

## **MODELS OF HOTEL CORPORATIONS MANAGEMENT UNDER PRESENT BUSINESS CONDITIONS**

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Hotel business is a part of the tourist and at the same time social infrastructure and sometimes a budget-forming element of the economy of regions, countries and the world. In recent years, the global hotel stock has increased by 3-5% per year, developed countries such as Spain, Greece, France have received 70% of gross national income from the services of the hospitality industry and provided 75% of employment (Lytvynchuk, Kliatska, & Terzov, 2017). Unfortunately, the escalation of the coronavirus pandemic (COVID-19) has had a negative impact on the continuing tourism business and can be compared to the effect of an "avalanche" for all elements of the tourism infrastructure, including hotel business and its individual hotel corporations.

According to the United Nations World Tourism Organization (UNWTO): in 2020 the number of tourists will be reduced by almost a third, compared to 2019, which could lead to a reduction of 50 million jobs and as a result will negatively affect the hotel business. This trend is also true for Ukraine in hospitality sector. Despite the fact that hotel business has a fairly high profitability — 40-60% with a significant payback period — 7-15 years, the biggest losses are 5-star facilities (3-8 million UAH), including hotels, which “worked for business travel”, as well as located in small towns and regional centers “outside the flow of business traffic”, as an exception — the suburban format of hotels, in particular “cottage locations” (Bereshchak, 2020).

In the modern world, there are three models of hotel business organization (Halasiuk, 2012):

- Ritz model — their feature is keeping European traditions of sophistication and aristocracy, however, it should be noted that this model is currently in crisis;

- Holiday Inn hotel chain — significant flexibility in meeting customer needs combined with high standards of service. Its features are: unity of style (architecture, interior); symbols and external information; spacious and functional hall; speed of customer registration; numbers provided for regular customers; buffet breakfast; availability of a conference hall; flexible tariff system; unified management, marketing and communication service. More than 50% of hotel rooms in the world are controlled by hotel chains built on this model;

- “independent” hotel chains, such as Best Western — a single brand combines hotels on the basis of uniform characteristics that meet certain standards and sets of services, regardless of location. Hotels-members of the chain pay contributions to a

single fund, and they are spent on joint advertising and marketing activities, product promotion, fully preserving their financial, economic and managerial independence.

Quite often in modern conditions there is a combination of the second model with the third, an example of which is the Accor hotel chain, which offers hotels of different classes and acts under different brands — Pulman, Sofitel, Novotel (high class hotels), Mercure (medium), and Ibis, Etap, Formule 1, Motel 6 (economy hotels respectively) (Halasiuk, 2012).

According to the classification of the International Hotel Association, hotel chains are divided into categories: corporate chains (hotel corporations that own numerous enterprises); chains of independent companies (combined to use the general booking system, the concept of marketing, advertising and other expensive services for a particular company); chains providing management services. According to research, when hotels are grouped together, the profitability of one room is 7 times higher than in independent hotels. The main reasons for the success of hotel chains are: consistency of product quality, identity of services at different enterprises, as well as affordability (Halasiuk, 2012). From the point of view of investing in hotel business and given the fact that effective management requires specific knowledge, as well as because the operational performance of the hotel depends on many factors that are difficult to predict, the expected return on the hotel is always 1-1.5 % higher than from the best office or shopping centers (Lytvynchuk, Kliatska, & Terzov, 2017).

Currently in the global hotel services market, the most popular advanced professional developments for automated control systems are Fidelio, Libra Hospitality, Lodging Touch, which are installed in more than 120 countries and in 90 major international networks covering more than 27 thousand hotels. Micros-Fidelio systems are used in the enterprises of more than 100 largest international hotel chains, including Sheraton, Radisson, Hilton, Marriott, Kempinski, Hyatt, etc. In hotels, it is important to use the capabilities of international computer systems for booking tour services — GDS (Global Distribution Systems): “Amadeus”, “Galileo”, “Saber” and “Worldspan” - all these systems solve one problem — provide the consumer with the necessary information about the tourism product and are a convenient ordering mechanism.

The most common forms of hotel business management in international practice include: contract management, through a franchise agreement, rent. Hotel chains owe franchising to international recognition and widespread use (Munin, Kariahin, Artemenko, & Koshyl, 2008). For example, in the United States, the hospitality industry is the most developed in terms of franchising, in particular, there is a large hotel corporation “Hospitality Franchising System”, which does not have its own hotels, but combines them under a franchise system. The reasons for the success of franchising include: the real estate crisis, lack of qualified personnel, expanding the sphere of influence of powerful hotel corporations. At the same time in Europe, in contrast to the United States, the practice of signing contracts for the management of hotel enterprises has been widely successful. The main disadvantage of this type of contract is the transfer of all costs and risks associated with commercial activities to

the owner.

In modern conditions (increasing coronavirus pandemic) for Ukraine to preserve the hotel business and its development it is advisable to use a management model based on a combination of the second and third models of hotel business using the form of hotel business management — franchising (despite obvious shortcomings such as: the need for making payments to the franchisor, the need to comply with the standards set by the franchisor, the possibility of acquiring a negative image in case of unsatisfactory performance of the franchisor). According to the research, the closure of franchisees in the first five years of their operation was 4%, among members of the International Organization of Franchise Organizations the number of bankruptcies is less than 1% (Shatailo, & Chernomaziuk, 2014). The use of the proposed model will contribute to the basic management tasks in the hotel business (because the form of hotel management through a franchise agreement is one of the most promising and will contribute to management tasks, including the following (Putsenteilo, 2007): obtaining reliable management information about the entire hotel complex and each its division, optimization of business processes, improving the efficiency of control over the activities of hotel services and staff, optimization of operating costs.

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