

## HOTEL BUSINESS DEVELOPMENT STRATEGY IN THE CONDITIONS OF WAR

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**Introduction.** In recent years, the hotel business of Ukraine has been exposed to significant risks. The industry was first affected by the COVID-19 pandemic. Many hotels closed, revenues dropped dramatically, and hotels were forced to take measures to improve security. Despite this, before the war with Russia, the Ukrainian hotel real estate market grew by at least 10-15% every year. New investors came to the country, infrastructure improved in the regions. All this encouraged the rapid development of domestic and inbound tourism and motivated investors to invest in hotel construction. The full-scale invasion of Russia brought the industry to a critical state, as the number of guests decreased. The worst situation was in the central, southern and eastern parts of Ukraine, where the rate of refusals from reservations was sometimes up to 100%. In view of this, hotel business enterprises are forced to look for new ways of survival and development, to develop effective strategies.

**Analysis of recent research and publications.** Both foreign and domestic scientists pay great attention to the problem of enterprise strategy formation. Business strategy is a model of actions designed to achieve company goals [1]. Makedon V.V. characterizes the strategy as the main direction of the company's activity, a plan developed by the management in the form of strategic goals, objectives, directions of the company's activities for effective work and obtaining the desired result [2]. According to Brin P.V., Holtvyanska Yu.V., strategy is a company's business plan, which includes long-term and short-term goals, a list of tasks, the implementation of which is necessary to achieve the goals, built on the basis of competitive advantage [3]. The strategy of the enterprise should be understood as the process of forming perspective guidelines for the enterprise's activity by defining qualitatively new goals based on the assessment of its potential opportunities and forecasting the development of the external environment [4].

The purpose of the business strategy is to develop measures aimed at increasing the competitiveness of the enterprise. The stages of forming the company's business strategy are distinguished: setting goals, analyzing the company's strengths and weaknesses, developing solutions to improve operations, developing an action plan to achieve the goals, and, if necessary, adjusting the strategy. When developing a strategy for the development of an enterprise, it is necessary to: provide for appropriate investment support, focus on achieving results, take into account risks, conduct an analysis of internal and external factors, the strategy must be flexible and adapt depending on changes in conditions. Different types of strategies are distinguished: marketing, financial, operational, corporate, concentration, diversification, liquidation, restoration, separation, growth, reduction, and others [3; 4]. Yermachenko V.E. and Zhuravlyova S.M. distinguish the following strategies for the development of international hotel chains [5]: concentration, globalization, hotel product development, differentiation, cost leadership, application of new technologies, creation of a trademark, unification of trademarks, international marketing, integration, specialization.

**Objectives of the article.** The purpose of the article is a theoretical analysis of the essence of the company's strategy, its types; study of the impact of the war on the hotel market of Ukraine; justification of possible strategies for the development of the hotel industry in the conditions of war. Research methods: the analysis was conducted on the basis of official information posted on the website of the State Tourism Development Agency. In addition, methods of analysis, comparison, induction and deduction were used.

**The main material of the study.** The development of new business strategies is necessary due to the fact that the Ukrainian hotel market has found itself in a difficult situation due to Russia's military aggression. The war had a negative impact on the hotel market, as it caused many hotels to stop working, some of them were destroyed, the number of tourists decreased, supply chains were disrupted, there were problems with power outages, personnel problems due to the departure of staff abroad, it was impossible to work effectively due to the introduction of curfews, air alarms and others.

Research shows that since the beginning of the war, hotel and restaurant business entities in cities far from hostilities serve as centers for accommodating refugees, preparing dinners, and organizing meals during the evacuation of volunteers and Ukrainian defenders from areas where fighting is ongoing. Hotels also provide storage facilities for humanitarian aid and other activities aimed at supporting affected civilians.

The hostilities significantly reduced the number of tourists. For example, 30-40% of tourists were observed in Lviv region in 2022 compared to their number in 2021. There are practically no tourists from abroad in Ukraine. The number of foreign journalists, volunteers, and representatives of international organizations has increased. In the second half of 2022, domestic tourism began to gradually recover in the western regions of the country.

In the spring of 2022, the occupancy rate of hotels in western Ukraine was sometimes 100%, and in the fall of 2022 it had already dropped to 40%. Due to the decrease in demand for hotels, accommodation in them became significantly cheaper, which led to losses of establishments.

Despite the losses of the tourism industry of Ukraine due to the war, in the first six months of 2022, 89 million 420 thousand UAH were paid in tourist tax, which is 28% more than in the same period of 2021 (the budget received 69 million 453 thousand UAH) [6]. The city of Kyiv, as well as the Lviv, Ivano-Frankivsk, Zakarpattia, and Khmelnytskyi regions are the leaders in paying the tourist tax. Thus, Kyiv received more than UAH 20 million in tourist tax to the budget. The largest increase in the tourist tax in 2022 compared to the same period in 2021 was in Lviv region – 193% (19 million 774 thousand UAH was received in the budget). In the Ivano-Frankivsk region, the amount of the tourist tax increased by 76.4% (9 million 47 thousand UAH), in Zakarpattia – by 144% (8 million 872 thousand UAH), in Ternopil – by 145%, in Khmelnytskyi – by 116%, Chernivtsi – 103% [6]. As a conclusion, the loading of the hotel sector in the western regions of Ukraine increased the most in the first half of 2022, as they hosted a large number of displaced persons from regions affected by hostilities.

According to the calculations of the State Tourism Development Agency, due to the full-scale invasion of Russia, receipts of taxes from the tourism industry to the state budget in the first six months of 2022 decreased by almost 26% compared to the same period in 2021. The largest share of revenues to the state budget for the first six months of 2022 was received from hotels and sanatoriums – almost 461 million UAH. (this is 30% less compared to 2021).

Table 1

**Analysis of paid taxes for the first half of 2022**

<b>Industry of tourism</b>	<b>Taxes paid, thousand UAH</b>	<b>Change from 2022 to 2021, %</b>
Hotels and similar means of accommodation	460498	-30,8
Travel agencies	141591	+41
Tourist operators	83373	-21,3
Boarding houses and hostels	50228	+39
Campsites, camping sites, children's recreation camps	73012	-59

In 2022, there was a 39% increase in the tax paid from the activities of boarding houses and dormitories, which were used as a shelter for temporarily displaced persons. The share of tax paid from the activities of camping sites, campsites, and children's recreation camps decreased by 59% (73 million UAH of tax was paid against 178 million UAH for the same period in 2021), which is related to the cessation of their activities due to military operations. The largest amount of taxes paid for the first half of 2022 was demonstrated by the city of Kyiv and Lviv, Ivano-Frankivsk, Kyiv and Odesa regions [6].

In order to survive the war, hotels started the campaign "Visit Ukraine in the future", the purpose of which is to support the hospitality industry, which was in a state of crisis due to military actions [7]. This action was supported by the State Tourism Development Agency. The essence of the promotion is that those who wish can make a charitable reservation of rooms for the financial support of hotels.

In order to survive during the war, hotels can use different business development strategies [8; 9]:

- Increased security. For most guests, security needs now come to the fore. Therefore, hotels are forced to provide it. When building new hotels, it is necessary to provide reliable shelters. The client must be provided with information about the location of the nearest shelters near the hotel.
- Repurposing. Since the consumer segment is changing (immigrants, volunteers, representatives of international organizations, mass media), hotels are forced to adapt their services to them, research consumer needs, change pricing policies, brands, etc.
- Implementation of innovations. These are automated hotel management systems that allow you to save costs, digital technologies (mobile applications, QR codes, Big Data, virtual tours, artificial intelligence, intelligent robots, the Internet of Things, etc.).
- Creating a good website. The hotel's website provides all the necessary information to the consumer, is a direct sales channel for services, so great attention should be paid to its quality.
- Marketing in new conditions. Nowadays, hotels increasingly use digital marketing tools (e-mail mailing, advertising via Facebook and Instagram, remarketing, etc.).
- Viewing the database of suppliers. Due to the war, many contracts were disrupted, so hotels are forced to look for new reliable partners.
- Personnel management strategies: maintaining the team, working with employees who have been mobilized and returned from the war, taking measures to improve employee safety, etc.
- Social responsibility: assistance to military personnel, civilians affected by the war, the sick, etc.
- Implementation of sustainable hotel practices: implementation of ecological innovations aimed at saving and frugal use of natural resources.
- Emphasis on mobile-friendly services. For most consumers, the ability to order services through mobile devices and applications is important.
- Provision of contactless services. This strategy has become especially relevant due to the Covid pandemic and will continue to be important. This includes contactless registration, ordering services, paying for them, and more.
- Analysis of costs and benefits. In order to work successfully, it is necessary to compare the costs and benefits of certain activities, projects, etc., that is, to analyze their profitability and expediency.

Each subject of the hotel industry chooses its own development strategy depending on the conditions. In order to function and develop, enterprises are forced to analyze the market situation, implement innovations, environmental and social responsibility, improve services, etc.

**Conclusions.** The development of strategies for the successful operation of a hotel enterprise, especially in difficult conditions, will always be relevant. In order to survive during the war, hotels can use different business development strategies: increasing security, repurposing, introducing innovations, creating a good website, Digital marketing, reviewing the supplier base, personnel management strategies, social responsibility, implementing sustainable hotel practices, emphasis on mobile-friendly services, contactless services, cost-benefit analysis.

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**Halyna Ilnytska-Hykvachuk**, PhD, Associate Professor, Lviv Polytechnic National University. **Hotel business development strategy in the conditions of war.**

The hostilities had a negative impact on the hotel market, so companies are forced to look for new ways of survival and functioning, to develop effective development strategies. The article examines the essence of the company's strategy, the stages of its formation, as well as types of strategies. It was found that the accommodation facilities of the central, southern and eastern parts of Ukraine were the most affected by the hostilities. It was established that as a result of hostilities, receipts to the state budget from the tourism industry in the first six months of 2022 decreased by almost 26% compared to the same period in 2021. The largest share of revenues to the state budget was paid by hotels and sanatoriums, contributions from boarding houses and dormitories, which were used as a shelter for temporarily displaced persons, increased. The largest amount of taxes paid for the first half of 2022 was demonstrated by the city of Kyiv and the Lviv, Ivano-Frankivsk, Kyiv, and Odesa regions. It was investigated that in the first six months of 2022, 28% more tourist tax was paid compared to the same period in 2021. The city of Kyiv, Lviv, Zakarpattia, Ternopil, and Khmelnytskyi regions were the leaders in paying the tourist tax. Various hotel business development strategies that can be applied in order to survive the war are identified: security improvement, repurposing, innovation, creating a good website, Digital marketing, reviewing the supplier base, personnel management strategies, social responsibility, implementing sustainable hotel practices, emphasis on mobile-friendly services, contactless services, cost-benefit analysis.

**Key words:** strategy, hotel business, tourist tax, innovation, digital marketing.

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**Ільницька-Гикавчук Галина Ярославівна**, кандидат економічних наук, доцент, Національний університет «Львівська політехніка». **Стратегія розвитку готельного бізнесу в умовах війни.**

У статті розглянуто сутність стратегії підприємства, етапи її формування, а також різновиди стратегій. Стратегія – це напрям діяльності, план, який розробляється для ефективної роботи на основі аналізу внутрішнього і зовнішнього середовища функціонування підприємства. Метою бізнес-стратегії є розробка заходів, спрямованих на підвищення конкурентоспроможності підприємства. Виділяють різні види стратегій в готельній сфері: маркетингову, фінансову, операційну, концентрації, диференціації, глобалізації, інтеграції, спеціалізації та інші. Воєнні дії негативно вплинули на готельний ринок, тому підприємства змушені шукати нові шляхи виживання і функціонування, розробляти ефективні стратегії розвитку. Виявлено, що від воєнних дій найбільше постраждали заклади розміщення центральної, південної та східної частин України. Встановлено, що внаслідок воєнних дій надходження до державного бюджету від туристичної галузі за перші шість місяців 2022 року скоротилися майже на 26% порівняно з аналогічним періодом 2021 року. Найбільша частка податків до держбюджету сплачена готелями та санаторіями, зросли внески від пансіонатів та гуртожитків, які використовувалися як притулок для тимчасово переміщених осіб. Найбільше податків від туристичної галузі за перше півріччя 2022 року внесено в місті Київ, Львівській, Івано-Франківській, Київській й Одеській областях. Досліджено, що за перші шість місяців 2022 року сплачено туристичного збору на 28% більше порівняно з аналогічним періодом 2021 року. Лідерами за сплатою туристичного збору були місто Київ, Львівська, Закарпатська, Тернопільська та Хмельницька області. Визначено різні стратегії розвитку готельного бізнесу, які можуть бути застосовані для того, щоб вижити під час війни: підвищення безпеки, перепрофілювання, впровадження інновацій, створення хорошого веб-сайту, Digital-маркетинг, перегляд бази постачальників, стратегії управління персоналом, соціальної відповідальності, впровадження сталої готельної практики, акцент на послугах, зручних для мобільних пристроїв, надання безконтактних послуг, аналіз витрат і вигід.

**Ключові слова:** стратегія, готельний бізнес, туристичний збір, інновації, Digital-маркетинг.