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Irina M. Goncharenko*Київський національний університет технологій та дизайну***PERSPECTIVE TRENDS IN HOTEL AND RESTAURANT BUSINESS
DEVELOPMENT IN UKRAINE UNDER INTEGRATION INTO THE GLOBAL
ECONOMIC COMMUNITY**

The article describes the key problems in hotel and restaurant business in Ukraine. Peculiarities and development prospects for hotel and restaurant business under conditions of the deepening of relations between Ukraine and the world market are identified.

Keywords: *hotel and restaurant business, tourism, public funding, investments.*

Ірина М. Гончаренко*Київський національний університет технологій та дизайну***ПЕРСПЕКТИВНІ НАПРЯМИ РОЗВИТКУ ГОТЕЛЬНО-РЕСТОРАННОГО
БІЗНЕСУ В УКРАЇНІ В УМОВАХ ІНТЕГРАЦІЇ ДО СВІТОВОГО
ЕКОНОМІЧНОГО ПРОСТОРУ**

У статті розглянуто основні проблеми готельно-ресторанного бізнесу в Україні. Визначено характерні особливості та перспективні напрями розвитку готельно-ресторанного господарства в умовах поглиблення відносин між Україною та світовим ринком послуг.

Ключові слова: *готельно-ресторанний бізнес, туризм, державне фінансування, інвестиції.*

Ірина Н. Гончаренко*Kyiv National University of Technology and Design***ПЕРСПЕКТИВНЫЕ НАПРАВЛЕНИЯ РАЗВИТИЯ ГОСТИНИЧНО-
РЕСТОРАННОГО БИЗНЕСА В УКРАИНЕ В УСЛОВИЯХ ИНТЕГРАЦИИ В
МИРОВОЕ ЭКОНОМИЧЕСКОЕ СООБЩЕСТВО**

В статье рассмотрены основные проблемы отельно-ресторанного бизнеса в Украине. Определены характерные особенности и перспективные направления развития гостинично-ресторанного хозяйства в условиях углубления отношений между Украиной и современным мировым рынком услуг.

Ключевые слова: *гостинично-ресторанный бизнес, туризм, государственное финансирование, инвестиции.*

Problem setting. Hotel and restaurant business holds a leading position in business activities in many regions of Ukraine and is becoming a leading direction for economic and social development. Modern infrastructure of hotel and restaurant business that meets today's requirements and attracts investments into the tourism industry, is a necessary precondition to successfully and actively promote hotel and restaurant industry to the market.

The chosen topic is relevant due to the ability of hotel and restaurant business to participate in resuscitation of the economy and restore its attractiveness for investment.

Recent research and publications analysis. Many native and foreign scientists-economists and practitioners of hotel and restaurant business, in particular, Boyko M.G. [13], Nechayuk L.I.[12], Dovbenko, O.M. [11], Havrysh O. [9] studied development of the hotel and restaurant business industry. Analysis of scientific literature and information sources helped to conclude that today the problem of hotel and restaurant business development and the state's role in financing and attracting investment in this industry requires further research.

The aim of the research is to examine the status and problems of hotel and restaurant business in Ukraine and determine the prospects for development of the hotel and restaurant economy of Ukraine in terms of macroeconomic tendencies.

Key research findings. Formation and development of the market of hotel and restaurant services in our country has revealed a number of peculiarities and problems associated with difficult adaptation to new conditions. Figure 1 and Figure 2 show dynamics of quantity of hotel and restaurant businesses in 2001- 2014 [1-7].

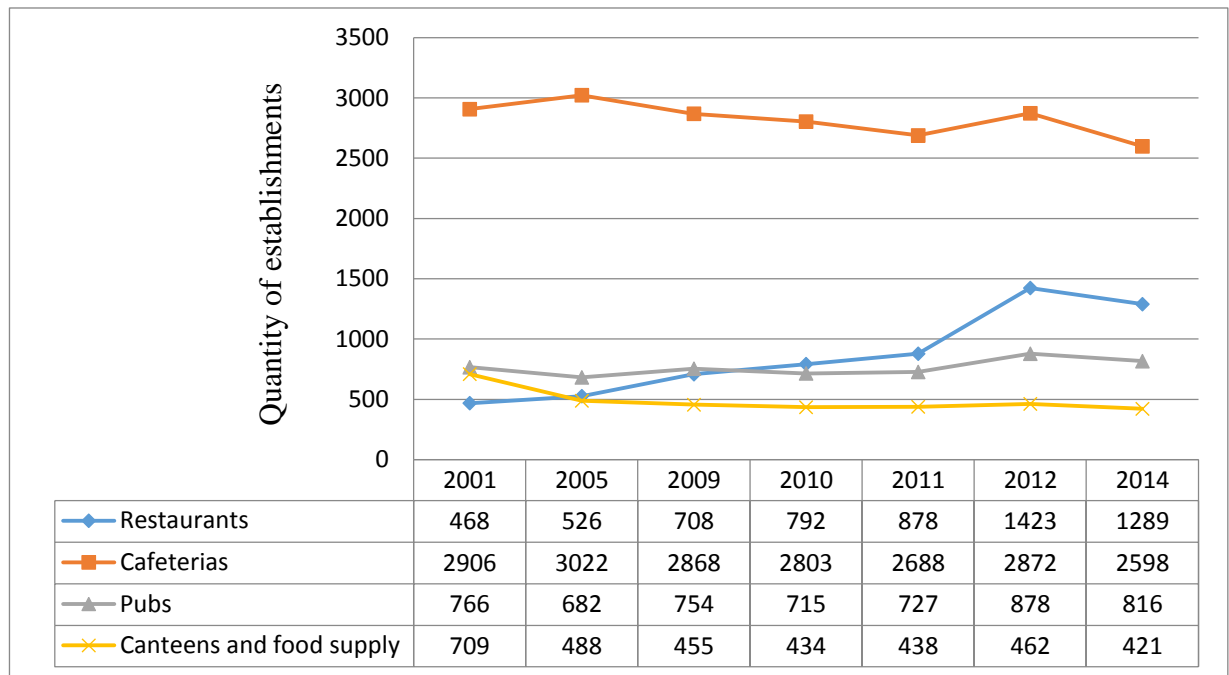


Figure 1. Dynamics of quantity of hotel and restaurant businesses in Ukraine
 (built by the author based on the data [1-7])

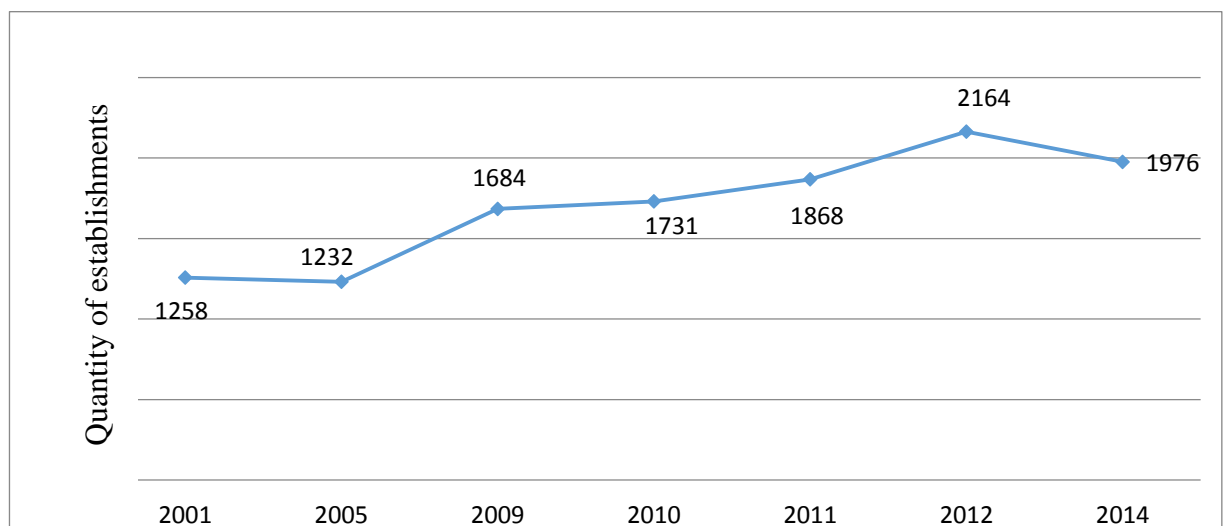


Figure 2. Dynamics of quantity of hotel enterprises in Ukraine
 (built by the author based on the data [1-7])

Analysis of the current state of hotel and restaurant business in Ukraine shows that the volume of services provided at the beginning of 2014 amounted to UAH 30,332. 4 million, including volume of services provided by legal entities – 16,726.9 million, or 0.4% of the total

volume of product sales carried out in the Ukrainian economy. Volume of services provided by individual entrepreneurs was 13,595.5 million, or 4.8%. Hotel occupancy was 35% [8].

However, according to the NBU, during the past year, foreign visitors spent in Ukraine about \$ 1 billion using bank transfers while Ukrainian tourists spent 4 times more money abroad, thereby strengthening the economies of other countries.

However, Ukraine has a great tourist potential due to the large number of historical monuments, the seaside, ski and recreational resorts, gastronomic diversity and deeply ingrained culture of hospitality. Such favorable conditions would have lead to development of highly profitable tourist industry in Ukraine, however, the number of foreign tourists to Ukraine in 2014 decreased by almost twice – from 25 million tourists to 13 million ones [1-7]. Thus, the domestic market of hotel and restaurant industry reacts to a crisis and experiences losses. In addition, the infrastructure, created for Euro 2012, is not fully utilized, and in the Eastern region is completely destroyed.

Studies have revealed that development of hotel and restaurant business has negative traits. For example, the number of canteens for population has significantly decreased (by 38.22% [8]). A steady tendency to increase a chain of restaurants with national cuisine is common for restaurant business development whilst the number of restaurants with Ukrainian cuisine, especially a regional one, has no tendency for growth.

Rapid construction of hotel and restaurant enterprises especially to the extent of Ukrainian-wide, is a disadvantage of hotel and restaurant business development. Location of such enterprises did not consider development of urban infrastructure, transport network development, targeted potential customers, the services were immediately offered at high prices. Overall, this led to the situation where now such enterprises gradually become uncompetitive and have significant losses due lack of potential consumers.

Having studied the modern state of hotel and restaurant business in Ukraine, we can conclude that for further development of the industry, own efforts of the businesses aren't enough.

In modern conditions, it is highly necessary to create conditions at the state level that would facilitate development and increase performance of hotel and restaurant business, and tourism development, increasing tourist flows.

Ukraine has a favorable geopolitical position: it is located on crossing of transport corridors between Europe and Asia. So you need to direct funds on creation of adequate infrastructure, and quality of Ukrainian roads.

A significant part of financial success of hotel and restaurant business depends on investment intensity but the macroeconomic situation doesn't facilitate Ukrainian enterprises' attractiveness for investments. The enterprises are under threat of physical liquidation as a result of military aggression. Moreover, cost of five-star hotels in Ukraine is much higher than in Europe, and two-and three-star hotels are more expensive by 20-30% [10], which is also an unfavorable factor for investment.

It should be noted that the hotel and restaurant industry, being a part of a hospitality industry, has its own specifics that distinguish it from other forms of production and trade. It includes selling of a hotel product (share of services is 60%, goods - 40%), and the special nature of consumption of hotel and restaurant product in the place of its creation.

Thus, for sustainable tourism development in terms of deepening relations between Ukraine and the International community, it is necessary to increase the quality of hotel proposal up to international standards and to expand sales markets.

Solving of these two strategic objectives requires public funding according to the two main directions: to attract tourists on selected target markets (advertising and information

activities, including exhibitions, creation of information centers' network); to make national regulations, safety standards, quality of goods and services comply with international standards.

One of the effective sources for financing hotel and restaurant business is to create joint ventures with foreign partners. In this case, an investor usually is included into the enterprise and has an ability not only to control use of their funds, but also to quickly influence on changing investment activities, to implement the results of scientific research, and to promote new products and services in domestic and foreign markets. A payment system for payment for materials, equipment and latest technologies that are purchased abroad is simplified. An investor is interested to create a joint business due to the ability to enter new markets of hotel and restaurant services and get additional revenues. The main condition for effectiveness of this source of funding is to produce competitive services at reasonable prices, as well as of appropriate quality and compliance with consumers' requirements.

Bringing Ukraine to leading tourist countries of the world is a complex task that requires efforts of both all state institutions and hotel and restaurant businesses. For this, the following further research approaches and specific actions are needed:

- to create a legal basis for development of tourist and recreational industry and its infrastructure;
- to create favorable conditions to attract investments and implement effective mechanisms for promoting the construction and renovation of hotels, restaurants and other touristic and recreational activities;
- to implement a program for strengthening the positive image of Ukraine;
- to create appropriate conditions for development of foreign and domestic tourism, including through development of a network of informational centers for tourists according to specific types of tourism;
- to facilitate development of hotel business, to ensure harmonization of national standards, to improve quality of existing tourism services;
- to contribute to creation of additional work places and expand temporary employment in the tourism sector, in particular supporting development of a network of small and youth hotels;
- to ensure creation of safe conditions for implementation of tourist trips, personal safety of tourists, providing them with immediate medical, technical and legal assistance.

Conclusions. Further development of Ukraine's economy, as well as successfully overcoming the crisis which Ukraine has been experiencing for the recent years, is associated with the further development of non-productive sphere, which hotel and restaurant business belongs to. The development of hotel and restaurant business requires solving various problems, including financial support which is carried out by various sources. The implementation of mentioned strategic objectives will transform the domestic hotel and restaurant industry of Ukraine into a highly-profitable and competitive branch of economy.

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