

Kyiv National University of Trade and Economics

Tourism and Recreation Department

FINAL QUALIFYING PAPER

on the topic:

**«DEVELOPMENT STRATEGY FOR TOUR OPERATOR
AGENCY NETWORK»**

Student of the 2^d year, group 5am,
educational degree "Master"
specialty 073 «Management»
specialization «Tourism and Resort-
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Head of the Department
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« ___ » _____ 2018

Task for a final qualifying paper

Karpus Kateryna Viktorivna

1. Topic of a final qualifying paper: «Development strategy for tour operator agency network»

Approved by the Rector's order from 30/10/2018 № 3993

2. Term of submitting by a student his/her terminated paper: 16/11/2019

3. Initial data of the final qualifying paper

Purpose of the paper to determine the importance of the development strategy for tour operator agency network in tour operator's activity and identify which of them are the most effective.

The subject is the system of marketing communications with its features (example of tourism tour operator "TUI"), indicators for evaluating the effectiveness of marketing system of sale in tour operator "TUI" travel agencies, SWOT-analyses of the TUI's agency network.

The object theoretical, methodological and practical basis of formation of the system of management, the main factors and conditions that effect the strategy of the enterprise (on the example tour operator "TUI"), investigation and analyze the effectiveness of the activities of international tourism enterprises operating in the franchising system in Ukraine, to identify and apply the basic laws of effective development of domestic tourist networks.

4. Illustrative material: the organizational structure of sale agencies network tour operator "TUI"; the dynamics of the main economic indicators of tour operator "TUI"; the main indicators of financial activity of the tour operator "TUI"; the systematization of the evaluation marketing strategy of tour operator "TUI", model of management of marketing activity of the enterprise, market opportunity and value chain in the touroperator's strategy, the strategic management of foreign economic activity of enterprises, SWOT analyses and loyalty improvement programs.

5. Consultants of the research and titles of subsections which were consulted:

Section	Consultant (last name and initials)	Date and signature	
		The task given	The task received
Part 1	Mykhailichenko H.I.	10/11/2018	10/11/2018
Part 2	Mykhailichenko H.I.	12/05/2019	12/05/2019
Part 3	Mykhailichenko H.I.	01/09/2019	01/09/2019

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

INTRODUCTION

Part 1. The essence of franchising travel agencies

1.1. Essence, advantages and disadvantages of franchising relations

1.2. Problems and prospects of franchising realization in Ukraine

Conclusions to the part 1.

PART 2. The analyses of the marketing strategy for tour operator agency network of the tour operator “TUI”

2.1. Characteristics of marketing system in tour operator “TUI”

2.2. Selected indicators for evaluating the effectiveness of marketing system of sale in tour operator “TUI” travel agencies.

2.3. SWOT-analyses of the TUI’s agency network.

Conclusions to the part 2.

PART 3. Innovations of marketing strategy of sale in tour operator “TUI”.

3.1. Characteristics of the promotion strategy of agency network

3.2. The provision and ways of implementation of the marketing innovation into promotion strategy in tour operator “TUI”

3.3. Evaluation of the effectiveness of implementation of the proposed strategy of agency network.

Conclusions to the part 3.

CONCLUSIONS

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7. Time schedule of the paper

No	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	01.09.2018-12.12.2018	10.11.2018
2.	Preparation and approval of task for the final qualifying paper	13.12.2018-03.02.2019	10.11.2018
3.	Writing and pre defense of the 1 st part of the final qualifying paper	04.02.2019 - 24.05.2019	01.04.2019
4.	Writing and pre defense of the 2 nd part of the final qualifying paper	25.05.2019-31.08.2019	30.05.2019
5.	Writing and preparation of scientific article	till 01.05.2019	
6.	Writing and pre defense of the 3 rd part of the final qualifying paper	01.09.2019-20.10.2019	20.10.2019
7.	Preparation of the final qualifying paper (title, content, introduction, references, appendences), presentation of master diploma paper on the department and pre defense in the committee	21.10.2019-03.11.2019	03.11.2019
8.	Presentation of the final qualifying paper on the department and on the deanery, receiving of referrals for external peer review	16.11.2019	16.11.2019
9.	Additional processing, printing, preparation of material to final qualifying paper defense	04.11.2019-15.11.2019	
10.	Defensing of the final qualifying paper in the Examination Board	02.12.2019	

8. Date of receiving the task: 10/11/2018

9. Scientific adviser of the research

_____ Mykhailichenko H.I.

10. Head of educational and professional program

_____ Mykhailichenko H.I.

11. The task received by the student

_____ Karpus K.V.

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

Student Karpus K.V. prepared final qualifying work fully in accordance with the ratified plan and chart of work.

In the first part of work it was described theoretical and methodological base of multimedia communications of tour operator business, such as: modern multimedia communications in tourism enterprise; importance of financial analyses and its influence on enterprise, the importance of multimedia technologies in tourism industry; marketing communications technologies of international tour operators.

In the section 2 were provided analysis of multimedia communications of TUI tourist operator: pointed characteristics of TUI communication system, insured of the effectiveness of the tour operator's website and online services, analyzed assessment of TUI tour operator multimedia communications efficiency on the tourist market.

In the end, in Part 3 of work student had suggested: Ways of improvement marketing technologies in the tourism business and implementation of the updated multimedia communications of TUI. In particular, the student worked The Program of measures to improve the multimedia communications of the tour operator and offered the stages of Effectiveness evaluation of implementation multimedia communications measures of the tour operator.

All the conclusions have a sound justification. On the whole, final qualifying work can be recommended to defense and deserves a positive estimation.

Scientific adviser of a final qualifying paper _____ Mykhaylichenko H.I.
Doctor of Science (Economics),
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13. Resume about a final qualifying paper

A final qualifying paper by authorship Karpus K.V. can be admitted to defense in the Examination Board.

Manager of the educational program _____ Mykhaylichenko H.I.
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_____, _____, 2019

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INTRODUCTION

Formation of franchise relations in the tourism business is an actual practice of business in the world market of services. Franchising provides a quick start to the operation of the tourism enterprise, adapted business concept of its strategic development and minimal amount of investments required for the franchisee, as well as territorial expansion of the tourism product, promotion of the tourism brand and establishing professional business relations with partners for the franchisor.

European integration processes taking place in Ukraine today encourage entrepreneurs to cooperate with business structures abroad, thus developing international business. The process of the domestic enterprises entering in the international market is rather complex and requires a systematic approach to formation, implementation and realization of the international integration strategy.

Research on the international business development strategies has been highlighted by V. Prohorova [2], G. Kindratska [3], V. Rybintsev [4], L. Hrynevych [5], H. Teplynskyy [6], Ya. Tkachuk [7], S. Dymydenko [8], H. Ansoff [9], Jane E. Dutton, Robert B. Duncan [10], A. Townsend, S. DeMarie, A. Hendrickson, M. Whitman [11]. However changeability of external environment and conditions of international businesses functioning point out an area in need of further research.

International franchise networks are actively developing both in the world and in the domestic market of tourist services. However, the decline in the level of attractiveness of the Ukrainian tourist franchise in the world is caused by risk factors for foreign investors, which hinder the development of international franchise tourism networks (FTMs) in the territory of Ukraine, in particular: the proper legal framework and its non-compliance with international standards for the regulation of franchise relations); economic (unstable economic situation in the country, currency fluctuations, inflation, imperfect banking and tax systems, shadow activity of tourism businesses, lack of appropriate reform); territorial (loss of control of the franchisee tourist enterprise and depopulation of its location); organizational and social (high unemployment, rapid change in consumer needs, distortion of the concept of

franchising in the minds of entrepreneurs, lack of qualified staff, etc.). It is advisable to investigate and analyze the effectiveness of the activities of international tourism enterprises operating in the franchising system in the territory of Ukraine, to identify and apply the basic laws of effective development of domestic tourist networks.

Analysis of recent research and publications. The theoretical foundations of franchising and its practical application have been devoted to the scientific works of many domestic and foreign researchers, in particular: P. Zabelin, T. Hryenko, O. Krupsky, M. Mendelssohn, G. Munin, A. Artemenko, Y. Karyagin, Y. Koshil, I. Rykova, Y. Sidorov, O. Trushenko, A. Sherman [1–8].

The concept of franchising and franchising network, in particular in the field of tourism, was explored in the works of S. Melnichenko, T. Tkachenko, S. Kostina, V. Samodai, A. Nosova [9–12] and others.

The theoretical and practical aspects of evaluating the effectiveness of international tourism enterprises operating in the franchise system in the national market of services have not been sufficiently investigated, which made the article relevant.

The purpose of the article is to research and evaluate the activities of international tourism enterprises operating in the franchising system in Ukraine with the possibility of implementing the basic laws of their effective development in the domestic tourism business.

Materials and methods. The methodological basis of the scientific research was the statistical and graphical methods, as well as the methods of synthesis, analysis and systematization, which combined allowed to evaluate the effectiveness of international tourist enterprises operating in the franchising system in the Ukrainian market of services. The information base for the study was the works of domestic and foreign scientists, relevant online sources.

Purpose of the research is to determine and analyze technologies used to promote products and services throughout the Internet in Travel Enterprise “TUI”.

The object of the research is the methodological and theoretical basis of internet marketing activity in tour operator.

The subject of the research productive forces, relations, marketing and management system of tour operator “TUI”, Kyiv.

Methods of research were selected in accordance with the purpose and tasks of scientific research. The method of analysis shows that the object of research is practically divided into constituent elements, each of which is investigated as part of the whole. The synthesis method makes it possible to combine the divided parts of the study during the analysis. Another method used is the analogy method. It consists in the knowledge of some objects and phenomena based on their similarity to others. The system method has focused research on the disclosure of the integrity of the concept of online advertising.

Scientific innovation. In this scientific work was invented new promotional social media marketing strategies and Internet marketing approaches to diversify available promotional strategies using in tourism business.

Practical value. Use of new approaches and promotional programs in tourism business will increase the profitability of the travel agency, brand awareness and loyalty to the tourism brand by the customers.

Publications. As the result of investigation of the final qualifying work was published the article « Development Strategy for tour operator» in Articles of master programs students Specialty «Management» (specialization «Tourism & Resort-Recreational Management») «Hotel, Restaurant and Tourism Business: Focus on International Trends» (Appendix A).

Paper structure. Final qualifying paper consists of the Introduction, 3 parts, appendixes and references; each part consists of three sections and conclusions. The final qualifying paper also consists of the 14 figures, 14 tables.

PART 1.

THE ESSENCE OF FRANCHISING TRAVEL AGENCIES

1.1. Essence, advantages and disadvantages of franchising relations

Franchising has many advantages that can reduce operating costs and increase efficiency of production activities, which is especially important for Ukraine nowadays. However, the Ukrainian franchise market has a number of problems need to be solved. They are as follows:

1. Ukrainian entrepreneurs are unaware of the basic principles of franchising business.
2. The regulations do not meet the content of franchising and business.
3. Franchisees are unprotected (especially Ukrainian franchisees, which have franchise agreements with foreign franchisees).
4. Lack of information about franchising as a method of doing business.
5. Lack of business testing practice. Franchises in the Ukrainian market are varying every day, because new industries and technologies are appearing.

The results of economic crisis of 2008 are distinguishable for the Ukrainian franchise market:

- entrepreneurs started analyzing the effectiveness of investing and as a result they became much more interested in buying franchises;
- many companies failed, because they were offering franchises with models that are not able to survive in economically unstable conditions (or management could not manage such models);
- some companies have even stopped their activities.

In Ukraine, there are already many different foreign franchises, their number could be higher, but many foreign franchisors are eyeing to our terms of business vision, there is no secret that they are still very different from European standards, starting from the registration of its business to all kinds of inspections, made by government agencies. Currently, many local businessmen are negotiating the purchase of promoted and popular franchises in the world, since they have already

had positive experience in the local market and need to diversify its business. By buying a franchise of developed foreign business, they save time and money to create a "bicycle". Local franchisors have already put time and money in creating and developing your brand, and began to develop a network, faced with the competition of foreign franchises.

Franchising is not as expensive as people think. The required sum can vary range from as low as \$5,000 to as high as a million dollar. It all depends on the level of company enterprise decide to work with. The most popular franchises in Ukraine today are those which need up to 10,000 USD – 15, 000 USD for opening, such as fast-food, vending, and tourism. That is why the franchise market can be regarded as a promising for doing business in Ukraine and we should expect increasing the number of franchisors and especially franchisee.

Foreign franchisors who intend to expand to Ukraine may find Ukraine's regulatory framework complicated and tricky, especially, for inexperienced ones. As franchise is costly, long-term, and complex, there are many practical issues to consider before signing franchise (commercial concession) agreements in Ukraine. Therefore, proper transaction structuring, contract drafting, and knowing which documents are necessary will save a great deal of time and money for franchisors.

Most Ukrainian franchise systems are concentrated in the capital and only small percent of franchises are by birth from large regional centers. In addition, most of franchise are situated in the biggest Ukrainian cities, such as Kharkov, Dnepropetrovsk, Donetsk, Odessa and Lviv. But, many cities are not yet acquainted with franchising. There is a tendency of glutting the cities and companies redirect in openings of franchise units also in smaller cities.

A crisis amended plans of development of the most franchise systems, majority of franchisee are operating in regions, where there is rather difficult economic situation now. However, the periodic openings of other franchisors refute of this tendency. The most popular franchises in Ukraine nowadays are those, which need up to 10,000 USD – 15,000 USD for opening [11].

Table 1.1.

Differentiation of franchising in Ukraine (2017-2018)

AREA	№ FRANCHISES	№ BRANDS	№ FRANCHISES	№ OUTLETS	№ FRANCHISED OUTLETS
Trade	34	1021	197	29032	13303
Consumer services	22	313	75	5880	2263
Catering	14	252	50	2929	1760
Information	7	47	8	385	128
Business services	7	84	21	2535	2116
Production	6	37	12	558	389
Vending	5	17	11	6200	1195
Finances	4	14	3	638	93
Total	99	1782	359	48157	21247

Source: [11].

Total number of businesses in Ukraine that have been developed on the "franchising" has declined over the period 2017-2018 on 46%, however such reduction has qualitatively affected the market by itself. Mainly reduction was caused by franchises that harm the sense of franchising due to accordance with norms of this kind of business relationship on the opinion of Ukrainian Franchising Development Federation. To be more precise, about 200 foreign and Ukrainian trademarks are operating under the system of franchising in Ukraine.

Franchises at the Ukrainian market become more various every day because new industries and technologies appear. A price range also enlarges: franchisee can choose from cheap franchises of domestic services or rental to expensive franchises of fashionable restaurants and production.

1.2. Problems and prospects of franchising realization in Ukraine

The Enterprise and Business Development Strategy is a major strand of the Economic Growth Plan that aims to stimulate growth in the economy.

The tourism services sector will continue to be a key element of Ukraine long term economic prosperity, and the country will continue to support growth in its products and services offered from the tour operators. However, the key to economic success and social stability lies in the diversity of our economic base and the industries represented within Ukrainian tour-product and therefore support in this strategy is focused within the non-financial services sectors.

To achieve this objective, a long term restructuring of the economy will be required. During last period quantity of foreign tourists incoming of Ukraine are growth. The Enterprise and Business Development Strategy aims to enhance the current government approach to enterprise and business development in the non-financial services sector as a Tourism Sector. It includes a portfolio of new initiatives and a new Business Centre that will provide customer facing support into Hotels, restaurants and transport industry. These initiatives and complementary services will, in the main, support local businesses employing fewer than 5 staff, which represent 75% of all tour agencies businesses as a distribution tour services on the market.

Delivering economic growth across a business infrastructure of this scale will require a change to the Ukrainian current approach to enterprise and business support outside the financial services sector. At the heart of this new approach will be a partnership between government and the business community. Particularly noteworthy is the strategy of developing a network of tour operators in the international market and the formation of effective mechanisms for the promotion and marketing of tourism services of national producers.

In practice we observe situation that enterprisers are focusing on the two keys for success: finding a promising business idea and financial resources for its implementation.

Underestimation of the other two important factors does not allow achieving expected results. Strategic management is an important part of the overall management system in enterprises. It includes strategic analysis, planning, directly

elaboration of the development strategy, its implementation, realization and monitoring. Organization's strategic management functions are controlled by the general manager of a company – CEO. He or she defines the strategic direction of the business. In the European management model the elaboration of development strategy is the obligation of the general manager – CEO (Chief Executive Officer). CEO is on the top of management hierarchy, and all subordinated managers are responsible for different segments: finance, marketing, HR, R&D, IT and realize the strategic objectives of CEO.

In the American model of the management system the CEO manager oversees the development strategy and subsequent work but in big companies such decisions agreed by the Board of Directors. In the American model the Board of Directors is on the top of management hierarchy and it includes the company's founders, former CEO managers, specialists from different management spheres. The prominent examples of effective management are the models based on General Electrics, Walmart, Coca-Cola and other big American companies. Among them, the general manager – CEO and at the same time a member of the Board of Directors determines strategic priorities and directions of the entire company.

In Ukraine's large companies models similar to the European ones have appeared recently. However, one of the problems lingering the process of economic development of entities in Ukraine is the low level of strategic management culture. Most of the enterprises, institutions and organizations of our country do not have a real strategy that determines the direction of development. A lot of enterprises set themselves a common goal – to gain revenue and they do not want to detail specific areas of this goal achieving. In order to achieve the expected positive results modern enterprisers regardless of company size or type should ensure a clear strategic management process (Fig. 1.1).



Fig. 1.1. Market opportunity and value chain in the touroperator's strategy

Source: [11]

All stages of strategic management have to be carried out in this certain order. If the previous step is not properly or not fully executed, the next will not give the expected results.

Without belittling the importance of each step of the strategic management process and taking into consideration international business features, strategic analysis stage should be given more attention. This is because the company entering the international arena should be well familiar with the situation in this market. Therefore, the question of competition, individual competitiveness, and opportunities of entering into new markets need special attention.

Modern theory and practice of strategic management are a number of methods of strategic analysis, most of which are represented as matrices. Each matrix describes the specific parameters of the company or the environment.

A manager should assess all the options on the three levels to ensure effective strategic management:

- Microlevel, i.e. assessment of the internal environment of the company, examination of its internal problems and opportunities;
- Mesolevel, i.e. analysis of the industry in which the company operates, the assessment of supply and demand in a particular area, study competitors, mapping strategic groups of competitors;
- Macrolevel, i.e. assessment of the enterprise environment, namely economic, organizational, legal and other factors that influence the development of entities.

In order to organize and conduct a comprehensive strategic analysis following classification of methods for strategic assessment matrix within three analytical levels has been grounded (Fig.1.2).

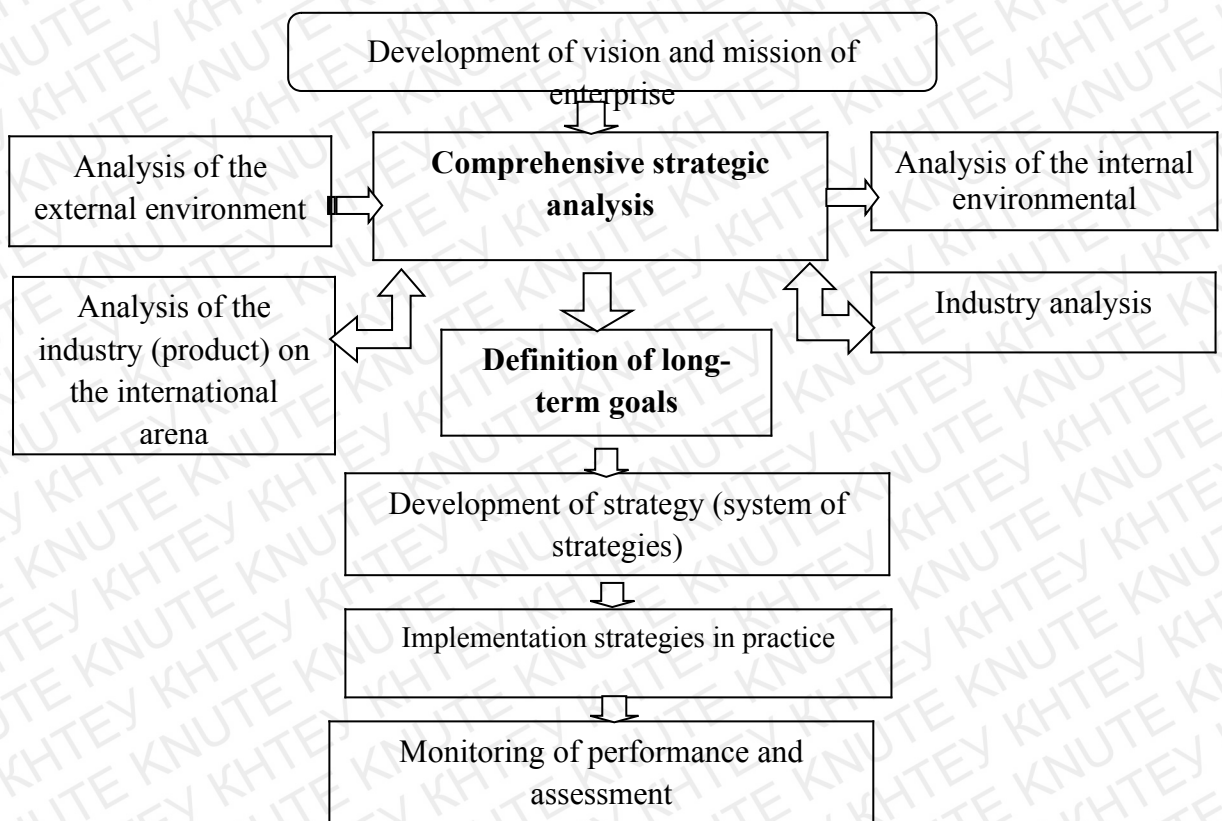


Fig.1.2. The strategic management of foreign economic activity of enterprises. Source: [11].

Some of the matrix are layer-type, i.e. covering the characteristics of different levels, such as matrix SWOT, showing strengths and weaknesses of the company (micro level) and opportunities and threats of the external environment (macro level).

When choosing ways of matrix analysis the methods used in foreign enterprises, i.e. potential partners for cooperation, should be considered first of all. Methods of economic diagnosis are also very important [11].

The findings presented above suggest that a rational approach to strategic planning of foreign economic activity should include such important organizational principles: 1) strategic plan of the company should be prepared for 5 years based on the phased algorithm with a systematic review of the objectives relevance; 2) organization (systematically) of comprehensive strategic analysis at the micro-, meso- and macro level; 3) simultaneous use of several methods of matrix strategic analysis to ensure versatile monitoring, including those used in enterprises of potential foreign partners, as well as PEST-analysis; 4) organization of regular monitoring of the strategic objectives achievement using the methods of matrix assessment.

Different types of tourism (event, corporate, individual, ecotourism, etc.) are being developed on the territory of Ukraine, which are represented by branches of international tourism networks, but the business tourism segment is the largest. Carlson Wagonlit Travel, Hogg Robinson Group, BCD Travel, FCM Travel Solutions [13] are among the well-known international franchise networks in the field of business tourism, which accounts for about 30% of the whole Ukrainian tourist services market.

The world-wide tourist enterprises such as TUI Group, REWE Group, Thomas Cook Group are actively developing franchise networks. Among the international tourist networks operating in the franchise system in the Ukrainian market of services, the majority are the networks, the main offices of which are mainly located in Kyiv. Their general characteristics are given in Table. 1. Effective activity of the franchisor tourism enterprise makes it possible to draw conclusions about the effective functioning of the franchising tourist network. In international practice, the following basic indicators are used to evaluate the efficiency of the operation of a tourist enterprise that is part of a franchise network: $\frac{3}{4}$ total revenue of a tourist enterprise (revenue), including income from tour operator activity in the franchise

system; $\frac{3}{4}$ net profit (net profit) and net debt (net debt); $\frac{3}{4}$ income before tax and interest (EBIT); $\frac{3}{4}$ Income before tax and amortization (EBITDA); $\frac{3}{4}$ Expenses (including operating and financial activities); $\frac{3}{4}$ The goodwill of an enterprise resulting from the acquisition, merger or amalgamation of an enterprise. The business reputation of the franchisor tourism company includes the presence of stable consumers, favorable territorial location, recognition of the quality of the tourism product, the number and quality of business partnerships formed, the level of qualification and professionalism of the staff, etc. It is advisable to add and calculate the operating profitability index calculated by the ratio of profit before tax and interest payable on borrowed funds and operating expenses (EBIT / operating expenses) to the specified system of performance evaluation of tourist enterprise in the franchising system. The analysis of the financial statements of international tourism enterprises in 2014–2016 operating in the franchising system in the Ukrainian market of services [14–20] indicates the effectiveness of their activity.

Table 1.3.

International franchise tourist networks in the Ukrainian market

Name of tourism enterprise	Native land	Tourism brand	Activity in Ukraine		
			Office name	Formal name	Main office location
TUI Group	Germany	More than 240	TUI Ukraine	TUI agency	Kyiv
REWE Group		ITS: Jahn Reisen, Travelix, Dertour, Meiers, Weltreisen, ADAC Reisen, EXIM, Kuoni, Helvetic tours, Apollo	LLC «International Telehouse Kyiv »	DER-TOUR UKRAINE	
Hogg Robinson Group	United Kingdom	Hogg Robinson Group	Sky Travel HRG Ukraine	Sky Travel HRG Ukraine	
Thomas Cook		Thomas Cook Holiday, Airtours,	Trydent	Trydent Hit	Lviv

Group		Direct Holidays, Manos, Style Holidays, Flexible Trips, Club 18-30, Cresta, Cruise Thomas Cook, Hotels4u.com, Mytravel, Sentido Hotels and Resorts, The Cruise Store, Thomas Cook Signature, Thomas Cook Sports, Elegant Resort			
Carlson	USA	Carlson Wagonlit Travel	Carlson Wagonlit Travel Ukraine	Carlson Wagonlit Travel Ukraine	
BCD Group	Netherlands	BCD Travel	LLC «International Telehouse Kyiv »	BCD Travel Ukraine	Kyiv
Flight Centre Travel Group LMD	Australia	FCM Travel Solutions, Corporate Traveller, Campus Travel, CiEvents, Stage&Screen Travel Service, Student Flights, Escape Travel, Cruiseabout, Quickbeds, Liberty travel, GoGo Worldwide Vacations & Worldwide Traveler	FCM Travel Solutions Ukraine	FCM Travel Solutions Ukraine	

Source: [11].

REWE Group's largest holding in the surveyed enterprises in 2016 was \$ 57.4 billion, up 4.2% from the previous year, as it is one of the largest German associations in the field of international trade and tourism. in Europe, with 8805 retail outlets, including 753 units. - in the travel and tourism sector. It is based on four main

components: a clear goal, a commitment to core values, one's own vision and common principles [15].

Adherence to the corporate strategy and standards of development of all enterprises of the tourist holding ensures consumer commitment and competitive advantage. Hogg Robinson Group (HRG) had the lowest revenue of \$ 386.9 million. The United States (0.9% less in 2015 than in 2015) was the result of a narrower range of services, including corporate services, in the tourism sector [18].

Significant losses in terms of enterprise revenue were experienced in 2016 by the travel company Thomas Cook Group, a continuation of the negative trend that occurred in 2014 (losses reached \$ 10.3 billion) and continued in 2015 (respectively, 9 , \$ 4 billion) [16].

However, the specified level of losses was not the maximum in the country. Carlson, which develops the Carlson Wagonlit Travel Ukraine franchise tourist network in the territory of Ukraine, has experienced the greatest decline. In 2016, its revenue was \$ 39.4 billion. Which is 6.5% more than in 2014 (\$ 37 billion) and 2% less than in 2015 (\$ 40.2 billion) [17].

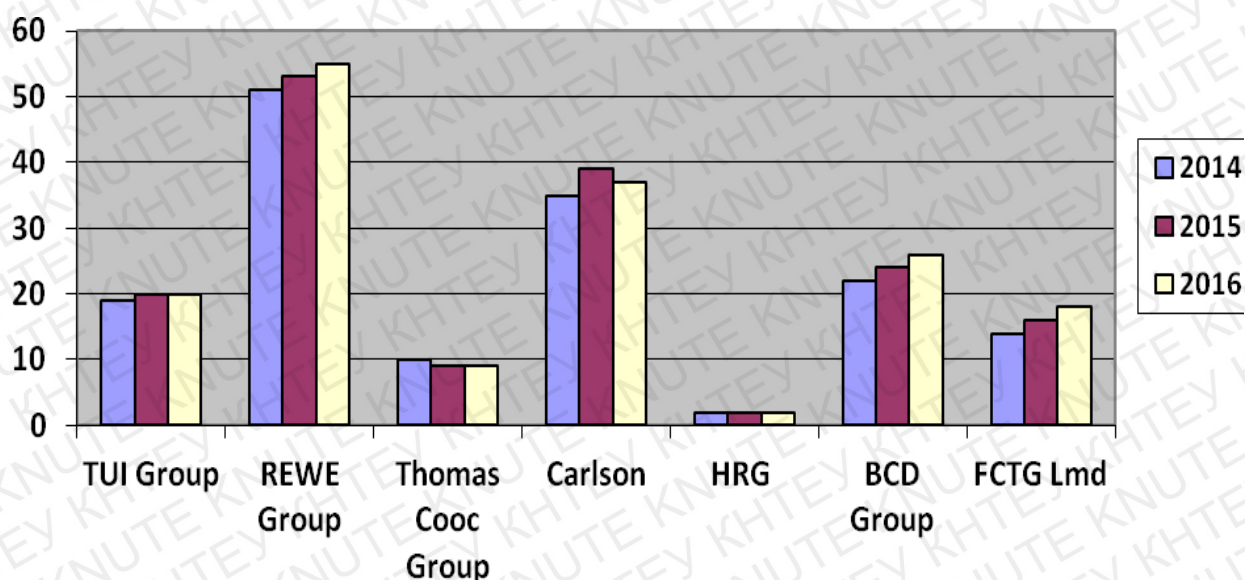


Fig. 1.5. Dynamics of income of international tourism enterprises in 2014-2016 years.

Sours: [33].

This decrease in the profitability of enterprises is mainly due to geopolitical and economic events in Ukraine in 2014, which led to a significant decrease in the level of tourist flows. The results of the analysis of the income indicator of tourist enterprises in 2014-2016 are presented in Fig. 1.5.

Flight Center Travel Group Lmd (FCTG Lmd) (\$ 18.2 billion) showed the best rate of growth in terms of profitability in 2016 among tourism enterprises, which is 16.7% compared to 2014 (\$ 15.6 billion) and 7.1% since 2015 (\$ 17 billion) [20]. The rapid growth of the company's revenues was the result of an effective and adapted to the external negative circumstances business strategy of tourism enterprise development, adherence to corporate image and culture, hiring of qualified staff and creation of actual tourist product in the consumer market. The overall picture of the growth rate in terms of profitability of the surveyed enterprises is less optimistic (Fig. 2).

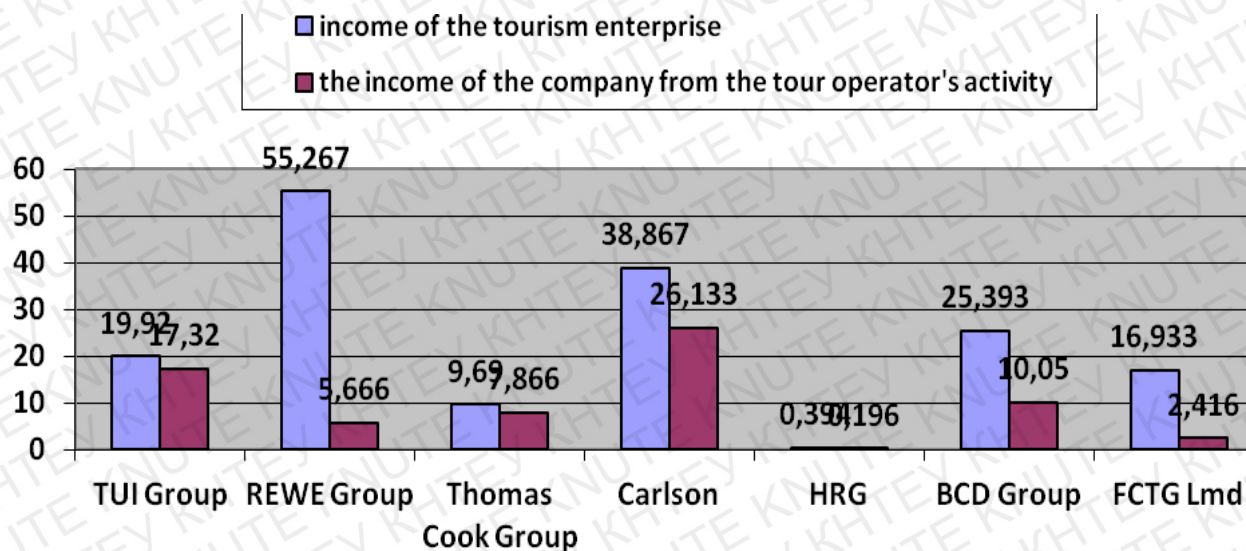


Fig. 1.6. Ratio of average income of tourist enterprise / holding and share of income from tour operator activity, including in franchise system in 2014-2016.

Source: [14–20].

In 2016, the revenues of the TUI Group, Thomas Cook Group and Carlson companies from the tour operator activity (including in the franchise system) decreased compared to 2015, and in REWE Group, HRG, BCD Group and FCTG Lmd increased.. To determine the share of income that the enterprise receives from the tour operator's activity (including in the franchise system), it is possible to

calculate the average value of the total income of the tourist enterprise for 2014-2016 (Fig. 1.6).

After it is easy to identify a group of leading tourism businesses, most of which in 2014-2016 came from tour operator activity, including in the franchise system, including: TUI Group (87%), Thomas Cook Group (81%), Carlson (67%) and HRG (49%). The leadership of these enterprises is conditioned by the global scale of development and popularity of the tourism brand, in particular in the franchise system, the quality of the tourism product offered and innovative approaches in its creation, the offer of individual professional programs and models of business relations with potential partners, the creation of relevant loyalty programs for maximum needs consumers and competitive advantage, and more.

The REWE Group (10%) has a small share of the revenues from the tour operator activity, which is mainly due to the activity of the company mainly in the field of retail trade, as well as FCTG Lmd (14%) and BCD Group (39%), whose specification is to provide a narrow range of tourist services, including corporate . Among the signs of strong business success, the profitability of the core business is in line with EBIT and EBITDA. In 2016, TUI Group (\$ 1.1 billion), BCD Group (\$ 450.2 million) and FCTG Lmd (\$ 380.1 million) had the best results compared to 2015 in EBIT. , according to EBITDA - REWE Group (\$ 1.75 billion), BCD Group (\$ 1.3 billion) and FCTG Lmd (\$ 455.6 million) [14-15, 19-20].

The steady increase in net profit in 2014-2016 is observed in the travel companies TUI Group (\$ 483.9 million in 2016 - a 40% increase over 2014 and 14% in 2015), REWE Group (\$ 573.2 million, up 9.3% and 4.8% over 2014 and 2015, respectively), BCD Group (\$ 286.1 million, up 29.9% and up 21.6% more than in the same period last two years), FCTG Lmd (\$ 287.5 million, up 38.9% and 12% over 2014 and 2015, respectively).

The sharp decline in the net profit at the Thomas Cook Group in 2016 (by 56.5% and 52.6% in 2014 and 2015, respectively) is due, first of all, to a negative trend in the overall income of the enterprise, as well as a likely irrational using created funds, including reserve, accumulation and consumption [14-20].

According to the analysis of the dynamics of the net debt indicator in 2014-2016, it is worth noting a positive trend of its decrease compared to 2015 in such tourist companies as Carlson (by 14.8%), HRG (by 7.7%), TUI Group (6.7%), BCD Group (2%), FCTG Lmd (0.3%). Taking into account the income indicators of the surveyed tourism enterprises (including tourism and franchise tourism activities), the lowest debt ratio was found in the REWE Group (1.2%), the highest in the HRG (20%), which was caused by the alleged ineffective control and management of management of current debts and liabilities [14-15, 17-20].

The study of the dynamics of the operating expenses index over the last three years reveals a trend of its increase in tourist enterprises, in particular the REWE Group - \$ 6 985 million. (4.2% and 0.7% more than in 2014 and 2015, respectively), HRG - \$ 177.4 million. (4.5% in 2014 and 3.6% in 2015), BCD Group - \$ 1370 million. USA (14.2% in 2014 and 5.4% in 2015), FCTG Lmd (6% in 2014 and 2.2% in 2015). This is due to the increase in the costs of tourism enterprises for hiring and remuneration of qualified personnel, material costs, including equipment and technical support of potential and operating franchisees of the tourist network, for the administration, in particular, for seminars, qualified training courses, field trips as for the current staff and network franchisees and more. 2016 saw a downward trend in operating expenses at tourism businesses, including Carlson - \$ 1,300 million. USA (up 12.2% and 18.8% less than in 2014 and 2015, respectively) and the Thomas Cook Group (7.9% in 2014 and 3.8% in 2015) [15– 20].

It is driven by the choice of these companies by austerity strategies to ensure competitiveness in the tourist services market. This requires the creation of an effective system of planning, accounting, analysis and cost reduction, the promotion of resource savings, the current normalization of the costs of enterprise resources, etc.

The calculated indicator of operating profitability of the surveyed tourism enterprises indicates its increase in 2016 by TUI Group (67%), REWE Group (8.9%), Thomas Cook Group (21.1%), BCD Group (32.9%) and FCTG Lmd (98.9%). The highest growth rate compared to 2014 and 2015 was found in the TUI Group - 58% and 28.4%, respectively [14–16, 19–20].

Its steady increase in 2014-2016 at these enterprises is a positive tendency of improvement of the results of activity of the enterprises (including tourist and in the franchising system). This indicates the efficiency of investment, their rational use, controlling the cost of production and sales of the product, while obtaining the corresponding net profit, etc. The results of the research and calculations of the operating profitability indicator of the studied tourism enterprises in 2014-2016 are shown in Fig. 1.6.

The highest business reputation indicators of the surveyed tourism enterprises in 2016 are demonstrated by Thomas Cook Group (\$ 3100 million), TUI Group (\$ 2970 million), REWE Group (\$ 2100 million) and BCD Group (\$ 2100 million) United States). This was facilitated by the merger of companies (Thomas Cook Group formed as a result of the merger of Thomas Cook AG and MyTravel Group plc in 2007, TUI Group - German TUI AG and British TUI Travel PLC in 2014 [14, 16]), the signing of contracts and forming business relationships with competitors to achieve a common goal (agreement between REWE Group and Kuoni Travel in 2015 [15]) and expanding the geographic presence of businesses through the formation of franchise networks, in particular in the tourism sector. Conclusions.

The analysis of the activity of international tourism enterprises operating in the franchising system in the territory of Ukraine shows that the main trends of their effective activity are aimed at: $\frac{3}{4}$ adhering to the corporate strategy and standards of development of all enterprises of the tourist network; $\frac{3}{4}$ expanding the range of tourism products and services offered to ensure sustainable competitive advantages; $\frac{3}{4}$ individual strategic approach to enterprise management in case of force majeure circumstances, including external (economic, political) and internal (directly at the enterprise); $\frac{3}{4}$ more dynamic development of franchise tourism networks to expand the geography of the presence and promotion of the tourism brand of the enterprise; $\frac{3}{4}$ formation of individual professional programs and models of development of business relations with potential partners; $\frac{3}{4}$ monitoring the consumer market and creating appropriate loyalty programs to ensure a stable income for the enterprise; $\frac{3}{4}$ rational use of enterprise funds for stable increase of net profit; $\frac{3}{4}$ effective control

and management of current debts and liabilities to reduce the debt indicators of the enterprise; ³/₄ adhering to austerity strategy to reduce costs and ensure the competitiveness of the enterprise in the tourism services market.

The identified risk factors for foreign investors hinder the development of international franchise tourism networks in Ukraine and need strategic solution. Therefore, the implementation of these world trends in the effective activity of international tourism enterprises operating in the franchise system in the Ukrainian market of services, it is appropriate for domestic tourism enterprises to apply.

Conclusions to the part 1

Franchising is beginning to establish itself in the Ukrainian market, and examples of its successful introduction in our consumer market exist today. Domestic retail chains actively use international elements of franchising to organize branded trade.

Having made the decision to sell its business, brand, corporate identity, know-how, trade or production secrets through franchising, the right holder seeks to successfully promote their product in the market, while minimizing their own investment. For example, UkrstandartFranchise and the Franchising Association of Ukraine, which specialize in franchising analysis and evaluation, offer assistance in evaluating the readiness of tourism businesses to operate and in drawing up a franchise package. The specialists of these companies, analyzing information about the company, make a conclusion about the state of affairs in this company and evaluate its readiness to cooperate on the terms of franchising.

The proposed algorithm of strategic management using a wide range of matrix assessment methods at the stage of strategic analysis and applying organizational principles can provide high efficiency in the process of defining and implementing the strategy of a company development. Conducted PEST analysis of the prospects for the development of foreign economic activity of Ukrainian enterprises has showed that there is a high potential for activation of the investigated process if a number of economic, technological and political issues is solved.

Research shows that every second small and medium-sized family business operates under a franchise agreement. The most unpleasant thing about a new business is the opportunity to fail initially. But the risk is much reduced if you work under a well-known brand. To work under a well-known brand requires several times less investment. This is why the franchise is so popular in the West. And the money you pay for a brand is ten times less than the amount you would spend on building and growing a business through your massive scheme. What problems Ukrainian business start-ups do not face: high profits are associated with high risk; the initial capital to take nowhere - the bank will not give cheap credit, business it is necessary to study, etc.

Therefore, a business with minimal risk is required, but with high profitability at all revolutions plus a senior friend who will show how to do it will help financially and then not interfere.

PART 2.

THE ANALYSES OF THE STRATEGY FOR TOUR OPERATOR AGENCY NETWORK OF THE TOUR OPERATOR "TUI"

2.1. Characteristics of marketing system in tour operator "TUI"

The world's largest group of tourism companies with 40 years of experience, formed in 2014 as a result of the merger of two holdings: German TUI AG and British TUI Travel PLC.

TUI Group serves more than 30 million clients a year and offers holidays in 180 countries. TUI is one of the most profitable travel companies in the world. In the 2015/2016 financial year, the company increased its net profit by three times to EUR 1,037 billion, compared to the same period last year, its turnover amounted to EUR 17.184 billion. The TUI group includes tour operators, travel agency networks, more than 300 hotels, 14 cruise ships, 6 airlines with the largest charter fleet in Europe - more than 130 aircraft and more. In Europe alone, TUI has more than 3,000 sales offices. The concern includes well-known hotel chains RIU, Club Magic Life, Suntopia, Iberotel, Robinson Club, SolYMar Club, Coral Sea, Jaz Resort and many more.

TUI Group is a multiple winner of the prestigious *International Travel Awards*. The company employs over 76,000 people in 130 countries.

The headquarters of the combined company TUI Group is located in Germany, its shares are listed on the London Stock Exchange and are included in the FTSE 100 index.

TUI Ukraine was founded in 2009 on the basis of the Ukrainian company "Voyage Kiev" and a network of travel agencies "Gallop across Europe". In 2013, TUI Ukraine became one of the strongest tour operators in Ukraine - Turtess Travel, which secured TUI a leading position in the Ukrainian market as the largest multidisciplinary tour operator. TUI Ukraine serves more than 200 thousand tourists a year and includes more than 200 travel agencies (own and authorized). The company offers beach, sightseeing and skiing holidays in mass tourist destinations,

including Turkey, Egypt, Cyprus, Montenegro, Spain, Bulgaria, Croatia, Greece, Italy and other countries.

TUI Ukraine focuses on providing customers with unique differentiated products that are not available from other tour operators. These include exclusive hotels previously available only to Western European tourists, leisure concepts such as Day & Night Connected, Fun & Sun, TUI Toucan (family clubs), Club Magic Life, Suneo Club, Sensimar, Splash World at many resorts in Europe and Turkey.

TUI is more than ten times the winner of this prestigious Travel Oscar. Since 2009, the company has several times been recognized as a leader among tour operators, charter airlines, and also became a winner in the category "Socially responsible tourism" and "Best tour operator site".

TUI Group's experience and expertise are successfully used in the Ukrainian division of the company. TUI Ukraine is a part of the TUI Group tourist holding and includes a tour operator and a network of travel agencies.

TUI Ukraine focuses on providing customers with unique differentiated products that are not available from other tour operators. These include exclusive hotels and vacation concepts that were previously only available to European tourists.

In the summer season of 2018 TUI Ukraine significantly expanded the range of destinations, updated the hotel line with special concepts of recreation and increased target sales. In the product line of the tour operator appeared Tunisia and Albania, the Greek islands - Corfu and Rhodes, as well as the picturesque region in the southernmost part of Italy - Calabria.

With early booking promotions for the 2018 and 2019 summer seasons that last until April 30, TUI customers can get the widest range of destinations and hotels available at a minimal price. When booking a tour in advance, the tourist not only guarantees a vacation to his favorite hotel, which may not be available during the season, but also receives very favorable payment terms - discounts reach 40%, and the first payment is only 30%. If the tour becomes cheaper - TUI Ukraine will refund the difference, and if the trip does not happen, the tour operator will book the tour on other dates without penalties.

The principal position of the company management is the position of the leader-innovator in the tourism market. Therefore, the company is actively working on the discovery of new destinations, products, concepts of rest, conditions for the sale of package tours and organization of service.

TUI is the world's leading tourism group. The broad portfolio gathered under the Group umbrella consists of strong tour operators, 1,600 travel agencies and leading online portals, six airlines with around 150 aircraft, over 380 hotels, 17 cruise liners and many incoming agencies in all major holiday destinations around the globe. It covers the entire tourism value chain under one roof. This integrated offering enables us to provide our 27 million customers with an unmatched holiday experience in 180 regions. A key feature of our corporate culture is our global responsibility for economic, environmental and social sustainability. This is reflected in more than 20 years of commitment to sustainable tourism. In 2018 financial year the TUI Group with a headcount of around 70,000 recorded turnover of €18.5bn and an operating result of €1.177bn. The TUI Group's share is listed on the London Stock Exchange in the FTSE 100 index, in the Quotation Board of the Open Market on the Frankfurt Stock Exchange, and regulated Market of the Hanover Stock Exchange.

The TUI Group has around 380 Group-owned hotels. The resorts operated by the hotel brands are located in top locations in the holiday regions and meet excellent performance, quality and environmental standards. The TUI Hotels & Resorts online brochure offers you an overview of the portfolio and more detailed information.

TUI Group gears operations to the specific desires of different customers. Hapag-Lloyd Cruises, with four ships, is the leading provider of expedition and luxury cruises in the German-speaking market. The joint venture TUI Cruises offers premium voyages. The fleet currently consists of six vessels. Marella Cruises has six liners serving the British market. The newest vessels will join in 2019.

TUI Group operates Group-owned incoming agencies or holds interests in incoming agencies in almost all countries of relevance to the travel and tourism market. They offer a broad range of services including transfers, excursions or round

trips, contributing to quality assurance in the destinations. These agencies and their tourism services are clustered under TUI Destination Experiences [26].

Table 2.1.

Dynamics of financial results and key performance indicators of TUI in 2016-2018

Indicators	2016	2017	2018	Change, %	
				2017/2016	2018/2017
				6	7
Revenue, thousand UAH	30387 5	31644 4	33675 1	4,14	6,42
Expenses, thousand UAH	30633 5	31461 1	33376 0	2,70	6,09
Profit, thousand UAH	1236	2385	3796	92,96	59,16
Profitability of services, %	0,41%	0,75%	1,13%	0,35	0,37

Source: [26].

According to the results (that are shown in Table 2.1.) of dynamics of financial results and key performance indicators of TUI in 2016-2018 years shows that all indicators got increase.

Dynamic of financial results shows that revenue was increased during 2016-2018 for 6,42%.

Expenses increased during 2016-2018 from 4,14 to 6,42%. It shows that expenses is rising and not always it will bring big profit. The more a travel agency invests in its development; the more agencies have to generate in its effectiveness to increase its profits in future. So, Table 2.1. gives not that good per cent of profit 2016-2018, it decreased 2017/2016 – 92,96 to 2018/2017 – 59,16%. Profitability of service stays on the same place 0,35-0,37%.

Many strong tour operators with leading positions in their own domestic markets are clustered under the roof of the TUI Group. In Germany they include TUI Deutschland, airtours and Wolters Reisen, in the UK First Choice. TUI operators are also among the leading national brands in Austria, Poland, Switzerland, Denmark,

Finland, Norway, Sweden, France, Belgium, the Netherlands, Russia and the Ukraine.

The revenue increased stable, but only for 4.14% in 2017 and 6.42% in 2018. Expenses increased in the same direction. However, the profit increased in 2017 at 92.96% and on 59.16% in 2018. The service profitability increased by 0.35-0.37 % in 2016-2018 and was high.

Table 2.2.

Dynamics of costs for integrated marketing communications of TUI in

2016-2018

IMC tools	2016		2017		2018	
	thousand UAH	%	thousand UAH	%	thousand UAH	%
Advertising	6564,6	42	8262,98	46	9272,22	46
Sales promotion	2969,7	19	2155,56	12	2418,84	12
PR	4689	30	5748,16	32	6450,24	32
Personal sales	1406,7	9	1796,3	10	2015,7	10
Total	15630	100	17963	100	20157	100

Source: [59].

Take into account Table 2.2. Dynamics of costs for integrated marketing communications of TUI 2016-2018 shows all the expenses that were made for advertising, sales promotions, PR, personal sales in agency.

The biggest part occupies advertising (2016 – 42%, 2017 – 46%, 2018 – 46%). Travel advertising is an active means of implementing the marketing policy of a tourism firm to promote the tourism product, to strengthen the link between the producer and the consumer of the tourism product. Advertising means of disseminating information and persuading people who create, believe in, and desire to buy a product. Advertising a particular service, the travel company publicly submits information about its capabilities through artistic, technical and psychological techniques in order to increase demand and increase their realization.

The second step occupies PR expenses (2016 – 30%, 2017 – 32%, 2018 – 32%). The goal of PR is to establish a two-way communication to identify common

ideas or common interests and to reach a mutual understanding based on truth, knowledge and full awareness of tourism products. The extent of such engagement, aimed at developing strong and lasting public relations, may differ depending on the size and nature of the parties, but the philosophy, strategy and methods remain very similar [24].

The next two indicators are: sales promotion (2016 – 19%, 2017 – 12%, 2018 – 12%) and personal sales (2016 – 9%, 2017 – 10%, 2018 - 10 %). Sales promotion, compared to advertising and other forms of communication activity of the enterprise, has an undeniable advantage: it allows you to quickly influence demand. If advertising is intended to change the buyer's behavior in order to induce it to buy and is designed for the long term or, in the last resort, for the medium term, the incentive is to change the consumer's behavior immediately. The product immediately becomes crucial in its eyes, transforming a potential customer into a buyer. Sales promotion is a powerful key that can immediately make tourism product famous and well known.

The complex of promotion, in addition to the main, according to some scientists may also include synthetic agents, including: exhibition activities (inform the public by demonstrating the products available to the company); branding (creation, implementation and management activities company brand), sponsorship (system of mutually beneficial contractual relations between a sponsor who is a provider of funds), the recipient (in the person of individuals, groups, organizations, with the aim of achieving the sponsor specific marketing goals), integrated point-of-sale marketing communications (a comprehensive marketing communications tool that requires the use of elements of advertising, sales promotion, personal sale, public relations and other communications funds at the point of sale of the product of the enterprise) [12].

There are five airlines in the TUI Group operating around 150 medium- and long-haul aircraft, including the largest fleet of the latest Boeing Dreamliners. The airlines are TUI Airways, TUI fly, TUI fly Belgium, TUI fly Netherlands and TUI fly Nordic, serving more than 180 destinations around the world. TUI fly aircraft are in

compliance with the strictest international standards, both in terms of technology and in terms of safety. TUI fly transported 7.1 million passengers in 2018.

2.2. Selected indicators for evaluating the effectiveness of marketing system of sale in tour operator “TUI” travel agencies

The demanding and fast changing needs of the tourist services consumers have led the entrepreneurs of the tourist business to look for new ways and change the strategic directions of development of their own enterprises. The global trend of tourism enterprises development is the formation of tourist networks in the franchising system.

The attractiveness of the formation and development of franchise tourism networks due to their high level of profitability at low risk, expanding the geography of the presence of tourist goods and services, minimal costs when opening a franchise point of sale, increasing the competitive advantages of network members compared to others in the tourist market, etc.

In the world market for tourist services, the use of franchising in business management as a major competitive advantage is common practice. Carlson Wagonlit Travel, Cruise Planners, CruiseOne / Dream Vacations, Travel Leaders (USA), Thomas Cook (UK), TIL ReiseCenter, Der Touristic, FTI Group, Alltours ReiseCenter are among the world leading travel companies operating in the franchise system. Germany), Expedia ® Cruise Ship-Centers® (Canada), Selectour AFAT, Havas Voyages Nouvelles Frontieres (France).

Fig. 2.1. Exhibition's stand of UITT'2019 from TUI Group

International franchise tourism networks operating successfully in the national market of Ukraine are represented by the following tourism enterprises: TUI Ukraine (TUI Travel Agency), DERTOUR (DERTOUR Ukraine), Carlson Wagonlit Travel (Carlson Wagonlit Travel Ukraine), Trident (Trident Heath), Coral Travel ("Coral Travel Authorized Agency"), ANEX TOUR (ANEX TOUR Ukraine) and others.

An analysis of the activities of franchising networks in the world market of tourist services shows that the main trends of their effective development are aimed at:

first,



functioning in the territory of the country of origin (internal franchise tourism networks), enabling the parent company to control the franchisees;

- secondly, - development of virtual franchise tourism networks (Homebased);

- third, - use of the latest information systems and technologies as the main competitive advantage;
- fourth, - the involvement of highly qualified staff to provide quality customer service;
- Fifth, - monitoring of the proposed tourism product in order to target the fast changing needs of consumers of tourist services;
- sixth, - the formation of stable partnerships that will reduce the risks of the franchise tourism network and guarantee its development in the external market of tourist services [2].

It is impossible to implement the world experience of operating franchise tourism networks at the present stage of franchising development in the domestic tourist services market due to:

- 1) absence of the concept of franchising and related concepts in the Ukrainian legislation;
- 2) absence of a state body regulating franchising relations;
- 3) misunderstanding of the entrepreneurs of the tourist business of the basic principles of activity in the franchising system and their unpreparedness for strategic changes in the management of the enterprise at the psychological level;
- 4) economic, political, currency instability and inconsistency of national and international legislation on franchise relations, which diminishes the interest of foreign investors in the development of the tourism franchise in the territory of Ukraine;
- 5) lack of providing the necessary credit payments for the successful start of the development of the franchisee tourism enterprise in the franchising system;
- 6) inappropriate protection of the franchisor's intellectual property, which leads to mistrust and unreliability of partnership business relationships.

In the context of global competition, the formation and development of franchise tourism networks is an actual source of stability and profitability of the tourism enterprise for both the franchisor and the franchisee. Therefore, to solve the

above problems and to be able to use the global trends in the development of franchise tourism networks in domestic business it is necessary to:

- 1) create an appropriate state body and legislative framework (laws, regulations, regulations) to regulate franchise relations;
- 2) to promote franchising as an effective form of tourism business management among entrepreneurs;
- 3) provide favorable credit conditions for the franchisee's tourism activities;
- 4) hold specialized exhibitions, seminars, symposia on franchising for exchange of experience at the national and international levels;
- 5) to distinguish franchising as a separate discipline for students of economic specialties in higher education institutions;
- 6) to open specialized franchising schools (the first franchising school has been operating on the territory of Ukraine since 2015) and conduct specialized classes;
- 7) Ensure reliable protection of the franchisor's intellectual property through proper reformation;
- 8) to create a positive image for Ukraine and to promote it in the international market of tourist services in order to attract foreign investors.

Formation of franchise relations in the sphere of tourism in the territory of Ukraine is an actual strategic direction of development of the tourism business as a whole, and the use of international experience will strengthen the competitive position of domestic enterprises in the world market of services.

Many factors have influenced results mentioned above but the most vivid factor is marketing activity of the enterprise. To achieve most of company's goals there must be sufficient level of management especially of marketing activity. According to Kotler marketing management is the analysis, planning, implementation, and monitoring of activities designed to establish, strengthen, and maintain profitable exchanges with target buyers in order to achieve specific tasks of the organization, such as, for example, profitmaking, sales growth, increase of market share.

Management of marketing activity at the enterprise is carried out in three directions: marketing mix formation, management of marketing service, internal marketing. Consequently, marketing management system of the enterprise is a set of definite subjects, objects, tools, and methods of management that, in the process of interaction between them, are aimed at the effective management of marketing activities in the enterprise [60] (Fig. 2.3.).

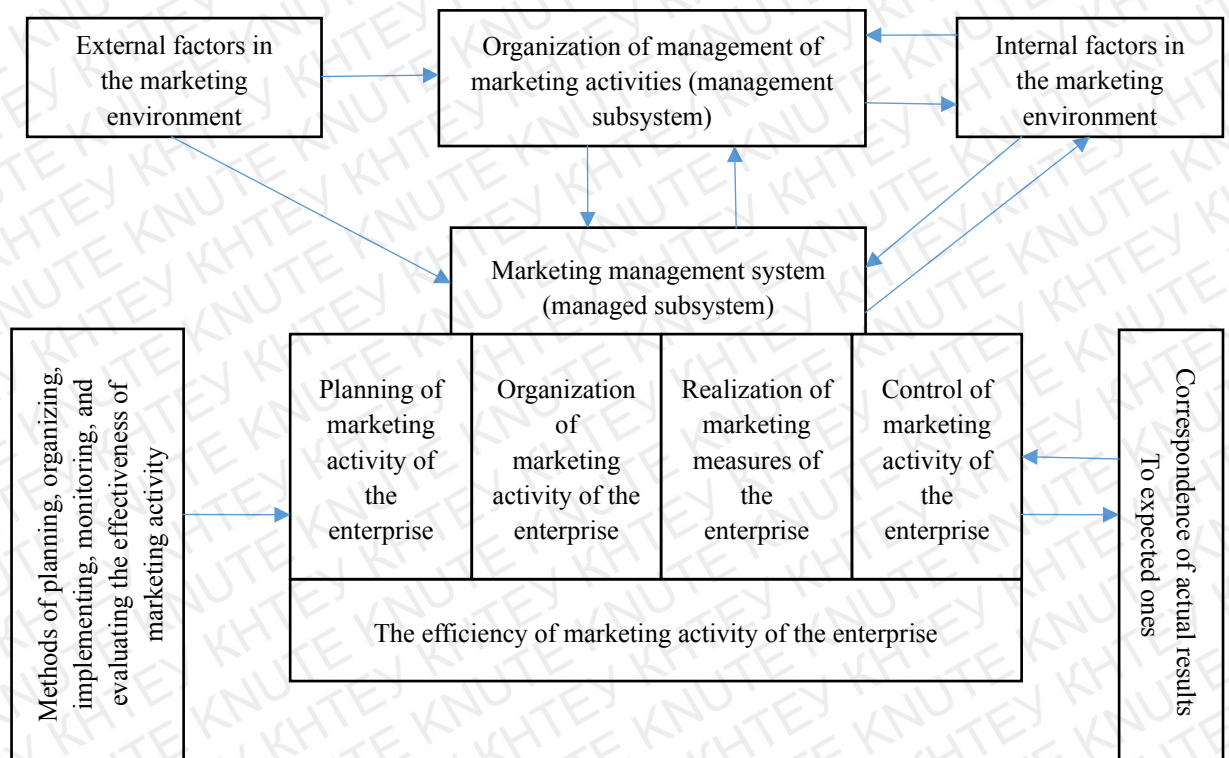


Fig. 2.3. Model of management of marketing activity of the enterprise

The very essence of marketing management is revealed when identifying the main marketing functions. Among the most important functions of marketing are the following: analysis of the environment; market research; analysis of consumer needs; product planning; pricing; sales policy; product promotion; advertising; ensuring social responsibility.

The main participants in the marketing management model are the responsible person providing the relevant services and a group of employees involved in the management process of marketing activities of the enterprise. In TUI implementation of the marketing activities management model is carried out by the marketing department of the enterprise. This department carries out information analytical,

regulatory, advisory, and control functions for improving marketing activity of the enterprise

Strategic goals and tasks are put before the management of marketing activities by the enterprise management, taking into account changes in factors of the internal and external environment of the enterprise, based on the corporate strategy of the enterprise. It shows a strong bound between the management of the company and company's marketing activity. That is why all actions and tasks implemented by the marketing department of the company should be corresponded with overall enterprise's goals that are set by the top management.

2.3. SWOT-analysis of the TUI's agency network

The SWOT analysis was created because of the necessity of modification of the development strategy of the network travel agency "TUI tour agency", which has been active on the market for nine years. The concept of the research used was to determine the strengths and weaknesses of the company, point the opportunities and threats in its environment, and then to set a strategy of the further procedures for its development (Table 2.4.). The subjects of the analysis were the current situation and the forecast for the future.

TUI is among the leading firms within its industry, and it needs to retain this position. Tui is carefully reviewing its SWOT analysis and using it to make strategic decisions. For a SWOT analysis to be conducted of the firm, an interactive process needs to be undertaken by coordinating among all the departments of the firm such as finance, marketing, operations, human resource, logistics, strategic planning, management information systems etc.

Table 2.4.

Strengths	Weaknesses
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<ol style="list-style-type: none"> 1. TUI group has a fleet of aircrafts and charter planes flying to more than 150 destinations worldwide 2. Profit has grown at a significant rate 3. Majority of holidays sold directly to individuals 4. UK and France are the biggest and fastest growing markets for TUI 5. Unique and customizable holidays available at TUI 6. Strong leadership position in long haul travel 7. Over 50,000 employees are with the company 8. Close to 30 million customers worldwide shows its dominance in the industry 	<ol style="list-style-type: none"> 1. Intense competition from other companies means limited brand loyalty 2. Being a global tourism brand has to face cultural & social issues in managing offices
Opportunities	Threats
<ol style="list-style-type: none"> 1. Apps for reservations and booking holidays 2. Start operations in emerging markets to tap the potential 	<ol style="list-style-type: none"> 1. Pricing environment challenging due to competitive market 2. Risks involved are Foreign exchange risks, Interest risks, political and economic policies of countries etc.

The SWOT analysis matrix helps in the development of 4 types of strategies by managers. These are: Strengths-Opportunities Strategies (SO): This involves using internal strengths to take advantage of opportunities; Weaknesses-Opportunities Strategies (WO): This involves improving on the company's weaknesses by making use of the opportunities; Strengths-Threats Strategies (ST): This involves the using of strengths to minimize the weaknesses; Weaknesses-Threats Strategies (WT): This involves the elimination of weaknesses to combat the threats.

A financial analysis (Appendix B, C, D) is required to determine the efficiency of the tourism enterprise.

Let's analyze changes in the balance sheet items for 2017-2018.:

- The section of non-current assets in 2017 increased by UAH 116 thousand. or 100%. This was due to the acquisition of fixed assets for 116 thousand UAH.
- The division of current assets increased in 2017 by 1332 thousand UAH. or 122%. The stock of the organization decreased by 334 thousand UAH. or 64%. Negative is the increase in accounts receivable in 2017 by 5402 thousand UAH. or 444%. Due to this, the diversion of funds from the turnover of the enterprise increases and it suffers losses from the impairment of this form of receivables. In the future, it is necessary to pay particular attention to the increase in receivables.
- The most liquid assets - cash in 2017 decreased by -3852 thousand UAH.
- The amount of authorized, additional and reserve capital has not changed.
- The retained earnings of the enterprise increased by UAH 346 thousand. or 177%.
- There are no long-term commitments at the enterprise.
- Short-term liabilities increased by UAH 975 thousand in 2018. or 121.8%.
- Accounts payable increased. In 2017, it increased by UAH 975 thousand. or 121.8%. The increase in accounts payable was due to the increase in debt on all items.
- Thus, the balance of the enterprise in 2017 increased by 122% or by UAH 1332 thousand.

Therefore, based on the analysis, we can draw the following conclusion: there is a strong decrease in the most liquid assets, there are no long-term liabilities, short-term liabilities are increasing, receivables and payables are increasing, which indicates unsustainable development of the enterprise. These changes may result in an increase in the financial dependence of the enterprise and a decrease in its solvency.

Let us evaluate the liquidity of the balance sheet of the enterprise. To do this, we calculate the assets and liabilities group (Appendix B) and liabilities (Appendix B) formed in accordance with the principle of liquidity and maturity reduction.

As can be seen from the balance sheet of the company 2017-2018 is liquid.

In order to give a more accurate estimate of the solvency of the company, we calculate the liquidity ratios (Appendix D).

The absolute liquidity ratio during 2017-2018 was higher than the norm. However, its decrease in 2018 is below the regulatory mark (0.2), that is, at the moment the enterprise can repay at the expense of available cash only 1% of short-term liabilities.

The quick "critical" liquidity ratio is higher than the norm (0.8). However, in 2017 the ratio decreased by 2017 by 0.18.

The current ratio is below the standard (2) throughout the period.

The same thing happens with other coefficients, they are not in the range. From this we can conclude that if in the near future the company does not force the debtors to pay or reduce the amount of short-term liabilities, thereby providing an increase in cash, it will lose its short-term solvency.

In order to identify reserves for improving the efficiency of managing a small tourism enterprise in a modern economic environment, it is necessary to systematically analyze the functioning of all elements of the enterprise structure.

Conclusion to the Part 2

Expansion of the tourist market and irreversibility of integration processes, increase of marketing expenses, reduction of the life cycle of goods and the high probability of shortening the life cycle of the organizations themselves, the need for constant updating, concealing information and forming the category of trade secrets, putting into business circulation is a know-how, the need to unite the efforts of organizations and create a system of cooperative relations in their various manifestations and types. Franchising in this respect can be considered as one of the mechanisms of cooperation of opportunities. This model, as a business organization, is a system of mutually beneficial partnerships for large and small businesses. The interest in this concept of economic interaction is not accidental, and the concept of franchising is still little known.

Franchising is a very specific method or way of distributing goods or services, which offers entrepreneurs a short path to growth as they get the business done, and for the franchisee - enables rapid expansion.

The main principle of the franchise system is a large enterprise (franchisor), which concludes a contract with a small independent company (franchisee, operator) for the production and sale of clearly defined types of goods and services, meeting the quality standards of a large firm. Under the agreement, the franchisor will give the franchisee the right to use the trademark, equipment, technology, know-how, as well as provide ongoing business and professional assistance, conduct staff training, provide advertising and marketing research. Note that this is, first of all, the so-called business franchise, in which the franchisee offers entrepreneurs to use the already proven model of organization of their own business, that is, to completely copy the scheme of doing business.

The world's largest group of tourism companies, TUI, with 40 years of experience, success, achievement and priority shows, that even big company can make mistakes. There are results of financial dynamic that perform the profit depend on market, customers, personal needs, environment situation and politics. Received data 2016-2018 open reality and shows the difference between expenses and profit.

Also, success of a world-wide company and their franchising agencies depends on marketing tools. It is known that TUI company is wellknown all over the world it seems that they have a good history, reputation and relations with the customer.

The attractiveness and, consequently, the widespread development of franchising is explained by the complex nature of relationships, the sufficiently high level of their transparency, and the advantages of systemic relationships. It allows to create a homogeneous and monotonous network with efficient distribution of investments, to create a wide system of sale of goods and services, to strengthen the competitive advantages of network members against other participants of the similar market, to provide an opportunity to enter the market faster with minimal risk of new members of the system. In addition, the internal coordination of the system at different levels allows you to optimize costs, including the launch of modified and

new products and services, their promotion and distribution, which naturally gives a competitive advantage to both the individual participant and the franchise network as a whole.

PART 3.
INNOVATIONS OF MARKETING STRATEGY OF SALE IN TOUR
OPERATOR “TUI”

3.1. Characteristics of the promotion strategy of agency network

The company's development strategy is envisaged, explicitly and implicitly; achieve well-defined goals, specified as mission and objectives. The strategy aims future periods in the life of the company, most often 3-5 years. Hence the high degree of risk and uncertainty associated with. The strategy includes major objectives, main ways of achieving and resources..

Strategy formulation must be a consciously controlled process. The strategy must be unique, explicit, simple and then implemented. The strategy is based on correlative approach of the organization and the environment in which it operates. The strategy envisages organization foreshadowing competitive behavior in the long term, taking into account both company culture and contextual developments. Obtaining a bigger synergies approach is always the goal of developing the strategy.

By the way it is conceived strategy, it is necessary to consider and to favor the deployment of an intense process of organizational learning. Organizational learning takes into account the organization's ability to sense changes in the operating environment and response them.

The strategy involves achieving the following elements:

1. domain;
2. the level and structure of the organization's resources and enhance the skills that contribute to the realization objectives and goals;
3. competitive advantage, aimed unique position that an organization develops in relation to its competitors;
4. synergy, defined as the effects of what is expected, due to the implementation of decisions and the use of resource organization.

In particular, developing an enterprise strategy means following steps: setting the mission of the enterprise, the basic objectives, establish strategic options, resources, deadlines and competitive advantage.

a) The mission of the enterprise – consist in comprehensive enunciation of the fundamental goals and enunciation of the concept of evolution and activities of the company that make it different from similar businesses.

b) The fundamental objectives - designate that objective that consider the long horizons, usually 3-5 years and covers all company activities.

c) The strategic options - define major approaches, with implications for the contents of a considerable part of the firm's activities, on which it is establish how possible and rational fulfillment strategic objectives is.

d) Resources - are provided in the form of funds and of investment assets.

Their sizing is very important economically rational.

e) Time limits - defines the operationalization of the strategy period, specifying the start moment and the end of major strategic options.

f) The competitive advantage - means performance by a firm of consumer products and superior service compared to similar offerings of most competitors. Competitive advantage is the component that gives sustainability strategy and long term business competitiveness [1].

For the successful implementation of tourism services, a tourism enterprise must undertake a set of measures that are reflected in the formation of a marketing marketing strategy.

In today's environment, sales are considered as just one of many elements of marketing. Peter Draker defined the purpose of marketing as follows: “The purpose of marketing is to make marketing efforts unnecessary. The goal is to know and understand customers so well that a product or service is right for them and sells themselves. ” This does not mean that sales efforts and promotion are losing their value. The point here is that they are becoming part of a larger marketing mix. Moreover, marketing practices indicate that sales should not be seen as a one-off event, but as an element of a firm's well-thought-out long-term strategy.

The role of sales in marketing is due to the following circumstances:

- in the field of sales the result of all marketing efforts of the enterprise is finally determined;
- by adapting the distribution network to the needs of consumers, giving them maximum convenience before, during and after the purchase of the product, the company is much more likely to win in competition;
- during sales, the tastes and preferences of consumers are revealed.

The fact that the profits are ultimately realized in the field of sales, explains the close attention that each tourism firm pays to the organization and the improvement of its marketing operations.

Developing and implementing a marketing strategy requires the following fundamental questions to be addressed:

- choice of distribution channels;
- selection of intermediaries and determination of acceptable form of work with them.

Marketing strategy is one of the components of the enterprise marketing complex and cannot be implemented in isolation from other marketing activities.

However, given the specificity of the travel agency, it is important for her not only to produce the product, but to bring it to the target consumer in the most convenient form for him, in the shortest time and with the maximum economic effect for the enterprise itself. Therefore, marketing strategy is one of the most important parts of the overall marketing of a tourism enterprise.

Like other elements of the marketing strategy, the marketing strategy must be closely linked to the overall goals and objectives of the tourism enterprise, be consistent with the standards that operate within the enterprise, and be aimed at maximizing customer needs in terms of location, form and time of purchase of tourist products.

The marketing strategy of a tourism enterprise is developed on the basis of the overall marketing strategy of the enterprise, taking into account all its other components (product, price, communication).

The process of developing a marketing strategy goes through the following steps:

1. Identification of external and internal factors influencing the organization of the distribution network;
2. Setting sales strategy goals;
3. Selection of distribution channels and methods of managing them;
4. Analysis and control over the functioning of the distribution network.

Determining the external and internal factors that affect the organization of the distribution network involves a detailed study of consumers, their location, assessment of sales activities of competitors, identifying opportunities and restrictions on expanding sales.

Setting the goals of the marketing strategy is closely related to the goals of marketing activities of the tourism enterprise. The main purpose is to bring the product to the consumer in the most convenient form for him, in the shortest possible time and in an accessible place.

The choice of distribution channels and methods of managing them is made on the basis of the goals and objectives of the marketing strategy of the enterprise, sales volumes and speed of circulation. The most important criteria for choosing a sales channel for a tourism product are channel management, greater flexibility and the ability to adapt to consumer requirements, as well as the ability to improve its efficiency.

Analysis and control over the functioning of the distribution network involves a systematic assessment of the measures taken in order to accumulate information on the effectiveness of the existing distribution network, identify ways to improve its efficiency, as well as the development of corrective measures.

The main indicators for analyzing the functioning of the distribution network are: sales volumes, costs of maintaining selected distribution channels, speed of circulation, speed and quality of customer service, adherence to established standards, methods and technologies of service, etc.

3.2 Development of loyalty client programs

Loyalty is the degree to which the consumer has a positive attitude towards brand (product, supplier) that buys and wants to buy in the future products from this supplier and not be a customer of other companies.

Recently, many companies in Ukraine and abroad as an element of their strategy began to choose to increase customer satisfaction and loyalty. In order to effectively manage, form and develop customer loyalty to the brand, it is necessary to constantly assess the degree of brand commitment. The most simple to measure are behavioral loyalty components. Key indicators of behavioral loyalty include the frequency and regularity of purchases, and the consumer's support for the level of engagement with the company. Affective loyalty components are harder to measure because they have to deal with consumers' preferences and opinions.

Recently, many companies in Ukraine and abroad have chosen to increase customer satisfaction and loyalty as an element of their strategy. As part of the implementation of such a strategy, they undertook the implementation of consumer loyalty programs, the introduction of CRM (customer relationship management) systems, and conducted consumer surveys. Loyalty programs are designed to establish an emotional connection between the client and the company in the long run to ensure a positive financial flow that will form the basis of the company's profits.

At the present stage of development, especially in the services market, loyalty programs have already undergone various transformations and are in a transitional phase, approaching maturity.

Richard Barlow, Founder and CEO of Loyalty Advertising and Marketing Services, gave the following definition of the relationships that companies should seek in their work with clients: "Voluntary information exchange and other beneficial interaction between buyer and seller benefits» [34].

The greatest value of a regular customer card for a company is that it allows to obtain data that helps to understand the behavior of clients. The information provided by customers when making or using a card enhances their knowledge, enabling them to make better decisions in many areas of the company.

Among the key definitions given by executives of different companies are the following: Loyalty programs - long-term programs of mutually beneficial cooperation between customers and the company. It is a business process of identifying, supporting and enhancing the "bestowal" of the best customers through the use of interactive relationships and the formation of emotional relationships of clients with the brand and business. They give you the opportunity to choose for each group of clients or individual clients their own, pleasant and, most importantly, working measures for developing relationships and keeping these clients in the database. It is easier to maintain relationships with your customers and not let them into your competitors than to then try to push your competitors out of the market.

The strategic goal of such programs is to increase the profitability of key customer segments and extend their life span.

Brand loyalty programs are a marketing algorithm (mechanism) that includes marketing programs that use a specific set of benefits to stimulate customers, aimed at increasing the number of re-sales of services and products in the future. Such programs are not always programs that shape consumer loyalty.

Long-Term Customer Relationship Programs) are marketing programs designed to build and maintain customer loyalty.

The essence of work on creating a loyalty program can be formulated as follows:

1. involve the consumer in a dialogue that will allow him to constantly receive information from him;
2. qualitatively process this information (database);
3. create and communicate a proposal that is focused on the needs of a particular consumer;
4. find out the consumer response to the reporting proposal and correct the information in the database.

The key components of loyalty programs are:

1. Client database (customer identification).
2. Complex of communications with clients (customer retention).

3. The package of privileges (material and intangible stimulation of the client's desired behavior).

4. An analytical kernel that allows you to predict how a customer will behave tomorrow, and how its behavior will affect business performance.

The hierarchy of company goals can look like this. The key goal of any marketing program is to increase revenue, profit and market share.

Table 3.1.

The main and additional loyalty programs

The main goals of the loyalty program	Additional loyalty program goals
1. Build relationships with customers, winning their loyalty for a long time by meeting their needs for life	1. Improving the brand image and the company as a whole,
2. Attract new customers by offering consumers really attractive benefits or by referring existing customers	2. Increasing the frequency of visits to retail outlets
3. Create an opportunity for the company to communicate with customers, both indirectly and personally	3. Increasing the frequency of use of goods and shopping
4. Creating a customer database that includes data about the customers themselves and their behavior (benefits and frequency of purchases)	4. Solving company problems
5. Provide to other divisions of the company information for research and development products.	5. Supporting public relations
	6. Additional customer support opportunity
	7. Support of dealer network etc.

Travel loyalty programs can be launched on social media such as Facebook or through a firm's own mobile application unlike the earlier scenario where loyalty programs had to be introduced at the point of sales only.

In addition to the above goals, some companies may pursue other (secondary) goals:

1. improving the brand image and the company as a whole,
2. increasing the frequency of visits to retail outlets,
3. increasing the frequency of use of goods and shopping;
4. solving the company's problems,
5. support of public relations,
6. additional customer support,
7. support of dealer network and others.

It is worth noting that the goals may differ from company to company depending on the characteristics of the companies themselves, their specialization.

Ukraine will launch the National Tourist of Ukraine Loyalty Program. This is stated in the Memorandum signed on May 31, 2017 by the Ministry of Economic Development, “Privatbank”, the National Tourist Organization and Visa International Service Association.

The project is aimed at improving the conditions and quality of inbound and inland tourism in Ukraine, better access to Ukrainian tourist infrastructure facilities, creating a discount system for regular travelers through the use of modern technologies and innovative programs.

Tourism is more than 10% of world GDP (gross domestic product) and 30% of exports of services in the world, and it is also a currency income to Ukraine and a powerful tool for shaping a positive image of our country in the world. Even among Ukrainians, about 15 million are domestic tourists. They use transport, hotel services, visit restaurants, museums, cultural monuments. The Tourist of Ukraine program will create additional benefits from traveling in Ukraine, thus increasing the number of tourists and improving the quality of their travels.

The Tourist of Ukraine program provides extensive use of modern technologies and digital solutions, provides a special mobile application for the convenience of users, as well as a complex of offline marketing activities for travelers.

“Due to the infrastructural and technological capabilities, PrivatBank implements new unique services for its own clients as well as the public sector and the entire banking market. Today, together with our partners, we are creating a complex digital platform for the development of tourism and communication of the tourist business with travelers, with the possibility of online ordering and payment for services by cards of any Ukrainian banks, - says Oleksandr Shlapak, Chairman of the Board of PrivatBank. - Thanks to the new exclusively online service, which does not require a single penny from the state, tourists will be able to organize a trip in a few clicks, get information about interesting activities, routes, sights, buy tours and excursions, and automatically become a member of the national loyalty program "Tourist of Ukraine".

In addition, the Tourist of Ukraine program is a co-branding project that, through the participation of the National Tourism Organization of Ukraine, attracts other partners from the world in the field of tourism and related industries to the project. Like land and air carriers (Ukraine International Airlines, Ukrzaliznytsia, Autolux, Uber), hotel chains (Premier Hotels, Intercontinental, Reikartz), network tour operators and travel agents (Join Up !, Coral, Come with us, Hot Travel Agencies), insurance companies, mobile operators, gas stations, restaurants, clubs, beaches, museums and other tourist locations, shops and retail chains, and more. Therefore TUI can be a part of the big innovative project together with other enterprises. This will help to extend the boundaries of the company and provide innovations, open new innovations on their own.

“The Tourist of Ukraine program is an important step in the development of infrastructure in the regions, including the payment one. The destination of domestic tourism is extremely promising for the country as a whole, since it is the popularity of the regions among tourists that is the key to the rapid development of small and medium-sized businesses, which in turn has great potential for the development of the national economy. Visa is pleased to partner with this project and provide up-to-date payment solutions to ensure high rates of payment infrastructure development and to promote the popularity and convenience of convenient and fast payment methods for

tourist services, ”said Dmytro Krapak, Visa Regional Manager in Ukraine, Georgia and Armenia.

Due to the wide range of participants and partners involved in the program, Tourist of Ukraine is an additional tool of Public Diplomacy and provides an additional social function of patriotic education of young people, respect for Ukraine, development of its territories and improvement of the quality of the Ukrainian national tourist product.

“Tourist of Ukraine Program is the basis for uniting people, consolidating business around the national idea - Travel Ukraine! It is based on the state-of-the-art technology of the partners of the program, which will unite all travelers of Ukraine. Participants of the program will have additional benefits, discounts and numerous offers. This will increase the joy and pleasure of traveling and the pride of being able to be a tourist of Ukraine, ”- said Andriy Ginkul, Director of the Association National Tourist Organization of Ukraine [35].

Conclusions to the part 3

In a competitive market environment, every firm, regardless of its size and line of business, uses certain marketing tools to successfully operate, meet market demand and achieve profitability. Marketing is a type of human activity aimed at meeting the shortcomings and needs of the market. The scope of marketing has recently expanded to include, in addition to goods, services, organizations, places, information. The concept of service marketing has emerged, and tourism belongs to this area.

Analyzing the different definitions of marketing, we can conclude that marketing is first and foremost helping to achieve the goals of the company. One of the main goals of any business enterprise is to increase the amount of profit and profitability of the business. To achieve this goal, the tourism industry needs to attract potential customers and constantly increase the number of regular consumers of tourism services. Clients can be attracted and retained if they are interested in receiving services from this company. Studies have shown that customer retention is only 20% of the amount you need to spend on attracting a new client.

One of the modern management theorists Peter Drucker defined the purpose of marketing as follows: “The purpose of marketing is to make sales permanent. The purpose is to know and understand customers so well that the product or service is suitable for them and sold themselves” [2, 56]. This does not mean that advertising and promotion of goods and services are not needed at all - they should be part of a system designed to meet customer needs. Advertising and promotion will be maximized if customers' needs and interests are first identified and then the products and services available to them are offered.

Any travel company should independently monitor all changes taking place in the tourist services market. Customers' attitudes, needs and desires are highly variable and firms need to be responsive to change. The backlog threatens consumer dissatisfaction, which can lead not only to their loss, but also to the deterioration of the company's reputation.

In order to successfully conduct business in the tourism business, it is necessary not only to be able to provide quality services, but also to know who they need, for what purposes. For this purpose marketing researches are conducted. It is quite clear that marketing research is essential. They necessarily require a comprehensive and detailed approach. With careful development and adherence to all the necessary rules, the resources and forces spent on marketing research are fully occupied and largely determine the success of the firm.

One of the central elements of the marketing activities of travel companies is the promotion of advertising campaigns. Tourism advertising acts as a form of indirect link between the tourist product and the consumer. It exerts a significant psychological and socio-cultural influence on the consumers of services, prompting them to act. However, civilized advertising is not the manipulation of public opinion, but the formation of actual needs aimed at self-development of man.

Advertising helps tourism businesses to explore new markets, expand sales, increase revenue, and provide adequate staff remuneration and a favorable moral and psychological climate in the team. The importance of advertising and the establishment of feedback from a travel company with the market. This allows you to

control the promotion of tourism services, make adjustments to the marketing activities, create and consolidate a sustainable system of benefits to consumers for certain tourism products.

There are some main areas of innovation in tourism and hospitality and TUI politics at all:

- Release of new types of tourist product, restaurant product, hotel services;
- The use of new technology and technology in the production of traditional products;
- Use of new, previously unused, tourism resources. A unique example;
- Spacecraft travel;
- Changes in the organization of production and consumption of traditional tourist, restaurant product, hotel services, etc .;
- New marketing, new management;
- Identify and exploit new product markets (hotel and restaurant chains).

Thus, innovation in tourism is aimed at creating a new or changing existing product, improving transport, hotel and other services, developing new markets, introducing advanced information and telecommunications technologies and modern forms of organizational and management activities. So, TUI should try all the innovations, make new on own practice. Innovation and new information technologies are decisive factors for the competitiveness of the tourism industry and for enhancing exchanges with other sectors of the economy related to them. And TUI entreprise do a lot to achieve its goals and be competitiveness in the market place.

CONCLUSION

Summarizing the franchising problem it should be noted that franchising in Ukraine is a prospective area of economic activity and in future it is going to be the growth of this segment. However, when the majority of business projects become unprofitable, franchising is a profitable business for both the franchiser and the franchisee. Despite of all the franchising development problems, it has great potential for operating in Ukraine. Therefore, further research in the future franchising development in Ukraine is the creation of recommendations for solving these problems.

For the one hand, nowadays, there are a lot of benefits for a franchisor:

1. Expanding business with minimal opportunity. The organization of production and sales in your franchise are quickly utilized, using entrepreneurial teeth and capital franchises. Sometimes the franchise hopes, therefore, the only supply of foreign markets.
2. Earn different income. Franchisee payments (initial appearance, royalties and promotional fees) are the primary source for the franchisor.
3. Avoiding legal barriers. Antitrust law provides for the reduction of external effects on regional split agreements between different companies and concerted enterprises. The franchise system addresses these obstacles centrally.
4. Economic industry-wide people. As for the franchisor, you need smaller work managers, quickly transforming them, opening with a statement for their jobs, and other publicly available businesses.

For another, there are serious disadvantages of the franchisor:

1. One franchisee's failures extend to the entire network. The franchisor is almost powerless in such cases to do anything. Failure insurance can be based on the prediction of possible risks before the contract is signed (in order for them to be included in it). In the case of serious violations, he will be forced to terminate the contract or not extend it for a new term. Thus, the franchisor depends on the desire and ability of the franchisee to adhere to the "rules of the game."

2. Contradictions of franchisees in the franchise system. The franchisee is an independent businessman and, at the same time, must strictly adhere to the standards set by the franchise. In some cases, this can lead to negative consequences for the franchisor, especially after the business has stabilized and the franchisee does not have such an acute need for it, and therefore, ceases to pay the franchise fees, begins to withdraw from the system, etc. In order to avoid this, the franchisor must constantly take an active position, ie work on the development and improvement of the system, support the franchisors in the implementation of all news.

In order to successfully conduct business in TUI, it is necessary not only to be able to provide quality services, but also to know who they need, for what purposes. For this purpose marketing researches are conducted. It is quite clear that marketing research is essential. They necessarily require a comprehensive and detailed approach. With careful development and adherence to all the necessary rules, the resources and forces spent on marketing research are fully occupied and largely determine the success of the firm.

The world's largest group of tourism companies, TUI, with 40 years of experience, success, achievement and priority shows that innovative activity in the field of tourism is aimed at creating a new or changing existing product, improving transport, hotel and other services, developing new markets, implementing advanced information and telecommunications technologies and modern forms of organizational and management activities. Innovation and new information technologies are decisive factors for the competitiveness of the tourism industry and for enhancing exchanges with other sectors of the economy related to them.

Despite all the achievements and disadvantages of TUI, it remains afloat. This is great for an enterprise that has its own negotiation technique, approach to clients, domestic politics in general, so the goal to be the first choice on market.

The data obtained from the tables on the dynamics of economic development show that in enterprises, especially as large as TUI, there are moments of ups and downs.

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APPENDIX B

**Balance sheet statement (form # 1) and
Statement of Financial Results (Form # 2) of TTVK LLC, Ukraine**

Indicators	Total 31.12.17, Th. UAH	Total 31.03.18, Th. UAH	Absolute increase Th. UAH	Growth rate, %
<i>Assets</i>				
1. Non-current assets	0	116	116	100
2. Current assets	6011	7343	1332	122
Including:				
Stocks	524	190	-334	36
final product	517	131	-386	25
expenses for future periods	6	59	53	983
receivables	1567	6969	5402	444
short-term financial investments	-	-	-	-
cash	3920	68	-3852	1,73
Assets	6011	7343	1332	122
<i>Liabilities</i>				
1. Equity	1100	1100	0	-
Including:				
share capital	-	-	-	-
profit	449	795	346	177
2. Debt capital	4462	5437	975	121,8
Including:				
long-term borrowing capital	-	-	-	-

short-term liabilities	4462	5437	975	121,8
Including:				
short-term loans and loans	-	-	-	-
payables	4462	5437	975	121,8
Assets	6011	7343	1332	

APPENDIX C

Indicator	31.12.2016		31.12.2017			31.03.2018		
	2016	Absolute deviation, TH.UAH	2017	Absolute deviation, TH.UAH	Growth rate, %	2018	Absolute deviation, TH.UAH	Growth rate, %
Absolutely the most liquid assets of A1	2 427	2 427	3 920	1 493	62	68	-3 852	-98
Quickly sold assets A2	1 354	1 354	1 567	213	16	6 969	5 402	345
A3 assets slowly realized	420	420	524	104	25	190	-334	-64
Hardly realized A4 assets	0	0	0	0	-	116	116	-
Total assets	4 201	4 201	6 011	1 810	43	7 343	1 332	22

APPENDIX D

Indicator	31.12.2016		31.12.2017			31.03.2018		
	2016	Absolute deviation, TH. UAH	2017	Absolute deviation, TH. UAH	Grow rate, %	2018	Absolute deviation, TH. UAH	Grow rate, %
Most urgent commitments P1	2 580	2 580	4 462	1 882	73	5 437	975	22
Short-term liabilities P2	0	0	0	0	-	0	0	-
Long-term liabilities P3	0	0	0	0	-	11	11	-
P4 constant liabilities	1 621	1 621	1 549	-72	-4	1 895	346	22
Together commitments	4 201	4 201	6 011	1 810	43	7 343	1 332	22

APPENDIX E

	A1	sign	P1	A2	sign	P2	A3	sign	P3	A4	sign	P4
2016	2427	<	2 580	1 354	>	0	420	>	0	0	<	1 621
2017	3920	<	4 462	1 567	>	0	524	>	0	0	<	1 549
2018	68	<	5 437	6 969	>	0	190	>	11	116	<	1 895