

Kyiv National University of Trade and Economics

Hotel and Restaurant Business Department

FINAL QUALIFYING PAPER

on the topic:

**«MARKETING OF RELATIONS IN THE MANAGEMENT OF THE
HOTEL «HOLIDAY INN», KIEV»**

Student of the 2th year, group 3am,

Field of study 073

«Management»

Specialization

«Hotel and Restaurant management»

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Kyiv National University of Trade and Economics
Hotel and Restaurant Business Department
Field of study 073 «Management»
Specialization 073 «Hotel and Restaurant management»

Approved by
Head of the Hotel and Restaurant
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on _____, _____ 2018 year.

TASK
For a final qualifying paper

OLEKSANDRA S. SAVCHENKO

1. Topic of the final qualifying paper:

«Marketing of relations in the management of the hotel «Holiday Inn Kiev», Kiev»

Approved by the Rector's order from October 11, 2018 year № 3670 and from November 1, 2019 year №3743

2. Term of submitting by a student her terminated paper: 01.11.2019.

3. Initial data of the final qualifying paper:

Purpose of the paper-- to research and develop marketing relationship at the «Holiday Inn Kiev» hotel.

Object of the research is implementation of marketing relationship at the hotel. *Subject of the research* is research is theoretical, methodological and practical aspect of marketing relationship in the hotel industry.

4. Illustrative material:

Figures: «Product- Models of Customer Markets in relationship marketing (after A. Lindgreen)», «IHG brand portfolio», «hotel services in the Holiday Inn Kiev», «organizational structure of Holiday Inn Kiev», «customer segmentation by purpose of travel», «booking channels statistic in Holiday Inn Kiev», «IHG Rewards Club Arrivals Detail Report»

5. Contents of a final qualifying paper:

INTRODUCTION

Part 1.THEORETICAL FOUNDATIONS OF RELATIONSHIP MARKETING

1.1. Essence of relationship marketing

1.2. Relationship marketing models and types

Part 2.PRACTICAL ASPECTS OF MARKETING RELATIONSHIP AT

“HOLIDAY INN KIEV” HOTEL

2.1 Organizational and economical characteristic of “Holiday Inn Kiev” hotel

2.2 Analysis of marketing relationship at the “Holiday Inn Kiev” hotel

2.3 Loyalty program evaluation

PART 3.METHODS FOR IMPROVEMENT OF MARKETING RELATIONSHIP

AT THE “HOLIDAY INN KYIV” HOTEL

3.1. Directions for improving relationship marketing at the “Holiday Inn Kiev” hotel

3.2. Proposal’s effectiveness on relationship marketing improve at the hotel

CONCLUSIONAND PROPOSALS

REFERENCES

APPENDECIES

6. Time schedule of the paper:

No.	Stages of a final qualifying paper	Terms of a final qualifying paper	
		de jure	de facto
1	Selection and approval of the final qualifying paper's topic	01.09.2018-31.10.2018	01.09.2018-31.10.2018
2	Ranging and approval of the paper's tasks	01.11.2018-31.12.2018	01.11.2018 -31.12.2018
3	Writing of the 1 st part of final qualifying paper	02.01.2019-11.05.2019	02.01.2019-11.05.2019
4	Defense of the 1st part of the final qualifying paper in scientific adviser	14.05.2019-18.05.2019	14.05.2019-18.05.2019
5	The creating of the scientific article	18.05.2019	18.05.2019
6	Writing and previous defense of the 2 nd final qualifying paper's part to the scientific adviser	18.05.2019-07.09.2019	18.05.2019-07.09.2019
7	Defense of the 2 nd part of the final qualifying paper in scientific adviser	07.09.2019-10.09.2019	07.09.2019-10.09.2019
8	Writing and defense of the 3 rd part of the final qualifying paper in scientific adviser	11.09.2019-28.10.2019	11.09.2019-28.10.2019
9	Streamlining of the final qualifying paper's structure, its presentation and previous defense to all the commissions	29.10.2019-31.10.2019	29.10.2019-31.10.2019
10	Presentation of final qualifying paper and abstract on the department	01.11.2019	01.11.2019
11	Presentation of the final qualifying paper to the department	05.11.2019-09.11.2019	05.11.2019-09.11.2019
12	Preparation of final qualifying paper to defense in the Examination Board	12.11.2019-30.11.2019	12.11.2019-30.11.2019
13	Defending of the final qualifying paper in the Examination Board	According to the schedule	According to the schedule

7. Date of receiving the task: 28.12.2018

8. Scientific adviser of the research

_____ Margarita H. Boyko

9. Head of educational and professional program

_____ Nadiya I. Vedmid

10. The task received by the student

_____ Oleksandra S. Savchenko

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

Student Oleksandra S. Savchenko performed the final qualifying paper in a due time according to the schedule. According to content, structure and design the performed work meets the requirement. Final qualifying paper performed the actual theme. In the first chapter the theoretical position dedicated to theoretical and methodological based of marketing relationship, models and types of marketing relationship were determined.

In the second chapter of final qualifying paper practical aspects of the marketing relationship at “Holiday Inn Kyiv” hotel were analyzed. The implementation of marketing relationship was explored and loyalty program was evaluated.

The third chapter is dedicated to methods for improvement of marketing relationship at the “Holiday Inn Kyiv” hotel which was checked. The purpose of the final qualifying paper was achieved and scientific tasks which were put met the execution. The work is recommended for the defense in the examination committee.

Scientific adviser of a final qualifying paper _____ Margarita H. Boyko

13. Resume about a final qualifying paper:

A final qualifying paper of student Oleksandra S. Savchenko be admitted to defense to the Examination Commission

Head of educational and professional program _____

Nadiya I. Vedmid

Head of the Department _____

Margarita H. Boyko

_____, 2019

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INTRODUCTION

Relevance of the topic. During the 21st century the business sector has been becoming more complex in both domestic and global markets than it used to be largely due to the increasingly intense competition, saturated markets and the strong trend of globalization. The level of uncertainty in the business environment has compelled business firms to restructure themselves and thus increase their chances of survival and growth.

Successful companies are doing everything possible to save their customers. To gain a place in the modern market, companies must focus on the consumer - to provide their target customers with the highest value. Most markets are already quite stable, and not so many new ones are client oriented. Competition is increasing, and the cost of attracting new consumers is growing. In addition, consumers are becoming more independent and demanding. To stay competitive, a modern company must be knowledgeable about its consumers. To do this, new business models are developed and non-standard solutions are offered.

Attracting new customers is usually more expensive than re-selling to an existing customer. Moreover, if the client was dissatisfied, then his conquest cost the company six times more expensive. In addition, researchers A. Reichold and M. Sasser proved that if a company reduces the level of consumer outflows by at least 5%, then as a result, it will be able to increase its profit by 25-85%. Therefore, a critical factor for modern business is the marketing of relationships with consumers.

Relationship marketing concept has become the dominant marketing paradigm and subject of many marketing researches. Relationship marketing is used in many marketing areas such as service marketing, marketing research, customer behavior, international marketing, strategic marketing, direct marketing etc. Applying relationship marketing in service sector means that client is satisfied and loyal to the company for long time.

Analysis of research and publications. Many domestic and foreign scholars have dealt with the problem of researching the theoretical aspects of relationship

marketing: A. Ardishvili, A. Afanasiev, V. Bagiev, M. Baker, V. Voychak, S. Garkavenko, Y. Gordon, V. Doroshev, F. Kotler, S. Kushch, I. Solovyov, A. Sterlin, D. Rafinezhad, X. Hakansson, O. Yuldasheva, Greenroose, A. Reichheld, M. Sasser.

Purpose of research is to research and develop marketing relationship at the “Holiday Inn Kiev” hotel.

Tasks of research. In order to address the purpose of the research the following **objectives** should be fulfilled while conducting this study:

- to define theoretical foundations of relationship marketing;
- to determine essence of relationship marketing;
- to research relationship marketing models and types;
- to reveal practical aspects of marketing relationship at “Holiday Inn Kiev” hotel;
- to research organizational and economical characteristics of “Holiday Inn Kiev” hotel;
- to analyze marketing relationship at the “Holiday Inn Kiev” hotel;
- to evaluate loyalty program;
- to analyze methods for improvement of marketing relationship at the “Holiday Inn Kiev” hotel;
- to give directions of improving relationship marketing at the “Holiday Inn Kiev” hotel;
- to analyze proposal’s effectiveness on relationship marketing improvement at the hotel.

The subject of research is theoretical, methodological and practical aspect of marketing relationship in the hotel industry.

The object of research is implementation of marketing relationship at the hotel.

Methods of research. The theoretical and methodological basis of the research is the scientific development of domestic and foreign scientists-economists on the problems of marketing relationship management. The

comparison method is used to determine the most effective approaches to reflect information about marketing relationship.

Publications. The main theoretical position of the master diploma elucidation in the scientific article «The value of relationship marketing in the hotel industry», published in a collection of articles KNTEU.

Work structure. Master diploma paper includes an introduction, three chapters, references in items, conclusions, proposals and appendices.

PART 1

THEORETICAL FOUNDATIONS OF RELATIONSHIP MARKETING

1.1. Essence of relationship marketing

One of the most complicated tasks facing any business is getting hold of new customers. When considering that each step is to earn a potential customer's attention, making a persuasive pitch and facilitating the accompanying sale can incur huge expenses. The term used to describe this is relationship marketing.

At the same time, there is no single approach to defining the term "relationship marketing", its essence is ambiguous. There are many definitions of different authors, which are listed below:

Table 1.1

Definitions of relationship marketing

Definition	Author
Relationship marketing is a set of practical methods of customer retention [36].	J. Lamben
Relationship marketing is a business philosophy, strategic orientation that focuses more on retaining and improving existing customers than on attracting new ones [36].	K. Zeitlam and F. Bitner
Consider relationship marketing as the result of marketing, which continues to develop and reflects its current state, as the next step after the concept of socially oriented marketing [36].	K. Granroos and M. Webster

Continuation of table 1.1

Definition	Author
Marketing provides relationship marketing orientation of the company to establish long-term, structural, privileged relationships with customers [36].	S. Garkavenko
Relationship marketing is the marketing that has the conscious purpose of developing and managing long-term, trusted relationships with consumers, distributors, suppliers and other parts of the marketing environment [36].	American Marketing Association
Relationship marketing is an approach whereby a company can obtain fully satisfied customers and high profitability [36].	J. Novo
Relationship marketing means creating, preserving and enriching relations with a client, where winning a new client means just the first step in the overall marketing process [36].	L. Berry

Among the many definitions of the term: Relationship marketing is a strategy designed to foster customer loyalty, interaction and long-term engagement. It is designed to develop strong connections with customers by providing them with information directly suited to their needs and interests and by promoting open communication [22].

History of relationship marketing begins in 1983 when Leonard L. Berry presented a paper entitled Relationship Marketing at the American Marketing Association's Services Marketing Conference [3]. The paper was published in the conference proceedings and for the first time the phrase Relationship Marketing appeared in the Marketing literature. During the 1990s, the term 'relationship marketing' evolved into a general marketing term. This was caused by rapid and

radical changes in the environment which meant that strategic competitive advantage could no longer be delivered on the basis of product characteristics alone; satisfying existing customers became the key to ensuring corporate profitability [18].

Relationship marketing is about forming long-term relationships with customers. Rather than trying to encourage a one-time sale, relationship marketing tries to foster customer loyalty by providing exemplary products and services. This is different than most normal advertising practices that focus on a single transaction; watch ad A and buy product B. Relationship marketing, by contrast, is usually not linked to a single product or offer. It involves a company refining the way they do business in order to maximize the value of that relationship for the customer [20].

Relationship marketing mainly involves the improvement of internal operations. Many customers leave a company not because they didn't like the product, but because they were frustrated with the customer service. If a business streamlines its internal operations to satisfy all service needs of their customers, customers will be happier even in the face of product problems [20].

Technology also plays an important role in relationship marketing. The Internet has made it easier for companies to track, store, analyze and then utilize vast amounts of information about customers. Customers are offered personalized ads, special deals, and expedited service as a token of appreciation for their loyalty.

Social media sites allow business to engage their customers in an informal and ongoing way. In the past, it would have been impossible to keep useful records about every single client, but technology makes it easy for companies to automate their marketing efforts [20].

Branding is the final component of relationship marketing. A company can form a long-term relationship with a client if that client feels like the brand they purchase reflects who they are or who they want to be. Customers are less inclined to switch to a different brand if they think that switch makes a statement about their identity [20].

K. Ebrat and M. Russell emphasize the following principles of relationship marketing [6]:

1. Relationship marketing emphasizes long-term engagement rather than individual transactions and, as a consequence, customer retention rather than engagement;
2. Relationship marketing has an economic justification for customer retention, including targeting profitable consumers or specific consumer segments;
3. Relationship marketing places more emphasis on quality than the traditional marketing concept;
4. Traditional marketing complex (4P) is not enough to build long-term relationships with consumers, so relationship marketing operates with an expanded marketing complex;
5. An important component of relationship marketing is internal marketing.

It is important to note that the opposite of relationship marketing is transactional marketing. These strategies always compare with each other. Differences between them shown below [18]:

Table 1.2

Differences between transactions marketing and relationship marketing

Transactions marketing	Relationship marketing
Focus on single sale	Focus on customer relationships
Orientation on product features	Orientation on product benefits
Short-term scale	Long-term scale
Little emphasis on customer service	High emphasis on customer service
Limited customer commitment	High customer commitment
Moderate customer contact	High customer contact

Transactional marketing is focused on a single objective, and that is making the sale. Transactional marketing tactics include advertising and promotions exclusively geared towards immediate sales [7].

Transactional marketing is usually broken down into a structure called the four P's: product, pricing, placement, and promotion. Naturally, a product is self-explanatory. Pricing means reaching an asking price that fits the ideal medium between attractive to customers and profitable to the business. Placement means establishing the right distribution for the product, and promotion means creating enough visibility for the placement to earn sales.

Transactional marketing is pure, blunt selling, and no business could succeed without it. However, the limitations of this style can mean that even if company achieve a substantial number of customers, only a small fraction of them may become repeat buyers. Company may experience high customer turnover, never gathering a particularly large audience of loyal customers [7].

All marketing strategies in general are evolving from transactions marketing towards relationship marketing. Relationship marketing approach is getting higher importance in the view of evaluating consumers' loyalty more than market share. Relationship marketing is focused at relations development, in other words at establishing, keeping and improving relations with consumers and other target groups in order to gain profit and reach goals of all involved parties. It could be performed within mutual respect and delivery of promises.

Benefits of relationship marketing include [22]:

- A higher return on investment with your customer base. According to the Cross-Channel Marketing Report in 2015, 70% of companies say it is cheaper to retain a customer instead of acquiring one. Customers don't want to be part of a mass marketing hub; they want to be treated as individuals. Keep your previous customers by incentivizing them to stick with you.
- Great reviews and testimonials. Your customer base is a resource you can use for your business. Ask most loyal customers for reviews and even video testimonials. If company run contests, they are likely to be the first to enter the

contest anyway! Show to customer that you appreciate them, or even notice them, by asking them directly for reviews or videos. Good reviews attract new customers.

- Get an honest perspective in future business decisions. Another benefit of relationship marketing is being able to ask honest advice from customers. Many product-based companies send prototypes of new items to loyal customers in exchange for honest reviews. This is especially prevalent in the publishing industry where proofs of novels are sent out prior to publication in order to hype a future book release.
- Turn loyal customers into evangelism marketers. Evangelism marketing is a type of word-of-mouth marketing in which a company has a specific customer who believes in a product so much he or she convinces others to buy it and use it. The reason you want relationship marketing to build evangelists for your brand is this: According to a study from Zuberance, the average brand evangelist converts about three new customers!
- Get better returns on future campaigns. In today's world, companies know information about customers because of analytics. Customer analytics is the process in which information about customer behavior gets used to make business decisions. Knowing current customers means that company have clues about future customers. If company run a campaign for specific segments of the population based on current customer personas, company get higher return on future campaigns.

Challenges of Relationship Marketing [22]:

- No guaranteed quick profit. Relationship marketing is more of a long game than transactional marketing. If you are running a sale, relationship marketing may not be the best way to get purchases. It takes time for relationship marketing to be effective.
- More cost per individual customer. If company choose to run a direct marketing campaign, or even communicate with individual customers, this is more expensive than a widespread campaign. The amount of time company spend on

each customer is significantly higher than other marketing efforts. In addition, company may need to spend more money per customer if it are offering incentives or discounts to drive loyalty purchases.

- Returning customers may come to you with expectations. If you've offered a deal in the past, a returning customer may expect the same discount in the future. Customers may also be less likely to purchase at regular price as they wait for a sale to start.

The definition of relationship marketing is the facet of customer relationship management that focuses on customer loyalty and long-term engagement rather than simple customer acquisition. Benefits of relationship marketing include a high return on investment, getting great reviews, getting an honest perspective on business decisions, improving returns on campaigns, and even turning the best customers into evangelists. The challenges of relationship marketing are no quick profits, higher costs per individual customer, and the expectations of returning customers.

1.2. Relationship marketing models and types

Relationship marketing tools are aimed at ensuring stable relations between the client and the company: development of the product together with the consumer, special types of service, quality guarantees, individual technical requirements, price differentiation, discount systems, bonuses to regular customers, direct deliveries, catalogs, personal contacts, special events, special offers, hotline, marketing events, customer clubs and communications.

The 6 market model helps the organization to study about the stakeholders and key market domain that may be important to them. If an organization wants to grow and sustain, it has to maintain its relation with internal as well as external environment. Through the analysis of all 6 markets, managers can kind the critical markets and the opportunity in each market. In order to visualize and understand each market's importance Payne and Holt gave this 6 markets model [19].



Figure 1.1 6 Models of Customer Markets in relationship marketing[14]

1. Customer markets include wholesalers, intermediaries such as retail stores, and the final consumers of the product. Company can attempt to develop relationships with each type of these customers. Developing a strong relationship with a retailer, for example, may lead to better product placement and even endorsement.
2. Referral markets include both customer and non-customer referral sources. Typical non-customer referrals include general referrals, reciprocal referrals, incentive-based referrals, and staff referrals. Referrals are usually a great marketing coup, because you have someone else advocating your product or service to someone who usually trusts the advocate. An effective strategy is to cultivate solid, long-term, mutually beneficial relationships with as many referral sources as possible. For example, two small businesses with complementary services, such as lawyers and accountants, may refer their clients to each other.
3. Supplier and alliance markets consist of people and organizations that provide resources to your business. Suppliers typically provide physical resources,

while alliance partners provide knowledge-based resources. Developing solid relationships with this market will help you provide great value to your customers as cost-effectively as possible.

4. Influence markets consist of people and organizations that can influence your business and your customers. Examples include investors, unions, regulators, news media, evaluators (such as Consumer Reports), environmental groups, political and government agencies, and even your competitors. Good public relations and media-relations campaigns will help company get these groups on his side.

5. Recruitment markets include potential employees and related third-party staffing agencies. Employees are often very effective advocates and have a natural incentive to see your business succeed. Here, managers will try to select employees best suited to providing your customers excellent service and products.

6. Internal markets include actual employees. The market can be divided by job function, role, geography, and levels of seniority. This market is very important for two reasons. First, as already mentioned, employees can be strong advocates and marketing allies for your company. Secondly, employees are the living face presented to customers. How they interact and treat customers will have a strong influence on building long-term customer relationships. Thus, a wise business will place a premium on employee selection, training, and customer service.

Morgan and Hunt in 1994 propose 'ten relationship exchanges' with 'four partnership' groups and 'ten relationships': buyer partnerships (ultimate customers, intermediate customers), supplier partnerships (goods suppliers, service providers), lateral partnerships (competitors, non-profit organizations, governments), and internal partnerships (functional departments, employees, business units) [18].

We also want to mention one of the most relevant type of marketing that closely connected with relationship marketing- digital marketing. Digital marketing has become one of the most popular buzzwords in the last couple of years. Everybody is talking about digital marketing and professionals praise it's the way

to grow an online business. If we type the phrase 'digital marketing' in Google trends, we will see such statistics[1]:



Figure 1.2 Digital Marketing Search Terms Popularity [1]

Taking into consideration shown above we can conclude that during last 5 years interest in marketing has increased.

Digital marketing is a broad term that includes all marketing channels and methods company can use to promote products or services on the Internet but also on electronic devices such as TVs, mobile phones and electronic billboards. The main difference between digital marketing and traditional marketing is that digital marketing campaigns are executed exclusively through digital channels and this gives marketers more control, tools, and data to analyze the effectiveness of a campaign [12].

Digital marketing has a number of channels and these can be separated into online marketing channels and offline marketing channels. The main difference between the two is that online marketing channels are based solely on the Internet while offline marketing channels have to do with digital devices that are not necessarily connected to the Internet.

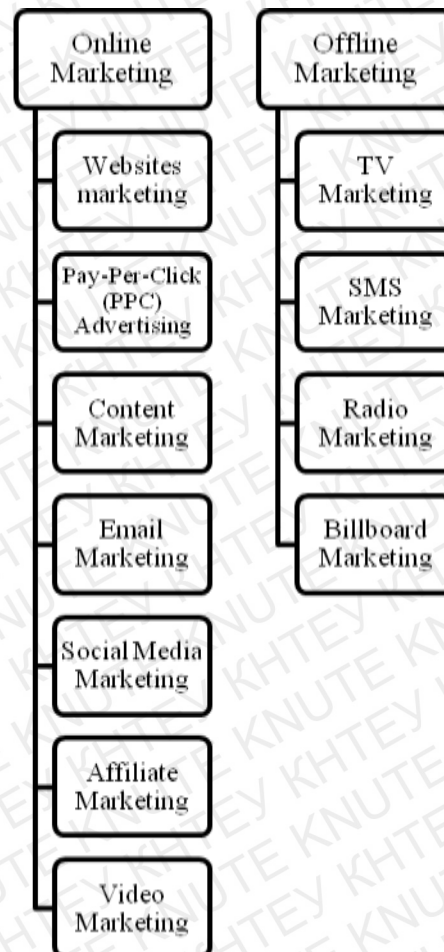


Figure 1.3 Types of digital marketing

Wayshow online marketing helps to improve company's relationship with customers [14]:

1. It encourages customers to stick around. Online marketing enables clear communication channels with customers which allows businesses to know their customers better. And when customers know that businesses are seeking to understand them, they are satisfied and more loyal.

2. It optimises the customer's brand experience. The customer's journey is all their contact or interaction with a brand. It is their experience with the brand on digital and non-digital platforms. A digital marketing strategy improves the customer journey and ensures that all points of contact are effective and functioning. This also makes it easier for clients to buy from a business.

3. It builds trust. Digital marketing allows businesses to speak directly to their target market with personalised messaging and this builds trust. And when customers trust brands, they make purchasing decisions.

The popularity of marketing in all its manifestations is growing more and more every year. Companies need to monitor market development and apply different models and types of marketing to attract and retain customers.

PART 2.PRACTICAL ASPECTS MANAGEMENT OF MARKETING RELATIONSHIP AT THE «HOLIDAY INN KIEV” HOTEL

2.1 Organizational and economical characteristic of “Holiday Inn Kiev”

“Holiday Inn Kiev” opened in 2012 and located near Olympiiskametro station. Guests can easily get to the city center by metro or by walk. Near hotel guests can find many historical and cultural sights, different restaurant, bars and shopping malls.

The brand name Holiday Inn is owned by IHG, which in turn licenses the name to franchisees and third parties who operate hotels under management agreements.

IHG is a British multinational hospitality company headquartered in Denham, Buckinghamshire, England. IHG has about 842,749 guest rooms and 5,656 hotels across nearly 100 countries [10].



Figure 2.1 IHG brand portfolio [12]

Holiday Inn Founded as a U.S. motel chain, it has grown to be one of the world's largest hotel chains, with 1,249 active hotels and over 229,655 bedrooms as of September 30, 2019. Holiday Inn has four types depend on leisure and location

purpose (Table 2.1). The most popular is Holiday Inn Express – 2 826 hotels worldwide, on second place Holiday Inn with 1 249, Holiday Inn Resort – 46 and Holiday Inn Club Vacations - 27 hotels.

Table 2.1

Holiday Inn brands [11]

Holiday Inn	this is the most recognizable tier of service. There are two distinct types: high-rise, full-service plaza hotels and low-rise, full-service hotels. The former also included many high-rises with round, central-core construction, instantly recognizable from the 1970s. Both offer a restaurant, pools at most locations, room service, an exercise room, and functional but comfortable rooms.
Holiday Inn Express	is considered a limited service property. They have some differences like free breakfast, rooms for three people, usually do not have bar and restaurant onsite. Hotels often located near airports and railway stations.
Holiday Inn Resort	the properties also offer all the amenities and services of a full-service Holiday Inn; resorts are considered more of an advertising branding than a completely different brand. Most Holiday Inn Resorts are located in high-leisure-tourism markets.
Holiday Inn Club Vacations	this is villas with fully equipped kitchens, living and dining areas, patios or balconies and more. Located only in USA. Resorts aimed on families.

Hotel has 208 rooms: Standard Rooms – 180 (King, Queen, Twin) including 3 rooms for physically challenged; Executive Rooms – 26; Suite – 2. Also guest can find bar and restaurant “The Towers”, big conference room “Gorodetsky” for

70 person and 2 conference rooms for 7 person. On eleven floor located fitness center (sauna and gym).



Figure 2.2 Hotel services in the “Holiday Inn Kiev”

Hotel services shown on Figure 2.2 and after the survey we can say guest mostly use Laundry and Transfer services. Due to Holiday Inn is business hotel and generally reservation lasts 2-6 days guests rarely use fitness center and car rental.

Rooms' equipment: free Wi-Fi, tea/coffee set and dedicated working area, in room safe, satellite TV, individually Controlled Air Conditioning, hairdryer.

Hotel currency is Euro. All prices are in euros and hryvnias for the guest's convenience. Room price at the hotel is different and represented below on the Table 2.2. Breakfast cost 15 Euro, if guest will pay directly in the restaurant - 550 UAH.

Holiday Inn Kiev has functional organizational structure - each department has a manager who answers to general manager who oversee multiple departments. This structure allows for a high degree of specialization for employees, and is easily scalable should the organization grow. In addition, this structure is

mechanistic in nature - which has the potential to inhibit an employee's growth - putting staff in skill-based departments can still allow them to delve deep into their field and find out what they are good at. The organizational structure of management is shown on the Figure 2.3.

Table 2.2

Holiday Inn Kiev Tariff Policy

Опубліковані тарифи / Public Rates			
Номер "Стандарт" / Standard room			
Будні / Weekdays		Вихідні / Weekends	
Євро / Euro	Гривня / UAH	Євро / Euro	Гривня / UAH
135,60	3 623,35 грн.	123,00	3 286,66 грн.
Номер "Ікзек'ютив" / Executive room			
Будні / Weekdays		Вихідні / Weekends	
Євро / Euro	Гривня / UAH	Євро / Euro	Гривня / UAH
153,60	4 104,32 грн.	141,00	3 767,64 грн.
Номер "Люкс" / Suite			
Будні / Weekdays		Вихідні / Weekends	
Євро / Euro	Гривня / UAH	Євро / Euro	Гривня / UAH
225,60	6 028,22 грн.	213,00	5 691,54 грн.
Тарифи вказані за добу за номер та включають вартість сніданку, 20% ПДВ, користування фітнес залом та Wi-Fi. Туристичний збір не включений			
Тарифи діють з 23-го Листопада 2019 р.			
The above rates are for the room for 1 Night, include breakfast, 20% VAT, access to fitness area and free WI-FI. City Tax is not included in rate			
The above rates are valid from 23-th of November 2019			

Hotel has different price for weekdays and weekend, as “Holiday Inn Kiev” the business hotel management set higher price on weekdays. All prices on table above mentioned with included breakfast and without City Tax.

City Tax is obligatory fee for guests, as then this money is transferred to the city budget.

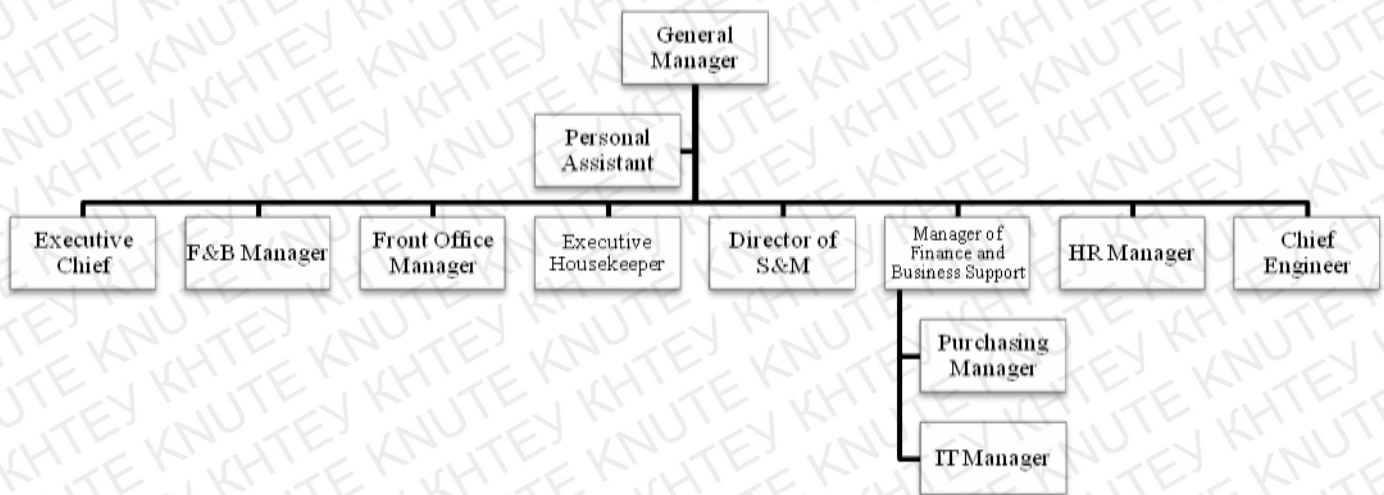


Figure 2.3 Organizational structure of “Holiday Inn Kiev”

In general, Holiday Inn Kiev has 80 employees, most part- women that work mostly at Housekeeping department. Employees have different benefits such as free meal, uniform, two times per year medical examination and salary bonuses, free taxi after 23:00 (evening shift).

Besides that Holiday Inn Kiev follow Green Engage program. IHG Green Engage is online application system. It helps hotels become green and offers tools to conserve resources and save money by measuring, managing and reporting on resource consumption, and also allows hotel to create action plans for improvement [9].

IHG Green Engage proves hotel commitment to innovation and collaboration. Holiday Inn is looking for new ways to reduce carbon footprint by reducing emissions and working with our partners to create a green culture where hotel owners explore solutions to improve their business. Every month hotel management input utility data (i.e. Energy, water and waste). The system includes a checklist of actions “green solutions” that hotels can take to be environmentally sustainable; these actions take into account costs and guest experience. IHG Green

Engage links to IHG sales channels to allow hotels to effectively target environmentally conscious consumers.

This program helps hotels save up to 25% on energy costs. On figure 2.5 we can see actual Holiday Inn Kiev data.

IHG Green Engage has four levels of certification [9]:

- Level 1 - (10 actions must be completed to achieve this level);
- Level 2 - (31 out of 31 additional actions must be completed to achieve this level);
- Level 3 - (12 out of 12 additional actions must be completed to achieve this level);
- Level 4 - (11 additional actions from the remaining level 4 actions must be completed to achieve this level);

As you can see below on Figure 2.4 Holiday Inn Kyiv achieved 2 Level.



Figure 2.4 Holiday Inn Green Engage Certificate [9]

Currently hotel is working on level 3 certification. They have already completed and uploaded proofs for 5 out of 12 actions required for this level and hope to be able to get level 3 by the end of 2019.



Figure 2.5 Hotel Green Engage indicators [9]

In order to reduce the amount of rubbish that goes to the landfill hotel updated their Waste management policy and organized special space in the office premises with boxes for recycling.

They continue changing the lighting in Back of the House areas to LED lighting in the course of regular maintenance. 428 lamps were changed, 1556 lamps are left. Engineering Team expects to change at about 80 % of the lighting within nearest 3 months.

Key indicators of financial and economic activity of “Holiday Inn Kiev” listed in the Table. 2.3.

Table 2.3

Key performance drivers

	THIS YEAR					
	Today/ date	MTD	Rest of Month	Full Month Forecast	Quarterly Business Review	Budget
Rooms	30.сен.19	30		30	30	30
Occupancy	63,94%	78,19%		78,3%		60,02%
Rooms occupied	133	4879	4	4 883		3 745
ADR	2 184,29	2 629,35	3 346,31	2 629,94	-	2 631,02
RevPAR	1 396,69	2055,87	-	2 058,01	-	1579,03
Rooms Revenue	290 511	12 828 615	13 385	12 842 000		9 853 176
Food Revenue	65 688	2 603 746				
Beverage Revenue	3 038	85 916				
Other F&B Revenue	16 317	359 793				
Total F&B Revenues	85 043,22	3 049 455,70	(23 456)	3 026 000		2 431 481

Continuation of table 2.3

	Next Month				
	OTB	October			
		Forecast	Budget	Last Year OTB	Last Year Actual
Occupancy	47,18%		62,45%	31,65%	60,36%
Rooms occupied	3 042		4 027	2 041	3 892
ADR	2 654,22	-	2 692,15	2 735,13	2 572,93
RevPAR	1 252,19	-	1 681,34	865,76	1 553,02
Rooms Revenue	8 074 144,19		10 841 274	5582407,93	11205784,14

In Table 2.4 we can see comparison of the main indicators of the hotel from 2016 to 2018.

Table 2.4

Key indicators of financial activity of «Holiday Inn Kiev» hotel for the 2016-2018, thousand UAH

	2016	2017	2018
Occupancy	40.8%	51.2%	62.4%
ADR	2 547	2 798	2 548
Room Revenue	78.51	104.5	128.25
F&B Revenue	17.98	25.8	30.62
Total Revenue	96.49	130.3	158,87

We can see that occupancy increase in 22%. In 2018 year hotel had very profitable year. Besides low ADR, if we compare with 2017, hotel earned 37 million UAH more.

One of the most important indicator is pick up –how many room hotel will sell today and in next4 months. Table 2.5 is shown month to day pick up.

Table 2.5

Month to date occupancy at the “Holiday Inn Kiev”

	September-19	October-19	November-19	December-19	January-20
Occupancy	24,26%	23,05%	1,31%	1,54%	0,02%
Roomnights picked up	1 514	1 486	82	99	1
ADR	2 499,65	2 240,13	3 181,42	2321,40	2917,71
Rooms Revenue	3 784 469	3 328 839	260 876	229 818	2 918

Taking into consideration mentioned above we can make conclusion that “Holiday Inn Kiev” is the part of big intercontinental chain, located in business

part of city and has functional organizational structure with General Manager in head. Average occupancy around 55%, ADR – 2600 UAH.

2.2 Analysis of marketing relationship at the “Holiday Inn Kiev” hotel

As competition increases, the customer is becoming more demanding and hospitality business need to develop new, better targeted products; ‘satisfying the customer’ constitutes a significant factor that creates strong competitive advantage and provides crucial motives for further business advancement. Consumers while choosing hotel they read reviews, watch social accounts and of course compare the price. In Ukraine hotel market not yet developed. Hotels compete to get guests from different companies and countries.

Holiday Inn is business hotel, so usually we accommodate guest from different companies. Guest portrait: man, 30-40 years old, foreign, corporate traveler. Customer segmentation represented on Figure 2.6.

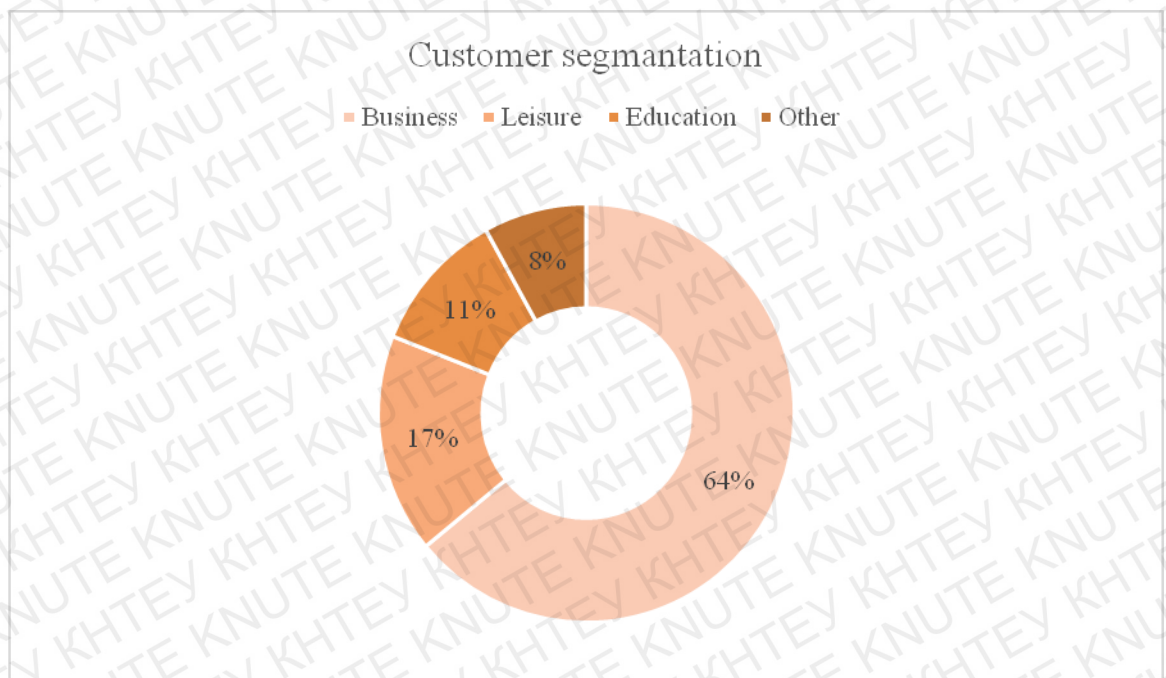


Fig. 2.6 Customer segmentation by purpose of travel

Marketing relationship at “Holiday Inn” also depends on the resource from which the reservation was received and how the guest found out about the hotel.

There are two channels through which we can get a guest’s booking: hotel direct and Holidex (which consist from GDS system, branded websites and OTA (other travel agencies)).

On the first place is hotel direct. Most bookings come directly from companies or guests. The sales department concludes an agreement with the company or guests to provide nights at the hotel at a special rate. This is a very important channel for the hotel, because, due to direct bookings, the hotel does not pay a fee to travel agencies and this shows the level of customer relations marketing. Usually hotels pay 15-20% commission amount to travel agencies. By the way this is the opportunity to get more personal relationships with guests by interacting with them directly, not via a third-party booking agent.

Holiday Inn also increases its customer base and the ability to provide more than a hotel room. The hotel can offer conference rooms, business lunches, dinners in the restaurant which means a more profit.

Guests get the opportunity to live at reduced rates for room and breakfast and receive special offers in the future.

This channel ensure less booking cancellation, that means no more lost revenue Hotels must deal with around 40% cancellation of bookings that they get from OTAs. According to a 2019 report, cancellations on Booking.com is 104% more than on the hotel website and on Expedia, this is 31% more [2].

To prompt guests customers to book through them, OTAs offer ‘Free cancellation’ or ‘Pay at hotel’ policy. As customers don’t have to pay any advance amount while booking, the cancellation percentage goes up. Plus, guests tend to book with multiple properties while booking via an OTA. They generally do it as they wait till the last minute until they finalize the destination. Ultimately, they have to keep one booking and abandon others. Such cancellations translate into ‘lost revenue’ and ‘loss of opportunity’. And this gets more serious in the absence

of a well-planned revenue management strategy, as this can also throw hotel's occupancy forecast off the track [2].

Hotel "Holiday Inn Kyiv" has policy about cancellation - amount depends on room rate and corporate agreement (if company/guest has it). Usually IHG give opportunity to cancel without penalty if guest give at least 24 hours' notice.

Last but not least benefit its guest loyalty. Now it's more and more difficult to get a guest, because each hotel offers its own advantages and bonuses. Guest loyalty is very important for the Holiday Inn, which means that we are the best in guest opinion on the market and he can recommend the hotel to his colleagues and friends.

Second channel is Holidex. As we wrote before this is the central reservation system that centralizes all reservation in the hotel. It can deliver the unique number for confirmation of each reservation. Regardless of the distribution channel, all reservations are stored in Holidex directly or via an interface. The rate loading and rate changes are directly managed by Holidex.

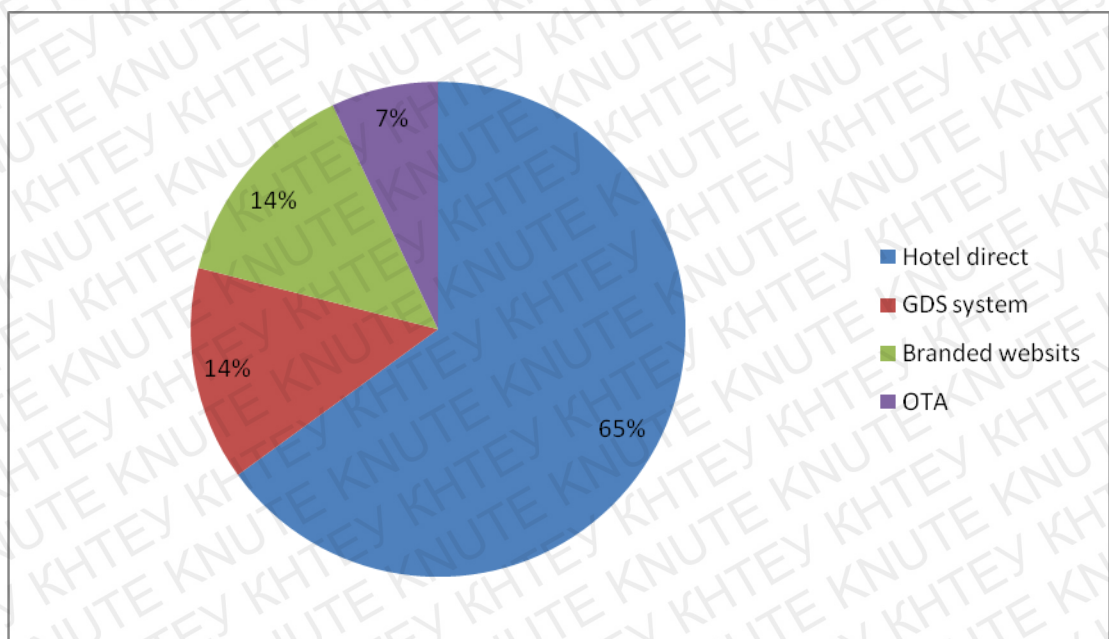


Figure 2.7.Booking channels statistic in Holiday Inn Kyiv

Booking from GDS (global distribution system), branded websites and OTH reservation department get through the Holidex.

GDS (global distribution system) is a computer network, which empowers service providers in the travel industry to carry out seamless transactions. In particular, a GDS is often used by a travel agency, in order to see real-time information and data about the availability of hotel rooms, flights and other travel services [7].

Using that information, travel agents can then sell travel products and services to their clients.

Four of the major legacy GDSs are:

- Amadeus
- Galileo
- Sabre
- Worldspan

GDS helps hotel to increase revenue and attract more customers, which means get more profit. Furthermore, a GDS can help to attract business and corporate travelers. Large proportion of business organizations still book business travel through agencies. It helps them to manage expenses easier [7].

While a global distribution system can be extremely advantageous for those in hotel management, it is not without its costs. Hotel will need to pay a small initial setup fee, along with transaction fees, which are applicable to each booking on an individual basis. In some cases, an agency fee may also apply.

The fees can vary significantly, depending on the travel agency, GDS and type of booking, but usually fees around 10 percent.

Branded websites means IHG website, IHG app and Central Reservations Office (CRO) where travelers can make reservation.

OTA (other travel agencies) is Booking.com, Expedia, TripAdvisor and others. Online travel agents are increasingly important for hotels, because they serve as both a marketing and a distribution channel. A growing number of potential guests now turn to OTAs to search for their hotels, because they function as a kind of 'one stop shop', allowing them to easily search for hotels, read reviews, and compare prices.

Travel agencies charge a fee. In most cases, the commission fee is paid either after the customer has made their final payment, or after the travel itself has been completed. The commission fee varies per online travel agent. For example the commission of Booking.com is around 10-15 percent, Expedia takes 18-25 percent. OTA one of the most expensive distribution channels for hotel.

For this 2 channels Holiday Inn Kiev apply different approaches and methods of relationship marketing.

Hotel always looking for ways to encourage guests to book directly, like writing letter after stay and propose special rate or better payment security.

The goal of relationship marketing is to continue to retain existed customers and build new relationship with travelers from OTA and newcomers. Holiday Inn uses many ways to retain the guest and them shown on Table 2.6.

Table 2.6

Holiday Inn Kiev hotel retention methods

Accommodation	Room's preferences, free water and Wi-Fi, hard and soft pillow, in suites hotel provide coffee machine with capsules, provide bathroom amenities (razor, comb, etc.), iron and desk.
Catering services	Discounts for corporate clients on dinner.
IHG members	20 % discount for laundry, 10 % for IHG members on dinner, free drink voucher, Loyalty program.
Special amenity	Gifts for birthdays (like branded cup or homemade sweets/fruit plate with letter from General Manager), Friday treatment for long-stay guests.
Wellness services	Gym, sauna.
Other	Express check-in, business center in lobby with printer(scan and photocopy)

Room's preferences – when person made a booking he notices what type of room he need (King or Queen Size bed, with front or backyard view, room close or

away from elevator etc.). Reception staff during room assignment tries to accommodate all guest requests.

Friday treatment for long-stay guests - General Manager choose every Friday couple of guests and provide a little present on her choice (homemade sweets with juice or chips and nuts with beer/wine).

From IHG, social sources and travel agencies web sites hotel reviews feedback. It's important to know guest satisfaction and comments about recent stay. Holiday Inn Kiev has online platform HeartBeat, where each employees can see guest's reviews from different web sites like Google, TripAdvisor, Booking.com and Expedia.

It's very important source for the hotel, because this is the ways to fix the problem or make improvements and show the guest how managers respect their opinion.

Due to guest comments Holiday Inn has made changes for the better, for example breakfast time was from 7am until 10:30am, now from 6:30am until 10:30am. For guests its advantage because many of them have early flight or work starts too early. Hotel optimize business center, instead of two computers now there is one but with printer and copier.

Holiday Inn Kiev is a business hotel; guests prefer book room through reservation department (hotel direct), because mostly companies have corporate agreement with Holiday Inn Kiev for special price for room and breakfast. Hotel implement many ways to retain guest and the goal is to make each new customer – loyal guest.

2.3 Loyalty programevaluation

Almost all major hotel chains own a lucrative loyalty program that allows guests to earn hotel points and redeem them for discounted or free stays. Intercontinental hotel group has its own reward program – IHG rewards club.

IHG Rewards Club is one of the world's largest hotel loyalty programs with over 100 million members. IHG Rewards Club members generated more than 68.5 million nights and \$8bn USD in room's revenue worldwide in the last 12 months [8].

There is two ways how to join this program- make an account on ihg.com website or ask reception staff in the hotel.

When compared to non-members, IHG Rewards Club members [8]:

1. Pay More: Members pay a 6% ADR Premium vs. non-members - Revenue generated by IHG Rewards Club members represent close to 40% of hotels' rooms revenues.
2. Stay Longer: Members generate a length of stay premium of 9% vs. non-members.
3. Cost Less: IHG Rewards Club members are more than 5 times more likely to book through a lower cost channel than non-loyalty members. Lower cost channels include IHG App, web or CRO, which don't have booking fees like OTA and GDS channels.

As shown in the Table 2.7 IHG loyalty program has 4 status – Base(Club), Gold, Platinum and Spire.

Table 2.7

IHG Reward Club Member benefits

IHG Rewards Club Member Cards	Club	Gold	Platinum	Spire
Collect Points or Miles	•	•	•	•
Exclusive Rates	•	•	•	•
No Blackout Dates for Reward Nights	•	•	•	•
Available Internet	•	•	•	•
IHG Rewards Club Booking Benefits	•	•	•	•
Elite members' points do not expire		•	•	•

Priority Check-In on guaranteed reservations (when available)		•	•	•
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Continuation of table 2.7

Extended Check-out until 14:00 (when requested and available)		•	•	•
Choice of Welcome Amenity (based on regional standard)		•	•	•
Complimentary room upgrades (subject to availability)			•	•
Guaranteed room availability (72 hours in advance)			•	•
Qualified Nights (per calendar year)		10	40	75
Elite Qualifying Points (per calendar year)		10 000	40 000	75 000

All guests may earn IHG Rewards Club points for stays beginning with the date of their enrollment in the program unless the enrolling stay was booked through an Online Travel Agency (OTA) rate.

Member points will remain active as long as the member either redeems or earns points within a 12-month period. Points do not expire for current Elite members.

All guests who enroll in IHG Rewards Club during a stay at any IHG hotel will be awarded a flat 1,000 points for that qualifying enroll stay. All stays subsequent to the enrolling stay will follow the current earning structure for IHG Rewards Club, as well as the same assessment formula that exists today [8].

Points are earned on eligible charges billed to the room folio.

Eligible charges include:

- Qualifying Room Rates
- Food & Beverage
- Telephone





- Laundry
- In-room Movies

Earning structure: earn 10 points for every \$1 USD spent.

After receiving a sufficient number of points or nights, guests can get a new status and exchange points for free nights at IHG hotels. The number of points required for a Reward Night/Free Night ranges from 10,000 to 60,000 points.

Upon check-in front members can choose welcome amenity. As shown on Figure 2.8 Gold, Platinum and Spire members can choose welcome amenity 300/500 points or welcome drink.

Room upgrade is one of the most important benefits for Platinum and Spire guest. Usually in Holiday Inn Kyiv front desk provide upgrade from standard to executive room, rare to suite. As well, Night manager sent to the Platinum and Spire members a Pre-Arrival Upgrade Notification advising their room has been upgraded. It's just another way to show members that the hotel is planning their arrival and is looking forward to welcoming them like a friend would. Hotel recognize their status and loyalty.

IHG® Rewards Club Europe Welcome Amenity				
Brand	IHG® Rewards Club Platinum and Spire Elite Points or Amenity		IHG® Rewards Club Gold Elite Points or Amenity	
	600 points	OR One (1) Free Drink Voucher and One (1) approved IHG® Rewards Club snack*	400 points	OR One (1) Free Drink Voucher
	500 points	OR One (1) Free Drink Voucher and One (1) approved IHG® Rewards Club snack*	300 points	OR One (1) Free Drink Voucher
	300 points	OR one (1) Free Drink Voucher and One (1) approved IHG® Rewards Club snack*	200 points	OR One (1) Free Drink Voucher
	500 points	OR One (1) Free Drink Voucher and One (1) approved IHG® Rewards Club snack*	300 points	OR One (1) Free Drink Voucher

*Snack given to member when they redeem drink voucher, not at front desk to avoid wastage

Figure 2.8 Welcome amenities in IHG Rewards Club [8]

Guest loyalty is very important metric for each international hotel, because it is a goal of relationship marketing to retain the guest and made them to come back

once more. IHG Rewards Club provide Your Rate program, which gives members access to exclusive rates and bonus points when booking directly through IHG (discount around 5-7%).

Additionally after each stay guest who is a member of IHG loyalty program, receives survey with questions about hotel, staff, service, bathroom, food and beverage, facilities (laundry, gym, sauna, business center, shuttle and checkout experience). Guest’s assessment influence on hotel metrics and rate. On Figure 2.9 we can see 8 global and 2 regional metrics by which hotel is evaluated monthly.



Figure 2.9 Hotel metrics

Loyalty programs certainly increase sales and hotel occupancy. For Holiday Inn the most important benefit, that loyalty program operate worldwide and in different hotels under IHG chain (cross-selling)

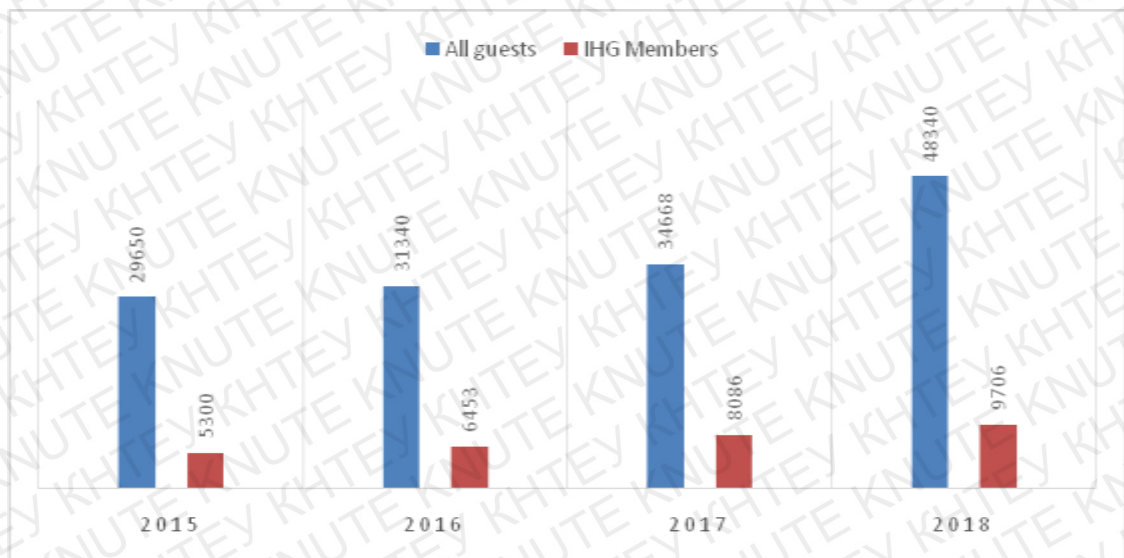


Figure 2.10 The proportion of program participants among hotel guests

After analysis hotel data we can say that from 2015-2018 years the proportion of IHG member compared to non-members increased (Figure 2.10). In 4 years quantity of IHG Loyalty members increased on 45%.

Loyalty programs are becoming an increasingly important factor in determining what hotel a guest decides to book a stay in.

IHG Loyalty Program helps Holiday Inn Kyiv to treat guests the most. Once a hotel has met a guest's primary needs, it must focus on the guest's need to be dazzled and delighted, because this is the need that has the greatest effect on market growth and development. By identifying and satisfying the most important needs, habits and wishes of their guests, hoteliers can exert a significant influence on the decision of guests to buy a service, as well as on increasing overall sales results and augmenting markets shares. Every day guests are swamped with a multitude of promises, making them sceptical about the interests of a hotel in meeting their needs. This is the reason why they expect a high level of quality from the services promised, together with a trusting relationship during and after their stay in the hotel

PART 3.METHODS FOR IMPROVEMENT OF MARKETING RELATIONSHIP AT THE “HOLIDAY INN KYIV” HOTEL

3.1 Directions for improving relationship marketing at the “Holiday Inn Kyiv” hotel

Today, companies that have achieved success are doing everything possible to retain their customers. To gain a place in the modern market, companies must focus on the consumer - to provide the highest value to their target consumers. Competition intensifies, and costs for attracting new consumers increase. In addition, consumers themselves are becoming more independent and demanding. To stay competitive, a modern company must be well informed about its customers. For this, new business models are developed and innovative solutions are offered.



Figure 3.1 Top 10 Latest Hospitality Marketing Trends [23]

1. Personalized marketing allows companies to deliver individualized content to target customers through the use of automation technology and data collection. The goal of personalization marketing is to engage potential customers

by communicating with them as individuals. For hotels it's important to personalize their services for their guests and clients through targeted emails. For example, targeted emails can be sent to potential customers whenever an upcoming discount is offered by the hotel. Personalization marketing is one of the most direct hospitality marketing strategies to establish a more personal relationship with customers and encourage them to make a return visit [23].

2. Voice Search. As the next generation of Web users prefer communicating through voice activation, this can be a great opportunity for the hospitality industry. Voice search is a type of voice control and recognition technology that primarily works with tablets, smartphones, and other similar devices. In fact, this marketing trend could soon eliminate the need for Internet users to press buttons or type their search queries online. Hotel guests can book a hotel room via their smartphone by just speaking to the device. They can even control the room's functions, such as lights, music, or heating through voice search. It is expected that more online marketers will start investing money into this new trend in the near future [23].

3. Customer Experience Marketing. In the competitive world of hospitality industry, customer experience is essential in gaining loyalty. Keep in mind that providing an excellent customer service on its own doesn't always result in direct profits. It is crucial to develop comprehensive customer experience marketing plans to meet the needs of hotel or travel company. To generate healthy returns and a steady stream of returning clients, hotels must compile analytics from online customer testimonials on review websites. This will provide them with a wealth of information about customers' preferences, how company can do better, and which factors will lead to future conversions [23].

Holiday Inn Kiev has an app on internal website Merlin called IHG Reporting, where employees can see upcoming stay and detailed information about guest preferences. Usually Front desk staff use this report just to see IHG Loyalty members. At the same time, this is good opportunity to make stay more personalized.

Figure 3.2 shows IHG Rewards Club Arrivals Detail Report.

As you can see this report shows how many point guest have, his membership number, status, last stay. Hotel determinewhat type of traveler guest is – business, leisure. In stay history we have information about quantity of stays in IHG hotels, last hotel.

One of the most important is “Previously used amenity” - hotel can use it to make stay more personalized. For instance, taking into consideration mentioned on picture above hotel could offer discount for dinner in the restaurant or free glass of wine/beer. Moreover, it is also a good tool to increase revenue.



Figure 3.2 IHG Rewards Club Arrivals Detail Report

4. Virtual Reality. When online users look for information on tours and hotels, they can make better decisions through videos and pictures rather than content. This is where virtual reality will have an impact on users’ experiences as they can virtually put themselves right there in the hotel room or resort to see whether it meets their needs or not. Virtual reality is not just an entertaining marketing feature, but it also offers endless possibilities. The hospitality industry can use virtual reality to show their customers the local sightseeing attractions. For example, if hotel receptionist recommends the local waterpark, guests can check

out the place through VR before they go. Virtual reality helps take away the guests' or travellers' uncertainty and is an essential tool for all hotel and tour operators to use [23].

For example, Holiday Inn Express Adelaide in Australia has 360 Virtual Tour that shows reception desk, elevators, rooms, breakfast point, conference room, bar and gym. In short, check-in process and all hotel facilities.

5. User generated content is created and shared by online end-users.

It can come in different forms, such as testimonials, comments, forums, blog posts, and social publications, to name but a few. When a prospective customer looks for brand's content online, he or she will normally read the customer reviews about company on other websites or social media platforms. If hotel implement user generated content correctly, company will be able to increase brand awareness significantly. This strategy will also help to get more room bookings. One effective way is to encourage guests to share their experience on social media. To do this, hotel can run contests, create brand hashtags, or create photo opportunities at the hotel [23].

Holiday Inn Kyiv now developing social media pages like Google, Facebook and Instagram. Customers read comments also from Booking.com, TripAdvisor and other travel agencies. Very important tool is to respond to guest's reviews. It show how guest's feedback important for company although good or bad this comment is. Moreover, SMM manager posts Instagram stories and photos about current hotel promotion and news. Young people take information mainly from Instagram and social media is a good source to influence them. Statistic said: 52% of people are inspired to travel because of their friend's Facebook photos, 20% of leisure travelers worldwide look to social media for inspiration.

6. Video Marketing.

Travel industries and hotels can use video marketing to engage their target audience from YouTube videos, Instagram, or Snapchat, to going Live on Facebook. Gaining brand exposure and capturing the attention of audience can be done through written content, but in order to engage them instantly, why not give them easily digestible videos about hotel or resort. For

example, Holiday Inn can use video marketing to capture the relaxing moments guests can enjoy in hotel's facilities. Keep in mind that hotel's videos or photos must be very high quality in order to attract customers.

The range of options available to marketers is almost endless, from live streams of hotel activities, through to promotional videos highlighting hotel features, and interviews with customers, sharing their experiences. The growing prevalence of 360 degree video also opens up greater opportunities to fully immerse audiences.

7. Deliver An Excellent Customer Experience. In the end, no amount of hotel marketing strategies can make up for poor customer service, so in order to optimise revenue, hotels are going to need to deliver an excellent customer experience and make sure people know about it. This means taking the time to do the little things better than competitors. There are no shortage of ways to deliver in this area. The high-quality customer service hotels provide can range from ensuring staff are welltrained and able to answer questions, through to introducing unique technology into the hotel, making sure rooms are immaculately clean, or using a mobile app to great effect. By going above and beyond with regards to the customer experience, hotel can gain access to new customers via word of mouth. Therefore, the aim is to deliver an experience that is so positive and memorable that your guests end up becoming brand advocates for you, recommending your hotel to the people they know [23].

Competition is highly fierce in the hospitality industry and using the right marketing tools plays an important role in helping hotel succeed.

3.2 Proposal's effectiveness on relationship marketing improve at the hotel

Hotel management analyzes the market, the position of the hotel among competitors. To keep up with the times Holiday Inn develops every day. We can propose different ways to increase marketing relationship with guests.

Improve reward system. IHG loyalty members have many benefits, but in comparison with others loyalty programs it loses. First of all we need to treat Platinum and Spire members – their loyalty on high level, but they can move to another rewards program with better benefits. For example, free breakfast for Spire members, additional point for conference, all eligible nights are considered (nights paid at the “Points + cash” tariff, as well as free bonus nights, are taken into account to obtain elite status).

Security. For guests is the main indicator when they choosing a hotel. Most of the guests are corporate clients - laptops, work records of which contain confidential information. Many hotels have special card for elevator, means that outsiders cannot get up to any floor. Holiday Inn can implement elevator access control system. When the passenger enters the hotel, the front desk attendant will issue the elevator card to the passenger. Only when the visitor swipes the card on the elevator can the elevator be used, which can effectively prevent the elevator. The idle passengers take the hotel elevator to improve the safety factor of the hotel.

Also there are two ways to do this: Single floor room card: (i.e., only open a particular floor, suitable for guests who do not need to go to other levels). After the guest card is effectively sensed on the elevator card reader of the elevator control panel. The system directly registers the floor where the guest lives, without having to press the floor button manually, the elevator directly reaches the level where the guest lives.

Multiple floor room card: (i.e., the right to open various floors or all floors, suitable for guests who need to go to other levels) after the guest card is effectively sensed on the elevator card reader of the elevator control panel in 4 seconds, guest need to select the corresponding floor button to reach the floor manually. If there is no card or illegal card, the elevator cannot directly use the elevator to reach the controlled floor (except the public level) [24].

This card system prevent theft and fraud, guest guests will feel safe.

Compositions of a hotel elevator and door control system



Figure 3.3 Elevator access control system [24]

Focus on business companies. Business customers are often easy to manage. Moreover, this clientele tends to spend more on additional services during their stay than leisure travelers: 50% to 75% more is spent on catering, dry cleaning, etc. This trend is all the more important with ‘Millennials’ : 37% of them spend more on Room Service when these costs are covered by the company, compared with 21% for 46-65 year olds. In fact, according to ‘Travel Weekly Consumer Trends’, the percentage of extended business travel on personal leisure travel increased from 11% to 17% in 2018. These practices are becoming more and more accepted in major international groups [21].

Today the question “what are your essentials for a business stay”, four elements come at the top of their expectations :wifi, shuttle services and taxi, access to fitness and breakfast. Holiday Inn Kyiv can offer free shuttle from and to airport, for example, Zhuliany. In addition offer cheaper breakfast for corporate guests, instead of 15 Euro – 10 Euro.

By the way, for participants, Holiday Inn Kiev can run the promotion - members who book and consume 10 or more guest rooms per night during this same timeframe will be offered a complimentary meeting space. For example, members who book and consume 10 or more guest rooms per night between September 1, 2019 and February 1, 2020 will be offered a complimentary meeting

space (funded by hotels) for events held between September 1, 2019 and December 31, 2020. Charges may apply for additional set ups where required.

This offers help hotel to close more rooms, events and meetings business during the key booking period of September 1, 2019, to February 1, 2020.

IHG Business Rewards. This is a new loyalty offering from IHG Rewards Club that rewards individuals that book on behalf of others. Members earn IHG Rewards Club points when placing their business accommodations, business meetings, and corporate events, as well as social bookings such as wedding services, with participating IHG hotels. IHG Business Rewards is set to launch globally on April 1, 2015 across all IHG Brands.

1. With IHG Business Rewards, guests will enjoy the following benefits:
2. Rewards for members who book accommodations, meeting rooms and events on behalf of others, with no minimum threshold on qualified spending.
3. Earn 3 IHG Rewards Club points per equivalent \$1 USD spent at participating hotels.
4. Earn points towards IHG Rewards Club Elite status, for you to enjoy during your personal stays.
5. Members only need to manage one account, with the same number for IHG Business Rewards and IHG Rewards Club.
6. Enjoy exclusive benefits from IHG Rewards Club when staying with IHG® for personal travel.
7. Book up to 9 hotel rooms with the Reservations Office and book directly at the hotel for any other requirements – such as booking meeting rooms or wedding services.
8. Access to our global catalog to redeem points for Rewards Nights, unique events and experiences, retail and restaurant vouchers, digital rewards, merchandise and entertainment, charitable donations on your behalf, and much more.
9. Access to exclusive member-only offers and promotions.
10. Free internet for members when you stay with IHG.

There is no minimum spend to earn points with IHG Business Rewards and members may earn up to 60,000 IHG Rewards Club points for each qualified event, at the hotel's discretion and in accordance with the IHG Business Rewards.

Qualifying Spend includes spend on guest rooms, meetings and events, conference rooms, food and beverage service linked to meetings and conferences, and all-inclusive meeting packages placed at hotel.

This is a great opportunity to acquire new and retain old customers. Unfortunately, Holiday Inn Kiev has only one big meeting room "Gorodetskyi" and this program is not applicable to the hotel.

Hotel industry in Kiev has grown in the last year and is likely to continue growth in 2020, provided the political risks don't get in the way. Just over half of Kiev's hotel rooms — almost 11,000 of them — are filled throughout the year, much lower than in other key European cities, which have an average occupancy of about 72 percent, according to research firm STR. Still, Kyiv continues to gain prominence as a destination for business trips and cultural tourism, which is driven by large events such as 2017's Eurovision song contest and 2018's UEFA Championship League finals.

Business is the main market driver. Business trips or business conferences are a main function of the city's hotels. Hotels have seen growing numbers of visitors from the U.K., U.S., France, Spain, Germany, Israel and Turkey. China's businesspeople are also an increasingly frequent sight in the city's hotels. However, the majority of visitors to Kyiv are domestic — Ukrainians traveling on a budget.

Data from CBRE shows that total hotel stock in Kyiv grew by 7 percent (757 keys) in the first three quarters of 2018, bringing the total up to 10,800 keys in 110 properties. Some of the new entrants included Aloft Kyiv, Ibis Kyiv Railway Station, Favor Park Hotel and Hotel Bursa. Additionally, the five-star boutique Riviera House opened in January. Two more hotels are expected in 2020–2021 — one more Ibis and Adagio City Aparthotel [23].

As we see competition increase and it is becoming increasingly difficult to attract and retain guests at a hotel. On Table 3.1 shown comparative statistics “Holiday Inn Kiev” hotel with competitors. Hotel main competitors – Aloft, Radisson Blu Hotel, Ramada Encore Kyiv, Ibis, Radisson BluPodil, Park Inn by Radisson.

Table 3.1

The current state of the hospitality market

	Occupancy %/MPI			ADR/ARI			Rev Par/ RGI		
	2019	2018	%Chg	2019	2018	%Chg	2019	2017	%Chg
October 2019									
Hotel	62.1	58.1	7.0	2.532	2.833	-10.6	1.573	1.645	-4.4
Competitors	51.8	61.8	-16.1	2.007	1.876	7.0	1.041	1.160	-10.3
Ranking	2of5	3of 5	2 of 5	3 of 5	3 of 5	4 of 5	1of5	1of 5	2 of 5

Holiday Inn Kiev will have better result if improve hotel relationship marketing. Competitors go beyond and provide better service, better IT technology at the same price.

For example, in Aloft Kiev guests can use their phones like room key - customers register in the SPG Keyless program and upon arrival at the hotel receive a text message with the room number. They don't have to register at the hotel, they can immediately go into the room and open the door.

Hospitality market in Ukraine is growing every year, despite political instability and low solvency of citizens. Foreign customer is very demanding guest and hotels are fighting for everyone. In order not to lose position in the market, Holiday Inn Kiev need to constantly monitor the changes and trends and implement them as soon as possible.

CONCLUSION AND PROPOSALS

One of the most complicated tasks facing any business is getting hold of new customers. When considering that each step is to earn a potential customer's attention, making a persuasive pitch and facilitating the accompanying sale can incur huge expenses. The term used to describe this is relationship marketing.

Among the many definitions of the term: relationship marketing is a strategy designed to foster customer loyalty, interaction and long-term engagement. It is designed to develop strong connections with customers by providing them with information directly suited to their needs and interests and by promoting open communication.

It is important to note that the opposite of relationship marketing is transactional marketing. Transactional marketing is focused on a single objective, and that is making the sale. Transactional marketing tactics include advertising and promotions exclusively geared towards immediate sales.

Benefits of relationship marketing include a high return on investment, getting great reviews, getting an honest perspective on business decisions, improving returns on campaigns, and even turning the best customers into evangelists. The challenges of relationship marketing are no quick profits, higher costs per individual customer, and the expectations of returning customers.

Relationship marketing tools are aimed at ensuring stable relations between the client and the company: development of the product together with the consumer, special types of service, quality guarantees, individual technical requirements, price differentiation, discount systems, bonuses to regular customers, direct deliveries, catalogs, personal contacts, special events, special offers, hotline, marketing events, customer clubs and communications. The 6 market model helps the organization to study about the stakeholders and key market domain that may be important to them – Internal, Referral, Influence, Supplier and alliance, Recruitment and Customer markets.

One of the most relevant type of marketing that closely connected with relationship marketing- digital marketing. Digital marketing has become one of the most popular buzzwords in the last couple of years. Digital marketing is a broad term that includes all marketing channels and methods company can use to promote products or services on the Internet but also on electronic devices such as TVs, mobile phones and electronic billboards.

“Holiday Inn Kiev” located in business center of the city, opened on 2012. Hotel is a part of big international chain IHG (Intercontinental Hotels Group). Hotel has 208 rooms: standard Rooms (King, Queen, Twin) including 3 rooms for physically challenged; executive Rooms and suite. Guest can find bar and restaurant “The Towers”, big conference room “Gorodetsky” for 70 person and 2 conference rooms for 7 person. On eleven floor located fitness center (sauna and gym). Holiday Inn Kyiv has functional organizational structure - each department has a manager who answers to general manager who oversee multiple departments.

Besides that Holiday Inn Kyiv follow Green Engage program. IHG Green Engage is online application system. It helps hotels become green and offers tools to conserve resources and save money by measuring, managing and reporting on resource consumption, and also allows hotel to create action plans for improvement.

All employess involved in relationship marketing with guests. Marketing relationship at “Holiday Inn” depends on the resource from which the reservation was received and how the guest found out about the hotel.

There are two channels through which we can get a guest’s booking: hotel direct and Holidex (which consist from GDS system, branded websites and OTA (other travel agencies). On the first place is hotel direct. Most bookings come directly from companies or guests. The sales department concludes an agreement with the company or guests to provide nights at the hotel at a special rate. This is a very important channel for the hotel, because, due to direct bookings, the hotel does not pay a fee to travel agencies and this shows the level of customer relations marketing.

To retain more guests “Holiday Inn Kiev” has loyalty reward program- IHG Rewards Club. Program members have benefits such special rate, opportunity to earn point and then stay in the hotel for free and other. Loyalty programs certainly increase sales and hotel occupancy. For Holiday Inn the most important benefit, that loyalty program operate worldwide and in different hotels under IHG chain.

Hotel management every day analyzes the market, the position of the hotel among competitors.

To keep up with the times Holiday Inn develops every day. We can propose different ways to increase marketing relationship with guests like improve reward system, implement elevator access control system, focus on business companies, run IHG Business Rewards Club.

Hotel industry in Kiev has grown in the last year and is likely to continue growth in 2020, provided the political risks don't get in the way. Business is the main market driver. Business trips or business conferences are a main function of the city's hotels. Hotels have seen growing numbers of visitors from the U.K., U.S., France, Spain, Germany, Israel and Turkey. China's businesspeople are also an increasingly frequent sight in the city's hotels. However, the majority of visitors to Kyiv are domestic — Ukrainians traveling on a budget.

Holiday Inn Kiev will have better result if improve hotel relationship marketing. Competitors go beyond and provide better service, better IT technology at the same price. Hospitality market in Ukraine is growing every year, despite political instability and low solvency of citizens. Foreign customer is very demanding guest and hotels are fighting for everyone. In order not to lose position in the market, Holiday Inn Kiev need to constantly monitor the changes and trends and implement them as soon as possible.

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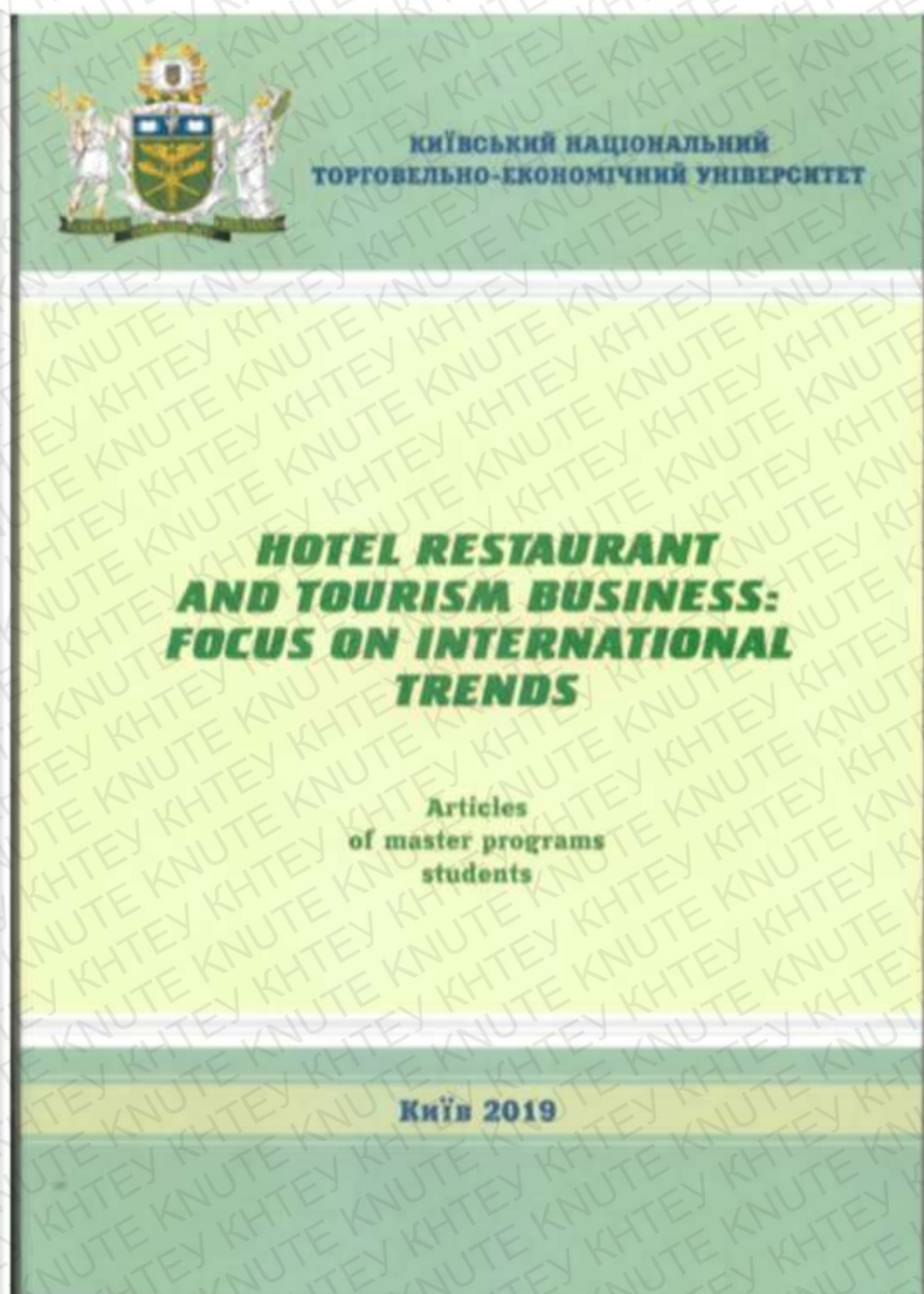
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APPENDENCIES

Appendix A

Article «The value of relationship marketing in the hotel industry»



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

**HOTEL RESTAURANT
AND TOURISM BUSINESS:
FOCUS ON INTERNATIONAL TRENDS**

**Articles of master programs students
Specialty 073 «Management»
(specialization «Hotel and Restaurant Management»,
«Tourism & Resort-Recreational Management»),
241 «Hotel and Restaurant Business»
(specialization «International Hotel Business»),
242 «Tourism» (specialization «International
Tourism Business»)**

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Work is executed under scientific guidance of the Candidate of Economic Sciences,
Associate Professor SAI D. V.

THE VALUE OF RELATIONSHIP MARKETING IN THE HOTEL INDUSTRY

**SAVCHENKO O., 2 course of master FRHTB KNTEU,
specialty «Hotel and Restaurant Business»**

Стаття демонструє важливість маркетингу взаємовідносин для розвитку готельного бізнесу. Проаналізовано поняття, види маркетингу. Доведено важливість використання компаніями маркетингу взаємовідносин. Виявлено підходи до залучення нових та затримання сталих клієнтів.

Ключові слова: маркетинг, взаємовідносини, клієнти, готельні послуги, мотив маркетингу взаємовідносин.

The article shows the importance of relationship marketing for the development of the hotel business. Studied the nature and types of marketing. The importance of using relationship marketing for business development has been proven. Identified approaches to attracting new and retaining loyal customers.

Key words: marketing, relations, clients, hotel services, motive of marketing of mutual relations.

Relevance of the topic. With the increasing competition that businesses especially in hotels industry face today in order to survive, firms have to adjust their approach towards customer relationship marketing practices and come up with response strategies for dealing with the highly competitive environment. Traditionally hotels are more focused on the product and services. Hotels industry today is waking up to consumers who demand consistent delivery of the brand promise, changing needs and sensitivity to socio-political both locally and globally. The present paper focuses on presenting how customer satisfaction research can enable companies to build long-term relationships with their customers. Relationship marketing approach is of paramount importance to companies that want to thrive in this highly competitive environment.

Analysis of recent research and publications. Various foreign and domestic authors pay attention to the marketing relationship in hotel industry. The most significant contribution to the study of this field was made by: Kotler, Greenroose, Reichheld, Sasser, Morgan, Hunt [6].

The aim of the article is to define what is relationship marketing and why it so important in hotel industry.

Methodology. Theoretical and methodological basis of the study are the general scientific methods, such as analysis and scientific generalizations.

Main results. Traditional marketing has been a much discussed topic in the field of marketing for centuries. Traditional marketing is focuses more so on customer acquisition, rather than retention. Because this process only focuses on the current transactions, and concern about future transactions, customer satisfaction and loyalty are discarded. For centuries this type of model has been efficient in creating revenue for the firm, but due to our rapidly changing economic climate, technological advances and consumer behaviour trends, a firm cannot just rely on customer acquisition [2].

Relationship marketing is a relatively new concept of marketing which has developed within the latter quarter of the century. Morgan and Hunt define relationship marketing as «all marketing activities directed towards establishing, developing, and maintaining successful relational changes» [2]. In essence this suggests that in order to complete successful transactions, there must be a relationship between the firm and the customer. Firms are now focusing on acquiring new customers and turning them into a loyal customer that is deemed as being 'married' to the brand. This suggests that firms are now looking to form long-term relationships with other firms and customers in order to secure

Relationship marketing can prove to be very beneficial for the firm. Loyal customers will promote the firm to others through word of mouth, which in the long term expands the business. They are also willing to try new products and give feedback in order to improve future products and services. Reichheld and Sasser suggest that even a 5% improvement in customer retention can increase profitability between 25 and 85 percent [2]. Customers also benefit by receiving higher quality service and products. Companies, particularly in the service sector are finding new and innovative ways to build long term relationships with their customers. This is achieved by developing a genuine concern to meet and exceed the customers' expectations, and to provide the best possible service in an environment of trust and commitment [2].

Marketing concepts in the 1960's were driven around consumer needs and wants. There was little concern about quality or any long term aspects such as loyalty or retention. Traditional marketing introduces the four P's (place, price, product and promotion), which are a set of institutions and processes used to create offerings that have value for customer. These four processes heavily influence firm-customer transactions and disregard any future transactions [2]. However, relationship marketing focuses on delivering the promise and meeting customers' expectations in order to form a relationship. This is where the extra three P's are introduced.

People, Process and Physical evidence and part of the extended service marketing mix. These 3 elements of the extended marketing mix focus on the relationship between the firm and the customer, rather than the product itself. People in the marketing mix are those who come into contact with customer. They explain product or service features, and often do so face-to-face with customers, and the customers experience with staff can have a dramatic affect on the relationship it has

with the firm [2]. People who interact with customers must exceed the customers' expectations of service quality and provide a high standard of service delivery in order to engage the customer.

Process refers to the activities and systems used to create, communicate, deliver and exchange and offering. Due to its high focus on the buyer-seller relationship, Process is regarded as the most important feature of the marketing mix. The buyer-seller interaction process can influence the buyers' decision to return to the seller in the future. It is advisable to focus the attention primarily of effective and efficient service.

Finally, physical evidence refers to environment in which the service is delivered.

In general, relationship marketing is about forming long-term relationships with customers. Rather than trying to encourage a one-time sale, relationship marketing tries to foster customer loyalty by providing exemplary products and services. This is different than most normal advertising practices that focus on a single transaction; watch ad A and buy product B. Relationship marketing, by contrast, is usually not linked to a single product or offer. It involves a company refining the way they do business in order to maximize the value of that relationship for the customer.

The main goal of relationship marketing is to build mutually satisfactory long-term relationships with key constituents in order to gain and maintain their business [1]. But this approach influences not just the company-client relationship, but also company-employee, company-marketing partner and company-financial community relationships. This holistic dimension empowers the company through long-term relationships with all its key stakeholders.

From the above, we can conclude that there are 3 types of market relations:

- *Global marketing of relationships* (RM-Global, RM-G) is the creation of long-term, reliable and mutually beneficial relationships for all parties with key market partners of the company (consumers, suppliers, dealers, distributors, investors, shareholders, banks, etc.).
- *Customer Relationship Marketing* (RM-Consumer, RM-C) is the creation of long-term, reliable, mutually beneficial and valuable relationships with the clients of the company. The main goals are: achieve maximum consumer satisfaction based on a genuine desire to please the client in order to further mutually beneficial cooperation; Creating a true value for a client offered to him in a comfortable environment for him; maintaining loyal customers.
- *Relationship marketing with workers* (RM-Employee, RM-E) – is the creation of long-term, reliable, and mutually beneficial relationships with all of the workers of the company. The main objectives are: providing the company with valuable personnel and establishing with them valuable mutual relations; satisfaction of social, psychological, moral, ethical and other needs of workers; consolidation of the company's image in the eyes of all employees and representatives of the external environment (competitors, business partners, consumers).

Not everyone knows why relationship marketing needs their companies. There is reasons why it so important [7]:

1. **Enhanced Customer Experience.** Most people leave their current brand because of poor customer service. Relationship marketing, whether through providing superior customer service or simply listening and responding to feedback on social media, leaves a good taste in customers' mouths.
2. **Better Feedback.** Plenty of brands are getting the hint, thanks to social media: feedback (thoughts or reactions to a product or service) can make or break a business. Today, you can engage with a brand on social media and, if they care about relationship marketing, they'll reply. This gives customers an opportunity to be heard, and provides valuable feedback for brands in areas that might need to be tweaked.
3. **More Sales.** Whether its keeping a customer happy, or gaining referrals (new customer directed to your brand from an existing customer), good relationship building ultimately result in more revenue for your company. Customers who are happy with your business will reward you with their hard-earned money and will tell their family and friends about you.

Technology also plays an important role in relationship marketing. The internet has made it easier for companies to track, store, analyze and then utilize vast amounts of information about customers. Customers are offered personalized ads, special deals, and expedited service as a token of appreciation for their loyalty.

Relationship marketing in hotels encourages them to develop relationships with guests, peers, suppliers, and partners, to maintain their loyalty to the business. To accomplish this goal, hotels must maintain a high level of communication with these parties in order to understand what they want and need from the relationship.

Not only does this mean that the hotel can fulfill those wants and needs, but it also makes it obvious to everyone involved that the hotel cares about their relationship, thereby encouraging trust.

Relationship marketing starts with building a quality network. Previously hotel cared only about rooms, prices, how to get more new guest. Now the situation changed. Hotel management put on first place guest- their feeling, loyalty. The main aim- make the guest feel like home. This is better to hold regular guest than always looking for new customers.

Figure 1 presents the relationship pyramid for a hotel.

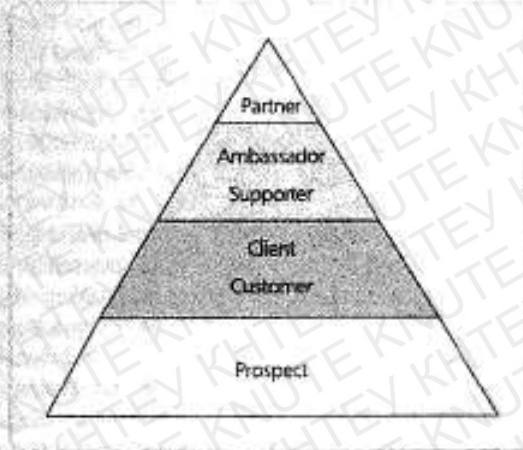


Figure 1. Pyramid of relationships for a hotel [4]

When guest come first time he is a «prospects». Prospects are essentially people that have not bought with the supplier yet or used its services. When the prospect does buy with the supplier, they move up to being customers. At this point it is essential that the hotel gives excellent service that will meet the customers expectations and maybe even exceed them. This will help make sure that the customer will return or buy again with the hotel. If they do so, they become clients of the hotel. The next step for the clients would be to become supporters. This entails the clients to have feelings for the hotel in a passive manner. To develop this feeling with the supporter even more, it has to be a mutual investment from both parties. The key element in this step is reciprocity. Reciprocity is the practice of exchanging things with others for mutual benefit. This is when the supporter becomes an ambassador. However, the win-win situation would be for the hotel to co-create with their customers which means they have become partners who assist with the creation of mutual value [5].

It is of importance for the hotel industry to focus on these relationships because this will ensure that the customers will return and climb the pyramid, by gaining their trust through excellent customer service. This will create the win-win situation goal.

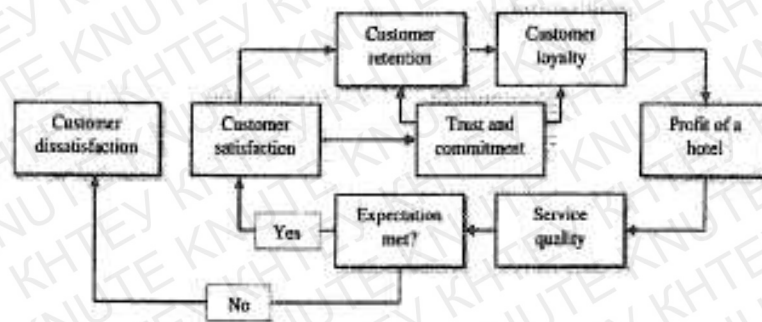


Figure 2. The connection between customer loyalty prerequisites in the hotel industry[3]

Figure 2 presents the connections between the various prerequisites of customer loyalty. This begins as soon as the customer steps into a hotel. When the customer's expectation is met by the high quality of service, their level of satisfaction will increase and there will be a high possibility of repeat purchase. Meanwhile, the customer develops feelings of trust and commitment to the hotel. This commitment not only results in repeat visits to the hotel, but also boosts the hotel's reputation. This is especially the case if a satisfied customer recommends the hotel to other potential customers or writes a good review on the Internet. The customer exhibits a high level of loyalty to the hotel, which takes advantage of this relationship by stimulating direct repurchase and indirect marketing promotion by means of personal recommendation or appraisal. Motivated by the effect of increased customer loyalty, the hotel engages in an improvement of service quality, and thus a new round of this continuum is initiated [3].

Conclusion. Today many hotels are faced with significant challenges in the area of customer service and service delivery and retention both internally and externally. The constant change in demographics coupled with high customer expectations is making organizations rethink its customer relationship management practices. Relationship marketing a topic that extensively deals with customer loyalty. By satisfying customers, it is the aim of relationship marketing to make customers loyal to buy further products from the company and recommend others to do the same. The success of hotels is determined by their ability to maintain and develop long-term relationships with customers. Different hotels have their own model to achieve new customers and retain old (different programs, loyalty benefits and others).

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