results</b>	<b>1</b>	<b>7,6</b>		<b>9</b>		<b>8,55</b>		<b>6,2</b>	

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So, all chains showed really good quality of the web-site page. Only A&O Hostels have a bad condition of the web-site. Looks very old fashion and not as progressive as their competitors. Page download really slow, a lot information and, as a guest, you cannot understand how and where to book right place.

Porter's threat of substitutes definition is the availability of a product that the consumer can purchase instead of the industry's product. A substitute product is a product from another industry that offers similar benefits to the consumer as the product produced by the firms within the industry[44].

*Table 2.11*

Substitutes (alternative)

	Advantages	Disadvantages
Living with friends, relatives or couchsurfing	Free stay or very cheap (cost of gifts). Recommendations from locals/residents/friends.	Lack of any service. Restrictions and some obligations to host party. Less comfort. Not the best location.
Hostel-type apartments	Low price. Usually are in the city center.	There is no certainty about cleanliness, safety and comfort. The absence of any additional services. Boring interior.
Party hostel	Easy to meet other guests. The atmosphere of the party.	Usually not clean and unsafe. Hard to sleep because of noise. The same type of audience. Slight variability of additional services.
Budget hotel	Increased comfort and standards. Sometimes there is an interesting interior. Breakfast can be included.	Expensive compared to hostel. Usually far from the center. The absence of any social atmosphere. The absence of common areas, kitchen, laundry.

Guest house	The price. The presence of the kitchen. The ability to communicate with local people. Usually breakfast is included to the price.	Not the best location. Low level of service. Lack of opportunities for socialization.
Camping	Very cheap. Many Other Guests.	Far from city center. Lack of service and amenities.
Apartment	High level of privacy. Opportunity to find a good option in the city center.	Lack of service and additional services. There is no possibility of socialization with other tourists. The high risk of non-compliance with expectations. Security Risk.

The threat of substitution in an industry affects the competitive environment for the hostels in that industry and influences those hostels' ability to achieve profitability. The availability of a substitution threat effects the profitability of an industry because consumers can choose to purchase the substitute instead of the industry's product.

*Table 2.12*

Main types of customers

<b>Type</b>	<b>Characteristic</b>
Loyal customers	They represent no more than 20 percent of our customer base, but make up more than 50 percent of our sales.
Discount customers	They shop our stores frequently, but make their decisions based on the size of our markdowns.
Impulse Customers	They do not have to buy a particular item at the top of their "To Do" list, but come into the store on a whim. They will purchase what seems good at the time.
Need-Based Customers	They have a specific intention to buy a particular type of item.
Wandering Customers	They have no specific need or desire in mind when they come into the store. Rather, they want a sense of experience and/or community.

The customer loyalty is integrated definition and may be defined as a result of feedback in the company marketing communications system, which appears as a willingness to recommend the company to contact audiences as a result of full satisfaction of the consumer choice valuable attributes and as regular consumption of goods or services of one company with the available competitor attractive propositions.

## **CONCLUSION TO PART 2**

1. DREAM Hostel Utrecht competitive strategy is the strategy of a productive leadership. Give the maximum to the guest in the market for the same price. We combine the best from hotels and hostels. Separate standards in the hostel for comfort, cleanliness and safety.

2. In order to reach highest results and to be maximum effective DREAM Hostels chain has significant corporate structure which helps to delegate responsibilities and tasks between departments and specialists. Depends on position each employee has expected results. A marketing department promotes business and drives sales of its products and services.

3. Internet marketing strategy base on all factors as web-site, OTA reviews and provide new high technologies. It will help us to increase atmosphere and unique impressions (experience). We focus our attention on creating a friendly atmosphere that contributes to the socialization of the guests.

4. To enter the international market of hostel services and increase guests reservation throw booking engine we have to work more with internet booking portals and prepare better loyal program then can offer OTA portals.

5. The biggest hostel chain in Europe (Generator, A&O, St. Christopher and Wombats) have progressive and innovative web-sites. They are mobile friendly, visible

be searching engines, easy to use, have great modern minimalistic design, functional and available for online chats. So, all chains showed really good quality of the web-site page. Only A&O Hostels have a bad condition of the web-site. Looks very old fashion and not as progressive as their competitors. Page download really slow, a lot information and, as a guest, you cannot understand how and where to book right place.

6. After detail analyze of all factors and building a competitor matrix we can see that place of DREAM Hostel is in better position than our main competitors. Also, all of them are really close to each other. What mean that in this market is high competitor level. And stay a leader would be harder and harder every day.

7. Booking.com is the main booking channel for DREAM hostels. In all our hostels the main leader where guests come is booking.com. In Warsaw its around 60-70%, in Bratislava 50-60%, in Lvov around 40-50% and Kyiv 30-40%.

8. After analyze of statistic from 2017 we can see that the biggest percentage of guests for DREAM House Hostel Kyiv come from Europe. Especially from Germany, USA, England and The Netherlands. Smaller percentage of Ukrainian people say that prices, compare to other hostels, are high. But it does not influent total occupancy. Interesting that the same visitors from the same countries come to other hostels of the chain. In Warsaw and Bratislava the top countries is also Germany, England, USA, The Netherlands.

9. To enter the international market DREAM Hostel Utrecht will work with a lot of booking channels, such as: Booking.com, HostelWorld, Expedia, Hostelclub, Dorms.com, Airbnb, Hostelbookers.com, Ostrovok.ru, Hostels24, Gomio.com and so on. The main goal for revenue manager is to make acquisition costs as small as possible. Nowadays for every DREAM Hostel is about 10-15% of revenue.

## **PART 3**

# **REALIZATION INTERNET MARKETING OF HOSTEL CHAIN “DREAM HOSTEL” IN THE MARKET OF HOTEL SERVICES IN AMSTERDAM (THE NETHERLANDS)**

### **3.1. Market segmentation and target selection for DREAM Hostel chain**

Market segmentation is a technique that groups consumers with similar needs and common buying behaviors into segments. These segments become the basis for targeted marketing, which is a more efficient and effective method of marketing than advertising to the masses [56].

Within the hostel industry it is advisable to choose right segment(s) wisely and it is crucial to decide if we want to attract a variety of people, thus more than one market, or if we want to focus on a specific target market. Either way- the key of success is to ensure that all segment groups are understood in order to meet the customer's requirements.

Customer knowledge is essential for hostels when looking at the 'value they seek in holidays', 'service required', preferred activities and their 'purchasing decision'[40]. These aspects differ for particular target markets and need to be taken into consideration for marketing and consequently the product and/or service.

Illustrating two different service profiles of the ‘adventurous young’ and the ‘certainty seekers’ [40] according to the aspects mentioned show the importance of knowing each segment of your hostel. As the name says the adventurous seek adventure and meeting new people whereas certainty seekers value relaxation, luxury and comfort. Therefore, a hostel that targets both segments needs to ensure to satisfy both by providing suitable facilities. For example, a mixed dorm for the adventurous to socialize in and a rather luxurious double room for the certainty seekers. Furthermore, hostels need to know what activities their segment groups are interested in, in order to provide appropriate offers. Many of the adventurous young travel low-budget and do not want to spend money on activities. Therefore, offering pricy activities will not work for this market while free social or sport activities would be appreciated. Opposed to this, certainty seekers are not as price sensitive and might be attracted to offered activities such as cultural events or outdoor sports.

Moreover, the purchasing decision differs between the segments and it is specifically important to be aware of it when marketing the hostel to your customer base. As the adventurous book shortly before leaving, short-notice marketing efforts are most effective rather than long time in advance. However, this is the opposite for certainty seekers who tend to pre-book their stay long at an earlier time. Displaying the needs and wants of both segments show how important it is to know your customers well and to segment them in order to provide them with the appropriate product and service.

As generation Y or millennials become a more dominant spending segment and it is the most active and innovative travelers in our time it especially important for hotel companies and brands to understand their purchasing and loyalty behavior [14].

Target population depends on the size of a country and the importance of tourism on a particular region. Analyzing target country, we should study population, the basic finite set of individuals you intend to study or the number of units initially selected from the population frame.

In order to satisfy data of target tourists group, companies collect information which to create portrait of a client for particular company. For clarify the needs of tourist, we can use such classification:

- gender: male, female (= 2 categories);
- age group: 15-24, 25-34, 35-44, 45-54, 55-64, 65 or over;
- educational attainment level: lower (0,1 - 2), middle (3 or 4), higher (5 or 6);
- employment situation: employed (employee or self-employed), unemployed, student (or pupil), other not in the labor force ( 4 optional categories).

Information can be available from the register that the sample was taken from (in particular age or sex of the respondent) or information can be available from another survey that the tourism demand survey is embedded in (e.g. employment situation or educational attainment level) [16].

*Table 3.1*

Share of domestic trips and trips to main foreign destinations in total tourism trips, 2016, selected European countries

Country	Share of domestic trips in total tourism trips	Share of domestic trips + top5 foreign destinations in total tourism trips	Share of top5 foreign destinations in total outbound tourism trips	Top5 foreign destination countries
DK	75%	88%	55%	SE, DE, ES, NO, UK
DE	69%	85%	51%	AT, IT, ES, FR, NL
ES	91%	96%	55%	FR, IT, PT, UK, DE
FR	89%	94%	47%	ES, IT, UK, DE, BE
IT	80%v	90%	48%	ES, FR, UK, DE, AT
LT	63%	80%	44%	LV, PL, DE, UK, RU



HU	77%	88%	48%	DE, AT, CZ, RO, IT
PL	83%	91%	45%	DE, UK, IT, FR, ES
PT	88%	95%	60%	ES, FR, UK, DE, BR
RO	94%	97%	58%	IT, HU, ES, EL, DE
SK	64%	82%	50%	CZ, IT, HU, BG, AT
SE	76%	87%	47%	FI, DE, EL, DK, NO
UK	64%	82%	50%	ES, FR, US, IE, IT
NO	67%	85%	56%	SE, DK, ES, UK, DE
UKR	74%	86%	46%	DE, AT, IT, SI, HU

For all chain of DREAM Hostels has been done structured market segmentation and target selection to enter international market easier. For better understanding of the market and future customer. After analyze this three simple questions we can see more detail our market, structure for brand positioning:

- 1) DREAM Hostel Target audience.
- 2) Needs that we can satisfy with our product.
- 3) Reason to believe – brand offer.

Who is our guests. DREAM Hostel has a twelve year experience, it helped to build strong realization who is our guests. Target selection for DREAM Hostels:

*Freelancers / Business travelers:*

- ✓ Travel to other countries looking for opportunities it may bring or new experience.
- ✓ Exploration of themselves threw exploring other cultures, other style of living.
- ✓ They are quite experienced in travelling, not excited about basic tourist attractions, more about “like a local experience”.

✓ Most of the time they travel by themselves so really appreciate a social environment where they can find friends or just people to hang out with from time to time.

✓ Like to balance time for themselves, especially when they need to work, with the socializing and meeting people.

✓ Value their time and productivity.

Backpackers / Friends:

✓ Very flexible in their plans, into anything that is cheap.

✓ Travelling is kind of achievement – they collect countries they have visited.

✓ Value “become a local” (something very new, that I have never tried before) kind of experience.

✓ Social, open to talk and make new friends (willing to participate in social events, parties sometimes), but value spending time together more when they travel as a group

✓ Follow trends, interested in urbanism, modern lifestyle.

Families and couples:

✓ They have travelled a lot with friends and by themselves. Have been to a lot of places, explored.

✓ Now they travel to escape from home, get out of daily life routine.

✓ Like to plan everything in advance, at least accommodation and basic things, not to have too much surprises. Like to explore basic touristy things – architecture, food etc. Do not stroll around randomly, have at least a basic list of things to see/to do.

✓ Looking for the best option as value for money.

DREAM Hostel is a unique hostel that combine service as in hotel and soul of the hostel, where guests know each other.

Table 3.2

DREAM Hostel positioning

Main focus (targeting)
To be social, to be among people, share social moments, but also have a personal

space and time.
Needs that we satisfy
Comfort and high standards cheaper than any hotel. Value for money, high ratings on OTA. Not willing to pay more for additional value.
Brand Ambition
#1 Hostel Chain in Central and Eastern Europe
+ 10 hostels in Central and Eastern Europe
Average occupancy – 80%
Ratings - 9,0 +

And the last and the most important thing is how to make it work. How to make people believe in us:

- Reviews show our # 1 focus.
- High standards of cleanliness and comfort.
- Pleasant modern design.
- Friendly staff.
- Quality standards for the network.
- Central location.
- TOP prices for hostels, but much lower than hotels.
- Nice common areas for communication.
- High ratings on OTA.

So the full answer of brand positioning for DREAM Hostel will look like this:

**FOR** freelancers/business travelers who are very experienced in traveling.

**DREAM HOSTEL IS** the place where you can be as social as you want to be.

**BECAUSE** it has a lot of private rooms and private spaces in Dorms and comfortable common areas to work or socialize.

Simple test. Get your friends to walk up to your hotel front desk and ask “Why should I be staying at this hotel” . What you hear back might surprise. Many times what you hear has never been mentioned on the website or on your value pitch.

What guests tell Tripadvisor when they check out is a whole another story but in 90% of the cases a good story helps with value perception and reflects in online

reviews. Start training guests to leave the reviews that you want them to. Do not wait after the fact; you have a first mover advantage that you need to hit.

As an internet marketer how do we convey the message:

- In PR (Travel blogs, articles etc.).
- Digital advertising.
- Our Social Media.
- Web-site.

Inside of the hostel: Develop Telegram BOT with it is push notifications and possibility to chat between guests.

Hostels are an easy way to meet travelers, but they're not for everyone. Staying at hostels is an obvious way to save on travel funds and meet other travelers. They're fine for solo travelers...at least temporarily. Some people avoid hostels for the following reasons:

- People tend to be too young;the hostel crowd gets too wild for sometimes. It's fine occasionally, but would much rather spend days hungover and useless.
- Lack of privacy gets old fast: If the party crowd is your thing, there's still the issue of privacy, of which you really have none. So take that into account.
- You can't get much work done: This is probably the biggest disadvantage.

As a freelancing nomad, get emails or work done at odd hours of the day sometimes, so if had to work when coffee shops were closed it'd be really inconvenient to find a suitable place for focused work.

Wise leaders assign roles and tasks to people who have the best natural ability in those areas, making it easier for everyone to excel. As we continue to focus on strengths, an increase in confidence, engagement, satisfaction and performance naturally follows, and we each find happiness because everyone know they are doing great work [60].

This happiness and self-satisfaction is contagious, and it spreads to co-workers and onto your customers. Productivity improves, costs related to inefficiency decrease and our profits increase. As we begin to focus on our strengths in our personal lives, we stop wasting time on meaningless tasks and focus on fulfilling our dreams.

So DREAM Hostel chain focus on our straights that will help in international hotel business (table 3.3).

Long term customers encourages the service providers to become more interested in their satisfaction which may leads to “Special benefits” from the service provider, such as providing a faster service. Loyalty provides many benefits to both the organization and the customer. To obtain a true loyal customer base is a highly desirable task for organizations but is achievement is subject to accurate measurement. In real-world the organization will be able to achieve many goals by customer loyalty than the customer.

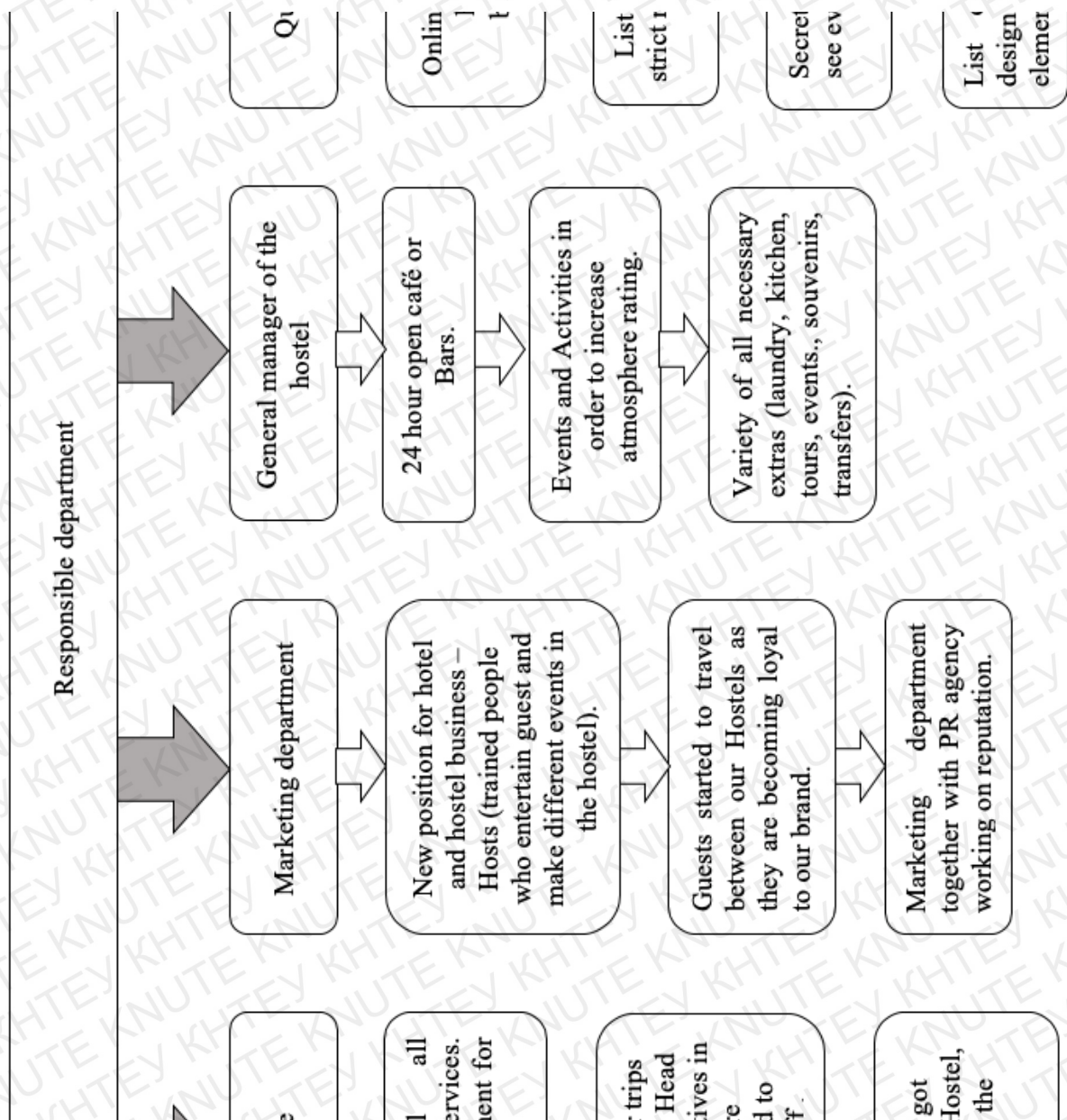


Table 3.3

**Focusing strategy plan**

Main principles to build loyalty are: be consistent with your brand core values, be always in contact with consumer, use game mechanism to engage customers, keep moving, forget the copycat approach and think different from your competitor. The important task for the company is to create more benefits for the customer that will help to get loyal clients [2].

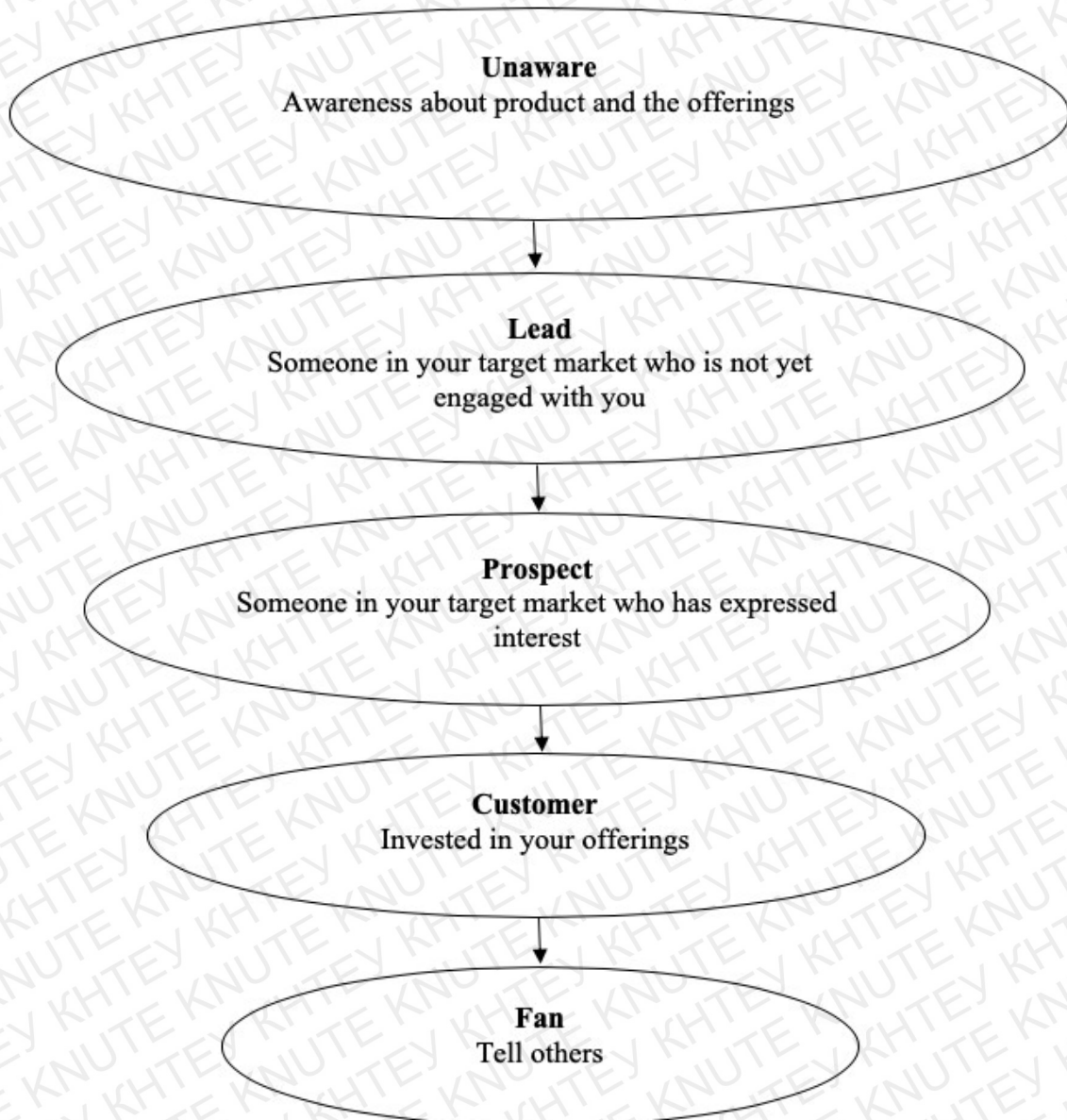


Figure 3.1 The chain of becoming a loyalty client

The following are the benefits of adopting customer loyalty management processes: develop better communication channels, collect customer related data, create

detailed profiles of individual customers, increased customer satisfaction, access to customer account history, order information, and customer information at all touch points, identify new selling opportunities, increased market share and profit margin, increased revenues, more effective reach and marketing, improved customer service and support, improved response time to customer requests for information, enhanced customer loyalty, improved ability to meet customer requirements, improved quality.

Therefore, the main principles to build loyalty program are be consistent with your brand core values, be always in contact with consumer, use game mechanism to engage customers, think different from your competitor. The important task for the company is to create more benefits for the customer that will help to get loyal clients after using marketing tools and steps of formation promotion strategies in conditions of international hotel business [13].

### **3.2. Determine the effectiveness to enter the international market of hotel services for hostel chain**

Many expansion-stage companies consider entering new international markets at some point or another during their journey. Typically, the initial thoughts begin when a company starts seeing its first high-quality opportunities coming in from abroad or they close their first international deal. This is an exciting moment because the international market(s) feel within reach, but it is also a very scary one, since the investment requirements can be very intimidating for a young and typically capital-strapped company.

As a younger company starts exploring new international markets, it is important to do so strategically. This means that every investment needs to be planned out with clear expectations/goals and properly measured, so that the company can learn from the experiences and maximize the likelihood of success. Success over the long-run is also tied to the ability to produce a repeatable testing and evaluation environment. To do that, you need to zero in on the evaluation criteria and metrics that matter most.

Fornewhostelin Amsterdam first of all we made a marketing plan. How to do it step by step with right period time (table 3.4).

*Table 3.4*

The aspects of marketing planning

Marketing tools	Aspects	Timetable
Advertising	Advertising is bringing a service to the attention of potential and current customers.	3 month before opening
	Signs, brochures, commercials, direct mailings or e-mail messages, personal contact, etc.	10-5 days before opening
	Website Advertising, Social Networking.	14-10 days before opening
	Advertising Gimmicks, Traveling Ads.	Start 5-3 days after opening
Promotional strategy	Contests.	Prepare 2 month before opening
	Social Media.	1 week before opening
	Mail Order Marketing.	10-5 days before opening
	Product Giveaways.	On day of opening
	Branded Promotional Gifts.	
	Customer Appreciation Events.	
Publicity and public relations	Public relations includes ongoing activities to ensure the overall company has a strong public image. Public relations activities include helping the public to understand the company and its products. Often, public relations are conducted through the media, that is, newspapers, television, magazines, etc.	Start 1 month before opening and continue till "hot" season
	Organizations usually have little control over the message in the media, at least, not as they do in advertising. Regarding publicity, reporters and writers decide what will be said.	
Sales force	Sales involves most or many of the following activities, including cultivating prospective buyers (or leads) in a market segment; conveying the features, advantages and benefits of a product or service to the lead; and closing the sale (or coming to agreement on pricing and services). A sales plan for one product might be very different than that for another	



product.
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### **Launching new hostel in Dutch market for “DREAM Hostel Amsterdam”:**

Start promotion and sales. There are some actions that are necessary to implement for launching new hostel successfully.

**STEP 1.** Before starting launch the sales we should know the following information:

- ✓ which category of room will be there (Private, 4-6-8-10-bed dorm etc.);
- ✓ will be there rooms ensuite or not;
- ✓ how many beds and rooms will be there;
- ✓ which category of dorms will be female dorms and how many.

The next points would be necessary to realize before launching the hostel and start to host guests. 2-2,5 months before opening we should prepare the next:

The file with description of main hostels advantages, which must be used for booking portals and hostels website:

- ✓ where is it located (some historical facts or just interesting things),
- ✓ what is special in this building (elevator, courtyard, big common space etc.),
- ✓ hostels facilities,
- ✓ rooms category,
- ✓ is there bar or cafe, courtyard
- ✓ information about atmosphere, comfort and emotions.

**STEP 2.** Creation the hostels page on the DREAM Hostels chain website. We will not have not all information at once, so add it as you receive it, but at first add banners about opening, description and facilities, then routes, photos, rooms, additional services, activities and reviews, etc.

**STEP 3.** Creation hostels page on Facebook and Instagram. After the opening during the next 3-6 month we can add other social networks. Post have to be not less than 3 time a week.

The first posts on Facebook should be about:

- ✓ preparing to opening the hostel,
- ✓ some pictures of construction, hostels facilities,
- ✓ visualization of rooms and common space,
- ✓ photo of the city, interesting facts.

**STEP 4.** Forming the rates for first year and planning revenue. It is necessary to analyze the price of competitors. Prepare separate rate for first sell. Also when we planning the revenue don't forget to take into account that some part of first reservation will be sell in a lower price.

**STEP 5.** Registration on main booking portals. The priority is for the portals that can synchronize with channel manager. Also don't forget to register hostel on the internet maps such as Google Maps (Google Business), 2gis (for cities where it is available), Yandex Maps etc. The most important are:

- ✓ Booking.com,
- ✓ Hostelworld.com ,
- ✓ Tripadvisor
- ✓ *after that*
- ✓ Hostelclub.com,
- ✓ Expedia.com (for European countries)
- ✓ Ostravok.ru
- ✓ and some local portals.

Developing a promotion for attracting the first Guests with special discount offer for the early booking. We should monitor the sales and not to miss the time to increase the price. First sales should be available only on Social networks and hostels website.

Start sales on booking portals:

- ✓ with lower price than competitors, later slowly increase the price depending on the situation,
- ✓ sales on booking portals can start little bit later than on hostels website and social networks or at the same time, but with higher rates.

**STEP 6.** Preparing the advertising posters:

- ✓ Posters about opening new hostel, which should be placed in every DREAM Hostels,
- ✓ Banners for internet advertising special offers (website and social networks, email sending ).

**STEP 7.** Launching the advertising on Facebook:

- ✓ twice for 2 days, than analyze the result and may be continue;
- ✓ after opening the hostel may organize some promotion on social networks hostels page to get more followers (e.g. “like and share this post and get a chance to win the weekend in DREAM Hostel Amsterdam).

Placed the information about new hostel in every hostels of chain.

**STEP 8.** E-mail advertising. Sending the emails with some special offers to Guests of all DREAM Hostels chain (e.g. 10% discount for one stay during the year).

After opening the hostel use the context advertising for the first 3-6 month.

Implementing different special offers that are available in the other hostels of DREAM Hostels chain.

### **3.3. Innovations for DREAM Hostel Amsterdam as a part of internet marketing strategy**

Innovation in the hotel industry is important because it has the capacity to transform the industry positively. Over the past few years, inventions in the hospitality industry have developed at a fast moving pace.

Although most service providers and hospitality related services are doing their best to keep up with these rapid changes, new technology has helped the industry to grow.

There are five step model of the marketing process. In the first four steps companies work to understand consumers, create customer value and build strong customer relationships. In the final step, companies reap the rewards of creating superior customer value. By creating value for customers, they are in turn capturing value from customers in the form of sales, profits and long-term customer equity.

For DREAM Hostel Amsterdam we offer innovations that will make life of guests, management and receptionists easier. And will create a value as a part of internet marketing strategy:

- 1) create a chatbot for each hostel of the chain;
- 2) use a specific tool comparison for all online reviews, such as TRUSTYOU;
- 3) one app for all social media channels.

### ***3.3.1. Telegram chatbot@DREAMHostelAmsterdamBOT***

To become more competitive in Dutch market our internet marketing strategy has to be strong and unique. Something that our competitor did not do yet.

Our main competitor is Generator Amsterdam. From October 2018 they have an app. It is for meeting people and communication between them. Also used for letting people know about all chain. Works as famous app “Tinder”.

Our answer for that can be a chatbot that will answer all your questions and fast connection to the reception.

*The idea of the project.* Telegram Messenger is a messaging app that works over the internet, just like WhatsApp or Facebook Messenger. That means you can send messages for free by using a wi-fi connection or your mobile data allowance (providing you have enough data). Provide guests with:

- local guide with paths and main sightseeing in your pocket;
- recommendation where to eat, chill and have fun;
- chat with guests who is in the hostel;
- help guests 24/7 with fast messages (chat);
- show useful places around the hostel (like ATM, exchange and so on).
- given the opportunity to communicate more within the hostel - chat for guests.

*The actuality.* Communication is key and live chat windows, either on your property’s website or through another platform like Facebook Messenger, are among the newest and most effective communication channels

Over the years, we've been introduced to countless different mediums of communication. From SMS and email to Facebook Messenger and chatbots, there are countless ways for customers to get in contact with you.

Live chat works well because you're able to supply information and fulfill requests in real time, unlike emails which may take longer to respond to. *Chatbots and artificial intelligence are poised to be two of the next big things*, especially in service industries like hospitality. The possibilities with artificial intelligence are endless, and we'll soon have fewer paper guides and maps in properties. Technology already has the ability to replace in-room guides, but artificial intelligence will take it to the next level and for guests to experience a new level of personalization without even talking to someone.

*Goal:* get a higher guest satisfaction, competitive advantages and targeting younger target groups.

Table 3.5

### SWOT analysis for Telegram BOT

<p style="text-align: center;"><u>STRENGTHS:</u></p> <ul style="list-style-type: none"> <li>○ Average occupancy per year of the hostel is more than 90%.</li> <li>○ Travel guide in your pocket with local recommendations.</li> <li>○ Unique service.</li> <li>○ Fast answer and fast 24/7 connection with reception.</li> <li>○ Ability to use it even when you are far or in the hostel.</li> <li>○ For free.</li> </ul>	<p style="text-align: center;"><u>WEAKNESSES:</u></p> <ul style="list-style-type: none"> <li>○ App is not very famous in USA, Asia and Western Europe.</li> <li>○ Not attracting all age group.</li> <li>○ Only one language available.</li> <li>○ Wi-fi or internet connection needed.</li> <li>○ Group reservation won't use it, because normally they have own program.</li> </ul>
<p style="text-align: center;"><u>OPPORTUNITIES:</u></p> <ul style="list-style-type: none"> <li>○ Take advantages of new trends.</li> <li>○ New product development.</li> </ul>	<p style="text-align: center;"><u>THREATS:</u></p> <ul style="list-style-type: none"> <li>○ Web competition in term of visibility.</li> <li>○ Other ways to get this</li> </ul>

<ul style="list-style-type: none"> <li>○ Creation of events and travel guides for traveler.</li> <li>○ Improve IT-marketing.</li> </ul>	<p>information.</p>
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Nothing could be truer when it comes to partnership. If you decide to continue working exclusively on your own, you run the risk of your business's growth becoming stagnant.

Think of all the resources you use to ensure the success and continued growth of your business. These may include access to certain programs or software, a large social media following, or a strong network of industry professionals in your area. Imagine the potential your business could reach if you were able to take advantage of other business's expertise and resources.

The main partner for our project is the chain of Dream Hostel Amsterdam, for whom we are creating it. Project needs a lot of cooperation with bars, restaurants, clubs and tourism agencies, that we will recommend in our chatbot.

This project can have as many partners as we would like to have, not like in other cases, it could be interesting for many places to take a part in our chatbot so our list will grow.

Social isolation and disconnectedness is an important challenge in today's society. Some chatbot applications suggest how they may help bring people together. Our chatbot is one of them. It has function to have chat not only with receptionist but also among guests what makes easier to find new friends or just people who share the same interests. That is one way how our project can positively influence society.

It is very important for guests in Kiev to find interesting places to visit, places to eat and for entertainment. Through chatbot we are giving advice where to go and what to see. And with this function we also may have social impact. We are going to promote only socially responsible entities and before giving recommendations our team will check those places and will give only honest feedbacks.

### ***3.3.2. E-reputation for hostel as a specific tool for comparison***

This is an emerging area in digital marketing. It involves the management of the online reputation of a business, particularly on social media and on review sites. Currently, customers often look up online opinions, ratings, and reviews of your business before making a purchase. Negative comments, reviews, and publicity on the internet can easily ruin your business. That is why every business needs an e-reputation strategy.

A good e-reputation marketing strategy is multi-disciplinary that often requires input from digital marketing and public image consultants. When done in the right way, it can lead to the establishment of a loyal customer base.

Guest feedback influences 95% of booking decisions. With TrustYou's Reputation Management solution, hoteliers can positively impact their hotel's online reviews and ratings by better understanding their guests and make improvements that drive more loyal customers and more revenue. Increase efficiency and quickly analyze and respond to feedback aggregated from hundreds of online sources from one inbox, including reviews collected from your own guest survey.

Gain valuable insights into semantic and competitor analyses. See how you stack up against competitors and access the highest quality semantic technology that provides your hotel clear and immediate visibility into what your guests are saying about your hotel. Measure your Key Performance Indicators (KPIs) by choosing from a variety of analytical reports or set up a custom report. Download reports directly from your account or have them scheduled to be automatically sent to your inbox. Improve overall rating with TrustYou's Impact Score that helps to identify the areas hostel should focus on. Can find and respond to reviews based on the topics influencing your scores most positively or negatively.

TrustYou's Staff Operation tool helps staff to stay on top of any issues and tasks that need attention. Simply assign tickets to the right staff members or set goals to increase staff's efficiency and improve hostel's operation. Manage your hotel's reputation while on the go, with the TrustYou mobile app. Create alerts to ensure you're always up-to-date with new posts, reviews, or comments.

There are alternative program with the same function. But most doesn't work with enough OTA channels to analyze all information correctly and fully.

Other providers provides online reputation management tools focused specifically on the needs of the hotel sector. More generalist tools also potentially could be used, but their lack of coverage of user reviews, particularly on online travel agency websites, makes their use less than optimal and therefore they are not examined in detail.

A brief overview of each of the companies is first presented. Table Six then presents a more detailed comparison of the capabilities and features of each product, with the aim of helping hotels seeking an online reputation management tool to find one that matches their needs. Note however that these tools are developing rapidly and thus the feature lists are likely to evolve rapidly over time [23].

Other competitive tool with the same characteristics is "Starwood". Propels business 24/7 through a synergy of state-of-the-art booking technology, customer contact centers and online vehicles. Starwood Centralized Marketing Channels propel 50% of total room revenue globally and provide unrivalled cross-sell and up-sell opportunities. Other opportunities of the channel:

- **Branded Web Channels:** Representing every Starwood brand with imagery, online support and available in nine languages. In 2012, Starwood Web channels handled more than 334 million visits.
- **Customer Contact Centers:** Starwood is the only major hotel company to offer brand-dedicated support at its Customer Contact Centers, which handled nearly 20 million telephone calls and guest interactions in 2012, provided 24/7 in 25 languages.
- **MARS:** Minimized Abandoned Reservation Calls (MARS) works around the clock and allows hotels to seamlessly transfer their property reservation calls to a Customer Contact Centre associate to ensure that every possible booking is realized.
- **Field Marketing:** Starwood Field Marketing teams serves as a local marketing agency that creates and executes specific online and offline marketing plans.

DREAM Hostel chain headquarter located in Kyiv. TrustYou has an official partner to work with Ukrainian and foreign market. Starwood doesn't present in



Ukrainian market. What means that TrustYou would be the best option for the hostel chain.

### 3.3.3. Multichannel Communication

October 2018, based on number of monthly active users. As of that month, 1.5 billion users were accessing the WhatsApp messenger on a monthly basis.

In figure 3.2 is a statistic information on the most popular global mobile messenger apps as of Most popular global mobile messenger apps as, based on number of monthly active users (in millions).

Instant messaging is a type of online chat which offers real-time text transmission via internet. Since the appearance of smartphone and the subsequent explosion of mobile apps, low-cost or free chat and social messaging apps have proven themselves as a cheap alternative to operator-based text messaging via SMS. Many messenger apps offer features such as group chats, the exchange of graphics, video and even audio messages as well as stickers or emoticons.

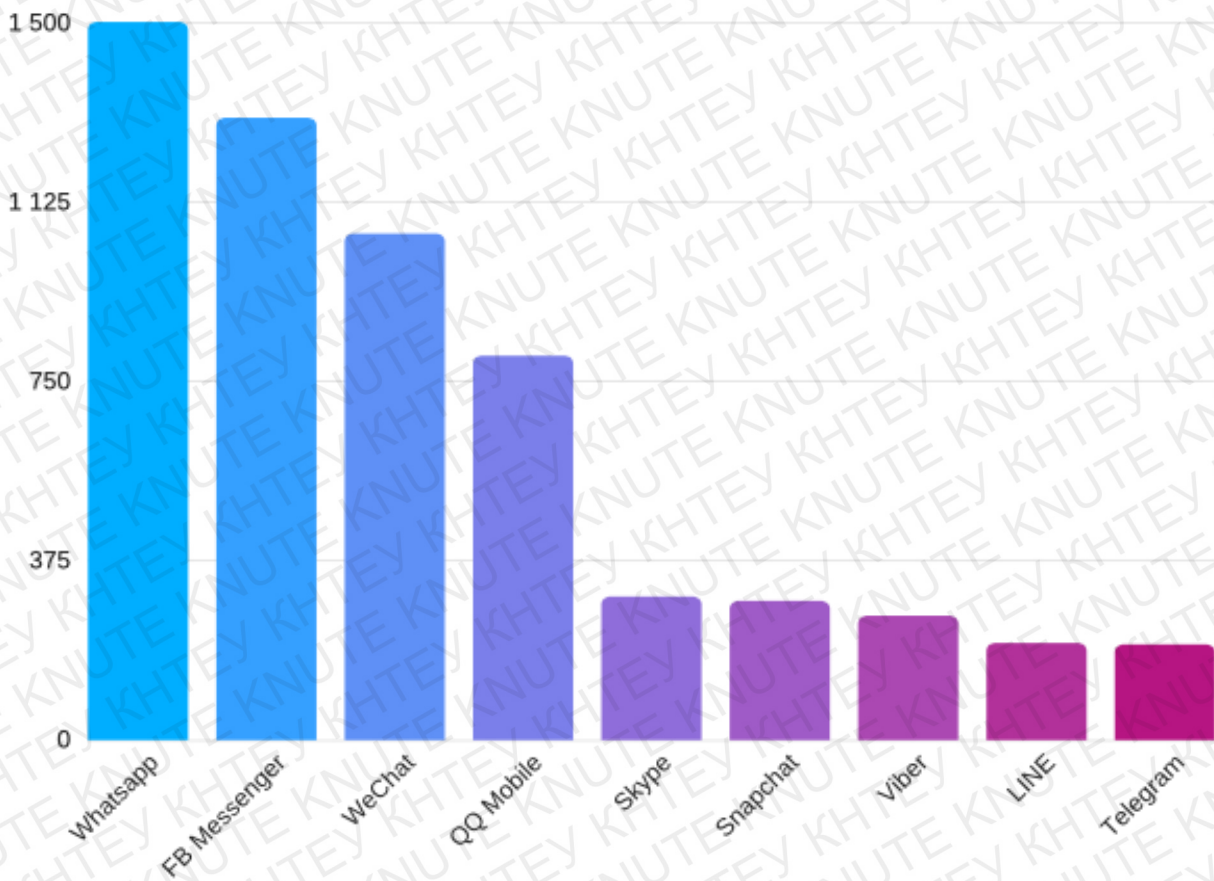


Figure 3.2 Most popular global mobile messenger apps as of October 2018

Another prominent mobile messenger is WhatsApp with currently more than 1.2 billion monthly active users. The app's reach is particularly strong in markets outside of the United States and it is one of the most popular mobile social apps worldwide.

Today's customers want to communicate over multiple channels—whether it's Voice, SMS, WhatsApp, or Facebook Messenger - they want companies to communicate with them on the channels they like to use.

So as an international company we have to create this experience for customers. An application programming interface: routines, protocols, resources, and tools developers use to create software applications. We can build an entire contact center from scratch, or simply add the features you want to the one you already have. This let customers engage with us on the channels they use every day. When we build our contact center, we can provide the full omnichannel experience, or just add the channels we need one at a time. It include Programmable Voice, SMS, Chat, Video, Notify, and TaskRouter, which fit together to build a world-class contact center experience piece by piece.

This will help all chain and every hostel to be in touch with every customer, not matter where is he from and what does he use. Also, its easier for stuff to reply and be in touch everywhere at the same time.

### **CONCLUSION TO THE PART 3**

1. The full answer of brand positioning for DREAM Hostel will look like this: for freelancers/business travelers who are very experienced in traveling. DREAM Hostel is the place where you can be as social as you want to be. Because it has a lot of private rooms and private spaces in Dorms and comfortable common areas to work or socialize.

2. DREAM Hostel has a twelve year experience, it helped to build strong realization who is our guests. Target selection for all hostel chain will be: freelancers / business travelers, backpackers / friends, families and couples.

3. Hostels are an easy way to meet travelers, but they're not for everyone. Staying at hostels is an obvious way to save on travel funds and meet other travelers. But there are still some people avoid hostels for the following reasons: people tend to be too young, lack of privacy, can't get much work done.

4. As a younger company starts exploring new international markets, it is important to do so strategically. Following the plan step by step how to launching new hostel we can have strong and competitive marketing strategy. Start promotion and sales.

5. For new hostel in Amsterdam first of all we made a marketing plan. How to do it step by step with right period time. Such marketing tools as:

- advertising (website advertising, signs, posters, banners, mail messages and so on);
- promotional strategy (contests, social media product giveaway and so on);
- publicity and public relations;
- sales force.

6. For DREAM Hostel Amsterdam we offer innovations that will make life of guests, management and receptionists easier. And will create a value as a part of internet marketing strategy: create a chatbot for each hostel of the chain, use a specific tool comparison for all online reviews, such as TRUSTYOU, multichannel communication.

7. A good e-reputation marketing strategy is multi-disciplinary that often requires input from digital marketing and public image consultants. When done in the right way, it can lead to the establishment of a loyal customer base.

8. Guest feedback influences 95% of booking decisions. With TrustYou's Reputation Management solution, hoteliers can positively impact their hostel's online reviews and ratings by better understanding their guests and make improvements that drive more loyal customers and more revenue. Increase efficiency and quickly analyze and respond to feedback aggregated from hundreds of online sources from one inbox, including reviews collected from own guest survey. Improve overall rating with TrustYou's Impact Score that helps to identify the areas hostel should focus on.

9. Live chat works well because you're able to supply information and fulfill requests in real time, unlike emails which may take longer to respond to. Chatbots and artificial intelligence are poised to be two of the next big things, especially in service industries like hospitality. The possibilities with artificial intelligence are endless, and we'll soon have fewer paper guides and maps in properties.

## CONCLUSIONS

1. As we make our way through 2018, new marketing trends relevant to the hospitality industry will inevitably pop up. Changes to traditional marketing practices like SEO, Social media and new technologies are widely reported on especially for hostels. That represent new generation. As the results we can get: higher guest satisfaction, better reviews and online reputation, targeting younger target groups, faster upselling possibilities, increased revenue, competitive advantage.

2. Digital marketing is the future of marketing, and more specifically in the hospitality industries. Customers turn to the internet to find services such as hotels, restaurants, spas, and other recreational services. With a good internet marketing strategy, we can easily reach all these potential customers, and establish a loyal customer base for our future business.

3. Even though millennial hostel travelers tend to be much younger and have a lower overall average income, they spend at similar or even greater levels than the general traveler population. One in four expect to be able to book their accommodations on their mobile devices, and 93 percent used their phone while traveling.

To remain competitive means constantly being up to date with the latest digital marketing trends. Such as:

- have a mobile-friendly web-site (mobile will take over desktop);
- have a multi channel communication or live chat;
- understand that video will dominate the web;
- reputation management takes center stage;

- focus on location, guests don't want to be traveler anymore, there goal to be as local as possible.

4. In order to reach highest results and to be maximum effective DREAM Hostels chain has significant corporate structure which helps to delegate responsibilities and tasks between departments and specialists.

Depends on position each employee has expected results. A marketing department promotes business and drives sales of its products and services. A marketing department promotes business and drives sales of its products and services. It provides the necessary research to identify target customers. Coefficient of fluidity is not big. Department grow up in last year because of fast growing and understanding of dividing every part of the work. The main goal for head of marketing department is:

- implementation of the revenue plan by different marketing activities;
- high occupancy in the hostels;
- high professional level of company's Internet resources.

5. For DREAM Hostels a marketing report is an important part of all marketing department. As hostels located in Europe, they are trying to improve international marketing every month to be competitive and strong in hospitality market. So next statistic information collect every month and analyze by all organization structure of the company:

- overall information. Then we can see the importance and movements of our marketing strategy. Where money goes and for what we spend it. DREAM Hostel Kyiv shows good work and leader position compare to all hostels in the chain;

- the cost of customer acquisition in hospitality is an average of 10 percent to 15 percent of guest-paid revenue for DREAM Hostels. The highest percentage of this we pay to booking.com and Hostelworld, which is 15% each. They are the main OTA services for the chain and give 60-70% of total occupancy;

- information about group bookings;
- occupancy by room;

- analysis of the booking engine. Last year total bookings through web-site was around 10-15%. What is low result and all marketing team work to increase this indicator;

- guest/poll report. After analyze of statistic from 2017 we can see that the biggest percentage of guests for DREAM House Hostel Kyiv come from Europe. Especially from Germany, USA, England and The Netherlands. Smaller percentage of Ukrainian people say that prices, compare to other hostels, are high. But it does not influence total occupancy.;

- booking channel summary. For DREAM Hostel Kyiv shows that the main reservations come from booking portals (55-60%), then walk-in (around 15%) and after this booking engine (10%).

6. Every DREAM Hostel in the chain shows great occupancy level. For DREAM House Hostel Kyiv average occupancy per year is around 90%. This shows that all departments work well and seasons do not influence on guest decision.

7. The biggest hostel chain in Europe and Amsterdam in particular (Generator, A&O, St. Christopher and Wombats) have progressive and innovative websites. They are mobile friendly, visible by searching engines, easy to use, have great modern minimalistic design, functional and available for online chats. So, all chains showed really good quality of the web-site page. Only A&O Hostels have a bad condition of the web-site. Looks very old fashion and not as progressive as their competitors. Page download really slow, a lot of information and, as a guest, you cannot understand how and where to book right place.

8. After detail analyze of all factors and building a competitor matrix we can see that place of DREAM Hostel is in better position than our main competitors. Also, all of them are really close to each other. What means that in this market is high competitor level. And stay a leader would be harder and harder every day.

9. DREAM Hostels are for freelancers/business travelers who are very experienced in traveling. DREAM Hostel is the place where you can be as social as you want to be. Because it has a lot of private rooms and private spaces in dorms and comfortable common areas to work or socialize.

DREAM Hostel has a twelve year experience, it helped to build strong realization who is our guests. Target selection for all hostel chain will be:

- ✓ freelancers / business travelers;
- ✓ backpackers / friends;
- ✓ families and couples.

10. As a younger company starts exploring new international markets, it is important to do so strategically. Following the plan step by step how to launching new hostel we can have strong and competitive marketing strategy. Start promotion and sales.

For new hostel in Amsterdam first of all we made a marketing plan. How to do it step by step with right period time. Such marketing tools as:

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10. For DREAM Hostel Amsterdam we offer innovations that will make life of guests, management and receptionists easier. And will create a value as a part of internet marketing strategy: create a chatbot for each hostel of the chain, use a specific tool comparison for all online reviews, such as TRUSTYOU, multichannel communication.

11. TrustYou Reputation Management can positively impact hostel's online reviews and ratings by better understanding guests and make improvements that drive more loyal customers and more revenue. Increase efficiency and quickly analyze and respond to feedback aggregated from hundreds of online sources from one inbox, including reviews collected from own guest survey. Improve overall rating that helps to identify the areas hostel should focus on.

12. Today's emerging traveler, millennials and millennial-minder travelers, is more cost conscious and experience focused than ever before, whether traveling for leisure or business. To meet this these changing demand preferences, hoteliers are

seeking innovative alternatives to traditional lodging products. Such as chat bot. Create value for the guest with “Local guide in your pocket”, online chat with guests who is inside of the hostel, 24/7 fast reply from reception with any questions. All of this Telegram chat bot can provide to DREAM Hostel Amsterdam guests.

13. To promote DREAM Hostel chat bot in hostel we can use different channels, such as:

- write information about it in e-letter. Welcome letter and reminder will have a picture and symbols of telegram. Guest click on it and see the main window for our telegram bot.
- promote in social media, such as Facebook and Instagram. Every official page in Facebook will have the same message and pin it on top of the page;
- posters. Each hostel has its own specificity of moving guests around the hostel to attract more people.



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**APPENDECIES**