Kyiv National University of Trade and Economics
Tourism and Recreation Department

FINAL QUALIFYING PAPER

on the topic:

«Customer loyalty formation of incoming tour operator in Kyiv»

Student of the 2$^{\text{d}}$ year, group 11a,
academic degree «Master»
specialty «Tourism »
specialization «International tourism»

Voronova Yuliia

Scientific adviser
Candidate of Sciences (Economics),
Associate professor

Zabaldina Y. B.

Manager of the educational program,
Doctor of Sciences (Geographics),
Professor

Hladkyi O. V.

Kyiv, 2019

Kyiv National University of Trade and Economics

Tourism and Recreation Department
242 «Tourism»
«International Tourism Business»

Approved by

Head of the Department
_____   T.I.Tkachenko
« __» _____ 201_

Task
for a final qualifying paper

Yuliia Voronova

1. Topic of a final qualifying paper: «Customer loyalty formation of incoming tour operator in Kyiv»

Approved by the Rector's order from 30/10/2018 № 3992 and from 31/10/2019 №3704

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

3. Initial data of the final qualifying paper

The purpose of the research is development of customers loyalty formation by using the research of theoretical and methodological and determination of practical aspects of its development.

The object of the research is the process of formation of customer loyalty to the tourism brand.

The subject of the research is theoretical, methodological and practical basis as regards tourism brand's customers loyalty formation.

4. Illustrative material:

Figures.: "Tourism Towards 2030: Actual trend and forecast 1950-2030";" Marketing mix as a core of marketing strategy"; Tables.: "Dynamics of the volume

and composition of assets in 2011-2018"; "Price comparison TUI Ukraine and its major competitor Booking.com".

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	Zabaldina Y.B.		
Part 2	Zabaldina Y.B.		
Part 3	Zabaldina Y.B.		

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

INTRODUCTION
PART 1. THEORETICAL AND METHODOLOGICAL BASICS OF CUSTOMER LOYALTY IN TOURISM
1.1. Customer loyalty and process of its formation
1.2. Key stages in loyalty formation
1.3. Famous brands experience in formation of customer loyalty
PART 2. RESEARCH OF CUSTOMERS LOYALTY TO " DayFlat Apartments"
2.1. Brand "DayFlat Apartments" and its story
2.2. Estimation of customer loyalty to brand "DayFlat Apartments"
2.3. Influence of customer loyalty on economic results
PART 3. STRATEGY OF CUSTOMER LOYALTY PROVIDING FOR "DAYFLAT APARTMENTS"
3.1. Strategy and purposes in formation of customer loyalty to brand "DayFlat Apartments"
3.2. Promotion measures for customer loyalty development in "DayFlat Apartments"
3.3. Rationality and effectiveness of promotion measures for customer loyalty development in "DayFlat Apartments"
CONCLUSIONS
REFERENCES
APPENDICIES

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	01.09.2018-29.10.2018	
2.	Preparation and approval of task for the final qualifying paper	30.10.2018-02.12.2018	
3.	Writing and pre defense of the 1st part of the final qualifying paper	03.12.2018 -12.05.2019	
4.	Writing and pre defense of the 2nd part of the final qualifying paper	13.05.2019-31.08.2019	
5.	Writing and preparation of scientific article	till 01.06.2019	
6.	Writing and pre defense of the 3rd part of the final qualifying paper	01.09.2019-20.10.2019	
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	
8.	Presentation of the final qualifying paper on the department and on the deanery, receiving of referrals for external peer review	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	According to the schedule	

8. Date of receiving the task: 02/24/2018

**9. Scientific adviser of the
research** _____ Zabaldina Y.B.

**10. Head of educational
and professional program** _____ Gladkyi O.V..

**11. The task received by the
student** _____ Voronova Y. Y.

12. Resume of a scientific adviser of a final qualifying paper (project)

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

Scientific adviser of a final qualifying paper (project) _____

(last name, initials, signature)

Note about preliminary paper (project) defence   _____

(last name, initials, signature)

13. Resume about a final qualifying paper (project)

A final qualifying paper (project) of the student Voronova Y. Y.

can be admitted to defence in the Examination Board.

Manager of the educational program   _____

(last name, initials, signature)

Head of the Department   _____

(last name, initials, signature)

_____,____, 2019

CONTENT

INTRODUCTION

Building a long-term relationships with consumers is one of the most popular ways to increase the market value of the enterprise. Finding a new customer is just the beginning of your firm's marketing activity while building a long-term partnerships, based on mutual trust between the consumer and the seller. It is the key to improve the market position of the company.That is why various aspects of the problem of loyalty program formation, working with clients, retaining old customers and attracting new customers are relevant and requires further in-depth research and justification.

In recent years, more and more scientific works are related to problems of formation of loyal customers who stay true to their tastes and preferences for a long time and who act as so-called "free" promoters of a particular manufacturer, brand, trading network, etc. The problem of marketing practitioners is that they identify satisfied customers with loyal. Developing specific programs for them, and often spent money don't justify themselves. The question is: can satisfied consumer be identified with loyal customer?

Actuality. In conditions where many similar products, services and services are offered on the market, at almost the same prices, with approximately the same quality, having a loyalty program is one of the main arguments in the competition. The implementation of a loyalty program is relevant for virtually all companies, regardless of business areas, sales volume and stage of development.

The difficult economic situation only exacerbates the need for companies to build successful business strategies for forming and maintaining customer loyalty.

The main purpose. To determine theoretical and methodological basics of customer loyalty in tourism, research of customer loyalty to "DayFlat Apartments" Kyiv, to develop a strategy of customer loyalty providing for "DayFlat Apartments" Kyiv.

The object of the research is process of formation of customer loyalty for tourism brand.

The subject of the research is theory and methodology of customer loyalty formation.

Methodology. The theoretical and methodological basis of the study was methods of information-logical analysis, systematization and generalization, methods of empirical research, tabular method.

Novelty is determined by changes in the rapid pace of development of the hotel business, as well as the need to study issues related to the promotion and stimulation of regular customers, which form a good basis for the economic stability of each hotel. In a rapidly changing market, the tastes and preferences of customers change as by price category so and by quality. Therefore, each organization needs to examine the consumer market for its compliance with current conditions.

Approbation. The work was tested, the results of the study were placed in a collection of students articles "Hotel restaurant an tourism business: focus on international trends".

The level of research. Scientific researches of various aspects of loyalty in the consumer market have been reflected in the works of foreign and domestic scientists. Among the significant representatives of Western economic thought, whose research reflects this problem, can be attributed to D. Aaker, P. Gemble, P. Doyle, F. Kotler, J.-Zh. Lambena, R. Chi, F. Reichelda, M. Stone, P. Temporal, Do. Howard, Oliver, Hoffman, Griffin and others.

Various theoretical and practical approaches to the process of loyalty formation are reflected in the works of such national scientists as I.V. Alyoshina, V.V. Bakaeva, A. Boyarshinov, D.E. Gorelik, Yu.I. Zefirova, A.I. Kovalev, SA Mammothov, MV Mogilevich, A.V. Naumova, VR Patrusevich, I.P. Shirochenskaya, AV Cisar, etc.

Despite the presence of a significant number of works devoted to customer loyalty, it should be recognized that the subject of our work is clearly not developed enough. Implementation of a loyalty programs requires more than buying software. It

requires an operational organization, the purpose of which is a closer relationship with the client.

PART 1
THEORETICAL AND METHODOLOGICAL BASICS OF CUSTOMER LOYALTY IN TOURISM

1.1. Customer loyalty and process of its formation

The brand in the hotel industry has three main functions:

✓ Differentiation, which allows to convey to the client a clear idea of the values of the hotel network, its personality and the benefits of using its services.

✓ Marketing promotion, increasing the popularity of the network and, accordingly, the demand for its services.

✓ Emotional and rational prerequisites for repeated calls to hotel chain services [1].

The development of the hotel chain is impossible without the formation of a long-term relationship between the consumer and the brand. Consequently, the formation of brand management in the hotel industry is based on the process aimed at building customer loyalty by creating functional (high quality services, reasonable price) and emotional (hotel prestige, a sense of security) benefits.

Analysis of the works of Ukrainian, American and European scientists shows that loyal consumers -this is only a small percentage of satisfied consumers (Fig. 1.1). The most common characteristic of satisfied customers is the positive answer to the question "Are you satisfied with the product of the enterprise? ". Loyal customers answer "yes" to the question "Do you recommend us to your friends?".Moreover, these recommendations are provided under any circumstances for a long time.

Thus, it is known that successful branding is very important for the effective functioning and development of hotel chains and is one of the key components in the formation and maintenance of consumer loyalty to its brand.

Loyalty is the preference for a consumer to a particular product or service that is formed as a result of a generalization of feelings, emotions, thoughts about that product or service.

Fig. 1.1. Structure of consumers of the brand
Source: author's own development

Consumer loyalty is their endorsement of products, services, service, brand, logo, appearance, staff, sales location, etc. of a particular company. Approving attitude or tendency to choose a product or service of a company is manifested in the actions of buyers.

A loyal consumer must meet the following requirements:

✓ regularly makes repeat purchases;

✓ buys a wide range of company products;

✓ attracts the attention of other buyers;

✓ does not respond to competitors' offers [2].

Loyalty is determined by the combination of behavioral and perceived characteristics. Consequently, behavioral loyalty is determined by the purchase behavior of the buyer. The components of behavioral loyalty include: cross-selling, increasing purchases, repeat purchases, maintaining the customer's level of engagement with the company. The main components of perceived loyalty include customer satisfaction and awareness [3].

Satisfaction is a sense when a consumer compares previous expectations and the real qualities of the product purchased.

Customer satisfaction is a subjective characteristic, a kind of effective reflection in the minds of consumers (not necessarily correct) of the true advantages and disadvantages of companies, products or services.

Consumer awareness is the level of awareness of the company in the target market.

Satisfaction is a prerequisite for loyalty formation, but as loyalty develops, it loses its primary importance and other factors come into play. The social environment of the consumer plays a special role.

It is completely satisfied customers that form the basis for forming loyalty and achieving long-term success of the company. Moreover, the stronger the competition in this market, the brighter the effect is [4].

To determine the degree of consumer loyalty, the following indicators are most often recommended:

1. Customer base - the total number of all active consumers of the company's products. This number is defined as the sum of first time buyers, repeat buyers and regular customers. It is important to consider active buyers and customers who have come into contact with the company relatively recently (the term is set individually for each company).

2. The level of retention of new customers. This metric reflects the percentage of first-time buyers who return for a second time over a period of time that is set based on the typical buy-back cycle of a buyer's business (industry).

3. Customer retention rate is the percentage of customers who have made a certain number of purchases within a fixed period of time.

4. Buyer Cost Percentage - The percentage of the total number of purchases made in a particular product or service category by a buyer at that company. The seller has a 100% share of the buyer's expenses if the latter spends all of his or her budget on the products or services he or she has.

5. Average number of new buyers per month. This metric determines the number of first-time buyers who purchased a business within a month.

6. Frequency of purchases, which is determined by counting the number of purchases made per month, quarter or year, by industry.

7. Average Purchase Amount is the amount spent on average on a product or service during a single purchase.

8. Loss level - the average annual percentage of buyers who are lost or for some reason become inactive buyers (disappointed or change their address).

Customer surveys are used to collect information when building a relationships. The following methods can be used:

- ✓ telephone survey;
- ✓ postal survey;
- ✓ personal interview;
- ✓ guest card;

✓ online survey.

To determine the overall level of customer loyalty, a quantitative survey is used in which the respondent provides information in response to a questionnaire.

1.2. Key stages in loyalty formation

Unfortunately, today most domestic companies use only loyalty programs to form loyal customers, which is misleading. The process of forming loyalty is quite complex, long-lasting and requires a lot of tools. The analysis of the scientific literature made it possible to identify and structure the components of the process of formation and maintenance consumer loyalty:

1) identifying and forming an enterprise segment of key consumers;

2) assortment management;

3) formation of consumer awareness;

4) increasing loyalty by rewarding regular customers;

5) developing a mechanism for responding to consumer complaints and claims;

7) constant cooperation with consumers[10] (Fig. 1.2).

Fig. 1.2. Stages of process of formation and maintaining customer loyalty
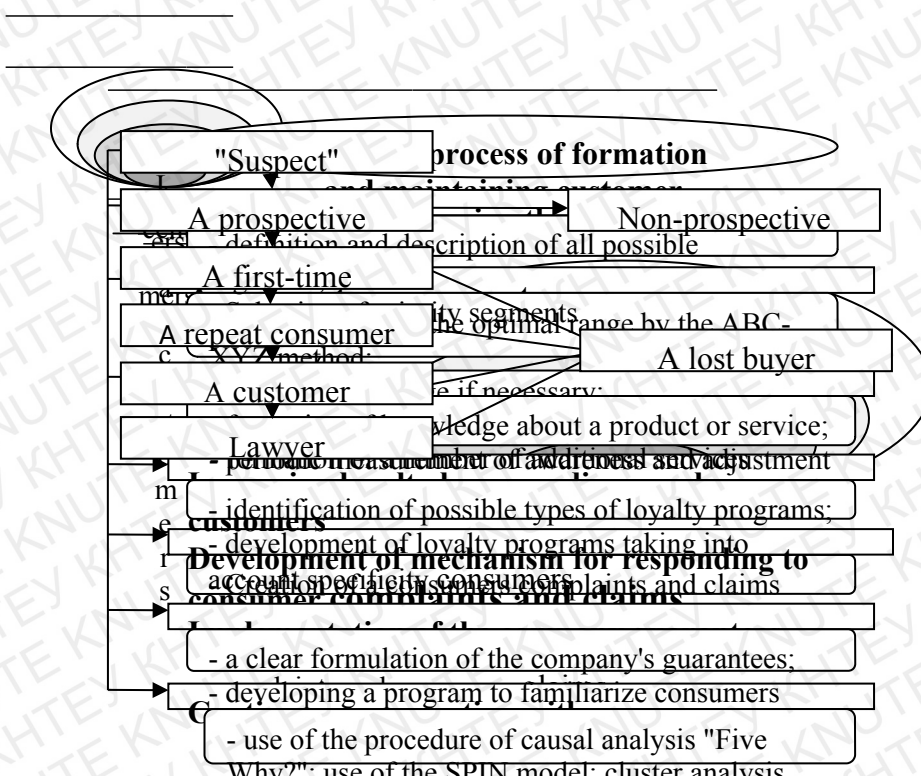*Source: author's own development on base of [10]*

Therefore, the first component is to identify and form an enterprise segment of key consumers. The importance of this stage is that the value of the various segments is for businesses different. Some types of consumers make larger profits in a short period of time, but others may have greater potential for long-term cooperation.

Consumer segments need to be identified and the annual cost of each category assessed consumers (revenue generated minus total cost of service).

The second component is managing the range, which is one of the means of increasing loyalty consumers. This component involves determining the performance of the product offering company, as well as prospective product groups by the method of ABC-XYZ analysis, adjustment assortment.

It is advisable to innovate in order to improve the enterprise to undisputed supporters, tolerant supporters, and non-permanent supporters. Formation of a number of innovations will allow to keep competitive positions in the market and limit moving customers to other vendors or retailers.

There are eight stages of loyalty development that the buyer can go through when interacting with the company (Fig. 1.3).

"Suspect"

A prospective

Non-prospective

A first-time

A repeat consumer

A lost buyer

A customer

Lawyer

process of formation

- definition and description of all possible loyalty segments
- the optimal range by the ABC-XYZ method;
- knowledge about a product or service;
- identification of possible types of loyalty programs;
- development of loyalty programs taking into account specificity consumers
- creation of a clear formulation of the company's guarantees;
- developing a program to familiarize consumers
- use of the procedure of causal analysis "Five Why?"; use of the SPIN model; cluster analysis,
- implementation of CRM-system at the enterprise

Development of mechanism for responding to consumer complaints and claims

Fig. 1.3. Stages of the process of consumer loyalty development
Source: author's own development on base of [16]

"Suspect" is a consumer who might have been able to purchase a product or service for a company, but his or her intentions are unknown.

A prospective consumer is a buyer who needs the product or service of the company and is able to purchase it. He may not have cooperated with the company yet, or may have already heard of it or received a recommendation from someone.

Non-prospective - A potential consumer about whom the company has gathered enough information and determined that the products or services offered by the company either do not need him or he is unable to purchase them.

A first-time consumer may also be a consumer of competing companies and may have plans to change a manufacturing company.

A repeat consumer is a buyer who has made two or more purchases with the company. The repeat consumer may continue to purchase the products or services of competing companies. A customer is a buyer who makes regular purchases at the company. Close and long-term interaction is established, which is a protection against competing companies.

Lawyer - makes regular purchases at the company and distributes information about the company and becomes a "freelance" member of the company's marketing and sales team.

A lost buyer is a consumer who has been a customer of the company but has no longer been making purchases for a long time (more than the normal shopping cycle suggests).

1.3.   Famous brands experience in formation of customer loyalty

Loyalty programs are used as an integral part of the firm's overall strategy for promoting and attracting customers, as well as for maximizing profits.

Any loyalty program includes the following basic components of its construction:

1. The most famous and common component in different enterprise's experience - discount programs. Their essence is to provide the customer with benefits in the form of a refund of the paid value of the goods directly at the time of purchase (discount).

2. The second, also quite common, is the drawing of prizes among customers who have made certain purchases over a period of time.

3. Cumulative discount programs. In them, the benefit depends directly on the client: the more often and the greater the amount he buys, the greater the benefit.

4. Bonus programs. When making a purchase, the customer receives some conditional points, accumulating a certain amount which he has the right to exchange for a product or service at his discretion, which is most often desired and needed by this consumer.

In most cases, the loyalty program and the discount program are open-ended, and regular customers' clubs are closed. Almost anyone can participate in the open program. Participation in the open program does not require any conditions. Using this loyalty program, you can create a very large database.

Individual programs created by the company within themselves and only for their clients [18].

The consumer makes purchases at a company store or network of stores and receives rewards from the same company as a reward. Not everyone can participate in a closed program. In order to become a participant, it is necessary to go through a certain procedure, such as payment of entrance fee or annual membership dues, filling in a special application form, etc. Sometimes companies offer clients to fulfill certain conditions.

For example, make a purchase for a certain amount, make a certain number of purchases within a limited time. Such restrictions allow me to involve in the program only the most important target audience (Table 1.1).

The efficiency of well-designed and non-template schemes has been proven by major representatives of the tourism industry. Successful examples of hotel loyalty programs that have brought them success:

Table 1.1

Comparative characteristics of loyalty program types

Kind of loyalty program	Benefits	Disadvantages

Price: Discount – accumulative, bonus.	- simplicity of rules of calculation of discount; - does not require large time and administrative costs; - a discount in the form of a certificate is likely to force the customer to return to the company; - It is much easier to manage and evaluate results than a loyalty program based on points; - allows you to create different offers for different customer groups.	- does not provide instant remuneration to the client; - both profitable and non-profitable clients are awarded; - this loyalty program can be quite expensive, depending on the threshold and size of the discount; - can remove non-regular customers; - easily copied by competitors
Price: Instant discount	- simplicity for the client; - instant remuneration; - flexible system of discounts (it is possible to convince to purchase more goods (services) at the offered discount at the place of service provision; - this program is easy to manage and have - implementation.	- the discount implies that the regular price is too high; - it is difficult to complete such a program; - can remove non-regular customers; - discounts have a significant impact on profitability
Non-price loyalty programs: competitive, regular customers' clubs	- the basic principles of the program are quite simple - to understand by consumers; - it is difficult to copy this program, as the number of points accumulated and the reward for them can be quickly - modified to provide a more competitive offer; - great opportunities for each target group to make a relevant proposal; - additional points can be charged for the purchase of the necessary items by the participants; - avoids discounts on products; - you can use an accumulation system of points on brands for which a discount is not acceptable;	- increasing the number of terms of the program, as well as retail outlets in which it is applied - confuses customers; - loyalty programs that earn about 1,000 points to earn rewards - advantages of the accumulation system of points; - Depending on the target audience, interest in this loyalty program may diminish; - -Managing points (bonuses) requires considerable expenses - very difficult to support

Source: author's own development on base of [18]

Marriott Rewards Marriott Hotels. An unambiguous leader that brings together 90 million people and 4,600 hotels. The four-tier accumulation system targets two segments at once - the medium-sized business and the elite, and offers everyone their

privileges. As a result of the program's implementation, network revenue has grown by 20%.

Top 5 best programs of famous hotels

Le Club Accorhotels by Accor Hotels. One of the most generous offers from the owner of 4,300 hotels from economy to luxury in 100 countries. A multi-level program with more than 50 partners, discounts up to 40% and various gifts. 5 years after the implementation of the system, the company conducted a survey among clients, according to which 83% said that they choose the hotels of the network again because they participate in Le Club Accorhotels;

IHG Rewards Club by InterContinental Hotels Group. A four-tier bonus / mile bonus system that provides 74 million participants with special rates for booking, higher-class rooms, first-class registration and gifts. IHG Rewards Club members increase about 13% annually.

Hilton HHonors Networks Hilton. A four-tiered scheme that not only offers to accumulate, buy, spend on living, transfer and change points for rewards, but also the ability to independently grant statuses to another participant. The number of clients who join the program increases by an average of 16% annually;

Hyatt Gold Passport by Hyatt. An exclusive cumulative loyalty program for 370 hotel guests, offering a wide range of privileges - from free nights to discounts on spa services, meals, lodging and deluxe suites as an enhanced room.

These systems and hoteliers won the Program of the Year nomination in the US, Europe, Central Asia for the most prestigious and prestigious Freddie Awards in 2018 and beyond. And some of them are more than once. Regular customers account for up to 50% of the occupancy of the room fund and income [21].

Leading companies are trying to be leaders in this. This is how all visitors to Richer Sounds (UK) are handed a postcard with a photo of store staff saying, "We're listening carefully. It's a free postcard addressed to Julian Reacher, owner of this store network." On the back, the visitor reads: "Thank you for your support, because it is because of you that we have become the UK's most successful retailer. In order to retain the number one rank, we need to know what we are doing wrong.

Suggestions and comments on customer service, no matter what they may be, we will be gratefully acknowledged. Each of them will be carefully considered by Mr. Reacher ... Please, please, let us know if we are really caring enough! "

Ukrainian companies also determine the level of loyalty of their customers. One of the simplest ways that Ukrainian companies use is to periodically measure their consumption and customers who prefer that brand over competing brands. Trademark dynamics are sometimes analyzed to identify and respond to problems.

The company "MST Region" (Trademarks "Ridna Marka" and Juices "Mriya") has developed its own methodology for determining loyalty - determining the ratio that is the rati o of the indicators of preference for the product and its consumption. Ideally, this figure should be close to one. The closer it is to one, the better the "health" of the brand. For example, if the product is consumed by 40% of consumers and preferred by only 5%, then the loyalty ratio is 0.125. In such a situation, loyalty programs are required, since the consumer does not prefer the product and can easily "switch" to a competitor at any time. And a completely different situation: the product is bought by 5% of consumers, but prefer it only 4%. Accordingly, the loyalty factor is 0.8, which indicates the high potential of the product and, therefore, the need to expand market share, consumption, availability, product information.

These systems not only enable companies to quickly solve problems, but are also the source of many good ideas for improving their products and services.

The ordinary consideration of complaints and offers cannot help the company to determine sufficiently the extent to which consumers are satisfied with its products or services. According to research, consumers are dissatisfied with every fourth purchase, but less than 5% of these dissatisfied consumers complain - most of them simply prefer the products of another company, resulting in the company losing its customers.

Responsible companies use the method of directly measuring consumer satisfaction by conducting regular surveys. To find out what consumers think about different aspects of their business, companies send out questionnaires or conduct a sample telephone survey of consumers who have recently taken advantage of the

company's services.

Thus, the Belgian company-monopolist in the field of communications "Belgacom" posted in the Belgian newspaper a questionnaire on the quality of its services and received 65000 responses. The poll found her weaknesses and views of her as "unfriendly to clients." This survey allowed Belgacom to rebuild its customer policy.

However, companies may be misled by their results. For example, 85% of customers consider the service level of a company to be good, but how do you rate the fact that 95% of the same customers rate a competitor's service level as "excellent"?

Conclusions to part 1

So, forming a relationship with consumers are based on the following components: personal trust, customer support and service. Loyalty marketing as a direction of relationship marketing concept expands the market enterprise capabilities and enables you to more effectively address marketing and management tasks.

Guest rewards programs promise great benefits for accommodation of any size and format. Carefully designed and constantly improving rewards models encourage direct bookings and maximize hotel profits in the short and long term. They help prepare for the future by gaining customer loyalty in advance.

The intensification of competition, the increase in communication costs, the emergence of the consumer deficit effect and the growth of their expectations cause the development of the concept of marketing of consumer relationships, which is replacing the classic transactional marketing. While a few years ago, marketing strategies were focused on attracting new customers, recently the emphasis has shifted to retaining existing customers, building their loyalty and loyalty to the company. The reason for these changes is the realization that long-term customer relationships are economically viable, as they guarantee regular purchases, require lower marketing costs per consumer and, through customer loyalty recommendations, help increase their numbers. However, most Ukrainian companies do not have the

experience of establishing partnerships with their customers. The main difficulties for them are the lack of a systematic approach to customer loyalty management and the lack of scientific and methodological knowledge on the formation of enterprise management systems focused on retaining customers and enhancing their loyalty.

PART 2
RESEARCH OF CUSTOMERS LOYALTY TO "DAYFLAT APARTMENTS"

2.1. Brand "DayFlat Apartments" and its story

"DayFlat Apartments" is a young actively-developing company. Occupation of the company is daily rental of different-classes of apartments in the center of Kyiv.

Now the company has 48 apartments in city center.

26 of them are 1-room apartments or studiosThe prices for this category vary from 1000 UAH per night for econom-class apartment to 1800 UAH per night for business-class apartment. .(APPENDIX C)

17 are 2-room apartments. Prices for them vary from 1400 UAH to 2000 UAH per night. (APPENDIX D)

5 apartments are 3-rooms. Prices vary from 1600 UAH per night to 2200 UAH per night. . (APPENDIX E)

All the apartments have everything you need for a comfortable stay: double beds, sofabeds, wardrobe, TV. Kitchen: gas stove, washing machine, table, chairs, refrigerator, microwave, electric kettle. Bathroom: shower, hairdryer. The supply of hot water is centralized (24 hours a day), in the event of a shutdown of centralized water supply, an autonomous water heater is provided in the apartment. In the apartment you will find all the necessary accessories: bed linen, towels, single slippers, serving soap and shampoo. Also at guests disposal is free internet, iron, ironing board, folding dryer for clothes.

There are an additional services provided for guests:

✓ Transfer service from/to Boryspil airport(550 uah)

✓ Transfer service from/to Zhuliany airport(350 uah)

✓ Baby cribs (50 uah per night+150 uah for the delivery)

Company was founded in 2012 by its owner O.Lisnyuk ans his partner A. Zbarzhenko. The name on at period was "FlatLux". Company was working by a principe of «sublease». Contracts with owners were signed for few years, a

renovation suitable for business was made.

At the time of chrysis of 2013-2014 years there were no tourists coming to Kyiv and no other segments of guests were coming to the apartments which were situated right in the heart of the actions happening. According to this reason almost all contracts with owners were cancelled .

In the end of 2014 O.Lisnyuk renewed the contracts he could renew(about 10) and founded a brand called now "DayFlat Apartments". During 5 years the company was growing and developing and now there are 48 apartments working and about 15 more are on the level of preparing. As all the preparation and renovation works are made by the "DayFlat" team.

Now team of the company consists from 45 workers. Organization structure includes 3 levels of subordination (Fig. 2.1).
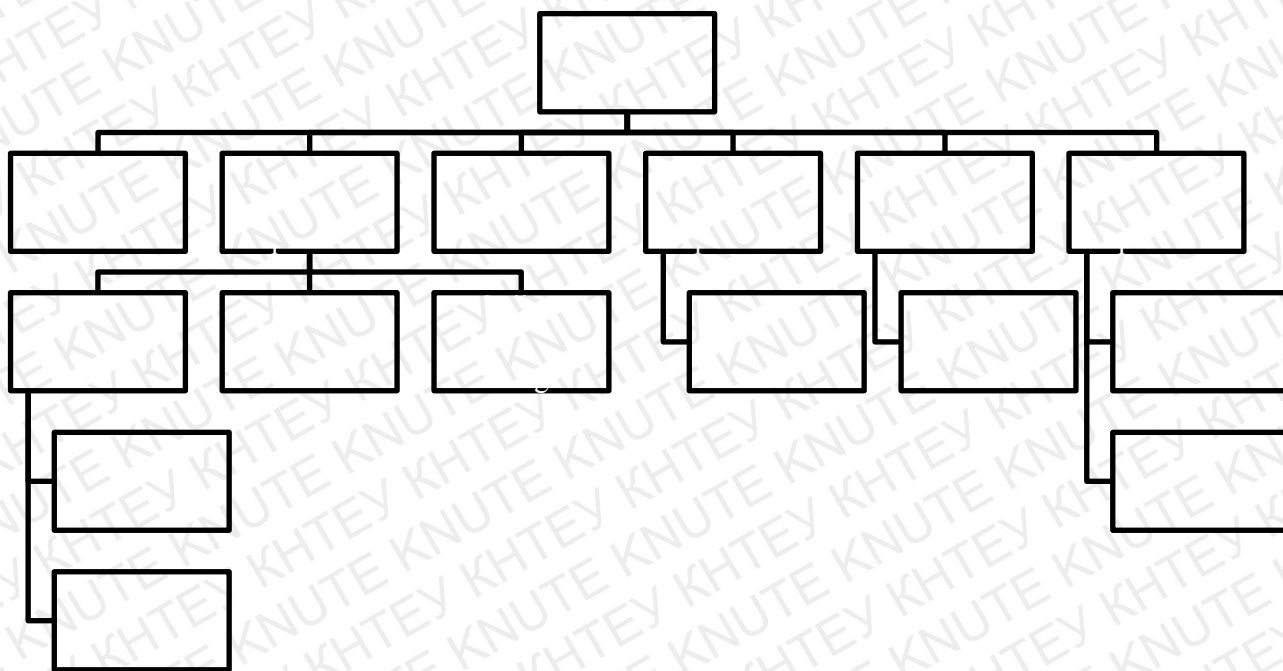
Fig. 2.1 . The organizational structure of "DayFlat Apartments"

Source: author's own development

Now the company works with different reservation systems:

1.   Booking.com(90% from all reservations which are coming from the systems, are comimg from booking.com), average commission from 18 to

23% depending from rate(APPENDIX F)

    2.   Airbnb, (commission 3% from owner ant 13% from guest)

    3.   Dobovo.com, (comissin 15%)

    4.   Expedia.com(including all systems of expedia groum(for example hotels.com) (23% commission)

    5.   Hotels24 (15% commission)

    6.   Hotelbeds

    7.   CTN(content travel network)

    8.   HRS15% commission)

    9.   Doba.ua

    10.   Tickets.ua

    11.   Kyiavia

    12.   Homeaway

For synchronization all of this systems the company use YieldPlanet manager - a premium software provider focused on hotel distribution and channel management. It delivers powerful solutions to meet and surpass the challenges of distribution and revenue management.

About software, the company uses program 1C. This program is at all not the newest one, it doesn't give this program to provide quality customer service, and in particular a hotel company. So the software support needs to be improved.

The average annual load rate is about 80%, maximum load (90-100%) is provided in weekends, days of mass events, festivals, celebrations etc.

A segmentation analysis of guests of "DayFlat Apartments" was done.

As a result of the use of grouping and classification methods, the following data were obtained.

The main clients of the hotel are men - 86% and only 14% - women. Their age is generally between 30 and 50 years(66.7%) (Table 2.1).

Table 2.1

Segmentation by gender and age criterion

Gender	% from all customers	The number of consumers in different age groups,% of the number of groups		
		Under 30 y.o.	30-50 y.o.	More that 50 y.o.
Men	86	75	70	85
Women	14	25	30	15

Source: author's own development

Respondents under the age of 30 are significantly less at the hotel - 26.7%, and quite a few are older than 50 - only 6.6%.

Most often, hotel clients come from Ukraine, Turkey, USA, Germany, China, Russia- 91% (Table 2.2).

Table 2.2

Segmentation by country criterion

Country	%, from all customers
Ukraine	30
Turkey	21
USA	14
Germany	9
China	9
Russia	8
Others	9

Source: author's own development

Author also interviewed our guests about what kind of improvements they would like to see in the apart-hotel, and the biggest part of visitors prefer the company to improve the complex of service, to improve the price policy and make a repair and amortization. (Table 2.3)

Table 2.3

The direction of improvement according to consumers opinions

The direction of improvement	% of interviewed
expand the complex of services	30
repair and amortization	26
pricing policy	32
Cleanliness	18

quality of service	15

Source: author's own development

The fact that guests with different needs reside in the hotel indicates the need for differentiated marketing, especially with the availability of small downloads there is an opportunity to attract new, not yet mastered segments of guests.

There has been also done a research of competitiors of thew company.

- BestKievApartment
- Almateya
- Kiev Accommodation
- KievApartmentNow on Maidan area
- Partner Guest House Baseina
- Partner Guest House Klovs'kyi
- Partner Guest House Khreschatyk

After analyzing the hotels - competitors, it was revealed that many of them have long been using programs in their practice to reward their customers. For example, the BestKievApartment applies programs aimed at retaining both corporate and individual clients, giving them discounts on hotel services. Kiev Accommodation and the Partner Guest House use special offers for the hotel's business services, as well as a special offer with free secure parking in May.

2.2. Estimation of customer loyalty to brand "DayFlat Apartments"

A research of customer loyalty to "DayFlat" has been done by author.

Creating a base of regular customers is an urgent task for enterprises of any field of activity. It is proved that the company receives more profit from its regular customers than from those who decide to use products or services one-time.

During an analysis of guests of "DayFlat Apartments" 54 respondents were interviewed. The research showed that 65% of respondents stay at a hotel about 1

time per year and 25% of respondents stay once a month. 85% of respondents consider brand awareness when choosing a hotel.

At the same time, 95% of respondents are participants in any loyalty programs, and 5% do not participate in any loyalty programs.

Guests of "DayFlat Apartments" are participants in various customer reward programs. These are open-type loyalty programs. They do not require any investments to participate in them and provide mostly non-material privileges for participants. These programs belong to the coalition group, i.e. a participant can receive privileges using not only the services of the organizing company, but also other partner companies.

DayFlat's loyalty program is designed primarily to attract the category of customers who use the company's services on a regular basis: at least 4 times a year, without a pronounced seasonality of residence. This category of guests can be conditionally called "regular guests".

This guest category has a positive impact on several important financial and quantitative indicators of " DayFlat ".

One such indicator is the number of vacant apartments during the so-called "low" seasons. Consider this question in more detail.

Percentage of DayFlat guests by category from April to September: according to research, of the total number of guests in April - September 2018, the share of tourists was 80%, business travelers 12%, others-8% (Fig. 2.2)
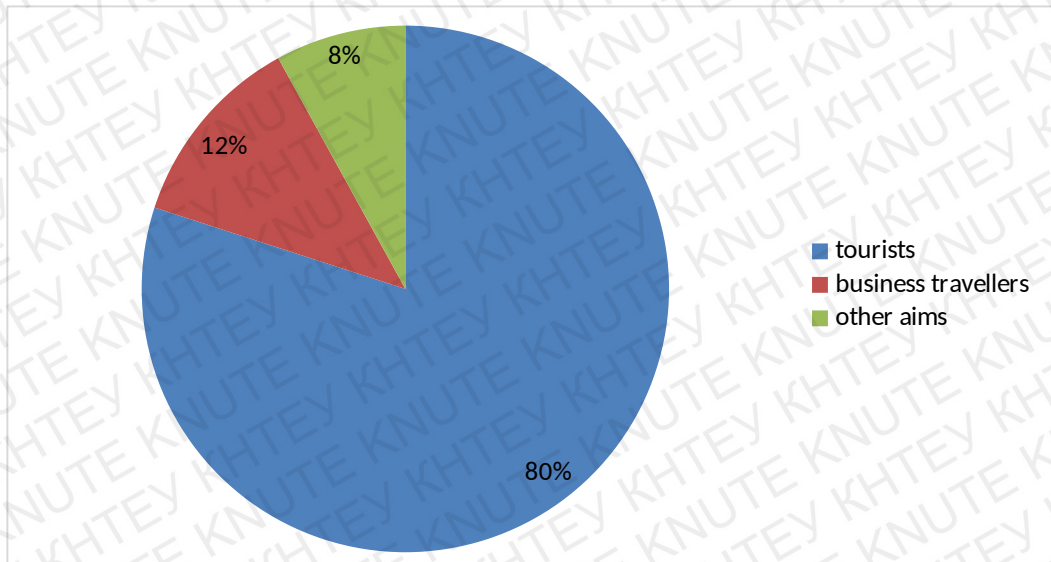
Fig. 2.2 Dayflat's high-season guests

Source: author's own development

Now let's look at the ratio of guest categories between October 2018 - March 2019 (Fig.2.3)

As we can see, the share of business trips during the winter - spring season has increased almost 2.5 times. This is due to the fact that the weather in Kiev during this period is not favorable for tourist visits. Thus, the number of tourists is falling, which makes it possible to consider the period April-September as tourist, and the period October-March is not seasonal.
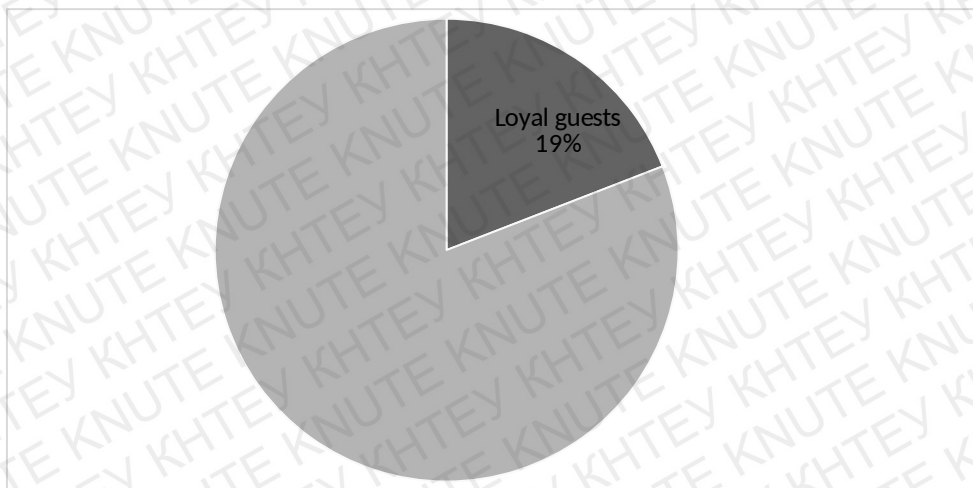

Let's take a look at the statistics, what is the percentage of DayFlat's regular customers among tourists and guests traveling for business. (Fig. 2.4)

Fig. 2.4. Loyal guests among business-travelers

Source: author's own development

As we can see, a significant share (19%) of regular guests of the company is in the categories of business trips, while the share of permanent guests among tourists is very small (2%).(Fig. 2.5)
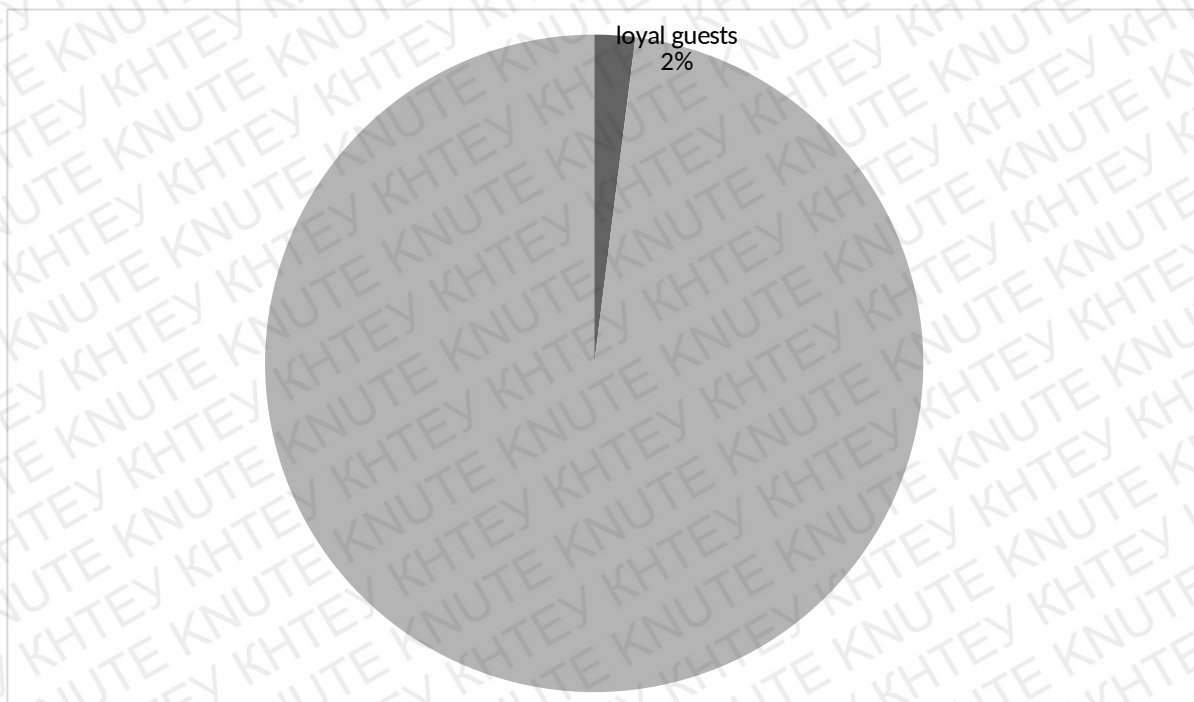
Fig. 2.5. Loyal guests among regular tourists
Source: author's own development

These figures give us reason to believe that from October to March annually, a group of guests traveling for business becomes a very important item of company revenue, and the proportion of such visitors from the total number of guests increases almost twice when compared with the period April-September.

Big part of business travelers take a corporative clients.

The results of work with corporate clients from 2012 to 2019 showed the increase in the percentage of corporate customers is explained by:

- the conclusion of agreements providing for agent interest;
- the introduction of a corporate tariff;
- incorrect client policy of the main competitors.
- seasonal discounts
- reliability and comfort during cooperation

Table 2.4

Main corporate clients of the company

Name of organization	Quantity of nights booked per year
TOV "AGROALYANS LTD"	445
TOV "Metal-Kurier"	306
TOV "ART-FLEX"	185
TOV ENERGY TRADE GROUP	223
TOV "ALT-S"	88
GO "EAST-PUBLITION"	49

Source: author's own development

If we analyze the indicators of the ratio of regular guests among tourists and among the group of business travel, it becomes clear that it is the guests who travel for private reasons, business and work are much more likely to become regular visitors. After all, the reasons for their arrival, as a rule, are not related to the weather and tourist attractiveness of the city.

A results of research of customer loyalty to brand "DayFlat Apartments": now the enterprise has about 10% of loyal guests, the biggest share of loyal guests belongs to a category of business travellers, so the measures of implementation of customer loyalty system must be the most effective for a category of business travellers.

After analyzing the tools that form the loyalty of customers of apart-hotel "DayFlat Apartments" we can draw the following conclusions:

✓ the company needs to improve the personnel selection system, as the service culture is a component in gaining customer loyalty;

✓ the system of rewarding regular customers of the hotel is not official, and customers are not aware of its existence. This does not stimulate guests to use the hotel services again and again, does not form a base of regular customers.

In addition, such a reward system can lead to complaints from guests, because, having received encouragement in one race, he will expect it in the next visit.

One of the drawbacks in working with a client at the "DayFlat Apartments" apart-hotel is the lack of a well-developed database of clients who previously resided in this hotel. All data that the hotel receives when checking in is the most important source of information that the hotel must collect, process, store and use for future

work. The database is a repository of information about the client, about the client's orders and about his personal data, which are stored electronically, this information is confidential.

2.3. Influence of customer loyalty on economic results

It is safe to say that it is the regular guests who have a very significant impact on the number of armor at DayFlat during the so-called low-season, that is October-March. If you increase the number of regular guestss during this period, you can effectively reduce the number of empty apartments in autumn and winter.

To confirm the above figures, consider the following calculation, based on typical DayFlat averages in one of the off-season months.

From the diagram we can see the average number of nights spent by regular tourists in one order=2, business travelers=3, loyal guests=7.(Fig. 2.6)

Fig. 2.6 The average number of nights spent by categories of tourists
Source: author's own development

Now let us consider the dependence of the dynamics of the growth of the number of nights booked on the increase in the share of loyal guests in the total number of residents.

Introductory data

Common number of apartments: 48

Average monthly load factor-75% in March 2018

(36 apartments per night, 1080 nights per month)

Average cost of 1 apartment per 1 night=1300 uah

Table 2.5

The dependence of the dynamics of the growth of percentage of guests in different vategories on economic results

|	Number of	Average	Number of nights	Share of total number of	Revenue 2018, uah	5% increase in every category of nights	Increase of number of nights occupied	Rate of increase	Revenue 2019, uah	Revenue increase rate, per 1 guest, uah
Regular tourists	362	2	362*2 =724	74,7 %	1300uah*724= 941,200	380(+ 18 guests)	(18*2) =36	5%	988,2 60	(988,260/380)*18 =2600
Regular business-...	100	3	100*3 =300	20,5 %	1300uah*300= 390,000	105(+ 5 guests)	(5*3)= 15	5%	409,5 00	409,500/105=390 0
Loyal guests	23	7	23*7 =161	4,8%	1300uah*161= 209,300	24(+1 guest)	(1*7)= 14	8.7 %	219,7 65	219,765/24=9,15 7

Source: author's own development

Gven results in the table show us that every 1 new customer in category of regular guests give us an increasing of revenue on 2600 uah per month, and the same result per year as this customer stay with our company only 1 time.

Increased revenue from 1 guest of category of regular business traveler gives us 3900 uah of revenue per month and the same per year.

Increased number of loyal guests category on 1 guests gives us 9157 uah of increased revenue per month, and as average number of times loyal guest vidits our company per year, we can expect increasing of revenue for (9157 uah*5 times) =45785 uah per year. Thus, we can make a conclusion that having 50 loyal guests increases company revenue on 457,850 uah per year.

The graph shows the growth rate of the total volume of client nights, depending on the growth of guests of a particular category.(Fig. 2.7)
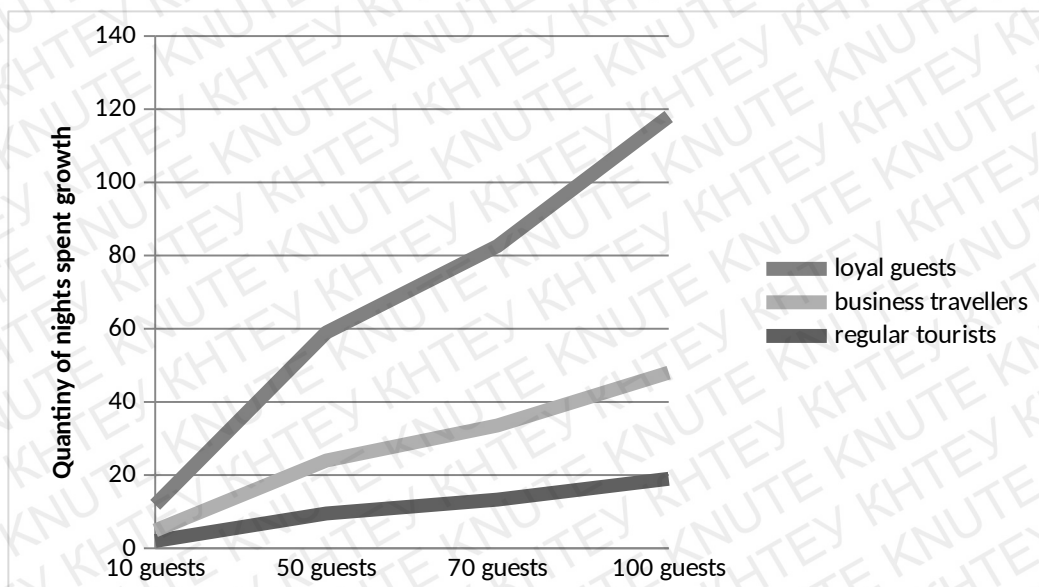
Fig.2.7 The growth rate of the total volume of nights occupied, depending on
the growth of guests of a particular category
Source: author's own development

Based on these data, it can be concluded that the growth of regular guests has the biggest effectiveness on the number of customer nights and the occupancy of apartments. Such growth is directly related to the average length of stay. Regular guests live on average 7 days, which is more than twice the length of stay of the remaining categories.

Thus, due to the increase in the share of regular guests from October to March, it is possible to seriously increase the number of customer nights and increase profits, which partially offset the losses from low tourist activity in the accounting period.

Conclusions to part 2

The enterprise loyalty program is aimed primarily at attracting regular guests. Such guests, as the statistics show, are people who travel for private purposes, for work, for business or for family reasons. The share of such guests among tourists is insignificant.

Thus, regular guests are not exposed to a pronounced seasonality, and their schedule of stay is uniform throughout the calendar year.

In the period from October to March, such visitors are key in the structure of our company's clients, their share increasing to 39% of the total number of guests. On average, the share of permanent guests from non-tourists is 19%.

The average length of stay of regular guests exceeds the length of stay of other categories more than 2 times and averages 7 days.

Due to the high length of stay, the increase in the number of regular guests gives the highest growth dynamics of the total number of nights occupied. Thus, the totality of all factors of influence has a very positive effect on the number of apartments rented, especially against the background of a decrease in the share of tourists in the total flow of clients.

Therefore, regular guests can become a good tool for smoothing the impact of seasonality on the market for daily rent apartments and have a positive impact on the financial performance of the company in the off season.

PART 3
STRATEGY OF CUSTOMER LOYALTY PROVIDING FOR "DAYFLAT APARTMENTS"

3.1. Strategy and purposes in formation of customer loyalty to brand "DayFlat Apartments"

Today, the loyalty program is one of the most effective tools for working with consumers. Loyalty programs will allow the organization to reach a qualitatively new level of work. As the experience of many companies shows, the presence of a loyal customer base is a very strong competitive advantage and, as a result, a decisive factor in winning the market struggle, the key to stability and success in business. The main feature of any loyalty program is its focus on long-term relationships with the consumer. Therefore, a program built solely on the provision of discounts will sooner or later lead to losses, because in the price war, most likely, there will be no winners.

Customer loyalty programs are needed, firstly, by the customers themselves. People like it when they smile, give gifts, give discounts, bonuses congratulate happy birthday - in general, distinguish them from the crowd and pleasantly delight. Secondly, it is financially beneficial for the company: attracting a new customer is eight times more expensive than retaining an old one. Thirdly, according to many business gurus, the future lies with companies building long-term relationships with customers.

Accordingly, for a modern specialist, the goals and objectives in the work are: to find out the issues of how to keep a client, why he gives his preference to a particular company, what prevents other consumers from acting as well, how to turn casual customers and regular customers into loyal followers of a product, brand, company.

Everyone knows that attracting a new customer is three to five times more expensive than retaining an existing one. Therefore, the most obvious way to reduce the cost of attracting customers is to actively work with old guests, turning them into

loyal guests. The Pareto principle works in the hotel business: 20% of guests bring 80% of income, and the remaining 80% - only 20%.

The use of programs allows you to very accurately monitor trends in the client environment. Accordingly, the program should be spent on regular customers. She performs the main task of direct marketing to personalize customer relationships. 20:80 (to identify the very 20% of customers who will make 80% of customers). It is to these 20% of customers that an enterprise should orient its sales system. This will reduce costs and non-personalized advertising.

It should be noted that the introduction of loyalty programs at the enterprise will bring it some benefits:

1) securing the company regular customers;

2) there is the possibility of material incentives for customers depending on the activity of participation in the program;

3) the possibility of psychological encouragement;

4) the possibility of personal appeal to the client, taking into account his psychographic characteristics;

5) increase in the size of one-time purchases of regular customers;

6) maintaining and increasing the level of sales due to regular customers;

7) the introduction of programs provides the opportunity for combinational sales. For the sale of related goods and services, databases are used, including with preliminary research or using available information;

8) the possibility of additional sales and the use of brand loyalty, allow you to release a new product under this brand, which will be acquired by regular customers of this company;

9) the ability to attract regular customers to promote the proposed product or service. It is known that the best advertising is confirmation and advice from a satisfied customer to their friends and colleagues.

DayFlat's loyalty system is designed to attract regular guests.

This category of guests does not have a pronounced seasonal activity, which allows to balance the financial performance of the company when the tourist

attraction of the location falls. By actively attracting regular guests and increasing their share in the total number of clients, we can increase the number of nights spent in hotel by guests between October and March (low season period). This will increase the company's revenue and help it go through this period without significant financial loss.

However, the loyalty program not only allows to improve the company performance in the low season. The program also improves the quality of communication between the company and regular guests, offering them exclusive booking conditions.

Such a set of measures and conditions makes the company more attractive to regular guests, and allows the company itself to earn more on regular customers than on other categories.

As a result, it is possible not only to offset losses from the decrease in the flow of tourists, but also to facilitate the conditions for providing high-quality service to staff.

Conditions and benefits of the DayFlat loyalty program for the guest(Fig. 3.1)
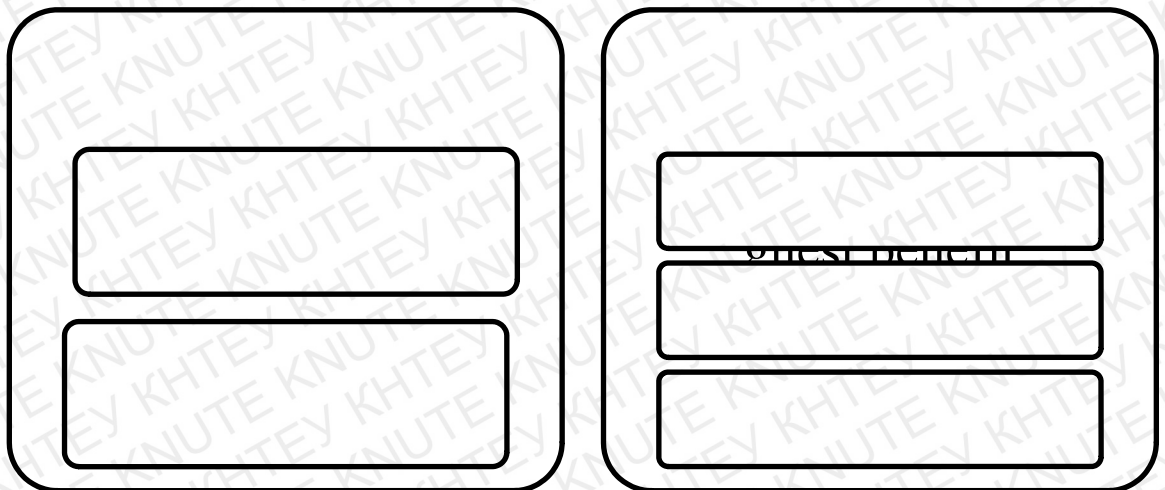
Fig. 3.1. Conditions and benefits of the DayFlat loyalty program for the guest
Source: author's own development

Purpose in formation of customer loyalty for "DayFlat Apartments" (Fig. 3.2). The reservation systems with which the company cooperates ranges from 18 to 22 percent. Working with guests on a loyalty program(with average discount 10%) and

providing them booking services for direct, company can save from 8 to 12 percent of the cost of commissions.
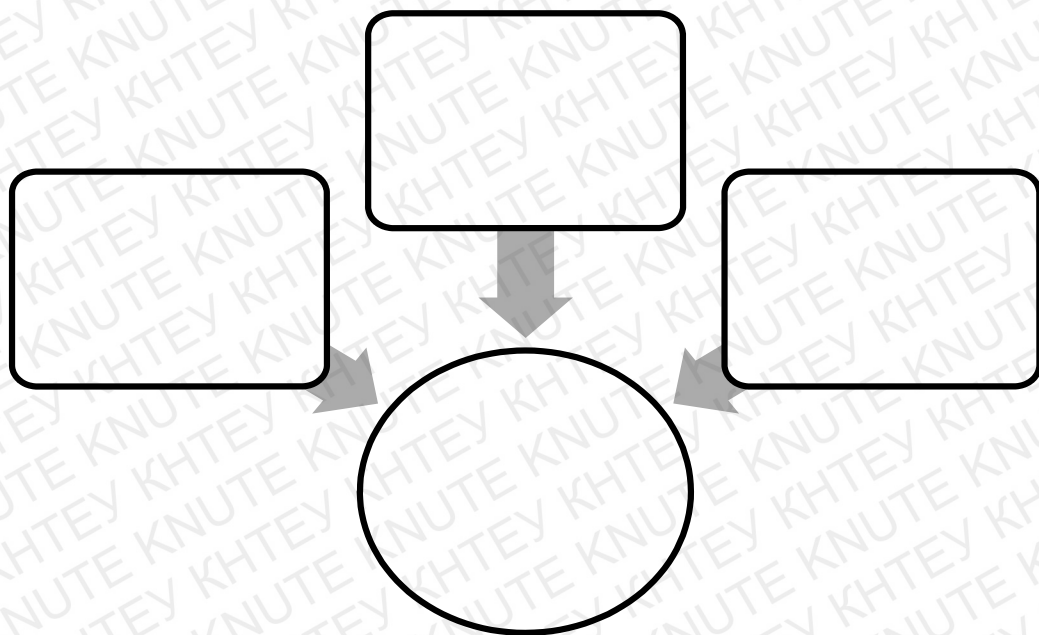
Fig. 3.2. Purpose in formation of customer loyalty for "DayFlat Apartments"
Source: author's own development

The maid's fee for cleaning is charged depending on the number of cleaning performed. Cleaning is carried out at check-out and on the third day of stay. Considering that the average length of stay of a regular guest is 7 days, then the maid will spend 5 cleanings for 14 days of stay of two regular guests. During the 14 days of tourists' stay with an average length of stay of 2 days, 7 cleanings will be conducted. Thus, having a sufficient number of regular guests in the overall flow of clients, it is possible to save on the wages of maids and organize their work more efficiently by using the free time in their work schedule to improve service at other facilities.

3.2. Promotion measures for customer loyalty development in "DayFlat Apartments"

One of the main problems facing reward programs is the overcrowding of the market with offers of this kind. However, since competitors are quick to copy any innovation, the terms of participation and incentives often converge, resulting in the fact that programs become less effective as marketing tools because clients who are members of several of them, in each case, order where they are comfortable at the moment, while collecting their points.

There are many measures which can be provided without any costs spent. In order for the casual guest to become a regular customer, it is necessary to form a good (and better yet - excellent) impression of the hotel. As you know, the first impression is formed within minutes and remains for a rather long period of time.

As there is not very wide selection of additional services provided by "DayFlat", it can be developed.

An additional service can have two different purposes:

1) earning an additional profit;

2) formation of a positive impression and desire from the client to continue using the services of only your hotel.

The most common additional services include:

1) Free:

1. flight registration;

2. order of railway and air tickets;

3. restaurant reservation;

4. provision of a conference room;

5. phone calls to the city;

6. assistance with luggage;

7. taxi call;

8. if all rooms are occupied - assistance in accommodation in other hotels(it can be made with help of partners and we can earn a commission with such reservations)

2) paid:

1. cafe or restaurant services;
2. excursion support;
3. providing a safe;
4. washing, dry cleaning, ironing, etc .;
5. organization of banquets;
6. minibar in the room;
7. delivery to the food;

The part of this services must be guaranteed at any time of the day for 24 hours.

To develop customer loyalty, customers must remember the brand.

As "DayFlat" is a young developing brand, there are several factors that can help people to remember it:

1. the uniform for personal. For now there is only a dresscode for managers, maids, drivers etc. Nice stylish uniform will form a good impressions about brand.
2. a small present for every guest with company logo and for example picture of the city which guest can take with him(a fridge magnet, a small bottle opener, mask for sleeping etc)

Now "DayFlat" doesn't have a special software to make the guest's electronic application forms online. CRM systems are used for these purposes - a special software that stores customer information: generates their personal profiles and collects their purchase history. Based on CRM data, the company builds further communication with customers, for example, forms personal offers based on gender, age and purchase history. And modern technologies allow you to choose a convenient channel of communication and make it more effective and targeted.

Work with complaints, bad reviews of guests.

DayFlat's staff should work properly with guests's complaints, good or bad reviews.

Now the answers in reservation systems are standard, but better would be if manager called guest who found some issues or left a negative comment, discussed the situation, explained a reason of any situation and offered a discount for next stay in company's apartment. It is a very good way to make the guest come again.

Implementation of loyalty program.

1.	Develop an application form (APPENDIX G)

2.	Develop a discount card.

a.	"Discount program" implies one type of discount cards - a card with a 10% discount, which will be valid at DayFlat Apartments.

b.	If you repeatedly stay at the DayFlat Apartments or the total number of nights of your stay exceeds ten (10), then at check-out you can get a Discount Card at the reception desk with a 10% discount. You can use this discount card on subsequent visits to DayFlat Apartments.

c.	The discount on the Discount Card is available only to individuals who book accommodation from the reception or by telephone (on the hotel's website), who pay for hotel accommodation at open prices for cash or using a credit card at check-in.

d.	The place of issue of discount cards is the reception and accommodation desk of the DayFlat Apartments.

e.	The discount on the issued card takes effect immediately after purchase. The issuance of a discount card is made only after filling out the questionnaire.

f.	The discount on the card applies to accommodation (without meals and additional services).

g.	The discount on the card applies to all rooms booked by the cardholder at a time.

h.	The discount on the card can be used only for individual arrival.

i.	Discount card - registered, without the right to transfer.

j.	Card validity period is unlimited.

k.   If there are several discounts for individuals at the same time, then the discounts are not cumulative, and the maximum discount is provided (if the other discount is more than the discount on the card, then another discount is applied).

l.   The card may be canceled by decision of the Hotel Manager in case of violation by the owner of the rules of residence and damage to the property and reputation of the hotel.

m.   A business card is not a discount card.

Implementation of chat-bot

For the client, the chat-bot is first and foremost a convenient communication channel. He writes in his usual Viber, WatsApp, FaceBook, VKontakte, Telegram, SMS and immediately receives an answer. This is the first obvious benefit of this channel.

1. the user writes to any convenient channel, you have messages displayed in one window
2. most customer questions / requests come with automatic answers
3. the bot chat menu is multilevel, which allows to place a large amount of information in a very understandable structure for the client
4. individual customer interaction scenarios are developed
5. you can configure alerts at a specified time
6. works with all popular messengers and channels: Viber, WatsApp, FaceBook, VKontakte, Telegram, SMS
7. there are integrations with CRM systems and other interfaces, programs
8. applications are immediately recorded in the CRM system and assigned responsible staff
9. automatic collection of reviews
10. working out of negative reviews

Response speed when using these channels is a key criterion for the client.

He segment the customers. Example: moms with children receive one message, and male executives receive other messages. In this way you can solve the problem / desire of a particular customer and increase his loyalty and sales conversion.

We have compiled a database of guests who were loyal five years ago but are not visiting the hotel now. A receptionist phoned each of the 62 customers in the sample with congratulations (the action was timed to the holiday) and a mini-poll: why is the customer no longer using the hotel? And if he is ssatisfied with what he is using now? Within two months after the call, 21 customers made a reservation. Also, we settled the practice of interviewing guests on departure, offering to book the next visit. Reservations made up 8% of the interviewed guests and 5.5% arrived.

Setting Instagram account. On Instagram, it's easier to convey a strong emotional message to the user, to engage with the brand. Unlike other social networks, the basis of the content here is not the texts, which require some effort and loyalty, but photos. They are easier to perceive and affect the user more effectively. Therefore, the Instagram format allows you to show the hotel from the new side, to show its living life without a formal, to bring the user "behind the scenes" of the brand and cause him sympathy and a lot of other positive emotions.(APPENDIX H)

Thus, Instagram can be useful for:

1. creating a positive image of the hotel;
2. increase guest loyalty to the brand;
3. escorting access to the international market (primarily Europe and the USA);
4. receiving information for feedback;
5. promotion of other hotel accounts on social networks (Instagram users often "share" photos with themselves on Facebook, VKontakte, Twitter, etc.);

hotel advertising.

A good CRM system is an invaluable tool for the hotel in promoting direct bookings, and creating a loyalty program aimed at your guests promises incalculable benefits in the long run.

Many independent hotels prefer either to work with a company in which loyalty programs are already established and operate, or to cooperate with a CRM

operator, rather than outsourcing such a serious task to their own marketing and accounting department.

Terrasoft Product - Terrasoft Loyalty System CRM was selected as a computer program. This program is easy to use, a large package of possible reports and functions. The program has a reporting system. There are several reports in this system. A report on all transactions, a report on non-accrued points, a report on complaints received from guests, a report on used vouchers and a report on registered guests.

Table 3.1

Promotion measures

Measure	Costs, uah	Responsible
Additional services	0	Head manager
Loyalty pragramm	5 000	Office manager, accountant, head manager
Instagram-page	0	Online-systems manager
Chat-bot	5 000	Head of technical department
Terrasoft Loyalty System CRM	10 000	Head of technical department
Working with reviews	0	Online-systems manager

Source: author's own development

Everyone knows that attracting a new customer is three to five times more expensive than retaining an existing one. Therefore, the most obvious way to reduce the cost of attracting customers is to actively work with old guests, turning them into loyal guests.

3.3. Rationality and effectiveness of promotion measures for customer loyalty development in "DayFlat Apartments"

Membership in the program really matters to the guests. A properly designed loyalty program brings to the hotel a significant increase in direct bookings and revenue and significantly increases the customer's lifetime value.

As mentioned above, in the hospitality industry, an additional incentive to invest in a rewards program is to encourage direct bookings in order to avoid paying

commission to brokers. However, many factors influence this indicator, and hotel businesses should be able to evaluate specific, measurable results of loyalty programs. If the hotel has actually created its program as an obstacle to the outflow, then it should be judged on its ability to retain customers and increase loyalty of regular guests. In this case, the performance appraisal methods should be fundamentally different from those used to estimate the growth rate of new customer acquisition. Without a clear definition of goals, the program can not be properly designed, and it is almost impossible to evaluate its benefits.

To more accurately assess the impact of the implementation of loyalty program on the financial performance of the company, we should look at the Table 3.2

Introductory data:

Common number of apartments: 48

Average monthly load factor of year 0=75%

"0 year" is a fictionary year where there are no loyal guests at all.

Average cost of 1 apartment per 1 night=1300 uah

Percentage of loyal guests in 2019=10%

Percentage of loyal guests in 2020=20%

Loyalty discount=10%

Average during of staying od regular guest=3 nights

Average during of staying of loyal guest=7 nightt

Average commission of reservation system=18%

Cost of cleaning: 1-room apartment=130 uah, 2=room apartment=170 uah, 3-room apartment=200 uah.

Average cost of 1 cleaning=167uah

Table 3.2

The impact of the the loyalty program implementation on the financial performance of the company

	0 year	July 2019 year	July 2020 year	Gowth(2020 year-0year)	Growth (2020 year-(2019year
Nights occupied	900	1200	1410	510	210
Load factor, %	62.5	83	98	35.5	15
Common number of guests	300	300	300	0	0
Revenue ,uah	900*1300-18%= 959 400	(900*1300-18%) +(1170*300)=1 310 400	(900*1300-18%) +(510*1170)= 1 556 100	596 700	245 700
Number of cleanings	900/3=300	900/3+300/7=343	900/3+510/7=373	73	30
Payment for cleaning,uah	300*167= 50 100	343*167=57 281	373*167=62 291	12 191	5 010
Total revenue	959 400- 50 100= 909 300	1 310 400-57 281=1 253 119	1 556 100-62 291= 1 493 809	584 509	240 690

Source: author's own development

1)Nights occupied= Common number of guests*average during of stay

2)Common number of guests- constanta

3)Revenue=(Nights occupied by regular guests*Average cost of 1 apartment per 1 night- Average commission of reservation system)+(Nights occupied by loyal guests* Average cost of 1 apartment per 1 night-loyalty discount)

4) Number of cleanings= Nights occupies/ Average during of staying

5)Payment for cleaning = Number of cleanings* Average cost of 1 cleaning

6)Total revenue=Revenue- Payment for cleaning

For the research there were taken 1 month of "DayFlat Apartments" activities. A "zero year" is fiction and was taken for comparing as it s a year without loyal guests at all.

2019 year is a year when "DayFlat Apartments" has about 10% of loyal guests.

For the research author took a conctant number of guests(300) and investigated how percentage of loyal guests will influence on the financial performantce of the company.

Comparing to a "0 year", there must ne an increase of load factor on 35.5 % and 15% comparing with 2019 year.

A total revenue growth is 584 509 uah (64% more) comparing with "0 year" and 240 690 uah(19%more)
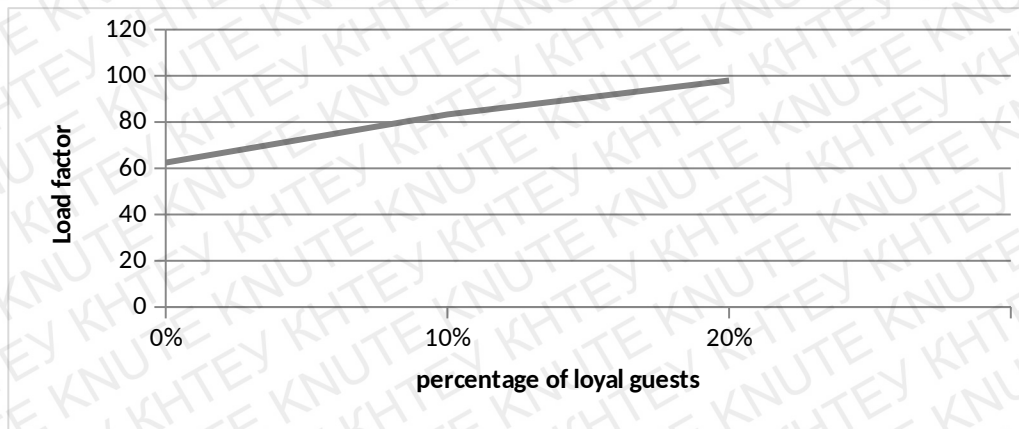
The dependence of company revenue from percentage of loyal guests illustrated at Fig. 3.3, based on Table 3.2 results.
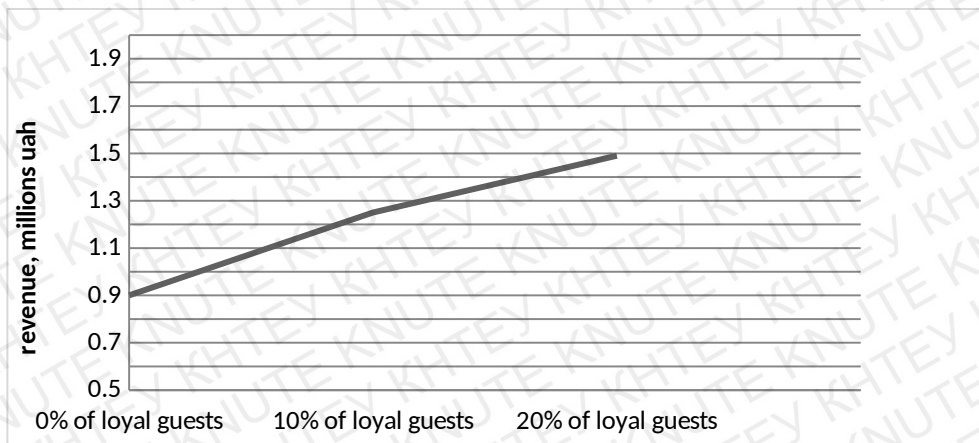
Fig. 3.3. The dependence of company revenue from percentage of loyal guests

Source: author's own development

At the next diagram we can see the trend of increasing the load factor, depending on the percentage of loyal guests. (Fig. 3.4)

Fig. 3.4 The trend of increasing the load factor, depending on the percentage

of loyal guests

Source: author's own development

After promotion measures for customer loyalty development in "DayFlat Apartments" described in part 3.2 we expect to get 20% of loyal guests.

Conclusions to part 3

Forming truly loyal customers in the hospitality industry does not happen very fast, it is a long and gradual process based on the creation of such basic and additional hotel services that meet customer expectations and are targeted at a specific target customer segment, only in which case he will be satisfied with the purchase of these services.

The process of providing services aimed at increasing the loyalty of the consumer of hotel products at the after-sales service stage includes the provision of ancillary services in the form of transport services, in the form of consultations on additional services at the hotel, providing information about cultural activities during a guest stay in the city or the implementation of room replacement (service focused on customer service).

For the research there were taken 1 month of "DayFlat Apartments" activities. A "zero year" is fiction and was taken for comparing as it s a year without loyal guests at all.

2019 year is a year when "DayFlat Apartments" has about 10% of loyal guests.

After promotion measures for customer loyalty development in "DayFlat Apartments" described in part 3.2 we expect to get 20% of loyal guests.

For the research author took a constant number of guests(300) and investigated how percentage of loyal guests will influence on the financial performantce of the company.

Comparing to a "0 year", there must ne an increase of load factor on 35.5 % and 15% comparing with 2019 year.

A total revenue growth is 584 509 uah (64% more) comparing with "0 year" and 240 690 uah(19%more).

As mentioned above, in the hospitality industry, an additional incentive to invest in a rewards program is to encourage direct bookings in order to avoid paying commission to brokers. However, many factors influence this indicator, and hotel businesses should be able to evaluate specific, measurable results of loyalty

programs. If the hotel has actually created its program as an obstacle to the outflow, then it should be judged on its ability to retain customers and increase loyalty of regular guests. In this case, the performance appraisal methods should be fundamentally different from those used to estimate the growth rate of new customer acquisition. Without a clear definition of goals, the program can not be properly designed, and it is almost impossible to evaluate its benefits.

In conclusion, I would like to emphasize that any hotel should not only sell services, but also constantly, throughout the process of interaction with the guest, to create a positive image of the hotel, thereby working to increase customer loyalty to the hotel and services provided there.

CONCLUSIONS

1. It is impossible to develop a hotel network without forming a long-term relationship between the consumer and the brand. Therefore, at the heart of branding and brand management in the hotel industry is a process aimed at building customer loyalty by creating a functional (high quality service, reasonable price) and emotional (hotel prestige, sense of security) benefit.

2. Loyalty is the preference for a consumer to a particular product or service that is formed as a result of a generalization of feelings, emotions, thoughts about that product or service. Consumer loyalty is their endorsement of products, services, service, brand, logo, appearance, staff, sales location, etc. of a particular company. The analysis of the scientific literature made it possible to identify and structure the components of the process of formation and maintenance consumer loyalty:

1) identifying and forming an enterprise segment of key consumers;

2) assortment management;

3) formation of consumer awareness;

4) increasing loyalty by rewarding regular customers;

5) developing a mechanism for responding to consumer complaints and claims;

6) performance of guarantees of the enterprise;

7) constant cooperation with consumers.

3. The efficiency of well-designed and non-template schemes has been proven by major representatives of the tourism industry. Successful examples of hotel loyalty programs that have brought them success: Marriott Rewards Marriott Hotels, Le Club Accorhotels by Accor Hotels, IHG Rewards Club by InterContinental Hotels Group, Hilton HHonors Networks Hilton, Hyatt Gold Passport by Hyatt.

4. "DayFlat Apartments" is a young actively-developing company. Occupation of the company is daily rental of different-classes of apartments in the center of Kyiv. A results of research of customer loyalty to brand "DayFlat Apartments": now the enterproze has about 10% of loyal guests, the biggest share of loyal guests belongs to

a category of business travellers, so the measures of implementation of customer loyalty system must be the most effective for a category of business travellers.

5. After analyzing the tools that form the loyalty of customers of apart-hotel "DayFlat Apartments" we can draw the following conclusions:

1) the company needs to improve the personnel selection system, as the service culture is a component in gaining customer loyalty;

2) the system of rewarding regular customers of the hotel is not official, and customers are not aware of its existence. This does not stimulate guests to use the hotel services again and again, does not form a base of regular customers. In addition, such a reward system can lead to complaints from guests, because, having received encouragement in one race, he will expect it in the next visit.

6.Due to the high length of stay, the increase in the number of regular guests gives the highest growth dynamics of the total number of nights occupied. Thus, the totality of all factors of influence has a very positive effect on the number of apartments rented, especially against the background of a decrease in the share of tourists in the total flow of clients.

7. Therefore, regular guests can become a good tool for smoothing the impact of seasonality on the market for daily rent apartments and have a positive impact on the financial performance of the company in the off season. Purpose in formation of customer loyalty for "DayFlat Apartments": attraction of new clients, database creation, increasing customer loyalty, what goest to increase of: income, profit, market share. Guest contribution: providing information about yourself, compliance with the rules of participation in the program. Guest benefirts: material benefits, individual approach, status and image.

8. Promotion measures for customer loyalty development in "DayFlat Apartments": expanding of additional services, branding measures, work with complaints, bad reviews of guests, implementation of loyalty program, implementation of special software and chat-bot.

9. After making all the promotion measures, customers loyalty of the company in 2020 year will increase to 20% of loyal guests, in this connection total revenue growth is 584 509 uah (64% more) comparing with "0 year" (without loyal guests) and 240 690 uah(19%more) comparing with 2019 (when there are 10% of loyal guests from all categories). In author's opinion, the results obtained during the work will enable the hotel company: to strengthen its position in the services market, increase competition, increase its own revenues and allow tracking trends that arise in the client environment. The proposed recommendations in the thesis were aimed at improving and modernizing the hotel work process, which would significantly speed up and simplify customer service. Recommendations and suggestions will also allow "DayFlat Apartments" to secure its regular customers, will make it possible to receive and store complete information about them, encourage customers, make them more loyal to services, and also significantly increase the sales of additional services in the hotel .

REFERENCES

1. Aleshina I.V. Behavior of consumers / I.V. Aleshina. - M.: FAIR PRESS. - 2000. - 384 p.

2. Becvva E.A. Prediction of demand: methods and models // Under Society. ed. A.A. Starostina / EA Becheva, VP Rosen. - Kiev: Commune Economics LLC, 2003. - 196 p.

3. Zozulev A.V. Consumer behavior / AV 3ozulev. - Kiev: Knowledge, 2004. - 365 p.

4. E.L. Dotsenko, Psychology of manipulation: phenomena, mechanisms and protection / EL Dotsenko. - M.: CheRo, 2003. - 334 p.

5. Ivanova R. H. Consumer behavior: textbook. manual / R. H. Ivanova. - Kharkov: INZHEK ID. - 2003. - 120 p.

6. Kotler F. Fundamentals of Marketing, 9th Edition: Per. with English. / F. Kotler, G. Armstrong. - M.: Williams Publishing House, 2003. - 1200 p.

7. Krykavsky S. Industrial Marketing / S. Krykavsky, N. Chukhray. - Lviv: Lviv Polytechnic. - 2006. - 471 p.

8. Michael R. Solomon. Consumer behavior. The art and science of winning the market. Dia Soft. - M., St. Petersburg, K. - 2003. - 224 p.

9. Organizational Behavior: A Method-Teaching Tool for Self. study diss. / [L. M. Savchuk, N. Y. Butenko, A. M. Vlasov and others]. - Kyiv: KNEU, 2001. - 34 p.

10. Pildich D. The path to the buyer / Per s eng. / D. Pildic - M.: Progress, 2001. - 265 p.

11. Prokopenko O.V. Consumer behavior / OV Prokopenko, M. Yu. Troyan. - Kyiv: Center for Educational Literature. - 2008. - 34 p.

12. Rice Z. Marketing Wars / 3. Rice, D. Trout. - St. Petersburg. : Peter, 2001. - 115 p.

13.   Statt D. Consumer Psychology / D. Statt. - St. Petersburg. : Peter, 2003. - 297 p.

14.   Shafalyuk O.K. Consumer behavior: a lecture course / OK Shafalyuk. - Kyiv: KNEU, 2003. - 68 p.

15.   Skoreva M.M. Economics: world historical experience and contemporary problems: monograph. Book 3 / ed. M.M. Skoreva. - Stavropol: Logos, 2014. - P.27-61.

16.   Modern model of effective business: a monograph / N.Yu.Velichko, N.A. Goncharova, V.V.Zabolotskaya, etc. ed. SS Chernov. - Book 10. - Novosibirsk: LLC "SIBPRINT Agency", 2012. - P. 94-107.

17.   Yakovlev-Chernysheva, A.Y. Formation of methodological principles of marketing management in entrepreneurial activity: scientific article / A.Yu. Yakovlev-Chernysheva // Humanization of education. - 2013. - № 6. - P. 90-95.

18.   Angel D. Consumer Behavior / D. Angel, R. Blackwell, P. Minard. - St. Petersburg. : Peter. - 2001. - 768 p.

19.   Jung K.G. Psychological types / KG Jung. - M.: Popurri LLC. - 2000. - 656 p.

20.   Chudakova, E. The system of management of staff satisfaction and loyalty / E. Chudakova 2009. - P. 15 -18.

21.   Abramova G.P. Marketing: questions, answers / GP. Abramova. - M.: Agropromizdat, 2001. - P. 82-107.

22.   Afanasiev M.P. Marketing: strategy and tactics of the company / MP. Afanasiev. - M .: Finstatinform, 2005. - 768 p.

23.   Bazzel R. Information and risk in marketing / R. Bazzel, D. Cox, R. Brown // Per. with English. ed. M.R. Efimova. - M.: Finstatinform, 2003. - 76 p.

24.   Bazel R.D. Information and risk in marketing / R.D. Buzzel. - M .: Finstatinform, 2006. - 278 p.

25.   D.I. Barkan. Marketing for all / DI Barkan. - M .: Progress, 2001. - P. 15 -18.

26.   Bernard I. A sensible economic and financial dictionary / I. Bernard, J.-K. Collie // French, Russian, English, German, Spanish terminology: in 2 vols. Vol.1: Trans. with fr. - M.: International. relations, 2004. - P. 17 -54.

27.   Blagoev V. Marketing in definitions and examples / V. Blagoev // Per. from the Bulgarian language and foreword by Doctor of Economics, prof. A.M. Germany. - St. Petersburg: Scientific Center "Twentieth Trust Corporations", 2003. - P. 6 -27.

28.   Bolotov S.P. Development of enterprise strategy: Textbook. manual / S.P. Swamps. - S.: SSU, 2004. - P. 98 -110.

29.   Bolt G.J. A Practical Guide to Sales Management: Trans. with English / Scientific ed. and auth. past FA. Krutikov. - M .: Economics, 2001. - 98 p.

30.   Braverman AA Marketing and complete self-estimation / A.A. Braverman. - M.: Tissa, 2004. - 508 p.

31.   A. Weisman Marketing Strategy: 10 Steps to Success / A. Weissman // Management Strategy: 5 Success Factors. - M.: Interexpert, Economics, 2005. - 80 p.

32.   Vasilenko L.A.   Information   services   market: Textbook   /   L.A. Vasilenko. - M.: RAGS, 2006. - 75 p.

33.   Foreign economic activity of the enterprise. Bases: Textbook for universities / GD. Gordeev, L.Ya. Ivanova, S.K. Kazantsev et al .; ed. prof. L.E. Strovsky. - M .: Law and Law, UNITI, 2006. - 68 p.

34.   Vorst J. Economics of the firm: Textbook. / J. Horst, P. Roventlow // Trans. from the Danish AN Chekansky, OV Christmas. - M .: Higher. - 109 p.

35.   All About Marketing: A Collection of Materials for Heads of Enterprise, Economic and Commercial Services. - M.: Azimuth Center, 2002. - 567 p.

36.   Gerchikova IN. Marketing and international business / IN. Herchikova. - M.: Vneshtorgizdat, 2000. - p. 21–23.

37.   Glushkov T. Business in the field of marketing research at close inspection / T. Glushkov. - M.: Marketing, 2005. - p. 61–83.

38.   Golubkov EP Marketing Research: Theory, Practice and Methodology / EP. Golubkov. - M .: Finpress, 2006. - p. 26–28.

39. Goldstein G.Ya. Fundamentals of Management / G.Ya. Goldshain. - T.: TRTU, 2005. - p. 56–67.

40. Danko TP. Management of marketing (methodological aspect) / TP. Dankov. –M. : INFRA-M, 2006. –p. 345.

41. Dichtl E. Practical marketing: Textbook. manual / E. Dichtl, H. Hershgen // Trans. with him. A.M. Makarova; Ed. IS Minko. - Higher. Shk., 2005. – p. 345.

42. Draker P. Market: How to get into the leader / P. Draker. - M .: Progress, 2002. p. 8–12.

43. Dima OO Building long-term relationships in the distribution channel / O.O. Dima // Abstracts of the VII International Reports scientific-practical conference "Marketing and Logistics in the Management System". - Lviv: National Publishing House Lviv Polytechnic University, 2011. - p. 261–283.

44. Knyazik Yu.M. Formation of consumer loyalty as one of directions of increase of profitability of the enterprise / Yu.M. Knyazik, TV Swan // Bulletin of the National Library. Univ. "Lviv Polytechnic" Management and Entrepreneurship in Ukraine: stages formation and development problems "- 2009 - № 570. - S. 86–90.

45. Pashchuk OV Services Marketing: A Strategic Approach: [Teach. tool.] / Pashchuk OV - K .: Professional firm, 2012. p. 98–112.

46. Prokopenko OV Consumer Behavior: Educational tool. / OV Prokopenko, M.Yu. Trojan. - K .: Center for Educational Literature, 2011. - p. 105–117.

47. Reichel F. F. The effect of loyalty: the driving force of economic growth, profit and value / Reichel F., Til T. - M .: - Williams, 2013. - p. 187–199.

48. Chukhray NI Evaluation and development of relations between business partners: a monograph / NI Chukhray, Ya. Kryvoruchko; by Sciences. ed. N. Chukhray. - Lviv: Raster-7, 2008. - p. 98–112.

49. Gurjian K.V. Loyalty program: essence and stages of creation / KV. Gurjian // Formation of market relations in Ukraine. - 2011. - № 5. - p. 119–125.

50. Melnichenko O.A. Consumer loyalty programs as a mechanism for improving the life of the population / O.A. MillChenko, V.K. Kalachnikova // Young scientist. - 2015. - № 11. - Part 2. - p. 86–89.