

Kyiv National University of Trade and Economics
Department of hotel and restaurant business

FINAL QUALIFYING PAPER
on the topic:
E-COMMERCE STRATEGIES FOR HOTEL SERVICES
IN HILTON HOTEL CHAIN

Student of the 2^d year, group 8a,
Specialty 241« Hotel and
Restaurant Business »
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Kyiv 2018

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on _____, _____, 2017

Task for a final qualifying paper

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1. Topic of a final qualifying paper: E-commerce strategies for hotel services in Hilton hotel chain. Approved by the Rector's order from 17.10.2017 № 3328.
2. Term of submitting by a student his/her terminated paper: 01.11.2018
3. Term of submitting by a student his/her terminated paper:

Purpose of research is to develop theoretical and methodological regulations, methods of effectiveness estimation, guidelines and suggestions for the e-commerce strategies for hotel services, and implementation of new principals in overall operation of the hotel industry based on the study of new conceptual framework and methodological approaches to improve the assessment of the development of hotel e-commerce.

The object of research is theoretical, methodological and practical aspect of e-commerce strategies at hotel industry enterprises.

The subject of research is implementation of e-commerce strategies for hotel services of Hilton hotel chain.

4. Illustrative material, Figures: "Development and evolution of e-commerce shown in a timeline", "Hilton market segments", "Hilton Kyiv accommodation options", "Stages of service operational systems organization", «Service operational effectiveness approach implementation», Tables: "Types of e-commerce", "Global distribution systems", "Disadvantages of e-commerce", "A brief history of Hilton Hotels", "Brands of Hilton Worldwide Holdings", "Advantages and disadvantages of the Hilton Kyiv website".

5. Contents of a final qualifying paper (list of all the sections and subsections)

INTRODUCTION

PART 1. THEORETICAL FOUNDATIONS OF E-COMMERCE STRATEGIES FOR HOTEL SERVICES IN HOSPITALITY

- 1.1. Essence, types and history of e-commerce
- 1.2. Global distribution systems and e-commerce of hotel services
- 1.3. E-commerce impact on the hotel industry

Conclusions to part 1

PART 2 PRACTICAL ASPECTS OF E-COMMERCE STRATEGIES IN HILTON HOTEL CHAIN

- 2.1. Organizational and economic assessment of hotel
- 2.2. Assessment of strategies for hotel services effectiveness in hotel
- 2.3. Assessment of implementation of service strategies of Hilton hotel chain

Conclusions to part 2

PART 3. DIRECTIONS OF E-COMMERCE STRATEGIES IMPROVEMENT IN HILTON HOTEL CHAIN

- 3.1. Propositions for service strategies improvement of Hilton hotel chain
- 3.2. Improvement of e-commerce strategies as an integral component of successful business

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6. Time schedule of the paper:

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
		de jure	de facto
1	Choosing and approval of the final qualifying paper topic	01.09.2017 - 31.10. 2017	31.10. 2017
2	Preparation and approval of task for the final qualifying paper	01.11.2017 - 31.12.2017	31.12.2017
3	Writing of the 1 st part of the final	02.01.2018 -	11.05.2018

	qualifyingpaper	11.05.2018	
4	Defense of the 1 st part of the final qualifyingpaper in scientific adviser	14.05.2018 - 18.05.2018	18.05.2018
5	Writing and preparation for publication of a scientific article	Before 18.05.2018	17.05.2018
6	Writing and defense of the 2 nd part of the final qualifyingpaper in scientific adviser	18.05.2018 - 07. 09. 2018	07. 09. 2018
7	Defense of the 2 nd part of the final qualifyingpaper in scientific adviser	07.09.2018 - 10. 09. 2018	10. 09. 2018
8	Writing and defense of the 3 rd part of the final qualifyingpaper in scientific adviser	11.09.2018 - 28.10.2018	28.10.2018
9	Registration of the final qualifying work and abstract for preliminary protection in commissions	29.10.2018 - 31.10.2018	31.10.2018
10	Presentation of final qualifying paper and abstract on the department	01.11.2018	01.11.2018
11	Presentation of the final qualification work to the Dean's Office for receiving a referral for an external review	12.11.2018 - 16.11.2018	16.11.2018
12	Preparation of final qualifying paper to defense in the Examination Board	19.11.2018 - 30.11.2018	30.11.2018
13	Defending of the final qualifyingpaper in the Examination Board	05.12.2018	05.12.2018

7. Date of receiving the task: 28.12.2017

8. Scientific adviser of the final qualifying paper _____

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10. The task received by the student _____

Kateryna V. Chayka

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INTRODUCTION

E-commerce is one of the current trends in international business. In the modern world more and more purchases are being made on-line. Nowadays people lead active lifestyles, which quite commonly results in the lack of time. Therefore, to avoid wasting their time people try to find ways to complete necessary tasks as quickly as possible. Buying products is something everyone has to do and very often it may take a lot of time to do that. With the help of the Internet e-commerce has developed, which gave a perfect solution to a simple problem – how to make those important purchases without wasting time. The whole buying process, regardless of what it is that one is buying, is itself time consuming. E-commerce has made this process much easier. All one needs to do is google the product or service they are looking for and there they have it – a huge range of choices with a simple click of a button. With e-commerce development the buying process has been simplified. If a person knows exactly what they're looking for, they only need 5-10 minutes to purchase it. If the need isn't exact a research can be done, again with the help of the Internet and then again the purchase itself will take minutes to complete.

Because of the fact that e-commerce has become this popular many enterprises do their best to use it to their benefit. It is difficult to find a business that does not have a web-site. Because of this it is getting more and more difficult every day to make your enterprise stand out and be noticed. In order to attract customers an enterprise can use an e-commerce strategy. A strategy is a plan of action designed to achieve a long-term of overall aim. This strategy will help an enterprise to maximize revenue, make the audience spectrum wider and actually turn people, who are just curious, into those who actually buy your product or service and come back for more.

Purpose of research. To study the concept of e-commerce and possible ways of its implementation into the activity of hotel enterprises of Ukraine. The main objective of this study is to determine how can e-commerce be beneficial in

the hospitality business and what are the most effective strategies to make it successful.

Achieving the aim of this work involves solving the following tasks:

- To define e-commerce, its types and give a short overview of its history;
- To research global distribution systems and e-commerce of hotel services;
- To study impact e-commerce has had on the hotel industry;
- To describe organizational and economic assessment of the hotel;
- To study strategies for hotel services effectiveness in the hotel;
- To research ways of service strategies implementation into Hilton hotel chain;
- To offer ideas on service strategies improvement of Hilton hotel chain;
- To study e-commerce strategies improvement as an integral component of successful business.

Subject of research is theoretical, methodological and practical aspect of e-commerce strategies at hotel industry enterprises.

Methods of research. Different methods and techniques of scientific research are used in this work: statistical observations – to study some individual indicators, analysis and synthesis - to structuredefinitions, comparison, grouping, typing - to do comparative analysis of indicators of the hotel development, questioning - in order to study the peculiarities of the travel decision-making. In order to identify the hotel development trends and systematize the information received, computer processing techniques are also used.

Scientific innovation. The question of theory and practice, including the functioning of hotel chains in the international market was studied throughoutly by such foreign scholars as Carlos F.Gomes, Joao Lisboa and Mahmoud M.Yasinetc. While paying respect to the scientific works of these authors, it is worth writing

about e-commerce of hotel services, because it is as constantly changing and developing as our modern digital world.

Practical value. The results of the Hilton Kyiv hotel analysis can be used in the daily operation of it, including the study and improvements offers to make e-commerce usage more effective. The results of the research were published in the “International hotel Business and Tourism: articles collection of I 40 master program students” (Appendice A)

PART 1

THEORETICAL FOUNDATIONS OF E-COMMERCE STRATEGIES FOR HOTEL SERVICES IN HOSPITALITY

1.1 Essence, types and history of e-commerce.

E-commerce, or electronic commerce, or EC – is the buying and selling of goods and services, transmitting of funds or data over an electronic network, primarily the Internet. These business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or business to business. [58]

The terms “e-commerce” and “e-business” are often used interchangeably. The term “e-tail” is also sometimes used in reference to transactional processes for online shopping. [59]

The history of e-commerce started 40 years ago and continues to grow to this day with new technologies, innovations and thousands of businesses entering the online market each year. Electronic Data Interchanges and teleshopping in 1970s paved the way for the modern-day-e-commerce. The history of e-commerce is tightly intertwined with the history of the Internet. Online shopping only became possible when the Internet was opened to the public in 1991. Amazon was one of the very first e-commerce sites in the United States that started selling products online. Thousands of businesses in all possible business fields have followed their example. [57], [50]

Online shopping was invented and pioneered in 1979 by Michael Aldrich in the United Kingdom. He connected a modified domestic television via a telephone line to a real-time multi-user transaction processing computer. The system was marketed in the beginning of 1980 and offered mainly business-to-business systems that were sold in the United Kingdom, Ireland and Spain. One of the earliest consumer shopping experiences was Book Stacks Unlimited, an online bookstore created by Charles M. Stack in 1992. Stack’s store began as a dial-up bulletin board two years before Amazon was founded by Jeff Bezos. In 1994, Book

Stacks Unlimited moved to the Internet as Books.com and was eventually acquired by Barnes&Noble. [50]

The first online transaction was, by some reports, marijuana sold by Stanford students to MIT students via the Arplanet account at their artificial intelligence lab in 1972. However, the first online shopping transaction on the Internet took place 22 years later. With the headline - “The Internet is open” – on August 12, 1994 New York Times issue chronicled the sale of a Sting CD between two friends. The Times wrote – “The team of young cyberspace entrepreneurs celebrated what was apparently the first retail transaction on the Internet using a readily available version of powerful data encryption software designed to guarantee privacy”. [49], [50]



Figure1.1 Development and evolution of e-commerce shown in a timeline

Paving the way for electric commerce was the development of the Electronic Data Interchange (EDI). EDI replaced traditional mailing and faxing of documents with a digital transfer of data from one computer to another.

Trading partners could transfer orders, invoices and other business transactions using a data format that met the ANSI ASC X12, the predominant set of standards in North America.

Once an order is sent, it is then examined by a VAN (Value-Added Network) and finally directed to the recipient’s order processing system. EDI allowed the transfer of data seamlessly without any human intervention. [50]

Michael Aldrich, an English inventor, innovator and entrepreneur is credited with developing the predecessor to online shopping. The idea came about during a stroll with his wife and Labrador when Aldrich lamented about their weekly supermarket shopping expedition. This conversation sparked an idea to hook a television to their supermarket to deliver the groceries. Immediately after the discussion Aldrich quickly planned and implemented his idea. [37]

In 1979 Aldrich connected a television set to a transaction processing computer with a telephone line and created what he coined, “teleshopping,” meaning shopping at a distance.

It was apparent from the beginning that B2B online shopping would be commercially lucrative but B2C would not be successful until the later widespread use of PC’s and the World Wide Web, also known as, the Internet. In 1982, France launched the precursor to the Internet called, Minitel.

The online service used a Videotex terminal machine that was accessed through telephone lines. The Minitel was free to telephone subscribers and connected millions of users to a computing network. [33]

By 1999, over 9 million Minitel terminals had been distributed and were connecting approximately 25 million users in this interconnected network of machines. The Minitel system peaked in 1991 and slowly met its demise after the success of the Internet 3 years later. Eventually, in 2011, France Telecom announced its shutdown of the Minitel service system. Sadly, it had not become what it had hoped to be, the Internet.

In 1990 Tim Berners Lee, along with his friend Robert Cailliau, published a proposal to build a “Hypertext project” called, “WorldWideWeb.” The inspiration for this project was modeled after the Dynatex SGML reader licensed by CERN.

That same year, Lee, using a NeXT computer created the first web server and wrote the first web browser. Shortly thereafter, he went on to debut the web on Aug. 6, 1991 as a publicly available service on the Internet. When Berner’s Lee decided he would take on the task of marrying hypertext to the Internet, in doing that, the process led to him developing URL, HTML and HTTP. [27]

When the National Science Foundation lifted its restrictions on commercial use of the NET in 1991, the Internet and online shopping saw remarkable growth. In September 1995, the NSF began charging a fee for registering domain names. 120,000 registered domain names were present at that time and within 3 years that number grew to beyond 2 million. By this time, NSF’s role in the Internet came to an end and a lot of the oversight shifted to the commercial sector. [22]

The 1992 book, *Future Shop: How Technologies Will Change The Way We Shop And What We Buy*, provided insight and predictions on the future of consumerism. An overview of the book explains: “For hundreds of years the marketplace has been growing more complex and more confusing for consumers to navigate”. Published in 1992, long before the Internet became a household word. *Future Shop* argued that new information technologies, combined with innovative public policies, could help consumers overcome that confusion. A prescient manifesto of the coming revolution in e-commerce, *Future Shop*’s vision of consumer empowerment still resonates today.” [50]

From the beginning, there were many hesitations and concerns with online shopping but the development of a security protocol – the Secure Socket Layers (SSL) – encryption certificate by Netscape in 1994 provided a safe means to transmit data over the Internet. Web browsers were able to check and identify whether a site had an authenticated SSL certificate and based on that, could determine whether or not a site could be trusted. Now, SSL encryption protocol is a vital part of web security and version 3.0 has become the standard for most web servers today. [19]

Marketplaces, Payments and Mobile, Mid ‘90s to Present. Marketplaces start to emerge. From the mid-nineties there were major advancements in the commercial use of the Internet. One of the first ecommerce sites was Amazon which launched in 1995 as an online bookstore and has grown to be the largest online retailer in the world. Brick-and-mortar bookstores were limited to about 200,000 titles and Amazon, being an online only store, without physical limitations was able to offer exponentially more products to the shopper. [39]

Amazon’s range now includes not only books but music and video downloads, electronics, apparel, furniture, food, and toys. Amazon was one of the first online retailers to add user reviews with a rating scale to for products. Customer reviews are now considered the most effective social media tactic for driving sales.

Other ecommerce marketplace success stories include Ebay, an online auction site that debuted in 1995 and Etsy, which launched in 2005 and by Q2 2018 saw gross merchandise sales total \$901.7 million globally. [40]

The late 1990s also saw new ecommerce platform options for merchants. Miva's first catalogue-based ecommerce product was launched in 1997, achieving wide distribution in the late 1990s.

In 2005, Amazon announces the creation of Amazon Prime, a membership offering free two-day shipping within the contiguous United States on all eligible purchases for a flat annual fee. The membership quickly became popular, putting pressure on other merchants to offer fast and inexpensive shipping options. In 2016, Stamps.com acquires ShippingEasy for \$50 million, after previously purchasing ShipStation and ShipWorks in 2014. [48]

Global ecommerce company, PayPal, began its services in 1998 and currently operates in 202 markets. The company is an acquired bank that performs payment processing for online vendors, auction sites, and other commercial users. They allow their customers to send, receive and hold funds in 24 currencies worldwide. Currently, PayPal manages more than 244 million accounts, more than 100 million of them active.

As more and more people began doing business online, a need for secure communication and transactions became apparent. In 2004, the Payment Card Industry Security Standards Council (PCI) was formed to ensure businesses were meeting compliance with various security requirements. The organization was created for the development, enhancement, storage, dissemination and implementation of security standards for account data protection. [50]

In 2010, payments platform Square allowed small businesses to accept debit and credit cards on mobile devices. By Q4 2017, Square's gross payment volume was \$17.9 billion.

In 2001, Amazon.com launched its first mobile commerce site. Mobile commerce gained speed over the next two decades, as more users purchase from the palm of their hand. More than a third of U.S. e-commerce sales were made on a

mobile device in 2017, according to eMarketer Inc. The research firm expects mobile sales to increase by a third in 2018 – reaching more than \$200 billion – and estimates that by 2020 mobile sales will top 50%. Both consumers and business buyers turn to mobile devices for product research and coupons, with engagement through social media becoming increasingly popular. While business buyers expect consumer features such as a responsive design that travels from desktop to laptop to tablet to phone with consistent features, B2B shoppers demand an even stronger focus on finding products details, pricing, and help fast. [40]

Generally speaking, when we think of e-commerce, we think of an online commercial transaction between a supplier and a client. However, and although this idea is right, we can be more specific and actually divide e-commerce into six major types, all with different characteristics. [56]

Table 1.1

Types of e-commerce

№	E-commerce type	Description
1	Business-to-Consumer (B2C)	B2C ecommerce encompasses transactions made between a business and a consumer. This is one of the most widely used sales models in the ecommerce context. When you buy shoes from an online shoe retailer, it is a business-to-consumer transaction.
2	Business-to-Business (B2B)	B2B ecommerce relates to sales made between businesses, such as a manufacturer and a wholesaler or retailer. This type of ecommerce is not consumer-facing and happens only between business entities. Most often, business-to-business sales focus on raw materials or products that are repackaged or combined before being sold to customers.

The end of table 1.1

3	Consumer-to-Consumer (C2C)	One of the earliest forms of ecommerce is the C2C ecommerce business model. Customer-to-customer relates to the sale of products or
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		services between, you guessed it: customers. This would include customer to customer selling relationships.
4	Consumer-to-Business (C2B)	C2B reverses the traditional ecommerce model (and is what we commonly see in crowdfunding projects). C2B means Individual consumers make their products or services available for business buyers. An example of this would be a business model like iStockPhoto, in which stock photos are available online for purchase directly from different photographers.
5	Business-to-Administration (B2A)	This model covers the transactions made between online businesses and administrations. An example would be the products and services related to legal documents, social security, etc.
6	Consumer-to-Administration (C2A)	Same idea here, but with consumers selling online products or services to an administration. C2A might include things like online consulting for education, online tax preparation, etc. Both B2A and C2A are focused around increased efficiency within the government via the support of information technology.

There also are companies using internal networks to offer their employees products and services online, not necessarily online on the Web though, they are engaging in B2E (Business-to-Employee) ecommerce.

G2G (Government-to-Government), G2E (Government-to-Employee), G2B (Government-to-Business), B2G (Business-to-Government), G2C (Government-to-Citizen), C2G (Citizen-to-Government) are other forms of ecommerce that involve transactions with the government. There are other categories of e-commerce out there, but the six aforementioned are considered the main types of e-commerce.

[56]

1.2 Global distribution systems and e-commerce of hotel services

A global distribution system (GDS) – is a computerized network system owned or operated by a company that enables transactions between travel industry service providers, mainly airlines, hotels, car rental companies, and travel agencies. The GDS mainly uses real-time inventory (for e.g. number of hotel rooms available, number of flight seats available, or number of cars available) to service providers. Travel Agencies traditionally relied on GDS for services, products and rates in order to provide travel-related services to the end consumers. Thus, a GDS can link services, rates and bookings consolidating products and services across all three travel sectors: i.e., airline reservations, hotel reservations, car rentals. [30]

When more than 30 years ago the company “Sabre” created the very first airplane tickets computer booking system, charter airlines worked on a much smaller budget than regular airlines and didn’t have such a developed structure of airplane tickets booking. Today the computer booking system is seen as a global distribution system.

Evolution of global distribution systems has completely changed the way how the buying and selling of the tourism product is conducted in the whole world. Global distribution systems appeared as an answer to the need of regular airlines to find a simple, but effective method to sell their product by tour agents. A tour agent who has a GDS terminal, can check airplane seats availability in a matter of seconds and make a booking for the client. The global booking market of tourism products is provided by four global distribution systems:

- Amadeus;
- Galileo;
- Sabre
- Worldspan.[24]

Table 1.2

Global distribution systems

№	Name	Created by	Short description
1	Amadeus	It was founded more than 10 years ago as a result of	Amadeus is a computer reservation system (or global distribution system, since it sells tickets for

		the split of European GDS Consortium between four airlines: Air France, Iberia, Lufthansa and SAS.	multiple airlines) owned by the Amadeus IT Group with headquarters in Madrid, Spain. In addition to airlines, the CRS is also used to book train travel, cruises, car rental, ferry reservations, and hotel rooms. Amadeus also provides New Generation departure control systems to airlines.
2	Galileo	It was created as a partner company with British Airways, KLM, Air Canada, US Air (now US Airways) and United Airlines. Smaller partners also were included: Aer Lingus, Alitalia, Olympic Airways and Swissair.	Galileo is a computer reservations system (CRS) owned by Travelport. In addition to airline reservations, the Galileo CRS is also used to book train travel, cruises, car rental, and hotel rooms.
3	Sabre	From the moment it emerged Sabre belonged to AMR corporation, which is the founder of American Airlines.	Sabre Global Distribution System, owned by Sabre Holdings, is used by travel agents around the world to search, price, book, and ticket travel services provided by airlines, hotels, car rental companies, rail providers and tour operators.
4	Worldspan	It was created when Delta Airlines (DATASE) and PARS merged.	Worldspan is a provider of travel technology and content and a part of the Travelport GDS business. It offers worldwide electronic distribution of travel information, Internet products and connectivity, and e-commerce capabilities for travel agencies, travel service providers and corporations.

Amadeus is one of the biggest organizations of global distribution systems. Its activities include a lot of booking functions within partner's airlines and owners. It was founded more than 10 years ago as a result of the split of European GDS Consortium between four airlines: Air France, Iberia, Lufthansa and SAS. The first three airlines are still controlling stockholders. SAS has already left that group, but it has kept the local marketing right of the Amadeus trademark. And Continental airlines became a partner of the group. National marketing companies,

that work under the Amadeus trademark, sell Amadeus's services on local markets. [60]

Galileo services are sold in a similar to Amadeus way. The fact that service management and marketing are left in capable hands of national distribution companies – is what they have in common. However, Galileo has a strict control policy over its national distribution system's operations. Galileo, the way it exists now, was created at the same time as Amadeus. It was created as a partner company with British Airways, KLM, Air Canada, US Air (now US Airways) and United Airlines. Smaller partners were also included: Aer Lingus, Alitalia, Olympic Airways and Swissair. [30]

From the moment it emerged Sabre belonged to AMR corporation, which is the founder of American Airlines. Created in the early 60's, Sabre is considered the progenitor of modern-day FPCs. The Corporate Travel system and phone-booking centers belong to it. When it comes to airline maintenance, Sabre is the biggest company in the world. Until recently, it was one of the only global distribution systems, that owns an Internet travel agency – Travelocity. Sabre united its forces with ABACUS company to operate on the Asia-Pacific market, which led to expanding of its activity field. It also took part in providing US Airways with technological services. [28]

Worldspan was created when Delta Airlines (DATASE) and PARS merged. An ex-partner of ABACUS (before Sabre), it is considered to be one of the biggest global distribution systems out of four. It mostly operates in the USA, but has a branch in London, that controls all non-American operations.

Today Galileo already allows its business-users to book via the Internet. After they do that their application goes directly to the tour agent they chose. This is how global distribution systems support tour agents and at the same time help them to increase their effectiveness. [30]

Some advantages of global distribution systems are:

- Worldwide exposure of the hotel.
- B2B and B2C distribution.

- GDS distribution is the entry door to corporate bookers.
- Targeting all travel agencies independently of the GDS (distribution platform that is used).
- 24/7 travel agent access to the hotel's inventory.
- 24/7 travel agent access to the hotel's full descriptive and multimedia content. [60]

A few years back most of the hotel rooms were booked directly in the hotels or by loyal customers. The standard hotel marketing model was mostly oriented to work with these two booking options, rather than expanding the business. Most distribution methods were centered around: hotel catalogues, adverts in printed media, direct selling through tour operators etc. This situation has been changing a lot lately. [24]

Nowadays many tourists book places to stay online in a matter of seconds. And since global distribution systems link four vital sectors of the travel industry: airline reservations, car rentals, hotel reservations, and destination activities, - it facilitates automated transactions between vendors (airlines, hotels, car rental agencies, attraction tickets), travel agents that subscribe to the service, and the average travel consumer. When a travel agent books a reservation for a client, they're using the GDS. So is the customer who books reservations himself or herself through a website.

As it was written previously there's not just one company that runs the global distribution system. It doesn't manage a hotel's room inventory – the hotel retains control of that. It is more of a real-time network of linked databases that routes user requests for information to the right place. Similarly to how a user gains access to the Internet through a vendor like a phone or cable company, vendors gain access to the GDS through providers like Sabre, Amadeus, etc. [60]

A hotel can also have central reservations systems (CRS). A central reservation system - is a system used by individual vendors (hotels, airlines, etc.) to book their own reservations and manage their own inventory. There can be as

many CRSs as there are vendors, all using packaged or customized software. The customer interacts directly with the hotel via Internet or phone to book a room. [5]

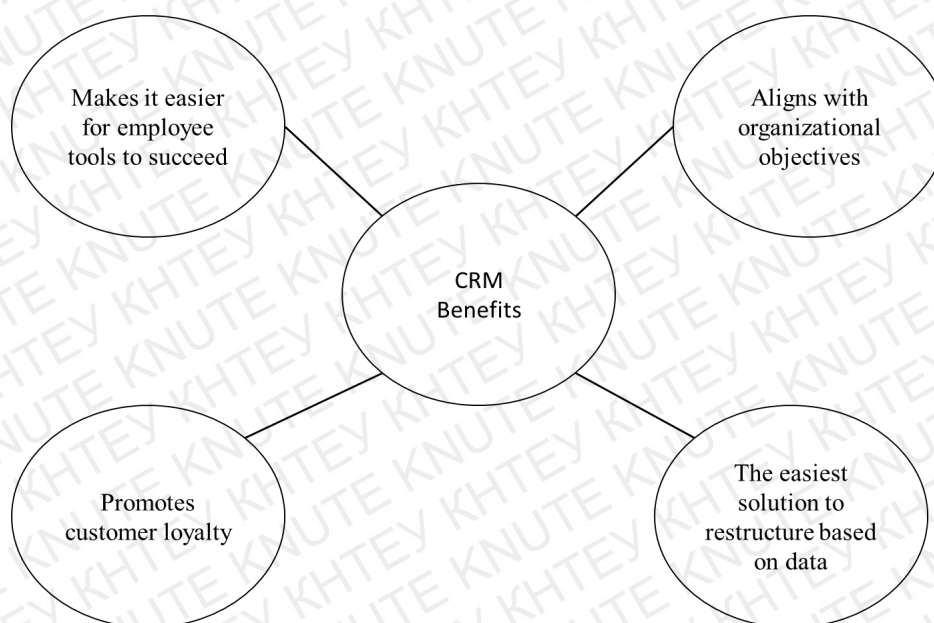


Figure 1.2 Benefits of CRM usage

A CRM aligns with organizational objectives. The hospitality industry is a broad category that includes transportation, tourism, lodging and many other businesses that feature customer satisfaction and enjoyment as part of the service provided. It encompasses a large range of different businesses with unique customer data needs. CRM software is highly adaptable. It can be set up and installed based on a company's specific goals. It is important that an organization is aware of what they are trying to achieve and improve from their customer interactions before they install a CRM for hospitality solutions. A company should find a CRM partner willing to be hands-on in the implementation phase and that can set up the software according to the company's objectives. [5]

A CRM is the easiest solution to restructure based on data. Change in a company is usually difficult. Restructuring customer benefits and interaction is quite an investment for an organization to undergo. Data from CRM software means an organization isn't changing blindly, it can be a slow process that adapts

to the feedback provided by customers' experiences and hospitality successes. Adapting reward programs so customers actually see them as rewards and not just attempting to force them to continue frequenting a company is the kind of benefit the hospitality industry needs in order to stay competitive. Changes like this may seem impossible, but as long as there is the data to support their creation, an organization can limit the risk involved.

A CRM promotes customer loyalty. Loyalty 360, the loyalty marketer's association, featured a story of a hospitality company that improved practices based on CRM data. The Red Lion hotel chain changed its points-based loyalty program to a recognition-based model. The change came after the hotel combined its property management system with their CRM software. The data showed that customers saw the old points-based system as impersonal. In addition, it wasn't retaining customers as well as they hoped. The data indicated guests' preferred personalization, quality service over speedy service and continued communication about the program. The automated messaging services provided by CRM can help with continued information and data collected from previous stays. It can also ensure those messages are tailored to a specific guest's needs. A rewards system based on specific client behavior has been very successful for Red Lion and has helped them stand out from the many other hotel rewards programs available. The Loyalty 360 article indicated that programs that encourage repeat business are essential because retaining old customers is more profitable than attracting new ones and word of mouth can be the best advertising. [5]

A CRM makes it easier for employee tools to succeed. Employees are at the forefront of hospitality. An organization can have all the systems and guidelines in place, but it is up to the people who are actually interacting with the customers to make sure those strategies are being properly utilized. Companies need to prepare their workforce for CRM for hospitality implementation. As stated above, a change in company policy could be jarring. It is important to make sure that workforce is aware of how the CRM software will be beneficial and provide opportunities for it to contribute and ask questions. An employee from each branch of hospitality

ventures should be part of the initial implementation team, so they can suggest what info would be best suited for their needs. Employees should be made aware that the data provided by a CRM solution will be to their advantage. CRM data should give employees day-to-day practices they can implement to reward, manage and assist guests. It will be available to help them determine which strategies will lead to satisfying guests and fewer concerns they would need to deal with.

CRM for hospitality business software is not only beneficial, it is essential for them to stay competitive in the modern connected world. Customers have access to information and promotions from competitors constantly. To make a hotel's services stand out, one has to be able to use the information provided by guests to discover the best practices to retain business. [4]

Global distribution systems let a customer, whether it's a travel agent or a consumer, search and compare prices, features, and amenities among several hotels, then select and book their stay at the hotel they choose. There often isn't any direct contact with the hotel itself.

Many reasons why a hotel needs a GDS include:

- The number of bookings generated through a GDS generally outpaces that of direct bookings. While direct bookings are rising, and they do represent a significant amount of revenue for hotel operators, there are still more bookings being generated through the GDS than through hotel websites. In 2016, hotel bookings via the GDS increased by 1.3% while direct bookings rose by just 0.8%.
- A GDS in the hotel industry will help significantly increase revenue at the property. Revenue increases largely because the GDS places the hotel's information, availability and rates in prominent locations where it is easy for travel agents to find this valuable information. It helps hotels maximize their bookings during any given time period while also reaching powerful travel markets that are willing to spend money in order to book the best room available. Generally, a lot of travel agents who specialize in corporate travel use a GDS to get their clients booked quickly and efficiently.

- The GDS can help hotel managers uncover new market segments to promote their products to. Given the vast expanse of the GDS network, it's not surprising the hotel operators can use this enormous channel to uncover new traveler markets. In many cases, hotel operators discover through the GDS that there are traveler market segments interested in their products that they couldn't previously reach. [53]
- More travel agents are relying on the GDS to find the best places for their clients to stay. Since 2011, the number of travel agents using a GDS has increased by more than 14%. Every year, more agents are realizing that this is the best way to easily connect with hotel properties from around the world. Through the GDS, the agents have access to live rates and availability, and they can easily book rooms for their clients. [60], [30]

TravelClick and Phoenix Marketing International polled more than 900 travel agents using Sabre, Amadeus, and Travelport in 52 countries on their use of global distribution system platforms. Half of those surveyed said they are using a global distribution system more than they did two years ago, leading to an increase in the amount of hotel bookings placed on the platform. Hotels pay a fee of about 20 percent on a booking when they sell a room on a global distribution platform, leading many to look for other distribution solutions like encouraging travelers to book direct online or using online booking sites.

When it comes to these hotel bookings, 63 percent of those polled indicated they tend to book away from hotels that don't offer the best rate on global distribution system channels. More than two-in-three (70 percent) said they will book the best deal they find regardless of the advertising content the systems push them. Sixty-nine percent of agents polled said they're aware of promotional text from global distribution systems, a four percent increase from 2015. Interestingly, 46 percent of agents surveyed said they are booking alternative accommodations less now because they aren't available on global distribution systems (Airbnb may quietly be looking to solve this problem.) It could also be that agents don't make

any commission on sites like Airbnb and Homeaway, so don't have the incentive to book them for clients. [17]

There's no doubt that global distribution systems play and will continue play an important part in the travel landscape for many years to come, but their traditional role is changing and being challenged by all the changes taking place in the travel industry. Andrew Sheivachman, a business travel editor at Skift – a platform that provides media, insights and marketing to key sectors of travel, says: “Agents may be placing more hotel bookings through global distribution systems, but the fact remains that hotels would like to move away from expensive distribution channels like these”. [16]

Two important considerations impacting the role of global distribution systems are the growth of online travel websites that offer price comparisons and the increased push from airlines and other travel service providers to encourage consumers to make bookings directly via their websites.

For example, to recoup additional money, over the past few years many airlines have incentivized travelers to purchase tickets directly from the airline websites. Some airlines are even imposing additional fees for tickets booked through a global distribution system, rather than the airline's website.

The travel distribution systems are currently facing many changes as online agencies such as Priceline, Travelocity, Expedia, etc. have introduced a way to access travel suppliers directly via the worldwide web. In general, Global Distribution Systems have not shown much of an effort toward targeting on-line customers. As an alternative, Customer Relation Systems have remained trustworthy to their travel agency distributors. [11]

While such changes will definitely impact the future growth opportunities for global distribution systems, there will continue to be a role for them as they evolve to meet the needs of travel planners, travel websites, airlines and groups of individuals.

Modern day customers feel empowered to arrange their own itineraries for airline, hotel room, transportation and other travel amenities directly via the

Internet. It is predicted that the internet will take the majority of reservations directly from customers and intermediaries at a portion of the costs associated with today's.

Management of e-Commerce and Online Channels is one of the main tools for promoting and improving sales in the current hotel businesses. It consists basically of a privileged sales channel, available in many hotels. Nevertheless, there are others, who do not give due importance to this channel. [34]

Over the last decade the population of Internet users has increased rapidly. The tourism and hospitality industry has always been among the first businesses, to capitalize on new technologies. Customers are constantly seeking new sources of information, to help them make decisions before purchasing services.

Online sales play a vital role in any hotel business, consequently one can, by no means, ignore this procedure. The growing importance of e-commerce in the modern tourism and hospitality industry has created an urgent need for simple solutions focused on managing companies' online presence accurately. [57]

The reasons why hotel e-commerce is so important today are:

- It accelerates Internet usage worldwide.
- The Internet is the lowest cost hotel-booking channel.
- Most travelers research hotel reservations on the Internet.
- Social media and online hotel reviews are an increasingly important decision factor. [32]

1.3 E-commerce impact on the hotel industry. Advantages and disadvantages of e-commerce.

For hotel enterprises it is crucial to offer services of the highest quality. A hotel is like a live organism, that operates 24 hours a day, 7 days a week and the quality of its everyday work is tightly connected to the way the work processes are organized.

Nowadays it is getting harder and harder to lure customers in with a simple promise of a comfortable accommodation with a beautiful view, since there are

dozens of additional services the clients are used to and expect as something completely normal.

A potential customer of a hotel enterprise – is a person who doesn't know how to live without a phone and Internet. Modern technology allows people to study information about hotels on websites, book rooms online, book plane or a railway tickets and start their journey. All of these aforementioned things can be done without leaving the house. For example:

- In the US more than 140 million adults are expected to research their trip online instead of directly contacting an agent.
- This year digital travel sales are expected to reach \$198 billion. [45]

A recent article released by The Business Journal presents a study that surveyed how people currently make their travel reservations.

Out of a 1000 people who took part in the survey:

- 340 make their travel reservations by online travel agencies,
- 270 people choose to make their reservations on online travel websites,
- 250 people make their travel reservations according to personal referrals,
- 190 people choose to make their travel reservations on the websites of the travel companies,
- 90 people book their travel by traditional travel agents and only
- 70 people call travel companies to make their travel reservations.

The results of this study are shown in a diagram below. [51]

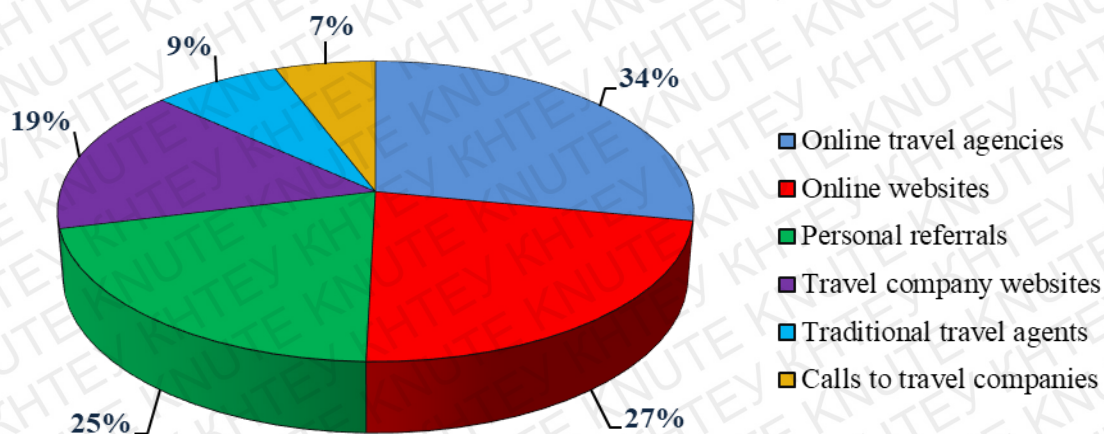


Figure 1.3 Survey results on how people make travel reservations nowadays

The internet became a major distribution channel for the hotel industry in 2002. Reservations through third party internet booking companies exploded in the early 2000's as the industry struggled with the effects of the September 11th downturn. These internet booking companies offered deeply discounted rates to fill rooms. Recognizing that they were losing control of their inventory and pricing, the major hotel companies worked to limit the amount of inventory available to these sites and altered marketing decisions to incentivize guests to book directly through the hotel website. Nathan Butcher, E-Commerce Manager for Colwen Management, said that "People are becoming more and more prudent while also becoming more knowledgeable about the internet; consumers are making intelligent decisions online for the best possible rate." From experience in the hotel industry, it is apparent that many hotel companies have increased efforts to bring guests directly to the hotel website to avoid the 15 to 25 percent commissions for reservations booked through third party websites. [53]

Internet marketing has had many positive effects on the hotel industry. Marketing over the internet has given hotel operators the opportunity to create a positive image and reach more potential customers at a lower price. One example is PPC (Pay per Click) advertising campaigns that are now widely used throughout

the industry. The primary goal with PPC advertising is to appear in the “Sponsored Ads” section of the major search engines when a potential customer searches for hotels. PPC ads often cost hotels about \$1 per click versus many other marketing campaigns that cost hotels thousands of dollars. Several hotel operators have cited returns of around 8:1 on average for branded properties from PPC advertising offsetting the influence of booking at lower rates with the additional induced demand as a result of the advertisement. PPC advertising links consumers directly to the hotel website eliminating the need for third party booking sites. The hotel may be offering rooms at a lower rate than previously desired, but they do not have to pay the high commissions when reservations are booked directly. TravelZoo is another online booking information source which allows hotel operators to sell vacant rooms last minute and at discounted rates. Industry experts have cited that TravelZoo can provide returns between 10 and 20:1 with downsides that include lower ADR and appealing to less desirable segments of demand. [51]

E-commerce and social networking sites help and will continue helping the industry to grow. As brands work to make themselves visible to travelers, they are now spending 61% of their marketing budgets on online channels. That number is even higher for online travel brands such as OTAs (online travel agencies), which allocate 73% of their spend to digital.

The way the buying and selling processes have radically changed through e-commerce in the last few years. Buying or selling through Internet and online shops depending on websites, has become an ordinary part of consumer life today. Higher expectations, less tolerance, more demanding and choosy customers are becoming more common. Economic, social and technological factors have created a highly competitive business environment in which customers are becoming more powerful. The highly professional search machines make this possible for them. E-Commerce is becoming a steadily bigger part of life without us realizing it. More consumers are using smartphones to explore destinations and products. Mobile accounts for 37% of travelers shopping for flights and 43% for accommodations.

[54]

To make e-commerce work well, constant development and improvement of adjoining functions is necessary. E-commerce solutions are varied and both seller and buyer compatibility with it is necessary to work with a chosen one. Also it should be affordable for the provider.

Online selling is the main growth area for the Internet. Elegant sites, easy requirements, less cumbersome process, more information sharing, animation, attractive information presented in the most fascinating ways are bases of a professionally organized e-commerce. E-commerce websites should offer a stimulating experience with reliable information that could motivate the customer. Easy Channeling and navigating the customers to full portfolio of all necessary and essentially correct information is very important. Websites should be searchable, price should be competitive and eShop information should be easily available. [49]

E-Commerce has brought revolutionary changes in tourism and hospitality industry. Tourism as one of the biggest industries is a natural partner of Internet. It is a major component of most economies and community-based tourism is steadily increasing popularity. Tourism also has potential to induce local development and increase the income. It is essential to keep in mind the local environmental sensibilities.

Applying the concept of e-commerce for tourism and hospitality has become the most natural outcome in recent years. [44]

There are many advantages of e-commerce usage:

- It facilitates local community access to tourism market and minimizes the financial information leakage.
- It links local communities and hospitality industry directly with the tourists.
- It could help building up local finance along with the national foreign exchange.
- It increases small enterprises by directly marketing the local products and industries anywhere in the world.

- Local communities get a direct share in the income while traditional cultures and social structures of the hosts get appreciated while extraordinary skills make a comeback.
 - Tourism and hospitality mainly depend on the natural scenes and wildlife, for which locals or governments do not need to spend much other than maintaining them, along with effective hospitality facilities.
- [43]

Tourism and hospitality industry are interlinked. The hospitality industry and leisure industries are widely regarded as being extremely competitive and fast moving. Given this situation, it is not that surprising that there are so many examples of established organizations acting entrepreneurially.

Hospitality is a booming industry all over the world today. With an ability to sell through Internet, selling their rooms, facilities offered, picturesque backgrounds, food, comfort, cultural attractions, social functions, religious peculiarities are showcased without much expense or difficulty.

Tourists have all information through search engines with the current data and rates. They can directly talk, write, book and pay for their stay much in advance, with all information about reaching, being welcomed, how and where, meeting points, weather, forecasts, dangers, attractions and day-to-day itineraries intact with them months in advance.

Availability of souvenirs, food requirements, comforts, access to religious places, historical sites, internal travelling, places of attraction, are all managed by people at hospitality points. Trade opportunities, reservations, tickets, transport, instantaneous information about any place nearby are provided through hotels.

There are disadvantages in applying e-commerce into Hospitality industry. [41]. Disadvantages of e-commerce implementation into daily operation of the hotel may be divided into two of the following categories:

- Technical
- Non-technical

Table 1.3

Disadvantages of e-commerce

№	Disadvantages of e-commerce	
	Technical	Non-technical
1	There can be lack of system security, reliability or standards owing to poor implementation of e-commerce.	Initial cost – The cost of creating or building an e-commerce application may be very high. There could be delays in launching an e-Commerce application due to mistakes, and lack of experience.
2	The software development industry is still evolving and keeps changing rapidly.	User resistance – Users may not trust the site being an unknown faceless seller. Such mistrust makes it difficult to convince traditional users to switch from physical stores to online/virtual stores.
3	There are countries, where network bandwidth might cause an issue.	Security and privacy – it is difficult to ensure the security or privacy on online transactions.
4	Special types of web servers or other software might be required by the vendor, setting the e-commerce environment apart from network servers.	Lack of touch or feel of products during online shopping is one of the basic drawbacks.
5	Sometimes, it becomes difficult to integrate an e-commerce software or website with existing applications or databases.	E-commerce applications are still evolving and changing rapidly.
6	There could be software/hardware compatibility issues, as some e-commerce software may be incompatible with some operating system or any other component.	Internet access is still not cheaper and is inconvenient to use for many potential customers, for example, those living in remote villages.

The Internet is not the full solution to success in the Hospitality and Tourism industry. However, the Internet is the “overall business answer” across industries. The raise in travelers over the time has also driven IT demand to offering high quality products at low costs to the customers. The success of the Hospitality and Tourism industry depends upon the abilities to identify and answer quickly to

current and potential customer needs. IT is playing a major role in “servicing” customers. This challenges Hospitality and Tourism organizations because efficiency in both external and internal interactions are required. The setup cost of IT may be quite expensive in a economic sense, and the tremendous cost savings in the long-term will depend upon the efficiency of the IT during its crucial implementation stages. In some way, Hotel could reduce the cost such as the commissions paid to travel agencies as suppliers will be straightly linked to customers. [35]

Starwood Hotel Group was standing ahead of other Hotels to offer a online “virtual tours” of its properties. This feature provides a site visit to potential guests without having to travel to each property. And now, many well-known hotels are also providing this promotion feature for stand top of the roles to attract potential customers. Analysis of 321 million social engagements found at least eight of the largest hotels have tested some kind of virtual reality experience during the past 18 months. Most of these experiences were programs that paired VR devices with consumers’ mobile devices.

The trends of Hotel websites are designed with many photo graphics that allow visitors to inspect the facility, lobby, grounds, guestrooms, and amenities visually. Many hotel websites also provide superior multimedia presentations designed to give virtual tours of the facilities to potential guests, using streaming videos and 360-degree viewing platforms of the properties. [32]

Conclusions to part 1.

In this part we have studied the concept of e-commerce, its types and looked into the history of e-commerce. We have gathered, that e-commerce is one of the current trends in international business. In the modern world more and more purchases are being made on-line. At its core, e-commerce refers to the purchase and sale of goods and/or services via electronic channels such as the internet.

We found out that there are six maintypes of e-commerce: Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Business

(C2B), Consumer-to-Consumer (C2C), Business-to-Administration (B2A) and Consumer-to-Administration (C2A).

After that we analyzed both advantages and disadvantages of e-commerce.

Then we defined global distribution systems and studied the four global distribution systems that exist on the market of tourism product. We can now conclude, that a GDS – is a computerized network system owned or operated by a company that enables transactions between travel industry service providers, mainly airlines, hotels, car rental companies, and travel agencies. The GDS mainly uses real-time inventory to service providers.

The global booking market of tourism products is provided by four global distribution systems: Amadeus, Galileo, Sabre and Worldspan.

We analyzed advantages and disadvantages of global distribution systems.

After that we studied central reservations systems (CRS), that a hotel can have. A central reservation system - is a system used by individual vendors (hotels, airlines, etc.) to book their own reservations and manage their own inventory. There can be as many CRSs as there are vendors, all using packaged or customized software. The customer interacts directly with the hotel via Internet or phone to book a room. We also researched some of the benefits a CRM can bring to the hotel enterprise.

After having analyzed all the theoretical and statistical data we came to a conclusion, that the way the buying and selling processes have radically changed through e-commerce in the last few years. Buying and selling through Internet and online shops depending on websites, has become an ordinary part of consumer life today. E-Commerce has brought revolutionary changes in tourism and hospitality industry.

PART 2

PRACTICAL ASPECTS OF E-COMMERCE STRATEGIES IN HILTON HOTEL CHAIN

2.1 Organizational and economic assessment of the hotel

Hilton Worldwide Holdings Inc., formerly known as Hilton Hotels Corporation, is an American multinational hospitality company that manages and franchises a broad portfolio of hotels and resorts. Founded by Conrad Hilton in 1919, the corporation is now led by Christopher J. Nassetta. Hilton is headquartered in Tysons Corner, Virginia. As of September 2018, its portfolio includes more than 5,500 properties (including timeshare properties) with over 894,000 rooms in 109 countries and territories. [25]

Table 2.1

A brief history of Hilton Hotels

№	Year	Historical event
1	1927	Hilton opens its first hotel (the Waco Hilton) with cold running water and air conditioning.
2	1947	The Roosevelt Hilton in the New York City becomes the first hotel in the world to install televisions in guest rooms.
3	1959	Hilton opens its first airport hotel (San Francisco Airport Hilton) and pioneers the airport hotel concept.
4	1973	Hilton develops the first centralized reservation service using computer technology.
5	1987	Hilton introduces its guest loyalty program – Hilton Honors.
6	2013	Hilton launches a new dining concept – Herb N` Kitchen worldwide.
7	2014	First hotel brand to live stream a concert on YouTube (Hilton Times Square).
8	2018	Hilton now has more than 540 Hilton Hotels and Resorts operating in 78 countries, on 6 continents.

Hilton`s most important vales are hidden in its name, where:

- H stands for – Hospitality. Hilton emphasizes that they're passionate about delivering exceptional guest experiences.
- I stands for – Integrity. It's exceptionally important for them to do the right thing, all the time, regardless of the circumstances.
- L stands for – Leadership. Hilton considers itself to be a leader in the hospitality industry and in many communities.
- T stands for – Teamwork. Hilton pays attention to the fact, that they are team players in everything they do.
- O stands for – Ownership. Be there as it may, Hilton is an owner of its actions and decisions.
- N stands for – Now. Since time is crucial to any person, Hilton operates with a sense of urgency and discipline. [10]

Hilton has 15 brands for different market segments: luxury, upper upscale, upscale, middle scale/select service and timeshares. Those brands include: Conrad Hotels & Resorts, Canopy by Hilton, Curio - A Collection by Hilton, Hilton Hotels & Resorts, DoubleTree by Hilton, Embassy Suites Hotels, Hilton Garden Inn, Hampton by Hilton, Homewood Suites by Hilton, Home2 Suites by Hilton, Hilton Grand Vacations, Waldorf Astoria Hotels & Resorts, Tru by Hilton, Tapestry Collection by Hilton, and Motto by Hilton. [23]

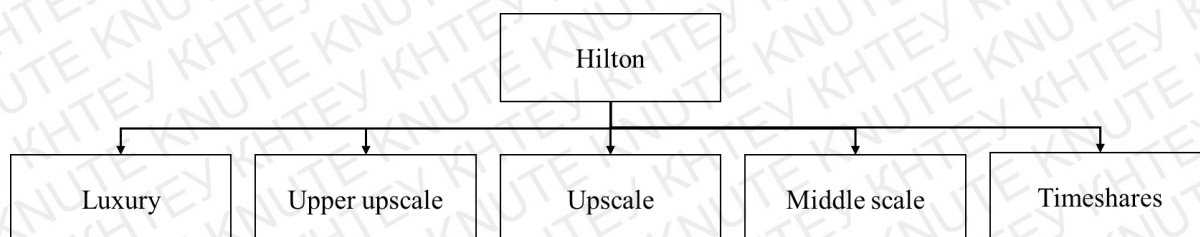


Figure 2.1 Hilton market segments

In table 2.2 we gave a short description of 5 Hilton brands, from each market segment.

Table 2.2

Brands of Hilton Worldwide Holdings

№	Market segment	Brand name	Short description given by Hilton
1	Luxury	Waldorf Astoria Hotels & Resorts	Hilton describes Waldorf Astoria Hotels & Resorts as a place that – “offers unforgettable experiences at iconic destinations around the world.” They also say that – “these hotels provide inspirational environments and personalized attention that are the source of unforgettable moments”
2	Upper upscale	Hilton	Described by Hilton as a – “the stylish, forward-thinking global leader in hospitality”. It is also a Hilton’s flagship brand and often ranks №1 in terms of its global brand awareness in the hospitality industry.
3	Upscale	DoubleTree by Hilton	A place, that is – “warm, comfortable, friendly.” The one, that – “provides true upscale comfort to today’s business and leisure travelers.”
4	Middle scale	Hampton by Hilton	It provides – “quality experience, great value and friendly service in its signature Hamptonality style.” The brand also includes Hampton Inn & Suites that offer traditional hotel and suite accommodations. Free hot breakfast and Wi-Fi are included.
5	Timeshares	Hilton Grand Vacations	Positioned as – “high-quality vacation ownership resorts in celebrated destinations.”

Hilton Kyiv belongs to the Hilton Hotels & Resorts brand, which is an upper upscale market segment of Hilton Worldwide. It is a part of the residential complex H-Tower, which is located in the city center at Taras Shevchenko Boulevard. The complex was designed by the renowned British architect John Seifert, who also designed other 10 Hilton hotels in London, Paris, Antwerpen and Dubrovnik. This multifunctional complex consists of a 25-floor central tower and two wings with 16 floors each. Hilton Kyiv occupies 3-8 floors out of 26. It offers

262 guest rooms, a contemporary restaurant, a business center, meeting rooms and a spa. In order to control all the systems and items around the hotel, Hilton Kyiv uses SmartHome automation system. [25]

Hilton Kyiv offers its guests a big choice of accommodation, those include: guest rooms, suites, executive rooms and accessible rooms.

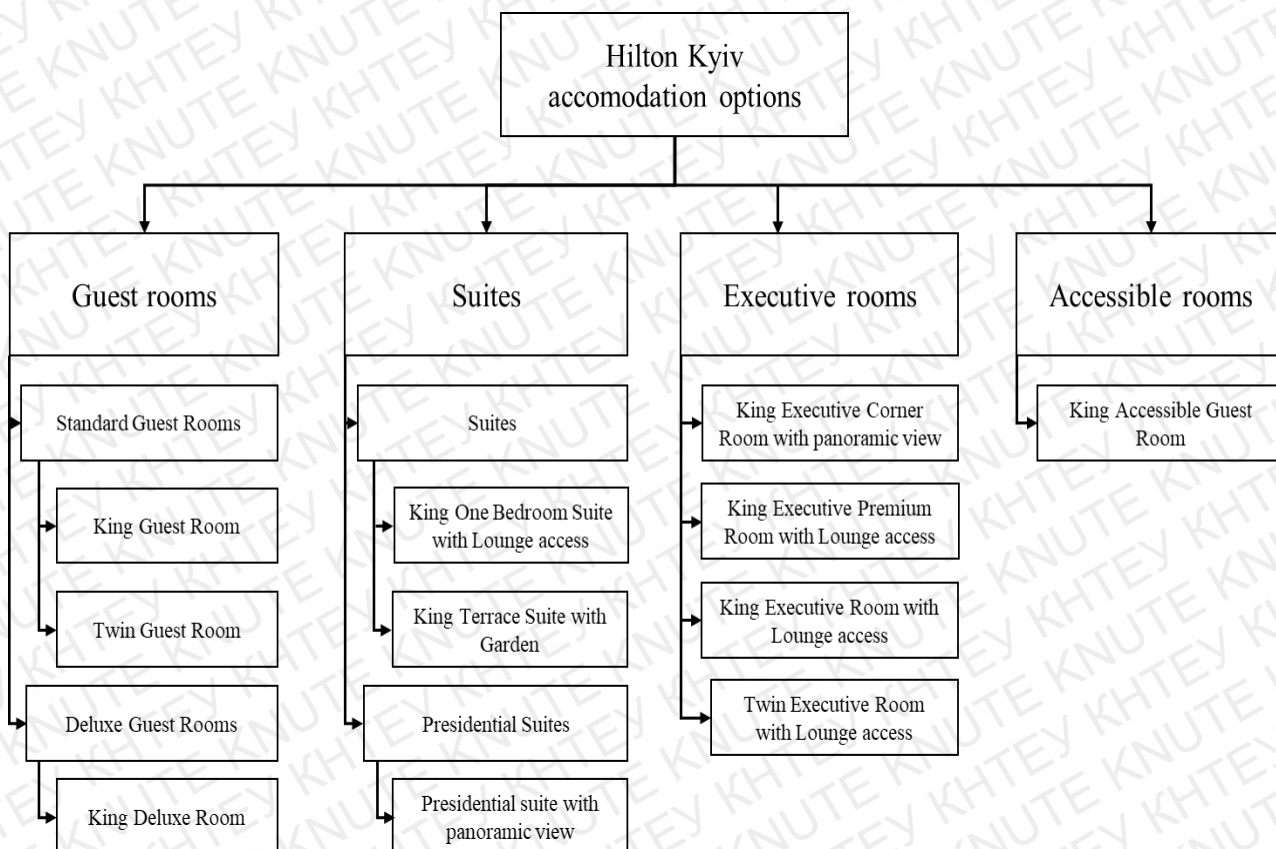


Figure 2.2 Hilton Kyiv accommodation options

Every room in Hilton Kyiv is designed in the modern style with wooden floors and dark wooden furniture. Each guest can use to their advantage highspeed Internet, an LCD TV, a safe, minibar etc. On the first floor of the hotel there is always breakfast buffet. There is a wide choice of international cuisine dishes in a restaurant and a lounge bar offers a huge variety of different teas. Guests can use secretary services, a business center and a perfect place for recreation – a spa-center. Aside from all the aforementioned services guests can also enjoy some bonuses – an excursion bureau, currency exchange, laundry and dry-cleaning

services, storage facilities etc. Guests can also visit a gym, an indoor swimming pool and a banquet hall. Hilton Kyiv has a private car park too.

Just like any other hotel Hilton Kyiv has departments that ensure quick and efficient hotel operation. Those departments can be divided into two categories: operational or core departments and secondary departments. A Housekeeping department, Food and Beverage department (F&B), Kitchen department and Front Office departments belong to the operational departments, they are also the four most important departments in a hotel because they are directly responsible for the way a hotel operates on a daily basis.

A Housekeeping department is responsible for guest rooms management and the cleanness of every single public area in a hotel. It is crucial for housekeeping and front office departments to have a well working connection. Front office department provides the housekeeping department with the necessary and up-to-date information about the guest rooms. Housekeeping of Hilton Kyiv is in charge of all the details that complete the perfect puzzle of an ideal stay for the guest starting from the squeaky-clean bathroom amenities to the fluffy, cloud-like bedsheets and pillows. [3]

Housekeeping department at Hilton Kyiv is responsible for:

- Cleaning and up-keeping of hotel rooms.
- Keeping public areas clean.
- Guest linen laundry.
- Issuing and receiving staffs inform on clean to dirty basis.
- Linen issuing and collecting from various outlets.
- Banquet halls and other food and beverage outlets cleaning.
- Co-ordination with other hotel departments.
- Cleanness and maintenance of the indoor swimming pool.
- Pest control activities in all areas of the hotel.[22]

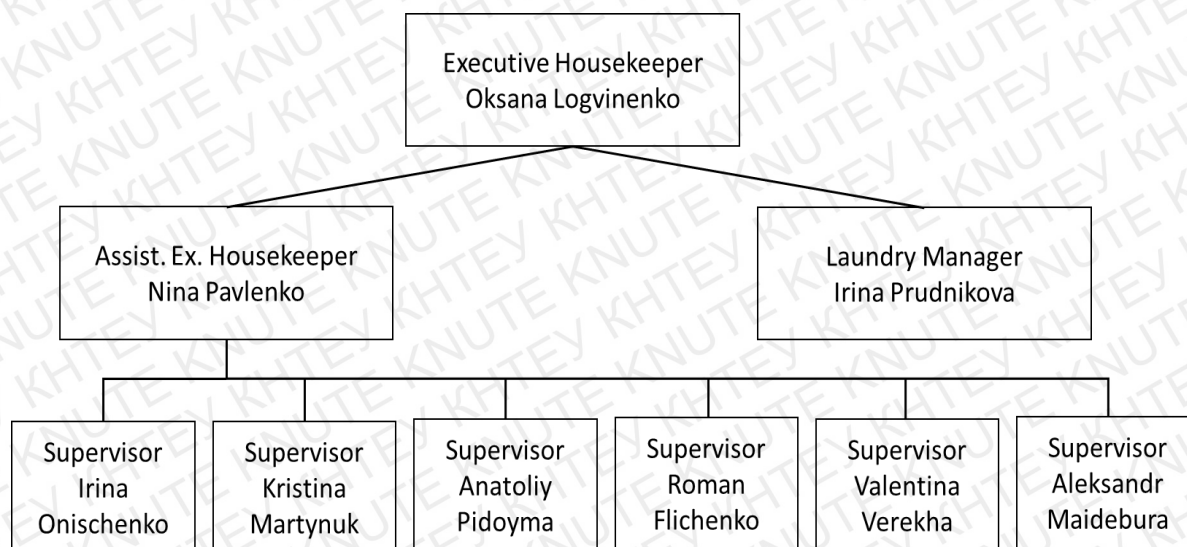


Figure 2.3 Organizational structure of Housekeeping department in Hilton Kyiv

Food and Beverage departments are probably one of the most service oriented and important hotel departments. It is in charge of all the services connected with food items, beverages and tobacco preparation so that customer's needs are satisfied in the best possible way. [2]

In Hilton Kyiv food and beverage services are provided to guests in H Bar, Lobby Bar, Park Kitchen and The H Terrace.

H Bar is the place for fashion shows, celebrity gatherings, special events, pre- and post-parties of the main city events. In H Bar guests can enjoy a wide selection of different cocktails, a food menu and a late-night snack menu.

The Lobby Bar is a perfect place for businessmen to organize their meetings, for family gatherings and afternoon tea. This place offers a huge variety of the best coffee and tea, Italian pastry and exquisite desserts.

Park Kitchen is a contemporary restaurant which is designed as a culinary show, here chefs cook right in front of the guests. High quality service dishes made from fresh seasonal products are served here as well as an impressive wine selection.

The H Terrace offers an extensive à la carte, sushi menu and Sunrise Breakfast. One can also enjoy a wide tea selection with Italian pastry or a wonderful glass of wine.

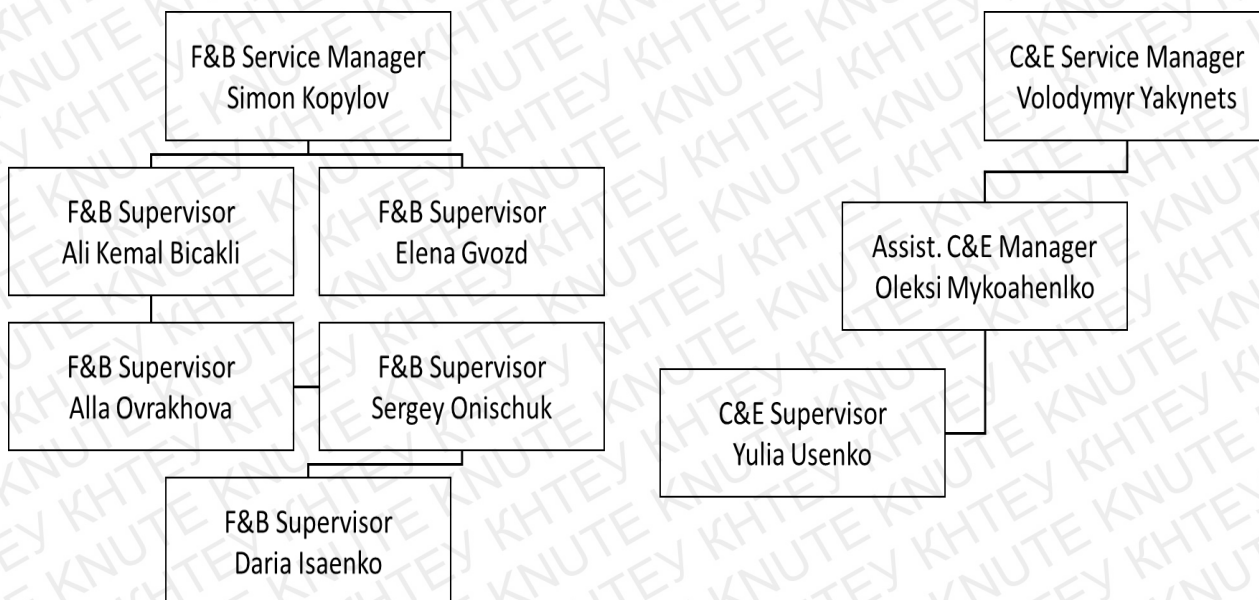


Figure 2.4 Organizational structure of F&B department in Hilton Kyiv

A Kitchen department, or as it may also be called Food production department, is a department which is directly involved in and responsible for the food preparation processes.

A kitchen in Hilton Kyiv is a nicely designed closed area with skillful chefs and all necessary equipment, tools and utensils needed for preparing food items as per guest orders followed by standard recipes.

A skilled food production team works here and is in charge of food items preparation precisely as the guest order. It prepares food according to the menu and there is a perfect type of menu for that in Hilton Kyiv – it is an A` la carte menu.

A` la carte menus a choice menu where food and beverages are individually priced. The individual dishes to be ordered may include side dishes, or the side dishes may be offered separately, in which case, they are also considered à la carte.

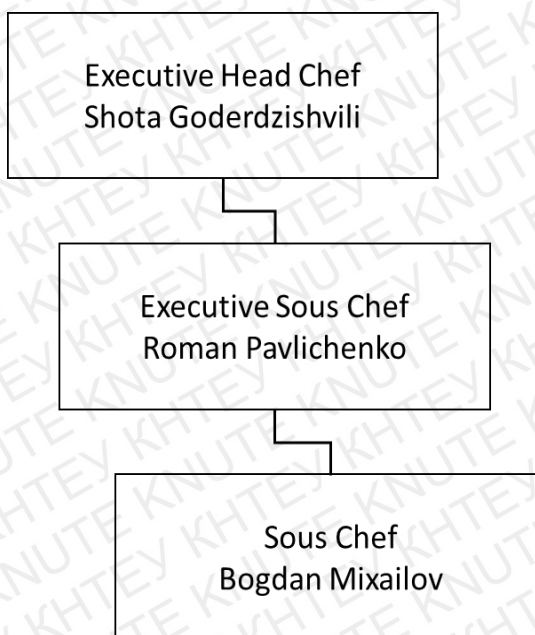


Figure 2.5 Organizational structure of Kitchen department in Hilton Kyiv

The Front Office department is one of the major departments in a hotel which is situated at the front part of the hotel and is in charge of selling the rooms of the hotel, guest registration and also is responsible for handing over key to the guest. Front Office reflects the image of the hotel and leaves a lasting impression on every guest. This department gathers all the information and messages from the whole hotel and communicates them to all the other departments.

The first and most important function of the Front Office department of the Hilton Kyiv is – to allocate guest rooms to them and act as an endless source of information for each guest. In Hilton Kyiv the Front Office is also in charge of guest account settlement, providing guest service, guest history card preparation, luggage handling, airport pick-up and so on. The Front office department also collects, develops and keeps up the latest records on guest information, guest services and makes sure that guests needs are satisfied to the maximum extent while also ensuring that all hotel policies are complied with the highest standards of service. This department in Hilton Kyiv also holds responsibility for greeting and welcoming every guest and handling their complaints and working

with guests' positive feedback. They review status of room availability, room blockage and special requests on a daily basis. [47]

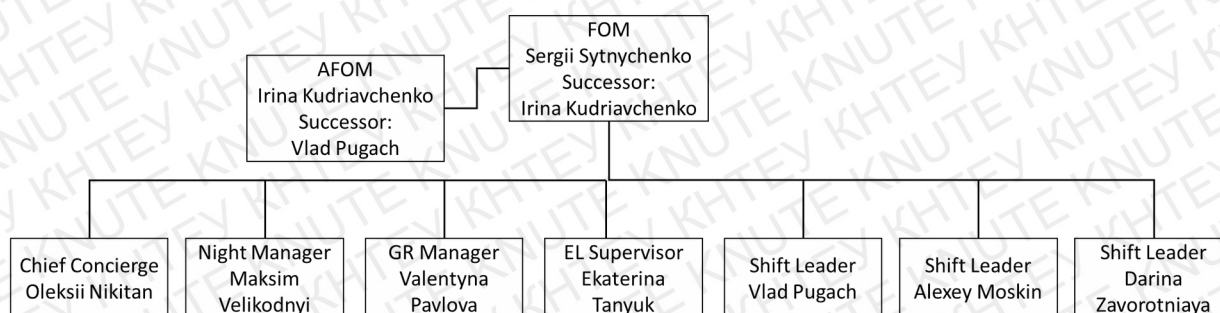


Figure 2.6 Organizational structure of Front Office department in Hilton Kyiv

Aside from the four main departments there are also secondary departments that play a significant role in daily operation of a hotel, those departments ensure general hotel administration. In Hilton Kyiv secondary departments are: Sales and Marketing, Human Resources, Finance, Business Development, Engineering, Security and Spa.

Sales and Marketing is responsible for hotel products selling, so basically it generates new business for the hotel. This can be the rooms, functions, conventions, or even restaurants or bar selling. Sales and marketing department is also in charge of the hotel advertising, sales promotions and publicity and sometimes plays a role of public relations. This department holds responsibility for overall hotel positioning, brand communication and customer development.

Human resources department of Hilton Kyiv is in charge of hiring, training, and hotel staff development. This department serves no customers, books no business, yet it plays a very important role in the hotel's efficient operation. The three major functions of the human resources department are: employee recruitment, benefits administration and training. The director of human resources in Hilton Kyiv is expected to be an expert on labor laws and to recommend managers in other departments. The human resources department's major challenge is in its communication with other hotel departments. Although the

human resources department recruits, interviews and screens prospective employees, the final hiring decision rests in the department in which the employee will be working. The same is true about promotional and disciplinary decisions. The human resources department's input is sometimes limited to advice and legal questions interpretation. The human resources department's effectiveness depends on its manager's ability to form effective working relations with managers of other departments. [31]

Finance department basically is a part of a hotel that manages its money. The business functions of a finance department of Hilton Kyiv include planning, organizing, auditing, accounting for and controlling its company's finances. The finance department also produces the hotel's financial statements.

Business development department in Hilton Kyiv entails tasks and processes to develop and implement growth opportunities within and between organizations. Business development is the creation of long-term value for an organization from customers, markets, and relationships. In addition, business development activities are done internally and externally by a business development consultant. Business development is conceptualized as or related to discrete projects, specific modes of growth, and organizational units, activities, and practices.

Security department of Hilton Kyiv is mostly in charge of the safety and security of the hotel guests, visitors, and hotel employees. This includes patrolling the hotel premises, monitoring equipment, and in general, ensuring the security of guest, visitors, employees and their securities. [38]

Engineering department holds responsibility for the maintenance and the operation of all machinery and equipment (heating, air-conditioning, and lighting included). Other things engineering department is responsible for are: carrying out all carpentry, upholstery, plumbing and other works of the hotel.

2.2 Assessment of strategies for hotel services effectiveness in a hotel

New markets and competitive realities are forcing service organizations to take the process of tracking, monitoring, and improving operational and organizational performance, in order to meet the growing challenges posed by the customers, very seriously. These challenges have been unmistakable in recent years, as they encompass key performance facets, which shape the relationships between the customer and the service operational system. In this context, key performance facets focusing on improving the service encounter and the customer-orientation through paying close attention to service efficiency, quality, and availability are becoming critical components of organizational performance. Improvement aimed at these key service performance dimensions are critical toward enhancing the service value offered to customers. Therefore, the systematic measurement, tracking, monitoring and continuous improvement of service efficiency, quality, and availability is the first step in the road toward enhancing the customer orientation and service value. [42]

Hotel services, their number and the amount of people engaged in them depend on the size of the hotel as well as on its status. Typically, the basic hotel services include: guests reception, room service, food and beverage service, including restaurants in the hotel, and security.

Other services offered to guests of the hotel, can be considered bonuses. These are the laundry service, massage room, fitness gyms, conference rooms, safe deposit boxes for valuable assets and many other things. These services can be included in the price of the room or paid for separately. [46]

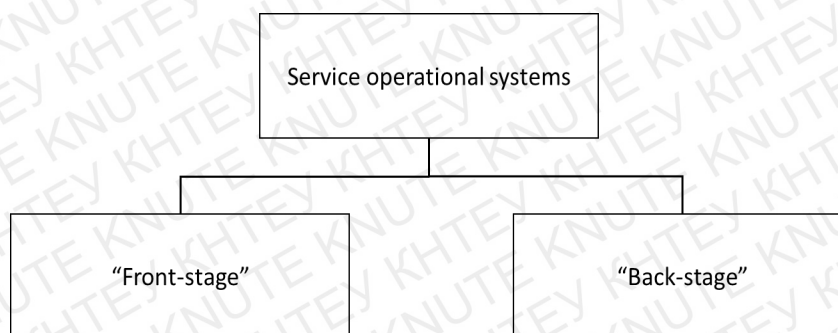


Figure 2.7 Stages of service operational systems organization

Most services operational systems are organized based on two stages. The first stage is labeled the “front-stage”, while the second stage is labeled the “back-stage”. The front-stage includes all operational tasks and activities, which the customer directly interacts with. An example of such tasks and activities is the process of checking-in a guest in a hotel. The back-stage, on the other hand, includes all operational tasks and activities, which take place without direct interaction with the customers. An example of such tasks and activities is the room cleaning service in a hotel.

The overall performance of the service system is very much influenced by the performance of both service stages. Therefore, any attempt to improve the overall performance of the service system must systematically incorporate and integrate the service performance aspects related to service efficiency, quality, and availability of the two service stages. The service operational system of a hospitality organization is no exception. The two service stages of hospitality operational system must be measured and monitored to ensure the overall service operational effectiveness. This requires close attention to service efficiency, quality and availability. [46]

Poorly defined processes, improper staff training and badly implemented service infrastructure can lead to significant reductions in the efficiency of a service operation. The results are slower response times and longer resolution windows, higher case backlogs, poor utilization of service staff, poor morale and higher turnover of service staff. Service Strategies can help streamline processes, improve operational efficiency and drive significant gains in service effectiveness.

In the article “The effectiveness of hospitality Service operations: Measurement and Implementation concerns” Carlos F.Gomes, Joao Lisboa and Mahmoud M.Yasin offered a measure for the service operational effectiveness – a SOE.

The proposed SOE measure consists of three indicators, which are Availability (A), Quality (Q) and Efficiency (E). This measurement approach was originally used in association with a closed system - machine, where the

system components are well-defined. Therefore, cause-effect relationships can be assessed with some certainty.

However, the proposed SOE approach, as advocated in a hospitality services setting, utilizes these three indicators in association with an open, complex system—the hospitality organization and its operational system. [46]

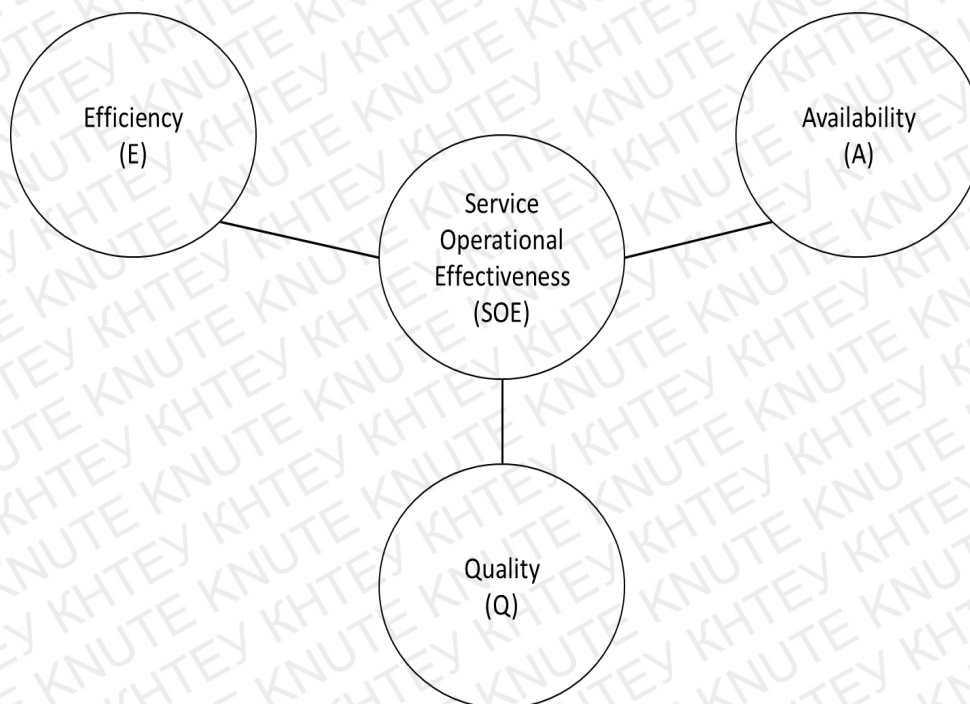


Figure 2.8 Indicators of the service operational effectiveness measure

In hospitality, hotel service availability is the amount of vacant rooms a hotel has to sell. This term normally relates to a specific set of dates or a certain type of accommodation. [29]

Service quality can be defined as the extent to which the service fulfils the needs or expectations of the customers. It can also be seen as the overall impression of customers regarding to the weakness or excellence of the service. Another definition of service quality can be - what the customer gets out and is willing to pay for - not what the supplier puts in. It may be understood as the gap between the expected service and the actual perceived service.

Efficiency itself – is a comparison of what is actually produced or performed with what can be achieved with the same consumption of resources (money, time, labor, etc.). It is an important factor in determination of productivity. [14]

Based on the definition of efficiency, service efficiency can be understood as a difference in amount of services that are really provided to the customers and those that can be provided to the customers with the same consumption of resources.

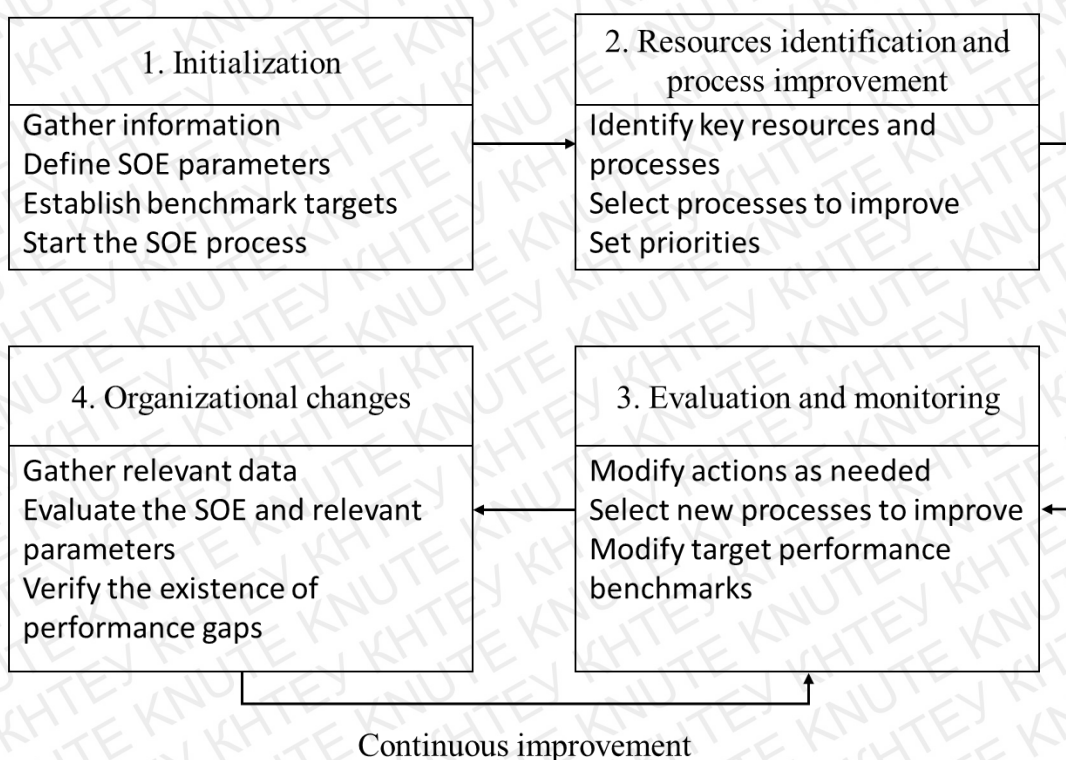


Figure 2.9 Service operational effectiveness approach implementation

Aside from the SOE approach to the service effectiveness improvement there also are other ways to provide a truly memorable guest experience by increasing service efficiency. In order to satisfy the guests needs to the maximum possible extent it is crucial to understand that a fantastic guest experience starts long before the time of their arrival. So, the one of the most important strategic decisions would be to create a mobile-friendly website that offers visual appeal and social proof of the experience that the guests will enjoy at the hotel they plan to

stay in. Aim for fast site speeds and incorporate valuable content into every page of the hotel's website, while also adding "Book Now" buttons in every possible place. When travelers get in touch with the hotel's brand online, they will develop an opinion of the brand in a matter of seconds, which will impact the ultimate experience that they have at the hotel they have chosen. [8]

Another strategy is to pay close attention and give timely responses to guest feedback. In other words, it is very important to not just provide all services according to the highest hospitality standards and assume that the guest will be satisfied, but to gather reviews from every possible source about the experiences guests have had in the hotel. There are many ways to collect information about the guest's stay, one of the most common ones – is a simple guest satisfaction survey, that can be conducted both online and offline.

Encouraging guest to leave a comment on the hotel's website or on one of the most popular booking platforms shows guests that it accepts and promotes online reviews. When this practice is implemented into the everyday operation of the hotel it shows other travelers that the hotel values the opinion of its guests, puts them first and that it is willing to do something extra to deliver superior customer service. [6]

It is a very good idea to send out automated emails with guest satisfaction surveys too, because they are showing your guests that the hotel actually cares and wants more information about the guest's stay and that it is constantly looking for possibilities to exceed expectations of each guest in all possible ways. Not only can these guest surveys be sent out via the email, but they can also be given out to each guest at the reception desk at the moment of their arrival, to be filled in at the end of their stay, of course.

One more way to conduct such a survey can also be the most popular social media websites, such as: Facebook, Instagram, Twitter etc. A survey form can also be left somewhere in a visible place in the room a guest is staying in a day before the end of their stay. [18]

During an internship at Hilton Kyiv we conducted such a survey to find out if people read reviews about the hotel prior to the decision making about their stay, the results are shown in the diagram below. 61% of the guests, who took part in the survey said that they read and care about other guests reviews written online, 32% stated that they only trust spoken review from people they know well or are at least acquainted with, and only 7% of the guests, who participated in the survey told that they do not care about review from other guests and only trust their decision.

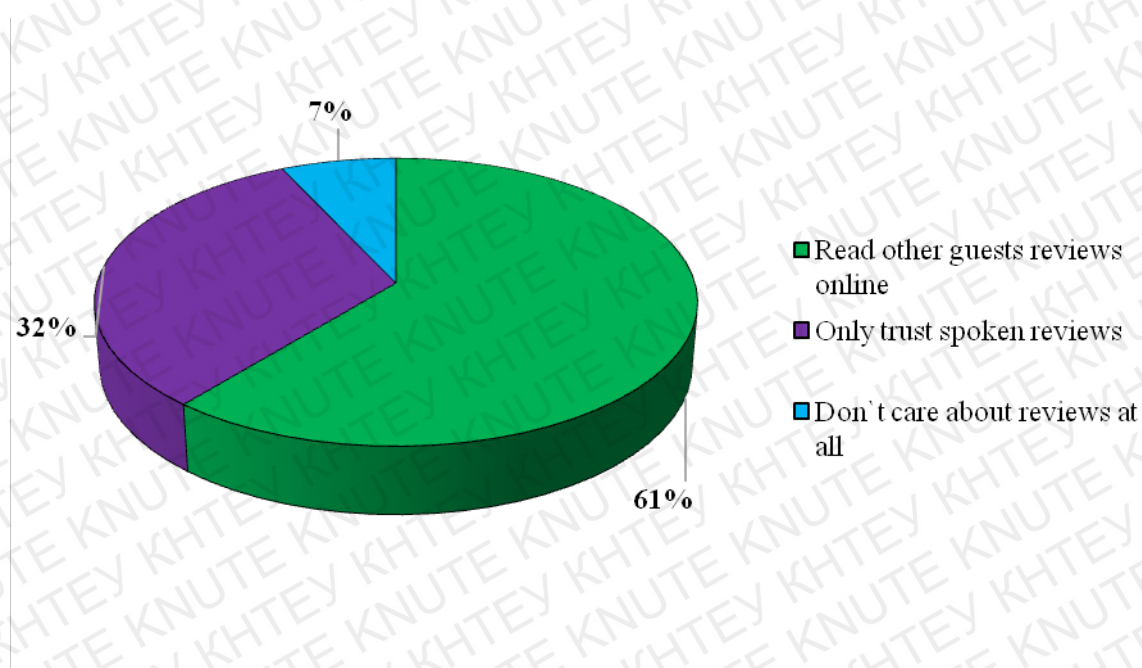


Figure 2.10 Guests survey on whether they pay attention to other guest's reviews when choosing accommodation

When the hotel chooses to actively work with the guest's feedback and turns it into one of the strategies used regularly it can also help in future decision making. When the hotel monitors its guest feedback and responds to it accordingly and in a timely manner, it's very important to take note of what improvements could be made in the future based on the responses of the guests. Hotels also can use booking data and marketing data to finalize decisions for upgrading amenities, creating events, designing promotions and more. This won't only help to make the best decisions and use the hotel's resources wisely, but it will also show past, present and future guests that their input is genuinely valued. [20]

Establishing contact with a future guest prior to their arrival is another good strategy to increase service efficiency. From the point of view of a guest, who feels a special connection to the hotel on a personal level, the service quality in that hotel already is higher than in any other place. This begins before the guest arrives at the front desk. It is a good idea to use social media to reach out to the hotel's guests prior to their stay and learn a little bit more about them. Nowadays people share a tremendous amount of information online every day. Paying attention to the information a guest chooses to share on their social media pages can help create a truly unforgettable stay for them. [8]

Customized booking forms may also help to gain insight about the people who will be staying at the hotel. It is crucial to not go over the top with the customized forms, though. One of the most important things to keep in mind when creating them – is the fact that nowadays the most valuable asset to almost any person is their time and people get very annoyed when it is wasted.

While guests are staying at the hotel, adding small touches and details that personalize their experience truly does make a difference in the way the hotel is perceived. Once again finding out which details to add and what is better to avoid can be found out through the guest's social media pages, their prior feedback and paying close attention to the reasons of their stay. Guests will remember those experiences for years to come, and they will significantly improve their overall opinion of the stay. [3]

2.3 Assessment of implementation of service strategies of Hilton hotel chain

When speaking about hospitality and guest's needs satisfaction the most important thing that can influence the level of service in the mind of a guest is first and foremost – communication. If all communication processes are organized and conducted in the correct and logical way guest's needs get fulfilled much faster. In the modern-day world communication is key in many completely different industries and with the help of technology it has become much easier to reach

anyone regardless of their whereabouts. Internet has simplified all processes of communication with customers while at the same time creating a need for all the industries to adjust to these new customer's requirements and expectations.

Since e-commerce is becoming more and more popular every year it is crucial for businesses to keep up with the pace of its development. In tourism and hospitality more and more customers choose to make their travel arrangements online. Therefore, in order to stand out, be more attractive to customers and use e-commerce to its advantage a hotel has to have a website that is well-built, informative and easy to use.

In this part we would like to study the Hilton Kyiv website, the way Hilton Kyiv is represented on some of the most popular booking platforms and on social media and compare it to its competitor's websites.

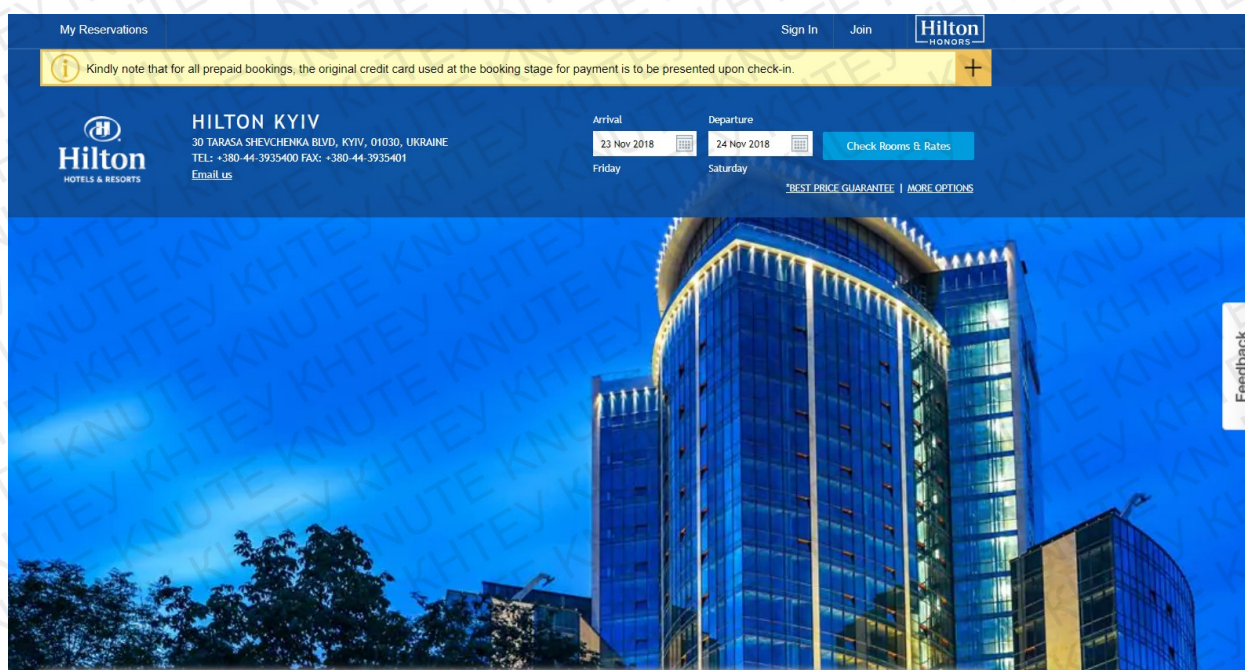


Figure 2.11 The front page of Hilton Kyiv website

The first thing that catches the guest's eye is a big photo of the building of Hilton Kyiv itself, as the guest would see it in real life. On the front page of the hotel's website guests, who are members of the Hilton Honors program can sign in and for those who aren't members yet there is a possibility to join for free. Apart from that, in the upper left corner of the main website page there is the hotel's

address, a contact number and a small button “Email us”, which redirects the guests straight to the mailing program with the Hilton Kyiv email already waiting there.

In the left part of the website a guest can see the “Hilton Home” menu, where all the information is sorted into categories, like: amenities and services, maps and directions, rooms and suites, event planning, special offers, dining, spa and things to do around the city. The website’s language can be changed to: German, Polish, Russian or Turkish. Below there is some basic hotel information that informs guests about the hotel’s check-in and check-out time, smoking policy, parking options and pets policy. There is also a link that redirect you to the full and detailed list of hotel’s policies.

In the upper right corner of the main website page there are “Arrival” and “Departure” fields to be filled in before pressing the “Check Rooms & Rates” button, which shows guests all accommodation options with prices for the dates

chosen.

Hilton
HOTELS & RESORTS

Hilton Kyiv [↕](#)
30 Tarasa Shevchenka Blvd, Kyiv, 01030, Ukraine +380-44-3935400
[Hotel Details](#) [|](#) [Change hotel](#)

Step 2 of 5

Reservation Summary
01 Mar 2019 - 02 Mar 2019, 1 room for 1 adult [Change](#)

✓ Your dates qualified for lower rates. Book here now.

Kindly note that for all prepaid bookings, the original credit card used at the booking stage for payment is to be presented upon check-in.

Narrow your results

Show Accessible Rooms

Bed Types

1 Bed
 2 Beds

Room Types

Guest rooms
 Suite
 Club/Towers/Executive

Pay with Points & Money [?](#)

Rate Types

TWIN GUEST ROOM [↕](#)
Floor-to-ceiling windows, desk, standard WIFI
Wake up ...

Quick Look

Rate plan	Price per night (UAH)	
FLEXIBLE RATE ↕ Change or cancel up to 1 day before arrival. Pay when you stay.	10,045 UAH	Select
HONORS DISCOUNT ↕ Change or cancel up to 1 day before arrival. Pay when you stay ... Pay with Points & Money	10,045 UAH 9,543 UAH	Select
HILTON HONORS SALE ↕ HILTON HONORS MEMBER RATE, JOIN FOR FREE. NO BREAKFAST. FREE WIFI...	10,045 UAH 7,032 UAH	Select

Figure 2.12 The “Check rooms & Rates” in Hilton Kyiv

For the guest’s convenience the currency the rates are shown in can be chosen, although there is a warning on the website that the rates are only converted to give an idea to the customers about how much a room will cost in a certain currency and might not be exact.

For each room Hilton Kyiv website offers three types of prices, those are: flexible rate, honors discount and Hilton Honors sale. The flexible rate is the highest out of these three, because it gives the guests an opportunity to change or cancel their reservations up to one day before arrival and allows them to pay when

they stay. Honor's discount rate is a bit lower than the flexible rate, although it also gives the guests an opportunity to change or cancel their reservations up to one day before arrival and allows them to pay when they stay. Guests can choose which way they would like to pay the Honors discount rate – with points or money. This rate is for Hilton Honors members only. The lowest price for the rooms is the Hilton Honors sale it does not include breakfast, requires a full prepayment and cannot be refunded. Reservations made according to the Hilton Honors sale rate cannot be changed.

In general the front page of the website gives brief, but relevant pieces of information about the hotel itself, followed by a list of local attraction close by and some facts that might be of interest to the guests. Apart from the aforementioned elements of the Hilton hotel website, there is also short information about modern rooms and suites, events organization, restaurants and bars and, of course, Hilton Kyiv Spa with buttons after each segment that redirect guests to a page with more details about the aspect that they are interested in.

Table 2.3

Advantages and disadvantages of the Hilton Kyiv website

№	Advantage	Disadvantage
1	The website of the Hilton Kyiv is created in Hilton signature colors and filled with photos of the hotel.	The photos on the Hilton Kyiv website are not of the best quality.

The end of table 2.3

2	The main page of the hotel's website is filled with brief information about all of its main elements, requirements and options to be redirected to read more about each of them.	The website itself is quite slow. It takes a short while, for the link the guest is redirected to, to load.
3	There is also a feedback field in the right part of the website.	The feedback field - only 'smiley' face that describes the guest experience on the

		website.
4	There is a mobile friendly version of the website.	The website does not adjust well even if just the size of the browser window is changed to a smaller one.

In our opinion the biggest disadvantage of the Hilton Kyiv hotel's website is the fact that there are completely no guest comments. We believe that feedback previous guests left can play an important role for those who are indecisive or unsure whether they should book accommodation at Hilton Kyiv or not.

Hilton Kyiv is also represented on such popular booking platforms as: booking.com and TripAdvisor. First and foremost, the biggest difference between the hotel's website itself and the first booking platform is that all photos of the property that are used on the booking.com platform are high-resolution photos. Another thing that immediately catches the observer's eye is the constantly changing comments section and the grade the previous guests have given to the hotel.

Booking.com, as well as the Hilton Kyiv website itself, gives a brief description of the hotel with all the necessary information about the surrounding territory. Apart from the general hotel description booking.com also has a list of five reasons to choose Hilton Kyiv and a list of all commodities Hilton Kyiv provides to its guests with a warning if the service is for additional pay only. [13]

Next, our research went to the feedback section of the website, which unfortunately does not exist on the Hilton Kyiv website at all. As it is well known, when writing comments about their stay in any hotel guests have to not only write about the things they enjoyed during their stay, but also about the things that were not as pleasant. Judging by the almost perfect 8,7 general rating of the hotel, one may come to a conclusion that there would not be any negative feedback, which was not the case.

We studied latest feedback given by guests on the booking.com website during the period from September to November 2018. The highest grade given to

Hilton Kyiv during this period is – 10, which is excellent. And the lowest grade given is – 2.5, which is very far from being considered even okay.

In the period chosen guests of Hilton Kyiv have left 26 reviews on the booking.com website and even though 7 comments out of 26 had something negative to say about the hotel only one got a response from the hotel administration. That one response given to the negative comment on the website looks completely out of place there and has nothing to do with an issue that the guest had. Other guest's reviews that got some kind of feedback from the hotel's administration are all positive, but then again the response given is nothing more than a "thank you for your visit, come back again". This kind of a response seems more or less okay until the moment you realize, that that is the same feedback that one negative comment got.

Out of the 26 comments left by the guests about the Hilton Kyiv during the period chosen:

- 53% of people, who left feedback on the booking.com website gave an excellent grade to the hotel;
- 30% of people, who left feedback on the booking.com website gave a grade from good to average;
- 17% of people, who left feedback on the booking.com website gave a grade far below okay.

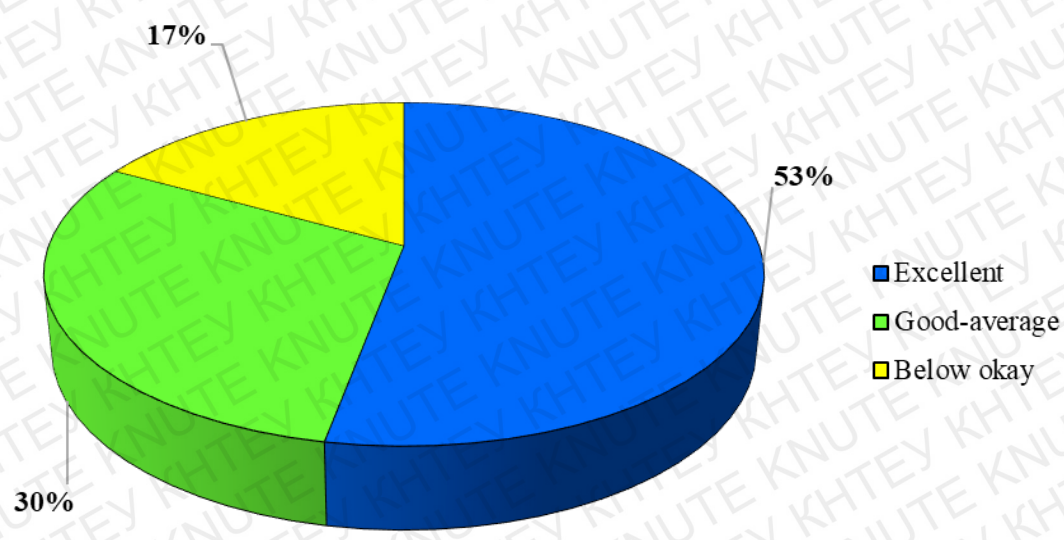


Figure 2.13 Guests feedback about Hilton Kyiv from September to November 2018 on booking.com

What seems disturbing is the fact that no guest comments, especially those that write about some negative experiences have received any response. We believe, that communication is a key success factor when it comes to hospitality industry and by what we have seen so far Hilton Kyiv does not care about the feedback they receive from their guests.

The next popular booking platform and the way Hilton Kyiv is represented there, that we analyzed was – TripAdvisor. Both booking.com and TripAdvisor have much more photos of the hotel, than its main website.

On the TripAdvisor website all photos are divided into six categories: all photos, traveler’s photos, rooms & suites photos, pool & beach photos, business center & event room photos and dining photos. We find it very positive that apart from having professionally made pictures of the property, TripAdvisor also shows the photos taken by guests, because they create a much more real impression than the ones that were taken by a professional photographer.

Unlike booking.com and the main website of Hilton Kyiv, TripAdvisor does not offer a lot of information about the hotel, detailed room descriptions or facts to be taken into consideration. Instead of giving a long overview of the Hilton Kyiv,

TripAdvisor offers a tiny and very general description, a check-list of the hotel's amenities, and to visit the hotel's website for more details.

When it comes to the general grade given to the hotel by guests, it is very close to excellent – 4,5, 5 being the highest possible. During the period from September to November 2018 - 191 guest left reviews on the TripAdvisor website in 10 languages. Out of 191 guest's reviews, 82% gave it an excellent grade, 12% gave a grade from very good to average and 6% of guests gave a poor to terrible grade. Out of 12 very negative reviews 11 got a direct and quite personalized response from the General manager of Hilton Kyiv – Hasan Ragab. Which is a much better result, than on the booking.com website. The responses given to the negative comments were written after 5 days on average after a negative comment was posted. The longest reply time was – 8 days.

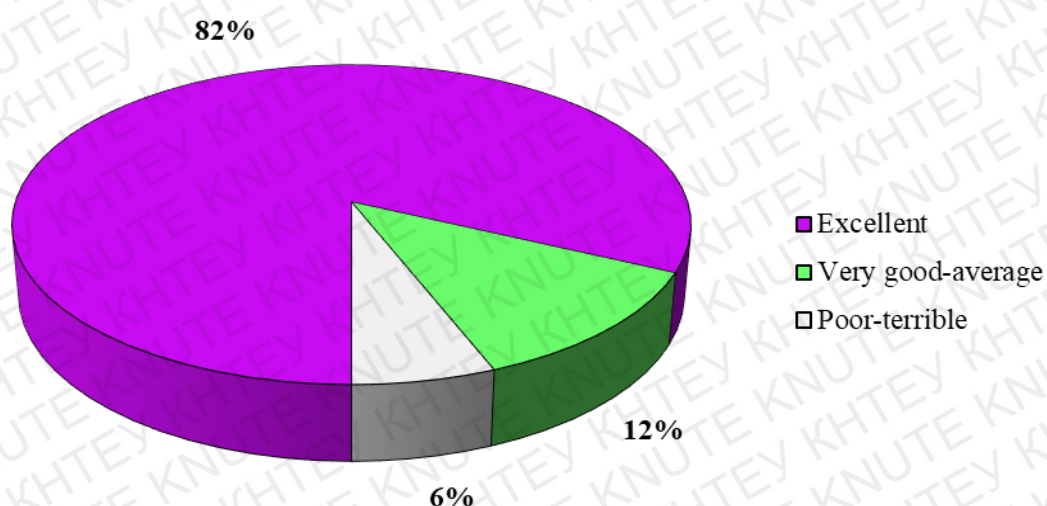


Figure 2.14 Guests feedback about Hilton Kyiv from September to November 2018 on TripAdvisor

During the websites analysis we made a disturbing observation that Hilton Kyiv is not always very good when it comes to working with guests' feedback. The main website of the hotel does not have any feedback section unless, of course, you count a tiny field where guests can choose a smiley face to rate their experience on the website. And although Hilton Kyiv is represented on both

booking.com and TripAdvisor, the hotel's administration seems to have forgotten about the fact that guests leave reviews on booking.com and that those have to be addressed, especially the negative ones.

Conclusions to part 2

In this part of our work we described organizational and economic assessment of the hotel. We found out, that Hilton Worldwide Holdings Inc., formerly known as Hilton Hotels Corporation, is an American multinational hospitality company that manages and franchises a broad portfolio of hotels and resorts. Founded by Conrad Hilton in 1919, the corporation is now led by Christopher J. Nassetta. Hilton is headquartered in Tysons Corner, Virginia.

We looked into the history of Hilton Worldwide Holdings Inc., presented it in a table and gave a short overview of its brands for each market segment.

We found out that as of September 2018, portfolio of Hilton Kyiv includes more than 5,500 properties (including timeshare properties) with over 894,000 rooms in 109 countries and territories.

After that we did some research on Hilton Kyiv, which belongs to the Hilton Hotels & Resorts brand, which is an upper upscale market segment of Hilton Worldwide. We also researched the offers Hilton Kyiv gives to its guests when it comes to choosing accommodation, those include: guest rooms, suites, executive rooms and accessible rooms.

Then we studied the hotel's departments that ensure quick and efficient hotel operation. Those departments can be divided into two categories: operational or core departments and secondary departments. We created schematic sketches of organizational structures of the four most important departments in Hilton Kyiv.

We also analyzed hotel services, their types and how can service efficiency be improved in the quickest, most beneficial way. When doing this we got acquainted with a new approach to service operational efficiency offered by Carlos F.Gomes, Joao Lisboa and Mahmoud M.Yasin. The proposed SOE measure consists of three indicators, which are Availability (A), Quality (Q) and Efficiency

(E). We also depicted the algorithm of SOE approach implementation into the hotel operation.

We concluded that one of the most important factors, when it comes to increasing service efficiency – is communication improvement. We also studied possible ways to implement feedback gathering into the daily hotel operation to improve hotel service efficiency.

We have also studied the importance of using social media to improve guests' experiences. We researched the need to collect information about the guest prior to their arrival to the hotel and wrote about the importance of adding something extra to the basic hotel services to make the guest want to come back for more.

After that we throughoutly analyzed the main website of Hilton Kyiv and the way it is represented on such popular booking platform as: TripAdvisor and booking.com. We have worked on a list of advantages and disadvantages of the main Hilton Kyiv website. We also studied guests feedback on all of these three websites for the period since September to November 2018.

PART 3

DIRECTIONS OF E-COMMERCE STRATEGIES IMPROVEMENT IN HILTON HOTEL CHAIN

3.1 Propositions for service strategies improvement of Hilton hotel chain

When speaking about the service strategies improvement in the hospitality industry it is crucial to understand that service is multidimensional concept. In order to improve its efficiency, it is important to understand three equally important characteristics of service, those are: service availability, service quality and service efficiency.

Service availability – is the amount of vacant rooms a hotel has to sell. The term typically relates to a specific set of dates or a certain type of accommodation.

Service quality – is an extent to which the service fulfils the needs or expectations of the customers. It can also be understood as the overall impression of customers regarding the advantages or disadvantages of the service. Another simple definition of service quality can be - what the customer gets out and is willing to pay for - not what the supplier puts in. It may also be seen as the gap between the expected service and the actual perceived service.

Efficiency itself – is a comparison of what is produced or performed in real life with what can be achieved with the same consumption of resources (money, time, labor, etc.). It is an important factor in determination of productivity. Based on the definition of efficiency, service efficiency can be understood as a difference in amount of services that are really provided to the customers and those that can be provided to the customers with the same consumption of resources. [26]

There are several approaches that can help to increase service efficiency, but the most important thing to take into consideration is that in order to actually improve overall service efficiency all of its elements need to be worked on or influenced at the same time or to the same extent.

In hospitality one of the deciding success factors is the communication quality. If communication with the guests is organized and conducted in a considerate way it automatically improves the guests experience in the hotel.

Hospitality industry operation is centered on guests' needs. First and foremost, guests' needs are supposed to be determined, after that they have to be satisfied to the most possible extent and in the right and in the quickest possible way. The only possible way to define what a certain guest needs is to communicate with them. Nowadays it is getting easier and easier to keep in touch with the guests on an everyday basis with the help of the Internet.

Before the guest arrives at the hotel in order to make their stay more pleasant the hotel can gather some information about the guest on their social media. Today it is quite easy to find out what is the person like and what do they like just by reading through their social media profiles. After having done so the hotel can add a few personalized touches that would improve the guest's stay and their overall impression of the hotel. During an internship in Hilton Kyiv we asked a hundred guests if they used social networks in everyday life and if yes, then what kind do they use. Out of a 100 people, 24 only use one social network (Facebook, WhatsApp, Instagram or Twitter), 71 person uses two or more social media platforms and only 5 people do not use any social networks at all. The results of this questionnaire are shown in the diagram below.

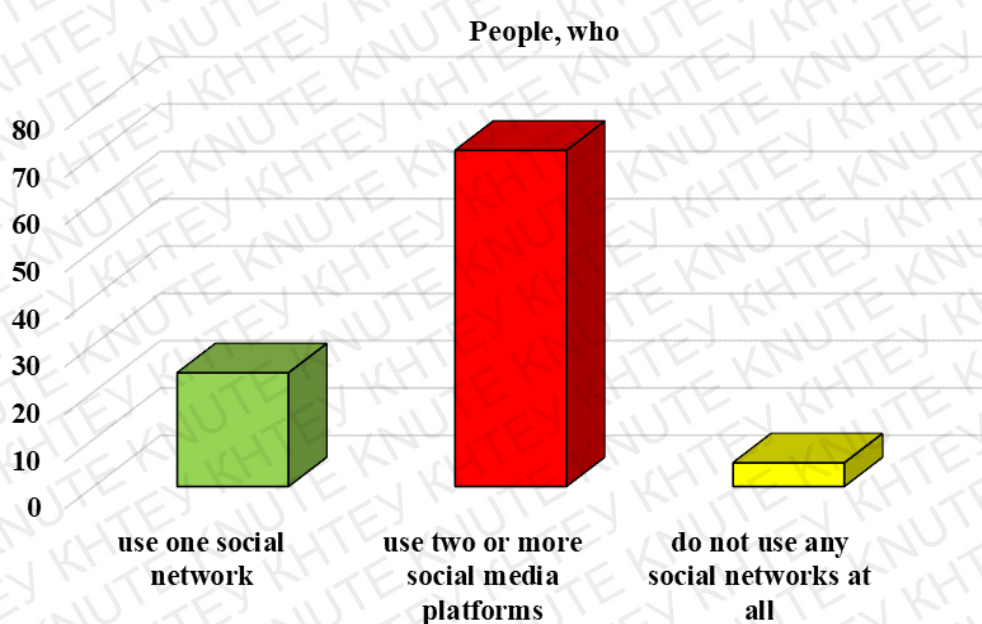


Figure 3.1 Social networks usage by the guests of Hilton Kyiv

Another effective way to improve service efficiency is, once again, tightly connected with communication. This way has everything to do with paying close attention to the feedback guests leave after their stay is over. The company E-Marketing Associates has recently written an article on the importance of hotel guests reviews and whether they even matter. For example, when it comes to one of the most popular booking website – TripAdvisor, people, ready to find accommodation and book it, tend to read 6-12 reviews about the place where they are planning on staying, before they actually book. [9]

The research that we did on the way Hilton Kyiv is represented on the TripAdvisor has shown that the guests of Hilton Kyiv have left 191 reviews about their stay and that is only in the period from September to November 2018. As it was described in the point 2.3, out of 191 guests' reviews, 82% gave it an excellent grade, 12% gave a grade from very good to average and 6% of guests gave a poor to terrible grade. Out of 12 very negative reviews 11 got a direct and quite personalized response from the General manager of Hilton Kyiv – Hasan Ragab. The responses given to the negative comments were written after 5 days on average after a negative comment was posted. The longest reply time was – 8 days.

According to the observations made during the research on the TripAdvisor website we came to a conclusion that the fact that 92% of the negative reviews received a personalized response is very positive. This way, even the most critical of the guest find negative feedback left about Hilton Kyiv they will also notice that those comments were not just left without attention. The fact that those negative reviews got personalized feedback from the General manager – Hasan Ragab, might actually soften the blow of the review's negative nature and show that Hilton Kyiv really cares about its guests.

Even though the research on the TripAdvisor website has given us positive results there still are some improvements that can be done. For example, it is a good idea to reduce the average response time to the reviews from 5 days to 2, 3 days at most. This has to be done, because dozens, if not thousands of people look for accommodation on popular booking websites, like TripAdvisor. And in our

digital world the resource people value the most – is time. So, when a guest is searching the place to stay it is highly likely that they won't only pay attention to the positive comments, they are quite likely to pay close attention to the negative ones as well. And when it comes to negative feedback it is going to catch the guest's attention – how long did it take for the hotel to notice the negative feedback they received, how they responded and how long did it take to respond to the comment. If the issue mentioned was addressed quickly the person ready to make a decision may disregard the negative feedback or simply pay less attention to it, all because they will see that the hotel really cares. From the point of view of the person who has left the comment 5 days is also too long to receive a response to something negative they have written. If they see that their feedback was responded to quickly it might make the impression about the hotel better, again because they will see that the hotel cares and is ready to change something.

The results we received during our research of the way Hilton Kyiv is represented on another popular booking platform - booking.com, were not as satisfying. As it was written in the point 2.3 during the period from September to November 2018 the highest grade given to Hilton Kyiv during this period was – 10, which is excellent. And the lowest grade given is – 2.5, which is very far from being considered even okay. In the period chosen guests of Hilton Kyiv have left 26 reviews on the booking.com website and even though 7 comments out of 26 had something negative to say about the hotel only one got a response from the hotel administration. That one response given to the negative comment on the website looks completely out of place there and has nothing to do with an issue that the guest had. Other guest's reviews that got some kind of feedback from the hotel's administration are all positive, but then again the response given is nothing more than a “thank you for your visit, come back again”. This kind of a response seems more or less okay until the moment you realize, that that is the same feedback that one negative comment got. Out of the 26 comments left by the guests about the Hilton Kyiv during the period chosen 53% gave an excellent

grade, 30% gave a grade from good to average and 17% gave a grade far below okay.

The first thing that caught our attention was that the amount of reviews left on the booking.com website is 7 times smaller than the amount of comments left on the TripAdvisor website. This shows that booking.com is much less popular booking platform among the guests of Hilton Kyiv. Regardless the fact that booking.com is not as frequently used as TripAdvisor, Hilton Kyiv is still represented there and guests still leave feedback about their stay there. That being said, reviews left on the booking.com are as important as the ones left on the TripAdvisor.

Which leads us to a conclusion that it is equally as important to respond to the reviews written by guests on the booking.com as it is on TripAdvisor. Since out of 7 negative comments, only 1 got some kind of feedback from the hotel's administration, our first recommendation would be – to start paying attention to the reviews on the booking.com website and to start responding to them. Because of the fact Hilton Kyiv ignores almost every comment left on the booking.com platform, possible future guests can only come to one conclusion – Hilton Kyiv completely and absolutely does not care about what its guests think. And that conclusion will be a very expensive one for the future business.

During our research there was also another object that we studied – the main website of the Hilton Kyiv. The website itself is quite informative and well organized, but there are also some improvements to be made. Most of all we would like to add two changes: the quality of the visual content and the lack of feedback section on the website.

First of all, the pictures shown on the Hilton Kyiv website are of quite a poor quality. When it comes to selling hotel services online one of the most important things is the quality of the pictures of the property and its elements on the website. Consequently, our first recommendation would be to use high-resolution photos. No guest wants to see a blurry picture, especially on the website of the hotel like Hilton.

Second observation that we made during the research of Hilton Kyiv website was that there is no comments section whatsoever. The only way guests can give positive feedback or complain is if they call Hilton Kyiv or email them directly. This is not bad for the guests, who want to leave feedback, but this makes it impossible for other guests to read what other people have to say about the hotel. Therefore, our next recommendation would be to add a reviews section to the main website of the hotel, so that the guest who want to book a room directly on the hotel's website would be able to read about the experiences other guests had in Hilton Kyiv. This change could make a big difference for even the most critical customers, who make their decisions based on the feedback from previous guests, because they will no longer have the need to spend a lot of time looking for this feedback elsewhere.

When working on e-commerce of hotels services improvement it is important to remember that not only the hotel's website and popular booking platforms play important roles. Social networking sites such as Facebook, Twitter and Instagram are the latest phenomenon in the hotel industry. Similar to Internet marketing, Social Networking sites have given hotel operators the opportunity to directly connect with travelers. Social media has fundamentally changed the way that many companies communicate with and market to their target demographics. For the travel and hospitality sector in particular the rise of the Internet and the increased popularity of social channels has altered travel marketing.

Hilton Kyiv is represented on both Facebook and Instagram. On Instagram the amount of its subscribers – is 1588 people and on Facebook the number of the subscribers is 6 times bigger. When it comes to working on social media the first and one of the most important things is to post content regularly.

Instagram, for example, has an algorithm of showing publications to subscribers, that works this way – if one posts regularly, their publications are much more likely to be seen by subscribers. When the posts are irregular or happen on very rare occasions it is quite likely that they will no longer be visible to the

whole digital auditorium. It is very important to remember that Instagram is all about the picture. It has to be flawless, of a very good quality and capture the subscriber's attention right away. The text below the picture is not as important as the picture itself, but if the post contains some interesting information it is only beneficial for the company. As it was written above new posts on Instagram need to be frequent and regular, the bare minimum would be to post at least once in two days or once a day. Since an element called "Stories" was introduced to Instagram users it became one of the tools to develop accounts and reach out to the target audiences. Instagram Stories, unlike posts, are always shown to the page subscribers, unless they chose to turn the Stories of a particular user off.

During our research of the way Hilton is represented on Instagram we made a few observations and would like to offer some improvements. The first ever post on Instagram that HiltonKyiv made was on the 20th January 2014. From that very first post until now HiltonKyiv has made a total of 483 posts and has 1588 subscribers. From September to November 2018 has posted 22 times: a short video 7 times, one picture per post 10 times and a selection of pictures 5 times. During this period the posts made by HiltonKyiv got 23 comments and 3105 likes. The most popular post during this period was about the V Anniversary charity gala dinner "Music Heals Hearts", this post got 1033 likes and only one comment, which seems odd.

In general, our first recommendation would be to make a regular posts schedule. By the looks of it Hilton Kyiv is not very interested in their Instagram page. The posts are rare at best, which leads to a quite small amount of likes and to almost no comments at all. It is possible that the subscribers of this page do not even see the posts when they finally appear.

Our second recommendation would be to analyze which content are the guests most responsive to: videos, selection of pictures or single pictures per post. After having done so, it is going to be easier to plan, schedule future posts and get the digital auditorium interested and involved. Having a strong digital presence on a popular social networking website like Instagram can do a lot of good for the

business, because with the help of such a simple thing like visual appeal the hotel can attract new guests to Hilton Kyiv and reminding the loyal ones how good it feels to stay at a place Hilton Kyiv and why choosing it is the only acceptable option.

Facebook does not work in the same way Instagram does. Facebook is a low volume, high value network. Which means that subscribers might get frustrated with too many posts. Each post on Facebook has to be meaningful and offer something valuable or interesting to the digital audience. The perfect minimum amount of Facebook posts – is 3 a week, the maximum amount – is 10 a week. When working with the Facebook subscribers it is crucial to aim for quality content not for quantity.

Our research has shown that from September to November 2018 Hilton Kyiv has made 26 posts on Facebook, which is 4 posts more than they did on Instagram. During the period chosen the posts got 40 comments, reposted 28 times and 582 likes. Out of the 9890 people, who like the Hilton Kyiv page on the Facebook website, 9887 are subscribed to the news from the page. The positive thing about the Hilton Kyiv page on Facebook is the fact that they usually answer to the guests in no more than one day. Another big plus of Facebook is a thing like “Event” can be created there. On the page of Hilton Kyiv there even is the list of upcoming events for December, with details and an option “Interested”.

As it was written before, Facebook users do not just care about the beautiful picture, they also care about the text that goes with the picture. An improvement we would like to offer has to do with the text written above the picture. Since a lot of Hilton Kyiv guests come from abroad, it would be a very good idea to write the text of the post in English as well. This simple change could make a big difference for the future guests of Hilton Kyiv and make the hotel instantly a much more attractive place to choose.

Another recommendation is going to be more of the same as for Instagram. The posts, once again, have to appear regularly. There is no need to post every

single day, of course, but there still has to be some kind of a schedule to build an interest for the subscribers and then wait for the posts impatiently.

3.2 Improvement of e-commerce strategies as an integral component of successful business

The most important strategies that we emphasize in this work are all based on and tightly connected to the guests. In hospitality the guest is the main and the most important person. Satisfying guests` needs in a timely manner is the priority for the workers of the industry. In our constantly developing and changing world it is extremely important to keep a close eye on all of the business trends that exist and choose the ones that will benefit the business to the maximum possible extent.

E-commerce has massively changed the way people buy and sell products and services, make travel arrangements and book places to stay. Nowadays, more and more people choose to make their bookings online directly through the hotel`s website or with the help of one of the popular booking platforms. E-commerce is grooving and changing every day and evolving with the Internet. Internet has brought massive changes to e-commerce of hotel services, first and foremost by the travel decision making reasons for people all around the world. For example, today when booking travel, 89% of millennials plan travel activities based on content posted by their peers online. [7]

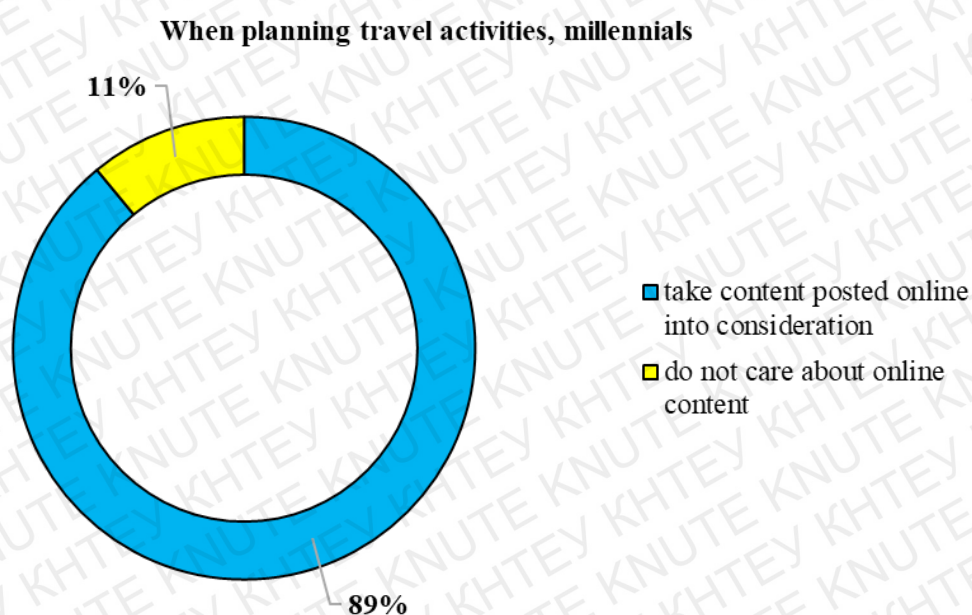


Figure 3.2 Reasons behind travel activities planning of millennials

Because of the massive influence content posted by people has on other people's travel decisions it is crucial for the hotels to not only work and develop their websites, but also to work with social networking websites, like: Facebook, Instagram etc. Social networking websites have changed everything from the way that travelers research potential destinations to the activities that they participate in once they arrive. The new ways that consumers use social media to make purchasing decisions has influenced tourism marketing from start to finish. Social networking sites have transformed the travel research. [1]

The most profound effect that social media has had on the tourism industry to date is the democratization of online reviews. Today's travelers go online to research their future travel destinations and accommodations all the time. People are browsing the Internet for travel inspiration and validation from their peers every day. There, they can easily find other travelers' photos, check-ins, ratings and more. This easy-to-attain, real guest feedback serves to preview the in-person experience that the destination has to offer from a viewpoint other than that of the brand. This social media content is tremendously accessible and influential, and it can serve to either put off potential guests or inspire them to book.

Another effect of social networking sites is – a rise in social sharing. People have always loved sharing photos and videos taken of their travels. What social media has done is to facilitate and expand people's ability to share travel experiences with a wider audience than ever before. Over 97% of millennials share photos and videos of their travels online, building an influential web of peer-to-peer content that serves to inspire potential guests. [7]

This trend hasn't gone unnoticed. Many hotels and resorts have turned to running social contests and campaigns to ensure that they get some credit for their guests' social activity. It would be a great idea to use guests' wedding photos instead of staged, professional photographs to market wedding venues in Hilton Kyiv. The campaign should encourage guests to take photos, tag them with the hashtag #HiltonKyivWeddings – and ultimately user-generated content for the

brand that is free, authentic, and repurposed across its marketing channels will be created.

Social networking sites have also enhanced customer service. Customer service and satisfaction have been transformed because of social media influence. The vast majority of brands have a social media presence that is being used to become aware of and, if necessary, to provide help to unsatisfied or confused customers. The companies that respond to complaints in a sincere and genuine manner develop a strong reputation among current and potential customers. That is why Hilton Kyiv should address all issues guests had during their stay, because this will provide a human touch to otherwise frustrating experiences they might have had. When Twitter users contact a brand, more than half expect a response. If they are reaching out with a complaint, that number rises to almost 75%. Responding to complaints and questions will help to humanize the brand and to indicate to current and future customers that they are valued. [11]

This is where social media marketing (SMM) comes in handy. When it comes to social networking websites hotels need to not just get acquainted with, but to master the social media marketing strategies. Social media marketing – means marketing on social networks or the promotion of goods and services through digital media. [12]

The guests of Hilton Kyiv can be divided into two categories: business tourists and leisure tourists. The majority of the Hilton Kyiv's guests are travelling on business, though.

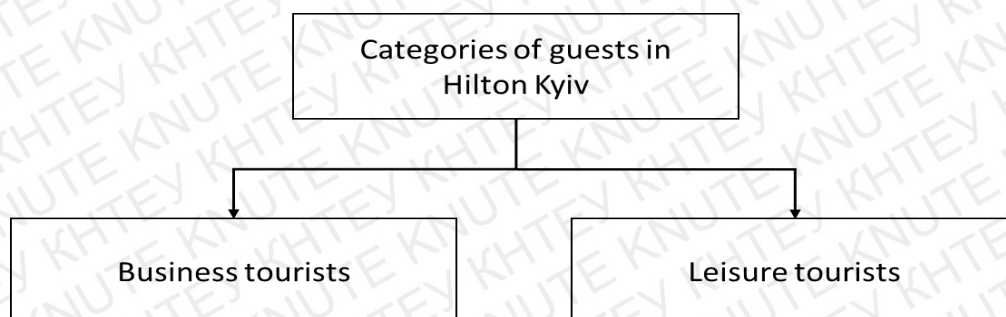


Figure 3.3 Categories of guests in Hilton Kyiv

It is important to understand that these two categories of travelers need 2 different approaches to social media marketing strategies. When the hotel does business with leisure travelers it is called B2C, a Business-to-Consumer in e-commerce. And when the hotel mostly deals with business tourists, which means that all agreements are made with the companies that pay for those travelers, it is called B2B, Business-to-Business in e-commerce.

The approaches to B2B and B2C differ from one another because their target audience is different. While B2C plays on the emotional aspects of the consumers, B2B focuses on projecting an image of market leaders by using infographics, statistics, and other measurable data to prove the point.

When working with B2C and B2B social media marketing strategies it is very important to keep in mind differences in their usage. For example, the difference in the distribution channels. [4]

With the wide variety of social channels available to marketers nowadays, it's important to note the most effective channels for B2B and B2C. For the B2C, those are:

- Facebook. The gold standard for B2C social media marketing; it was the first social channel and remains a staple of any effective B2C social media strategy. Facebook, for B2C, is an amazing tool for community engagement, customer support, and promotion.
- Twitter. Twitter is one of the only “open” social networks. This means that any tweet you create can be seen by anyone. However, it is important to understand how to make sure your tweets are getting the most visibility possible. Make sure to research hashtags, come up with creative campaigns, and engage with well known people in your field. Don't forget to engage with your community on a regular basis as well!
- Instagram. Visual content is an incredibly effective tool for B2C marketers. Instagram, as a social network focused on pictures, can be used to give a personal face to your company. Take pictures in the office and post them on a regular basis. Selfies are always a good choice.

- Youtube. Video content is one of the best ways to capture your audience's attention. Creating fun videos is something all B2C marketers should focus on. While production value is important, there certainly is value to a less polished video – it gives your company more personality. [36]

While for B2B the most appropriate social networks are: LinkedIn, Twitter and Facebook. However, LinkedIn stands out as the absolute most important. Discussion Groups, in particular, should be leveraged as much as possible for not only engagement, but content distribution. Make sure that when distributing content through groups, you are not coming off as too promotional. [21]

When working with social networking websites and implementing SMM strategies it is important to keep in mind that they have also reshaped travel agencies. Social media has had a major impact on the travel agency model. The availability of information and ease of self-service booking have forced travel agencies to adapt from a brick-and-mortar model to a more digital one. Travel agencies are not obsolete - they are still responsible for 55% of all airline bookings, 77% of cruise bookings, and 73% of package bookings. But many agencies have shifted their focus from in-person to online experiences as they adapt to new technology and market trends. This is why it is crucial for Hilton Kyiv when working with B2C model to take into consideration the millennial generation's preference for "experiences over materials". Instead of trying to upsell them on room upgrades, they should present unique experiences guaranteed to create a lasting memory and to inspire a great Instagram post. [16]

Once again, most travelers determine their travel plans based on reviews and social media shares, making online customer service a crucial part of a positive brand reputation building. The prevalence of social media has disrupted traditional customer service models – for both hotels and travel agencies. By curating positive reviews and encouraging social shares, Hilton Kyiv can leverage social media to build positive brand awareness, increase brand loyalty, and display just how much its accommodations and activities have to offer. Additionally, customer success representatives should be intentional with their social media interactions. Social

media can serve as a social listening tool to find out information about future guests of Hilton Kyiv. For example – the purpose of their visit. Listening to customers through social media can help any brand create an exceptional experience that is sure to delight its guests. [16]

Conclusions to part 3

First of all in this part we wrote about service, as a multidimensional approach and studied the importance of its characteristics and their development. Those characteristics are: service availability, service quality and service efficiency.

Then we researched one of the most important success factors in hospitality – communication. We studied what does the communicative situation look like in our modern world and how it can be conducted in the most effective way.

After that we offered some suggestions that would help to improve the daily operation of the main website of Hilton Kyiv, from the point of view of the guest. After having analyzed the main website of the hotel we wrote a few tips on how to improve guest experience on the booking platforms, where Hilton Kyiv is represented: TripAdvisor and bookig.com.

Then we have come to the way Hilton Kyiv is represented on such popular social networking sites as: Instagram and Facebook. We analyzed the way Hilton Kyiv works with social media and offered some recommendations based on the algorithms of these social media platforms where the hotel operates.

Next, we researched the improvement of e-commerce strategies as an integral component of a successful business. We, once again, analyzed the way e-commerce has changed the way people buy and sell things and what changes ha it brought to the hospitality industry.

As an example of the way e-commerce has changed the tourism and hospitality industries we have depicted statistical data on reasons behind travel activities planning of millennials.

After that we have come to a detailed overview of the effects social media has had on the tourism industry, like: democratization of online reviews, a rise in social sharing, social campaigns etc.

We have made an offer for Hilton Kyiv to organize a campaign, that would encourage guests to take photos on their weddings, tag Hilton Kyiv with the hashtag #HiltonKyivWeddings – and create ultimate user-generated content for the brand that is free, authentic, and repurposed across its marketing channels will be created.

Then we have brought up the social media marketing strategies. We divided the guests of Hilton Kyiv into two categories: business tourists and leisure tourist. This was done, because different target categories of tourists require different social media marketing approaches.

We have studied the difference between B2B and B2C social media marketing approaches and wrote about the most appropriate social media channels for B2B and B2C approaches available.

We researched the importance of reviews, social media shares as an integral part of the positive brand reputation building. We have also written about the need to work with customer feedback in a timely manner and in the correct, most effective way.

CONCLUSIONS AND PROPOSALS

In the first part of this work we have studied the concept of e-commerce, its types and looked into the history of e-commerce. We have gathered, that e-commerce is one of the current trends in international business. In the modern world more and more purchases are being made on-line. At its core, e-commerce refers to the purchase and sale of goods and/or services via electronic channels such as the internet.

We found out that there are six maintypes of e-commerce: Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Business (C2B), Consumer-to-Consumer (C2C), Business-to-Administration (B2A) and Consumer-to-Administration (C2A).

After that we analyzed both advantages and disadvantages of e-commerce.

Then we defined global distribution systems and studied the four global distribution systems that exist on the market of tourism product. We can now conclude, that a GDS – is a computerized network system owned or operated by a company that enables transactions between travel industry service providers, mainly airlines, hotels, car rental companies, and travel agencies. The GDS mainly uses real-time inventory to service providers.

The global booking market of tourism products is provided by four global distribution systems: Amadeus, Galileo, Sabre and Worldspan.

We analyzed advantages and disadvantages of global distribution systems.

After that we studied central reservations systems (CRS), that a hotel can have. A central reservation system - is a system used by individual vendors (hotels, airlines, etc.) to book their own reservations and manage their own inventory. There can be as many CRSs as there are vendors, all using packaged or customized software. The customer interacts directly with the hotel via Internet or phone to book a room. We also researched some of the benefits a CRM can bring to the hotel enterprise.

After having analyzed all the theoretical and statistical data we came to a conclusion, that the way the buying and selling processes have radically changed

through e-commerce in the last few years. Buying and selling through Internet and online shops depending on websites, has become an ordinary part of consumer life today. E-Commerce has brought revolutionary changes in tourism and hospitality industry.

In the second part of this work we described organizational and economic assessment of the hotel. We found out, that Hilton Worldwide Holdings Inc., formerly known as Hilton Hotels Corporation, is an American multinational hospitality company that manages and franchises a broad portfolio of hotels and resorts. Founded by Conrad Hilton in 1919, the corporation is now led by Christopher J. Nassetta. Hilton is headquartered in Tysons Corner, Virginia.

We looked into the history of Hilton Worldwide Holdings Inc., presented it in a table and gave a short overview of its brands for each market segment.

We found out that as of September 2018, portfolio of Hilton Kyiv includes more than 5,500 properties (including timeshare properties) with over 894,000 rooms in 109 countries and territories.

After that we did some research on Hilton Kyiv, which belongs to the Hilton Hotels & Resorts brand, which is an upper upscale market segment of Hilton Worldwide. We also researched the offers Hilton Kyiv gives to its guests when it comes to choosing accommodation, those include: guest rooms, suites, executive rooms and accessible rooms.

Then we studied the hotel's departments that ensure quick and efficient hotel operation. Those departments can be divided into two categories: operational or core departments and secondary departments. We created schematic sketches of organizational structures of the four most important departments in Hilton Kyiv.

We also analyzed hotel services, their types and how can service efficiency be improved in the quickest, most beneficial way. When doing this we got acquainted with a new approach to service operational efficiency offered by Carlos F.Gomes, Joao Lisboa and Mahmoud M.Yasin. The proposed SOE measure consists of three indicators, which are Availability (A), Quality (Q) and Efficiency

(E). We also depicted the algorithm of SOE approach implementation into the hotel operation.

We concluded that one of the most important factors, when it comes to increasing service efficiency – is communication improvement. We also studied possible ways to implement feedback gathering into the daily hotel operation to improve hotel service efficiency.

We have also studied the importance of using social media to improve guests' experiences. We researched the need to collect information about the guest prior to their arrival to the hotel and wrote about the importance of adding something extra to the basic hotel services to make the guest want to come back for more.

After that we throughoutly analyzed the main website of Hilton Kyiv and the way it is represented on such popular booking platform as: TripAdvisor and booking.com. We have worked on a list of advantages and disadvantages of the main Hilton Kyiv website. We also studied guests feedback on all of these three websites for the period since September to November 2018.

In the third and the last part of this work we wrote first of all about service, as a multidimensional approach and studied the importance of its characteristics and their development. Those characteristics are: service availability, service quality and service efficiency.

Then we researched one of the most important success factors in hospitality – communication. We studied what does the communicative situation look like in our modern world and how it can be conducted in the most effective way.

After that we offered some suggestions that would help to improve the daily operation of the main website of Hilton Kyiv, from the point of view of the guest. After having analyzed the main website of the hotel we wrote a few tips on how to improve guest experience on the booking platforms, where Hilton Kyiv is represented: TripAdvisor and bookig.com.

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APPENDECIES