Kyiv National University of Trade and Economics

Hotel and Restaurant Business Department

FINAL QUALIFYING PAPER
on the topic:

REVENUE MANAGEMENT OF «RADISSON BLU HOTEL», KYIV

Student of the 2^{d} year, group 2a,
Field of study 073 «Management»
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Specialty   241« Hotel and Restaurant Business »
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Approved by

Head of the Department_____
prof. Boyko M.H.
on _____, ____, 2019
</div>

Task
for a final qualifying paper
Nikita S. Ovsjannikov

1. Topic of a final qualifying paper Revenue management of «Radisson Blu Hotel», Kyiv Approved by the Rector's order from 04.11.2019 № 3770.

2. Term of submitting by a student his/her terminated paper: 20.11.2020

3. Target setting and output data to the final qualifying work:

Purpose of research is to develop theoretical and methodological regulations, methods of effectiveness estimation, guidelines and suggestions for implementation of Revenue management in the hotel industry based on the study of new conceptual framework and methodological approaches to improve the assessment of the development of hotel revenue management system

The object of research is theoretical, methodological and practical aspect of Revenue management in the hotel industry.

The subject of research is implementation of Revenue management system in «Radisson Blu Hotel», Kyiv.

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

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5. Time schedule of the paper:

№	Stages of the final qualifying paper	Terms of the final qualifying paper	
		de jure	de facto
1	Choosing and approval of the final qualifying paper topic	01.09.2019 - 31.10. 2019	01.09.2019 - 31.10. 2019
2	Preparation and approval of task for the final qualifying paper	01.11.2019 - 31.12.2019	01.11.2019 - 31.12.2019
3	Writing of the 1st part of the final qualifying paper	02.01.2020 - 11.05.2020	02.01.2020 - 11.05.2020
4	Defense of the 1st part of the final qualifying paper in scientific adviser	14.05.2020 - 18.05.2020	14.05.2020 - 18.05.2020
5	Writing and preparation for publication of a scientific article	Before 18.05.2020	Before 18.05.2020
6	Writing and defense of the 2nd part of the final qualifying paper in scientific adviser	18.05.2019 - 07. 09. 2020	18.05.2019 - 07. 09. 2020
7	Defense of the 2nd part of the final qualifying paper in scientific adviser	07.09.2019 - 10. 09. 2020	07.09.2019 - 10. 09. 2020
8	Writing and defense of the 3rd part of the final qualifying paper in scientific adviser	11.09.2020 - 28.10.2020	11.09.2020 - 28.10.2020
9	Registration of the final qualifying work and abstract for preliminary protection in commissions	29.10.2020 - 31.10.2020	29.10.2020 - 31.10.2020
10	Presentation of final qualifying paper and abstract on the department	20.11.2020	20.11.2020
11	Presentation of the final qualification work to the Dean's Office for receiving a referral for an external review	16.11.2020 - 18.11.2020	16.11.2020 - 18.11.2020
12	Preparation of final qualifying paper to defense in the Examination Board	18.11.2020- 01.12.2020	18.11.2020- 01.12.2020
13	Defending of the final qualifying paper in the Examination Board	According to the schedule	According to the schedule

6. Date of receiving the task: 28.12.2019

7. Scientific adviser of the final qualifying paper   _____   Kulyk M.V.

8. Manager of the educational program   _____   Melnychenko S.V.

9. The task received by the student   _____   Mykyta S Ovsjannikov

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

Student Ovsjannikov Mykyta executed the final qualifying paper full-scale in the set terms in obedience to the time schedule of the paper.

The content, structure and execution of the paper answer requirements of the high school, has a practical value and academic novelty, an actual direction of researches. The final qualifying paper contains the introduction, main text (3 parts), conclusions, references and appendices.

In the first part defined theoretical and methodological basis of the development of hotel revenue management system is presented. The factors of forming the hotel's revenue management system were partly defined.

In the second part analyzed the aspects of implementing the revenue management system in "Radisson Blu Hotel", Kiev.

In the third part defined the main propositions for Revenue management improvement in the hotel. The expected results from the proposed measures were presented.

A final qualifying paper can be admitted to defense in the Examination Board and deserves a positive estimation.

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

11. Resume about a final qualifying paper research

A final qualifying paper (project) of the student   Mykyta S Ovsjannikov
                                                                           (last name, initials)
can be admitted to defence in the Examination Board.

Manager of the educational program   _____   Melnychenko S.V.

Head of the Department   _____   Margarita H. Boyko
_____, _____, 2020

CONTENT

LIST OF ABBREVIATIONS

OTA – Online Travel Agency.

EMEAA – Europe, Middle-East, Africa and Asia regions.

RHG – Radisson Hotel Group.

IHG – InterContinental Hotels Group.

ADR – Average Daily Rate.

RM – Revenue Management.

RevPAR – Revenue per Available Room.

RevPAC – Revenue per Available Customer.

INTRODUCTION

One of the most challenging and complicated problems in the management of hospitality nowadays is reaching of a balance between supply and demand. On a daily basis, the management system of any hotel faces with the problem of under-capacity, despite the fact that the high preliminary demand exists. This situation leads to a loss of profit. This problem stems from ineffective regulation of the hotel advance booking and pricing system. In order to resolve this problem a hotel should apply a system of Revenue Management. The essence of the method is to determine the best pricing policy to achieve the optimal value of the enterprise's profit obtained through the sale of the product.

In world practice, the prerequisites for the emergence of the method of Revenue Management are:

- the growing influence of consumers searching for better services at the lowest price;

- dynamic market development, requiring a high degree of adaptation to its changes;

- the need to obtain the greatest profit from the activities of the enterprise;

- the new possibilities of using and processing a large amount of information.

The effectiveness of the application of the method by hotel enterprises is determined by the following features of their functioning:

- limited opportunities for hotels to offer services;

- the ability to segment the customer base;

- non-persistence of services. A room unsold today cannot be reimbursed through subsequent sales;

- significant fluctuations in demand for services of hotel enterprises;

- a small share of variable costs in the total cost of the hotel;

- pre-booking rooms before the service is provided, as an additional means of co-ordinating supply and demand.

A hotel using RM technologies offers the same rooms at different prices, aiming for a state where the customer buys a room at the highest price he is willing to pay.

The problems for development of the system of Revenue Management for hotels have been developed by a wide range of foreign scientists, such as T. D. Larsen, Eric B. Orkin, Sheryl Kimes, Stuart Jauncey, Ian Mitchell, Pamudji Slamet, Robert G. Cross, Bob Brotherton, Sean Mooney and others.

The relevance of this work is caused by the need for hotels to find the best management solutions, improve management in the service sector. Consideration of the factors affecting the quality of hotel services is aimed at improving the level of service and the efficiency of production of hotel services. The development of market relations creates the emergence of new tasks, which necessitates improved management. It is important that hotel managers understand the need to constantly improve service quality management, pay attention to its expansion, reconstruction of premises, and the introduction of the latest technologies.

The object of this final qualifying paper is theoretical, methodological and practical aspect of Revenue management in the hotel industry.

The subject of the study is implementation of Revenue management system in «Radisson Blu Hotel», Kyiv.

The purpose of the final qualifying paper: is to develop theoretical and methodological regulations, methods of effectiveness estimation, guidelines and suggestions for implementation of Revenue management in the hotel industry based on the study of new conceptual framework and methodological approaches to improve the assessment of the development of hotel revenue management system.

The tasks of this work:

- to analyze the existing literature dedicated to exploring of problems of Revenue Management for hospitality;

- to determine the main tools of hotel Revenue Management;

- to determine factors of formation of a strong base for Revenue Management;

- to evaluate the level of development of Revenue Management of the hotel " Radisson Blu Hotel, Kyiv City Centre";

- to elaborate ways of increasing of level of revenue of the "Radisson Blu Hotel, Kyiv City Centre" and to determine their potential effectiveness.

Methodological basis of the work: generalization, statistical methods, SWOT-analysis, the analysis of financial activity.

Structure, content and scope of the master's work. The work consists of the introduction, three parts, conclusions, a list of sources used and annexes. The total volume of work 56 p. printed text, including 11 tables, 12 figures The list of sources used contains 79 names.

PART 1

THEORETICAL FOUNDATIONS OF IMPLEMENTATION OF REVENUE MANAGEMENT SYSTEM IN HOSPITALITY

1.1. Literature review.

The market economics nowadays makes companies to be oriented on balancing of supply and demand of the market, on requests of particular type of customers and on organization of manufacturing of products of high demand which are able to bring a profit to an organization. The market is characterized by permanent striving for augmentation of effectiveness of manufacturing, supposes the freedom of decision-making by those ones who take responsibility for the final results of the activity of the enterprise and its parts; requires adjustments of targets and plan programs depending of the market conditions. The success on the market in current conditions cannot be reached without effective and targeted management of all the processes connected with the functioning of the company. The Revenue Management can be considered as one of the most essential processes in the company management system.

Revenue Management is concerned as a process of understanding, warning and influencing consumer behavior in order to maximize profit on a resource. It has significantly changed the sphere of tourism and entertainment since its inception in late 1970s. This requires analysts to have a thorough knowledge of the market and advanced computing systems to analyze revenue opportunities. The essence of Revenue Management in hospitality can be thrown together by following notions and explanations:

- a process of analysis of information in order to take the most effective decision regarding management of rates and occupancy to maximize the revenue of the hotel;

- constant analysis and investigation of the development of business;

- the analysis of demand;

- constant determination of new possibilities of the hotel for increasing of the level of revenue, providing with recommendations concerning sales to front office, reservation and sales team for optimization of rates;

- decision-making based on knowledge, analysis and counts, but not on intentions and perceptions.

The most classic notion for revenue management is "selling the right room to the right client at the right moment at the right price". This notion is partially intersected with the basic concept in marketing. In other words, revenue management can be defined as a techniques, aimed on determination of the best policy of sales in order to receive the maximum revenue in every moment on the basis of determination of the behavior of demand.

Revenue management techniques are set out on the constant balancing between price for rooms and occupancy of the hotel which can be reached using the set level of prices. So, during the period of high demand the hotel should optimize the rates in appropriate way, and during the low demand periods and low level of activity to maximize the traffic.

Methods and techniques of analysis used in revenue management aimed on determination of the possible demand for services to optimize the usage of room inventory of the hotel and setting of the appropriate level of prices. The revenue management brings out the activity not only of sales and reservations department, but the whole hotel on the higher level, and helps to predict and forecast the change of demand, excluding taking tactical decisions under circumstances.

For the first time, Revenue Management began to be applied in late 70s in the field of air travel in order to increase a competitive advantage of a company and aimed to increase a level of revenue of the enterprise. Then it became relevant in the hospitality industry and now this technology is actively used in lots of other fields of industry (hotels, restaurants, car rentals, medical industry, etc.) all over the world.

General principles of Revenue Management can be applied in different industries, but each field of science or business has its own and specific characteristics which determine the practical aspects for application of revenue management tools within a particular company. That means that a strategy which is considered successful for airline business cannot be used in such a successful way in hospitality, or restaurant business.

Very often the notion of Revenue Management is associated with Yield Management. These concepts are pretty similar and strive to gain more profit from guests, but have some differences. The Yield Management is mostly a pricing strategy aimed on

maximization pf revenue using a time-limited inventories that cannot be stores. Generally, it can involve strategies, policies and techniques which can be used by hotels in order to manage prices and sales policies in order to gain a maximum profit. A concept of Revenue Management is wider than a previous one. It is a management technique which helps us to sell the right product at right time using the right price to the right client and it also may involve an in-depth analysis and forecasting.

The essence of Revenue (or Yield) Management in hospitality has been widely developed by a range of both international and domestic scientists. There are a lot of meanings of revenue management which very depending on the type and degree of the development of service sector. Some of the main and most often use notions are represented below.

As far as firstly revenue management has appeared in airline sector, scientists learned its concept in the frames of this field of industry. One of the first researchers of Revenue Management was Larsen T.D. In his work "Yield Management and your Passengers" (1988) he concerns that for the airline sector yield management can be represented by two different tools: overbooking and managing prices.

Eric B. Orkin in the article "Boosting Your Bottom Line with Yield Management" (1988; Cornell Hotel and Restaurant Administration Quarterly) considers the yield management through the notion of yield efficiency. The figure of yield effectiveness can be obtained by a ratio between the Revenue Realized and Revenue Potential and is expressed in per cents:

$$\text{Yield effectiveness} = \text{Revenue Realized} \backslash \text{Revenue Potential} \qquad (1.1.)$$

Where Revenue Realized is the actual revenue obtained by a hotel with the current level of occupancy using the applicable rates; and Revenue Potential is a maximum revenue which may have the hotel in time of the occupancy equal to 100% with the maximum rates.

Sheryl Kimes (a professor of operations management at the Cornell University School of Hotel Administration) was one of the first scientists who dedicated a special attention to the study of problems of Revenue Management in hospitality. In her work "The Basics of Yield Management" (1989) she defines a Yield Management as "the

process of allocating the right type of capacity to the right kind of customer at the right price so as to maximize revenue or yield". That means that all rooms should be sold using different rate levels depending on customer segments.

Stuart Jauncey, Ian Mitchell and Pamudji Slamet in their article "The Meaning and Management of Yield in Hotels" (1995) agree that yield management is concerned with the maximization of room revenue through the manipulation of room rates and taking into account forecasted patterns of demand. According to authors' thoughts yield management process is very complicated as it involves the modelling of the rate on the basis of predicted volume of reservations and historical data. They also assure that room rates may vary depending on the occupancy of the hotel. At the time of a very high occupancy the highest rates should be set, as well more strict cancellation policy may be implemented. During period of low demand more flexible pricing may be applicable and different kind of deals may be put in place.

Robert G. Cross in his book "Revenue Management: hard-core tactics for market domination" (1997) affirms that Revenue Management is a very powerful system which may improve the activity of any enterprise. According to the author Revenue management is a combination of strategies, tools, techniques aimed for enhancing of company's performance on the global market.

He describes how any kind of company from different fields of business can benefit from using Revenue Management approaches, as well as explains how no-tech, low-tech and high-tech applications of Revenue Management can make contribution to the development of the company.

Bob Brotherton and Sean Mooney in their study "Yield Management – Progress and Prospects" (1992) paid a particular attention towards the "people element" for the hotels which have stood on the way of implementation of yield management strategies. Also, they focused on analysis and development of the concept of Yield Management. They regard Yield Management as a special technique for enhancing the profit, revenue, return, or yield. The Yield Management system can be viewed as the alternative for the traditional techniques for forecasting where accurate forecasting is done through manipulating previou, current and potential data.

1.2. Functions and process of Revenue Management system in hospitality.

The most essential task for every enterprise is the creation of the effective and continuous mechanism of Revenue management. The most important requirements for the process of revenue management are:

- high dynamism for the process of revenue management;

- the interconnection with the general management system of the enterprise;

- taking into account changes in the external environment;

- the analysis of the financial state and resources;

- the orientation for the strategic aims for development.

In order to put into practice Revenue Management tools more effectively a Revenue Management System should be implemented into the activity of any enterprise, especially it is essential for management system of a hotel.

Revenue Management system is a special software which helps a hotel to realize revenue management tasks and tools in a more effective and efficient way. The general structure of the Revenue Management system in hotel industry is represented in Figure 1.1.
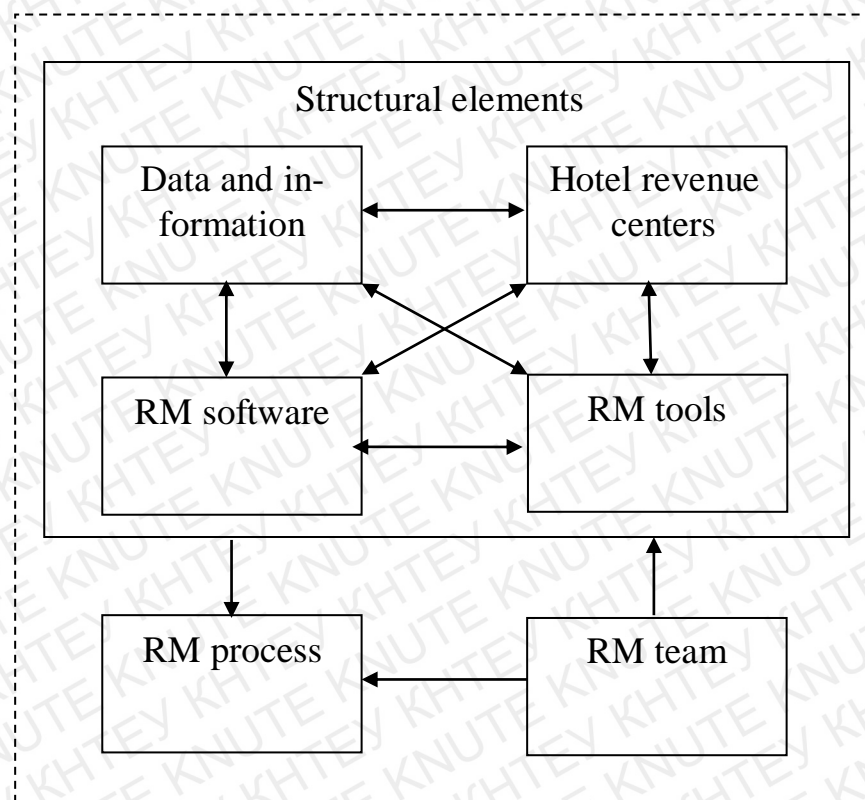

Figure 1.1. The hotel Revenue Management system

Explanations to the Figure 1.1. The Revenue Management system for hospitality consists of 4 structural elements (Data and information, hotel revenue centers, software, tolls) and Revenue Management team and process. All these elements are closely interconnected. In order to do Revenue management properly a lot of operational data is required, like occupancy, revenue per available room, average daily rate, as well as information regarding revenues from outlets of the hotel, information about future bookings, rates and occupancy of competitors, changes in legislation system, seasonal changes of demand based on historical experience of the activity of the particular hotel.

Hotel revenue centers can be explained as potential sources for revenue of the hotel and may include not only room selling, but additional services like F&D outlets (bar, restaurant), fitness and SPA facilities, gym, conference facilities, and lots of others depending on the level of the hotel. If a hotel provides some of additional services it helps to generate additional revenue.

Revenue Management software is used to automate the process of revenue management in order to determine the right price for rooms on hotel in order to get maximum revenues. Some of the most used software are Opera System, PROS, JDA Pricing and Revenue Management.

Revenue Management tools can be defined as instruments which are used by hoteliers and Revenue Managers to stimulate the selling of rooms and generate more revenue. They are divided into pricing (price discrimination, lowest price guarantee, dynamic pricing, etc.) and non-pricing (advertising, overbooking, room availability guarantee and others) tools. We will learn about tools of revenue management in a more detailed way in Part 2.

Revenue Management team is aimed to stimulate the hotel to reach a bigger market share and become more profitable. In big hotels it can consist of key representatives from each department of the hotel (General manager, Front Office Manager, Sales Director, Financial Controller, F&D Manager and others) and headed by Revenue Manager. In small hotels it can be only one person who is in charge for Revenue Management process, and usually this person can share also another kind of hotel activity.

The revenue management process is the set of actions of revenue managers on strategic, tactical and operational level in relation to managing the revenues of the hotel. There are 7 main steps in Revenue management process which are represented on Figure 1.2.

Figure 1.2. Hotel Revenue Management process

On the first step a Revenue Management team should set some goals which should be achieved within their activity. These goals can be strategic (for several years), tactical (for several months or weeks) and operations (for the nearest time). These goals should be SMART (specific, measurable, achievable, realistic and time-bound) and be divided by different revenue centers (different for Front Office, F&D outlets, gym, etc.) in order to achieve these goals in a proper way. The next step is to collect all the necessary information regarding previous hotel activity and potential activities for future (like occupancy, changes on demand, the behavior of competitors and other information which can be used for revenue management process). Then the analysis of gathered data is performed in order to determine the directions for activity. Also, the analysis of supply and demand in destination is performed. After that Revenue Manager forecasts methods which can be used in the most effective way, and forecasts the demand and supply in the destination. The next stage is taking decisions ("What we should do to

reach goals which have been set at the very beginning"). This includes taking decisions regarding the techniques which should be used (pricing and non-pricing), optimization processes. After that a stage of implementation is performed using sales techniques. Also all the staff should be informed about he decisions taken (in case they were not involved in decision-making) thorough e-mails or special trainings for staff. And the last stage is monitoring of the effectiveness of policies implemented. The general performance is evaluated and decisions regarding the Revenue management system as a whole are taken.

The essence of revenue management is to develop an accurate forecast of sales and profits, which reflects changes in product demand. Then the tactics of constructing the price and volume of rooms in specific periods can be aimed at optimizing the result. It is extremely important "to sell the right product, at the right time, at the right price, in the right place to the right guest." Therefore, the three main components - time, price and volume - are used together to maximize profits from sales of a product that cannot be "stored" (it is impossible to sell a room on the account of yesterday's load "for yesterday"). In this case, the product can be either a room or a place in a restaurant, an entry in a spa, etc.

Revenue management is closely related to forecasting, pricing and tactics. Demand is subject to constant changes, so the hotel business must respond quickly to market changes. And where income management methods are practiced, profit growth in terms of the "average revenue per available room (RevPAR)" indicator, as a rule, reaches the level of 4-7%.

The most essential reason why Revenue Management system is important for hotel industry is that it allows to simplify the complex calculations and adjust prices in different distribution channels without the necessity to log individually to each of these systems. The main revenue management function is to anticipate demand. So, pricing and material asset management techniques can be used to maximize the potential of "perishable inventory". After all, if the room is not sold today - this is a loss forever. But there are a lot of other function carried out by Revenue Management system. They are:

1. Recommendations for rates and prices. One of the most important functions of Revenue management system is the ability to calculate the most ideal price for a room on the basis of previous performance, current situation on the market in a destination and other kinds of information, as well as to distribute it to various distribution channels.

2. Providing information about competitors. Most Revenue management software may include rates of competitors which can help hotel to adjust the most suitable price and develop the most effective strategy.

3. Key performance data collection. The revenue management system has an option to store the performance data from the previous periods (up to several years), such as average daily rate, revenue per available room, occupancy and others.

4. Estimations for revenue. Revenue Management system allows not only to generate the most optimal rates, but also to forecast the influence from the strategy applied for levels of revenue and profit. Also it allows to predict the possible effect from other strategies which may be put in place.

Revenue management principles apply to any business environment. They are great for the hotel business. The optimal conditions necessary for the implementation of income management methods are as follows:

- the capacity of resources for sales should be fixed - hotels have a fixed number of rooms for sale; flexible number counting - deviation from the norm;

- resources should be considered as a perishable product - rooms not sold today cannot be sold tomorrow as a percentage of yesterday's load (rooms are sold in advance, until they are actually used);

- demand can be segmented for different markets or by price level.

Hotels that meet all the conditions listed above, using income management methods will be able to show the best results. The size and style of the hotel, as well as the market in which the hotel operates, will influence compliance with each of these conditions. For example, your market may be geographically limited, or you may have to set prices according to government instructions. However, your product will likely meet at least two of the three requirements above.

Conclusions to the Part 1. Revenue of the enterprise is an extremely important category. The level of revenue shows if the enterprise is going to exist furthermore. The revenue affects a lot of other financial and non-financial indicators. The sources of revenue should be taken into consideration as well. The situation at the enterprise can be understood as stable if the majority of the income is contributed from the main activities of the company (rooms sold in case of hotels). In another case we may note that enterprise doesn't realize its mission and revenues are not stable.

So, the formation of the revenue management system is very important. The main goal of it is to maximize the revenues and organize a strict control of the timeless and the level of revenues obtained. Revenue management is part of the economic strategy of the enterprise. It is aimed at creating economic conditions that provide reimbursement of fixed costs of the enterprise, covering variable operating costs that depend on sales, full and timely payment of all taxes and mandatory payments and ensuring the target net profit.The concept of Revenue Management has been widely developed by foreign scientists since it has appeared in the USA in the 1970th in the airline sector. Since that time, it has spread towards other fields of industry, like pharmacy, car rentals, restaurants and, of course, hospitality industry. The process of Revenue Management involves such stages: setting of goals, collection of information required and its further analysis, forecasting, decision-making, the implementation and monitoring of the effectiveness of taken decisions. Methods of adjusting the level of income allow managers to make timely decisions about changes in the activities of the enterprise in order to increase the revenue.

PART 2

PRACTICAL ASPECTS OF REVENUE MANAGEMENT SYSTEM IN "RADISSON BLU HOTEL", KYIV

2.1. Organizational and economic assessment of "Radisson Blu Hotel", Kyiv.

Radisson Hotel Group is an American multinational hotel chain. The chain can be characterized as a strategic partnership between 2 companies: the public one - Radisson Hospitality AB (headquarter in Brussels) and the private one - Radisson Hospitality Inc. (headquarter in Minnetonka, USA). It is included in the list of the largest international hotel chains which counts more than 1400 properties in 114 countries around the world. By the level of Revenue the chain is in TOP-10 biggest hotel chains in the world (represented on Figure 2.1.)
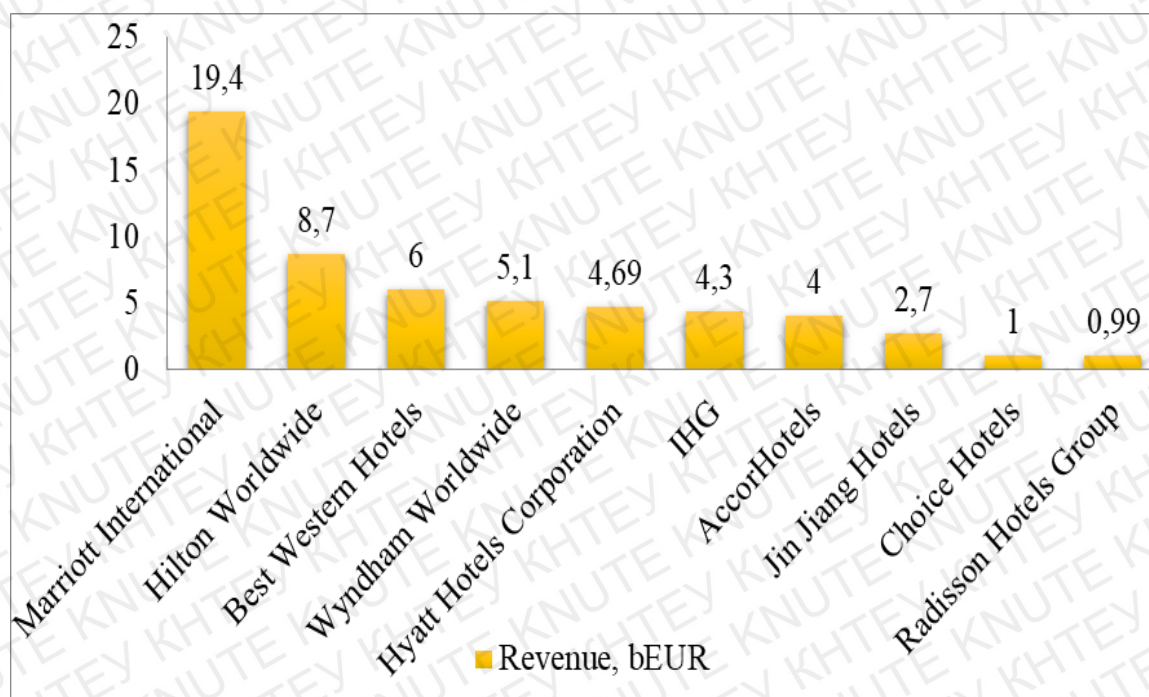

Figure 2.1. TOP-international hotel chains by the level of Revenue (based on annual reports of year 2019)

The chain consists of various brands in different price segments: Radisson Collection, Radisson Blu, Radisson, Radisson Red, Park Plaza, Park Inn by Radisson, Country Inn&Suits by Radisson, Prizeotel. In Ukraine RHG is represented with 4 hotels. 3 of them are located in Kyiv (Radisson Blu Hotel, Kyiv City Centre; Radisson Blu Hotel, Kyiv City Centre Podil; Park Inn by Radisson, Troitska) and one is located in Bukovel (Radisson Blu Resort Bukovel).

Radisson Blu Hotel, Kyiv City Centre is an upper upscale hotel for business travelers (evaluated as a 4-star hotel) located in the center of Kyiv. When it opened (in 2005), it was the first international hotel started its activity in Kyiv and now it is still popular among tourists who prefer comfort. The General Manager is David Mohren (starting from April 2020). In structure of the hotel 255 rooms are distinguished. The room structure of the hotel is represented in Figure 2.1.
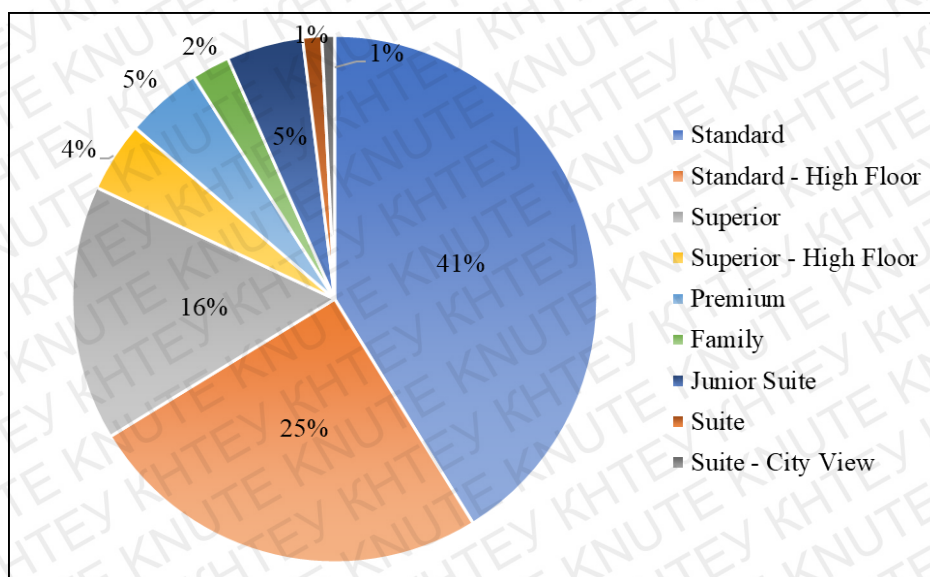

Figure 2.2. The room structure of Radisson Blu Hotel, Kyiv City Centre

As far as the positioning of this hotel is – business hotel, the majority of travelers come here for business trips, so they make the largest part of the hotel's revenue (represented on Figure 2.2.).
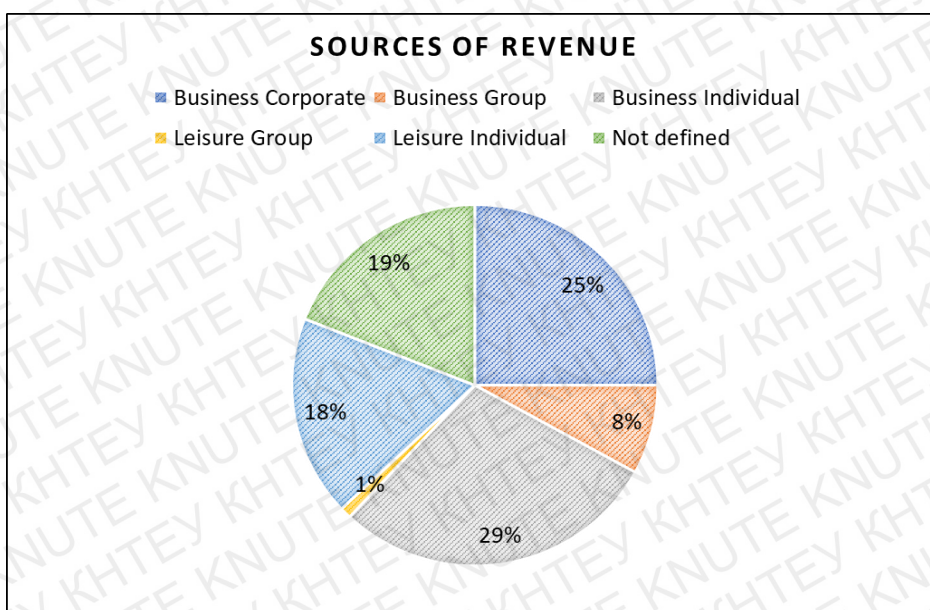

Figure 2.3. The structure of Revenue by customer segment.

The revenue refers to all funds that an individual or legal entity, state or organization receives during a certain period. It is very important to understand that revenue is not the same as profit. The revenue is all income earned by a company for the particular period, but profit is the difference between revenue and expenses. The dynamics of the level of revenue of Radisson Blu Hotel, Kyiv City Centre is represented on the Figure 2.4.
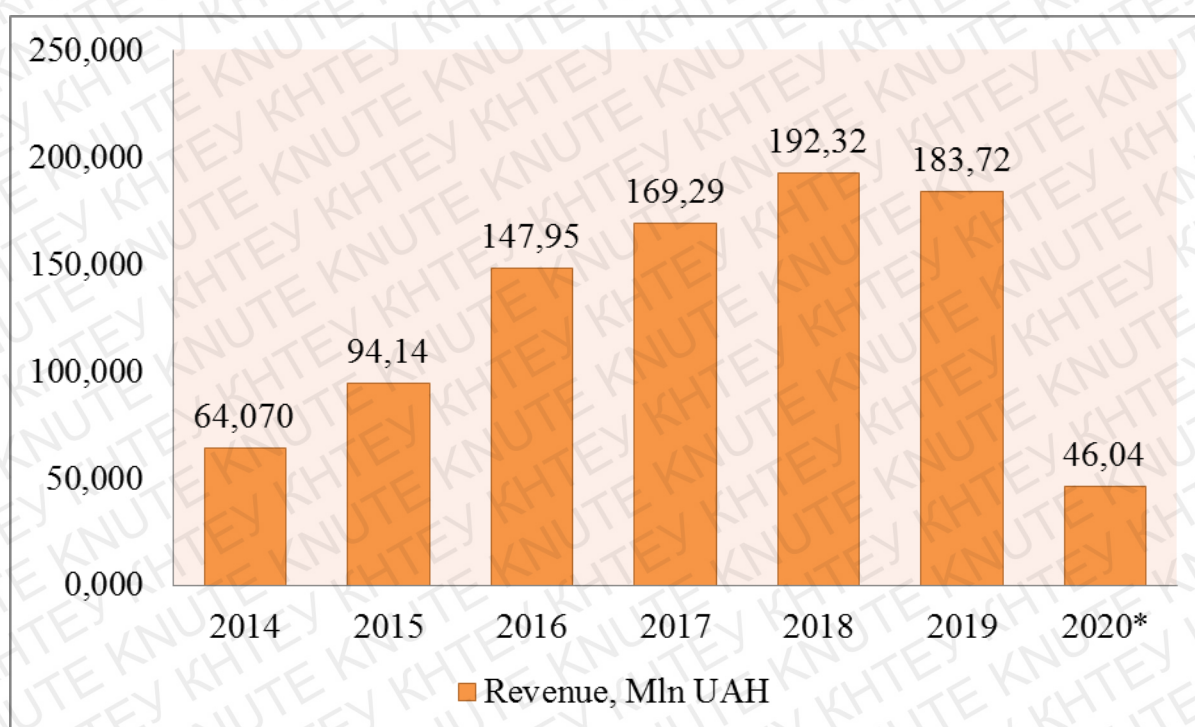
Figure 2.4. The dynamics of Revenue.

* the revenue for the year 2020 is taken for the period from January to August.

From the Figure 2.4. we can see that year 2014 has been the less profitable for the last 5 years. This is caused by revolution on the east of Ukraine and existence of protests in Kyiv because of this. This facts decreased the number of tourist arrivals not only to Kyiv, but generally to Ukraine. But in year 2018 hotel had a strong increase in the level of revenue in comparison with the year 2017. This may be due to a fact that hotel made a renovation in guest rooms, so this fact has attracted a lot of new tourists. In the year 2019 there was a little fall in revenue. This might be caused by the fact that hotel still not finished a renovation process, which took part in all social zones of the hotel and caused a lot of discomfort for guests. The information about the renovation process has been reflected in all online sources, so some guests just did not visit our hotel in this period, even if they usually stay in this hotel. The year 2020 has and will have the low-

est level of revenue caused by pandemic of COVID-19 which disrupted almost of fields of activity, especially hotel business.

There are a lot of economic criterion used to evaluate the activity and development of a business. In order to create a sales plan in the hotel business the Manager has to take into consideration such criterion of the activity of the hotel: room revenue, occupancy, Average Daily Rate (ADR), Revenue per Available Room (RevPAR), Revenue per Available Customer (RevPAC), Double Occupancy. These indices help Revenue Manager the direction of the development of the enterprise and its position among other competitors.

1. Occupancy. Occupancy is the percentage of the room stock. It is the ratio of occupied numbers in a given period to the total number of available rooms open for sale in a selected period of time. The hotel owes 254 rooms available for sale. The formula is the next:

$$Occupancy = (Rooms\ Sold \setminus Rooms\ available)*100\% \qquad (2.1.)$$

In this work we use the average yearly occupancy. The results are represented in Table 2.1.

2. Average Daily Rate. All the rooms in the hotel cannot be sold using one basic rate applied for all the rooms. The ADR is calculated as the ratio between the revenue from the room selling for the particular period and quantity of rooms sold for the same period. One important thing that while calculating ADR we should use only room revenue, but not the total revenue from the operational activity of the hotel. The ADR indicator can be determined both in relation to the entire hotel as a whole, and in the context of a certain category of rooms (for example, only among standard rooms or among junior suites and suites).The following factors affect the value of the ADR indicator:

- competitive environment;

- inflation rate;

- seasonality. During the low season and the decline in tourist activity, hotels are forced to implement a more lenient pricing policy, namely, to lower prices and provide guests with special offers. During the high season and the growth of tourist activity, ho-

tels, on the contrary, try to sell rooms at a higher price, using the most profitable sales channels for themselves;

• the use of tariffication in the price management system with the use of dynamic increasing tariffs during periods of maximum demand. If the hotel operates with dynamic rates, i.e. there are several tariff levels for working with individual guests, and promptly sets the desired tariff in the system, depending on the situation with the current load, it can increase the selling rate through these channels, and, consequently, increase the average vacation the rate for the hotel as a whole.

The formula for calculation is the next:

$$ADR = Room\ revenue \setminus Rooms\ sold \qquad (2.2.)$$

The results of ADR calculation for the period from 2014 till 2020 are represented in the Table 2.1.

3. RevPAR. This is one of the basic metrics showing hotel performance. This criterion is widely used for determination and analysis of the quality of hotel activity and lets to follow the productivity and effectiveness of room management. The maximization of RevPAR is affected with the help of occupancy and ADR. The formula for calculation is the next:

$$RevPAR = ADR * occupancy\ ratio \qquad\qquad (2.3.)$$

or

$$RevPAR = (Total\ revenue - Room\ revenue) / Rooms\ available \qquad (2.4.)$$

The results of calculation of RevPAR for the period from 2014 till 2020 are represented in the Table 2.1.

4. Double Occupancy. That means average number of guests per room. This indicator is used when planning the budget for the next reporting period to calculate how many guests will be staying at the hotel at the planned occupancy. This is necessary in order to predict how many guests the hotel may try to sell its services to. This indicator is also important for hotel managers and owners when planning future room categories when the hotel is expanded or renovated. A decrease in this indicator does not negatively affect the financial and economic situation of the hotel, it only speaks of the variability in the segment of consumer groups. The formula is the next:

Double occupancy = Number of guests \ Number of rooms occupied (2.5.)

The results of calculation of Double occupancy for the period from 2014 till 2020 are represented in the Table 2.1.

5. RevPAC. This indicator flows smoothly from the previous one. RevPAC is equal to the total revenue (including meals, accommodation, additional services, taxes) divided by the number of hotel guests. RevPAC well defines the work of administrators or other managers who are involved in the sale of additional services. The higher the RevPAC, the better the employees perform. A low RevPac value indicates that a system of additional motivation for sales staff should be introduced. The formula for calculation is the next:

RevPAC = Total revenue \ Number of guests   (2.6.)

The results of calculation of RevPAC for the period from 2014 till 2020 are represented in the Table 2.1.

Table 2.1.

The dynamics of main indices of Revenue Management of Radisson Blu Hotel, Kyiv City Centre

Indices	Year						
	2014	2015	2016	2017	2018	2019	2020*
Room Revenue, mln UAH	46.22	73.48	107.58	122.89	137.05	133.69	36.07
Occupancy, %	25.04	26.19	36.57	42.31	51.67	51.26	14.48
ADR, UAH	1983.44	3014.95	3153.53	3337.44	3859.82	3105.96	2685.73
RevPAR, UAH	495.86	783.88	1166.81	1401.72	2007.11	1584.04	376.00
Double occupancy	2.7	2.5	1.12	1.15	1.13	1.21	1.29
Total rooms availability	23304	24373	34116	36823	35508	43042	13430
Rooms occupied	9429	10754	13578	14354	13607	16815	5290
Number of guests	25747	27053	38373	42313	40177	52295	17329
RevPAC, UAH	2488.63	3479.71	3855.50	4000.80	4787.02	3513.24	2656.91

* the data for year 2020 is forecasted on the basis of current situation and predictions for activity of the hotel till the end of the year.

The Figure 2.5. represents a dynamic of main Revenue Management metrics.
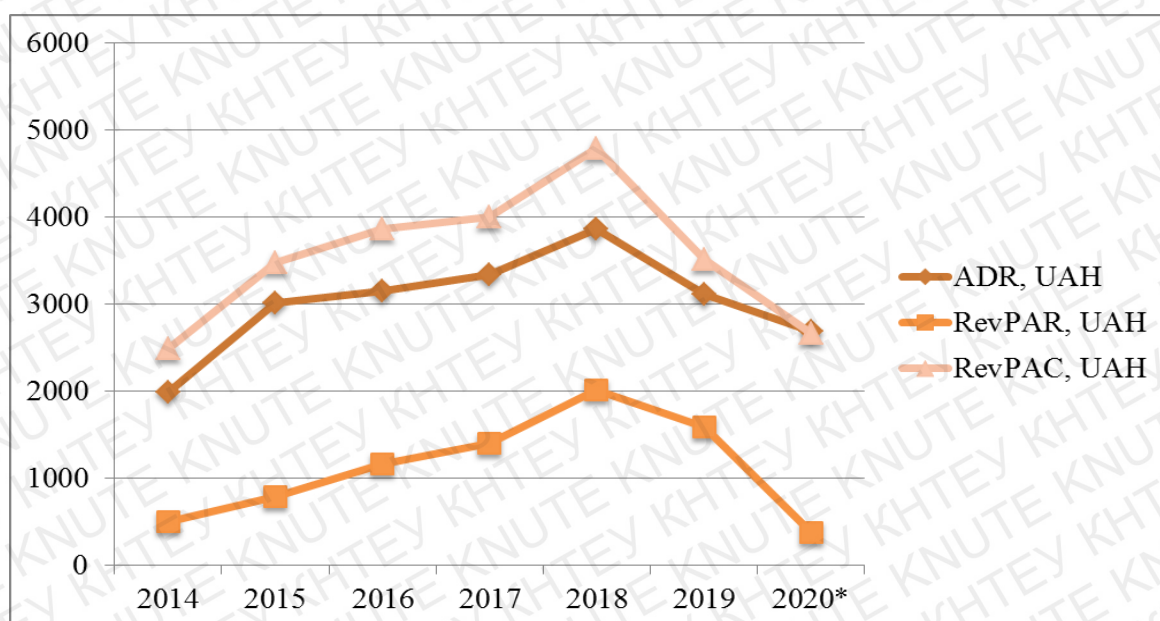
Figure 2.5. The dynamics of main Revenue indicators.

Conclusions to the Table 2.1. and Figure 2.5. Year 2014 showed the most minimal figures in all aspects of the development of the hotel. That was cause by political aspect of the development of Ukraine which has stopped for a particular period of time a flow of tourists to the country. But from the year 2014 we can see a constant and strong increase in the dynamics of all the indicators till the year 2018 when it has reached a peak (in aspect of 6 observed years). This maximum has been reached by a fact that in 2018 a hotel has finished a renovation process in guest rooms, so a lot of frequent and new tourists have been attracted by a renovated hotel. In year 2019 we can see a slow fall in the development because of the fact that hotel did not stop its reconstruction, and it took place in all guest areas – lobby and lobby bar and caused a lot of noise, as well as discomfort for guests. This information has been reflected in all OTAs, so travelers chose another, more quiet hotels. This fact strongly influenced the level of revenue of the hotel. And year 2020 for the current period has the lowest data results caused by spread of COVID-19, close of boundaries and stop of the development of tourism.

**2.2. Pricing instruments in "Radisson Blu Hotel" Revenue management system.**

The pricing is an essential part of revenue management that requires a thoughtful consideration of various influences in order to develop the most appropriate strategy.

Pricing is a very important component of the revenue management process and it can't be ignored. If manager will take the right pricing strategy the hotel will be successful, otherwise the functioning of a hotel will not last for a long time. Pricing techniques used by Radisson Hotels Group include:

1. Dynamic pricing. That means that hotels set prices for their room on weekly, monthly or season basis depending on its strategy. It allows hotels to increase their main revenue indicators, like revenue, average daily rate (ADR), revenue per available room (RevPAR), etc. The strategy of RHG provides different prices on weekdays (on weekdays the price is lower than in the middle of the week), lower prices in case of booking in advance, discounts for regular visitors and for different segments of travelers.

Setting different prices depending on the particular day of the week can be mentioned as the first method which hotels apply as example of dynamic pricing. Figure 2.6 represents how prices for the same room category with the same booking conditions may change during the month (the price is taken on the basis of Standard room, rate doesn't include breakfast, rate is not prepaid).
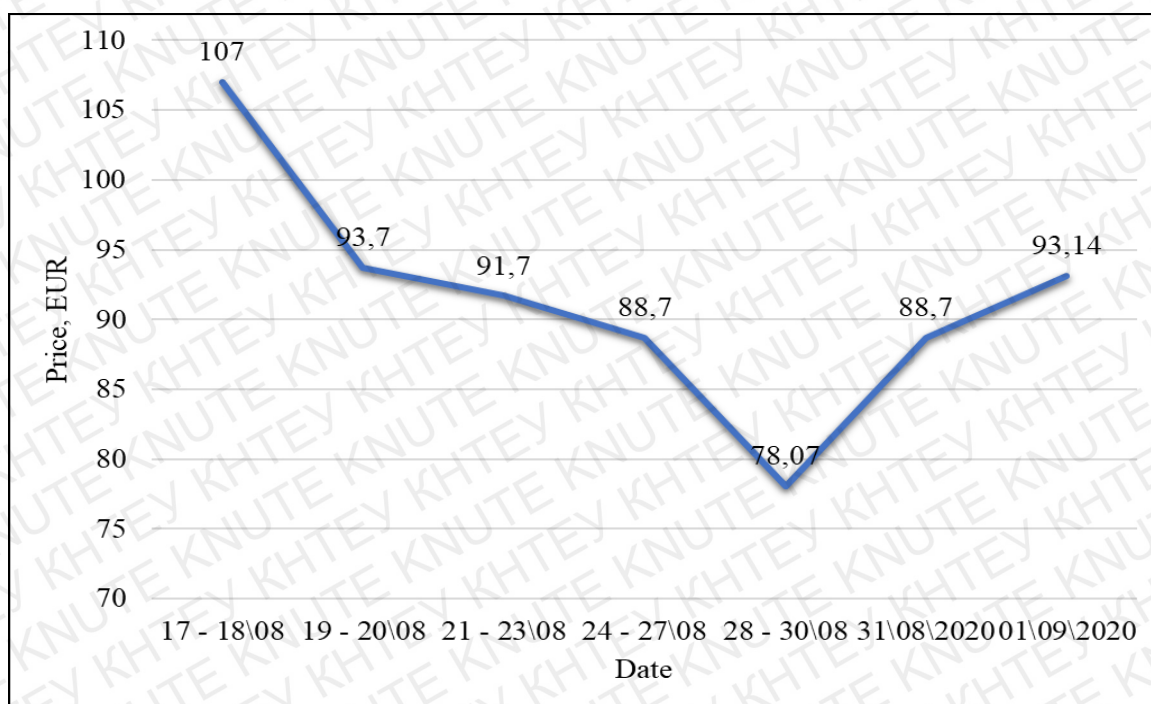
Figure 2.6. The changes of prices for Standard room during the week (based on website of Radisson Hotel Group)

The next method of dynamic pricing can be setting different booking offers to stimulate guests reserve rooms in advance. Usually such offers include special condi-

tions, like discounts or additional services for guests (for example, early check-in or late checkout which can be provided upon availability) for the same price. Such campaigns are activated several days before starting the first stay date and they are aimed on stimulating guests to book their stay in advance and to visit the hotel. Such offers which are provided now and recent ones (for the year 2020) are represented in the Table 2.1.

Table 2.2.

Examples of pricing offers for early bookings

The name	Availability	Conditions	Offer
Weekend Deal	Weekdays in September, October, November	• Stay from 1st September till 31st of November • Prepaid • Non-refundable	• Non-members: 15% off • Members get additional 5% discount
"Summer Staycation"	10th June – 29th August	• Stay from 10th June till 29th August • Min. 2 nights • Cancellation: 48 hours before arrival	• Complimentary breakfast • Complimentary early check-in and late check-out • 50 EUR credit for additional services
"Look Ahead Book Ahead"	15th April – 10th May	• Stay from 10th June till 31st August • Free cancellation prior 7 days before arrival	• Discount 15% • Additional discount 5% for Radisson Rewards members • Additional 2500 points for members for stay
"Dream Deals"	27th May – 31st July	• Stay from 10th June till 31st August • Free cancellation prior 7 days before arrival • Late cancellation – 1 night charge • Not prepaid	• Discount 20% • Additional discount 5% for Radisson Rewards members • Additional 2500 points for members for stay
"Look Ahead Book Ahead"	10th February – 1st March	• Stay from 10th June till 31st August • Prepayment is required	• Discount 15% or 20% • Additional discount 5% for Radisson Rewards regular members

2. Price framing (represented on the Figure 2.7.). The basis of this technique is to change the context of price without changing the price itself. The tool is based on psychological behavior of customer who evaluate the rationality of a purchase depending on the starting price of a product or service. The essence is to imitate the change of a price in a way that it will become lower without changing it. In may be realized through

online travel agencies (Booking.com, Hotels.com, etc.) or with the help of special applications used by hotel chains to stimulate sales (in the Radisson Blu Hotel, Kyiv City Centre the application is used is called OAKY) which may show the change of a price.
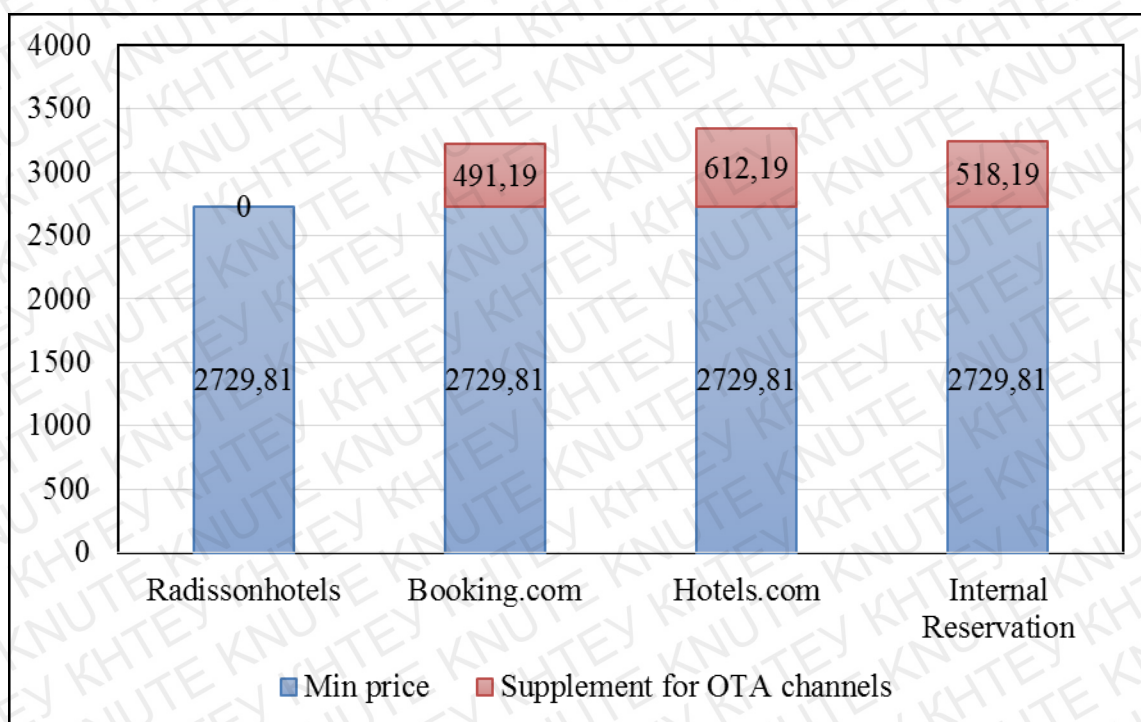
Figure 2.7. Price framing by different OTAs (the data is taken for the same period of stay, same room category, same conditions)

OAKY is the revenue optimization application used by Radisson Blu Hotel, Kyiv City Centre aimed on stimulating sales and increasing the level of revenue of the hotel. Usually the price which is indicated for particular services is reflected on the site with the discount (represented in Annex B), but in reality the price with the discount is the real price for this services. The main principle of such action is to influence people on the psychological level. People see that there is a discount ant it makes them make a purchase.

3. Price discrimination. That means that one product or service can be sold for different customers by different prices. In hotel industry this is more applicable for room reservations. Different guests may book a room of the same category with different prices. The price may depend on the level of a guest in a loyalty program of a hotel chain (the higher level he has the lower price he will pay) or in a loyalty program of a partner (for example, airline loyalty program). The employee of any hotel of a chain may have a lower price than any other guest. This technique is widely used by RHG.

Sometimes hotels or OTA channels of these hotels have their loyalty program for regular guests or application users. In Radisson Hotels Group such loyalty program is called Radisson Rewards and if guest is a member he can get special offers for his next stays. OTA channels may also have such programs of participation, and if a hotel uses the OTA service it accepts that some additional discounts may be applied. On the most popular booking website Booking.com a kind of loyalty program exists and is called Genius. According to this guests get discounts for their bookings depending on their level. That means that different segments of tourists will get the same room with different prices. Such kind of dynamic pricing is represented in Figure 2.8. Basic rate can be obtained by all the travellers, but the others 2 can be used only by Genius members of Booking.com.
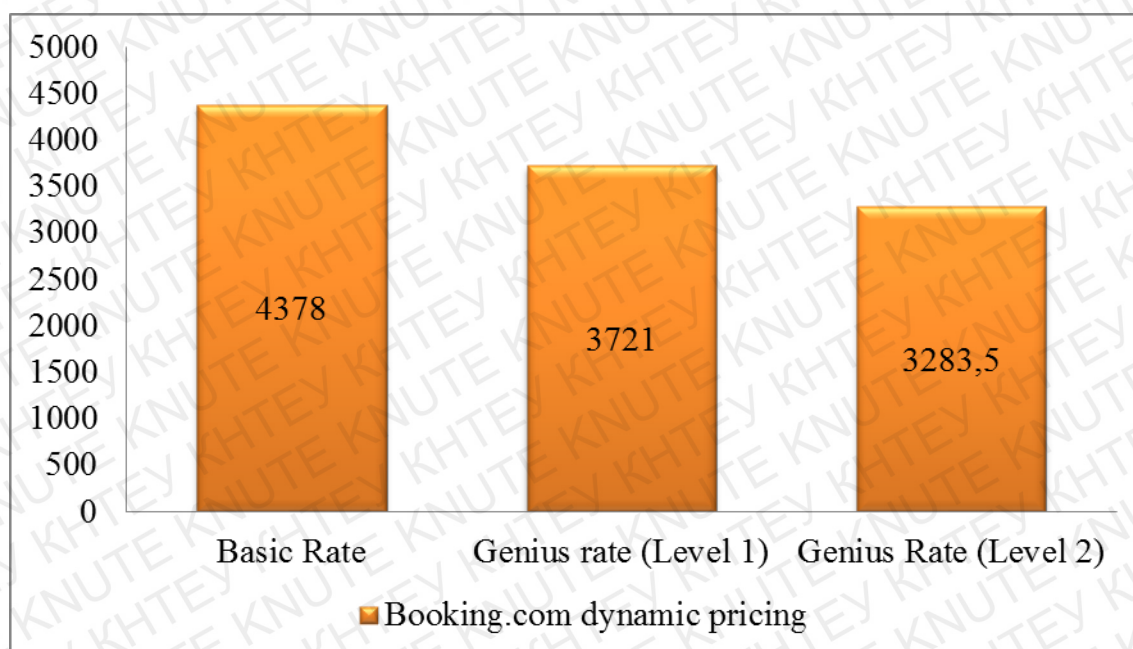
Figure 2.8. Dynamic pricing for different segments of tourists using the example of Booking.com

2.3. Non-pricing instruments in "Radisson Blu Hotel" Revenue management system.

1. Overbooking. This tool is widely used in hotel industry. It means that hotel sells more rooms than it physically sells. This is done in order to secure the hotel from possible no-shows and cancellations of reservations. Using this tool the hotel can be sure that most of rooms will be really occupied by guests. But this king of a strategy is very risky as we always should remember that it can be that all guests who booked the

hotel will arrive. In this case the hotel applies relocations to other partner hotels (guest will live with the same booking conditions as per agreement between hotels), the transfer to the hotel can be provided for guests free of charge. But despite this fact almost all the hotels apply this strategy when there is a big opportunity for its application.

2. Higher level of quality. Guests can be provided by free vouchers for SPA-center or restaurant, small gifts and presents if they have a holiday, complimentary room upgrades and other small amenities which may be very useful for future revenue of a hotel. Such kind of privileges may stimulate guests to return to a hotel more often and to bring a part to a total revenue of a hotel.

In Radisson Blu Hotel, Kyiv City Centre such kind of special services:

- vouchers (guests can get a voucher for a free cold or hot drink in the lobby bar if they book a room of a high category – higher than a Standard one. It can be used only once, after usage the voucher should be returned to the bartender);

- room upgrade (if a guest is a VIP or regular he can be provided with the room of a higher category free of charge);

- in-room gifts (VIP guests or guests who have birthday can get a free little gift upon arrival or during a stay (in case of a birthday). Usually it is a welcome card signed by General Manager, can be a cake, some fruits or a small souvenir from Ukraine like a plate or a cup with the ornament);

- presents for kids (guests with kids may have an opportunity to get a present for their small child – a bear in a bath robe with Radisson Blu logo).

3. Advertising. This tool is used almost by every hotel in the world. Every big hotel or a hotel chain has its own web-site where all new offers and propositions are provided. Nowadays most of hotels have their pages in popular social medias like Facebook or Instagram where they public photos, updates and activities. Also some lotteries can published through social medias.

Conclusions to the Part 2. As every business hospitality cannot exist without proper and regular control of quantitative data. It is very important to investigate the changes in data not only on a monthly or year basis, but is very essential to calculate it on daily or weekly basis in order to be always ready for any changes on the market.

Radisson Hotel Group is considered to be one of the biggest hotel chains in the world by the level of revenue. It operates 4 hotels in Ukraine. Radisson Blu Hotel, Kyiv City Centre is one of the biggest hotels in Kyiv. From the analysis provided in the Part II we can see that from 2014 till 2019 this hotel showed good steps towards its development and self-growth on the market of local and international hotel services. But this growth has been fully stopped by COVID-19 pandemic, because it did not perform any operational activity for 3.5 months.

In its activity the hotel widely uses both pricing and non-pricing techniques of Revenue management. Among pricing methods we can mention price framing, dynamic pricing and price discrimination. For non-pricing techniques overbooking, advertising and higher quality guarantee strategies are used.

PART 3

THE DIRECTIONS OF IMPROVEMENT REVENUE MANAGEMENT SYSTEM IN «RADISSON BLU HOTEL, KYIV CITY CENTRE», KYIV

3.1. Propositions for Revenue management improvement in the hotel.

Currently, in a modern market economy with a high level of competition and increased market volatility, each organization needs to have a clearly formulated action plan that will help to maximize the strengths and opportunities in the external environment. At the same time, you need to be able to predict the likely threats that can affect the organization and minimize risks.

For the detailed analysis of threats, dangers in the directions of their decision the SWOT-analysis which are presented in Tables 3.1, 3.2, 3.3 and 3.4 was made.

Table 3.1.

Strengths

Kind	Strengths
Business idea and concept	•4-star hotel with a well-designed and modern design. •Leisure and business guests. •Officially oriented as a conference hotel.
Amenities	• Good selection of rooms, 254 in different categories. • 6 modern conference halls. • Underground parking for 53 places. • Well-equipped gym. • K-Largo Lobby Bar and Room Service.
Services and activities	• Good selection of holiday packages. • Various events (conferences, trainings, seminars) in the hotel. • Transfer to the airport / hotel and to the city.
Customers	• Numerous regular guests.
Location	• Accessibility, location near the city center. • Boryspil International Airport - 45 km, Zhulyany International Airport - 25 km, railway station - 5 km. • St. Sophia Cathedral, Golden Gate, Independence Square.
Other	• Loyalty programs in the Radisson Hotel Group application.

Radisson Blu Hotel, Kyiv City Center has great potential to use it. We must use all the strengths listed in Table 3.1. For example, you can use the location as a quiet place, without city noise, you can also use our transfer offer. A wide range of conference services from huge halls such as the Embassy Suite to small meeting rooms. The hotel has a great loyalty program that is networked and may be applied in any hotel of

the chain around the world. If the guest joins the program, he has the immediate discount for Food and Drinks (except alcohol) in the restaurant or bar of any hotel of the chain. If guest stays regularly in Radisson Hotels using a chain website for booking of making a direct booking at the hotel, he can be promoted to a higher level with a wider range of opportunities.

Table 3.2.

Weaknesses

Kind	Weak sides
Services and events	• There is a problem with parking for buses with large groups. • Lack of pool. • Absence of SPA-facilities. • Absence of lounge zone on the roof. • The absence of Night menu for Room Service. • The absence of online check-in and online check-out options which may facilitate the stay of guests.
Customers	• The main orientation for business guests.

Of course, the hotel has its weaknesses. In my opinion, we should place more emphasis on world-famous booking systems such as Booking.com, Hotels.com, Hotelbeds and others. Now the world is developing at a rapid pace, developing Internet resources, programs that deal with booking. The consumer of hotel services already wants to receive automatic confirmation, without waiting, they want to be mobile.

The next thing to do after the list, and to be aware of the weaknesses, is to take a closer look at the opportunities and look for opportunities.

Table 3.3.

Opportunities

Kind	Opportunities
Business idea and concept	• Receive a large number of guests for the conference. • Transfer to the airport and to the city. • Room service in rooms. • Hotel in the city center. • Location of business centers near the hotel, which facilitates the signing of cooperation agreements.
Amenities	• Convenient location in relation to the airport "Boryspil" and "Zhulyany". • Near the metro station, which allows guests to move comfortably and independently through the city.

The hotel has great opportunities to increase its profits not only by conference services, but also by additional services. Such as hotel restaurants, use parking not only as for rental of parking slots, but also for unusual services (car shows, filming, movies, photo shoots), and for other events in other segments. There are threats of non-fulfillment in every opportunity.

Table 3.4.

Threats

Kind	Threats
Business idea and concept	•High level of competition on the market of hotel services. •Inaccurate data on the situation of the hotel in the market. •Termination of the contract. •Not timely payment. •Problem with non-arrivals and cancellations. •The competition with alternative types of accommodation.
Customers	•Distribution of corporate tariffs for companies (they are confidential) and online rates.

On the basis of results of the SWOT analysis provided, we can see that we can enter make suggestions to improve the conditions of the hotel and this program can be used to increase profits and make the hotel more attractive for guests.

Program of measures to improve Revenue Management from the point of view of the sales department may include:

1. The development of an Event calendar on a quarterly basis. It will indicate the amount of its participants, the date of arrival and departure of events which will take place in Kiev (Appendix B).

2. The involvement of alternative companies (businesses) for the weekend.

3. The analysis of competitors.

4. The signing of new agreements with new partners and companies.

5. The signing of new agreements with airlines entering the Ukrainian market.

Also the program of measures on income management from the point of view of additional services can be developed and implemented:

- The cost of breakfast can be flexible, and an alternative breakfast is introduced: you can offer coffee (tea) and snacks (in case breakfast is not included in the room rate).

- Implementation of different kinds of promotions during the low season, on weekends and holidays in order to attract new segments of potential customers.

- The offer of new additional services, such as massage room (open on request), Jacuzzi, sauna, gym trainer (open on request).

- The usage of guest surveys as a tool of improvement the quality of service.

- The distribution of information via Online Travel Agencies (Booking.com, Hotels.com, Hotelbeds, Agoda, etc.).

- The creation of an application of our website for phones.

- Possibility to sign cooperation agreements with other hotels.

- Periodic trainings for both management and production staff. That will allow to improve professional knowledge, to form the necessary management skills, to identify management errors, to identify the main reasons and key points for staff motivation and to improve customer service. If we combine all these factors, that will allow the hotel to get more income.

- Material and intangible incentives (trainings, team building, promotions from the hotel, and incentive prizes) of hotel employees will increase productivity and efficiency of the enterprise, to form a positive image of the hotel.

- The use of information technology and the latest software will increase staff motivation, employees' desire for professional development, increase the efficiency of all departments and hotel profitability, strengthen discipline, objectively evaluate the work of each employee and determine rewards (bonuses).

One of the most serious media nowadays is the Internet. The number of users today exceeds millions, and the number of information searches is many times greater. Therefore, taking into account these factors should pay attention to this segment in terms of advertising environment.

It can be seen that the most profitable channel for the distribution of advertising is television, it occupies 44% of market share. The Internet occupies the second position with its 24% of market share. For the hotel, this is the most profitable channel for disseminating information where information can be provided to potential consumers of

hotel services. The structure of distribution channels in Ukraine is represented in Ukraine is represented on the Figure 3.1.
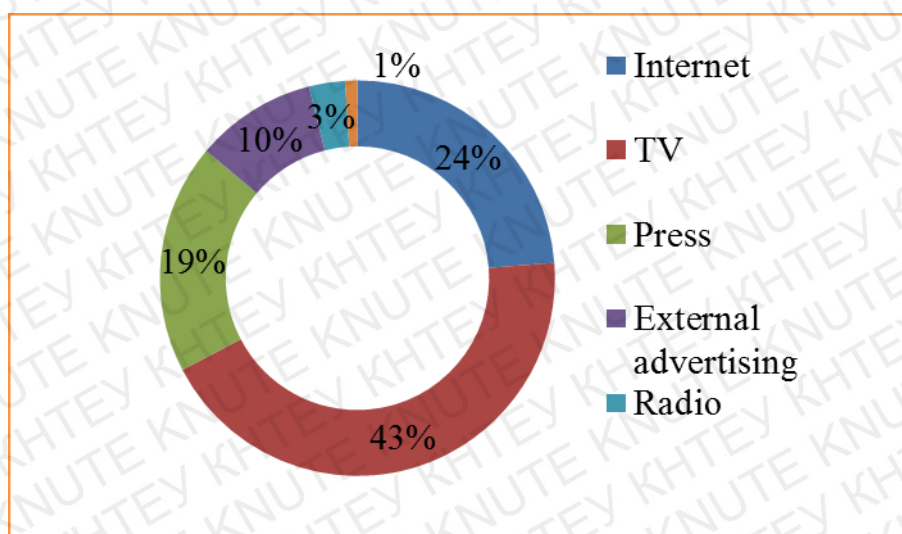
Figure 3.1. Distribution of advertising in Ukraine

In my opinion, it is worth considering two methods to improve the profits and condition of the hotel as a whole. One of such ways of development can be both an increase in the price of hotel rooms (the first method) and an increase in the number of the most rooms that have the highest demand, by reducing the rooms that have the lowest demand (the second method).

3.2. Improvement of pricing and non-pricing instruments of Revenue management.

To begin with, you should consider Revenue management, which has been established since the establishment of the hotel until today. This effect can be traced by compiling the corresponding data in the Table 3.5.

Table 3.5.

The calculation of main indicators for years 2014-2019

Indices	Year					
	2014	2015	2016	2017	2018	2019
ADR, UAH	1983.44	3014.95	3153.53	3337.44	3859.82	3105.96
Occupancy,%	25.04	26.19	36.57	42.31	51.67	51.26
Room revenue, mln. UAH грн.	46.22	73.48	107.58	122.89	137.05	133.69
RevPAR, UAH	495.86	783.88	1166.81	1401.72	2007.11	1584.04

As can be seen from the table, the larges amount of revenue is observed at maximum occupancy, and relative to the maximum price per room, which was set in the year

2018. This aspect is economic behavior shows that the level of revenue in this case will soon reach its maximum value, so measures should be developed that will allow to reach the maximum value.

One of such ways of development can be both an increase in the price of hotel rooms (the first method) and an increase in the number of the rooms that have the highest demand, by reducing the rooms that have the lowest demand (the second method). In this case, the most popular number are single and double standards, which are currently accrued 105 and 64, respectively. The least popular are the rooms of Suite category (quantity is 3), family rooms(5 rooms) and 2 suites overlooking St. Sophia Cathedral. A decrease in the number of apartments (the second method) will lead to a decrease in the ADR, which in turn will reduce the Revenue by 14.2 percent compared to the first method. Thus it is possible to see that in any case, even at decrease in value of Occupancy to 4–5% percent profitability from 1 method remains.

The reducing the number of rooms is not a profitable strategy for hotel development. The most correct is the price increase. One may be the case that the price will be too high, but this aspect is annihilated due to the fact that there is a constant base of buyers who need to be more encouraged by introducing the special offers mentioned above. According to Table 3.6, you can see that the most effective is contact advertising from Google. When entering a search engine, a keyword, the user is offered a choice of a number of ads, which is the answer to the task. So when working with Google, you should pay attention to the following: client's request (written or oral) with a description of the problem, the goals of the advertising campaign, the estimated budget (if its scope is defined). In Table 3.6 we can see that Google's contextual advertising is the most effective, with an efficiency ratio of 44%.

Table 3.6.

The dynamics of pricing for online advertising

Type of service	The price of online advertising		Efficiency,%
	Minimal	Maximum	
Advertising on Facebook	1500	2500	10%
Advertising on Instagram	1500	2000	15%

Type of service	The price of online advertising		Efficiency,%
	Minimal	Maximum	
Production of banners	1000	3750	10%
Conducting a banner advertising campaign	3750	25000	27%
Google Contextual Advertising	800	20000	40%
Placement of contextual advertising	2000	12500	33%
Audit of contextual advertising	2999	4000	11%
Contextual advertising settings	1000	5700	13%
Advertising on Youtube	4000	-	24%

The following will be sent to the user:

- The offer, which includes a media plan, the form of the contract, as well as the concept of the advertising campaign, the schedule of advertising, etc.

- Final proposal approved by the client.

Statistical and analytical reports, including recommendations for the future. The development of the advertising campaign takes 2-3 working days, the launch of the advertising campaign - another 2 days. Deadlines can be both shortened and increased depending on the task. An example of such advertising is shown in Figure 3.2.

Figure. 3.2 Type of contextual advertising from Google

In order for the Radisson Blu Hotel, Kyiv City Center to be the first in the Google search engine, we need to pay up to UAH 20,000, and then perhaps more people will be able to use the website to book a room at a standard price or a conference room. Also, online booking is gaining more and more popularity, all customers want to receive a quick confirmation and know all the information about the hotel or booking, so it would be advisable to develop an application for smartphones. To date, the current cost of developing the application ranges around 3000-4000 dollars. First, we will be able to receive reservations directly at the standard price, we will be able to reduce the booking time for users registered in the application. Secondly, you can send information about promotions or offers of the hotel.

Leading technologies and reproduction of old customs in a country are very popular nowadays. In order to increase the level demand for hotel due to these aspects, we can offer the following number of additional services:

1. The service for rental of cars andgyroscooters.

2. Jacuzzi and SPA facilities (the hotel owes only sauna and steam bath, but lots of people are interested in attending SPA in the hotel and not to go and search for something else).

3. The organization of photosessions in rooms and public areas. That will increase the level of interest of the hotel in minds of potential visitors.

4. Shooting conferences in 8 K 360.

5. Rental of halls for cyber-sports competitions.

All these services will be describe further.

The above aspects, and prospects for development, point to the large budget base of the Radisson Blu Hotel, Kyiv City Center, which increases every year by increasing the number of consumers. The proposed measures to improve the hotel can be profitable and meet the needs of old and new customers. Significant attention today is played by: advertising, entertainment, and in our case, the corporate segment. As described above, the largest suppliers of profit to date are large companies. It should be noted that large corporations book a large number of seats, and thus make a large load. Thus, there may be a moment that there will be overcrowding in the hotel. This aspect in the hotel busi-

ness is not news, so you should choose partners who will be given a profitable offer. It should also be noted that with the development of the world, technologies are evolving, so we should pay special attention to the "trends" of the modern world.

Thus, we approached the profitability of the introduction of new services and their impact on the hotel business as a whole. To begin with, consider purely physical changes, namely the purchase of new equipment or the improvement of new ones. Table 3.7 represents average expenses which may be cause by implementation of some of proposed services.

Table 3.7.

Pricing of the latest technologies in the hotel

№	Name of service	Equipment costs, UAH	Price of service, UAH \ hour	Term, hours
1	Gyroscooter	155 000	500	~ 31
2	Jacuzzi	930 000	~2000	~ 47
3	Photosession	According to the conditions of the company	3100	–

We can see that almost all creation services can pay off in about a few days of active consumption (1-5 days), given the data described above in the section, namely the number of numbers sold, we can say that the implementation of data will begin to bring profit after half a year of use. Thus, each of the proceedings meets the requirements of the new world, namely is technologically efficient and covers a wide range of audiences. The total amount for all types of implementation is UAH 2.4 million, which in turn is 2.27% of the profit for 2017. In the following, we will consider implementation methods related to changes in the hotel itself without reconstruction or reconstruction, methods based on supplementing and improving customer service, and staff training.

Table 3.8.

Costs for improvement of the hotel

№	Kind	Period	Price, UAH	Result
1	Reduce the cost of some services in the low season	7 – 15 days	-	Attracting more new consumers of hotel services and creating a pleasant atmosphere and memorable momentsfor guests

№	Kind	Period	Price, UAH	Result
2	Survey of guests	2 times a year	15000	Analysis of problems and the possibility of solving them
3	Signing new agreements, contracts, agreements with other companies (partners, airlines, transport companies, hotels)	1 time in 2 months	-	Increasing potential customers, finding alternative companies
4	Conducting trainings for staff	Once a month	20000	Improving the professional skills of staff.
5	Development of the program of material motivation of the personnel: discounts on services in hotel, monetary reward "Employee of the month", payment of transport services, mobile communication, bonuses	Once a quarter	25000	Increasing labor productivity by 25-30%.
6	Introduction of the newest information technologies	During the year	10000	Improving the image of the hotel, improving access to various services
7	Marketing research of competitors	Quarterly	5000	Increasing the number of regular and promising consumers, a positive image of the hotel

According to this table, the implementation costs will not exceed 0.5% of the profit for 2017, which in turn will improve the quality of service and create a favorable face of the company in the eyes of customers.

Returning to the question, overbooking the hotel should also consider the nearest partners. In this case, partners should be selected according to the following parameters:

1. Proximity to the location;

2. The number of stars must be 4 stars or 5 stars, because we are an international hotel and must adhere to the standards;

3. Favorable terms of cooperation;

Having considered and analyzed, these aspects of the most promising hotels are:

- Number 21, which is located at a distance of 18 km, ie 20 minutes drive from the main place. This hotel is our partner. This hotel can accommodate a small number of guests, but in case of emergency it will be one of the best ways to solve this problem.

- Mercure Kiev Congress can also become one of the promising hotels, as he himself may face this problem and he needs partners. There are many employees who used to work at the Radisson Blu Hotel, Kyiv City Center, so it is possible to agree.

Conclusions to Part 3. Thus, it can be seen that in any case, the services we offer, in terms of improvement or territory or staff, will not exceed 10% of the cost, and will be able to make a profit of more than 20%, due to its rapid payback.

Increasing the customer base, as described above, is possible through advertising. The most appropriate advertising today is the one that is distributed on the Internet, so it is promising to use contextual advertising, which costs 20,000 UAH per month, but its effectiveness is ~ 40%.

When increasing the customer base should be expected in the "hot seasons" overcrowding and non-compliance with the terms of the contract with large clients. This aspect can lead to a number of unpleasant penalties, which in turn will affect the image of the hotel. Therefore, we offer signing contracts with the following hotels that meet the requirements described above: Number 21 and Mercure Kiev Congress.

CONCLUSIONS

The tourism industry, which is currently one of the most promising components of the world economy, in its rapid development is constantly demanding the use of new strategies and approaches to business management. In the conditions of conducting business in a highly competitive environment, it is rhubarb management that is the key to increasing the competitiveness and success of tourism businesses.

Revenue management is a technology of price policy formation based on demand forecasting, aimed at ensuring high profitability of the enterprise. The main task of this technology in the field of tourism can be formulated as achieving the optimal ratio between the demand for services in the tourism market and the corresponding supply, in other words - the formation of supply that meets a certain level of demand. Thus use of principles of rhubarb of management becomes necessary practically for all business clusters of the tourist industry - tour operators, air carriers, hotel complexes.

Based on the definitions of various authors, we can say that revenue management is a management as a set of tools and actions aimed at achieving the optimal level of net income and gross operating income of the hotel, offering the right product to the right customers through the right distribution channel at the right time at the right price . "Revenue Management" as a discipline provides an opportunity to combine internal and external analytics, operational research and sales strategy, taking into account trends in consumer behavior and the movement of competitors in the market. There are two main interrelated areas for effective consumer demand management, such as pricing and customer life. For the most part, prices can be fixed or variable. A "fixed price" can be entered as a single price for the same service for all customers at all times and a "variable price" can explain different prices at different times or for different customer segments. Variable pricing helps control demand for a simple process. This can reduce the cost of discounts in low occupancy for all customers or may be in the form of price discounts for certain types of customers.

The system of rhubarb management allows you to assess all aspects of the business of the hotel business, relating to capital structure, creditworthiness and other important components. Based on constant monitoring of the business environment, organic

mastery of strategic thinking and management methods designed for the future. Revenue management of modern design has a global analytical basis, strategic thinking and sales management techniques. Therefore, increasing the level of profitability of the enterprise should be based on a deep financial and economic analysis of the enterprise: assessment of technical and economic indicators of the enterprise and the organizational level of production, use of production facilities and fixed assets, raw materials, labor, economic relations and more.

Having successfully implemented 5 areas, namely segmentation, forecasting, pricing, sales channel and loyalty, and linking their values, you can build a clear scheme of Revenue management in the hotel. In our opinion, the market is only developing in this direction. That is why we are confident that revenue management - both in the sale of rooms and the provision of additional services, the provision of banquet and conference rooms, events - will be the main trend in the hospitality industry for many years to come.

The role of the revenue manager will never be static. The reason is that this profession is at the intersection of such dynamic forces as technological innovation, economics and strategy. Those who adapt their responsibilities to future trends will always cope well with their responsibilities. Those who are stuck in a market model that has ceased to exist will struggle to maintain its significance.

Having analyzed the above facts and possibilities of Radisson Blu Hotel, Kyiv City Center can be said that since the date of its foundation, namely 2005. The profits of this hotel are impressive compared to the nearest competitors, and remain at the level of the last 5 years. This effect is evidenced by economic indicators, namely ADR, and profit for the year. It should also be noted that this hotel has worked out at the level of revenue management, which is manifested in the fact that when the level of GDP falls, there is a change in the level of ADR, i.e. pricing, as described above, is variable.

The potential of the hotel is expressed in reaching a large number of diverse audiences, namely:

- GCP (Large Corporates) - 55%
- L (signed contracts) of the segment –27%

- A (airline) segment - 15%
- R is also -3% from other sources

It should be noted that the largest level of profits falls on large corporations (more than 20 million), which in turn need reliable partners if necessary. With a small customer base, rack sales are relevant, due to the relatively stable and large profits. This profit is large as the guest pays the full (standard) amount, which includes all hotel services.

For such a large audience, you need a large area and the number of seats offered by this hotel: 6 conference rooms, 255 rooms, of which there are 105 standards, 64 standards on the high floor, superior standard - 51, 12 business rooms, 5 family, semi suite 12, 3 suite rooms and 2 suites with a view of St. Sophia Cathedral. Thus, you can see that since its inception, the hotel is profitable, and occupies a suitable place in the economy covering all segments of the population. However, we will consider further promising opportunities for development below.

At present, with adequate competition, the services we offer for improvement or territory or staff will not exceed 10% of costs, and will be able to bring a profit of more than 20%, due to its rapid payback.

A number of revenue-enhancing measures have been proposed, such as event calendar forecasting, to attract alternative companies for the weekend.

I also want to dwell on the segments that need to be involved in our hotel. These are agro-industry, medicine, government, international organizations and sports. In my opinion, if we attract new companies in this segment, the hotel will be able to increase the number of consumers and, accordingly, the income of the hotel "Radisson Blu Hotel, Kyiv City Center".

Increasing the customer base, as described above, is possible through advertising. The most appropriate advertising today is the one that is distributed on the Internet, so it is promising to use contextual advertising, which costs about 20,000 UAH. per month, but its efficiency will be about 40%.

With an increase in the customer base should be expected in the "hot seasons" overcrowding and non-compliance with the terms of the contract with large clients. This aspect can lead to a number of unpleasant penalties, which in turn will affect the image

of the company. Therefore, we offer to sign contracts with the following hotels that meet the requirements described above: Number 21 and Mercure Kyiv Congress.

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APPENDECIES

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

HOTEL RESTAURANT AND TOURISM BUSINESS: FOCUS ON INTERNATIONAL TRENDS

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

Kyiv 2020

Price framing for sales stimulations (breakfast proposition)

Appendix C

Segment name	Description	Mark
Individual reservations		
Rack	Income from guests, without prior reservation	Guests Walk-in
Discount	Non-breakfast room	Special Rack Rates
Long stay	Special rates are offered to guests staying for a long period of time.	Frequent guests for whom there are special discounts for long stays
Corporate companies		
Regular corporations	Special rates.	Sanofi, Ceetrus, Teva, Toyota, Tetra Tech
Corporate benefits	Inflated tariffs for corporations, at the expense of the intermediary	KyiAvia, Obriy
Corporate negotiations	Revenue from the number paid by the company.	Basf, Nova Poshta
Government companies	Revenues from numbers booked under the state tariff programs of persons connected with state, military or diplomatic institutions; traveling for business or leisure.	OCSE, Public Alliance
Business	Income from business tourists	Metro
Service package		
Weekend offer	The revenue from the room and extra services.	For all customers
Seasonal package	The revenue from the room booked by discounted prices	
Airlines		
Cancelled flighs	The revenue from rooms and extra services by special rates	MAU, InterAvia, Bravo, Fly Dubai
Airlines	The revenue from rooms related with bookings by corporate agreements for crew accommodation.	Fly Dubai

CONFERENCE & MEETING ROOMS

Time	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Kiev				Pfizer, 120 pax, Marina / Yulia										
Lviv				Pfizer, 10 pax, Marina / Yulia										
Lond				Pfizer, 10 pax, Marina / Agrimatco 40 pax theatre Oksana										
Viln				Pfizer, 25 pax, Marina / Yulia										
Vien				Pfizer 25 pax, Marina / Yulia										
ChilO				Pfizer, 25 pax, Marina / Yulia										
Sing				Pfizer,15 pax, Marina / Yulia										
Amst				Pfizer, 15 pax, Marina / Yulia										
Nice														
Kaun														
Berl				Pfizer, 5 pax, Marina / Yulia										
Par				Pfizer, 15 pax, Marina / Yulia										
Delhi				Agrimatco 40 pax theatre Oksana confirmed										
Prague				Metro 15 pax amphitheater Nataliia										
Madr				Metro 40 amphitheatre Nataliia										
Odessa				John Deere via Autoexpert, 15 pax, Ksenia / Timur										
Palanga				Ukrmedcert 25 pax classroom Nataliia										
Panorama														
Event Hall Kyiv					**Pfizer, 130 pax, gala Marina / Yulia**									
Atm Mall														
New York														

F&B

Time/Venues	The Hub	Windows	Madrid	4 floor	Panorama 18 floor	DK	Event Hall Kyiv - Prefunction	Atm Mall	New York
8:00									
9:00		Pfizer, F&B 130 pax							
10:00									
11:00									
12:00	Agrimatco 35 pax lunch								
13:00									
14:00									
15:00									
16:00									
17:00									
18:00									
19:00									
20:00									
21:00									
22:00									
22:00									

Appendix E

Annex to the National Regulation (standard)

of accounting 1 "General requirements for financial reporting"

Enterprise "SASSK" hotel "Radisson Blu Hotel, Kyiv City Center" according to the USREOU

Territory of M. KYIV _____ according to KOATUU

Organizational and legal form of management -private joint stock company under KOPFG

Type of economic activity - activity of hotels and similar means of temporary under NACE

Average number of employees 574_____

Address, phone st. Yaroslaviv Val 22, Kyiv, 044_____

Unit of measurement: thousand UAH without a decimal point (except for section IV of the Statement of financial performance (Statement of comprehensive income) (form № 2), monetary indicators of which are given in hryvnias with kopecks) Compiled (mark "y" in the appropriate box): according to the provisions (standards) of accounting accounting according to international financial reporting standards

Balance sheet (Statement of financial position of non - current assets) on 31.12.2017 p.

Form № 1

Assets	Line code	At the beginning of the reporting period	At the end of the reporting period
1	2	3	4
I. Non-current assets			
Intangible assets	1000	147 608	147 590
initial value	1001	148 535	148 535
accumulated depreciation	1002	927	945
Incomplete capital investments	1005	1 235	1 235
Fixed assets	1010	89 550	89 040
initial value	1011	164 923	164 908
wear and tear	1012	75 373	75 868
Investment Property	1015	0	0
Initial value of investment real estate	1016	0	0
Depreciation of investment property	1017	0	0
Long-term biological assets	1020	0	0
Initial cost of long-term biological assets	1021	0	0
Accumulated depreciation of long-term biological assets	1022	0	0
Long-term financial investments: which are accounted for using the equity method of other enterprises	1030	0	0

other financial investments	1035	0	0
Long-term receivables	1040	27	27
Deferred tax assets	1045	0	0
Deferred acquisition costs	1060	0	0
Balance in centralized insurance reserve funds	1065	0	0
Other non-current assets	1090	0	0
Total for section I	**1095**	**238 420**	**237 892**
III. Non-current assets held for sale and disposal groups	**1200**	**0**	**0**
Balance	**1300**	**247 530**	**249 423**

Head

Chief Accountant

It is determined in accordance with the procedure established by the central executive body that implements the state policy in the field of statistics