

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

FINAL QUALIFYING PAPER

on the topic:

**«FORMATION OF THE FRANCHISE SYSTEM OF THE HOTEL
OPERATOR “RADISSON”»**

Student of the 2nd year, group 9am,
Hotel and restaurant business,
International hotel business

_____ Anastasiia V. Ivankova

Scientific adviser
Phd in economics,
associate professor of the
department of hotel and
restaurant business

_____ Mariia V. Kulyk

Head of educational and
professional program
Doctor of Sciences (Economics),
Professor

_____ Margarita H. Boyko

Kyiv 2019

Kyiv National University of Trade and Economics

Faculty of Restaurant, hotel and tourism Department of Hotel and restaurant business
Specialty 241«Hotel and Restaurant Business»
Specialization International Hotel Business

Approved by

Head of the Department _____
(Margarita H. Boyko)
on _____, _____, 2018

Task
for a final qualifying paper
Anastasiia V. Ivankova
(last name, initials)

1. Topic of a final qualifying paper: Formation of the franchise system of the hotel operator “Radisson”. Approved by the Rector’s order from 11.10.2018 №3666; 01.11.2019 №3741.
2. Term of submitting by a student his/her terminated paper: 16.11.2019
3. Target setting and output data to the final qualifying work:

Purpose of research is to develop theoretical and methodological regulations, methods of effectiveness estimation, guidelines and suggestions for the franchise system for hotel services, and implementation of new principals in overall operation of the hotel industry based on the study of new conceptual framework and methodological approaches to improve the franchise system of the hotel operator. **The object of research** is theoretical, methodological and practical aspect of franchise system in hotel business.

The subject of research is formation of franchise system of the hotel operator “Radisson”.

4. Illustrative material, Figures: Area franchise agreement; Master franchise agreement; Brand architecture; Stylistic Positioning: Radisson Blu; Global brand presence; Indicators of the number of Radisson Blu hotels according to the type of property; Presence of Radisson Hotel Group brands in Europe, Middle East and Asia Pacific; The number of company-owned and franchised facilities franchise companies in Ukraine; Origin of franchise brands in Ukraine. Tables: The Largest Hotel Chains in the World; A global presence of Radisson Hotel Group; Quality reputation in EMEA; Meetings & Events facilities; Evaluation of hotel Radisson Blu Hotel, Kyiv City Centre by guests; General characteristics of the largest brands of the hotel operator Radisson Hotel Group; Comparison of the largest brands of the

InterContinental Hotels Group with the brand Radisson Blu; International operator represented in the top 100 franchising companies

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

INTRODUCTION

CHAPTER 1 THEORETICAL FOUNDATIONS OF FRANCHISING

1.1. History and definitions of franchising

1.2. Types of franchising and types of franchising arrangements

1.3. Franchising in the hotel business in Ukraine and in the world

CHAPTER 2 PRACTICAL STUDY OF THE FRANCHISE SYSTEM

OF THE HOTEL OPERATOR " Radisson Hotel Group "

1.1. General characteristics of the hotel operator " Radisson Hotel Group "

2.2. Analysis of the activity of the hotel operator "Radisson Blu Hotel" in Kiev

2.3. Analysis of the Radisson Blu Franchise agreement

CHAPTER 3 WAYS TO IMPROVE THE OPERATION OF THE FRANCHISE SYSTEM OF THE HOTEL OPERATOR "RADISSON BLU HOTEL"

3.1. Ways to improve the operation of the franchise system of the hotel operator "Radisson Hotel Group" and the brand " Radisson Blu Hotel"

3.2. Problems of franchising system in Ukraine

CONCLUSIONS AND PROPOSALS

REFERENCES

APPENDICES

6. Time schedule of the paper:

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
		de jure	de facto
1	Choosing and approval of the final qualifying paper topic	01.09.2018 p.- 31.10. 2018 p.	01.09.2018 p.- 30.10. 2018 p.
2	Preparation and approval of task for the final qualifying paper	01.11.2018 p.- 31.12.2018 p.	01.11.2018 p.- 30.12.2018 p.
3	Writing of the 1 st part of the final qualifying paper	02.01.2019 p.- 11.05.2019 p.	02.01.2019 p.- 10.05.2019 p.
4	Defense of the 1 st part of the final qualifying paper in scientific adviser	14.05.2019 p.- 18.05.2019 p.	14.05.2019 p.- 17.05.2019 p.
5	Writing and preparation for publication of a scientific article	till 18.05.2019 p.	17.05.2019 p.
6	Writing and defense of the 2 nd part of the final qualifying paper in scientific adviser	18.05.2019 p.- 07. 09. 2019 p.	18.05.2019 p.- 06. 09. 2019 p.
7	Defense of the 2 nd part of the final qualifying paper in scientific adviser	07.09.2019 p.- 10. 09. 2019 p.	07.09.2019 p.- 09. 09. 2019 p.
8	Writing and defense of the 3 rd part of the final qualifying paper in scientific adviser	11.09.2019 p. - 28.10.2019 p.	11.09.2019 p. - 27.10.2019 p.
9	Registration of the final qualifying work and abstract for preliminary protection in commissions	29.10.2019 p.- 31.10.2019 p.	29.10.2019 p.- 30.10.2019 p.
10	Presentation of final qualifying paper and abstract on the department	16.11.2019 p	15.11.2019 p
11	Presentation of the final qualification work to the Dean's Office for receiving a referral for an external review	16.11.2019 p. 18.11.2019 p	16.11.2019 p. 17.11.2019 p
12	Preparation of final qualifying paper to defense in the Examination Board	18.11.2019 p.- 01.12.2019 p.	18.11.2019 p.- 01.12.2019 p.
13	Defending of the final qualifying paper in the Examination Board	According to the schedule	According to the schedule

7. Date of receiving the task: 11.10.2018

8. Scientific adviser of the final qualifying paper _____

Mariia V. Kulyk

9. Manager of the educational program _____

Margarita H. Boyko

10. The task received by the student _____

Anastasiia V. Ivankova

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

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 V. Ivankova can be admitted to defense in the Examination Board.

Manager of the educational program _____ Margarita H. Boyko

Head of the Department _____ Margarita H. Boyko

_____, _____, 2019

CONTENT

INTRODUCTION.....	7
CHAPTER 1	
THEORETICAL FOUNDATIONS OF FRANCHISING.....	10
1.1.History and definitions of franchising.....	10
1.2.Types of franchising and types of franchising arrangements.....	12
1.3.Franchising in the hotel business in Ukraine and in the world.....	16
CHAPTER 2	
PRACTICAL STUDY OF THE FRANCHISE SYSTEM OF THE HOTEL OPERATOR " Radisson Hotel Group "	21
1.1.General characteristics of the hotel operator " Radisson Hotel Group".....	21
2.2. Analysis of the activity of the hotel operator "Radisson Blu Hotel" in Kiev.....	22
2.3Analysis of the Radisson Blu Franchise agreement.....	34
CHAPTER 3	
WAYS TO IMPROVE THE OPERATION OF THE FRANCHISE SYSTEM OF THE HOTEL OPERATOR "RADISSON BLU HOTEL" ...	43
3.1. Ways to improve the operation of the franchise system of the hotel operator "Radisson Hotel Group".....	43
3.2. 3.2 Ways to improve the operation of the franchise system of the hotel brand " Radisson Blu Hotel".....	50
CONCLUSIONS AND PROPOSALS.....	57
REFERENCES.....	60
APPENDICES.....	62

INTRODUCTION

Relevance of the topic. Franchising is one of the leading forms of management in the hospitality industry, as on the basis of a franchise agreement operate most of the institutions of the hotel industry. It is also one of the leading methods of companies expanding, which ensures its influence on a global level. The work is devoted not only to the study of franchising as a concept but also to improve the franchise system of the international company Radisson Hotel Group and in particular, its brand Radisson Blu. Also the analysis of its activity, the advantages which it provides to the franchisees and problems of entry of the international brands to the market of Ukraine. Franchising itself is a fairly diverse concept in the scientific world. It is constantly transforming and improving, so its research is actual.

Such famous scientists devoted their works to the study of this issue: S.Shane, E.Perkins, V.Nykoliuk, S.Jiménez-Burillo, J.Jiménez-Moreno, M.Tuunanen, J.Erwin, M.Mendelsohn, R.Bruce, G.Munin, Y.Karyagin, A.Magomedova, T.Myronchuk, S.Necheurenko, O.Sukovovy, J.Stanford, B.Smith, S.Shane, N.Shirbokov, V.Shkromada, V.Lyashenko, M.Kozachenko, O.Nogachevsky, B.Gappa, T.Chernega and other.

Purpose of research. is to develop theoretical and methodological regulations, methods of effectiveness estimation, guidelines and suggestions for the franchise system for hotel services, and implementation of new principals in overall operation of the hotel industry based on the study of new conceptual framework and methodological approaches to improve the franchise system of the hotel operator.

Tasks of research. To achieve this goal it is necessary to solve the following scientific and practical problems:

- to explore the history and definition of franchising
- to examine the types of franchising types and franchising agreements
- to determine the place of franchising in the hotel business in Ukraine and in the world

- to analyze the General characteristics of the hotel operator Radisson Hotel Group"
- to explore the activities of the hotel operator "Radisson Blu hotel" in Kiev
- to analyze the Radisson Blu franchise agreement
- to create ways to improve the work of the franchise system of the hotel operator Radisson Hotel Group and the brand " Radisson Blu Hotel"
- to explore the problems of franchising system in Ukraine

The object of the research is theoretical, methodological and practical aspect of franchise system in hotel business.

The subject of the research is formation of franchise system of the hotel Radisson Blu, Kyiv

Methods of research. General theoretical and special methods were used in the research process. In the study of the theoretical aspects of the franchise system, the system method was used. Analysis and synthesis methods were used to study the international hotel operator Radisson Hotel Group and its brand Radisson Blu. The special economic research methods that are used in the work include economic and statistical (economic, comparative methods). Also, to achieve this goal, the methodological basis of the study were such techniques as grouping, classification and graphical and tabular presentation of the study results.

Scientific innovation is a theoretical and methodological provisions and practical aspects of the franchise system in relation to the hospitality industry were generalized, in particular in the field of hotel business.

The practical significance lies in a comprehensive analysis of the theory and improvement of the franchise system of the hotel operator Radisson Hotel Group and its brand Radisson Blu, what allowed to obtain scientific results that can be used in practice.

Publications The main theoretical position of the general diploma in the disclosure of the scientific article " ADVANTAGES AND DISADVANTAGES OF

FRANCHISING SYSTEMS FORMATION IN UKRAINE", published in the collection of articles of KNTEU (App. A).

The structure of the work. The master's thesis consists of introduction, three chapters, references in paragraphs, conclusions and applications. The main text of 77 pages consists of 13 figures and 12 tables.

CHAPTER 1

THEORETICAL FOUNDATIONS OF FRANCHISING

1.1. History and definitions of franchising

Before diving into the topic of franchising, it is important to define the very essence of this concept, to explore its history, to consider its definitions and types. The word “franchise” comes from the French word “Franchise”, which derives from the French word “frank” — a free person, free to do something. The English word “franchising” was originally used to describe the exemption from any prohibition, authorization or privilege for which a company is allowed to do or not to do something for which it would generally not have rights [7].

Most business historians date the beginning of franchising as a concept to the Middle Ages, when feudal lords initiated the practice of selling to others the rights to collect taxes and operate markets on their behalf. However, this makes the earliest examples of franchising a political activity rather than a business activity.

The first examples of franchising as a way of doing business are found in mid-nineteenth century Germany, where brewers set up contracts with tavern owners to sell their beer exclusively in the taverns [35]. The breweries did not exercise any controls over the day-to-day operation of the local tavern except for the sole purchase arrangement. This method of down-stream distribution is known now as traditional, product or trademark franchising [17].

The first commercial franchise came from Isaac Singer after he developed his first sewing machine in 1858 [28]. There were two problems to be solved before the Singer Sewing Center could exist. Mr. Singer lacked the capital for mass production and the customers did not know how to use the machines. He grasped the idea of selling the rights to other businessmen to sell the machines and also train the new users [27]. When he got money from the licensing fees he could finance the manufacturing, and he did not have to figure out the cost or time of hiring. In this

way, the business expanded rapidly and is still well-known in many parts of the world [10].

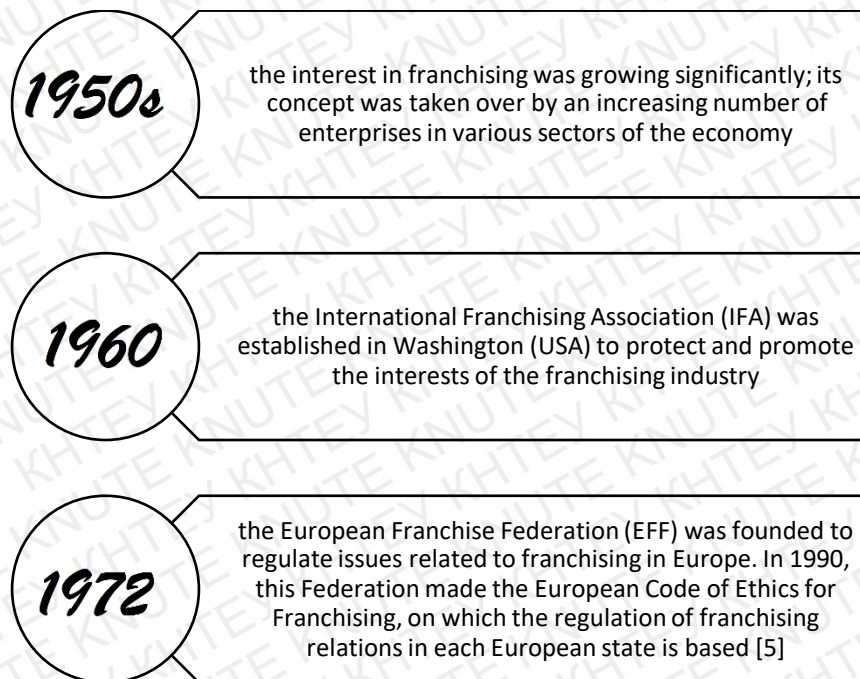


Figure 1.1. History of further development of franchising [36]

Today, franchising is one of the fastest-growing model of expansion and doing business in the world. However, there is no single exhaustive definition of franchising in the world, because in different countries it has acquired specific features.

Annexes A shows some definitions of franchising. While the basic idea behind each of the definitions is quite similar, the views of scholars regarding the franchising itself are quite different. Thus, the International Franchising Association views it as a method of business expansion while the Dendrological European Code of Honor defines franchising as a system for the sale of goods and services. Scholars such as S. Jiménez-Burillo, J. J. Jiménez-Moreno see this as a supplier-dealer relationship and Cheryl Babcock as a business strategy. Tuunanen Mika, in turn, defines the franchise as a contract. Scholars such as Keup, Erwin J., Mendelsohn, Martin see it as a method of selling goods and services, and Luangsuvimol and Kleiner as a long-term continuing business relationship.

So according to Annexes A, we can conclude that franchising is based on a marketing concept that can be adopted by an organization as a business expansion strategy. Franchising is a form of cooperation between legally and financially independent parties (companies and / or individuals), within which one party (franchisor) owns a successful business, a well-known trademark, know-how, trade secrets, reputation, and other intangible assets, allows the other party (franchisee) to use the system under certain conditions.

1.2. Types of franchising and types of franchising arrangements

The global practice of franchising attests to the existence of different types of franchising.

Depending on what stage of production the product is transferred from the franchisor to the franchisee for its further realization, there are three types of franchising:

- commodity (other names - trade, marketing);
- production (industrial);
- business (business format) [43].

The essence of commodity franchising is to obtain the franchisee the right to sell the products supplied to him by the franchisor [29]. The franchisee is entitled and obliged to use the franchisor's trademark in its activities, as well as its technologies and know-how necessary for the successful sale of products.

The use of commodity franchising is especially advisable in organizing a product marketing system, the implementation of which requires certain knowledge from the seller (regarding the specific characteristics of the product, features of its use, etc.) to provide advice to buyers, as well as products that require after-sales service, as a rule, relies on the franchisee who sold the product. Most often, commodity franchising is used for the sale of cars, consumer electronics, petroleum products, cosmetics, clothing, footwear and more [2]. Examples of companies using

commodity franchising to organize their product sales systems include foreign companies such as General Motors, Lukoil and more.

Industrial franchising is understood as a type of cooperation between the parties to a franchise agreement under which a franchisee is granted the right to manufacture and sell goods (works, services) with the use of raw materials and materials supplied to him by the franchisor [13]. In this case, franchisees use the trademark and other intellectual property of the franchisor, among which a special place belongs to the technology of transformation of input materials into finished products. Production franchising is used, as a rule, by enterprises that have the secret of producing input materials and care about its non-disclosure [25]. Production franchising has become most widespread in the area of soft drink production, as their centralized production and delivery to the end consumer are not profitable because of the high water content of the beverage. Companies like Coca-Cola, Pepsi, Seven-up and others provide their franchisees with concentrates of beverages from which they, according to a particular technology, make a finished drink, pour it, brand the franchise company and sell it through a system of local distributors [24]. Manufacturing franchising is also widely used by food manufacturing companies (Mars, Nestle, Danone) [31].

In the case of business franchising, the franchisee, using the objects of intellectual property of the franchisor, independently carries out the full cycle of production of goods (performance of works, provision of services). In this case, as a rule, the franchisee's activity is similar to that of the franchisor [40]. However, this is not a precondition for business franchising. The most widespread business franchising is in the field of catering, hotel business, retail trade in industrial goods, consumer services. Business franchising now covers most of all franchise agreements. Examples of businesses that are successfully using business franchising to expand their business are McDonald's, Holiday Inn, Hilton, Radisson, and others.

There are also different ways to conduct the cooperation between a franchisor and a franchisee. These include:

- an individual franchise agreement;

- a areafranchise agreement;
- a master franchise agreement [32].

Individual franchise agreement is the most widespread type of contract between franchisor and franchisee. In this simple cooperation a franchisor sells a single franchise to a franchisee for one specific location [6].

The franchisor independently provides the franchisee with the services specified in the contract, as well as independently monitors and supports the franchisee (provides advice, trains employees, provides marketing and advertising support). Figure 1 shows the scheme of an individual franchise agreement.

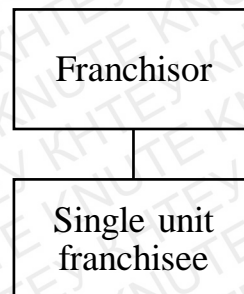


Figure 1.2. Individual franchise agreement [12]

If the franchisor creates a network over a considerable distance (for example abroad), in this case there will be difficulties in directly supporting and controlling the franchisee [26]. Therefore, the franchisor must delegate some of its functions to the intermediary, for example, using a multiple franchise model, area or master franchising.

Under an area development franchise, a franchisee has the right to open more than one unit during a specific time, within a specified area. For example, a franchisee may agree to open 5 units over a five years in a specified territory. The franchisor grants the franchisee exclusive rights for the development of that territory [30]. Based on the agreement, the developer of the territory is usually not entitled to use the trademark and know-how of the franchisor [44]. He receives it only after signing each individual franchise agreement with a separate sub-franchisee, which he must find, and later fulfill the terms of the contract.

This development model is most commonly used by franchisors who want to retain some of the control inherent in direct franchising but also want to avoid the need to select and train a large number of franchisees [21].

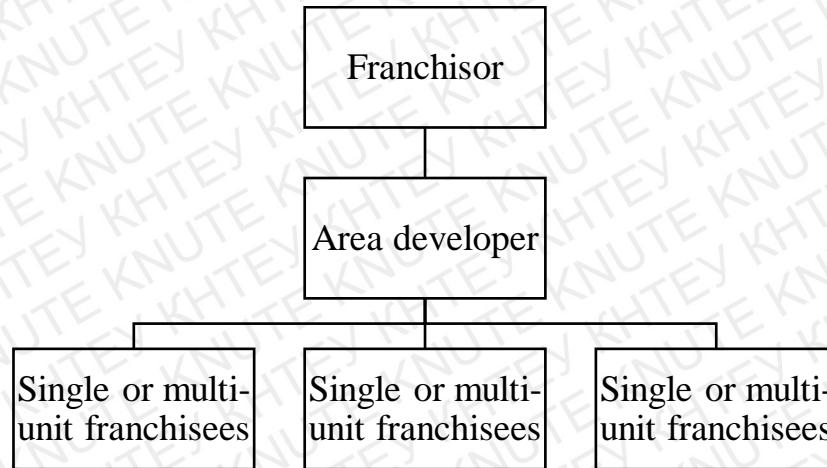


Figure 1.3. Area franchise agreement [1]

A master franchise agreement gives the franchisee more rights than an area development agreement. In addition to having the right and obligation to open and operate a certain number of units in a defined area, the master franchisee also has the right to sell franchises to other people within the territory, known as sub-franchisees [23]. Therefore, the master franchisee takes over many of the tasks, duties, and benefits of the franchisor, such as providing support and training, as well as receiving fees and royalties [34].

Master franchising differs from the area development franchise because the master franchisee receives a large number (sometimes all) of the rights and duties of the franchisor [5]. Typically, master franchise agreements are concluded for the whole country, or even for several countries.

The main purpose of a master franchise is to expand the franchisor to other countries, where the conditions of doing business are very different from the country of origin of the franchise, and thus increase the value of the company brand.

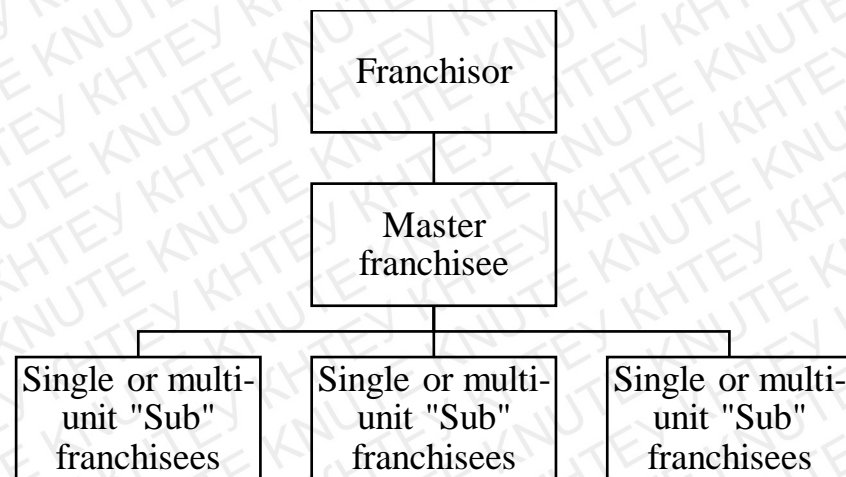


Figure 1.4. Master franchise agreement [16]

Multiple-unit franchisee is a term used for an individual who owns and/or operates multiple units of the same franchise, whether through an area or a master franchise agreement [37]. Both of these two multiple-unit franchising techniques have their short-comings to the original franchisor who may lose control of the sales process and will have his/her hands bounded in terms of expansion in that area for the time set in the franchising contract. On the other hand, there is reduced total number of franchisees to manage, also less training and other tasks concerning starting up a new franchise when every new unit will not need the guidance from the original franchisor [42].

1.3. Franchising in the hotel business in Ukraine and in the world

In the structure of the global hotel business, there are two segments, namely, independent businesses and operating chains (networks). Independent business involves an independent business owner who makes a profit directly from his business. An operating network is a group of enterprises (two or more) that create a collective business and are under the direct control of the network management [4].

The hotel chain, as a form of business organization, originated in the United States at the end of World War II. Statler group, Hilton and Sheraton became the first hotel chains.

The integration of hotels has two main goals:

- ensuring competitiveness in the hospitality market at the expense of high quality of service (quality of buildings, interior decoration, equipment, qualification of staff, security of the client and his property);
- ensuring the economic efficiency of the activity through a stable loading of hotels. The network allows you to reduce the cost of reservations, marketing research, advertising, training [39].

Franchising is one of the most common types of associations in the world.

Usually, franchising in the field of hotel business is applied in two types:

1. The franchisee is provided with a set of project documentation for the construction of a new hotel.
2. A franchisee who already owns a hotel is part of a well-known hotel network.

It enables an enterprise to unite with another enterprise or a whole network of companies that feel confident in the market, whose services are in stable demand, who have certain systems of financial control and production of this service.

The franchisee pays the initial fee, the license fee "royalties", payment for marketing services and for the use of a central reservation system for the benefits provided by the franchisor (Figure 1.5.).

The agreement between the franchisor and the franchisee provides:

- use of the trademark of the franchisor;
- application of franchisee technologies and standards of service of the franchisor;
- application of methods, management systems, reporting systems;
- use of recruitment and training methods developed by the franchisor, including internships and training programs for staff;
- inclusion of the franchisee in the overall advertising and marketing system of the franchisor.

So, hotel franchising is a method of doing business that enables an entrepreneur to have a hotel, based on association with a hotel chain (s) or a large hotel that is already operating in the market. The franchisor is granted the legal right to engage in business activities in the field of hotel services, as well as assistance in the organization of such activities, training, management.

Annexes B presents the top 25 franchises of 2019. We can see that out of 25 franchises, 20 are franchises in the hotel and restaurant business. According to franchise.com statistics for all time, the first place in the top rank was occupied by two companies - McDonald's and SUBWAY. In 2019, McDonald's remained in the first place, followed by two venerable brands such as Burger King is in the second place and Pizza Hut is in the third place, Marriott Internationalis in the fourth place and KFCis in the fifth place.

The factor of franchising is decisive in the formation of such well-known companies as Holiday Corporation, Marriott International, Hilton. The largest companies working under franchise agreements in the hotel industry are Marriott International (7,000 hotels, Maryland, US), InterContinental Hotels and Resorts (5,605 hotels, Georgia), Choice Hotels (7,000 hotels, Maryland) and others (table 1.2.).

Table 1.1

The Largest Hotel Chains in the World

Rank	Hotel Chain	Number of Properties
1	Wyndham Worldwide	8,092
2	Choice Hotels	7,005
3	Marriott International	7,003
4	InterContinental Hotels Group	5,070
5	Hilton Worldwide	4,727
6	AccorHotels	4,200
7	Best Western Hotels	4,196
8	Jin Jiang International	3,090
9	Home Inns	3,000
10	Radisson Hotel Group	1,450
11	Motel 6	1,330
12	Vantage Hospitality	1,090
13	La Quinta Inns and Suites	889
14	Whitebread plc	700
15	Hyatt Hotels Corporation	667

Leading hotel operators are exploring the Ukrainian hotel chain market for the prospect of joining it, but most companies are concerned about the political uncertainty that hinders loans for hotel construction.

Also, potential franchisors are concerned about the legislative base of Ukraine in relation to franchising. After all, in the Ukrainian legislation, there is no term "franchising", instead the franchise agreement is called a commercial concession agreement. The main normative-legal act is the Civil code of Ukraine, namely Chapter 76 "Commercial concession", Chapter 75 "Disposal of intellectual property rights", Book four "Intellectual property Law", as well as the provisions of the Economic Code of Ukraine, namely Chapter 36 "Use in entrepreneurial activity of the rights of other subjects of management (commercial concession)", Chapter 16 "Use in economic activity of intellectual property rights". In addition, the regulatory function is performed by special legislation in the field of protection of intellectual property rights, protection of competition, responsibility for the quality of goods and consumer protection. However, the Ukrainian legislation on commercial concession is imperfect and has many gaps, so franchisors mainly sign a cooperation agreement with entrepreneurs, formulating its content arbitrarily, which does not contradict the legislation of Ukraine [20].

However, quite a number of hotel operators are currently operating in Ukraine, which are leading in the global hotel industry (Annexes C).

Interest in the Ukrainian hotel business have regional hotel chains of countries from which there is a significant increase in tourist flows: Slovakia, Poland, USA, Italy, France, Turkey, Germany, etc. National hotel brands are attractive to the country, as the hotels of these chains can immediately get the target audience.

Thus, there is a tendency to increase demand for products and services of enterprises that are part of franchise networks [19]. The number of enterprises of hotel and restaurant economy with subject specialization of the main production grows. It is possible to predict in the near future the formation of national networks due to consolidation in the market and the active entry into the market of foreign hotel chains. Networks that will be able to invest heavily in the construction of new

hotels, as well as the reconstruction of old hotels, which will improve the service of hotels and reduce prices to the average European.

CHAPTER 2

PRACTICAL STUDY OF THE FRANCHISE SYSTEM OF THE HOTEL OPERATOR "Radisson Hotel Group "

1.1. General characteristics of the hotel operator "Radisson Hotel Group"

Radisson Hospitality, Inc. (Radisson Hotel Group) is an American multinational hospitality group. The history of the company begins in 1938, when Curtis Carlson came up with a special program to attract customers. He borrowed \$ 55 from the owner of the apartment he rented and founded the Gold Bond Stamp Company in Minneapolis, Minnesota.

In 1962, Carlson acquired a stake in his first hotel in Minneapolis. The hotel was named in honor of the French traveler Pierre-Esprit Radisson. Two years later, he took full control of the hotel [33]. In 1982, the renovation of the first Radisson hotel was deemed unprofitable and the building was demolished. At that time, Carlson opened two successful hotels (Radisson South Bloomington and Radisson Inn Minneapolis), which allowed him to build a new Radisson hotel building on the site of the demolished one.

In 1973, the Gold Bond Stamp Company was renamed Carlson Companies, Inc. Carlson then acquired TGI Fridays Inc., which owned 12 restaurants in 9 U.S. States. Thus he entered the restaurant business. In 1976, he acquired Country Kitchen, Inc.. This company operated a chain of family-style restaurants. Ten years later, simultaneously with the opening of the first hotel in Burnsville, Minnesota, Carlson founded the company Country Inns & Suites under the Carlson brand.

In the 1990s, Radisson Hotel Asia was founded in Singapore. RHA is a division of the Carlson company to operate in the Asia-Pacific region. Soon the regional offices were opened in Delhi (India) and Shanghai (China). The first Radisson brand hotels in China and India were the Radisson Blu Hotel Beijing and Radisson Blu Plaza Delhi Airport (opened in 1995 and 1998 respectively).

In 1991, an agreement was signed with the operator of 4 and 5 star hotels in the UK (Edwardian Hotels of London), which allowed to increase the Radisson hotel chain by 9 units.

In 1992, Carlson launched an innovative affiliate online program for travel agencies called Look To BookSM.

In 1994, Carlson signed a franchise agreement with Radisson SAS for hotels outside the United States. The latter was launched in cooperation with the Scandinavian airline SAS, hence the second name in the name of hotels. The Radisson SAS hotel was managed by Rezidor Group, a Belgian company headquartered in Brussels, under a basic franchise license agreement with Radisson. After 2 years, Carlson acquired Regent Hotels & Resorts, which allowed it to enter the premium hotel segment.

Radisson Hotels & Resorts has also used a franchise strategy when entering foreign markets. It provided master franchises to companies with experience in the hospitality industry in new markets for Radisson. Thus, the sub-franchisor of Radisson Hotels & Resorts in Europe, the Middle East, and Africa was Rezidor SAS Hospitality (and Radisson SAS Hotels & Resorts was its subsidiary). It was fully owned by the Stockholm airline SAS, which was owned by the governments of Norway, Sweden, Denmark. The choice of such a form in these markets is primarily due to the need for large-scale research, the lack of experience in these three regions, the high costs of opening representative offices and hiring staff in these countries, and, accordingly, the high investment risk. Rezidor SAS Hospitality was a way to quickly penetrate new markets with minimal risk and financial costs. An important role was played by a long-term partnership of the companies (which lasted for more than 15 years) and the business reputation of Rezidor SAS Hospitality and its experience and specialization in hospitality management, primarily on the European market.

In 2005, Carlson acquired 25% of Rezidor SAS Hospitality. Further franchising agreements were concluded between the companies and prior to the strategic partnership in 2010 Carlson owned 51 % of Rezidor shares. It was a public

company whose shares were quoted on the Nasdaq Sweden stock exchange since 2006.

In 2010, Rezidor Hotel Group (formerly Rezidor SAS) became a subsidiary of Carlson. Since then, the expanded hotel group has been given the new trade name Carlson Rezidor Hotel Group, which was one of the leading hotel corporations in 2013[9]. In December 2016, the Chinese company HNA Tourism Group Co., Ltd, a core subsidiary of HNA Group, acquired Carlson Hotels, Inc. and bought 51.3 % of Rezidor shares. In the fourth quarter of 2017, the holding company Carlson Hotels, Inc. was renamed the Radisson Hospitality, Inc., and a subsidiary of Rezidor Hotel Group AB was renamed Radisson Hospitality AB. However, in 2018, HNA Group resold Carlson- Rezidor to Jin Jiang International Holdings .

The company brings its insane experience (over 75 years) to every hotel and is becoming an increasingly powerful hotel operator. At the moment, the main office of this company is located in Minnetonka, Minnesota, USA.

Today, the company ranks 10th among the largest hotel operators in the world. At the core of Radisson Hotel Group is a brand promise, -“Every Moment Matters”. It has more than 95,000 global team members around its core beliefs:

- deliver memorable moments every day, everywhere, every time;
- enjoy serving with your “Yes, I Can!” spirit;
- grow talent, talent grows us;
- many minds with one mindset;
- value open and direct interactions to build trust;
- believe anything is possible; have fun in all that you do.

The company has seven hotel brands: Radisson Collection, Radisson Blu, Radisson, Radisson RED, Park Plaza, Park Inn by Radisson and Country Inn & Suites by Radisson. At the end of 2018, the hotel operator has 1,450 hotels around the world, with the largest number in United States (706 hotels) and Europe (255 hotels). Table 1.1 shows the number of hotels and rooms in each part of the world.

Table 2.1

A global presence of Radisson Hotel Group

Country, part of the world	Number of hotels	Number of rooms
Canada	28	76,163
USA	644	
South America	60	
Europe	255	116,362
Africa	57	
Russia	44	
West Asia	203	
South Asia	128	33,948
Southeast Asia	5	
East Asia	26	
GLOBAL	1,450	226,473

Radisson Hotel Group's vision is to be the company of choice for guests, owners and investors, and talent. Whenever a guest plans a trip, or an investor or owner is thinking of a partner, or whenever someone is looking for a job in the hospitality industry, they will all think of Radisson Hotel Group first.

Although the Radisson Hotel Group is united by a common idea and vision, each brand is distinguished by its service, stardom, and individuality. Thus, figure 2.1 shows the type of service and the category of its hotels. According to the architecture of the brand, we can see that:

- Radisson Collection is premium lifestyle/affordable luxury;
- Radisson Blu is upper upscale with full service;
- Park Plaza is upscale / upper upscale with full service;
- Park Inn is upper midscale with selection of service;
- Radisson is upscale with with selection of service;
- Radisson RED is upscale with selection of service;
- Country Inn & Suites is upper midscale with limited service.

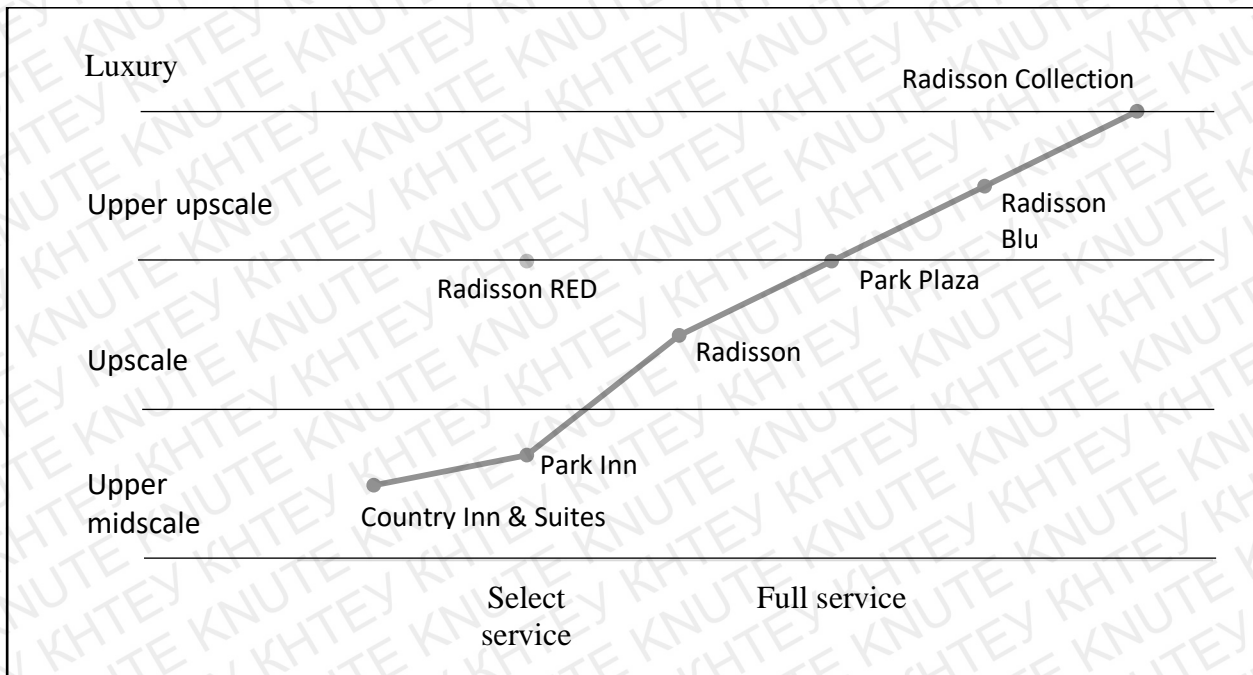


Figure 2.1 Brand architecture

According to the Annexes D “General information about each hotel brand of the company” it can be noted that hotel brands also differs in the number of rooms allowed in each group of hotels, the location calculated for each hotel brand, the product, and the design style. Also in Annexes D is noted the owner value proposition for each type of hotel. All this information helps the franchisee to determine the most suitable hotel brand for him. Of course, the choice of brand for the franchise is also influenced by the initial (application) fee, royalty fee, marketing fee. However, all of these indicators depend on brand awareness, its class, services, number of rooms, location, product and design.

Radisson Hotel Group offers many advantages for the franchisee. For example, for franchisees that want to build a hotel, the franchisor offers assistance in concept planning, construction planning, team of its architects, engineers, managers and functional specialists. Also, the hotel operator helps hotels that join, in better optimization of rooms and design.

The company is interested in the profitability of franchisees, so it provides support in management, marketing, finance, human resources. The franchisor also provides access to Radisson's global supply chain, a world-class e-procurement

platform, of all real estate at discounted rates. Upon receipt of the award Radisson, franchisees also receive special discounts, great benefits of customer service and so on.

Radisson also offers a franchise specialist for each new franchisee, dedicated regional support to owners, general managers, management companies and sales teams through an experienced Regional Director who is available for consultation, planning and on-site visits to assist with operations, sales, revenue management, quality/guest experience and training.

Also, the franchisee can get acquainted with the financial performance of the company on the company's website. There are statistics for each individual hotel brand and for the whole company.

Thus, in comparison to the first quarter of 2018 and the first quarter of 2019, according to the Annexes E, it can be said that revenue increased by 7.2 million euros over the last year. Like for like portfolio plus renovations at constant exchange rate revenue increase of 7.7 million euros (+3.8%). EBITDA increased by +€19.2m (+314.8%), which is due to the implementation of IFRS 16 Leases (€14.7m) and the LFL&R growth and reduction in operating costs in leased hotels. EBIT increased by +€11.2m. Net Income improved by +€1.6m (+32.0%).

Table 2.2

Quality reputation in EMEA

	Q1 2018	Q1 2019	Difference %
Booking.com score	8.38	8.41	+ 0.03%
Booking.com online reviews	89.079	92.143	+ 3.4%
Global Review Index (GRI)	85.9%	86.8%	+ 0.9%
Total online reviews	161.678	173.829	+ 7.5%
Guest Satisfaction Survey - Overall Experience Score	7.98	8.02	+ 0.04%

2.2. Analysis of the activity of the hotel brand "Radisson Blu Hotel" in Kiev

According to the previous paragraph of this section, Radisson Blu is an upper upscale hotel with more than 150 rooms, which should be located in key locations in capital cities, airport gateways and major leisure destinations. However, this is only minimal information regarding this brand. Radisson Blu is a canonical, stylish and elegant hotels that excite, energize and are socially connected. In them you will meet consistent, exceptional service delivered through strong Yes I Can!

Regarding the positioning of Radisson as a global brands. We can say that the hotels of this brand are aimed mainly at generation x which is now from 35 to 55 years old, people who have education, are confident, love to travel, enjoy art, culture, design, fashion, and food. It is looking for people who travel for business or leisure. The value orientation of this segment is aimed at global brands with full service of the upper-upscale class.

The main advantages of this brand are:

- Emotional:
 - Genuine, individual and attentive service, which provides guests with care and appreciation;
 - Sense of confidence, accomplishment and self assurance.
- Rational:
 - Iconic, stylish and sophisticated hotels that are exciting, energizing and socially connected;
 - Highly defined, designed and detailed products and services.

The essence of Radisson Blu is reflected in every aspect of this brand and its work. The brand offers guests unique services, comfort, and style, creating a unique comfortable atmosphere.

The key points when creating a hotel are:

- Guest Rooms: our contemporary rooms have streamline aesthetics to create a balanced environment.
- Social Spaces: the open and welcoming spaces are naturally calming and include practical areas to work and socialize in harmony.
- Food & Drink: restaurant concepts are designed to bring people together with a stylish, warm, relaxed and minimalist décor.
- Meetings & Events: flexible meeting rooms, separate negotiation areas and a business center space.
- Wellness: our fitness areas are designed as modern, fresh and calming spaces to stay active and balanced. A variety of options for exercise such as running maps and bicycle rental will be available in some hotels.

Radisson is serious about the stylistic component of its hotels, figure 2.3 shows every aspect of the stylistic positioning of the brand.

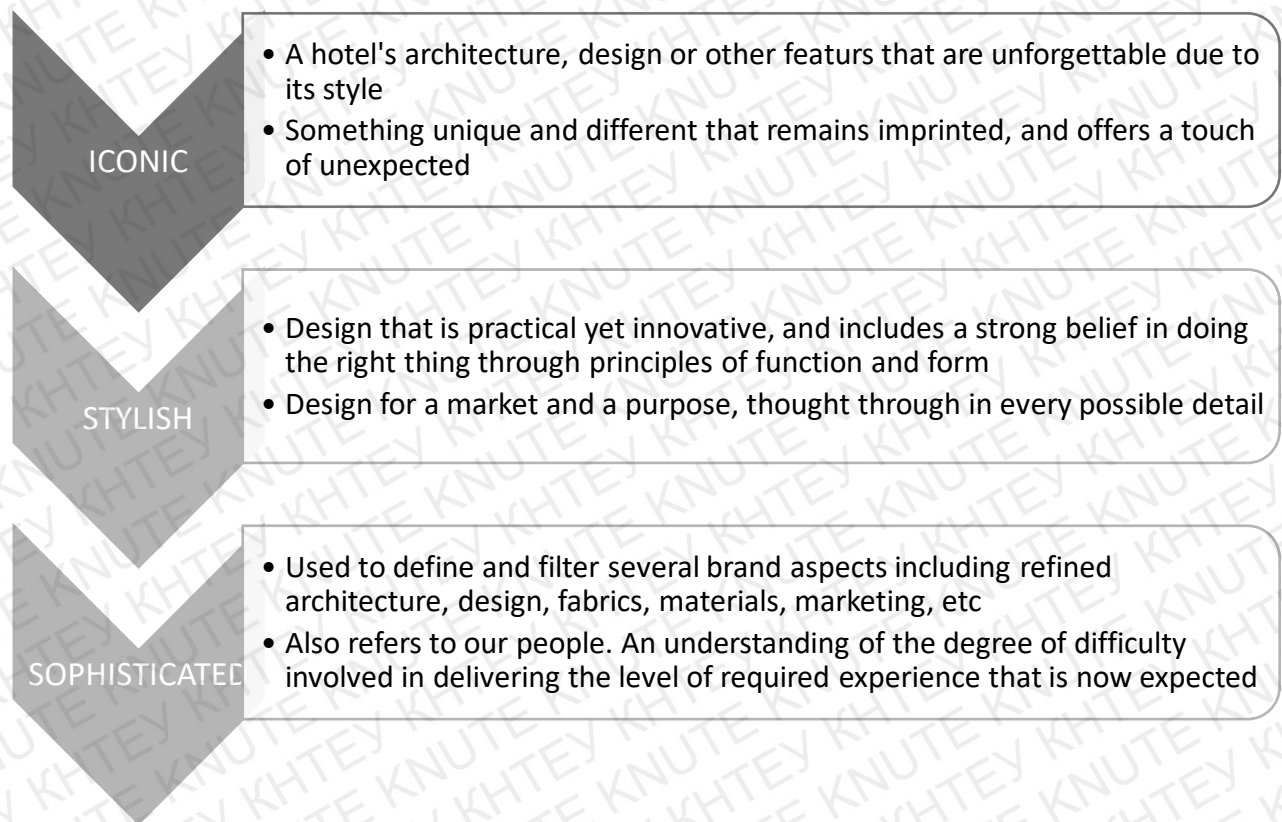


Figure 2.3 Stylistic Positioning: Radisson Blu

Also, Blueprint is the DNA of interior design in Radisson Blu. It provides the foundation of the design scheme for “Radisson Blu” guest rooms, social spaces, as well as meetings & events. It allows flexible interpretations that suit the needs of local markets while ensuring we always deliver a product that is coherent. Blueprint is a compelling investment for owners offering distinctive yet flexible styling while securing process efficiencies across interior design and refurbishments. Guests feel part of a unique way of life – one that's truly bespoke to each location. The experience is emotionally engaging and individual.

Radisson is a unique hotel, including for Ukraine, because it was one of the first international hotel chains to enter the Ukrainian market. Its construction is 50% invested by the European Bank for Reconstruction and Development and Raiffeisen Bank. The customer of the project was the General Directorate for the service of foreign missions. The project budget is 47 million euros. For the construction of the hotel was created a joint venture "Double-W-Kiev", the founders of which were the construction company "Double-W" (Odessa), European Bank for Reconstruction and Development, Raiffeisen Bank and hotel operator Radisson SAS. The latter was a hotel chain that in 2002 had 199 businesses in 40 countries. From 2002 April 24, 2001 "Double-W-Kiev" and the mayor of Kiev signed a land lease for the construction of the hotel on Yaroslaviv Val street for a period of 15 years with extension and redemption. Radisson Blu hotel opened in September 2005.

The hotel is located in the center of Kyiv. It offers easy access to many local attractions. Guests can walk through the Golden gate-the medieval entrance to the city — and admire the Golden domes of St. Sophia Cathedral, walk through the blooming Botanical gardens or go to Independence square, where important political events took place in the life of the country. The national Opera of Ukraine is just 750 metres away from the hotel. The landscape alley, or children's landscape Park, is 1 km away. Here visitors will be able to see unique sculptures and admire the view of the city center. Near the hotel, you can see graffiti paintings created by famous street art artists from around the world.

The hotel consists of 254 rooms. In General, there are 5 types of rooms, they include:

- Standard;
- Superior;
- Premium;
- Suite;
- Family.

Standard rooms in the hotel are divided into two types, such as standard room and high floor standard room. The standard room of 21 m² is designed for a maximum of 2 people and 1 child. It features a large bed, rain shower, TV, mini-safe, tea and coffee making facilities and free Wi-Fi. Extras include a magnifying mirror and a hairdryer. Rooms in this category are available with one double bed or two twin beds. The price is UAH 4,129. 42 per night.

High floor standard room on the high floor is a 30 m² hotel, which is also designed for 2 adults and 1 child. The guest services include all the same as in the standard room. The price is UAH 4,335. 89 per night.

Superior room is 22 m² and can accommodate 2 adults and 1 child. Services other than standard include an espresso machine and a choice of beds (twin or queen or king size). The price is UAH 4,230. 73 per night.

Premium rooms are divided into two types: Premium and Premium with views of St. Sophia Cathedral. The property has an area of 30 m² and is also suitable for 2 adults and 1 child. They are equipped with all the amenities of the superior rooms, but have an increased area for greater comfort. The price is UAH 5,276. 57 per night.

The Premium rooms with views of St. Sophia Cathedral are smaller than the usual Premium rooms and have an area of 26 m². Apart from the view and area square, they are no different from premium. The price is UAH 5,263,08 per night.

The Suite is divided into three types: Junior Suite, Suite, and Suite with a view of St. Sophia Cathedral. Junior is different from the previous ones. This room is 40 m² and can accommodate a maximum of 3 adults and 1 child. It offers individual climate control and a separate living room. The price is UAH 5,964. 80 per night.

The 75 m² Suites also accommodate a maximum of 3 adults and 1 child. By choosing this type of room you will be able to use the turndown service every evening, which will provide you with a comfortable sleep. The price is UAH 6,639,55 per night.

The Suite - St. Sophia Cathedral view has an area of 77 m² and a maximum of 3 adults. The price is UAH 8,016.02 per night.

The Family room is 33 m² and can accommodate a maximum of 3 adults and 1 child. Additional amenities include a King size bed and a comfortable sofa bed in a separate area, a well-equipped bathroom with a separate shower and bathtub, as well as two flat-screen TVs and free Wi-Fi. The price is UAH 5,505. 89 per night.

Check in to the hotel 3 PM, check out until 12 PM. There are also 5 meeting rooms spanning over 407 square meters in total on the ground floor and additional conference zones on other floors. The rooms on the ground floor can accommodate up to 230 guests. They have natural light, a spacious lobby, modern audio and video equipment, stylish and comfortable furniture.

The hotel also offers car presentations on the ground floor. The most spacious column-free ballroom of Radisson Blu Hotel, Kyiv is located on the ground floor and has direct access to the backyard of the hotel. This ballroom can accommodate up to 5 cars, which are driven through two floor-to-ceiling windows. The ballroom and foyer form a unique space for presentations with a total area of 305 m², and event organizers are offered a variety of catering options, as well as numerous opportunities for performances.

According to table 2.3 you can see that the hotel does not have a large number of conference rooms, but it seems so only at first glance. For example, the meeting room includes 4 different rooms on the 3rd floor. The large hall Embassy Suite 1-5, located on the ground floor can be divided into 4 more rooms that are separated by mobile soundproof partitions. The hotel offers to divide them into such zones:

- Embassy Suite 1, 74 m², accommodates 80 people, has a separate entrance with foyer, audiovisual equipment, built-in screen and ceiling projector for presentations.

- Embassy Suite 2+4, with an area of 86 m², is designed for 90 people, has audiovisual equipment
- Embassy Suite 4, 40 m², seats for 30 people, has direct access to the lobby, built-in screen and ceiling projector for presentations.
- Embassy Suite 1+2+3+5, an area of 162 m², accommodates 150 people, has a built-in screen, ceiling projector and audiovisual equipment

Table 2.3

Meetings & Events facilities

Suite	Embassy Suite 1-5	Boardrooms 4 suits	Presidential Meeting Room
Area, m ²	203	28	-
Capacity	230	30	70
Benefits	direct access to the hotel's backyard, equipped with audiovisual systems	chart boards for presentations, 3 of boardrooms offer direct access to the pre-function area	located separately from the main conference area, space for coffee breaks, or group sessions, two bathrooms, and direct access to a private balcony
Events	conferences, business training, seminars, car presentations, gala dinners, banquets, weddings	meetings, presentations, seminars	trainings, round table meetings, workshops, or events

If during the event guests want to have a snack or eat in the Banquet hall, as well as in all meeting rooms there is direct access to the spectacular and spacious lobby. This beautiful area of 102 m² can be used for coffee breaks, cocktails or serving wonderful snacks.

There are also two restaurants: Cote Est and Mille Miglia. In a French bistro Cote Est you will be able to please your guests during the break, giving them the

opportunity to restore their strength with delicious and healthy dishes. This is a separate institution with a stationary buffet line of 3 sections, where you can order a buffet of cold appetizers, main dishes and desserts for groups from 50 to 100 people.

For unique events, the establishment offers the Italian restaurant Mille Miglia, which employs a talented chef from Rome. Great snacks and drinks, personalized menus, exceptional service, everything you need for conferences and events. All this in an elegant building in the center of Kyiv, which can accommodate up to 20 people, will make the meeting truly unforgettable.

Radisson Blu also has a K - Largo bar. This is a room with a warm relaxed atmosphere, where you can hold a coffee break or organize a cocktail distribution. K-Largo bar was created for this purpose. This bar, which can accommodate up to 50 people during receptions without seating, can be easily divided into separate areas for serving buffet and comfortable informal communication. Additional audio equipment and three television screens can be used for a presentation or performance. The hotel's chef Fabrizio Righetti takes care of delicious and healthy buffet meals or themed snacks and drinks.

The hotel also has a well-equipped modern gym, a sauna, a steam bath, and a beauty salon where massages can be booked. On popular sites Booking.com and Tripadvisor.ru the hotel has good ratings, the table 2.4 shows the ratings for certain indicators.

Table 2.4

Evaluation of hotel Radisson Blu Hotel, Kyiv City Centre by guests

	Booking.Com	Tripadvisor.Ru
Overall rating	8,3	4
Location	8,9	4,5
Cleanliness	8,9	4,5
Staff	8,3	4,5
Value for money	7,3	4

According to the table above, it can be argued that the overall assessment of the two sites is practically the same. Visitors poorly evaluate only the price relative to the quality that the hotel represents, also following the evaluation on the site Booking.Com hotel can improve the service.

2.3 Analysis of the Radisson Blu franchise agreement

Today the brand Radisson Blu is represented all over the world. The total number of open hotels under this brand is 319 units, which is shown in figure 2.4. As of 2018, it is also planned to open another 85 hotels of this brand. The largest number of units of this brand is represented in Europe, the Middle East and Africa, the total number of hotels in this region is 258.

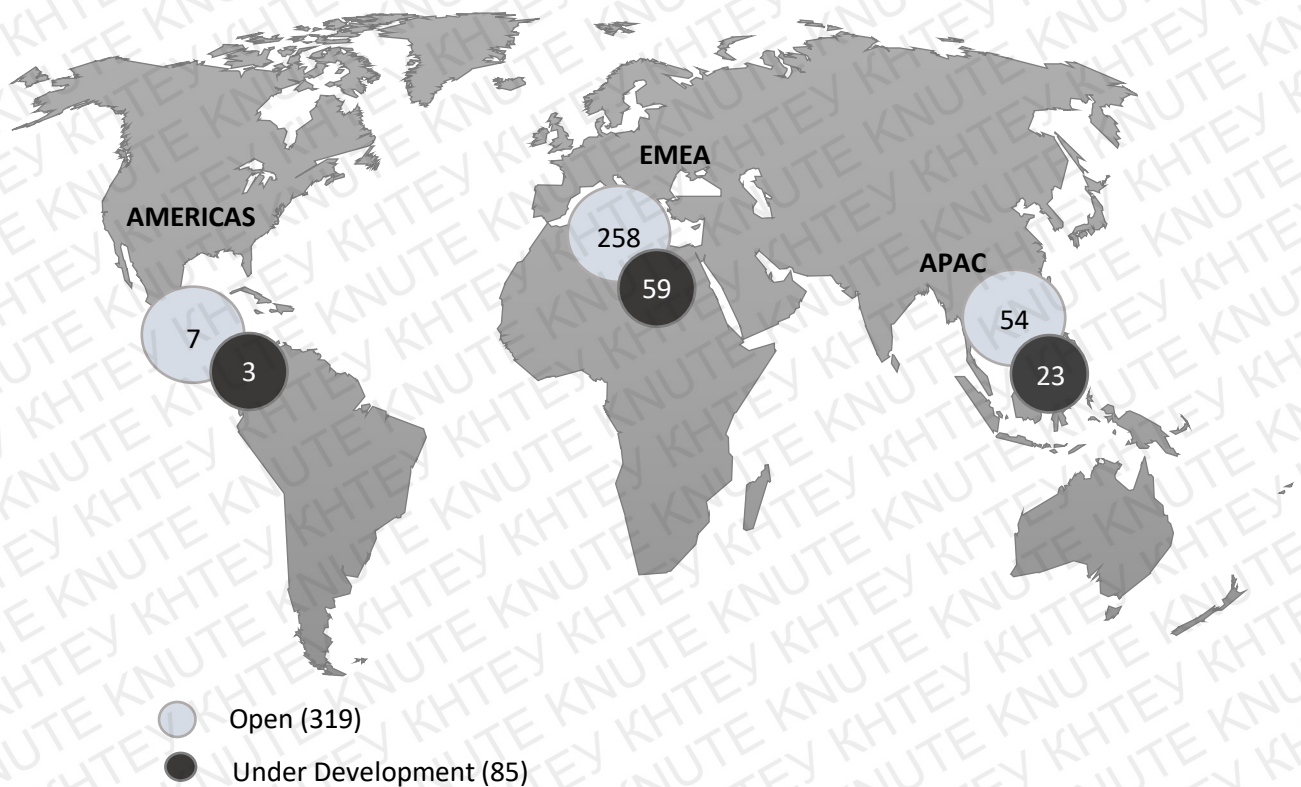


Figure 2.4 Global brand presence

As for the type of ownership of hotels of this brand, it is dominated by the company's own hotels. Figure 2.5 shows the growth of the brand's franchise units in the United States and beyond the country and the number of the brand's own hotels by year, from 2015 to 2019.

According to the table, it can be seen that during this period of time the number of brand's own hotels grew until 2017 and amounted to 216 units, and then began to decline to 203 hotels in 2019. Relative to the hotels under the franchise since 2015, their number was 82 units, in 2016 it increased by 14 units but in 2017 decreased to 93 units and the following years it slowly grew. In 2019 Ricky's the total number of hotel franchises is 120.

As for the type of ownership of hotels in the United States, it can be noted that in this region, franchising is not the leading type of ownership and there are no hotels of Radisson Blu under franchise in this region. All hotels operating in the region are under the ownership of the operator.

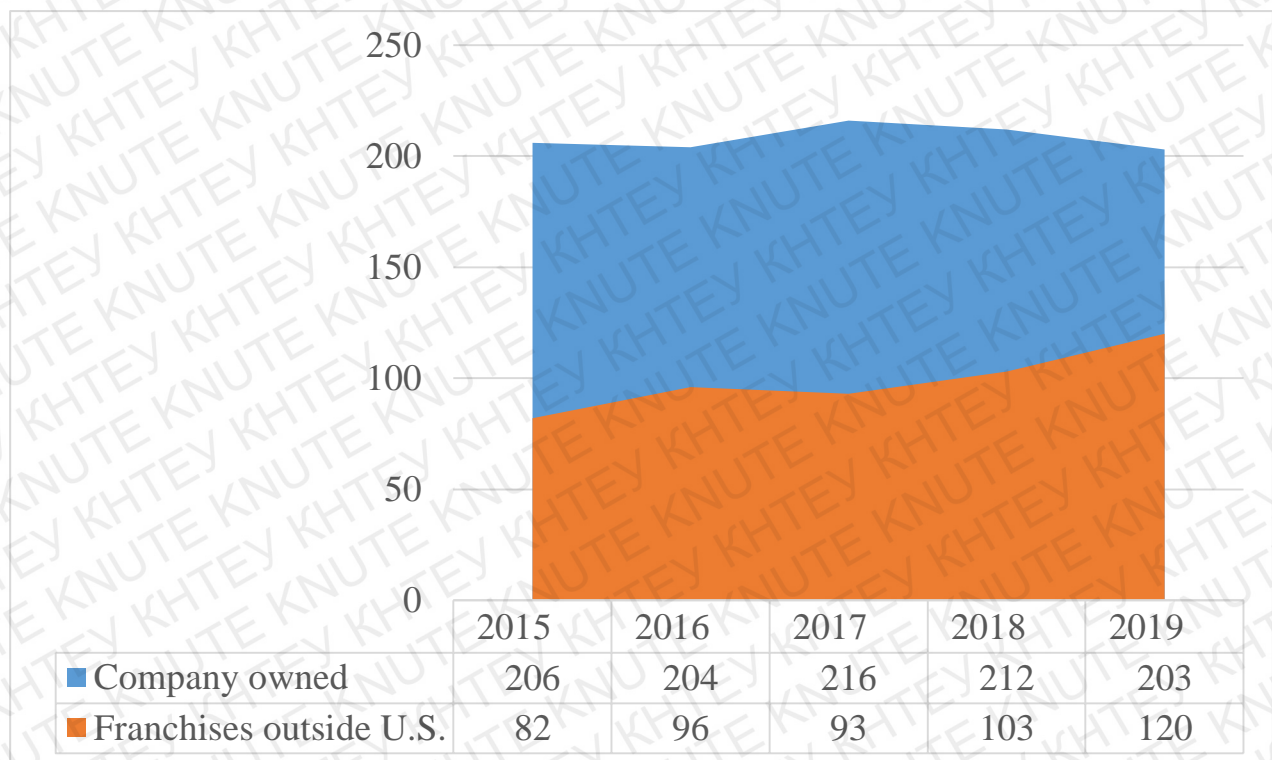


Figure 2.5 Indicators of the number of Radisson Blu hotels according to the type of property

Also, to determine the overall level of prevalence of this brand among other brands of this operator, it is relevant to compare the number of hotel units of each brand of the chain.

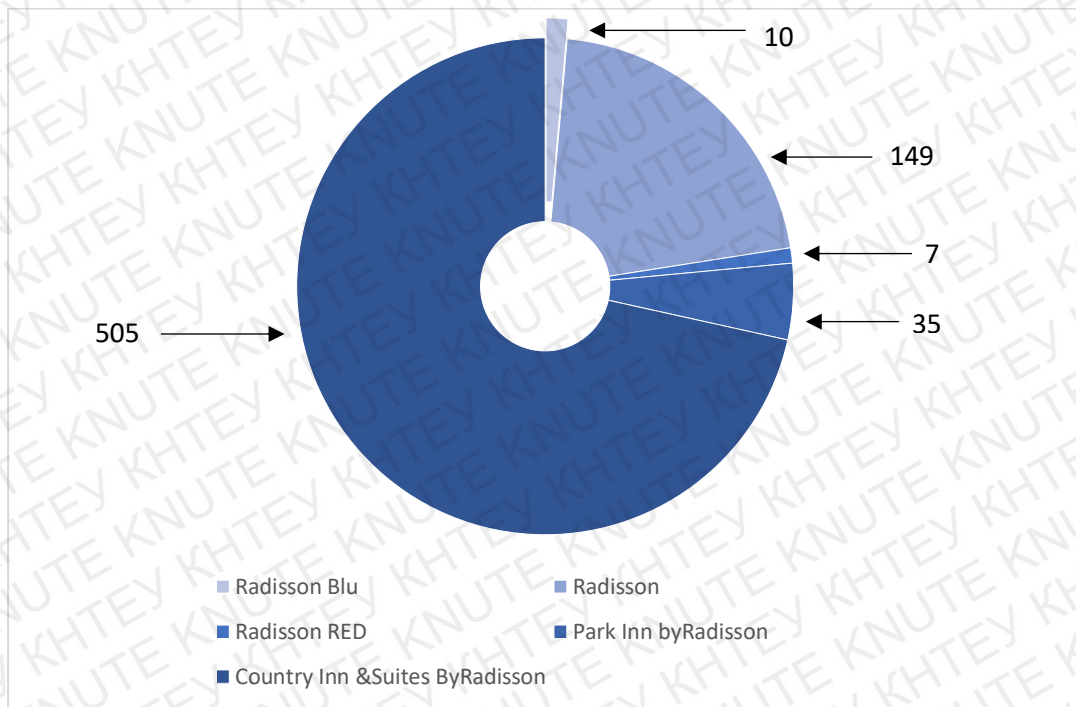


Figure 2.6 Presence of Radisson Hotel Group brands in America

The total number of hotels of the company Radisson Hotel Group in America is 634 units. According to the data of 2018, another 72 hotels are being designed. In general, in America the most represented brand is Country Inn & Suites by Radisson, the total number of hotels of this brand in America is 505 units. In the second place there is brand Radisson, whose number of hotels in the region is 149. The Radisson Blu brand is represented in almost the smallest number in this region, the number of hotels of this brand is 10 and the relatively new brand Radisson RED has the smallest number of hotels in this region-7, according to figure 2.6.

According to figures 2.7 and 2.8, it can be seen that in such regions as Europe, Middle East, Africa, and Asia the most common brand is Radisson Blu. Thus, among all brands represented in the portfolio of Radisson Hotel Group, Radisson Blu occupies a greater half of such regions as Europe, Middle East, Africa where the number of its hotels has 317 units, the second-largest number of hotels in these regions is Park Inn by Radisson with the number of 143 hotels. As for Asia, the total

number of Radisson Blu hotels is 77, which is also the largest in the region, followed by the Radisson brand with its total number of 59 hotels in the region.

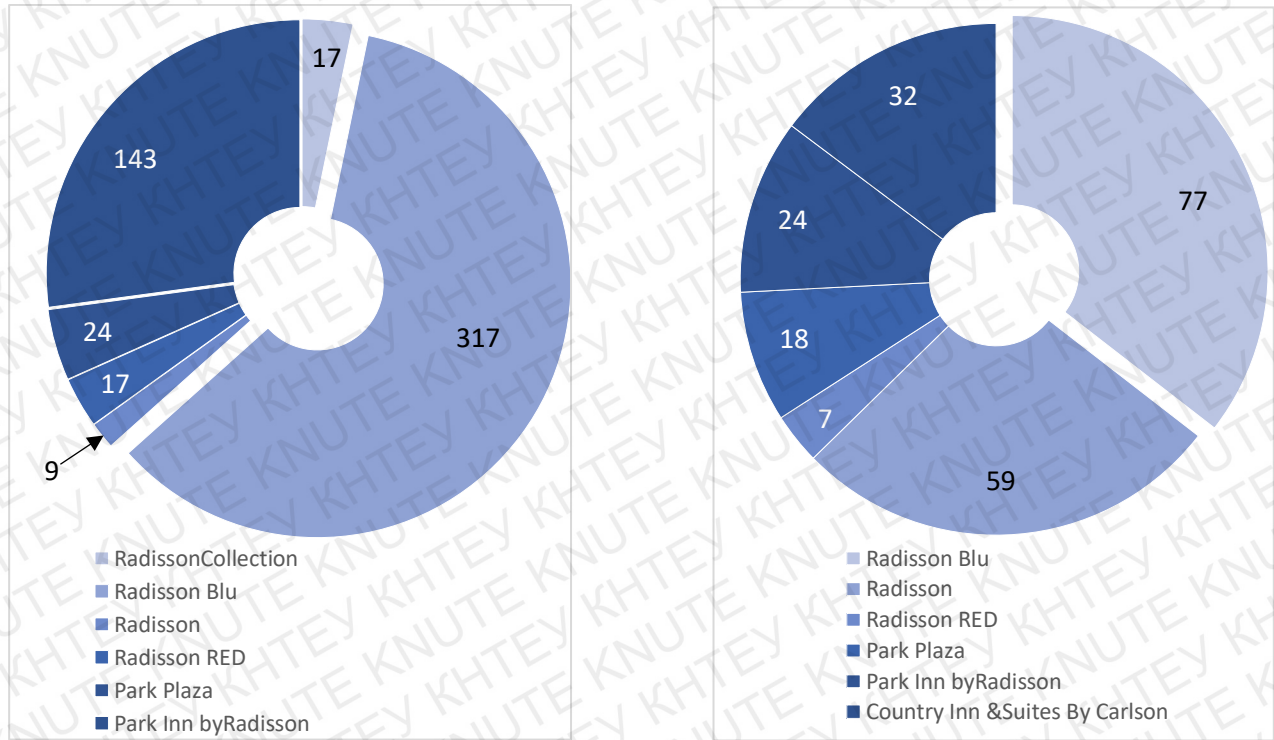


Figure 2.7 Presence of Radisson Hotel Group brands in Europe, Middle East and Asia Pacific

As for franchising, according to table 2.5, Country Inn & Suites by Radisson is the largest brand by number of hotels - 491 and by number of franchises - 486. However, this brand is represented more in America, where the number of hotels of this brand is 468 units and to a lesser extent in Asia-23. In such regions as Europe, Middle East, Africa there is no hotel of this brand. The second in number of hotels is the brand Radisson Blu, the number of hotels of this brand worldwide are 319 units and according to the indicators of 2018, 85 more hotels of this brand are under development . Radisson Blu is represented in each region, the smallest number in America is only 10 hotels in this region, but in Europe, Middle East, Africa - 317 hotels and in Asia - 77 hotels, this is the largest figure among all brands of the operator. Comparing the ownership of hotels of all brands presented in table 2.5, you

can see that exactly the hotels of the brand Radisson Blu in the largest number are in the ownership of the company – 107 hotels, what can inhibit the development of this brand.

Table 2.5

**General characteristics of the largest brands of the hotel operator
Radisson Hotel Group**

Brand	Open	Under Development	Franchises	Company owned
Country Inn & Suites ByRadisson	491	46	486	5
Radisson Blu	319	85	212	107
Radisson	167	50	144	23
Park Inn byRadisson	151	51	151	0

It is also appropriate to compare the figures of the Radisson Blu brand with the figures of the operator's brands, which has been on the market for almost as long, but has achieved more, for example, with the operator InterContinental Hotels Group.

Table 2.6

**Comparison of the largest brands of the InterContinental Hotels Group
with the brandRadisson Blu**

Brand	Open	Under Development	Franchises	Company owned
Holiday Inn and Holiday Inn Express	4075	1059	4072	3
Crowne Plaza Hotels & Resorts	425	93	425	0
Candlewood Suites	407	92	407	0
Staybridge Suites	293	193	293	0
InterContinental Hotels & Resorts	208	64	202	6
Hotel Indigo	112	102	112	0

Radisson Blu	319	85	212	107
--------------	-----	----	-----	-----

According to table 2.6, it can be noted that compared to the brand Radisson Blu, which has 107 owned hotels in the property, the brands of the operator InterContinental Hotels Group practically do not open their owned hotels, but provide a franchise. Thus, brands such as Holiday Inn and Holiday Inn Express opened only 3 hotels at the expense of the company all other 4072 hotels are opened through franchise agreements as well as under the brand InterContinental Hotels & Resorts opened 202 hotels under the franchise agreement and only 6 company-owned hotels. Brand Crowne Plaza Hotels & Resorts has 425 hotels and all of them are open exclusively under a franchise agreement the same situation with the brands Staybridge Suites and Hotel Indigo. It can also be noted that the brand Hotel Indigo opened only in 2004 already has 112 hotels and 102 Under Development, which exceeds the performance of Radisson Blu, which has only 85 hotels Under Development.

It is through franchising that hotel operators gain power and become leaders in this business. Table 2.6 shows all hotel operators in the top 100 franchising companies and according to table 1.1, we can see that these brands occupy the first 5 places among the operators with the largest number of hotels in the world, and they are the most powerful representatives of their segment.

Table 2.7

International operators represented in the top 100 franchising companies

Level	Name of the hotel operator	Country
4	Marriott International	United States of America
12	InterContinental Hotels and Resorts	UK - England
14	Choice Hotels	United States of America
18	Hilton Hotels & Resorts	United States of America
23	Wyndham Hotels and Resorts	United States of America

It will be advisable to compare the main indicators of franchise agreements Marriott International, InterContinental Hotels and Resorts, Choice Hotels, Hilton Hotels & Resorts, Wyndham Hotels and Resorts and other hotel operators with Radisson Hotel Group.

As noted in Chapter 1 of this work, as a rule, the economics of a hotel management contract under a franchise agreement includes several main articles:

- Initial / Application Fee
- Royalty Fee
- Marketing Fee

Typically, the amount of the application fee for cooperation with the operator is determined by its image component as far as the network is known, widespread, how recognizable the brand is. This year, the fee for the world-class franchise will be 100 thousand dollars for Hyatt Regency or Radisson Blu, for Marriott-120 thousand dollars, InterContinental and Wyndham-150 thousand dollars and for Hilton hotels-95 thousand dollars. It is also worth noting that many operators offer the calculation of the initial fee depending on the room fund of the hotel. Thus, the calculation of the application fee for the brand Holiday Inn Express, Radisson Blu will cost the owner \$ 500 per room, with the lower level of the minimum of 50 thousand dollars. Distributed in the United States brand Quality Inn, refers to Choice Hotels International Inc., is more modest in requests - 300 dollars for a room with a minimum bar of 35 thousand dollars. Of course, the calculation takes into account the popularity of the brand and the volume of current business. The smaller the network, the more modest the initial fee.

Some operators use a calculation scheme that includes both a fixed fee and the calculation of the number fund. For example, the Hyatt Place franchise is calculated by the formula 75 thousand dollars, plus \$ 500 per room. The hotel must have at least 150 rooms. A similar scheme is followed by Marriott International Inc., the fixed cost is \$ 60,000 plus \$ 450 per room for the Four Points by Sheraton brand and \$ 85,000 plus \$ 300 per room for the Marriott Hotels brand.

No less interesting information for the owner of the hotel is the fee that must be paid as a royalty of the brand. Here most of the international networks are almost unanimous in cost. Royalty fee ranges from 4.5 % to 6 % of revenue.

Many operators are characterized by a division into basic and incentive fees, which can have a dynamic scale that varies over time. For Example, La Quinta Holdings Inc. indicates for the La Quinta franchise a fee of 4.5 % for the first two years of operation and 5% after the end of the two-year period. For the current year, royalties of 4.5% are announced by almost all brands owned by Wyndham Hotels & Resorts, such as Ramada and Travelodge, Red Roof Inn, WoodSpring Suites from Choice Hotels. Also, Radisson Hotel Group points 4.5 % royalty for the franchise of the Park Inn brand.

The minimum royalty fee was 2% for the Centerstone Inns, Hotels & Plaza Hotels brand, the maximum – for The Unbound Collection by Hyatt (7%). Most brands record royalties ranging from 5% (Radisson Blu, Staybridge Suites, Candlewood Suites, WoodSpring Suites, Curio Collection, Wyndham Grand, Candlewood Suites) to 6% (Holiday Inn Express, Hampton By Hilton, Courtyard by Marriott and others).

Many operators share royalties from the room fund and F&B. Thus, working under the signboard of JW Marriott or Hyatt Regency, the royalty fee will be 6% + 3% F&B, for Curio Collection by Hilton and DoubleTree by Hilton 5%+3% F&B. Westin will cost 7%+3% F&B.

One of the most important factors supporting the sales of a hotel that operates on a franchise is marketing support, which may include centralized advertising and sales channels, inclusion in the loyalty program, training, quality control, organization of marketing work. Typically, the marketing fee is half the royalty, and sometimes included in it.

The marketing fee usually does not exceed 4%. This bet belongs to the brands Hilton Curio Collection, DoubleTree, Tapestry Collection, as well as Wingate by Wyndham, TRYP by Wyndham. The rate of about 3% will cost owners of franchises AmericInn by Wyndham, Homewood Suites by Hilton, Home2 Suites by Hilton,

Crowne Plaza. A little cheaper, 2% for marketing fee exhibit brands Trademark Collection by Wyndham, WoodSpring Suites, Courtyard by Marriott, Radisson Blu, Park Inn by Radisson, Radisson Red. The lowest percentage is demonstrated by Marriott International, Inc. for brands JW Marriott with a rate of 1% and the Luxury Collection (1% with a limit of up to 450 thousand dollars per year).

There are conditions when marketing support is included in the application fee. For some operators, the division of remuneration for services is typical. Thus, for the Travelodge by Wyndham franchise, the marketing fee is fixed at 2%, however, an additional 10 cents per room is considered for objects with a room fund up to 101 rooms.

Also, some brands have a reservation fee, so for example for the Radisson Blu hotel franchise you need to pay 2% of total room revenue plus \$ 3.75 for a third party delivered reservation.

It should be emphasized, however, that the data presented are the result of data collection and do not take into account the factors affecting the particular contract. For each case, the operator considers the terms of the contract depending on the circumstances, potential and other conditions.

CHAPTER 3

WAYS TO IMPROVE THE OPERATION OF THE FRANCHISE SYSTEM OF THE HOTEL OPERATOR "RADISSON BLU HOTEL"

3.1. Ways to improve the operation of the franchise system of the hotel operator "Radisson Hotel Group"

The hotel business is rapidly developing and the best representatives of hotel operators are an example. On the way to the creation of a global company, hotel chains go a long way expanding their borders to new territories. The expansion of these companies and makes them world-famous, however, the companies have new problems, especially when entering the markets of new countries. The modern state of management forms development in the hotel industry is characterized by individual management on an independent basis and various forms of corporate governance.

Franchising is one of the most advantageous forms of business expansion. Management under the franchise agreement is carried out according to the following scheme: the franchisor grants the right to the franchisee to use its trademark, technology, and methods of work, reservation system, established marketing methods, discount system, etc. The franchisee firm, along with other benefits, participates in the franchisor's market strategy.

For the franchisor, granting the right to be engaged in entrepreneurial activity is a kind of business development, what causes the receipt of an additional income source, so the franchisor is interested in expanding its market network at the expense of new members. Due to the increase in total capital and the joint solution of urgent and strategic tasks, one reduces the share of expenditure on marketing research of hospitality, promotion of hotel product to the market, training of personnel. There are some advantages in connection with the extension of the sphere of influence on the outside environment of the hospitality industry.

Hotel companies that are interested in expanding the network through new members develop for interested parties a package of information documents on the conditions of entry and cooperation, information about the company, the scope of activities. The main document in this order is the "application for conditions". In this document, among other things, one presents the descriptions of qualifications of franchisor managers, the analysis of its financial stability, the conditions of franchising is the essence of the relationship at the conclusion of the contract, specific projects in which the franchisor will help franchisees, directions of material and technical modernization that need to be implemented by franchisees, etc. Before making a final decision of entering into a franchise agreement, appropriate for the franchisee to conduct meetings with members or potential enterprises to coordinate problems of promising relationships.

The contract is concluded only after the agreement of all issues of accession between the franchisor and the franchisee. The contract can regulate the peculiarities of the enterprise in specific geographical or market conditions, the number of enterprises covered by the franchise, the term of the contract, etc. In the hotel industry, the franchise agreement often regulates the requirements for the appearance of the building, the interior of rooms and common areas, the number of rooms, services offered, the level of service, technical support, etc. It is important that the contract coordinates various aspects that can guarantee the setting of quality standards. However, for a franchisor with a worldwide reputation, the sale of the franchise can turn out to be both a positive decision that will allow to expand its hotels on the world stage and a negative one if the franchisee does not comply with the terms of the contract and as result will worsen the image of the entire company. In most cases, if certain rules are not observed, the franchisor may terminate the contract with the franchisee. Usually, this happens in such cases:

- inability to achieve the level of standards set by the franchisor;
- significant deviations from the established service technology, the volume of services;
- no payment of payments under the contract;

- violation of the principle of corporate culture in the franchisor's network;
- a fundamental change in the development strategy of the franchisee.

Although the franchisor can terminate the contract, not always he can see these problems in time, and a bad reputation can be fixed for the whole brand and the franchisor will have to restore it.

Therefore, to ensure maximum control over each individual region, the franchisor must either open branches or provide master franchises and area development franchises. Radisson Hotel Group at one time founded the company Radisson Hotel Asia (RHA) in Singapore — a division of the company Carlson to work in the Asia-Pacific region. Soon regional offices were opened in Delhi (India) and Shanghai (China).

In 1994, Carlson signed a franchise agreement with Radisson SAS for hotels outside the United States. The sub-franchisor of Radisson Hotels & Resorts in Europe, the Middle East, and Africa was Rezidor SAS Hospitality (and Radisson SAS Hotels & Resorts is its subsidiary).

Radisson Hotel Group opened new divisions and gave master franchises based on the views of the control of each individual hotel, its support, assistance in work and development. However, each country is unique, with its own culture, mentality, habits, preferences and traditions, so it would be appropriate to suggest introducing narrower branches to support, analyze, improve and control franchise hotels.

On the basis of table 2.1 "A global presence of Radisson Hotel Group" it can be noted that the franchises of Radisson Hotel Group are developed only in the USA – 644 units, Europe – 255 units and West Asia – 203 units, which indicates a malfunction of this company's tactics of expansion of this company. We can see that hotel brands are the most common in the territory where the company Radisson Hotel Group is located and its regional offices, for example the company Radisson SAS that was involved with the master franchise and the office in Delhi (India). This indicates that companies which represent the Radisson Hotel Group are not sufficient. This problem can be solved by expanding the company's representatives in areas with a small number of hotels .

Table 3.1

**Advantages and disadvantages of the most advantageous opportunities
for the expansion of the company**

	Advantages for franchisor	Disadvantages for franchisor
Branch, office	the activities of the separate division are fully controlled by the company;	It is opened at the expense of the company that carries a significant cost for the development of the region at their own expense; business conditions can be different, that is why the branch of the company can spend a lot of time and resources to study all the principles of the presented region; the obstacles from the authorities
Area franchise agreement	additional channel of income from the franchisee; reducing the cost of advertising and promotional campaigns; the franchisee independently deals with the recruitment and management of personnel; distribution of competencies and responsibilities to the third parties; the ability of the franchisor to invest an agreement on the obligation to open a specific number of hotels in the territory; for each open hotel, the franchisee buys a separate franchise; avoidance by the franchisor of the need to select and train a large number of franchisees; the franchisee is a representative of its region, and therefore has a good understanding of the terms of doing business in its region; the franchisee is interested in the success of the business	a small percentage of companies that can afford to open several hotels at their own expense; the franchisee can hide their turnover; low control of the franchisor, which is at a considerable distance from the franchisee; non-compliance with the quality of service, which can lead to deterioration of the brand image.
Master franchise agreement	additional channel of income from the franchisee; reducing the cost of advertising and promotional campaigns; the franchisee independently deals with the recruitment and management of personnel; distribution of competencies and responsibilities to third parties; acts as a franchisee and franchisor for other franchisees of a certain region; performs almost all functions of a franchisor in the region: training, search for franchisees and sale of franchises, provides support, implements control receives fees and royalties, etc.; the franchisee is a representative of its region, and therefore is experienced in the terms of doing business in its region	The distribution of revenues from each open hotel in a given territory with the owner of the master franchise; the franchisee may hide their turnover; low control of the franchisor, which is at a considerable distance from the franchisee; non-compliance with the quality of service, which can lead to a deterioration of the brand image.

According to table 3.1, the most advantageous way of expansion for a company is providing a master franchise to trusted companies. With the help of it the company can increase the number of its hotels without spending significant funds on opening of each individual unit. It will also allow to distribute the costs of advertising and promotions, involving campaigns and will remove from the franchisor the duties according to this region, namely hiring and management of personnel, training, search for franchisees and sale of franchises, training, support, implementation of control, etc. The main advantage of the master franchise agreement is the fact that the franchisee is usually a representative of its region, and therefore knows the specifics of doing business in this territory.

Usually, there are certain disadvantages in working with a master franchisee, one of them is the distribution of income from a given territory with the franchisee, but spending money on working with individual franchisees can bring more costs. Also there may be such shortcomings such as the concealment of the franchisee's income, failure to comply with the appropriate control and support from the owner of the franchise the franchisees who are under his leadership, and it can lead to non-compliance with service standards, which in turn will worsen the brand image. However, these shortcomings can be excluded by the relevant studies of applicants for a master franchise agreement and the control of their work by a representative of the company.

It would be better to grant such rights to companies not to one current country, but to a group of countries with a similar history, traditions and mentality. An example of such distribution of zones can be:

- Central-Eastern Europe: Poland, Belarus, Ukraine, Russia, Czech Republic, Hungary, Slovenia, Croatia, Serbia, etc;
- South-Western Europe: France, Germany, Spain, Switzerland, Italy etc.;
- The Caucasus Countries: Georgia, Armenia, Turkey, Azerbaijan and so on;
- Northern Africa: Algeria, Morocco, Egypt, and so on;
- Southern Africa: Namibia, Madagascar, Mozambique, and so on;
- Countries of the Arabian Peninsula: Saudi Arabia, Israel, Jordan and so on.

In turn, the countries of Northern Europe, such as Ireland, Great Britain, Netherlands, Belgium, Norway, Baltic Countries: Denmark, Sweden, Finland, Estonia, Latvia, Lithuania will be subject to the existing holding company Rezidor SAS Hospitality, and the Asian countries will report to the company Radisson Hotel Asia (RHA), which is located in Singapore with offices in Delhi (India) and Shanghai (China). Thus, the company will be able to provide appropriate control in all regions of the world and expand its hotels through franchises that will be subject to the relevant companies. This will lead to a faster expansion of the company and less cost for opening of separate hotel.

Innovation is relevant if the company Radisson Hotel Group wants to become on a par with such companies as Wyndham Worldwide, Choice Hotels, Marriott International, InterContinental Hotels Group, Hilton Worldwide because these companies have the greatest influence in the world and it all thanks to the number of hotels in their portfolio.

For example, the company Wyndham Worldwide has more than 8 thousand hotels of which more than 5,900 are open under a franchise agreement. Choice Hotels has more than 7 thousand hotels worldwide, of which 6,800 hotels are franchised. As for the leader of franchising services in the hotel sector - Marriott International, the total amount of hotel units is about 7 thousand, and only in 2018, 816 franchise agreements were signed. Comparing these figures with the indices of Radisson Hotel Group, whose total number of hotels is 1,450, and the history of the opening of the first hotel has 57 years, we can conclude that the expansion program of this company is imperfect. An example is the same Marriott International whose first hotel opened in 1957 and whose total number of hotels is 7,003.

To sell franchises, it should be held the following events: to take part in popular exhibitions of hotel franchising, to provide information about basic terms of the franchise on the relevant websites for franchisees and on the company's own website.

Table 3.2

Characteristics of exhibitions in which it is proposed to participate

Exhibition	Country	Rating	Price (USD)
Australasian Hotel Industry Conference & Exhibition	<u>Australia</u>	4.9	9560 – 22050
Horeca	<u>Greece</u>	4.9	2065 – 1139
EquipHotel Paris	<u>France</u>	4.5	12672 – 28455
Horeca Lebanon	<u>Lebanon</u>	4.4	5784 – 12938
Zuchex International Home & Kitchenwares Fair	<u>Turkey</u>	4.4	1290 – 6603
HostMilano	<u>Italy</u>	4.3	8750 – 20500
Saudi Food Hotel & Hospitality Arabia	<u>Saudi Arabia</u>	4.2	6603 – 16610
East Mediterranean International Tourism and Travel Exhibition	<u>Turkey</u>	4.1	1850 – 8804
Africa's Food, Drink & Hospitality Trade Expo	<u>South Africa</u>	4.1	1007 – 5120
The Hotel Show Dubai	<u>UAE</u>	4.0	11280 – 29520
International Specialized Exhibition of Tourism, Recreation and Hotels	<u>Moldova</u>	3.1	8943 – 5041

Table 3.2 shows the exhibitions selected in terms of rating and their passage in the respective regions where we need to find a franchisee to sign a master franchise agreement. Also, taking part in these events will allow the company to acquaint all potential franchisees with the conditions of entry into the franchise. It is recommended to take part in these events every year to remind constantly about this company and its brands. The prices given in table 3.2 are calculated according to the territory of the company's presentation area.

The second point to facilitate informing potential franchisees about the company and its brands is the dissemination of relevant information according to the terms of the franchise agreement on the most popular web services of this type. In figure. 3.1 the best websites to inform potential franchisees are presented.

Although the information about franchisee payments regarding each brand can be found on the company's website. It is presented inconveniently and requires its improvement. Therefore, on the company's website it is proposed to create a separate page which will present each brand of the hotel and will be outlined the

basic conditions about the signing of a franchise agreement. There should also be requirements for companies wishing to sign a franchise agreement.



Figure 3.1 Top sites among franchisees

These innovations will spread awareness about the franchise activities of the company, which in turn will allow it to find more applicants for the signing of the franchise agreement, as well as provide faster and better expansion.

3.2 Ways to improve the operation of the franchise system of the hotel brand " Radisson Blu Hotel"

As for the improvement of the franchise system of the brand Radisson Blu, here we can start with contributions. As noted in paragraph 3 of chapter 2, as a rule, the economics of a hotel management contract under a franchise agreement includes several main items: initial /application fee, royalty fee, marketing fee. In respect of the application fee the company invites the appropriate amount of 100 thousand together with the brand Hyatt Regency what corresponds to its image (as far as the network is known, widespread, so recognizable the brand is).

As for royalties, we can take an example from companies such as Wyndham Hotels & Resorts, Ramada, Travelodge, Red Roof Inn, Wood Spring Suites from Choice Hotels and divide the royalties into a basic and incentive fees which can have a dynamic scale that changes over time. For example, for new hotels to introduce a payment of 4.5 % for the first two years of operation and 5% after the end of the two-year period. Although at first glance this change is insignificant, but for companies that want to join the company it will be an incentive component, a certain benefit thanks to which companies will be able to bear less costs, and therefore invest more in their business.

According to such famous sites as Booking.com and Tripadvisor.ru the worst indicator in the Radisson Blu hotel is the Value for money. After conducting research of reviews, guests are not satisfied with the prices in the restaurants of the hotel and complain about the poor quality of the service, that is why it will be relevant to introduce innovations in the catering establishments of the hotel.

For example, we can make an open kitchen at Mille Miglia restaurant because the main criterion that guides the client when visiting a restaurant is trust. This is especially true for cooking because visiting the restaurant customers hope that here they will be fed better than at home. While waiting for the ordered dish, the client is lost in guesswork what will be served to him there and what quality of products the chefs use for cooking? Many guests are concerned about the sanitation and hygiene of restaurants. In order to dispel the doubts of their customers, many restaurants began to practice visualization of cooking. This is done with the help of a special layout and design of the restaurant.

The design of the restaurant with an open kitchen provides visitors with a unique opportunity to observe the preparation of dishes. Thanks to this approach, guests can be confident in the quality of preparation and professionalism of the staff. In what conditions dishes are prepared, from what products and in what dinnerware – all this is presented to the public. In fact, the guests of the restaurant are now spectators of the whole performance, where the protagonist is the chef, and the theater troupe is the staff.

Restaurant can also enter entertainment programs. Often restaurants attract visitors Teppan-show when in front of the astonished audience Teppan-cook masterfully creates some signature dish. Restaurant can also hold a bartender show is a bright performance of professional bartenders who juggle props, do fiery tricks and prepare cocktails. The performance of bartenders is carefully thought out and accompanied by specially selected music.

The next point will be the integration of the trend of the restaurant industry - molecular cuisine in the list of restaurants of the Radisson Blu Hotel brand. Molecular cuisine is a radical change in the form and texture of the dish, it is an opportunity with the help of modern nanotechnology to decompose the product into molecules, to create a unique taste combination, or to give the dish a unique shape. Dishes of molecular cuisine are prepared not to feed a person, but to prove to everyone that cooking can be an art. Instead of an usual frying pan and pan, molecular kitchen cooks use centrifuge, dry ice, nitrogen, vacuum cooking. And instead of seasonings-special components such as agar-agar, maltodextrin, xanthan gum, calcium lactate and like that. Thanks to this, cook can get foam, ice cream or gel from any product.

These innovations will improve responses regarding restaurants Radisson Blu Hotel, because today the restaurant business is designed not only to feed visitors, today it is an art form that should delight visitors. Without an interesting idea, performances, new methods, and trends in this industry, people will not want to visit restaurants. Prices in such institutions should be justified not only by the brand and quality, but also by providing a unique, interesting service. This is an important factor when opening a hotel because restaurants are an integral part of the hotel business and guests who visit hotels do not share the quality of the hotel and restaurant itself but look at it as a big picture.

Another important change may be the proposal to change the decision to visit the hotel with pets. After all, in recent years, animal issues were often raised on the world stage, social campaigns were held for people to take care of stray animals and take them home.

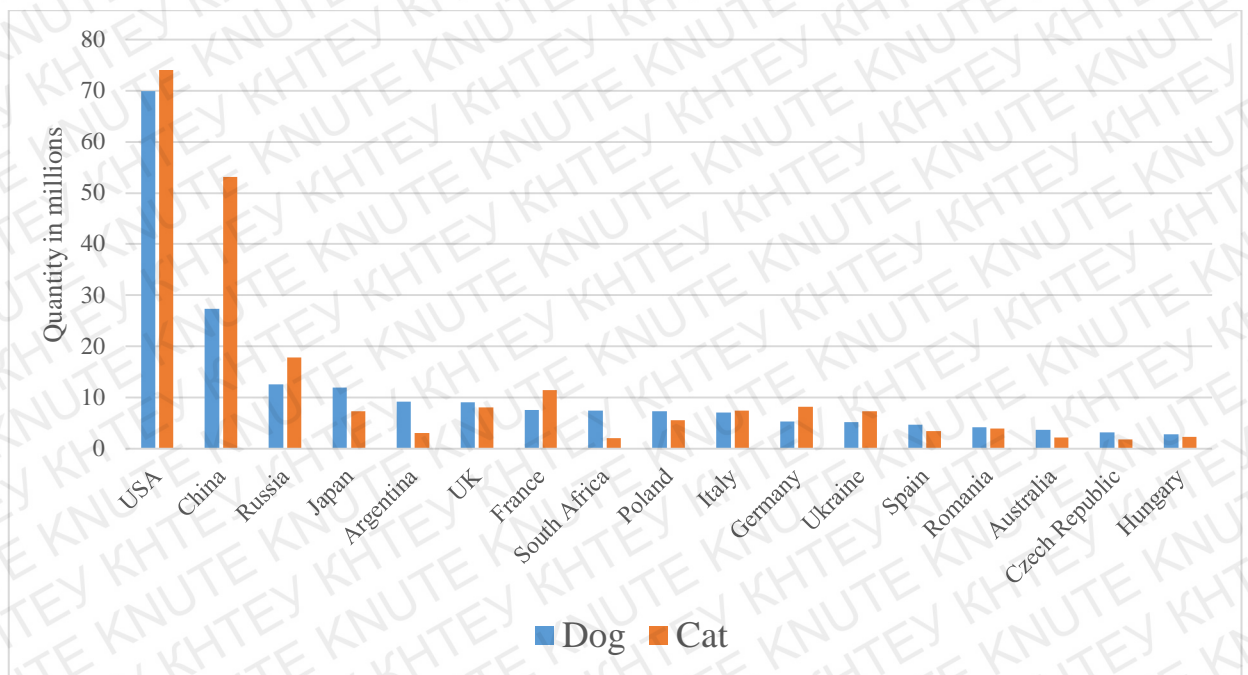


Figure 3.1 Number of pet owners according to countries

So today the United States is in the first place by the number of people who own pets. The total number of domestic cats in the country is 76.5 million and the ratio - for 100 Americans there are 24 cats. One of three families in the US keeps a cat or even several. As for dogs, there are 69.93 million of them in the country (figure 3.1). Most of the animals are received from friends or picked up on the street. Other countries, such as China, Russia, Brazil, France, Italy, Great Britain, Germany, Japan, are not far behind. Therefore, it is not surprising that today there is a trend of traveling with pets and this is understandable, because fluffy creatures occupy a large part of the lives of their owners, and become a full member of the family. In recent years, the number of trips with pets is gaining momentum, there is a number of problems on the way and one of them is a ban to settle with animals in hotels. This is a significant market share, which is currently occupied by only a few hotels. And these are the hotels that regular guests of the Radisson Blu Hotel come with pets to. Since the Radisson Blu brand occupies the support position of the blue planet, the permission in all hotels of the brand to enter with pets can become one of the features of this brand and will allow to find more like-minded people, and therefore guests.

Table 3.3

**Necessary actions for Pet friendly accommodation on the example of
Radisson Blu hotel in Kiev**

	Required number of units	Unit Price	Total amount
Large size animal bed	31	400	12400
Bed for small animals	94	200	18800
Animal bowls	125	400	50000
cat litter box	90	100	9000
cat litter	200	60	12000
Cat scratcher	90	200	18000
Equipment for walking animals			
Bio-packages	100	35	3500
Leashes	34	100	3400
Muzzles	34	50	1700
Area for washing animals after walking			
Repair of premises	1	15000	15000
Shower Cleaning Kit For Dogs	1	3000	3000
Towels	50	60	3000
Shampoo for animals	50	40	2000
Room for animals			
Repair of premises	2	15000	30000
toys for animals	30	30	900
Animal play area	4	10000	40000
Total amount			282700

Table 3.3 shows the calculation of the necessary repairs and purchases for pet friendly accommodation on the example of Radisson Blu in Kyiv. It is clear that for the introduction of this option for the whole brand, it is necessary to sign cooperation agreements with individual suppliers who will supply animal bed, bowls, litter box, cat litter, cat scratcher, bio-packages, shower cleaning kit for dogs, towels, shampoo for animals, leashes, muzzles, toys for animals, animal play areas. Contracts with veterinary clinics and pet stores will also be signed. However, this calculation allows you to see an approximate picture of the costs per hotel for innovation. Some of the items listed in table 3.3 will be included in the additional price for entering the hotel

with a pet. They will include animal bed, bowls, litter box, cat litter, cat scratcher, bio-packages, shower cleaning kit for dogs, towels, shampoo for animals.

Table 3.4

Characteristics of additional work positions for Pet friendly accommodation

Position	Number	Salary	Total amount
Dog walker	2	4000	96000
Caretaker for animals in specialized rooms	4	5000	240000
Total amount			576000

Additional services that will be provided to pet owners are dog walking and animal care in specialized rooms. The price of walking dogs will be UAH 100 per hour of walking, the price of bio - packages for cleaning is included into the price, but also the mandatory condition is having a leash and a muzzle, which can be purchased or rented for additional funds. Also there will be an available service to leave animals in a specialized room, divided into a room for dogs and cats. And Pets will be cared for by a specialized worker. This service will cost UAH 20 per hour.

When booking his/her a room, the administrator needs to specify the information about the entrance with animals. The additional price for entering the hotel with an animal will be 1000 UAH, based on calculations to cover the costs. These are general hotel policies for the owner of pets:

1. Dogs and cats are allowed in the hotel. The surcharge for the animal is 1000 UAH. for the entire period of staying in the hotel.
2. During check in to the hotel with a pet, the guest is obliged to read the Conditions of Accommodation of Guests with Animals " and put a signature confirming agreement with these rules.
3. Guests arriving on vacation at the hotel with Pets must have a certificate from a veterinarian with a mark on all vaccinations of the pet.
4. According to legislative and regulatory documents of Ukraine, walking the dogs of medium and large sizes are allowed only in muzzles.

5. Dog walking is strictly prohibited on the property of the hotel and on the lawns.

7. To feed animals is allowed exclusively from utensils used for feeding animals. It is strictly forbidden to feed the animals from the hotel's utensils and utensils for guests' use.

8. Pets are not allowed to be left unattended in the hotel room or on-site.

9. Pets are not allowed to be taken to the restaurant or other public areas.

10. It is forbidden to wash Pets in the shower cabins of the room, use towels, sheets and other bedding for them, which are defined for the use of guests, and which belong to the hotel.

11. Pets are not allowed to be combed in the hotel room and the lobby.

12. The guest is obliged to ensure that the pet is not present during the cleaning of the room by the hotel staff or during the repair works in the room.

13. The hotel reserves the right to terminate the agreement with a guest staying with animals:

- in case of violation of the hotel policies;
- in case of aggressive, inappropriate, noisy behavior of the pet.

14. When checking out, the guest with a pet is obliged to pay full compensation for the hotel's material losses according to the approved price list in case of damage.

CONCLUSIONS AND PROPOSALS

Although the history of franchising began relatively recently, scientists still can not come to a single definition of this term. We can see that scientists from all over the world contribute to it and see it differently. This is not surprising, because franchising is very different. The work presents only the basic types, because with each new look, this concept becomes deeper and develops with the business. Most of all, this type of business expansion is used in the hotel and restaurant business, but in relation to it, franchising acquires new meanings and types. The world's hotel chains could not have become so powerful without this concept.

Having considered the global network of Radisson Hotel Group, we can conclude that it is, in fact, a powerful company with a great history. This company follows in detail all the requirements for their brands, trying not to leave at the mercy of even the most distant hotels of its brands. The company is interested in prosperity of each separate hotel and as much as possible helps them in work and development.

As for Radisson Blu Hotel, we can say that this brand is rapidly developing and expanding its hotels around the world. It also presents many advantages for franchisees such as:

- Strategic sourcing, which includes more than 150 suppliers;
- Club Radisson Rewards that provide individual benefits for each prize winner;
- Cutting-edge technology;
- Provides the pre-opening support, which provides the maximum benefit for new hotels of this brand;
- Shared services;
- Comprehensive marketing approach;
- Reservation system;
- Global sales;
- Best credit card rates;
- Online travel agencies;
- Digital platform.

Having considered all these advantages we can say that they really work when we look at the " Radisson Blu Hotel in Kyiv". This hotel is a great example of 4-star hotels. Reviews and ratings on sites such as Booking and Tripadvisor show that this hotel does not violate the image of the brand and provides guests with a new, pleasant experience.

However, as for the operator, the pace of development of this grid is quite slow. On the one hand, this is due to the fear of violating the overall brand image, so the company fully examines each applicant for the franchise and selects the best applicants who could practically cope with the conduct of such business. Despite the good image, the company which began its history more than 75 years ago could occupy the first positions in the global hotel business. A company can achieve rapid development and ensuring appropriate quality control and regulations of each brand by expanding its branches or by providing master franchises and area development franchises to trusted companies.

According to table 3.1, the most advantageous way of expansion for a company is to provide a master franchise to trusted companies. With this, the company can increase the number of its hotels without spending significant funds on opening each individual unit. It will also allow to distribute the costs of advertising and promotions, involving campaigns, will remove from the franchisor duties in relation to the region, namely hiring and management of personnel, training, search for franchisees and sale of franchises, training, support, implementation of control, etc. The main advantage of the master franchise agreement is that the franchisee is usually a representative of his region, and therefore knows the specifics of doing business in this territory.

To sell franchises, it is proposed to hold the following events: to take part in popular exhibitions of hotel franchising, to provide information about the terms of the franchise on the relevant websites for franchisees and on the company's own website.

The best exhibitions to promote the franchising activities of the company are:

- Australasian Hotel Industry Conference & Exhibition;

- Horeca;
- EquipHotel Paris;
- Horeca Lebanon;
- Zuchex International Home & Kitchenwares Fair;
- HostMilano;
- Saudi Food Hotel & Hospitality Arabia;
- East Mediterranean International Tourism and Travel Exhibition;
- Africa's Food, Drink & Hospitality Trade Expo;
- The Hotel Show Dubai;
- International Specialized Exhibition of Tourism, Recreation and Hotels.

The second point to facilitate informing potential franchisees about the company and its brand is the dissemination of relevant information and terms of the franchise agreement on popular web services of this type. The best websites to inform potential franchisees are:

- bizbuysell.com;
- franchisegator.com;
- franchiseopportunities.com;
- americasbestfranchises.com;
- globalbx.com;
- franchisedirect.com;
- franchising.com.

On the company's website it is proposed to create a separate page which will be presented to each brand of the hotel and painted the basic conditions of the franchise agreement. There should also be requirements for companies wishing to sign a franchise agreement.

Another innovation that will help the company to attract new franchisees and support them may be a new system of royalty payments. It is proposed to divide the royalties into basic and incentive fees, which may have a dynamic scale that varies

over time. For example, for new hotels to introduce a payment of 4.5 % for the first two years of operation and 5% after the end of the two-year period.

As for the individual brand Radisson Blu, according to such well-known resources as Booking.com and Tripadvisor.ru they show satisfactory indicators of evaluation by the guests of the hotel, but the lowest rating is put for the value for money in the restaurants of the hotels. In order to provide guests with a more pleasant experience of visiting the restaurants of the hotel such innovations are offered:

- design of the restaurants with an open kitchen;
- entertainment programs such as Teppan-show and bartender shows;
- integration of molecular gastronomy into the list of restaurants of the Radisson Blu Hotel brand.

These innovations will improve reviews regarding restaurants Radisson Blu Hotel, because today the restaurant business is designed not only to feed visitors, today it is an art form that should delight visitors.

It is also proposed to change the policy of the brand in relation to the entrance to the hotel with pets. Since the brand occupies the position of defender of the blue planet it would be advisable to add to its target audience a new segment of guests who travel with pets and do it as one of the main features of this brand.

These innovations will allow the company to develop rapidly on the world stage, without spending a lot of money to open each individual hotel and reduce the need for control over each individual hotel. Proposals to improve the franchise products of the Radisson brand will improve the brand image and expand into a new segment, which will increase the interest in the hotels of new guests and increase the profitability of this brand.

REFERENCES

1. Alon, I., Madanoglu, M., & Shoham, A. (2017). Strategic agility explanations for managing franchising expansion during economic cycles. *Competitiveness Review: An International Business Journal*, 27(2), 113
2. Ater, I., & Rigbi, O. (2015). Price control and advertising in franchising chains. *Strategic Management Journal*, 36, 148–158.
3. Baena, V., & Cervino, J. (2012). International franchise expansion of service chains: insights from the Spanish market. *The Service Industries Journal*, 32(7), 1121–1136.
4. Bai, C.E.; Tao, Z. (2000). Contract mixing in franchising as a mechanism for public-good provision. *J. Econ. Manag. Strategy*, 9, 85–113.
5. Barthelémy, J. (2008). Opportunism, knowledge, and the performance of franchise chains. *Strategic Management Journal*, 29(13), 1451–1463.
6. Benoliel, U. (2009). The expectation of continuity effect and franchise termination laws: A behavioral perspective. *American Business Law Journal*, 46(1), 139–177.
7. Brickley, J.A.; Dark, F.H. (1987). The choice of organizational form: The case of franchising. *J. Financ. Econ.*, 18, 401–420.
8. Brickley, J. A., Misra, S., & Van Horn, R. L. (2006). Contract duration: evidence from franchising. *Journal of Law and Economics*, 49(1), 173–196.
9. Brookes, M., & Altinay, L. (2011). Franchise partner selection: perspectives of franchisors and franchisees. *Journal of Services Marketing*, 25(5), 336–348.
10. Brown, R. (2015). Franchising as a collective action mechanism in fragmented industry structures. *Journal of Managerial*, 27
11. Castrogiovanni, G., Combs, J., & Justis, R. T. (2006). Shifting imperatives: An integrative view of resource scarcity and agency reasons for franchising. *Entrepreneurship Theory and Practice*, 30(1), 23–40
12. Combs, J. G., Ketchen Jr., D. J., & Short, J. C. (2011). Franchising research: major milestones, new directions, and its future within entrepreneurship. *Entrepreneurship Theory and Practice*, 35(3), 413–425.

13. Combs, J., Michael, S., & Castrogiovanni, G. (2009). Institutional influences on the choice of organizational form: The case of franchising. *Journal of Management*, 35(5), 1268–1290.
14. Clarkin, J. E. (2008). Channel changes. An examination of ownership change in franchise firms. *Journal of Marketing Channels*, 15(1), 23–41.
15. Clarkin, J. E., & Rosa, P. J. (2005). Entrepreneurial teams within franchise firms. *International Small Business Journal*, 23, 303–334.
16. Croonen, E. P. M., & Brand, M. J. (2013). Antecedents to franchisee trust. *Journal of Marketing Channels*, 20(1–2), 141–168.
17. Dada, O., Watson, A., & Kirby, D. (2015). Entrepreneurial tendencies in franchising: Evidence from the UK. *Journal of Small Business and Enterprise Development*, 22(1), 82–98.
18. Dant, R. P. (2008). A futuristic research agenda for the field of franchising. *Journal of Small Business Management*, 46(1), 91–98.
19. Davies, M. A. P., Lassar, W., Manolis, C., Prince, M., & Winsor, R. D. (2011). A model of trust and compliance in franchise relationships. *Journal of Business Venturing*, 26(3), 321–340.
20. Dickey, M. H., McKnight, D. H., & George, J. F. (2008). The role of trust in franchise organizations. *International Journal of Organizational Analysis*, 15(3), 251–282.
21. Dobbs, M. E., Boggs, D. J., Grønhagen, M., Palacios, L. L., & Flight, R. L. (2014). Time will tell: interaction effects of franchising percentages and age on franchisor mortality rates. *International Entrepreneurship and Management Journal*, 10(3), 607–621.
22. Facanha, L. O., Resende, M., Cardoso, V., & Schröder, B. (2013). Survival of new firms in the Brazilian franchising segment: An empirical study. *The Service Industries Journal*, 33(11), 1089–1102.
23. Gillis, W., & Castrogiovanni, G. J. (2012). The franchising business model: An entrepreneurial growth alternative. *International Entrepreneurship and Management Journal*, 8(1), 75–98.

24. Hendrikse, G., & Jiang, T. (2011). An incomplete contracting model of dual distribution in franchising. *Journal of Retailing*, 87(3), 332–344.
25. Herz, M., Hutzinger, C., Seferagic, H., & Windsperger, J. (2016). Trust, decision rights delegation, and performance—The case of franchising. *Journal of Small Business Management*, 54(3), 973–991.
26. Hoffman, R. C., & Preble, J. F. (2004). Global franchising: Current status future challenges. *Journal of Services Marketing*, 18 (2), 101–113.
27. Kacker, M., Dant, R. P., Emerson, J., & Coughlan, A. T. (2016). How firm strategies impact size of partner-based retail networks: Evidence from franchising. *Journal of Small Business Management*, 54(2), 506–531.
28. Kashyap, V., Antia, K. D., & Frazier, G. L. (2012). Contracts, extracontractual incentives, and ex post behavior in franchise channel relationships. *Journal of Marketing Research*, 49(2), 260–276.
29. Kidwell, R. E., & Nygaard, A. (2011). A strategic deviance perspective on the franchise form of organizing. *Entrepreneurship Theory & Practice*, 35(3), 467–482.
30. King, C., Grace, D., & Weaven, S. (2013). Developing brand champions: A franchisee perspective. *Journal of Marketing Management*, 29(11/12), 1308–1336.
31. Kosov_a, R., & Lafontaine, F. (2010). Survival and growth in retail and service industries: Evidence from franchised chains. *The Journal of Industrial Economics*, 58(3), 542–578.
32. Kyung, A. S., & Seoki, L. (2018). Effects of franchising on industry competition: The moderating role of the hospitality industry. *International Journal of Hospitality Management*, 68, 80–88.
33. Lafontaine, F., & Shaw, K. (2005). Targeting managerial control: Evidence from franchising. *The RAND Journal of Economics*, 36(1), 131–150.
34. Madanoglu, M., & Castrogiovanni, G. J. (2018). Franchising proportion and network failure. *Small Business Economics*, 50(4), 697–715.

35. Michael, S. C. (2009). Entrepreneurial signaling to attract resources: The case of franchising. *Managerial and Decision Economics*, 30(6), 405–422.
36. Mitsuhashi, H., Shane, S., & Sine, W. D. (2008). Organization governance form in franchising: Efficient contracting or organizational momentum? *Strategic Management Journal*, 29(10), 1127–1136.
37. Moreno, A. R., Cuevas, E., & Michi, S. (2015). Determinantes de la supervivencia empresarial en la industria alimentaria de M_exico, 2003–2008.
38. Nyadzayo, M. W., Matanda, M. J., & Ewing, M. T. (2015). The impact of franchisor support, brand commitment, brand citizenship behavior, and franchisee experience on franchisee-perceived brand image. *Journal of Business Research*, 68(9), 1886–1894.
39. Sadeh, F., & Kacker, M. (2018). Quality signaling through ex-ante voluntary information disclosure in entrepreneurial networks: Evidence from franchising. *Small Business Economics*, 50(4), 729–748.
40. Shane, S., Shankar, V., & Aravindakshan, A. (2006). The effects of new franchisor partnering strategies on franchise system size. *Management Science*, 52(5), 773–787.
41. Solis-Rodriguez, V., & Gonzalez-Diaz, M. (2017). Differences in contract design between successful and less successful franchises. *European Journal of Law and Economics*, 44(3), 483–502.
42. Watson, A., & Stanworth, J. (2006). Franchising and intellectual capital: A franchisee's perspective. *The International Entrepreneurship and Management Journal*, 2(3), 337–349.
43. Weaven, S., & Frazer, L. (2007). Mature franchise systems use multiple unit franchising to leverage learning economies and sustain system wide growth. *Asia Pacific Journal of Marketing and Logistics*, 19(2), 107–126.
44. Winter, S., Szulanski, G., Ringov, D., & Jensen, R. (2012). Reproducing knowledge: Inaccurate replication and failure in franchise organizations. *Organization Science*, 23(3), 672–685.

Appendix B

Franchising definitions from different perspectives

International Franchise Association	franchising is a method for expanding a business and distributing goods and services through a licensing relationship. In franchising, franchisors (a person or company that grants the licence to a third party for the conducting of a business under their marks) not only specify the products and services that will be offered by the franchisees (a person or company who is granted the licence to do business under the trademark and trade name by the franchisor), but also provide them with an operating system, brand and support [3].
Deontological European Code of Honour (2004)	franchising is a system for the sale of commodities, services and/or the application of technology. It is based on a close and continuing cooperation between juridical independent and financially autonomous companies, namely the franchisor and his individual franchisees [41].
S. Jiménez Burillo, J. J. Jiménez-Moreno	franchising is a relationship between a supplier and a dealer. This form of relationship is an effective way to combine the strengths, skills, and needs of the franchisor and the franchisee. This relationship also requires a medium level of risk, control, and/or resource commitment and allows sharing of cost of expansion [38].
Cheryl Babcock	Franchising is a business strategy, a way of doing business, and a method of distribution of goods and services designed to satisfy customer needs. Franchising entails a strategic alliance between two different entities, the franchisor and the franchisee [11].
Tuunanen Mika	Franchising is established through a franchise contract, where the contracting parties agree on management and use of right (cf. property rights). The term franchise refers thus to the right, but also to the contract and the franchise organization [8].
Keup, Erwin J.	Franchising is a method of marketing and therefore entails a business operations (in and of itself) [15].
Mendelsohn, Martin	Franchising is a method of marketing goods and services which knows no boundaries in terms of business categories; it has the following features of business transactions, methods and practices [18].
Luangsuwimol and Kleiner	franchising is a long-term continuing business relationship wherein for a consideration, the franchisor grants to the franchisee a licensed right, subject to agreed requirements and restrictions, to conduct business utilizing the trade and/ or service marks of the franchisor and also provides to the franchisee advice and assistance in organizing, merchandising, and managing the business conducted by the licensee [14].

Top 25 Franchises 2019

Rank	Remove	Name	Country	Industry
1	0	<u>McDonald's</u>	USA	Fast Food Franchises
2	1 ↑	<u>Burger King</u>	USA	Fast Food Franchises
3	1 ↑	<u>Pizza Hut</u>	USA	Pizza Franchises
4	2 ↑	<u>Marriott International</u>	USA	Hotel Franchises
5	3 ↓	<u>KFC</u>	USA	Chicken Franchises
6	2 ↑	<u>Dunkin'</u>	USA	Bakery & Donut Franchises
7	2 ↓	<u>7-Eleven</u>	USA	Convenience Store Franchises
8	2 ↑	<u>SUBWAY®</u>	USA	Sandwich & Bagel Franchises
9	3 ↑	<u>Domino's</u>	USA	Pizza Franchises
10	1 ↑	<u>Baskin-Robbins</u>	USA	Ice Cream Franchises
11	6 ↑	<u>Hertz</u>	USA	Car Rental & Dealer Franchises
12	3 ↓	<u>InterContinental Hotels and Resorts</u>	UK	Hotel Franchises
13	0	<u>Taco Bell</u>	USA	Fast Food Franchises
14	6 ↑	<u>Choice Hotels</u>	USA	Hotel Franchises
15	8 ↑	<u>Wendy's</u>	USA	Fast Food Franchises
16	60 ↑	<u>Groupe Auchan</u>	France	Food & Grocery Retail Franchises
17	3 ↓	<u>Ace Hardware Corporation</u>	USA	Home Improvement Retail Franchises
18	3 ↑	<u>Hilton Hotels & Resorts</u>	USA	Hotel Franchises
19	7 ↑	<u>Groupe Casino</u>	France	Food & Grocery Retail Franchises
20	2 ↓	<u>Carrefour</u>	France	Convenience Store Franchises
21	9 ↑	<u>Kumon</u>	Japan	Child Education Franchises
22	19 ↑	<u>Marco's Pizza</u>	USA	Pizza Franchises
23	7 ↓	<u>Wyndham Hotels and Resorts</u>	USA	Hotel Franchises
24		<u>Interim HealthCare</u>	USA	Senior Care Franchises
25	12 ↑	<u>Chem-Dry Carpet Cleaning</u>	USA	Carpet Cleaning Franchises

Appendix D

Hotel Operators in Ukraine

Operator, brand	Year	Stars	Rooms	Location
Rixos, PRYKARPATYA	2005	5	769	Truskavets
Radisson, Radisson Blu	2005	4	255	Kyiv
Hyatt, Hyatt Regency	2007	5	234	Kyiv
IHG, Inter Continental	2009	5	272	Kyiv
Accor, IBIS	2011	3	212	Kyiv
Wyndham Hotels & Resorts, Ramada	2011	3	165	Donetsk
Four Points by Sheraton, Starwood Hotel Group	2011	4	164	Zaporizhzhia
Radisson, Radisson Blu Resort,	2012	4	252	Bukovel
Wyndham Hotel Group, Ramada	2012	3	103	Lviv
Wyndham Hotels & Resorts, Ramada Encore Kiev	2012	3	264	Kyiv
IHG, Holiday Inn	2012	4	208	Kyiv
Park INN by Radisson	2012	4	171	Donetsk
Fairmont Raffles Hotel International, Fairmont Grand Hotel	2012	5	258	Kyiv
Marriott International, 11 Mirrors Design Hotel	2012	4	50	Kyiv
Radisson, Radisson Blu Hotel Kiev Podil	2013	4	164	Kyiv
Hilton, Hilton Hotels & Resorts	2014	5	262	Kyiv
Accor, IBIS Styles	2015	3	77	Lviv
Accor, Mercure Kyiv Congress	2017	4	160	Kyiv
Marriott International, Aloft	2018	4	310	Kyiv

Appendix E

General information about each hotel brand of the company

Hotel brand	Owner value proposition	Number of keys	Locations	Product	Design style
Radisson Collection	Allows individual identity, limited conversion costs, flexible contracts	100 - 400	High profile locations in major, capital cities and exclusive leisure destinations	Urban / Resorts	Authentic Local Influence / Living Design / Vibrant Social Scene
Radisson Blu	Largest upper upscale brand in Europe, lower cost of development than competition	150+	Key locations in capital cities, airport gateways and major leisure destinations	Urban / Airport / Resorts / Serviced Apartments	Memorable / Stylish / Purposeful
Radisson	An efficient business model, simple to build and conversion friendly	150 - 200	Locations in capital and secondary cities, with a mix of airport, urban, suburban and convention locations	Urban / Suburban / Airports	Modern and timeless design with a Scandinavian influence
Radisson RED	Stands out of the crowd, efficient operating model and simple design turnaround	100 - 250	Central and gentrified new-build locations in vibrant, urban destinations	Urban (select service)	Boldly Playful / Confidently Simple / Naturally Casual
Park Plaza	Recognized as the third largest international upscale/upper upscale brand in London	200+	Capital cities and key business and leisure destinations	Urban / Resorts / Airport	Unique / Cosmopolitan
Park Inn	A cost-effective brand with lower capital investment translating higher returns	150 - 350	Conveniently located in capital and secondary cities, near airports and railway stations	Urban / Airport / Suburban / Serviced Apartments	Positive / Inviting / Connected
Country Inn & Suites	A modern and adaptable prototype with broad consumer appeal	80 - 120	Primarily suburban, rural markets with limited urban and airport locations	Suburban	Contemporary Architecture / Warm / Approachable

