

**Kyiv National University of Trade and Economics**

**Hotel and Restaurant Business Department**

**FINAL QUALIFYING PAPER**

**on the topic:**

**«STRATEGIC ANALYSIS OF «NUMBER 21» HOTEL,  
KYIV»**

Student of the 2<sup>nd</sup> year, group 3a,

Specialty 073 «Management»

Specialization

«Hotel and Restaurant

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**Kyiv 2019**



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6. Time schedule of the paper:

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
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1	Choosing and approval of the final qualifying paper topic	01.09.2018-31.10. 2018	31.10. 2018
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3	Writing of the 1 <sup>st</sup> part of the final qualifying paper	02.01.2019 - 11.05.2019	11.05.2019
4	Defense of the 1 <sup>st</sup> part of the final qualifying paper in scientific adviser	14.05.2019 - 18.05.2019	18.05.2019
5	Writing and preparation for publication of a scientific article	Before 18.05.2019	Before 18.05.2019
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7	Defense of the 2 <sup>nd</sup> part of the final qualifying paper in scientific adviser	07.09.2019 - 10. 09. 2019	10. 09. 2019
8	Writing and defense of the 3 <sup>rd</sup> part of the final qualifying paper in scientific adviser	11.09.2019 - 28.10.2019	28.10.2019
9	Registration of the final qualifying work and abstract for preliminary protection in commissions	29.10.2019 - 31.10.2019	31.10.2019
10	Presentation of final qualifying paper and abstract on the department	16.11.2019	01.11.2019
11	Presentation of the final qualification work to the Dean's Office for receiving a referral for an external review	16.11.2019 18.11.2019	16.11.2019
12	Preparation of final qualifying paper to defense in the Examination Board	18.11.2019 - 01.12.2019	30.11.2019
13	Defending of the final qualifying paper in the Examination Board	According to the schedule	02.12.2019

7. Date of receiving the task: 28.12.2018

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

Student Anastasiia A. Dashko completed the final selection document in due time according to the schedule. In terms of content, structure and design, the executed works meet the requirement. The final qualification document is a topic of its own. The work consists of an introduction, three sections, conclusions and proposals, a list of sources and applications used.

In the first section the theoretical foundations of the general system of strategic analysis of hotel management were investigated, the essence of "hotel strategy" was determined.

The second section analyzes the state of the hotel enterprise at the moment, proposes measures to increase Hotel's «Number 21» occupancy and strengthen positions in the competitive environment.

The third section is devoted to the development of new recommended measures to strengthen hotel position and increasing the hotel's competitiveness, as well as analyzing and predicting the results of innovations.

Based on the results obtained, a program of measures for the implementation of new proposals for improving the strategy of the «Hotel Number 21», Kiev, is substantiated. Graduate qualification work is a completed science work, done independently, recommended for protection in the exam committee.

Scientific adviser of a final qualifying paper \_\_\_\_\_ M.V.Kulyk

## 12. Resume about a final qualifying paper research

A final qualifying paper (project) of the student \_\_\_\_\_ Anastasiia A. Dashko  
(last name, initials)

can be admitted to defence in the Examination Board.

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« \_\_\_\_ » \_\_\_\_\_ 2019

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## INTRODUCTION

**Relevance of the topic.** Recently, tourism is one of the most profitable types of business in the world. Tourism as an intersectional complex of social infrastructure plays an important role in the global economy. It provides a tenth of the global GNP (gross national product), and it will become its most important factor in the coming years.

The tourism market does not exist regardless of state and society. The main task of the state in modern conditions is the formation of a tourism strategy, its clear regulation, support for the development of tourism and hotel industry enterprises, the conclusion of agreements with foreign countries in order to create the best agreements for the development of international tourism and the organization of a favorable image for tourism in the country.

Tourism is a sector of the economy, enterprises and organizations of which the needs of guests and tourists in services are satisfied, the key function of which is to provide a person with a full and adequate rest.

The tourism industry, considered as a sector of the national economy, very rarely attracts the attention of society that would correspond to its role in economic activity, the main reason is the lack of accurate statistics on tourism activities.

The basis of the material and technical base of tourism is the hotel industry, since any tourist route is primarily tied to accommodation facilities.

The dynamic transformation of the hotel base into a service sector has reached Ukraine, in particular Kiev.

Having examined a number of works related to the development of the hotel business in Ukraine, the aim of the work is to study the development strategy, as well as to find ways to improve the work of the Hotel “Number 21”, Kiev.

To achieve this goal, it is necessary to solve the following tasks:

- conduct a theoretical review of ways to improve the competitiveness of the enterprise;
- give a general description of the object of study, analyze the external and internal environment.

- choose an enterprise strategy;
- develop measures to increase the competitiveness of services and hotels;
- to analyze existing strategy of hotel enterprise and ways of improvement
- improve hotel staff and management system

**Object of the final qualifying paper** - is a theoretical, methodological and practical aspect of strategic analysis of the hotel business entity - Hotel «Number 21», Kiev, Sagaidachnogo, 21.

**The subject of the final qualifying paper** is exploration of the theoretical positions, methodical bases and practical recommendations of strategic methods of the hotel «Number 21», Kyiv.

**The theoretical basis of the final qualifying paper** is a systematic approach to the development of hotel enterprises, the work of domestic and foreign scientists involved in strategic planning and analysis of enterprises in the tourism sector.

**The theoretical and methodological basis** of the study was the scientific works of domestic and foreign scientists in the field of services, hospitality. When writing the work, the basic principles and concepts of studying strategic planning were used. At the same time, general scientific methods of analysis and studying the development strategy of a hotel enterprise were used. To obtain the necessary conclusions and results, diagnostic, comparison and evaluation methods were used.

In addition, the study presents chart tables developed based on the theoretical base of the hotel and developed new approaches and concepts for the further development of the hotel enterprise.

The results of research are shown in digest Hotel Business and Tourism 2019 article «Strategic analysis of the hotel business»(Appendix A).



## PART 1

### THEORETICAL FOUNDATIONS OF STUDYING THE WAYS OF ENTERPRISE COMPETITIVENESS

#### 1.1. History of the hotel industry improvement

The hotel industry is any kind or form of business that is related to the provision of housing, food and drinks, as well as a wide range of interconnected and organized services intended for public service. The hotel is a company that provides people with a wide range of services, such as banquet rooms, conferences and fitness, sports and services, beauty salons, bars, a gourmet restaurant and others, the main of which are catering and accommodation services[20].

This very dynamic sector offers good-quality accommodation, a large selection of food and drinks, as well as other services for all types of customers. The first hotels (caravanserais), as well as the profession of serving traveling people, arose in the distant past, more than 2 thousand years BC, in ancient eastern civilization. From the time of Ancient Greece and especially Ancient Rome, hotels, pits, post stations - the founders of hotels intended for traveling merchants and artists, were created [4].

According to Artyomova E.N., Kozlova V.A. the history of the hospitality industry dates back to the late 1700s during the colonial period. This industry has been the subject of important development over the years, as it has faced many obstacles such as world wars, the Great Depression, the industrial revolution and other social changes [1].

The industrial revolution of the 1760s led to the appearance of hotels everywhere, mainly in England, Europe and America. The emergence of new modes of transport, hotels and resorts outside major cities was built in the countryside and began to promote its landscapes and other attractions. Another author reveals the topic that the idea of renting a house for visitors arose from ancient times, and the modern concept of the hotel, as we know, arose in 1794, when the City Hotel opened in New York; Hotel City was declared the first building exclusively for the hotel business [28].

For example, in the 19th century, with the advent of steamboats and steam locomotives, railways, a large number of wealthy people, and also with the development of tourism, the hotel industry underwent significant changes. The upward movement of mankind, as well as a sharp increase in population creates the prerequisites for the quantitative and qualitative growth of the global hotel industry [41].

According to the opinion of Gareev R. in the 1920s, the construction of the hotel entered a boom phase when many famous hotels were opened. From this period, the flow of famous hotels was flooded with such famous brands as Radisson, Marriot, Hilton and many others in America and the rest of the world [18].

Another literary source [5] states that the 20th century led to the decline or ruin of the hotel industry and the hotel industry. This improvement in international and trade relations, crafts, discoveries, and scientific and technological revolutions naturally turned out to be an accelerator and catalyst for the growth of the hotel industry. Created literally in the first post-war decade (1945 - 1955), the automotive and aviation industries have determined the boom of the hotel business worldwide. At this time, the hotel base is turning into a services sector, providing a tourist, guest, and traveler, vacationer with a full range of accommodation, food, and entertainment and recreation services. Hotel from a house of temporary residence of people is increasingly turning into a tourist complex, a hotel with a full range of services, which provides a wide range of services designed for the so-called target consumption [42].

The trends remain in the specialization of hotels (segmentation of the hotel services market), an increase in the number of small hotels and trendy giant hotels, as well as sophisticated and quaint, unique hotels in unusual places [3].

The number of hotel associations is growing. Hotels are becoming pioneers in using the latest advances in technology of new materials (environmentally friendly, refractory, elegant, etc.), Advanced technologies for life support systems and ensuring safety and comfort, new information technologies (computer technology hotel systems, computer systems) and network reservation and reservation). A modern hotel base is becoming the basis of the tourism industry [21].

Further, the sources disclose the topic as follows: “Increasing income and living standards, as well as increasing free time is especially beneficial for the tourism industry. The advent of technological progress, in particular, thanks to more powerful cruise liners and airplanes, computerized reservation systems and improved road transport, has played a key role in the global growth of the hotel business. Moreover, increasing productivity has spurred the industry, helping cut costs and make tourists RPG and travel products more accessible and available to”[2].

As competition in the industry around the world grows, customers will receive greater benefits in the form of lower prices combined with more choices, as organizations must differentiate their products from the crowd in order to attract a niche market and strive to increase and improve the quality of their services. The introduction of new marketing and promotion strategies, as well as innovative products, increases the demand for directions [10].

Governments, as intermediaries, providers of funds and legislators, have also played a role in the development of the industry. New consumer needs and relationships have also stimulated the growth of certain segments, for example, a new tourism concept, such as medical tourism and ecotourism, is on the rise. In addition, the level of economic activity increased, which led to an increase in business travel, as well as to a growing trend in the international movement [26].

In fact, despite the presence of global economic problems, the development of hotels continues to evolve, and additional global rooms are introduced into the global offer of rooms by independent hotels and hotel chains.

## **1.2. Possible strategies for improving the competitiveness of the hotel**

In an effort to reduce confusion and create a framework that could standardize competitiveness elements, some researchers like [40] and [9]: authors like Tsung-Hsien Tsai tried to conceptualize and create interpretation models for the notion of “Competitive Destination,” which could be accepted by the public. The conclusions of their work, in general and unanimous agreement, show that the competitiveness of a



tourist destination completely depends on the ability of its various destination attributes to provide visitors with a satisfying experience better than the ability of other destinations to do this, while maintaining its own resources and improving the well-being of its residents.

The author Khaziakhmetov B.Z. defines the concept that the competitiveness of a product (service) is one of the main factors of its commercial success in a developed, competitive market. Competitive intelligence (CI) is a business tool within strategic management, and it gains importance as a process that enables companies to achieve a sustainable competitive advantage [21].

Tourism and hospitality are highly competitive. The degree of development of the market, as well as the difficulty of working on it, largely depends on the competitive environment of the tourism enterprise. This helps to identify many marketing characteristics, such as: conditions of sales and their volume, methods of advertising, prices, sales promotion, etc. In addition, observing the relations between competitors, changes that occur in the market are most clearly expressed. That is, rivalry is the main engine of market changes.

According to Gisela Casado Salguero: "Competitiveness in tourism and hospitality depends on many factors and conditions:

- competition increases in accordance with the size of the return of successful strategic programs and actions. Return depends on the speed of reaction of competitors to the strategic initiatives of the company, enterprise. Those who have objective data on the potential of competitors win, they are in the most favorable position, since they foresee their actions;
- competition becomes acute and unpredictable if the gap between firms increases in the areas of their strategy, personnel, priorities, resources;
- competition tends to intensify when leaving the industry is more expensive than ongoing competition;
- development of acquisition and consolidation strategies (combined companies have an advantage in increasing their market share);
- Entering the market of new companies" [19].

Increasing income and living standards, as well as increasing leisure time, is especially beneficial for the tourism industry. The emergence of technological progress, in particular, thanks to more powerful cruise liners and aircraft, computerized reservation systems, and improved road transport, has played a key role in the global growth of the hotel business [8].

In the article [11] such information is presented: «The hotel industry is highly competitive. The competitiveness of the hotel can be assessed by some basic parameters. Firstly, it is the hotel's ability to offer a consumer hotel product with more attractive characteristics than competitors, secondly, the hotel's market performance, defined as the ratio of the obtained market result to the costs incurred, and thirdly, the market result that allows the hotel to successfully develop prospectively and meet the needs of both owners and employees»

Hotel competitiveness indicators:

- cost and naturalness (depending on the unit of measurement);
- quantitative and qualitative;
- volume (expressed in absolute terms) or specific (expressed as a proportion of the indicator in the total volume).

All indicators used for marketing analysis of the hotel business can be reduced to the system (group indicators):

- the number and structure of the hotel staff (headcount, headcount per guest, full-time staff per ruble of income, etc.);
- size, structure and dynamics of the income of hotel enterprises (average price of rooms sold per day, average price of vacant rooms, revenue growth rates, etc.);
- size, structure and dynamics of hotel expenses of the enterprise (average cost of various types of services with rooms per day, average salary of staff [14]).

Measures to increase the competitiveness of hospitality enterprises are mentioned [39].

Thus, technical innovations for a hotel company are the key to successful competition with competitors. Fast service should be one of the basic rules of the hotel. Hoteliers are looking for innovations to incorporate into their facilities.

The main feature of the modern world is the introduction of innovation. This trend is inherent in the hotel business. A potential consumer of hotel services is a person for whom information technology has become the main component of his life. This is the main reason for introducing technical innovations in hotels [35].

With the help of new technologies, hotel managers hope to attract new customers and improve the quality of customer service. Recently, the hotel business has been promoting hotels on social networks. These include blogs, forums, social networks, videos, and a free encyclopedia.

«Strategy is the search for a development action plan and is made to consolidate the competitive advantages of the company» (Bruce D. Henderson). At the heart of any successful business strategy are the competitive advantages of the organization. Competitive advantage can be some unique force that allows a company to stand out among competitors due to its special competence. The competitive advantage of the hotel business is its market position, which gives it superiority over its competitors in the hotel business, allowing it to overcome the forces of competition through the efficient use of their resources [23].

Competitive advantages of a hotel company. The entire hotel is an internal competitive advantage. In general, starting with the location, condition of the material and technical base, quality of service, a wide range of services, relatively low prices, staff and ending with a loyalty program, trademark, advertising and food quality. However, competitive position is selected as positioning benefits that are most important to the consumer [38].

Analysis of competitors and the development of specific actions in relation to the main competitors often bring more advantages than even significant growth in this market segment. A competitive marketing research system opens up a number of opportunities for tourism and hotel companies:

- more fully evaluate the prospects for success in the market, knowing the activities of competitors;
- easier to determine landmarks;
- respond faster to competitors [33].



Conducting competitive analysis is associated with the systematic accumulation of information. All information used in the analysis can be divided into two groups: quantitative information and qualitative information.

Quantitative information about the activities of competitors due to studies of Casado, G.; Jiménez, J.A.[9]:

- legal form;
- The number of employees;
- assets;
- access to other sources of funds;
- sales volumes;
- market share;
- profitability

Quantitative information is objective and reflects actual data on the activities of competitors. Qualitative information about the activities of competitors:

- reputation of competitors;
- fame, prestige

Authors Köseoglu, M.A.; Yazici, S.; Okumus, F. define that :«In the presence of high-quality services provided by the hotel industry facilities, regular customers and stable profits will be guaranteed. To ensure competitiveness, an enterprise must provide a certain set of internal competitive advantages. An honest assessment of the factors can be presented as follows:

- competitiveness of the services provided;
- the financial condition of the hotel company;
- the effectiveness of marketing activities;
- return on sales;
- image of the enterprise;
- management efficiency»[25].

The more weight this competitive advantage has from a consumer perspective, the more effective it can be. Almost the entire advertising company is based in determining the main advantage. Since the aspect of service quality is central to the hotel business, quality will be the main competitive advantage in this area. Almost any modern hotel should strive to exceed the expectations of its customers in terms of service, according to the classification. The quality of service depends on professional

employees who work for the prosperity of the hotel, and each employee contributes to the quality of service.

### **1.3. The goals of strategic management in hospitality**

In the activities of any organization, a large number of complex problems arise. Any manager asks how to predict dangers and opportunities and how to develop a strategy. An organization cannot simply respond to change. Today, there is a need for conscious change management based on a scientifically based procedure for their prediction, adaptation to the goals of organization, regulation.

The strategy, from the point of view of modern management, is as follows:

- a set of rules for making managerial decisions, which the organization (enterprise) is guided in its activities, if its goal is to achieve and maintain competitiveness;
- a general plan designed to ensure the fulfillment of the organization's mission and the organization's business goals;
- a systematic approach that ensures the balance of a complex organization, the general direction of growth and the achievement of strategic or competitive advantages[21].

Authors Köseoglu, MA; Yazici, S.; Okumus F. states that the organization's leadership, in a particularly difficult situation, must solve two very complex problems:

- find the right direction of growth from many alternatives that are difficult to evaluate;
- attract the efforts of the team in the right direction, ensuring the effectiveness of the organization in the foreign market [25].

The goal of each commercial organization is to achieve maximum cumulative accumulated profit over a long period and ensure sustainable operation.

The ways of long-term development of an organization to achieve a common ultimate goal is the content of strategic management, which includes a marketing

strategy, a production development strategy and a financing strategy. The method of strategic management is strategic planning [13].

Strategic planning is a documentary confirmation of the chosen development strategy of the company.

Strategic planning is, firstly, the process of constructing the future, in relation to which it is necessary to define goals and formulate the concept of long-term development. Secondly, it is the process of managing the formation and support between the goals of strategic compliance of the company, its acceptable chances and opportunities for the future. Thirdly, strategic planning is an adaptive process that leads to:

- a) regular (annual) adjustments to decisions made in the form of plans;
- b) a review of the system of measures to implement these plans on the basis of continuous monitoring, as well as an assessment of ongoing changes in the company's activities[6].

Management is obliged to draw up a work plan for several subsequent periods, and then gradually implement and adjust the selected strategy, which is achieved through short-term planning and operational management [15].

To make a strategy for an organization is not easy. There are a lot of things to take into consideration when compiling a strategy, for example the environment, the internal culture of the organization, the competitors, and the target goals. Mintzberg divided strategy into three subcategories: intended, realized and emergent. Intended is the strategy that the top management of an organization visualizes. It encloses negotiations and bargaining methods that involve a lot of people within the organization. Realized strategy is a part of the top management's intended strategy and it is the one that is carried out. Emergent strategy comes from the interpretation of intended strategy and adapted to the constant changes in the environment [28].

When planning a strategy, the whole organization is involved. The top management gives guidelines and orders to their workers and the local businesses pass on to the top corporates their plans if they are part of franchise businesses. It is very



important when planning a strategy to have established certain stability in their environment.

Strategy is an important part of organization's management. It has quite a lot of purposes from which three are the most important: a decision support, a target and a coordination support [22].

Strategic analyses are a relatively new concept within the strategic management, as is the whole concept of strategy management altogether. Analysis does not give straight guidelines as to what to do to succeed but it gives a deeper look into the industry and the operation of the organization, which in turn helps management make decision towards success. It should be carried through when planning a strategy for an organization so as to recognize the factors influencing the organization's profitability. Analysis can be divided into two categories: external and internal analysis [34].

External analysis. The company's external environment analysis is said to be a lot more difficult than the analysis of the internal environment. This is because it includes all the factors outside the organization that can influence its operations. The external environment can be divided into macroenvironmental analysis and micro-environmental analysis: macro level analysis deals with the external environment of the organization, global issues that affect the business not only in this particular organization but the whole industry too. In contrast, the micro level examines the organization's own factors that influence its operation, customers and competitors [31].

- Macro environmental analysis, PEST analysis. This type of analysis is also called remote or far environment because it cannot be influenced or changed. For managers, it is vital to be aware of these kinds of factors so they will be able to react when necessary.

- Microenvironment, Porter's five forces of competition Microenvironment usually consists of the influences within the organization's industry. It may have some influence on it, depending on the level of the business. Mostly this environment consists of the customers, competitors and suppliers. Even though it is quite difficult to give a clear definition for industry, according to Evans publications, Michael Porter defined it as a group of businesses whose products are very similar. The organization must be able

to analyze its competitive environment so as to be able to make a good strategy. This will help it know more about its customers, find new markets, identify possible threats from known competitors but also discover new ones and know its resource markets. Competitive analysis helps the business to gain a position in the industry with its products. Industrial organization determines the profitability within an industry and helps to build a structure to the competition [32].

Internal analysis. Reasons to carry out an internal analysis are:

- to get an evaluation of the financial performance,
- to make an evaluation of the products,
- to understand the areas in which the firm is weak and implement them successfully into the future strategy,
- to evaluate activities organized in the firm,
- to find out resources, competences that are to be established.

Some of the most important aspects covered in an internal analysis are: resources, competences, internal activities [18].

One of the biggest problems in the management of domestic hotel enterprises is the lack of strategic planning of the facility and the wrong idea of evaluating the performance of an enterprise solely on financial indicators, focused only on short-term profit. The reasons for this situation lie in the absence until recently of intense competition in the hotel market, as well as the existence of a sufficient number of departmental hotel enterprises, which made it possible to ensure an acceptable level of income and financial sustainability without the use of effective management techniques [16].

The hotel management strategy is the concept of enterprise survival in a market environment, it depends on the prerequisites inherent in any enterprise, in particular:

- planning what the company wants to achieve in the future;
- the main source of problems is outside the enterprise;
- businesses must be able to see in time problems that may arise and provide a mechanism for solving them;

- The potential of enterprises should be tuned for real opportunities and strategic objectives, in order to design objectives and their timely adjustment, to ensure the necessary position in the market of services;
- current management is a continuation of instantiation strategic management and should be carried out as part of the strategy[37].

The main goal of the hotel industry enterprise – is to develop a strategy to neutralize the strengths of competitors;

- improve efficiency and competitiveness in general;
- provide information on the competitors of their employees, increasing the motivation of their activities;
- improve the work of staff;
- it is better to protect the position of the company in the market[36].

In the marketing strategy, the formation of consumer properties and qualities of hotel services is considered as the most important means of achieving the goals set. The main product of the hotel, for which visitors stay in - is overnight. In addition to an overnight stay, the hotel, depending on its classiness and specialization, can provide some list of additional services that also participate in the formation of the product. They help to improve the quality of service, create an atmosphere of hospitality of the hotel, enhance its image in the market, and ensure the growth of its income and profitability [11].

The hotel is obliged to constantly work on improving its services, on developing a new product. Practically for a hotel, developing and introducing a new product means changing the style, quality of rooms, public premises, expanding the range of additional services, introducing advanced technologies, including automated processes, focusing on the production of specialized services, staff development, creating an atmosphere of hospitality[7].

Competitive position - is a position that a company takes in the industry in accordance with the results of its activities or in accordance with its advantages or disadvantages. Competitive advantages are formed under the influence of many factors that the company achieves by formulating a market strategy [17].



There are several strategies for concentrating Porter's marketing efforts:

1. Cost-based leadership strategy
2. The strategy of differentiation
3. Concentration strategy

*Table 1.1*

**Strategies for concentrating Porter's marketing efforts**

Name of the strategy	Description
Cost-based leadership strategy (cost advantage):	Focus on the mass market, expanding production and sales, tight cost control (due to cheap raw materials, investment in fast-paying companies, abandonment of operations that require significant costs, etc.) , focus on increasing productivity, reducing costs and distribution costs, providing low competitive prices, which in turn attracts certain groups of buyers (the so-called "thrifty", price-oriented, and not on the quality of the goods). Danger of using the strategy: With low costs, economics is possible on research, new technologies, development of assortment, etc., as a result of which the product may become outdated; competitors can achieve lower costs with new technologies, etc. Price inflation for raw materials, etc.
The strategy of differentiation	Also focusing on the mass market and creating a unique product that attracts regular (loyal to the brand) buyers to the company, focusing not on the price, but on the properties of the product (which allows the company to set relatively high prices). (This product differentiation has an alternative in the form of service differentiation, a set of sales and after-sales services, superior in their assortment and quality to those offered by a competitor). Danger of using the strategy: The more aware buyers are about the product, the worse for the manufacturer, the buyer is harder to keep due to the high price; Imitation is possible (there may be goods similar in packaging, color, etc. to this branded product and have a lower price). If the product is a good quality simulator, then no particular problems are created. If the product is a poor quality simulator, then the negative reaction of consumers can go to the simulated product.
Concentration strategy	Concentration of funds and marketing efforts on a narrow segment of the market. The hotel has a choice to focus its efforts on countering competitors (based on examining actions and reactions of competitors), or influencing customers (maximally taking into account their requests), or combining these actions (the so-called focus on the market).

A brief overview of this table gives an understanding of the differences between strategies and highlights their features. Knowledge of strategies helps to choose the most suitable option for the further development of the hotel enterprise.

## PART 2

### ANALYSIS OF THE HOTEL "NUMBER 21" IN THE HOTEL BUSINESS

#### 2.1. General characteristics of the hotel "NUMBER 21"

Hotel "Number 21" is located in the heart of the historic Podolsky district of Kiev, a 2-minute walk from the cable car and St. Michael's Golden-Domed Monastery. The hotel is located at Sagaidachnogo street, 21, Kiev. This compact and stylish establishment is a brand in the portfolio of DBI Hotels and Resorts.

Full name - Limited Liability Company Hotel "Number 21". The abbreviated name is TOV "Impressa".

It features a 24-hour front desk, a gastronomic restaurant, free private parking and free Wi-Fi.

The 17-room hotel offers many stylish, personalized designs and is an extremely favorable base for both shopping and sightseeing. The spacious rooms are individually decorated and feature luxurious fabrics. All rooms include a flat-screen TV, branded bedding and a minibar.

Each of the hotel rooms offers unique charm and original interiors using designer fabrics. Favorites include 3 unique deluxe rooms.

The hotel is always ready to receive both individual guests and tourist groups.

At Hotel "Number 21", guests can take advantage of the following additional services at affordable prices:

- laundry;
  - restaurant services
- Free at the hotel:
- room service;
  - parking;
  - taxi order;
  - left-luggage office;

- safes at the reception.

Hotel "Number 21" offers accommodation in 17 updated rooms of three categories, which are equipped according to all modern requirements and quality standards:

- classic double (standard, mansard)
- smart double
- deluxe rooms
- suite

Services provided by the hotel:

- room service 24 hours a day;
- Wi-Fi is free in all rooms;
- restaurant: located on the 1st floor of the hotel.

Operating mode from 07-30 to 23-00;

- security service: to ensure a comfortable stay at the hotel, the security service is open around the clock. For assistance at any time, the guest can contact the reception, including by phone;

- the ability to order a transfer from and to the airport

Parking: Free 24-hour parking

- ironing board with iron: located on each floor of the hotel;
- storage of valuables and large items: on the 1st floor of the hotel you can use the safe and luggage storage. The service is provided free of charge;
- taxi order and wake-up service: free of charge;
- restaurant reservation service, ordering flowers, taxis, etc.

The target audience is a group of people or a market segment for which a product, service is intended.

For sales to be effective and communication to take place, hotel needs to know consumer, his demographic characteristics and motivation factors.

Characterization of the target audience helps to develop special marketing strategies that most effectively meet the demands and needs of the market. In particular, advertising can be focused on a selected market segment.



The target audience of the Hotel "Number 21":

- native citizens business - corporate clients (large groups of people, company employees). Clients of this category come to the hotel for business purposes - for conferences, seminars, presentations.

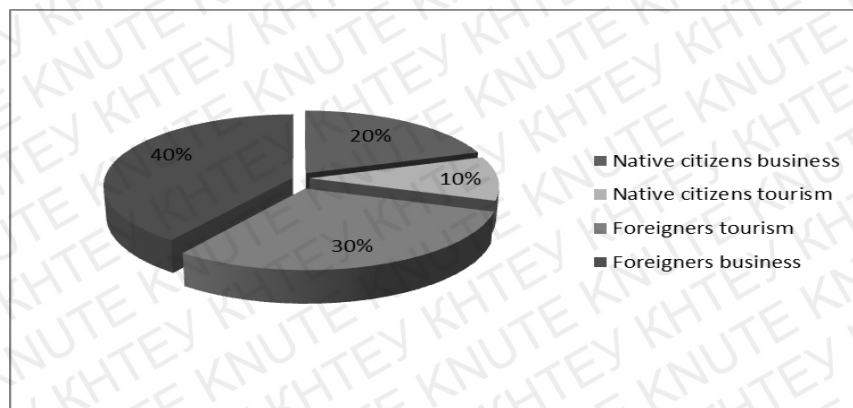
- native citizens tourism - also families with children / young couples without children, young people guests of the capital coming from other cities of Ukraine

- foreigners tourism - families with children / young couples without children.

This group can also be considered as potential customers, since such customers, as a rule, use the majority of hotel services and spend 1-2 nights there.

- foreigners business - businessmen (mostly men 30-50 years old, with income above the average). This category of customers ensures hotel occupancy mainly on weekdays. Such clients, as a rule, use the services of a conference hall, service center, restaurant, cafe, etc.

The diagram below shows the segmentation of guests according to the purpose of visiting the Hotel «Number 21» and perfectly demonstrates the target audience visiting this hotel.



**Figure 2.1. Segmentation according to the purpose of visiting Hotel “Number 21”**

In Appendix B, the organizational structure of the hotel is indicated, which allows to see all departments of the hotel and track the connection between them.

In order to track the development and success of this hotel enterprise, study on financial indicators such as: dynamics of financial results of hotel activity and dynamics of hotel liquidity indicators was conducted.

Since the hotel was purchased by DBI in 2017, and it was rebranded and renamed «Number 21» in September 2017, the most accurate are the 2017-2018 indicators; the 2016 indicators were taken from the archive of LLC «Impressa».

*Table 2.3*

**Dynamics of financial results of the Hotel "Number 21" for 2016-2018, thousand UAH.**

Indexes	2016	2017	2018	Absolute deviation, +, -		Relative deviation,%	
				2016/ 2017	2017/ 2018	2016/ 2017	2017/ 2018
Net income (sales) from sales of products (goods, works, services)	4 481,00	5 848,90	9088,4	1367,9	3239,5	30,52	55,38
Cost of sales of products (goods, works, services)	2 999,60	5 210,30	5946,6	2210,7	736,3	73,69	14,13
Other operating income	-	939	2190,2	-	1251,2	-	133,24
Other income	1172,7	20,8		-1151,9		-98,22	
Financial results from ordinary activities to taxation	2 834,10	1649,2	1634,9	-1184,9	-14,3	-41,8	-0,86
Income tax	-	-	-	-	-	-	-
Net profit (loss)	2 834,10	1649,2	1634,9	-1184,9	-14,3	-41,8	-0,86

Source: compiled and calculated on the basis of the entity's financial statements (Appendix D)

In 2016, the net income of the Hotel “Number 21” was 4 481, 00 thousand UAH. In 2017, the net income increase of the hotel was 30.52% compared to 2016. In 2018, the net income of the Hotel “Number 21” increased by 55.38% compared to 2017. The increase in the volume of services rendered has a positive effect on the financial position of the enterprise, increasing its market share. In 2018, the net income of the hotel was 9088.4 thousand UAH.

In 2017, the increase in the Hotel “Number 21” does not exceed the increase in net income. This is a positive trend, which indicates that the hotel enterprise still has money for other expenses. In 2018, value changes more slowly than net income. Increase in the value of the indicator was by 14.13% compared to 2017.

In 2016, the financial result before tax of the Hotel “Number 21” amounted to 2 834,10 thousand UAH. In 2017, the pre-tax profit for the hotel was UAH 1649.2 thousand, and in 2018 - 1634, 9 thousand UAH, which indicates inefficient activity of the enterprise and some negative trend.

Thus, Hotel “Number 21” created a positive net financial result in 2016, which amounted to 2 834, 10 thousand UAH. The amount of net profit in 2017 is 1649, 2 thousand UAH. For 2018, the amount of net profit of the enterprise decreased by 14, 3 thousand UAH. (or 0, 86%) and amounted to UAH 1,634.9 thousand, which indicates that the company is not operating efficiently and may not always be profitable for its investors.

Hotel "Number 21" liquidity indicators for 2016-2018 were analyzed (Table 2.4).

*Table 2.4*

**Dynamics of liquidity of for 2016-2018 of the Hotel "Number 21" for 2016-2018**

Indexes	2016	2017	2018	Absolute deviation, +, -		Relative deviation,%	
				2016/2017	2017/2018	2016/2017	2017/2018
Overall liquidity ratio (coverage)	3,19	4,61	1,9	1,42	-2,71	44,51	-58,78
Quick liquidity ratio	3,13	4,51	1,83	1,38	-2,68	0,44	-0,59
Absolute liquidity ratio	0,03	0,05	0,009	0,02	-0,041	66,66	-0,82

Source: compiled and calculated on the basis of the financial statements of the enterprise

The table below gives an overview of the hotel's liquidity indexes and shows that there is a tendency for liquidity to decline in 2018, which means that the hotel's revenue



has declined and its financial position has deteriorated compared to the 2016-2017 period.

## 2.2. Strategic analysis of hotel activity and the choice of the further strategy

The mission of Hotel Number 21 is to provide its guests with the best personal service, comfort, a relaxed and sophisticated atmosphere that creates comfort and well-being, to instill a gastronomic culture and predict the wishes of the guests.

In order to understand the strengths and weaknesses of the hotel, a detailed analysis of the internal and external environment of the hotel was conducted.

*Table 2.1*

### The SWOT analysis of the Hotel “Number 21”

Strengths	Weakness
<ul style="list-style-type: none"> <li>Good location in the historic city</li> <li>Beautiful design and appearance of the hotel</li> <li>Customer property care</li> <li>The business concept of the hotel, the presence of a conference room and an Indian restaurant</li> <li>Coordination of work with all hotel services</li> <li>Parking available</li> <li>Established online booking system</li> </ul>	<ul style="list-style-type: none"> <li>The criteria for a regular customer are not defined (80% of income is brought by 20% of regular customers)</li> <li>Staff turnover, lack of qualified specialists</li> <li>Lack of services</li> <li>Irregular hotel loading</li> <li>Lack of night guard</li> <li>Lack of updated repairs</li> <li>Insufficient marketing activity of the hotel, lack of regular marketing research and analysis of the effectiveness of advertising</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>Expanding the range of services</li> <li>Staff development</li> <li>Improving the quality of services provided</li> <li>The possibility of attracting additional investment</li> <li>The growth of business, foreign tourism</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening competitors</li> <li>Customer loss</li> <li>Unsuccessful shifts in exchange rates</li> <li>Threat to urgent need for repairs</li> <li>Personnel care, staff destabilization</li> <li>Low staff independence in the selection and adoption of operational decisions</li> </ul>

This is necessary in order to draw conclusions regarding potential threats and opportunities. SWOT analysis will help to find out what are the advantages of the hotel

and analyze weaknesses that can be changed and improved, as well as reduce the impact of deficiencies and environmental threats.

SWOT analysis helps to understand that Hotel "Number 21" has weaknesses, such as instability of staff, lack of services, lack of conversion and repair, as well as threats in the form of strengthening competitors, loss of customers and so on. Due to these research it's possible in the future to highlight the desired development strategy, taking into account also the strengths and capabilities of the hotel, such as: excellent location, comfortable atmosphere of the hotel, caring for guests, the possibility of attracting foreign investment and so on.

Next, an analysis of the hotel's competition according to the M. Porter's Five Forces model was conducted.

Michael Porter's theory of competition (Figure 2.2) suggests that there are five driving forces in the market that determine the level of profit in the market. Each power in the Michael Porter Five Forces model represents a separate level of product competitiveness:

- market power of buyers;
- bargaining power of suppliers;
- threat of invasion of new members;
- danger of emergence of substitute goods;
- level of competition or intra-industry competition[27].

Analysis of the competitive forces acting on will help to identify problem areas in the hotel and determine how to eliminate them.

Only five forces:

1) The power of consumers:

The population, which is the main consumer, has a great influence on the organization. In difficult economic conditions, buyers seek to reduce prices and make high demands on the quality of goods and services.

The main consumers are:

- individual and group tourists;
- guests sent on business or business trips

- foreign families;
- companies conducting conferences, seminars, banquets;

Each category of guests presents their requirements for the hotel. For example, many foreign companies choose hotels for accommodation that provide rooms with twin beds.

Individual tourists, for example, families with children on vacation, are usually accommodated in standard rooms with an extra bed for children. Requests for superior rooms are possible.

For groups of tourists should be provided rooms with twin beds. This is due either to the heterogeneous composition of groups, or to national traditions (for example, the Japanese, even for couples, always book rooms with two twin beds).

Corporate clients reserve rooms of different categories for their employees, depending on the position of the employee, but, as a rule, these are standard numbers, which are determined by the travel budget of the company. For conferences with accommodation mostly standard rooms are required.

#### 2) Strength of suppliers:

Suppliers are companies and individuals who provide the company and its competitors with the goods, components and materials necessary for the organization.

The company depends on suppliers on their prices.

#### 3) Strength of existing competitors:

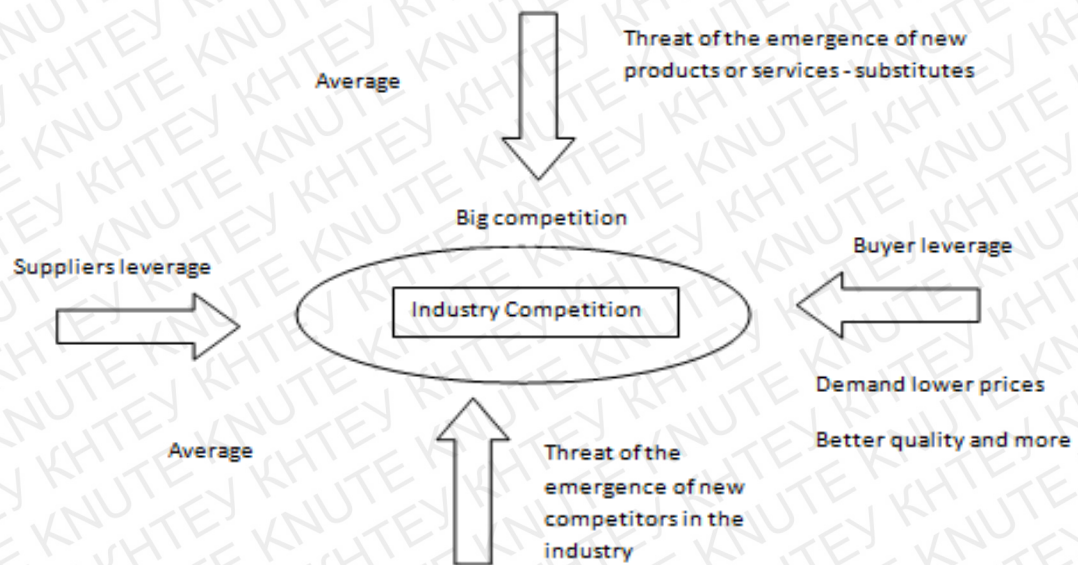
The main competitors of the hotel are other hotels. First of all, those located next to this company. The selected hotel has been working in this market for a long time (many people remember the hotel called «Impressa »); it has occupied a certain niche and has its own client base.

#### 4) Threat to new competitors:

The likelihood of new competitors appearing is rather high; however, due to the advantageous location of the hotel in the historical part of the city, competition can be directed more towards the price factor.

5) The threat of the appearance of substitute goods: the threat of the appearance of substitute goods is small.





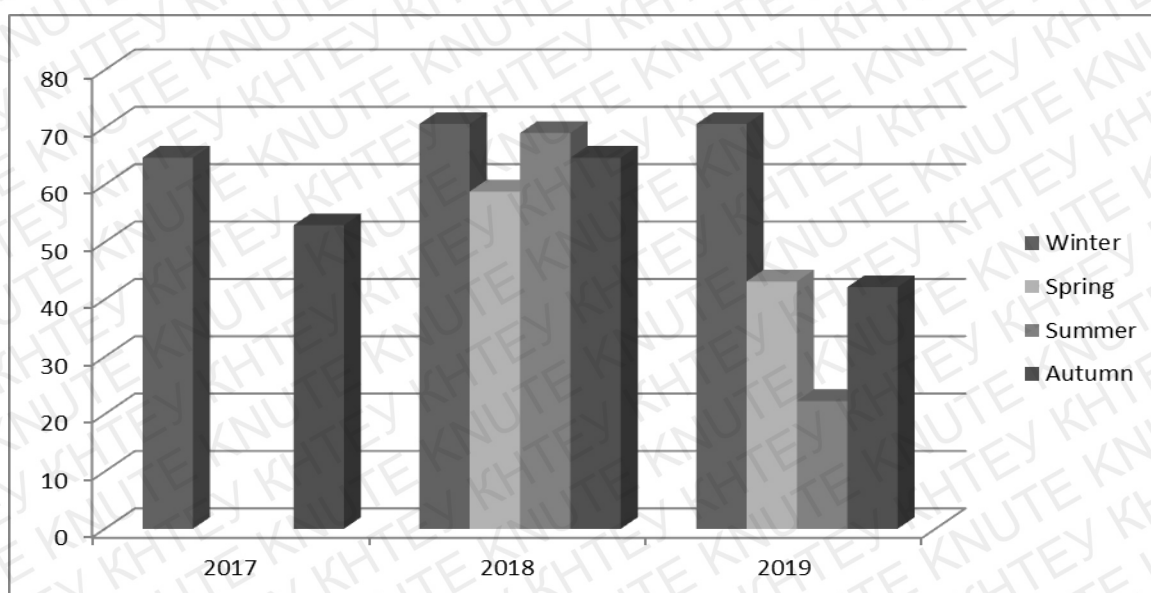
**Figure 2.2. Analysis of the competitive forces acting on the Hotel «Number 21»**

Thus, an analysis of the competitive forces acting on Hotel "Number 21» was conducted. The company operates in conditions of average competition, due to its location and specific customer base, but at the same time, in order to maintain competitiveness and better meet the needs of customers; the hotel should pay more focus on market research, development of marketing programs and business expansion.

One of the important indicators of the hotel's success is the occupancy. Occupancy (OCC) - Hotel occupancy. It is calculated by dividing the number of rooms sold by the number of rooms available for the reporting period (the total number of rooms in the hotel minus rooms set for major repairs).

$$\text{Occupancy} = \text{Rooms Sold} / \text{Rooms Available} \quad (2.1)$$

In order to track the dynamics of hotel loading for the period 2017-2019 seasonally, indicators have been studied since the fall of 2017 when Hotel «Number 21» was opened.



**Figure 2.3. Dynamics of occupancy of the Hotel “Number 21” during 2017-2019**

After conducting a study over the 3 years of the hotel’s operation and according to the segregation by season, it can be concluded that the hotel has a high load, which is stable mainly during the winter season. Since the hotel was rebranded in the fall of 2017, as well as its official opening under the documentation “Number 21”, only the fall and winter season of 2017 was investigated. However, observing the summer and spring season of 2018-2019, the summer of 2018 was very successful, unlike 2019, and in general, the hotel load decreased in 2019, which indicates the possible influence of external factors, such as a decrease in tourist flows in 2019 to Ukraine.

The hotel is a fairly young growing company, at the moment the season affects the loading and important events taking place in Kiev the hotel has already formed a base of regular guests and supporters of this enterprise. In subsequent years, the trend towards loading will maintain its position in the fall and winter, however, stagnation is also possible in the summer period due to the impact of holiday vacations among guests.

For a comprehensive and effective assessment of the hotel and the calculation of generally accepted indicators of financial and economic condition of the hotel complex uses the key indicators of accounting and auditing activities. For this analysis, a review of the analytical data of the hotel under study for 2017-2019 is required and absolute changes between the key results need to be tracked (Table 2.2).

Table 2.2

**Performance data for Hotel “Number 21”**

Indicator	Method of calculation	2017	2018	2019	Absolute deviation (+/-) 2017-2018	Absolute deviation (+/-) 2018/2019
Room Revenue / profit - profit / loss for sale numbers	Revenue from the sale of rooms	778 989,86 UAH	10 997 418,5 UAH	6 534 602,47 UAH	-10 218 428,6 UAH	-4 462 816,03 UAH
RevPAR - Revenue from an available number	OCC x ADR	705,81 UAH	1585,17 UAH	1126,40 UAH	879,36 UAH	-458,77 UAH
RevPAC is the average revenue per guest	Total Revenue/N guests	4401,07 UAH	4896,44 UAH	4391,53 UAH	495,37 UAH	-504,91 UAH
Occupancy (OCC) - Percentage of occupancy	Rooms Sold/Rooms Available	33,88 %	63,27 %	51,62 %	29,39%	-11,65%
TSPH - Average revenue per employee	Average attracted funds	5500 UAH	5700 UAH	5800 UAH	200 UAH	100 UAH
Double Occupancy - The average number of guests per room	Number of guests / number of occupied rooms	2 guests	3 guests	2 guests	1 guest	-1 guest
Rooms Sold - number of rooms sold	Rooms Available* OR	3296,7	4428	4175,2	1131,3	-252,8
OR occupancy factor	Planned numbers / offered rooms * 100%	54%	72%	68%	18%	-4%
TRevPaR	Total Revenue/ Rooms Available	127,59 UAH	1788,19 UAH	1064,26 UAH	1660,6 UAH	-723,93 UAH

Having done a revenue analysis of the hotel, some conclusions need to be made: the average guest income has declined over the last year and the revenue from an accessible room, which may not indicate a beneficial pricing and economic policy for the enterprise as a whole.



The negative dynamics of RevPar means that revenue has decreased compared to the same period of the past (it is necessary to carry out a structural analysis of economic activity and to develop a strategy of price growth, effective distribution of channels for sale of services), or the number fund increased in comparison with the same period.

The value of RevPAC depends on the ability of the hotel management to sell additional services. If the guest income is high, it is quite profitable to reduce the cost of the room for the sake of high load. However, you should not forget that the more downloads, the higher the cost of the hotel and the wear of the room.

Moreover, it's necessary to conduct an investigation of the change in prices of standard rooms for 3 years, from the establishment of the hotel under the name Number 21 to the present. ADR is the average selling or selling price. ADR (Average Daily Rate) — A measure of the average rate paid for rooms sold, calculated by dividing room revenue by rooms sold.

Thus, comparing the ADR indicators for the past years and the current one, the hotel should strive to increase ADR. If the income grows slightly, the load rises, and the ADR drops, then you need to be aware that the hotel works with a cheaper client segment. This will inevitably lead to an increase in hotel operating costs.

The size of the ADR is affected by:

**Competitive environment.** The hotel is forced to sell rooms, always looking back at competitors.

**Seasonality.** In the low season, you need to lower prices and make special offers, that is, increase the size of discounts. In high season, the hotel tries to sell rooms more expensive through sales channels that are more beneficial for us.

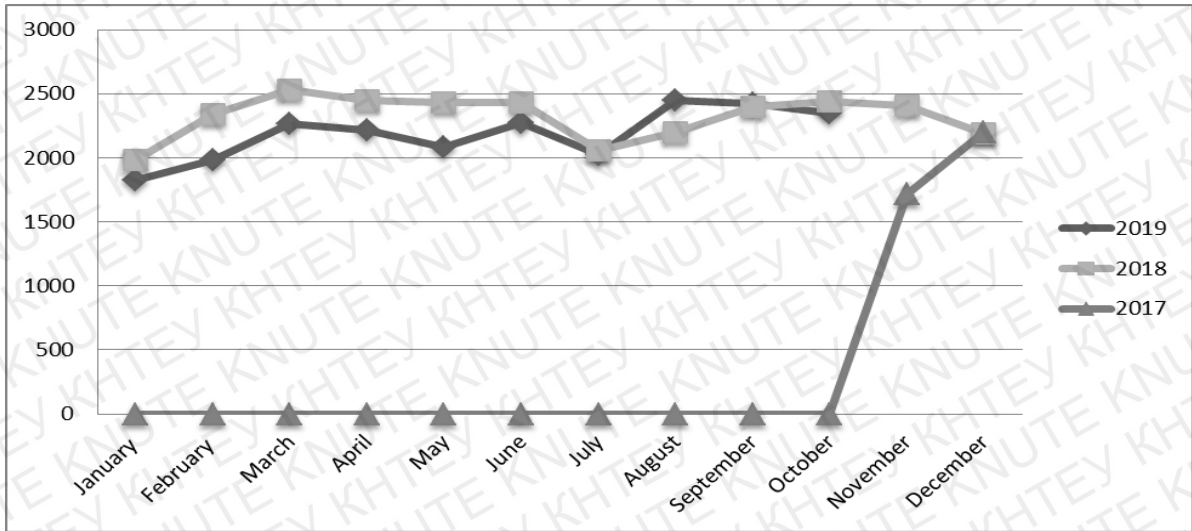
The correct distribution of booking volumes across sales channels, taking into account the cost of each channel.

The use of dynamic performance indicators during periods of maximum demand.

**The depth of the reservation and the length of stay** (discounts for advance reservations and for long stays, for example, from 14 nights or more) and the volume of such sales also affect ADR.

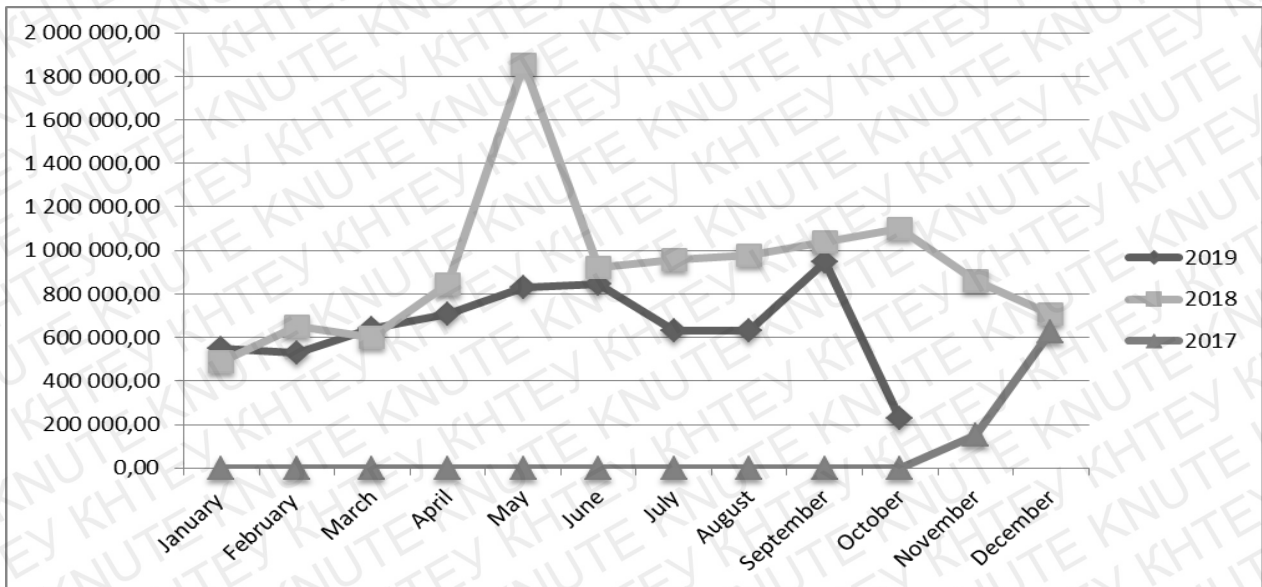
**The rate of inflation for the year.**

Appendix C shows the source data for the hotel ADR for the period 2017-2019



**Figure 2.4. Dynamics of ADR of the Hotel "Number 21" during 2017-2019 period**

According to this schedule, ADR growth is observed in the spring, decreases in the summer season and rises again in the fall, and there is a decline and decline in prices in the winter, especially the New Year period.



**Figure 2.5. Dynamics of Revenue of the Hotel "Number 21" during 2017-2019 period**

Revenue - is the profit received from the sale of hotel services for a certain period of time. Revenue - this is the most important source of the formation of own resources, aimed at cost recovery and income generation.

After conducting a study on changes in profits for the period 2017-2019, it can be concluded that the highest profit was in May 2018, which coincides with the Champions League in Kiev, which was at that time the largest load and the influx of foreign capital. the conclusion is that the profit in the winter period is approximately the same for 3 years, the largest jumps in profit are noticeable in the springtime, as well as in the beginning of autumn. Having analyzed this chart, 2018 was the most productive and successful for hotel due to indicators.

In a strategic analysis, it is very important to study the hotel's competitive environment and compare hotel prices with competitors. Clients will prefer a cheaper accommodation option, but with a more convenient location - these and other points the hotel should take into account when pricing relative to existing competitors.

*Table 2.5*

**Performance indicators for the Hotel «Number 21» and its competitors for October 2019**

<b>Name of the hotel</b> <b>KPI</b>	Number 21	Ibis Hotel Kiev	Staro Hotel	Podol Plaza	Mackintosh Hotel	Theatre Boutique Apart-Hotel	BURSA HOTEL
Occupancy	68,92	76,14	64,6	70,3	67,9	62,7	79,8
Average Rate	2436,22	2403,7	1734,51	2597	2465	1299	3164
RevPAR	1676,69	1830	1120	1702	1651	1492	1904
Rooms Available	510	6360	1050	1710	780	330	990
Rooms Let	351	4842	678	1202	529	207	790
Rooms Revenue	855 115,69	11 638 800	1 176 000	2 910 420	1 287 780	492 360	1 884 960

The table below shows the indicators of the hotel Number 21, as well as its competitors.

The latest indicators when studying the hotel were the Market Penetration Index, Revenue Generation Index, Average Rate Index. These indicators make it possible to assess the state of the hotel in the market in comparison with competitors.



**MPI** stands for: Market Penetration Index. MPI is a calculation to measure hotel's occupancy compared to the average market occupancy levels. This tool helps the hotel to see its position and performance in proportion to the competitors and the market in general.

$$\mathbf{MPI = Occupancy/ Occupancy\ per\ all} \quad \mathbf{(2.2)}$$

$$\text{Occupancy per all} = (68,92 + 76,14 + 64,6 + 70,3 + 67,9 + 62,7 + 79,8) / 7 = 70,05$$

$$\text{MPI «Number 21»} = 68,92 / 70,05 = 0,98 (<1)$$

$$\text{MPI «Ibis Hotel» Kiev} = 76,14 / 70,05 = 1,08 (>1)$$

$$\text{MPI «Staro Hotel»} = 64,6 / 70,05 = 0,922 (<1)$$

$$\text{MPI «Podol Plaza»} = 70,3 / 70,05 = 1,003 (>1)$$

$$\text{MPI «Mackintosh Hotel»} = 67,9 / 70,05 = 0,96 (<1)$$

$$\text{MPI «Theatre Boutique Apart-Hotel»} = 62,7 / 70,05 = 0,89 (<1)$$

$$\text{MPI «BURSA HOTEL»} = 62,7 / 70,05 = 1,14 (>1)$$

So Number 21 hotel's occupancy is lower compared to average market occupancy, which is not a good indicator and needs to be worked out.

**RGI** stands for: Revenue Generation Index. RGI compares hotel's RevPar to the average RevPar in the market. It is used to determine if a hotel is gaining a fair share of revenue compared to its competitor set.

$$\mathbf{RGI = RevPAR/RevPAR\ per\ all} \quad \mathbf{(2.3)}$$

$$\text{RevPAR per all} = (1676,69 + 1830 + 1120 + 1702 + 1651 + 1492 + 1904) / 7 = 1625,09$$

$$\text{RGI Hotel «Number 21»} = 1676,69 / 1625,09 = 1,031 (>1)$$

$$\text{RGI «Ibis Hotel» Kiev} = 1830 / 1625,09 = 1,12 (>1)$$

$$\text{RGI «Staro Hotel»} = 1120 / 1625,09 = 0,68 (<1)$$

$$\text{RGI «Podol Plaza»} = 1702 / 1625,09 = 1,047 (>1)$$

$$\text{RGI «Mackintosh Hotel»} = 1651 / 1625,09 = 1,015 (>1)$$

$$\text{RGI «Theatre Boutique Apart-Hotel»} = 1492 / 1625,09 = 0,91 (<1)$$

$$\text{RGI «BURSA HOTEL»} = 1904 / 1625,09 = 1,171 (>1)$$

So «Number 21» hotel's RevPar is higher than the average RevPar of comp. set, which means that the hotel makes a good profit.

**ARI** stands for: Average Rate Index. It is a Hotel KPI that measures the performance of their ADR compared to their comp set during the same period (competitive set: a group of other hotel brands and competitor that have a similar target market and concept).

$$\text{ARI} = \text{Average Rate} / \text{Average Rate per all} \quad (2.4)$$

$$\text{Average Rate per all} = (2436,22 + 2403,7 + 1734,51 + 2597 + 2465 + 1299 + 3164) / 7 = 2299,91$$

$$\text{ARI Hotel «Number 21»} = 2436,22 / 2299,91 = 1,059 (> 1)$$

$$\text{ARI «Ibis Hotel» Kiev} = 2403,7 / 2299,91 = 1,045 (> 1)$$

$$\text{ARI «Staro Hotel»} = 1734,51 / 2299,91 = 0,75$$

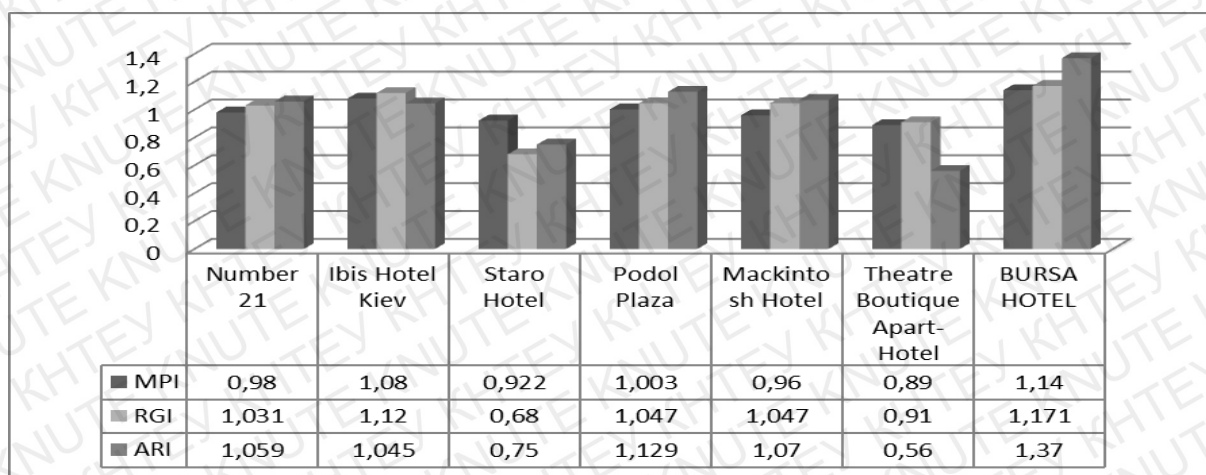
$$\text{ARI «Podol Plaza»} = 2597 / 2299,91 = 1,129$$

$$\text{ARI «Mackintosh Hotel»} = 2465 / 2299,91 = 1,07$$

$$\text{ARI «Theatre Boutique Apart-Hotel»} = 1299 / 2299,91 = 0,56$$

$$\text{ARI «BURSA HOTEL»} = 3164 / 2299,91 = 1,37$$

«Number 21» hotel's ARI Index  $> 1.00$ , so the hotel's ADR is more expensive than the average ADR of their comp. set.



**Figure 2.6. Comparative characteristics of competitive environment of the Hotel “Number 21”**

This chart shows the comparative characteristics of the hotel and its competitors according to indicators such as MPI, RGI and ARI. Hotel “Number 21” occupies a good position among competitors, but loses to “Ibis”, “Podil” and “BURSA” hotels in some indicators.

After assessing the dangers and opportunities, the company, using methods of strategic analysis, formulates various options for the strategy. Then the best strategy is selected depending on the mission and purpose of the company, development prospects, internal culture, environmental factors, and acceptable risk level and develops the final version of the strategic plan of the company.

The following strategies are possible:

1) Entrepreneurship strategy - this strategy is typical for organizations that are developing new areas of activity (either enterprises are just starting their lives on the market, or these are enterprises that can afford to invest in areas with a high share of financial risks).

2) The strategy of dynamic growth - is typical for organizations in which changes in goals and structure occur.

3) Profit strategy - typical for organizations that are at the stage of maturity and expecting to receive stable profits. The main objective of such an organization is to produce more products and minimize costs.

4) The liquidation strategy - is typical for organizations in which all the main areas of activity are in decline from the point of view of making a profit, market position or product quality.

In conclusion, it should be noted that the main condition for the effective functioning of strategic planning is the constant attention of senior managers to it and the involvement of a wide circle of employees in the development and implementation of strategies.

Profit strategy will be the best option for the further development of the hotel. Since, the main task at the moment for the hotel is to increase profits, increase sales of rooms and maintain their existing market positions.

Also, raising profits involves improving the quality of services provided. At the moment, the hotel is undergoing renovations and some of the rooms have been converted into a more modern style. The most of the hotel needs overhaul and rebuilding in the loft style, since the main property of the hotel at the moment is one of the deluxe rooms.



Also, it would be wonderful to re-equip the conference room and enrich it with more modern equipment for conducting business meetings. Also, it's important to not forget about communication with other hotels, due to the partnership the range of hotel capabilities can be expanded and the problem with overbooking can be solved.

The key points in raising hotel profits are both competent advertising and hotel marketing to attract customers. For this, it would be advisable to invite a SMM manager to develop advertising strategies and position the hotel on the market.

## PART 3

### DEVELOPMENT OF WAYS TO IMPROVE THE COMPETITIVENESS OF THE HOTEL "NUMBER 21"

#### 3.1 Evaluation of strategic alternatives and strategy formulation

To determine the right strategy it's necessary to use identification of the position of the company in the market using the matrix BCG. Based on the analysis of the Hotel "Number 21" using the BCG Matrix, the products can be attributed to the following categories of services:

- "question marks" - restaurant services;
- "stars" - accommodation in superior rooms (suite)
- "cash cows" - accommodation in standard double rooms;
- "dog" - laundry services

Hotel "Number 21" is generally balanced. It contains, along with "cash cows", "question marks", "stars" requiring investments for their development, and "dogs" with a small share in a decreasing market.

According to the Boston advisory group model, a stellar product is at a growing stage in its life cycle. The main strategic efforts are to protect, strengthen and create distinctive advantages.

According to the BCG classification of "question marks", restaurant services have a low market share in a rapidly growing industry.

One of the main nomenclature groups is accommodation in standard double rooms. By all accounts, this is a "cash cow" product. The large income received from the cash cow is used to support other goods.

The last type of product is laundry. This canine service has a low market share. Laundry facilities are rarely used at this hotel and are not profitable as all linen is sent to the Ramada Hotel and guests have to wait a long time. It would be more advisable to cooperate with the nearest laundries to speed up the process and make a profit.

So, the assortment analysis of hotel services showed that in order to achieve a balanced portfolio it is necessary to “grow” from a “star” - “cash cows”. It is also necessary to pay close attention to the “dog” product, which has a small share in a decreasing market. It may be advisable to reduce service or exclude from the company's product portfolio.

Market Growth	Restaurant Services  Question marks - 18%	Accommodation in superior room( Suite 101) and deluxe rooms  Star 25%
	Laundry  Dog - 4%	Accommodation in standard double rooms  Cash cows - 53%
	Low (<1)	High (> 1)

Relative market share

**Figure 3.1. - BCG matrix of the Hotel «Number 21»**

Using the BCG matrix as an example, it is clearly visible that the hotel's leading services may become unsuccessful and conversely. The goal of the new hotel strategy is to make “cash cows” out of “stars” by increasing the load of the deluxe rooms and suite, and also to prevent this category from falling into question marks or especially “dog”. Also, it is needed to be vigilant about “cash cows”, so as not to lose leadership positions and also increase the load of standard double rooms. For this, a program of special offers for hotel guests was developed.

*Table 3.1*

**The program for the implementation of year-round offers for hotel "Number 21" for 2020**

Special offer name	Description	Valid dates	Price (UAH)
Early fall pricing	when booking 4 nights a month before arrival, payment is only for 3 nights	all year	-
Booking made on the day of arrival	for direct bookings at the hotel on the day of arrival - discount 10% of the stay	all year	-



Continuation of Table 3.1

Sunday - almost Monday	when booking a room directly on the night of Sunday to Monday - a discount of 10% of the cost of living	all year	-
Discounts on guaranteed room reservation	-when booking for more than 1 month - 20% discount -when booking a room from 15 to 30 nights - 15% discount -when booking up to 14 nights - 10% discount	all year	-
The Happy Weekend	2 nights accommodation during weekend in Deluxe room Breakfast in the room Early check in or late check out Free accommodation for a child under 4 years old Cheese plate / Assorted bruschettes to choose from the Restaurant "Kitchen Number 21" A bottle of wine / sparkling wine to choose from	all year	6600
Conference Package	Conference room discount: 15% Organization of coffee break (coffee, tea, water, refreshments) Equipment rental (projector, screen) The order of branded stationery (if necessary) Bottled water (complimentary) Free secure parking Wardrobe service Total	all year	800 1500 250 about 300  2550 (2850)
Loyalty Program For Regular Guests <b>"BOUTIQUE HOTEL CLUB"</b>	By regularly staying at the the Hotel "Number 21", guest accumulates nights on account and receives additional privileges and opportunities designed specifically for regular guests. As part of this program, regular guests are assigned the status: Silver guest (more than 15 nights) Gold guest (more than 30 nights) cards and privileges : <b>SILVER GUEST</b> A card is issued upon accumulation in a personal account of at least 15 nights during the year 10% discount on accommodation Privilege: .Late check out until 16:00 <b>GOLD GUEST</b> A card is issued upon accumulation in a personal account for at least 30 nights during the year 15% discount on accommodation * Privilege: 1. Room upgrade and early check-in from 08.30 or late check-out until 18.00 to choose from	all year	-

These offers are valid throughout the year and can help to increase the number of rooms, thus it will have a positive effect on the income of the hotel.

Table 3.2

**The program of implementation of special seasonal offers for Hotel “Number 21” for 2020**

Special offer name	Description	Valid dates	Price (UAH)
Christmas Holidays	When booking a room for guests with 2 or more children during the Christmas holidays, children are given free tickets for the "Nutcracker" and "Horpiya Tower" to choose from, and each child receives a small sweet gift from Santa	from December 24 to January 14	-
Magic New Year	When booking a room of any category during new year holiday's period each hotel guest receives a 15% discount on accommodation. When booking a room from 2 days, each hotel guest receives 20% discount on accommodation in any room category Early check in or late check out * A compliment from the restaurant "the kitchen 21" A bottle of sparkling wine and an integral symbol of the new year - tangerines!	12.15.2019 to 12.12.2020	-
Time of lovers - romantic gate	When booking through the site - special offer staying at the Suite room Breakfast for two Romantic room decoration A bottle of champagne as a gift Late check out until 14:00	The 14th of February	3900

These seasonal offers may be of interest to guests during the holidays and differ from those of competitors, which also contributes to increasing the number of sold rooms.

Table 3.3

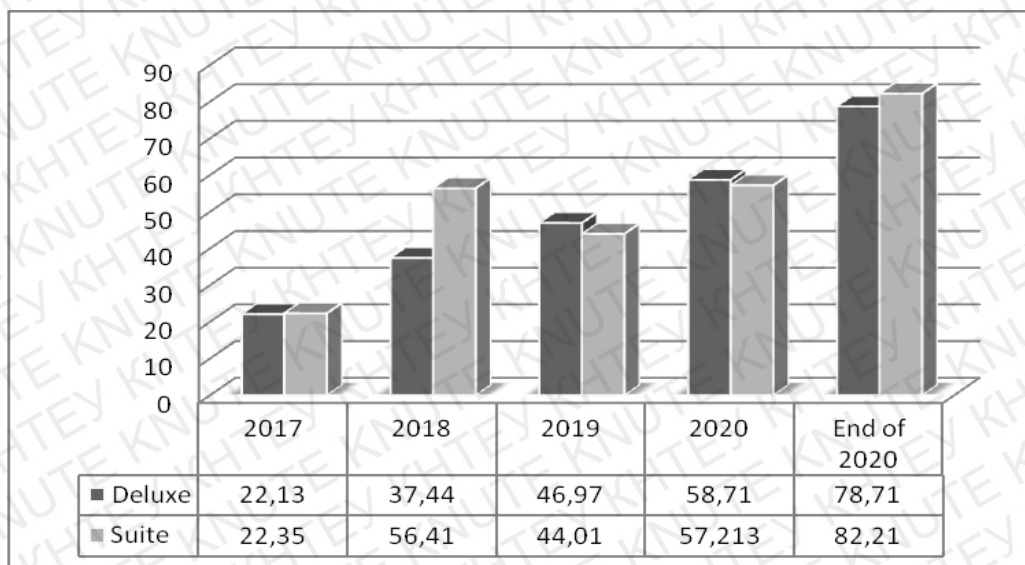
**The program of implementation of special wedding offers for Hotel “Number 21” for 2020**

Special offer name	Description	Valid dates	Price (UAH)
Hen-party celebration	Double occupancy in the suite room, with the possibility of visiting guests until 24:00; Breakfast for 2 persons in the restaurant "the kitchen 21" or in the room (by prior request); Treats in a room for 6 people on a special menu; Possibility of a photo shoot in the room Master class on drinks at the hotel bar	All year	7500 UAH
Unique bridal morning	Morning breakfast for the bride Photo session in a suite room, champagne as a gift Bridal bouquet Treats and drinks for bridesmaids (candy bar)	All year	6000
Photosession for honeymooners	Photosession in a Deluxe room (1-3 hours) Champagne as a gift Plateau with fruits and snacks	All year	5000

This table shows the special bridal offers from the hotel for regular guests and not only. Wedding theme is very popular now and can help attract a new segment of clients. The hotel is located in the historic district of the city and its design is perfect for a pre-wedding celebration.

These offers will help increase the load of rooms, and attract the attention of new guests. In this case, it is recommended to use direct marketing through the distribution of offers to guests, or through the promotion of offers through social network platforms.





**Figure. 3.2. Dynamics of occupancy of superior rooms of the hotel «Number 21»**

This chart shows how the deluxe room load can increase by approximately 11, 74 % and suite room by 13,203% due to the newly introduced special offers. Towards the end of 2020, increasing of occupancy of rooms can be 20% for deluxe and 25% for suites.

As for “question marks”, restaurant services require a reboot. The range of breakfasts in the hotel restaurant should be expanded, as well as using special offers on the bar and kitchen, regular guests and new people can be attracted.

The formulation of the strategy should be carried out after the vision, mission, goals, objectives that are set for the organization are formulated.

Hotel “Number 21” follows its own unique strategy. The dynamic growth strategy is typical for organizations in which changes in goals and structure are taking place. On the one hand, this is good, but frequent changes in the structure of the hotel, especially in management and employees, give a negative imprint on the hotel’s functionality and also undermine its stable development, therefore it would be wise to choose a profit strategy, as it will be the best option for the further development of the hotel.

Since, the main task at the moment for the hotel is to increase profits, increase sales of rooms and maintain their existing market positions. To evaluate strategic alternatives, it is necessary to use the results of the enterprise SWOT analysis and, on its

basis, determine alternative strategies for the commercial activities of the trading enterprise in question.

Hotel “Number 21” is currently competitive, the hotel services themselves, being high-tech and diversified, nevertheless represent an “old product” that needs to be improved, and the hotel’s corporate culture should be changed, as well as management and staff skills. Based on this, two main strategic directions of the hotel development can be distinguished:

1) Improving activities - for the main range of hotel services and the main activities of the hotel. This strategy is aimed at the main consumer segment for hotels - business tourists (in the reporting year, many hotel guests were domestic and foreign entrepreneurs and members of official delegations) and involves the implementation of the following alternatives for intensive growth:

a) the development and application of a flexible pricing strategy aimed, firstly, at attracting additional customers who are more sensitive to price, and, secondly, at encouraging regular customers;

b) the use of various tools to encourage regular customers in order to encourage consumers to make multiple purchases of goods / services at the hotel;

c) the use of various tools to motivate and stimulate hotel staff.

That is, the main emphasis should be placed on marketing activities, as well as on optimizing the internal corporate culture.

Developing the right marketing position of the hotel will lead to increased sales and improved brand position in the market. To do this, a marketing strategy needs to be developed and attract new employees to the team. Since the «Ramada» Hotel has a team of marketers, it is possible to use employees on the basis of outsourcing, since the hotel considered in this work is small and does not involve many jobs.

Hotel “Number 21” is quite small, so the most successful option would be to attract new employees through outsourcing.

The table below shows the approximate annual marketing budget for 2020 for the hotel "Number 21".



Table 3.4

### Hotel advertising budget for Hotel “Number 21” for 2020

Platform	Specialist	Work responsibilities
General	Marketer	<p>Tasks of marketer:</p> <ul style="list-style-type: none"> <li>-building relationships with customers,</li> <li>- Creating effective loyalty programs and building successful customer services,</li> <li>- expanding and correctly segmenting the customer base, the marketer is also responsible for the appointment of assistants or independently performs these tasks:</li> <li>-direct marketing (distribution of special offers to regular guests and customer base)</li> <li>-work with feedbacks, reviews, etc.</li> </ul> <p>Can work through outsourcing in conjunction with a hotel marketing specialist from «Ramada» Hotel</p>
Internet	Content manager	<p>Tasks of the content manager:</p> <p>Watch content presented on websites and blogs</p> <p>Responsible for creating, editing, publishing, updating, and periodically clearing outdated content.</p> <p>Make sure that the information displayed on the site is fresh, informative and attractive</p> <p>The development of a “content strategy” is to create, write and manage content in order to achieve business goals and be the voice of the company.</p> <p>Drawing up a content plan for the week</p> <p>Publishing content according to an agreed plan (quality interesting content 3-5 publications per week about events, special offers, 1-2 times a week information about the hotel, rooms, breakfasts, etc.)</p> <p>Editing and processing of finished photos for posts.</p> <p>Communication with customers answers to comments</p> <p>Promotion of pages in social networks</p> <p>Works on outsourcing or freelance</p>
Social networks, internet	SMM manager	<p>Tasks of SMM manager:</p> <ul style="list-style-type: none"> <li>-integrates SMM activities in the brand’s marketing strategy.(promotion on instagram, facebook, Youtube, etc.)</li> <li>-manages promotion budget and advertising activities</li> <li>-manages brand reputation on social networks</li> </ul> <p>Analyzes competitors</p> <ul style="list-style-type: none"> <li>-integrates the company's web resource (website, online store, landing page) with accounts on social networks, thinks up incentives for joining</li> </ul> <p>Works on outsourcing</p>
	Photographer, copywriter	called via outsourcing when needed
Total expenses:	approx. > 540 000 per yaer	

Thus, this table shows which employees should be hired for a successful marketing company, as well as what expenses the hotel can expect in connection with the expansion of the staffing fund.



Having also studied the positioning of the hotel at the moment in the Internet and social networks, it should be concluded that the Facebook, Instagram of the hotel are poorly developed or absent, respectively, advertising for the target audience is poorly configured. Also, conducting a study on resources where there is access to booking rooms, a table was compiled with a comparative description. Below is the formula for calculating ROI.

**Payback (ROI) = percentage return on investment**

$$\text{Payback (ROI)} = ((\text{revenue} - \text{costs}) / \text{costs}) * 100\% \quad (3.1)$$

*Table 3.5*

**Forecasting of profitability of accommodation services of Hotel “Number 21” via web platforms**

Social networking platform	Number of booked rooms	Revenue,UAH	Expenses for platform maintenance services,UAH	ROI, %
Official Web site	15	35 480	2 000	16,74
Booking.com	226	498 304	6 000	82,05
Expedia	95	209 508	4 600	44,54
Agoda.com	24	55 411	3 200	16,31

According to the table, the most successful is the promotion of hotel services through the Booking.com website, since the payback rate is the highest and then the hotel should continue to focus on cooperation with this site and Expedia as well.

Thus, the directions for implementing the strategy to improve the operation of Hotel “Number 21” will include: pricing policy, further development of hotel services, customer information support, motivation and incentives for hotel staff.

2) The development of a new market segment - for services to legal entities, for the organization of business banquets, conferences, seminars, etc. This strategy is focused on the development of a promising segment of hotel services - the organization of conferences, seminars, forums and other other meetings for domestic and foreign enterprises and organizations.

Since the hotel is located in the very center and has a conference room for up to 15-20 people, renting a conference room for business events, presentations, etc., may be a reasonable proposal.

Also, one of the new directions for the hotel may be cooperation with other hotels in order to avoid overbooking and not to transfer guests to the Ramada hotel, which is quite far away, and to accommodate guests in more nearby hotels, hotel Hotel “Number 21” will also be able to receive guests from other hotels at availability of rooms, which can increase the load of the hotel.

It is also recommended to expand the range of hotel services through cooperation with event agencies for events, establish cooperation with translation agencies, spas and massage centers, tour agencies, and restaurants, with coaches, psychologists. The ringing of training companies can be applied for staff to attract those to cooperation.

In order to implement the project, new personnel should be involved in the project and some work on promotion of proposals in social networks should be performed.

In order to develop a project in hotels, it must be open to all new staff, and it has worked on the work proposed in other areas.

Profit of deluxe room from « Photosession for honeymooners» offer can be:

$$\text{Profit} = 5000 - 3500 = 1500 \text{ UAH}$$

Profit of suite room from « Hen-party celebration » offer can be:

$$\text{Profit} = 7500 - 5169 = 2331 \text{ UAH}$$

Profit of suite room from « Unique bridal morning » offer can be:

$$\text{Profit} = 6000 - 4350 = 1650 \text{ UAH}$$

So, income from project with a projected 58.71% deluxe occupancy and 57.21% suite will be calculated as follows:

$$\text{Income (deluxe rooms)} = 58,71\% * 1500 \text{ UAH} * 4 * 365 \text{ days} = 1\,285\,749 \text{ UAH}$$

$$\text{Income (suite room)} = 57.21\% * 2331 \text{ UAH} * 1 * 365 \text{ days} = 486\,751,26 \text{ UAH}$$

$$\text{Income (suite room offer №2)} = 57.21\% * 1650 \text{ UAH} * 1 * 365 \text{ days} = 344\,547,22 \text{ UAH}$$

Based on preliminary assessments was compiled the table 3.6 and was determined the value of fixed assets (Investments) of the proposed project:



Table 3.6

**Valuation of Investments required for the project per year**

Name of investments	Costs per month, UAH	Costs over all, UAH
Content manager (outsourcing )	9 000	108 000
Copywriter (outsourcing )	3000	36 000
Photographer (outsourcing )	4000	48 000
Restaurant services	3000	36 000
Other costs (decoration)	1300	15 600
	<b>TOTAL</b>	<b>243 600</b>

Thus, the value of Investments will be 243 600 UAH.

On these investments will be used depreciation for 5 years, in this case, the amount of depreciation is calculated as follows:

$$243\,600 / 5 = 48\,720 \text{ UAH per year}$$

Fixed costs per year will be 243 600 UAH.

In this way, the sum of the cost of the project will defined as following:

$$\text{Sum of the cost} = \text{investments} + \text{fixed costs} \quad (3.2)$$

$$\text{Sum of the cost} = 48\,720 + 243\,600 = 292\,320 \text{ UAH}$$

To calculate the net profit (NP) of the project sum of the cost from total income can be taken away:

$$\text{NP} = \text{Income} - \text{Costs} \quad (3.3)$$

$$\text{NP} = 1\,285\,749 - 292\,320 = 993\,429 \text{ UAH}$$

$$\text{NP} = 486\,751,26 - 292\,320 = 194\,431,26 \text{ UAH}$$

$$\text{NP} = 344\,547,22 - 292\,320 = 52\,227,22 \text{ UAH}$$

Now the return on investment (ROI) can be defined.

ROI measures the amount of return on an investment relative to the investment's cost. To calculate ROI, the benefit (or return) of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio. (ratio of net profit to total cost of investment)

$$\text{ROI} = \text{Net profit} / \text{Cost of Investment} \quad (3.4)$$



$$\text{ROI} = 993\,429 / 243\,600 = 4,07$$

$$\text{ROI} = 194\,431,26 / 243\,600 = 0,79$$

$$\text{ROI} = 52\,227,22 / 243\,600 = 0,214$$

Now it is possible to calculate the payback period (PP).

The payback period is the length of time required to recover the cost of an investment. The payback period of a given investment or project is an important determinant of whether to undertake the position or project, as longer payback periods are typically not desirable for investment positions.

$$\text{PP} = \text{Cost of Investments} / \text{Net profit} \quad (3.5)$$

$$\text{PP} = 243\,600 / 993\,429 = 0,24$$

$$\text{PP} = 243\,600 / 194\,431,26 = 1,25$$

$$\text{PP} = 243\,600 / 52\,227,22 = 4,66$$

In order to assess the effectiveness of the project, we assume that the capacity of rooms in hotel will not change for 5 years.

In this case the net revenue from the project for 5 years (the effect of the realization of the project) can be calculated.

$$\text{NR} = \sum \text{NP} \quad (3.6)$$

$$\text{NR} = 5 * 993\,429 = 4\,967\,145 \text{ UAH}$$

$$\text{NR} = 5 * 194\,431,26 = 972\,156,3 \text{ UAH}$$

$$\text{NR} = 5 * 52\,227,22 = 261\,136,1 \text{ UAH}$$

After analyzing all calculations, it could be said that this project will be attractive for investment and implementation into «Number 21» Hotel activity. Payback period for this project will be only 0,24 and 1,25 and 4,66 of the year, this is approximately less than 1 month, 1 month and almost 5 month. Also return on investment is 101,75 % per one deluxe room, 79% and 21,4% per suite. These indicators will make positive impact on the work of the hotel and will bring income to their investors.

**In the optimistic forecast, the capacity of the rooms of hotel on 10% can be increased.**

Depend on this the average occupancy of the hotel's room is

$$58,71 * 1.1 = 64,58$$

$$57,21 * 1,1 = 62,93$$

According to this, income from project with new average occupancy will calculate in this way:

$$\text{Income} = 64,58\% * 1500 * 4 * 365 \text{ days} = 1\,414\,302 \text{ UAH}$$

$$\text{Income} = 62,93\% * 2331 * 365 \text{ days} = 535\,162,6 \text{ UAH}$$

$$\text{Income} = 62,93\% * 1650 * 365 \text{ days} = 378\,995,9 \text{ UAH}$$

To calculate the net profit (NP) of the project, sum of the cost from total income, and will use formula (3.3) could be taken away.

$$\text{NP} = 1\,414\,302 - 292\,320 = 1\,121\,982 \text{ UAH}$$

$$\text{NP} = 535\,162,6 - 292\,320 = 242\,842,6 \text{ UAH}$$

$$\text{NP} = 378\,995,9 - 292\,320 = 86\,675,9 \text{ UAH}$$

Now the return on investment (ROI) with the help of formula (3.4) can be defined.

$$\text{ROI} = 1\,121\,982 / 243\,600 = 4,60$$

$$\text{ROI} = 242\,842,6 / 243\,600 = 0,99$$

$$\text{ROI} = 86\,675,9 / 243\,600 = 0,35$$

Now it is possible to calculate the payback period (PP) with formula (3.5).

$$\text{PP} = 243\,600 / 1\,121\,982 = 0,21$$

$$\text{PP} = 243\,600 / 242\,842,6 = 1,00$$

$$\text{PP} = 243\,600 / 86\,675,9 = 2,81$$

In order to assess the effectiveness of the project, the capacity of rooms in hotel will not change for 5 years can be assumed.

In this case the net revenue from the project for 5 years (the effect of the realization of the project) with formula (3.6) could be calculated.

$$\text{NR} = 5 * 1\,121\,982 = 5\,609\,910 \text{ UAH}$$

$$\text{NR} = 5 * 242\,842,6 = 1\,214\,213 \text{ UAH}$$

$$\text{NR} = 5 * 86\,675,9 = 433\,379,5 \text{ UAH}$$

**In the pessimistic forecasts, the capacity of the rooms of hotel on 10% could be reduced.**

Depend on this the average occupancy of the hotel's room is



$$58,71 * 0,9 = 52,839$$

$$57,21 * 0,9 = 51,489$$

According to this, profit from project with new average occupancy will calculate in this way:

$$\text{Profit} = 52,839 \% * 1500 * 4 * 365 \text{ days} = 1\,157\,174,1 \text{ UAH}$$

$$\text{Profit} = 51,489 \% * 2331 * 365 \text{ days} = 438\,076,1 \text{ UAH}$$

$$\text{Profit} = 51,489 \% * 1650 * 365 \text{ days} = 310\,092,5 \text{ UAH}$$

To calculate the net profit (NP) of the project sum of the cost from total profit, and will use formula (3.3) could be taken away.

$$\text{NP} = 1\,157\,174,1 - 292\,320 = 864\,854,1 \text{ UAH}$$

$$\text{NP} = 438\,076,1 - 292\,320 = 145\,756,1 \text{ UAH}$$

$$\text{NP} = 310\,092,5 - 292\,320 = 17\,772,5 \text{ UAH}$$

Now it is possible to define the return on investment (ROI) with the help of formula (3.4).

$$\text{ROI} = 864\,854,1 / 243\,600 = 3,55$$

$$\text{ROI} = 145\,756,1 / 243\,600 = 0,59$$

$$\text{ROI} = 17\,772,5 / 243\,600 = 0,07$$

Now it is possible to calculate the payback period (PP) with formula (3.5).

$$\text{PP} = 243\,600 / 864\,854,1 = 0,28$$

$$\text{PP} = 243\,600 / 145\,756,1 = 1,67$$

$$\text{PP} = 243\,600 / 17\,772,5 = 13,70$$

In order to assess the effectiveness of the project, we assume that the capacity of rooms in hotel will not change for 5 years.

In this case the net revenue from the project for 5 years (the effect of the realization of the project) with formula (3.6) could be calculated.

$$\text{NR} = 5 * 864\,854,1 = 4\,324\,270,5 \text{ UAH}$$

$$\text{NR} = 5 * 145\,756,1 = 728\,780,5 \text{ UAH}$$

$$\text{NR} = 5 * 17\,772,5 = 88\,862,5 \text{ UAH}$$



After comparison of all indicators, it can be concluded that in any case (optimistic or pessimistic forecasts) this project will bring income for investors less than 3 years, and will increase the popularity of hotel among its guests.

Also, since one of the main proposed areas is the promotion of social networks such as the hotels Facebook, using this small table the approximate results of reflects the effectiveness of advertising company can be tracked.

*Table 3.7*

**Evaluation of effectiveness of advertising company via Facebook**

Shows	4200	Return on investment	150.31%
Clicks	540	Shows per click (CTR)	12.86 %
Appeals	120	Shopping Actions(CTB)	20 %
Leads (targeted calls)	180	Price of click (CPC)	88.8 UAH
Sales	24	Selling price CPS	1997.5 UAH
Advertising costs	47 940 UAH	Average purchase receipt (APV)	5000 UAH
Sales revenue	120000 UAH	Average check visit (APC)	222,2 UAH

This table shows the success of the introduction of annual advertising of a Hen-party offer through Facebook. This offer is economically viable and pays off.

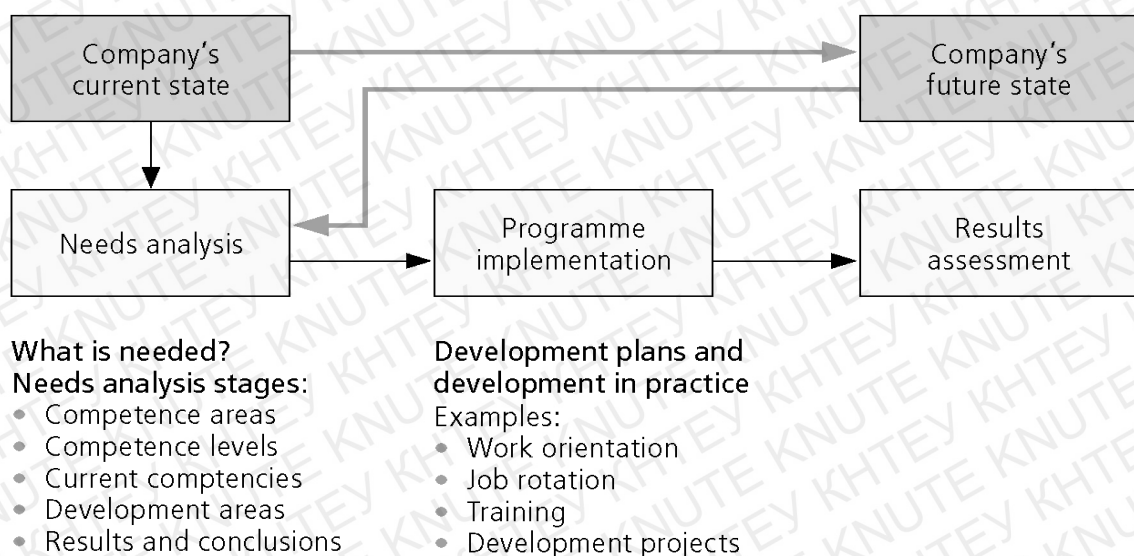
### **3.2 Development of the hotel staff and management system**

Human resources are crucial and strategically important for the success of the organization and reduce the discrepancy between the client's expectations and his perception of the services actually received. Since the hotel's staff turnover and the lack of qualified specialists play an important role, one of the decisions regarding the development of the enterprise should be optimization of corporate culture and team building.

The importance of the role of the individual and internal relations in tourism organizations with individual motivation, creativity (creativity), and feeling like a

member of a team, realizing the importance of a particular task, combining work in a group to develop and implement decisions, together successful or unsuccessful “culture” of the quality of the services offered can be created .

The company must engage in the systematic development of human resources, regardless of how far the culture of learning in the organization has advanced. Development activities aimed at the competencies of employees should be planned, implemented and evaluated. Human resources development is a process that covers the following stages: needs analysis, program implementation and evaluation of results (Fig. 3.3).



**Figure. 3.3. Human resource development stages in hotel «Number 21»**

The process begins with a needs analysis, which is based on an analysis of the area of competence and determination of current levels of competency. Identifying gaps between current competencies and future needs indicates areas where development action should be focused. After this, development plans for the hotel are drawn up and will be drawn up at corporate, units and personality levels. Development plans include written agreed development areas, goals, means, schedules, decision makers, and criteria for measuring progress. Plans can be divided into short-term and long-term plans. Finally, the implementation phase of the program supports the implementation of development plans and uses various development methods. Their applicability and results should be evaluated both at the time and at the end of the process [29].



Organizational learning can be improved through various types of work and organizational arrangements. Thus, the organization's developers should focus on developing work practices and culture so that training takes place as part of the work itself. It is often believed that human resource development means learning, but this is only one way to do this. Some management methods are critical in planning competency development, although many are not so obvious [30].

Measures to ensure the professionalism and competence of hotel workers:

- selection of personnel for free vacancies from among persons having basic special or higher education or the necessary work experience in the hotel business or catering industry;
- creating a system of continuous production training with or without a break from work, conducting training sessions, resulting in marketing information for each ordinary employee. The training of hotel workers is both a factor of paramount importance and the ability of organizations to grow.

For those who go to work, it is necessary to develop a training program involving leading experts in this field. The duration of this program should be about 2 months (depending on the candidate's previous experience in filling a vacant position and his level of knowledge).

- professional development and promotion of company employees along the career ladder, taking into account their advantages and abilities.
- salary increase is a prerequisite for preventing staff turnover, especially leading specialists.

It can be concluded that activities aimed at improving the level of service delivery can be:

- measures to train employees in service standards;
- monitoring of standards for the provision of services in a foreign (English) language for foreign visitors;
- continuous monitoring of visitor reviews in the complex about the hotel and the quality of the services provided;
- development of questionnaires in English and Russian;



- provision of profiles for each hotel room, restaurant, conference room;
- analysis of survey results.

Phased plan:

1) To introduce practical experience in conducting a customer survey with a guest questionnaire to the enterprise. This proposal will contribute to the process of adequate and objective assessment of the quality of hotel services provided in the hotel. The peculiarity of the guest's opinion is that, not being a specialist in the hotel business, he evaluates the quality of service based on his impressions. Therefore, the guest profile is primarily aimed at reflecting these impressions of the service at hotel. The peculiarity of this questionnaire is that the hotel guest not only answers yes or no questions, but can also comment on their comments or make suggestions, as well as focus on the merits. Guests will be able to express their opinion about the hotel, to note both the strengths and weaknesses of the hotel, which will become the direct management of the company to action and conduct relevant events. With this innovation, it will become possible to control customer relations with hotel employees who are direct representatives of the hotel;

2) Putting into practice the mandatory filling in by the heads of departments of each hotel service of the internal questionnaire, which serves as a good instruction for monitoring the work of employees. An internal production questionnaire helps to improve quality control at the enterprise, timely implementation of appropriate measures to eliminate identified shortcomings. An internal production questionnaire was developed separately for each hotel service (security, housekeeping, food, booking and accommodation) and, unlike the guest profile, is aimed not at the impression itself, but at the hotel service elements that create this impression. For example, the lack of soap in the bathroom or writing paper in the room will not leave the guest happy after staying in such a hotel, and, conversely, pleasant communication with the staff, excellent service of waiters, a clean room will help the guest come to this hotel and advise him to his friends and partners.

3) Monitoring and evaluation of research results in the field of hotel services quality. The company should establish feedback with customers, which allows you to

update information based on the assessment of the responses received. The results of the survey of guests form the basis of professional training programs for service personnel. Own profiles help the hotel to focus on improving quality, considering this problem from the point of view guest satisfaction and, on the other hand, a quality control program promotes better interaction between hotel units.

4) Conducting trainings on introducing and introducing “service standards” into the concept of employees, since, according to the assessment of the quality of hotel services.

Thus, a set of measures to increase the competitiveness of the services of Hotel "Number 21» have been developed.

A complete procedure for increasing the competitiveness of Hotel “Number 21” should be developed by introducing a system of personnel incentives and other improvements in the quality of hotel services without increasing their cost.

*Table 3.8*

### **Planned activities for the implementation of the project in 2020**

Activity	Period
Staff reorganization, examination and staff cleaning	January 2020
Recruitment and training of new personnel	February 2020
Introduction of service standards	March - April 2020
Internal and external training for continuing education	May 2020
Development of incentive provisions for highly motivated staff	June - August 2020
Organizational Culture Development	September- October 2020
Staff Examination	November 2020
Staff encouragement and corporate events for staff	December 2020

This table shows the planned activities that can help increase staff motivation and affect the development of staff in the hotel. These events are divided by months to illustrate the progress of the learning movement and improve the team throughout the year. It all starts with cleaning staff and attracting new employees to the hotel and ends with incentives for employees.

## CONCLUSIONS AND PROPOSALS

Strategic planning and analysis of the hotel are the main tasks for enterprise management. For the successful functioning of the hotel complex, management needs to develop the right strategy and develop directions for the success of the hotel and strengthening its competitive position.

Hotel “Number 21”, both in essence and in atmosphere, is a cozy business hotel in the center of Kiev, in the historic district of Podil. The hotel is especially loved by foreigners and is ready to welcome guests for both business trips and family vacations.

One of the biggest problems in managing a hotel company, and as a result of a decrease in revenues and income from hotels, is the lack of strategic planning of the facility, as well as the lack of information about competitors of the hotel.

Competitiveness, according to the literature presented in Part 1 of the diploma, is the ability of a particular object or subject to surpass competitors under given conditions. Knowing competitors and strategies to deal with them in the market can raise the enterprise to a higher level and bring more profit.

Proper management of the hotel and the definition of strategies for promoting the enterprise can also bring success to the hotel and strengthen its competitive position.

After conducting SWOT analysis, both the hotel’s strengths and threats and weaknesses were identified. That is why the hotel management should pay attention to working with staff, enriching the hotel with new services, expanding its work and cooperation with competitors, and also take care of repair work in the hotel.

Also, during the Porter 5 analysis, the influence of the forces acting on the hotel Hotel “Number 21” was studied and it turned out that the hotel should pay more attention to market research, development of marketing programs and business expansion.

Hotel’s occupancy is a critical indicator for evaluating the success of a hotel. Hotel “Number 21” managed to develop a seasonal tendency of occupancy during 3 years of work, which indicates the formed strategy and existing regular customers, but



this figure also needs to be improved to attract new customers and increase occupancy throughout the year.

Evaluation of the ADR indicator and KPI indicators helped to assess the state of the change in the price policy of the hotel, as well as income, which is very important in assessing the profitability of a hotel enterprise.

Hotel "Number 21" certainly has competitors and knowledge of the competitive environment helps to find out the weaknesses of the hotel and understand which indicators need to be increased and who are the main competitors of the hotel.

Having estimated the KPI indicators, we can conclude that the occupancy rate of hotel Hotel "Number 21" is lower than the market average, which is not a good indicator and needs to be developed.

Hotel's RevPar is higher than the average RevPar from Comp. set, which means that the hotel makes a good profit.

«Number 21» hotel's ARI Index  $> 1.00$ , so the hotel's ADR is more expensive than the average ADR of their comp. set, and this indicates that the hotel does not sell rooms too cheap, but the price can be reduced to attract more customers and the turnover of rooms.

In general, the main competitors in terms of indicators are the «Bursa» Hotel, «Ibis Hotel» Kiev and «Podol» Plaza.

Thus, having studied the state of the hotel at the moment, it is recommended to take measures to increase hotel occupancy, room sales, and strengthen positions in the competitive environment.

The success of the enterprise depends on the quality of strategic planning. The strategic plan itself is a model for the search for success; it covers all areas of the enterprise. Each enterprise solves three problems: what, how and for whom to produce. These questions are answered by strategic planning, which characterizes the company in its interaction with the external and internal environment.

A direct relationship has been established between strategic planning and organizational performance. Both large and small organizations engaged in long-term

planning have higher returns on invested capital and higher growth rates compared to those who are not involved in this work.

During the analysis, the following conclusions are made: Hotel "Number 21" is not financially stable. The mission and strategy of the hotel are not clearly defined and not clear to some employees. Analysis of competitive advantages showed that the hotel is one of the leaders in terms of loading; however, it lags behind the price indices of some competitors. An analysis of the internal environment showed that the hotel's marketing activities are not up to par: the hotel does not advertise its activities; there is no regular marketing research of the market and its conjuncture. In general, the marketing policy of Hotel "Number 21" can be described as insufficient for a business hotel in the city center.

Based on the data obtained during the analysis, the mission and goals of the hotel are formulated, strategic alternatives are selected. As the main strategy, a strategy was adopted to improve activities, areas whose implementation includes: further development of hotel services, customer information support, motivation and incentives for hotel staff.

Thus, the implementation of the recommended measures will strengthen the position of Hotel "Number 21" in the hotel market; improve its performance indicators, thereby increasing the competitiveness of the hotel.

In conclusion of the thesis, the Hotel "Number 21" has opportunity to take its rightful place in the hotel services market. This is due to the fact that it has a favorable location - it is located in the business, tourist and cultural center of Kiev, which attracts people from all over Ukraine and from all over the world. The hotel at the expense of prices that are at an average level, compared with competitors has large enough bandwidth ability, by this it has the ability to contribute to increased profits. And also the number of regular customers is increasing.

The strategic analysis of the Hotel "Number 21" gave the following results: the strengths and weaknesses of the hotel were identified, as well as the competitive environment was reviewed. The Hotel "Number 21" recommends using the profit strategy to enter the market, as well as take measures to increase revenue and load hotel.

The development of the strategy of the Hotel "Number 21" includes the following main points:

- Expansion of hotel services. In connection with the introduction of a range of new services, an increase in the profitability and competitiveness of the Hotel "Number 21" is expected. In the field of expanding the range of services to increase the profitability and competitiveness of the hotel, according to the chosen strategy, it is proposed to develop a project for introducing the assortment events at the hotel, providing guests with event services, as well as the introduction of services such as visits to massage, spa centers, booking excursions due to the formation cooperation with other companies.
- Conducting marketing research, to obtain the opportunity to increase revenue at the enterprise.
- Training new methods and techniques of staff, through mandatory training. Improving staff skills.
- Cooperation with other hotel complexes and other companies



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# APPENDICES

**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»)**

**Kyiv 2019**



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## PART 3. INTERNATIONAL HOTEL BUSINESS

### STRATEGIC ANALYSIS OF THE HOTEL BUSINESS

**DASHKO A., 2 course of master FRGTB KNUTE,  
specialty «Hotel and Restaurant Business»**

*У даній статті відображається стратегічний аналіз готельного підприємства, а також можливі шляхи покращення функціонування готельної діяльності. Ключовим поняттям успішної діяльності готелю в постійно змінюваній і непередбачуваній ринковій ситуації та жорсткій конкуренції є вибір пріоритетів і вироблення стратегії, найбільшою мірою відповідаючої тенденціям розвитку ринкової ситуації і найкращим способом використання сильних сторін діяльності готельного комплексу.*

***Ключові слова:** стратегія, стратегічний менеджмент, конкурентоздатність, готельний бізнес.*

*This article presents a strategic analysis of the hotel business, as well as possible ways to improve the functioning of hotel activities. A key concept of a successful hotel activity in a constantly changing and unpredictable market environment and fierce competition is the choice of priorities and a strategy that is most responsive to trends in the development of a market situation and the best way to use the strengths of the hotel complex.*

***Key words:** strategy, strategic management, competitiveness, hotel business*

**Relevance of the topic.** The key to the success of the hotel in a constantly changing and unpredictable market environment and fierce competition is the selection of priorities and the development of a strategy that most closely follows the development trends of the market situation and the best way to use the strong activities of the hotel complex. The well-chosen strategy and tactics of hanging the competitiveness of the hotel helps to take the enterprise to a high level and hang up.

**Analysis of recent research and publications** .The problem of effective enterprise management has always been given considerable attention in economics, starting with the classics of economic theory in the person of K. Marx, A. Smith, D. Riccardo, W. Petty, P. Boisguillebert, F. Quesnay, Z.B. Say and others. Subsequent generations of foreign and post- soviet economists have greatly advanced the development of theoretical and practical solutions to the problems of management of the enterprise.

**The aim of the article** is to define possible hotel development strategies based on an analysis of the competitiveness of products and services of a competitor's enterprise, as well as an analysis of the hotel's strategic positions.

**Object of the article** is development of a profitable competitive strategy for the development of the hotel enterprise. Defining main strategies of the recent hotel market.

**Main results** are expressed in the definition and justification of the development strategy, competitive position of the enterprise and the development of the strategy.

In order to understand the success of the chosen strategy of the enterprise and to influence its competitiveness, it is important to plunge into a brief insight into the development of the hotel industry. Understanding the development of hotels and the needs and requirements of people in the modern world leads to the formation of a clear request and the choice of a successful management.

The hotel industry is any types or forms of business which relates to providing accommodations in lodging, food and beverage and a vast variety of services that are interrelated and organized which are intended for public service.



## *Continuation of appendix A*

Hotels offer enormous range of guests' services such as banqueting, conference and fitness, sport and facilities, beauty spas, bars, sophisticated restaurant and others. The hotel sector consists of more than 15% of all the people who worked in the hospitality sector. Hotels falls into a number of different categories which includes the glamorous five-star resort international luxury chains, trendy boutiques, country house, conference, leisure or guest houses. This very dynamic sector offers good quality accommodation, great variety of food and beverage, together with other services for all types of customers. The hotel sector is always striving to offer excellent customer service throughout its operations.

The hospitality industry's history can be traced back by the end of 1700s in the Colonial Period. This industry has been the subject of important development over the years as it has faced many obstacles such as the World Wars, the great depression, the industrial revolution and other social changes. However, the hotel industry as seen today in its modern concept took place in the 1950s and 60s.

The idea of renting an accommodation to visitors appeared since ancient times, and the modern concept of a hotel as we know started 1794, when the City Hotel opened in New York City; the City Hotel was claimed to be the first building designed exclusively to hotel operations. Other similar hotel operations follow the trend and appeared in other cities such as Philadelphia, Baltimore and Boston in 1809.

The 1760s industrial revolution has much lead to the emerging of hotels everywhere, mainly in England, Europe and in America. The advent of new ways of transportations, hotels and resorts outside of major cities was built in the countryside and began promoting their scenery and other attractions. The concept of the vacation was developed and available to more and more of the population. In the 1920's, the construction of hotel took a boom phase where many well-known hotels were opened. As from that period a flow of famous hotels flooded in America and the rest of the world with prominent brand such as Radisson, Marriot, Hilton and more others[1].

The rise in levels of income and standard of living but also coupled with an increase in leisure time has been especially beneficial to the tourism industry. The advent of technological progress particularly through higher capacity cruise ships and aircrafts, computerized reservation systems, better road transport facilities have played key roles in the global growth of hotel industry. Moreover, improved productivity has been encouraging to the industry by aiding to reduce costs and making travel and tourism products more accessible and affordable.

As competition in the industry increases worldwide, the customers have reap great benefits in terms of lower prices coupled from a wider choice as the organizations have to differentiate their products from the crowd to attract niche market but also to struggle to enhance and improved the quality of their services. Implementing new strategies to marketing and promotion and innovative products are increasing the demand for destinations.

The governments as a facilitator, fund provider and legislator have also had played its part on the development of the industry. In fact, even though there is the presence global economic challenges, the developments of hotels keep progressing, with additional innovative rooms being injected into global room supply by independent hotels and hotel chains.

The term «competition» is derived from the Latin word «concurrere», which means «to face» or «compete» economically, competition means rivalry between subjects market for the best conditions and results of commercial activities. Producers of goods, works and services come to grips with each other for buyers (consumers) and for market shares, seeking to implement both it is possible to produce more of their market products (goods, works, services), thereby maximizing their profits.

Competitiveness in management is an enterprise position that allows it to win the struggle between entrepreneurs in the commodity market and services.

There are three levels of subjects of competition:

- micro level (certain types of products of the enterprise);
- meso-level (industries, corporate associations of enterprises and conglomerate level organizations);



- macro level (national economic complexes) [2].

The hotel industry is characterized by a high degree competition. Competitors may be located on the opposite side of streets. The competitiveness of the hotel can be estimated by some main parameters. First, is the ability of the hotel to offer consumer hotel product with more attractive characteristics than competitors, secondly, efficiency activities of the hotel in the market, defined as the ratio of the received market result to the costs incurred, thirdly, the market result that allows the hotel to develop quite successfully perspective and meet the needs of the owners, and hired staff.

Hotel competitiveness indicators:

- cost and natural (depending on the units measurements);
- quantitative and qualitative;
- volume (expressed in absolute values) or specific (expressed in the proportion of the indicator in the total volume).

All indicators used for marketing analysis activities of the hotel enterprise, can be reduced to the system (groups indicators):

- number and structure of hotel staff (number staff, number of staff per guest, standard personnel for one ruble of income, etc.);
- size, structure and dynamics of hotel income enterprises (average price of rooms sold per day, average price of available rooms, income growth rates, etc.);
- size, structure and dynamics of hotel expenses enterprises (the average cost of various types of services with rooms per day, the average salary of staff

Criteria for assessing competitiveness: guest satisfaction hotels can be estimated thanks to the left reviews. Guest reviews about stay at the hotel as an effective method of assessing the quality of service . competitiveness is not once and for all a given characteristic, it is requires systematic work and adaptation to external and internal environment of the market.

**Measures to improve the competitiveness of enterprises hotel business.** There are no miracle tools that are the same. working well for any hotel in any segment, but already proven events will help many hotel businesses increase sales and give impetus to the growth of bookings.

Thus, technical innovations for the hotel enterprise the key to successful competition with competitors. Fast service should be one of the basic rules of the hotel. Hoteliers are looking for innovations to incorporate them into their facilities.

The main feature of the modern world is the introduction of innovations. This trend is inherent in the hotel business. Potential consumer of hotel services is a person for whom information technology has become the main component of his life. This is the main the reason for introducing technical innovations in hotels.

With help using new technologies, hotel managers hope to attract new customers and improve the quality of customer service. In the last time, hotel businesses are promoting hotels in social media. These include blogs, forums, social networks, video , free encyclopedia.

Strategy is a search for a development action plan. and consolidate the competitive advantages of the company.(Bruce D. Henderson) . At the core of any successful business strategy are competitive benefits of organization. Competitive advantage can be some unique strength , allowing company to stand out among competitors due to special competence. The competitive advantage of the hotel business is market position giving it superiority over competitors in hotel industry, allowing to overcome the forces of competition through the effective use of their available resources.

**Competitive advantages of a hotel enterprise.** The entire hotel is a domestic competitive advantage. in general, starting from the location, the state of material technical base, quality of service, a wide range services provided, relatively low prices, staff, and, ending with loyalty program, brand name, advertising, food quality! However, competitive positions are chosen as positioning. benefits that are most important to the consumer.

Analysis of competitors and development of specific actions in relation to main rivals often bring more benefits than even significant growth in this market segment.

## *Continuation of appendix A*

Competitor Marketing Research System opens tourist and hotel enterprise a number of possibilities:

- more fully assess the prospects for market success, knowing activities of competitors;
- it is easier to determine landmarks;
- faster to respond to the actions of competitors; one

Conducting competitor analysis is associated with systematic accumulation of information. All information used in the analysis can be divided into two groups: quantitative information and qualitative information.

Quantitative information on the activities of competitors:

- legal form; – number of staff; – assets; – access to other sources of funds;
- sales volumes;
- market share;
- profitability;[3].

Quantitative information is objective and reflects actual data on the activities of competitors.

Qualitative information about the activities of competitors:

- reputation of competitors;
- fame, prestige

The greater weight has a given competitive advantage with consumer perspective, the more effective it may be positioning. In determining the main advantage is based almost the entire advertising company. Since the aspect of quality of service is central to hotel business, the quality will be the main competitive advantage in this area. Almost any modern hotel should strive to exceed the expectations of its customers in the level service, according to the classification. The quality of service depends on professional staffs who works for the prosperity of the hotel and each employee contributes to the quality of service.

In the presence of high quality services provided facilities hotel industry is guaranteed to be provided with loyal customers and stable profit. To ensure competitiveness, an enterprise must have to give a certain set of internal competitive advantages; an honest assessment of the factors can be represented as follows:

- Competitiveness of the services provided;
- The financial condition of the hotel enterprise;
- The effectiveness of marketing activities; – profitability of sales;
- Image of the enterprise;
- -effectiveness of management.

Strategic planning is focused on the market environment, in which the organization operates. For the successful existence of a hotel enterprise in changing market conditions, has to lead activities in advance planned strategy. Properly thought out strategy is important condition for the prosperity of the enterprise.

For the strategic success of the hotel business, especially strengths are significant because they are the cornerstone As well as a good strategy should focus on weaknesses of hotels. Organizational strategy should be good adapted to what can be done.

Due to how quickly the hotel industry is growing and developing it is necessary to determine what development strategies may be relevant for the hotel sector at the moment. Strategic marketing planning involves careful analysis of an organization's environment, its competitors and its internal strengths, in order to develop a sustainable plan of action which will develop the organization's competitive advantage and maximize its performance within given resource availability (Ranchhod and Gurau 2008).

To make a strategy for an organization is not easy. There are a lot of things to take into consideration when compiling a strategy, for example the environment, the internal culture of the organization, the competitors, and the target goals. Mintzberg divided strategy into three subcategories: intended, realized and emerged. Intended is the strategy that the top management of an organization visualizes. It encloses negotiations and bargaining methods that involve a lot of people within the organization. Realized strategy is a part of the top management's intended



strategy and it is the one that is carried out. Emergent strategy comes from the interpretation of intended strategy and adapted to the constant changes in the environment.

When planning a strategy, the whole organization is involved. The top management gives guidelines and orders to their workers and the local businesses pass on to the top corporates their plans if they are part of franchise businesses. It is very important when planning a strategy to have established certain stability in their environment.

Strategy is an important part of organization's management. It has quite a lot of purposes from which three are the most important: a decision support, a target and a coordination support [4].

Strategic analyses are a relatively new concept within the strategic management, as is the whole concept of strategy management altogether. Analysis does not give straight guidelines as to what to do to succeed but it gives a deeper look into the industry and the operation of the organization, which in turn helps management make decision towards success. It should be carried through when planning a strategy for an organization so as to recognize the factors influencing the organization's profitability. Analysis can be divided into two categories: external and internal analysis.

**External analysis.** The company's external environment analysis is said to be a lot more difficult than the analysis of the internal environment. This is because it includes all the factors outside the organization that can influence its operations. The external environment can be divided into macro environmental analysis and micro-environmental analysis: macro level analysis deals with the external environment of the organization, global issues that affect the business not only in this particular organization but the whole industry too. In contrast, the micro level examines the organization's own factors that influence its operation, customers and competitors[5].

– Macro environmental analysis, PEST analysis. This type of analysis is also called remote or far environment because it cannot be influenced or changed. For managers, it is vital to be aware of these kinds of factors so they will be able to react when necessary.

– Microenvironment, Porter's five forces of competition Microenvironment usually consists of the influences within the organization's industry. It may have some influence on it, depending on the level of the business. Mostly this environment consists of the customers, competitors and suppliers. Even though it is quite difficult to give a clear definition for industry. According to Evans publications, Michael Porter defined it as a group of businesses whose products are very similar. The organization must be able to analyze its competitive environment so as to be able to make a good strategy. This will help it know more about its customers, find new markets, identify possible threats from known competitors but also discover new ones and know its resource markets. Competitive analysis helps the business to gain a position in the industry with its products. Industrial organization determines the profitability within an industry and helps to build a structure to the competition.

**Internal analysis.** Reasons to carry out an internal analysis are:

- to get an evaluation of the financial performance,
- to make an evaluation of the products,
- to understand the areas in which the firm is weak and implement them successfully into the future strategy,
- to evaluate activities organized in the firm,
- to find out resources, competences that are to be established.

Some of the most important aspects covered in an internal analysis are: resources, competences, internal activities.

One of the biggest problems in the management of domestic hotel enterprises is the lack of strategic planning of the facility and the wrong idea of evaluating the performance of an enterprise solely on financial indicators, focused only on short-term profit. The reasons for this situation lie in the absence until recently of intense competition in the hotel market, as well as the existence of a sufficient number of departmental hotel enterprises, which made it possible to ensure an acceptable level of income and financial sustainability without the use of effective management techniques.



The hotel management strategy is the concept of enterprise survival in a market environment; it depends on the prerequisites inherent in any enterprise, in particular:

- planning what the company wants to achieve in the future;
- the main source of problems is outside the enterprise;
- businesses must be able to see in time problems that may arise and provide a mechanism for solving them;
- The potential of enterprises should be tuned for real opportunities and strategic objectives, in order to design objectives and their timely adjustment, to ensure the necessary position in the market of services;
- current management is a continuation of instantiation strategic management and should be carried out as part of the strategy[6].

The development strategy of the hotel industry enterprises. – develop a strategy to neutralize the strengths of competitors;

- improve efficiency and competitiveness in general;
- provide information on the competitors of their employees, increasing the motivation of their activities;
- improve the work of staff;
- it is better to protect the position of the company in the market[7].

In the marketing strategy, the formation of consumer properties and qualities of hotel services is considered as the most important means of achieving the goals set. The main product of the hotel, for which visitors stay in it, is overnight. In addition to an overnight stay, the hotel, depending on its classiness and specialization, can provide some list of additional services that also participate in the formation of the product. They help to improve the quality of service, create an atmosphere of hospitality of the hotel, enhance its image in the market, ensure the growth of its income and profitability[8].

The hotel is obliged to constantly work on improving its services, on developing a new product. Practically for a hotel, developing and introducing a new product means changing the style, quality of rooms, public premises, expanding the range of additional services, introducing advanced technologies, including automated processes, focusing on the production of specialized services, staff development, creating an atmosphere of hospitality.

Table 1

**Strategies for concentrating Porter’s marketing efforts**

Name of the strategy	Description
Cost-based leadership strategy (cost advantage):	focus on the mass market, expanding production and sales, tight cost control (due to cheap raw materials, investment in fast-paying companies, abandonment of operations that require significant costs, etc.) , focus on increasing productivity, reducing costs and distribution costs, providing low competitive prices, which in turn attracts certain groups of buyers (the so-called «thrifty», price-oriented, and not on the quality of the goods). Danger of using the strategy: With low costs, economics is possible on research, new technologies, development of assortment, etc., as a result of which the product may become outdated; competitors can achieve lower costs with new technologies, etc. Price inflation for raw materials, etc.
The strategy of differentiation	also focusing on the mass market and creating a unique product that attracts regular (loyal to the brand) buyers to the company, focusing not on the price, but on the properties of the product (which allows the company to set relatively high prices). (This product differentiation has an alternative in the form of service differentiation, a set of sales and after-sales services, superior in their assortment and quality to those offered by a competitor).

Name of the strategy	Description
	Danger of using the strategy: The more aware buyers are about the product, the worse for the manufacturer, the buyer is harder to keep due to the high price; Imitation is possible (there may be goods similar in packaging, color, etc. to this branded product and have a lower price). If the product is a good quality simulator, then no particular problems are created. If the product is a poor quality simulator, then the negative reaction of consumers can go to the simulated product.
Concentration strategy	concentration of funds and marketing efforts on a narrow segment of the market. The hotel has a choice to focus its efforts on countering competitors (based on examining actions and reactions of competitors), or influencing customers (maximally taking into account their requests), or combining these actions (the so-called focus on the market)

One of the biggest problems in the management of a hotel enterprise, and as a result of a decrease in profits and income of hotels, is the lack of strategic planning for the object.

This article reviewed a brief analysis of the strategic planning of the hotel, strategies to improve the competitiveness of the enterprise, as well as studied the strategic management and basic marketing strategies applicable to the hotel product. A proper analysis of the existing hotel strategy, the search for weaknesses and strengths allows you to form a clear picture of the company. Only with the help of proper selection of a new strategy can the company be brought to a new, higher and higher level of income, and it also helps to overcome high competition.

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Work is executed under scientific guidance of the Candidate of Economics Sciences, Associate Professor KULYK M. V.

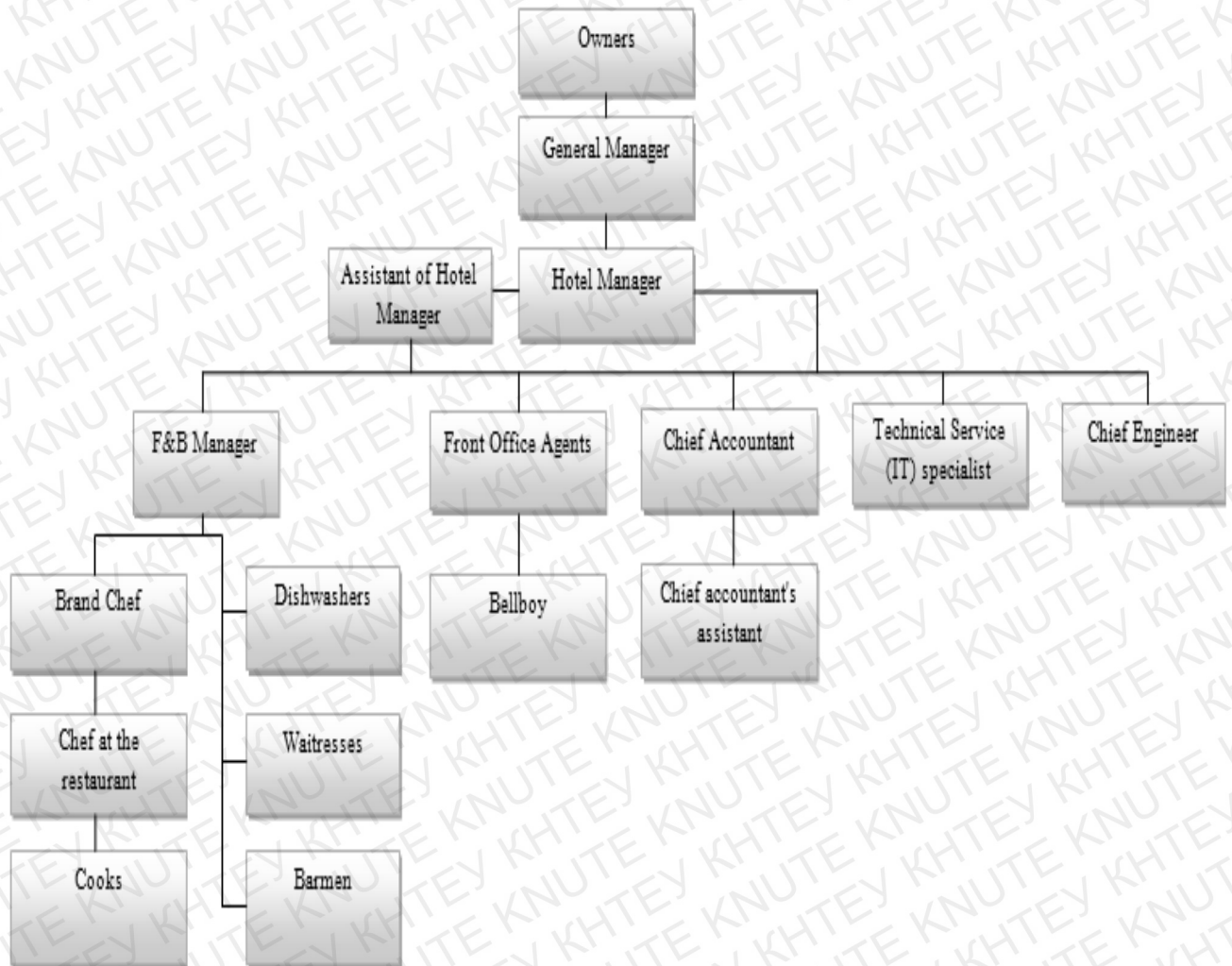


Figure 1. Organizational structure of Hotel "Number 21"



**Appendix C****Table 1****ADR values of Hotel “Number 21”**

<b>Month</b>	<b>ADR</b>
November 2017	1719,36
December 2017	2196,37
January 2018	1979,06
February 2018	2339,11
March 2018	2535,52
April 2018	2448,54
May 2018	2429
June 2018	2430
July 2018	2060
August 2018	2195,04
September 2018	2398,7
October 2018	2441,66
November 2018	2408,22
December 2018	2189,86
January 2019	1826,58
February 2019	1984,42
March 2019	2264,07
April 2019	2217,19
May 2019	2083,03
June 2019	2270,33
July 2019	2025,6
August 2019	2446, 61
September 2019	2423,67
October 2019	2352,31

Додаток 1  
до положення (стандарту) бухгалтерського обліку 25  
"Фінансовий звіт суб'єкта малого підприємства"

ДОКУМЕНТ  
№ 1/0

**ФІНАНСОВИЙ ЗВІТ**  
суб'єкта малого підприємства

Підприємство	Товариство з обмеженою відповідальністю "Імпреса"	Дата (рік, місяць, число)	Коди
Територія	21	за ЄДРПОУ	2018 01 01 30114365
Організаційно-правова форма господарювання	Товариство з обмеженою відповідальністю	за КОАТУУ	8038500000
Вид економічної діяльності	Діяльність готелів і подібних засобів тимчасового розміщування	за КОПФГ	240
Середня кількість працівників, осіб	21	за КВЕД	55.10
Одиниця виміру:	тис. грн. з одним десятковим знаком		
Адреса, телефон	вулиця Сагайдачного, буд. 21, м. Київ, 04070		4637903

1. Баланс на 31 грудня 2017 р.

Форма № 1-м Код за ДКУД 1801006

Актив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Необоротні активи</b>			
Незавершені капітальні інвестиції	1005	-	18,0
Основні засоби	1010	94,8	240,8
первісна вартість	1011	1 212,9	1 348,3
знос	1012	( 1 118,1 )	( 1 107,5 )
Довгострокові біологічні активи	1020	-	-
Довгострокові фінансові інвестиції	1030	-	-
Інші необоротні активи	1090	-	-
<b>Усього за розділом I</b>	<b>1095</b>	<b>94,8</b>	<b>258,8</b>
<b>II. Оборотні активи</b>			
Запаси	1100	44,7	108,3
у тому числі готова продукція	1103	21,2	19,2
Поточні біологічні активи	1110	-	-
Дебіторська заборгованість за продукцію, товари, роботи, послуги	1125	1 921,0	823,9
Дебіторська заборгованість за розрахунками з бюджетом	1135	0,6	198,2
у тому числі з податку на прибуток	1136	-	-
Інша поточна дебіторська заборгованість	1155	-	1 716,9
Поточні фінансові інвестиції	1160	-	-
Гроші та їх еквіваленти	1165	23,5	14,9
Витрати майбутніх періодів	1170	5,2	7,3
Інші оборотні активи	1190	19,8	206,1
<b>Усього за розділом II</b>	<b>1195</b>	<b>2 014,8</b>	<b>3 075,6</b>
<b>III. Необоротні активи, утримувані для продажу, та групи вибуття</b>	<b>1200</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1300</b>	<b>2 109,6</b>	<b>3 334,4</b>

Continuation of appendix D

Пасив	Код рядка	На початок звітного року	На кінець звітного періоду
1	2	3	4
<b>I. Власний капітал</b>			
Зареєстрований (пайовий) капітал	1400	346,0	346,4
Додатковий капітал	1410	-	-
Резервний капітал	1415	-	-
Нерозподілений прибуток (непокритий збиток)	1420	(22 055,7)	(22 766,8)
Неоплачений капітал	1425	( - )	( - )
<b>Усього за розділом I</b>	<b>1495</b>	<b>(21 709,7)</b>	<b>(22 420,4)</b>
<b>II. Довгострокові зобов'язання, цільове фінансування та забезпечення</b>			
<b>III. Поточні зобов'язання</b>			
Короткострокові кредити банків	1600	-	-
Поточна кредиторська заборгованість за:			
довгостроковими зобов'язаннями	1610	-	-
товари, роботи, послуги	1615	10,9	84,7
розрахунками з бюджетом	1620	35,2	239,4
у тому числі з податку на прибуток	1621	-	-
розрахунками зі страхування	1625	-	10,1
розрахунками з оплати праці	1630	21,1	-0,1
Доходи майбутніх періодів	1665	-	-
Інші поточні зобов'язання	1690	369,3	1 284,3
<b>Усього за розділом III</b>	<b>1695</b>	<b>436,5</b>	<b>1 618,4</b>
<b>IV. Зобов'язання, пов'язані з необоротними активами, утримуваними для продажу, та групами вибуття</b>	<b>1700</b>	<b>-</b>	<b>-</b>
<b>Баланс</b>	<b>1900</b>	<b>2 109,6</b>	<b>3 334,4</b>

2. Звіт про фінансові результати  
за Рік 2017

Стаття	Код рядка	Форма № 2-м Код за ДКУД 1801007	
		За звітний період	За аналогічний період попереднього року
1	2	3	4
Чистий дохід від реалізації продукції (товарів, робіт, послуг)	2000	5 848,9	4 481,0
Інші операційні доходи	2120	939,0	-
Інші доходи	2240	20,8	1 172,7
<b>Разом доходи (2000 + 2120 + 2240)</b>	<b>2280</b>	<b>6 808,7</b>	<b>5 653,7</b>
Собівартість реалізованої продукції (товарів, робіт, послуг)	2050	( 5 210,3 )	( 2 999,6 )
Інші операційні витрати	2180	( 2 551,3 )	( 1 549,8 )
Інші витрати	2270	( 696,3 )	( 3 938,4 )
<b>Разом витрати (2050 + 2180 + 2270)</b>	<b>2285</b>	<b>( 8 457,9 )</b>	<b>( 8 487,8 )</b>
Фінансовий результат до оподаткування (2280 – 2285)	2290	(1 649,2)	(2 834,1)
Податок на прибуток	2300	( - )	( - )
<b>Чистий прибуток (збиток) (2290 – 2300)</b>	<b>2350</b>	<b>(1 649,2)</b>	<b>(2 834,1)</b>



Головний бухгалтер

(підпис)

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