Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics

Bachelor Thesis topic:

"Improving the profitability of the hotel"

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

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BACHELOR THESIS ASSIGNMENT

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Economics Policy and Administration

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Thesis title

Improving the profitability of the hotel

Objectives of thesis

Goal of the thesis is to increase profitability and competitiveness of the hotel on the market.

The conclusions, which will be made based on the results of the research, will allow improving KPI (key performance indicators) and continuously / unceasingly and promptly develop and implement activities that are aimed at improving the competitiveness and profitability of the hotel, reflecting also COVID-19 pandemics.

Methodology

The methodology includes analyses of internal hotel data focused on performance indicators. Statistical data are presented. Also data on Prague tourism sector affected by COVID-19 pandemics are included. The work consists of Theoretical and Practical parts. The theoretical part describes the analysis of hotel performance and key features of hotel management.

The practical part includes a review of the Royal Prague hotel, based on the experience of direct work in this hotel and on the basis of the Protel statistical database on basis which charts were made, showing the main indicators. Also presented a description of the impact of COVID-19 on the tourism in Czech Republic and hotel business in particular, using data from the Czech statistical office and the database from the Czech tourism portal.

The proposed extent of the thesis
40-50 pages

Keywords

hotel industry; hospitality; hotel management, Prague, COVID

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Declaration

I declare that I have worked on my bachelor thesis titled "Improving the profitability of the hotel" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 30.11.2020 _____

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Improving the profitability of the hotel

 Abstract

Until recently, the hospitality industry was one of the most developing industries, which attracted investments for its development, and also served as an incentive for increasing operational efficiency, competitiveness and, accordingly, increasing profitability. To remain competitive and maintain a leading position in the market, hotels now have to adapt to the wishes and needs of customers, develop new services and continually improve the quality of service.

In the Theoretical part, the ways were analyzed to ensure an increase in the profitability of the hotel business by analyzing the consumer ability, the competitive environment, as well as identifying the factors influencing the increase or decrease in the demand for services. Based on the results of factor analysis of key indicators and statistical data, the development and implementation of activities that increase profits are of particular importance for influencing business performance. On the example of the statistics for the Royal Prague hotel in the Practical part has been made a research based on a number of databases. The conclusions, based on the results of the analysis, allow the hotel to develop effective measures to increase profitability.

The external environment and changing market conditions are a strong catalyst / driving force that affects the hospitality industry and the tourism industry in general. Such a factor of strong influence was the pandemic due to the spread of the coronavirus (COVID-19). This global event significantly influenced tourism and, accordingly, the demand for hospitality services. This can be seen in the data on the sharp decline in demand and profits. The paper offers statistical data on the impact of COVID and measures that will allow to equate the decline in hotel profitability.

Zlepšení ziskovosti hotelu

Abstrakt

Až do nedávné doby, pohostinství byl jeden z nejvíce se rozvíjejících odvětví, které přilákal investice pro její rozvoj, a také sloužil jako pobídka ke zvýšení provozní efektivity, konkurenceschopnosti, a tedy zvýšení ziskovosti. Aby hotely zůstaly konkurenceschopné a udržely si vedoucí postavení na trhu, musí se nyní přizpůsobit přáním a potřebám zákazníků, rozvíjet nové služby a neustále zlepšovat kvalitu služeb.

V teoretické části, způsoby byly analyzovány s cílem zajistit zvýšení ziskovosti hotel business analýzou spotřebitele schopnost, konkurenční prostředí, stejně jako identifikovat faktory ovlivňující zvýšení nebo snížení poptávky po službách. Na základě výsledků faktorové analýzy klíčových ukazatelů a statistických údajů, rozvoji a provádění činností, které zvyšují zisky mají zvláštní význam pro ovlivňování výkonnosti podniku. Na příkladu statistik hotelu Royal Prague v praktické části byl proveden výzkum založený na řadě databází. Závěry založené na výsledcích analýzy umožňují hotelu vyvinout účinná opatření ke zvýšení ziskovosti.

Vnější prostředí a měnící se podmínky na trhu jsou silným katalyzátorem / hnací silou, která ovlivňuje pohostinství a cestovní ruch obecně. Takovým faktorem silného vlivu byla pandemie způsobená šířením koronaviru (COVID-19). Tato globální událost významně ovlivnila cestovní ruch a tím i poptávku po pohostinských službách. To lze vidět v údajích o prudkém poklesu poptávky a zisku. Příspěvek nabízí statistické údaje o dopadu COVID a opatření, která umožní vyrovnat pokles ziskovosti hotelu.

Klíčová slova: hotelový průmysl; pohostinství; vedení hotelu; Pražská turistika; COVID

Table of content

INTRODUCTION

1.1. Relevance of the topic

Hotel service is a field of activity that is dynamically developing in the modern world. High rates of such development, in the conditions of constantly growing competition, face enterprises with problems of increasing management efficiency, business profitability and competitiveness in the world and national markets. This encourages management to improve the management system, optimize service delivery processes, and create new technological products.

Currently, the hotel industry is developing rapidly around the world. The level of world's population migration is increasing every year and creates a high demand for the services of this business. The availability of high-speed transport, information from the Internet space, the opening of international borders, the increasing flow of travellers, as well as the development of tourism business contributes to the growth of the hotel sector. Tourism revenues account for more than 10% of global gross income, and the number of tourist trips in the world on average increases by 5-6% annually. The return on investment from the hospitality industry has reached the level of highly profitable industries and has become one of the attractive areas where investors are willing to invest with confidence in the medium-term return on investment and the presence of minimal risks (subject to effective management and an effective marketing strategy). Over the past 10 years, the number of enterprises whose main activity is the provision of hospitality services has increased by 56%. No industry today can boast of such a growth rate. The hospitality industry is quite profitable even in conditions of an economic crisis and an unstable political situation and shows a high degree of adaptation to negative environmental factors, developing other types of activities. (E. Tarasenko, M. Laiko, E. Ilyina, 2017)

1.2. Hotel business trends of developing

The main trends in the development of hospitality industry enterprises that have taken shape quite clearly only in recent decades include the following :

- deepening the specialization of the hotel offer;
- the formation of international hotel chains;
- development of a network of small hotel complexes;

- use of the principles of "smart home";
- introduction of new computer technologies into the hospitality industry.

The hospitality industry is constantly changing in response to new customer expectations. For hotels, the digital transformation of the business comes to the fore, which allows to create more targeted, personalized offers. The interaction of people with technology, brands and even space is changing, which opens new opportunities for companies.

Recently, along with traditional hotels, specialized enterprises began to appear with a reduced range of services, focused on serving customers in a certain segment of the tourism market. The trends in the development of this business include the integration of hospitality services enterprises not only within one country, but also around the world, as well as the association with "hotel services".

However, not all trends are positive due to an increase in the number of hotel companies, for example, dumping prices or a decrease in the quality of services. But every problem can become an opportunity: lowering prices in the struggle for competition is pushing the industry to take cost-cutting measures to maintain profitability and maintain its position, using smart technologies, process automation, introducing new hotel products to increase sales, etc.

1.3. Advantages and disadvantages of the hotel business

Among the advantages can be identified (E. Balashova, 2005):

- high demand for services;
- business liquidity and the ability to quickly sell it if necessary;
- support by the authorities at all levels of small business;
- good source of profit;
- expansion of the number of services offered.

Among the serious shortcomings that impede the opening of hotels are the following aspects (Thomson John, Jonathan M. Scott, Frank Martin, 2019):

- uneven profit making, lack of sales at the end of the tourist season;
- large initial costs for the rental of premises, hiring staff and the implementation of a business plan;
- a serious lack of qualified personnel at the initial stage;
- bureaucratic problems with collecting papers and high taxes.

The hotel business discourages some entrepreneurs even at the initial stage because of the high cost, as well as the need to obtain initial investments, but the one who invested and started to run the hotel business has a stable high income.

OBJECTIVES AND METHODOLOGY

2.1. Objectives

Goal of the thesis is to increase profitability and competitiveness of the hotel on the market. The conclusions, which will be made based on the results of the research, will allow improving KPI (key performance indicators) and continuously / unceasingly and promptly develop and implement activities that are aimed at improving the competitiveness and profitability of the hotel, reflecting also COVID-19 pandemics.

To achieve the goal of the Thesis and uncover the topic of increasing profitability and efficiency, it is necessary to answer the following questions:

1. Is competitiveness a factor that affects a hotel's profitability?
2. How do the needs of clients influence the formation of the hotel's service package?
3. How do changing conditions in the external environment affect on the level of demand for services, the hotel's internal policy and profit?

2.2. Methodology

The methodology includes analyses of internal hotel data focused on performance indicators. Statistical data are presented. Also data on Prague tourism sector affected by COVID-19 pandemics are included. The work consists of Theoretical and Practical parts. The theoretical part describes the analysis of hotel performance and key features of hotel management.

The Practical part includes a review of the „Royal Prague" hotel, based on the experience of direct work in this hotel and on the basis of the Protel statistical database on basis which charts were made, showing the main indicators. In addition, in the practical part, the main performance indicators from the Theoretical part will be used and calculated. Also dedcribed a description of the impact of COVID-19 on the tourism in Czech Republic and hotel business in particular, with the proposed options for implementing the hotel's survival in the current period. using data from the Czech statistical office and the database from the Czech tourism portal.

THEORETICAL PART

3. Competition

3.1 Preconditions

With the development of the hotel industry, the competition is increasing, and the competition between enterprises in the struggle for the client for profit growth. Even during the period of economic instability in the hospitality industry in 2008-2011. The concept of competition and the competitive activity of hotels has gained particular relevance and set the task of (V. Ivanov and A.Volov, 2011):

- involvement in the study of increased competition among hotels;
- strategies for competition in the crisis and post-crisis period;
- competition not only between hotels of the same price segment, but competition for the client as a whole;
- developing a survival model in a highly competitive business environment.

The problem of competitive development of a hotel company is actively discussed at scientific and practical conferences about hotel business all over the world.

The hotel business today is not just four walls and a bed for an overnight stay. This is much more. Those who offer the guest only an overnight stay nowadays would not be able to resist to a high competition for a long time. All over the world, the best hotels compete not only by their room level, views or location, but also by such extra services as restaurants, bars, Wellness and other related services. (E. Balashova, 2005)

The desire of people to improve the quality of life encourages the development of hotel services, which forms a culture of entertainment, which is already becoming a competitive environment. The main trends in the development of the hotel industry include "hotel services", which creates the individual attractiveness of a single hotel or a network of hotel complexes.

The psychographic characteristics of hotel guests play an important role - since each of the five elements has its own value for a particular client. For customers of economy-class hotels, the most significant criterion for choosing a hotel will be a reasonable price, while for the client of a luxury hotel, the most important factor will be the image of the hotel, which is inextricably related to the brand and its positioning on the market, as well as the wide variety of high-quality services provided. (G.L. Azoev, 1996)

Therefore, while developing a competition strategy in the hotel industry market is necessary to analyse the marketing environment in order to identify market segments which hotel could work with and for which it would develop its marketing proposals. A high-class hotel is especially characterized by the presence of a unique selling offer, which will serve as the basis for developing an advertising and sales strategy, and also would contribute as the basis for the future differentiation of the hotel brand (E. Balashova, 2005).

3.2 Classification

The concept of a competition strategy is related to an economic strategy. Economic strategy is understood as a general, perspective program for the rational use of available and borrowed resources, aimed to providing sales growth, achieving stable economic profit, maintaining liquidity and increasing the market value of the hotel at an acceptable level of risk (A. Yudanov, 1996).
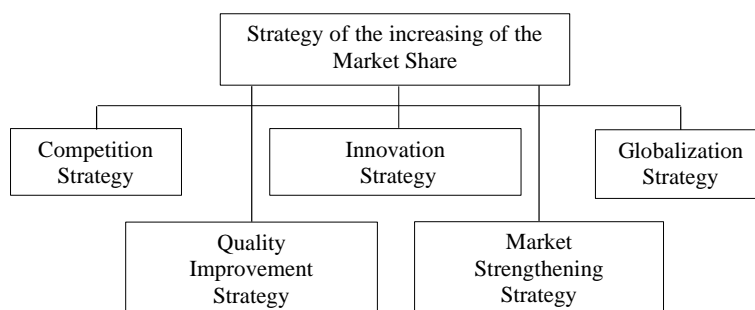
Scheme 1: Strategy of the increasing of the Market Share
(Based on the information given by: V.P. Khlusov, 1998)

Competition strategy refers to an increase in market share through increasing competitiveness while improving the quality of services provided. In its tendency for excellence, the hospitality industry should regularly offer something unique, looking far ahead while competitors are catching up, develop and launch new services which are even more advanced. They should be attractive the way the buyer would give preference to particular hotel, despite the high cost (A. Yudanov, 1996).

In terms of intensity, competition can be attractively moderate or aggressive (absorption or destruction of a competitor) the following types of competition are distinguished (S.S. Skobkin, 2010):

- Functional - competition of technical means designed to perform the same function.
- Specific - competition of goods and services that differ in parameters (for example, competition between a set of services of a high-class hotel and an economy-class hotel). Both hotels offer accommodation, but differing in the availability of additional services in addition to the basic ones, and the level of comfort.
- Competition between hotels in the same price-range group (for example, competition between five-star businesses hotels located nearby each other in the city center).
- Price competition used to penetrate the market with new goods and services by changing prices (hotels usually introduce special prices when opening or adding new services - additional room categories, Wellness, etc.).
- Non-price competition is a type of competition without changing prices, but by improving the quality of service. For example, providing the buyer with more services, or irreplaceable services that are valuable to the buyer and affect the choice of hotel.
- Unfair competition - direct and positional dumping, poaching specialists, using other people's trademarks, spreading false information about competitors. This form of competition is destructive. In the crisis period, hotels in the middle and lower price segments, unlike hotels in the upper segment, did resort to price dumping or parasitic competition (copying competitors' advertising proposals), however, such actions did not bring the desired economic effect.

Competition is an inevitable and useful phenomenon in a normally functioning market economy. The more unique the hotel's services are from the consumer's point of view, the more freedom the hotel has in setting prices than its competitors. (V.P. Khlusov, 1998)
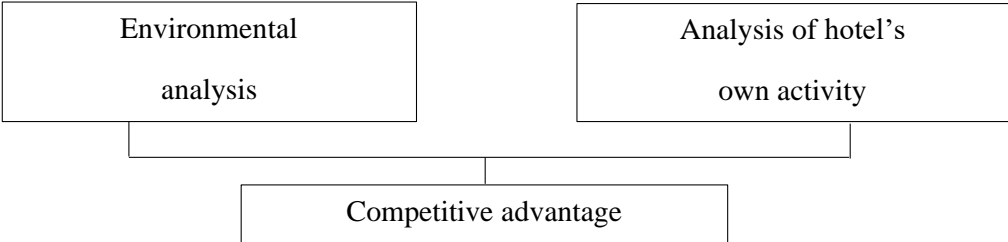
3.3. Competitive advantage

The competitiveness of a hotel is a characteristic that reflects differences from competitors in terms of the degree in satisfying of customer needs, as well as the dynamics of adaptation to the conditions of market competition.

Competitiveness of services is revealed only when researching competing services. The indicators of both the advantages of these services and the disadvantages can be different, and the forms of expression - quantitative and qualitative. (G.L. Azoev, 1996)

The competitiveness of services is determined by economic, regulatory, organizational, classification, constructive, ergonomic, aesthetic and social indicators. The basis for determining competitiveness are taken only those properties that are interesting to hotel customers. To assess competitiveness in practice, hotel experts use methods consisting in developing a list of the main evaluation indicators on a certain scale with summing up the ratings.(Michael E. Porter, 1998)

Each hotel develops a market behavior strategy in order to have a set of competitive advantages and increase its competitiveness. Competitive advantages are those unique tangible and intangible assets that a hotel owns in its activity. Competitive advantages exist when a hotel can get profitability above the average of this industry or market segment (Scheme 2).

Scheme 2: Competitive advantage implementation
(Based on the information given by: S.S. Skobkin, 2010)

The implementation of the main categories of competitive advantages in the hotel industry opens prospects for improving the competitive position. Categories of competitive advantage - is the foundation of a further developed competitive strategy. They are not the same for different industries, but for a particular industry can vary in time. (Michael E. Porter, 1998)

When choosing a competition strategy in the hotel market, it is important to evaluate the competitive position of the hotel. Evaluation of a competitive position allows you to (E. Tarasenko, M. Laiko, E. Ilyina, 2017):

- develop measures to increase competitiveness;
- choose business partners for organizing joint activities;
- attract investors for opening new hotels or renovation of existing one;
- create entrance programs to new markets.

In the hotel industry, a method based on the theory of effective competition can be successfully applied, which gives an idea of the competitiveness of the hotel, covering all the most important aspects of economic activity. This method is based on the analysis of groups indicators of the functioning of a hotel (J.Trout, S. Rivkin, 2001):

- indicators characterizing the efficiency of production activities (costs, profitability, labour productivity);
- indicators of the financial situation (autonomy ratio, which shows the independence of the hotel from borrowed sources; paying capacity; liquidity ratio; current assets turnover ratio);
- indicators of the effectiveness of the organization of sales and promotion of services (hotel load factor, average room rate);
- competitiveness indicators (quality and price of services).

It is obvious that hotel strategies, their structure and competition in the context of this model relate specifically to the competition, when the actions of competitor-hotels lead to the creation of new conditions for the functioning of hotels.

Competitiveness is not a constant feature of the company. The advantage over the opponent is lost over time due to environmental factors and due to internal factors.
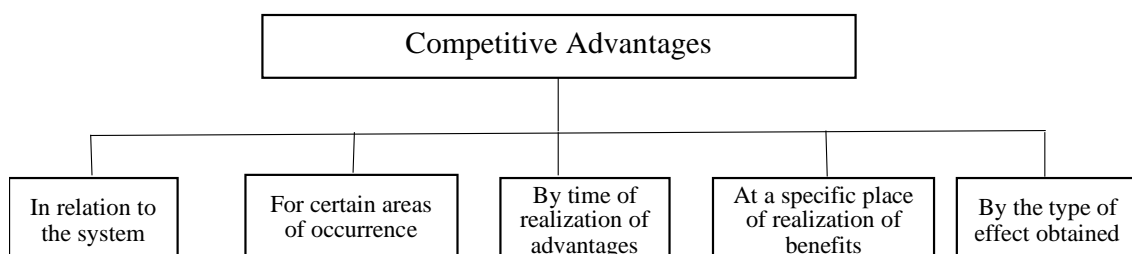
As a serious competitive force should be considered customers. Consumers of services are very powerful when hotel services are standardized and not differentiated; customers are not sensitive to the costs associated with replacing hotels. Buyers can be well informed about the industry. (E.I Mazilkina, G.G. Panichkina, 2009).

3.4. Competition environment overview

The competitive position of the hotel in the market is determined not only by its internal features, but also by the competitive environment, the factors of which are not always controllable. The competitive environment of a hotel is often identified with its marketing environment, which includes a set of subjects and market factors that affect the relationship between the hotel and the client. (G.L. Azoev, 1996)

The environment determines the main areas of competition, for example, the creation of conditions for the realization of the effect of economies of scale in production, specialization in a particular market segment, and an aggressive reaction to price changes. To ensure its competitiveness, it is necessary to survey the region for the presence of such objects and study the advantages and disadvantages of each of them. To achieve this, it is necessary to create a *Competitive List* with a list of services, cost, geography, as well as +/-. The competitive list is drawn up by polling a potential competitor under the guise of a client, or by polling clients who have used their services, or as a user of services as a client. In the future, this will allow us to develop a *Preferential package* of services that provides a competitive advantage when correlating to the target audience of the hotel.

(E. Balashova, 2005).

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                    ┌─────────────────────────────┐
                    │   Competitive Advantages    │
                    └─────────────────────────────┘
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| In relation to the system | For certain areas of occurrence | By time of realization of advantages | At a specific place of realization of benefits | By the type of effect obtained |

Scheme 3: Competitive advantage classifications

(Based on the information given by: S.S. Skobkin, 2010)

External benefits include (A. Yudanov, 1996):

- ✓ *favorable climate of the country;*
- ✓ *high-quality infrastructure of the region in the region of presence;*
- ✓ *stable political system of the country;*
- ✓ *modern information network of the country.*

Internal benefits include (A. Yudanov, 1996):

- ✓ *the values of the organization accepted by the society;*
- ✓ *modular automated technology;*
- ✓ *qualified employees of the organization.*

According to the areas of emergence of advantages, there are (E.I Mazilkina, G.G. Panichkina, 2009):

- ✓ natural and climatic *(can be attributed to the economically advantageous geographical position of the country, climate);*
- ✓ socio-political *(stability of the political situation in the country; streamlined legislative system in the country);*
- ✓ technological *(there may be a high automation level of production and management; a low level of deterioration of fixed assets; a high level of new information technologies);*
- ✓ cultural *(it is customary to attribute the values of the country, organizations focused on the spiritual development of the individual; high organizational culture; the presence of world-class cultural values in the country);*
- ✓ economic *(stable tax system; stable system of state regulation of the economy; availability of a well-functioning management system in organizations; high-quality credit and financial system).*

By the content of the factor, the advantages are (A. Yudanov, 1996):

- ✓ price *(low production costs due to the use of economies of scale; high level of unification; waste-free technology; high competition from suppliers);*

- costs for the consumer *(availability of substitute goods for the consumer of the product; a high level among the manufacturers of this product; less specific resource consumption for the operation of the product compared to competitors)*;
- quality of service *(automated accounting system; reliable image / well-known brand; reasonable quality guarantees; high-quality infrastructure; ; environmental friendliness)*.

According to the place of organization, the advantages are distinguished (E.I Mazilkina, G.G. Panichkina, 2009):

- organization *(management system focused on achieving competitiveness; high competition at the "entrance" of the organization; computer-aided design systems)*;
- region *(high-quality industrial infrastructure of the region; environmental friendliness; stable credit and financial system in the region)*;
- country *(action of the state program to improve the country's competitiveness; the presence of strategic programs for the development of individual spheres and the country as a whole)*;

According to the time (duration) of the implementation, the advantages are distinguished (E.I Mazilkina, G.G. Panichkina, 2009):

- strategic factors of advantage *(the use of a leading comparison base when planning the renewal of services; professional development of personnel; modern advertising system)*;
- tactical factors of advantage *(effective system of labor motivation; adherence to the maintenance schedule; borrowing know-how in the field of management from competitors)*.

Using the same factors of competitive advantage is an opportunity to carry out a comparative analysis, determine the priority range and use it in comparison with the profile of the hotel to develop additional activities that will increase the level of competitiveness and ultimately increase the profitability of the hotel.

4. Evaluation of performance

4.1. Effect and efficiency

The economic efficiency of the enterprise in general is considered as its effectiveness and is estimated by the ratio between the costs of various resources and the resulting effect.
The concepts of "effect" and "efficiency" are different.

The effect is understood as the production or social result of the expenditure of economic resources obtained during a certain period. It is characterized by various cost and physical indicators that assess the final or intermediate results of production. These indicators include (Robert H. Hayes, 1988):

- the size of the national income;
- volume of products produced;
- mass of profit;
- savings in various production resources or overall savings from cost reduction.

Efficiency is an indicator for determining how well a business is using the resources given to the enterprise, such as capital, labor, into results such as income, products and services. Increasing production efficiency is achieved by increasing production volumes with rational and economical use of resources. Saving methods can be (prohotelia):

• reduction of material and energy costs for each unit of produced goods and services;
• an increase in the volume of services per unit of cost;
• reduction of personnel costs by increasing its productivity;
• improving the quality of services;
• improvement of production management, providing cost savings for these purposes.

Determining the efficiency of capital investments is of paramount importance, and here one should distinguish between absolute (overall) and comparative efficiency. Absolute efficiency characterizes the total value of the return, which can be calculated for each object of capital investment separately. Comparative efficiency characterizes the economic advantages of one option over others and the degree of optimality of the selected option. (Rohit Verma, Jack B. Corgel and Michael C. Sturman, 2011)

4.2. Key performance indicators.

The initial quantitative criterion of production efficiency is the annual rate of return on invested capital, which is determined by the formula (O.P. Efimova, 2004):

P = net P: IC = (V - C): IC

where P - the rate of return on invested capital,%;

net P - net annual profit, €;

IC - invested capital, providing profit, €;

V - annual production of services at selling prices, €;

C - total cost of annual services, €.

The calculated values of the rate of return may vary depending on the capital structure, the level of projected prices for services and goods, the volume of demand and other factors. The competitiveness of a hotel company is related to the competitiveness of its services. An increase in sales leads to an increase in profits, an increase in profitability. To assess the effectiveness and efficiency of activities, profitability indicators are used. (O.P. Efimova, 2004)

The main method for calculating profitability indicators is the method of comparing types of profit with sales volumes, the value of assets, and cost. Sometimes profitability indicators are calculated from cash flow.

For a hotel specific indicator for assessing economic efficiency are used, which are usually associated with the occupancy of the room fund. These indicators include the *hotel occupancy rate*, which can be expressed both as a percentage and in relative values (0 <k <1). It is calculated using the formula (O.P. Efimova, 2004):

*Occupied rooms / amount of rooms for sale * number of days in the reporting period*

This indicator is important, as they receive the main income from services for the placement of guests. And since the share of fixed costs in hotel enterprises is high, the closer this indicator is to one (the hotel is completely full), the more profit it receives. In practice, for a variety of reasons, not all rooms may be ready for use, so the maximum possible number of rooms is

used to calculate the total available hotel stock. It is the product of the total number of rooms (beds) by the number of days in a year during which they can be used.

Actual number of rooms is the actual possible number of rooms that can be used during a given period, multiplied by the number of days in use.

Hotel occupancy rate can be calculated using the formula (O.P. Efimova, 2004):

average fixed costs per room, € / (average room price, € - variable costs, €).

To assess the effectiveness of the porter service for the sale of rooms at different prices, you can apply the indicator of the *average selling price of a hotel room* to the average daily cost (O.P. Efimova, 2004):

revenue (income) from the sale of numbers / total number of rooms sold

The higher the hotel occupancy rate, the higher the average selling price of a hotel room can be, i.e. the average selling price of a room depends on the occupancy level of the hotel. For the hotel, the *occupancy rate* is also important, defined as the ratio of the average number of guests to one room sold (O.P. Efimova, 2004):

total amount of guests staying at the hotel in this reporting period, people / hotel room stock (or the number of rooms sold)

For a clearer picture of the quality side of the room stock, a metric called the ***double occupancy rate.*** It shows the proportion of numbers occupied by more than one person. This indicator can be used to estimate the need for staff, such as maids.

Bed occupancy is widely used in the hotel business. This indicator is necessary when determining the efficiency of the hotel staff, since its full load will be carried out only when the hotel is 100% full.

The *performance indicator* is also important for the hotel (E. Tarasenko, M. Laiko, E. Ilyina, 2017):

number of guests / average number of employees or
revenue / average number of service workers or
number of rooms sold / average number of service workers.

This indicator must be analyzed in dynamics with oneself in the period. But there is a need to pay attention to how the quality level changes with productivity growth. The quality level should not be allowed to decrease with productivity.

The indicator, which also characterizes the efficiency of the hotel staff, is the income rate per client (income per guest) from the sale of the room stock for a certain period. It is calculated using the formula (O.P. Efimova, 2004):

income per guest from the sale of rooms for a certain period =
total revenue, € / total amount of guests staying at the hotel in this reporting period,
people.

It should be kept in mind that the more single rooms are sold, the higher this indicator will be. For the operational management of the maid service in the maintenance of the room stock, you can use the indicator that determines the average maid load (occupied rooms/ amount of maids). All the above indicators, as a rule, are calculated for a specific reporting period, which is determined based on production and management needs, and contribute to assessing the economic efficiency of a hotel. (S.S. Skobkin, 2010)

5.1. Rule and live or die

Improving work efficiency is one of the main tasks of the hotel business. Moreover, this task does not depend on the form of ownership of the hotel, or on the number of rooms, or on the season or other external factors.

Activities aimed at continuously improving the efficiency and profitability of a hotel or hotel complex should be one of the mandatory functions in the work of an enterprise operating in

the modern market for providing services. Constant monitoring of key performance indicators allows not only to effectively manage the current state and quickly respond to dynamics, but also to prevent risks, predict activities and develop business in order to be not only competitive in the market for similar services, but also to become the most attractive for customers for due to the presence of competitive advantages. To stay competitive, hotels are forced to adapt to the changing external environment, unstable tastes of the guests, create new services, constantly improve the quality of service, and so on. Otherwise, the business, if not immediately, then gradually will die. (J.Trout, S. Rivkin, 2001)

Every year, the hotel industry implements many innovative ideas and uses technologies that have not previously been used in the hotel business. This once again changes the concept of hospitality. Hospitality businesses need to keep track of all innovations and quickly respond to all changes in the environment. Regardless of the specific tasks, the efficiency of the hotel enterprise is an object of management. (J.Trout, S. Rivkin, 2001)

Such examples could be: the use of advanced technologies in the hotel booking system and tracking statistics, maintaining social networks on behalf of the hotel (Facebook, Instagram, Telegram, etc.), creating an application on the phone (the so-called pocket receptionist), using the technology "blue way ", which includes a set of measures to save costs, planning and reorientation in favor of the use of environmental technologies, as well as constant monitoring of trends in world events. (nauchkor)

You can only control the object that can be measured!
This once again confirms the importance of those indicators that were presented in Section 3 and not only them. Before identifying the need and directions for improving the efficiency and profitability of a hotel or a hotel complex, it is necessary to conduct a comprehensive review / monitoring of activities and, on the basis of a multifactorial impact on economic results in terms of indicators and, in general, on the image and rating, identify a tendency towards dependence of all many factors. The performance review should be based on analysis-research in several directions (Rohit Verma, Jack B. Corgel and Michael C. Sturman, 2011):

1. Analysis of the load / use of rooms and seasonal visits;
2. Analysis of the dynamics of demand by guests by class of rooms with reference to events or seasons;

3. Assessment of the level of satisfaction of guests on the fact of residence to identify areas in need of improvement;
4. Assessment of the quality of customer service, the level of service provision;
5. Review of the purposes of the guests' arrival in the region of the hotel;
6. Study the needs of the main client or a group of clients and the formation of a "client / guest profile";
7. Analysis of regional activities;
8. Determination of the target audience / status of guests.
9. Review of the competitive environment in the region;
10. Evaluation of the flexibility of the pricing policy and its impact on the financial result. Progressive scale of discounts depending on seasonality and attendance;
11. Evaluation of the quality level (including the use of a secret guest as an expert to check the quality of services provided by the staff in the restaurant and rooms);
12. Increasing the level of excursion / tourist services;
13. The level of innovation input (the ability to introduce new services);
14. Promotion of the image. Application of marketing and promotional activities;
15. Use of service standards and assessment methods that determine how the organization meets these standards.
16. Evaluation of the efficiency of the use of labor resources and increasing their productivity;
17. Assessment of the efficiency of using material resources and increasing their turnover.
18. The level of process automation and the use of computer technology.
19. Evaluation of the effectiveness of management of key business indicators (KPI).

5.2. Service quality management

The efficiency of the functioning of any hotel is closely related to the quality of hotel services. With regard to the quality of services, there are (E. Tarasenko, M. Laiko, E. Ilyina, 2017):

✓ Competence (the hotel has the required skills and knowledge to provide the service);
✓ Reliability (stability of work);
✓ Responsiveness (the system does not fail in case of unusual / non-standard requests);

- ✓ Accessibility (ease of contact with hotel staff);
- ✓ Understanding (understanding the specific needs of consumers / guests);
- ✓ Communication (timely and intelligible informing of clients);
- ✓ Trust (reputation of the hotel);
- ✓ Security (protection against risks);
- ✓ Courtesy (politeness, attentiveness);
- ✓ Tangibility (material attractiveness of premises and form of service personnel).

The provision of high-quality hotel services is an integral part of the constant attention of hotel managers. Providing guests with high quality hotel services is an integral part of the constant attention of hotel managers. The most common actions aimed at improving quality are quality control of services (hot water temperature, number of towels, cooking conditions, reaction rate for calls, etc.). The efforts of the enterprises of the hotel industry are aimed at attracting customers, at their maximum satisfaction. Therefore, the development strategy of the hotel enterprise should place special emphasis on improving the relationship and communication between customers and hotel employees. Understanding customer value, quality, and balance between cost and cost can increase profits by giving the hospitality business the opportunity to raise prices and increase the volume of services sold. (Rohit Verma, Jack B. Corgel and Michael C. Sturman, 2011).

Continuous quality improvement is not a expense, but a long-term investment based on ensuring customer loyalty by meeting their needs. It remains a confirmed fact that the cost of acquiring a new customer is five times the cost of retaining an old one by offering quality service (E. Tarasenko, M. Laiko, E. Ilyina, 2017):

- ✓ Ability to retain customers allows you to reduce marketing costs and increase profitability;
- ✓ Satisfied customer advertises for free, distributes verbal information favorable to the hotel.

Management of service provision processes has a number of important features: firstly, the consumer is usually present in the process of service provision, i.e. has closer contact with the manufacturer of these services; secondly, in the service sector, a higher degree of individual labor is required in accordance with the client's requirements; thirdly, when providing a

service, labor costs can be compared only with skilled manual labor. All these features make management in the service sector more complex in terms of ensuring its effectiveness. (E. Balashova, 2005)

International standards stipulate that quality assurance requires (Micah Solomon, 2016):

- ✓ Necessary material base (buildings, structures, transport, equipment, consumables, etc.);
- ✓ Qualified employees, motivated for high results;
- ✓ Adaptive organizational structure of activities;
- ✓ Effective management of the hotel.

Thus, it can be argued that the necessary material base, active and qualified employees and a clear organization of work together constitute the necessary and sufficient conditions for ensuring the quality of services in a hotel.

5.2.1. Targeted Guest Satisfaction Survey

The highest goal of business activity in the hospitality industry is, first of all, to meet the needs of the client, and only then - to increase income. Customers feel very good about quality. It is very important to identify the causes of dissatisfaction.

Through the "silent dialogue" with the client, one can get an understanding of the level of the clients' needs in relation to their residence and use of services. Conducting a questionnaire on the satisfaction of guests upon stay is an option that is used by the hospitality industry as a standard checklist type but is not mandatory for the client. Typically, such a questionnaire is aimed at identifying customer satisfaction / dissatisfaction by a favorable or negative experience, thereby allowing us to identify comfortable zones according to the maximum ratings and areas that need improvement. (Rohit Verma, Jack B. Corgel and Michael C. Sturman, 2011)

In order to reengineer processes to improve the efficiency and profitability of a business, it is necessary to conduct a targeted survey-research by means of an extended questionnaire with the obligatory involvement of at least 30% of clients to obtain objective data for the subject of

analysis. This survey no longer provides just a level of satisfaction but provides answers to questions considering needs of consumers of the hotel's services and necessarily specific recommendations. For regular customers, as the most loyal in relation to the choice of using the services of the hotel, the Questionnaire can be offered as one of the options that emphasizes the value of the opinion of such guests to increase their comfort while using the services. (Rohit Verma, Jack B. Corgel and Michael C. Sturman, 2011)

5.2.2. Additional service.

Some hotels are converting their production into a hotel complex with a range of services. This is usually the case for large hotels. Previously, such actions are preceded by a deep analysis of the potential consumer ability, incl. based on customer satisfaction surveys, customer profile, competitor's range of services, etc. Otherwise, it will be a waste of money. The hotel requires a more detailed analysis of performance indicators, since with the number of various services, the number of factors that affect their demand and profitability increases. Small hotels sometimes have to abandon even their own restaurants due to the fact that there is a variety of catering infrastructure nearby. (Micah Solomon, 2016)

Along with the growing needs of the client, the range of additional services provided by hotels is constantly developing. For example, creating hotel's own tourist/excursion base. It is necessary to develop some travel programs for tourists to the historical places of the city where the hotel is located. To implement this event, the hotel need to conclude contracts with various excursion agencies that already have attractive developed tourist routes, as well as with companies that will develop special programs for the hotel and with transport companies that will help to provide tourists with buses and cars; conduct training for the hotel's information service (concierge) staff, after which they will be able to professionally and competently help guests meet their needs for excursion services.

5.3. Labor resources: assessing the efficiency of their use and increasing productivity

The main task of the management of the hotel is to pursue an active and effective personnel policy, as well as to provide conditions for proactive and productive activities of employees, considering their professional skills. Professionalism and high productivity of employees is one of the criteria for the success of hotels in the quality of service. The tasks of the hotel are

not only to attract and train the skills of service workers, but also to deal with their development, career growth and retention.

To maintain the required level of qualifications of employees, it is necessary to conduct annual certification of personnel (assessment of competencies). Based on the results of assessment, should be developed a plan for organizing advanced training and retraining of personnel. Refresher courses need to be held several times a year, which will help improve the work of personnel in a dynamically developing environment. Exchange of experience and training within the hotel division allows the staff to get to know each other better, share best practices, which creates a close-knit team of interchangeable specialists and facilitates the adaptation of new employees. (E. Tarasenko, M. Laiko, E. Ilyina, 2017)

A very important indicator for an enterprise is staff turnover. It is necessary to pay attention when the staff turnover is high (more than 10-15% among the service personnel), since the change of personnel from the enterprise will require constant investments in employee training, and there is also a risk of reducing the quality and speed of service. It is considered a negative trend when the indicator is very low - below 1.5%. This suggests that there is no "fresh blood" flow. Attracting new qualified personnel, especially among specialists and managers, makes it possible to use new experience and practices acquired by candidates in other hotels. (S.S. Skobkin, 2010)

At all times, the mentoring system, onboarding new employees and training less experienced experts / experienced employees works very effectively. Such transfer of knowledge should be systematic and rewarding since the transfer of accumulated experience can hardly be overestimated. In large hotels, hotel complexes or chain hotels, a system of continuity should be applied not only to knowledge, but also to support / motivate career growth within the hotel. Career advancement must be supported by enterprise management and publicly demonstrated as an opportunity. This is another way to motivate staff development and retention. (E. Tarasenko, M. Laiko, E. Ilyina, 2017)

Like the cost of services, the cost of personnel is very important for an enterprise, since employees costs directly affect the cost of production and, ultimately, profit. Each hotel, based on the main factors of influence and economic indicators, independently chooses a pricing policy based on the cost of personnel, but always relying on average market benchmarks. The

average salary can be both at the level of the average cost of personnel in the industry in the region, or higher / lower. (S.S. Skobkin, 2010)

Intangible motivation should not be overlooked either. The best staff should be periodically publicly identified. The criteria for evaluating the best employees must be carefully thought out so that the rating is also recognized by peers and management, otherwise such publicity can greatly demotivate staff. There are many ways to reward: a board of the best employees of the company, a gift in the form of an additional vacation or other additional perks. Hotels with a system approach sometimes develop a *Success Profile* to be used in staff assessment as well. (Micah Solomon, 2016)

5.8. Flexibility in pricing policy. Loyalty programs.

Pricing flexibility is one of the main competitive advantages. Understanding target audience and competitive environment, it is necessary to develop a matrix of privileges both for clients living in the hotel and clients who use the services of the complex (rent of conference and banquet halls, equipment for events). The hotel can apply special rates to attract potential customers who are able to pay more person-days during a certain period, offer special, reduced rates or provide free services for associations and organizers of meetings, conferences. In addition to discounts for groups of clients, the hotel complex can offer special corporate prices to clients, which guarantee the hotel the use of a certain number of places annually. Use both seasonal and commercial discounts related to the length of stay of visitors or the provision of certain types of mandatory services by the hotel for objective reasons. Seasonal also includes discounts for the Christmas and New Year holidays, Easter, winter and summer sports games (if there is a base in the place of presence of the hotel complex).(Thomson John, Jonathan M. Scott, Frank Martin, 2019)

The time for general offers for all clients is over. Thanks to the information gathered about the habits and preferences of guests who regularly stay at hotel, management can make a really interesting and relevant offer. For example, a hotel knows that a particular repeat customer frequently visits a restaurant. Hotel employees could send him a notification about a discount, free meal or drink. The client will be pleasantly surprised, your attention will significantly improve his user experience, will leave pleasant memories of the service in the hotel. Experts

recommend using SMS notifications in a loyalty program. Such programs are very popular in the hotel industry: guests can become members of "elite" clubs, accumulate points, receive discounts and gifts. (E. Tarasenko, M. Laiko, E. Ilyina, 2017)

PRACTICAL PART
6.1. General characteristics of the hotel "Hotel Royal Prague".

The 4 stars boutique hotel "Royal Prague" was built in 2016 and opened the doors to the public in early 2017 . The hotel is strategically located on Thamova 36 street, Prague's Karlin district, which is suitable for both businesspeople and tourists who want to spend their leisure time.

Source: (booking.com)

Royal Prague is close to the Křižíkova metro station and is within 2.3 kilometers long from the city center. The hotel is located in the business district of the city and is surrounded by many office buildings and catering facilities.

In addition to the typical hotel amenities, the hotel also features a small gym with a treadmills, orbit tracks and additional strength training equipment. The hotel also operates a Wellness Center with a steam bath, Finnish bath, and upon request, guests can request a Thai massage for an additional cost.

In hotel provided with 196 rooms and apartments of various types. In total, the hotel rooms are divided into 10 main types:

✓ *DISABLE* room for people with physical disabilities provided with special equipment *(23m²)* – 6 x*;*

✓*SUPERIOR (23 m²)*:
- Double - 70 x;
- Twin - 1x.

✓ *SUPERIOR SOFA* with extra folding sofa-bed *(26 m²)*:
- Double - 12x;
- Twin - 53x.

✓ *SUPERIOR CONNECTING* with 2 bathrooms and 2 bedrooms *(53 m²)* - 5x;

✓ *TRIPLE (32 m²)* - 6x *;*

✓ *FAMILY ROOM* with studio, extra folding sofa-bed for 2 children and 2 bathrooms *(40m²)* – 2x;

✓ *EXECUTIVE* additional comfort room, double bed *(25m²)* - 14x;

✓ *EXECUTIVE SOFA* additional comfort room with extra folding sofa-bed *(30 m²)*:
- Double -12x;
- Twin - 6x;

✓ *EXECUTIVE CONNECTING* with 2 bathrooms and 2 bedrooms *(61 m²)* – 2x;

✓ *ZALOHA* (in case of any connecting room are selling separately as 2 different rooms, this would be the second one in the system, 5x-*26m²*, 2x-*30m²*) - 7x;

6.2. Analysis of seasonal visits to the hotel and the demand for room class by visitors.

Proper management of hotel occupancy is the key to the success of the business. One of the main indicators of the hotel's efficiency is the average occupancy rate. Therefore, first of all, in order to maintain a leading position in a dynamically developing market, an enterprise needs to develop a clear policy for managing the occupancy of rooms. Indeed, only due to a careful attitude to the study of the dynamics of occupancy, to the interests and preferences of each guest, to the quality of service and the organizational structure, it is possible to ensure a stable, systematic effective occupancy of a hotel enterprise, which, in turn, will lead to an increase in profits, prosperity and success. The analysis of the number of visitors to the hotel is carried out in the context of room categories and months to determine the level of occupancy during a calendar year. These statistical data will allow you to determine:

✓ seasons of peak loads (minimum, maximum) and periods of stability, i.e. favorable / unfavorable periods;

- ✓ maximum use of the hotel complex room stock;
- ✓ shortage of certain categories of rooms or redundancy in relation to the availability of rooms;

the most demanded categories / classes of rooms, including by calendar seasons according to the demand of visitors

Indicators	January	February	March	April	May	June	July	August	September	October	November	December	total for the year	rooms (MAX)	room fund per year	average monthly room fund	actual average monthly room fund	deviations (%)
ROOM CAPACITY LEVEL OF THE HOTEL "ROYAL PRAGUE"																		
Amount of days per month	31	28	31	30	31	30	31	31	30	31	30	31	365					
DISABLE	4	6	57	142	160	142	144	158	160	145	134	151	1403	6	2190	183	132	-28%
SUPERIOR	1018	1204	1732	1973	2006	1956	1994	2077	1984	2037	1298	1532	20811	70	25550	2129	1912	-10%
SUPERIOR-SOFA	431	565	1280	1766	1841	1771	1763	1942	1823	1876	1743	1903	18704	65	23725	1977	1723	-13%
SUPERIOR TWIN	6	13	18	23	31	28	26	30	29	28	19	27	278	1	365	30	26	-16%
SUPERIOR - 2BED	34	64	95	140	141	138	130	145	141	151	101	126	1406	5	1825	152	130	-15%
ZALOHA	14	16	78	100	169	141	93	119	183	155	160	142	1370	7	2555	213	132	-38%
TRIPL	32	62	106	166	175	168	171	183	164	175	149	169	1720	6	2190	183	159	-13%
FAMILY	28	21	28	52	56	55	57	59	54	57	46	58	571	2	730	61	53	-13%
EXECUTIVE	309	316	362	396	402	403	397	420	200	418	374	401	4398	14	5110	426	402	-6%
EXECUTIVE SOFA	304	367	428	496	510	476	486	531	497	530	451	496	5572	18	6570	548	510	-7%
EXECUTIVE - 2BED	11	16	38	54	53	46	55	57	54	59	48	54	545	2	730	61	50	-17%
Actual value of occupied rooms	2191	2650	4222	5308	5544	5324	5316	5721	5289	5631	4523	5059	56778					
Total room fund (max)	6076	5488	6076	5880	6076	5880	6076	6076	5880	6076	5880	6076	71540	196	71540	5962	497	
Actual usage of rooms	36%	48%	69%	90%	91%	91%	87%	94%	90%	93%	77%	83%	79%					
Average rooms' occupation	79%																	

Table 1: Room capacity level of the hotel "Royal Prague" in year 2019
(Own elaboration, based on data from hotel's system, 2019)
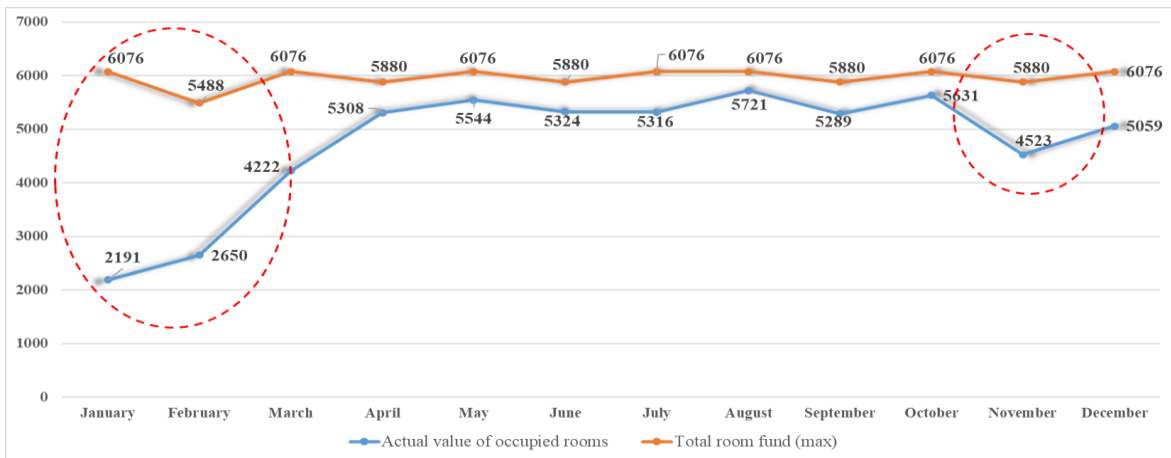
Chart 1: Room capacity level of the hotel "Royal Prague" in year 2019
(Own elaboration, based on data from hotel's system, 2019)

The maximum hotel room fund (capacity) depends on the maximum amount of rooms and the number of days per month / year. The actual value of occupied rooms of the hotel capacity in a month - the number of daily fillings of the rooms in total per month. The actual use of the rooms is not the same throughout the year, this clearly introduced in the Table 1.

Table 1 shows that the average room occupation for the year is 79%. The maximum occupancy occurs in August (94%) and October (93%). The minimum occupancy rate is in January (36%) and February (48%). This period is marked by the minimum level of the number of tourists after the New Year holidays. From April to October, the average occupancy rate is ~ 91% - a period of relative stability. This period is the most attractive for tourists (vacation period).

Before Christmas holidays is also could be noticed a decline in the number of visitors in November, where the occupancy rate is 77%. The deviation between the actual use of the room fund shows that there is a systematic underutilization of 10-15% of the rooms. To increase the percentage of the utilization, it is necessary to implement range of measures based on the results of the factor analysis of the causes of such deviation.

The analysis of the actual usage of rooms in Table 1 also shows redundancy in relation to the availability of the exceeding number of rooms DISABLE (on average 28%), ZALOHA (on average 38%) and EXECUTIVE - 2BED (on average 17%) room types. The maximum demand is for EXECUTIVE (94%) and EXECUTIVE 2BED (93%) room types. This helps to make a conclusion about the potential reorienting measures of the room types.

For a hotel specific indicator for assessing economic efficiency are used, which are usually associated with the occupancy of the room fund. These indicators include the ***hotel occupancy rate***, which can be expressed both as a percentage and in relative values (0 <k <1). It is calculated using the formula (O.P. Efimova, 2004):

 k = *Occupied rooms / amount of rooms for sale * number of days in the reporting period*

January:
k = 2191 (busy numbers)/196 (number of rooms for sale) * 31 = **0,36** or 36%
including

DISABLE:
k = 4 (busy numbers) / (6 (number of rooms for sale) * 31) = **0,022** or 2,2%
SUPERIOR:
k = 1018 (busy numbers) / (70 (number of rooms for sale) * 31) = **0,46** or 46%
EXECUTIVE:
k = 309 (busy numbers) / (14 (number of rooms for sale) * 31) = **0,71** or 71%

August:

k = 5721(busy numbers) / 196 (number of rooms for sale) * 31 = **0,94** or 94%

including

SUPERIOR-SOFA:

k = 1942 (busy numbers) / (65 (number of rooms for sale) * 31) = **0,96** or 96%

FAMILY:

k = 59 (busy numbers) / (2 (number of rooms for sale) * 31) = **0,95** or 95%

ZALOHA:

K = 119 (busy numbers) / (7(number of rooms for sale) * 31) = **0,55** or 55%

Indicators	January		February		March		April		May		June		July		August		September		October		November		December		total for the year		number of rooms for sale	room fund per year
	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k	occupied rooms	k		
number of days in a month	31		28		31		30		31		30		31		31		30		31		30		31		365			
DISABLE	4	0.02	6	0.04	57	0.34	142	0.79	160	0.86	142	0.79	144	0.77	158	0.85	160	0.89	145	0.78	134	0.74	151	0.81	1403	0.64	6	2190
SUPERIOR	1018	0.47	1204	0.02	1732	0.88	1973	0.94	2006	0.92	1956	0.93	1994	0.92	2077	0.96	1984	0.94	2037	0.94	1298	0.62	1532	0.71	20811	0.81	70	25550
SUPERIOR-SOFA	431	0.21	565	0.01	1280	0.70	1766	0.91	1841	0.91	1771	0.91	1763	0.87	1942	0.96	1823	0.93	1876	0.93	1743	0.89	1903	0.94	18704	0.79	65	23725
SUPERIOR TWIN	6	0.19	13	0.02	18	0.64	23	0.77	31	1.00	28	0.93	26	0.84	30	0.97	29	0.97	28	0.90	19	0.63	27	0.87	278	0.76	1	365
SUPERIOR - 2BED	34	0.22	64	0.02	95	0.68	140	0.93	141	0.91	138	0.92	130	0.84	145	0.94	141	0.94	151	0.97	101	0.67	126	0.81	1406	0.77	5	1825
ZALOHA	14	0.06	16	0.00	78	0.40	100	0.48	169	0.78	141	0.67	93	0.43	119	0.55	183	0.87	155	0.71	160	0.76	143	0.65	1370	0.54	7	2555
TRIPL	32	0.17	62	0.01	106	0.63	166	0.92	175	0.94	168	0.93	171	0.92	183	0.98	164	0.91	175	0.94	149	0.83	169	0.91	1720	0.79	6	2190
FAMILY	28	0.45	21	0.01	28	0.50	52	0.87	56	0.90	55	0.92	57	0.92	59	0.95	54	0.90	57	0.92	46	0.77	58	0.94	571	0.78	2	730
EXECUTIVE	309	0.71	316	0.03	362	0.92	396	0.94	402	0.93	403	0.96	397	0.91	420	0.97	200	0.48	418	0.96	374	0.89	401	0.92	4398	0.86	14	5110
EXECUTIVE SOFA	304	0.54	367	0.02	428	0.85	496	0.92	510	0.91	476	0.88	486	0.87	531	0.95	497	0.92	530	0.95	451	0.84	496	0.89	5572	0.85	18	6570
EXECUTIVE - 2BE	11	0.18	16	0.01	38	0.68	54	0.90	53	0.85	46	0.77	55	0.89	57	0.92	54	0.90	59	0.95	48	0.80	54	0.87	545	0.75	2	730
Total (actual value)	2191	0.36	2650	0.48	4222	0.69	5308	0.90	5544	0.91	5324	0.91	5316	0.87	5721	0.94	5289	0.90	5631	0.93	4523	0.77	5059	0.83	56778	0.79		
room fund (max)	6076		5488		6076		5880		6076		5880		6076		6076		5880		6076		5880		6076		71540		196	71540
actual use of rooms	36%		48%		69%		90%		91%		91%		87%		94%		90%		93%		77%		83%		79%			

Table 2: Occupancy rate of hotel "Royal Prague" in year 2019

(Own elaboration, based on data from hotel's system, 2019)

The higher the hotel occupancy rate, the higher the average selling price of a hotel room can be, i.e. the average selling price of a room depends on the occupancy level of the hotel. For the hotel, the *occupancy rate* is also important, defined as the ratio of the average number of guests to one room sold (O.P. Efimova, 2004):

total amount of guests staying at the hotel in this reporting period, people / hotel room stock (or the number of rooms sold)

OCCUPANCY RATE OF THE HOTEL "ROYAL PRAGUE"			
Indicators	**January**		
	occupied rooms	guests staying	occupancy rate
DISABLE	4	5	**1,25**
SUPERIOR	1018	1390	**1,37**
SUPERIOR-SOFA	431	1309	**3,04**
SUPERIOR TWIN	6	12	**2,00**
SUPERIOR - 2BED	34	124	**3,65**
ZALOHA	14	22	**1,57**
TRIPL	32	97	**3,03**
FAMILY	28	55	**1,96**
EXECUTIVE	309	542	**1,75**
EXECUTIVE SOFA	304	487	**1,60**
EXECUTIVE - 2BEI	11	28	**2,55**
Total (actual value)	**2191**	**4071**	**1,86**

Table 3: Occupancy rate of hotel "Royal Prague" in January
(Own elaboration, based on data from hotel's system, 2019)

Revenue dynamics:
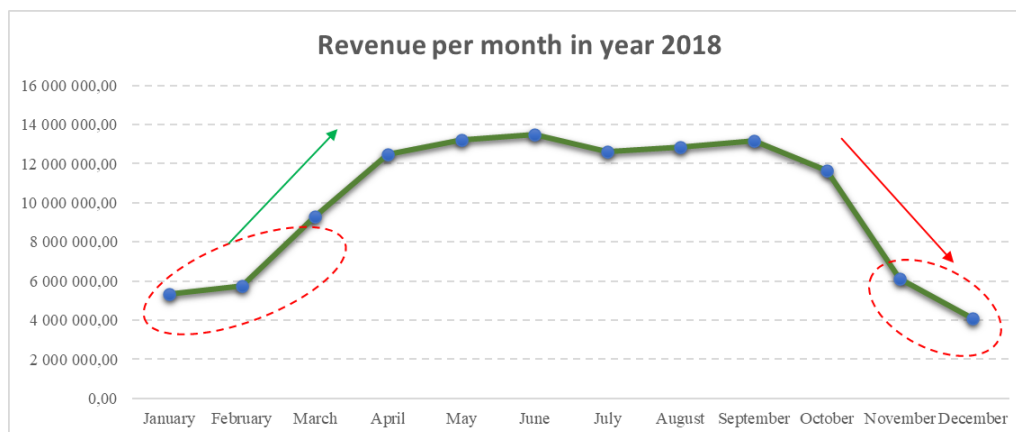
Chart 2: Revenue per month in year 2018
(Own elaboration, based on data from hotel's system, 2019)

The most stable profitability on Chart 2 for the year 2018 is observed from April to September: 6 months out of 12 (50%). The period of low profitability falls on November-February 4 months out of 12 (33%). This period is a potential for increasing efficiency and profit growth in which it is necessary to carry out activities to increase the profitability of the business. The gap between the maximum level of profit (June) and the minimum (December) is coefficient

k (max profit/min profit) = 3.2 (9.4 million CZK), which is critical for the efficiency of the hotel complex, if no effective measures are taken in the future.
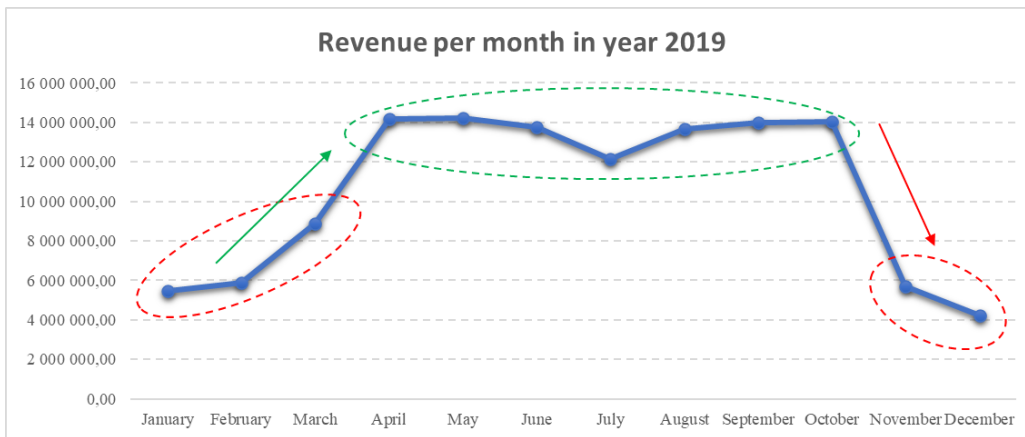
Chart 3: Revenue per month in year 2019
(Own elaboration, based on data from hotel's system, 2019)

The most consistent profitability on Chart 3 for the year 2019 is observed from April to October (mass tourism period): 7 months out of 12 (~ 60%). The period of low profitability falls on November-March: 5 months out of 12 (~ 40%). This period is a potential for increasing efficiency and profit growth in which it is necessary to carry out activities to increase the profitability of the business. The gap between the maximum and minimum profit is the coefficient k = 3.3 (9.9 million CZK), which is critical for the efficiency of the hotel complex if no effective measures are taken.

Analysis of the seasonal demand for the hotel complex's room stock will allow not only to revise and synchronize the actual need for the type of rooms with the available ones, but also to predict this quantitative need depending on regional activities for target audiences. In addition, the results of this analysis can be used to form a range of services in each of the seasons for the target audience of visitors, price programs and special offers to increase the attractiveness of the hotel complex services. Subsequently, with a detailed study of the factors affecting the occupancy rate, the main problems that hinder the effective filling of the room stock and the implementation of organizational measures that help to ensure the effective occupancy of the hotel complex are identified.

6.3. Identifying the purpose of guests' arrival and type of the reservation

Since the occupancy rate of hotel rooms depends on the activities in the area of presence, it is very important to know the purpose of staying in this area. This will allow not only to identify the category of guests, but also to monitor the activities that caused the arrival. Revealing the purpose of arrival is embedded in the client's card when booking and entering the database when making a check-in. The creation of a customer base with an indication of the goal can be segmented and applied to the analysis, taking into account the directions of activity, period of stay and correlated with the categories of rooms booked, incl. to identify the target audience among potential customers.

* Business environment: conferences, exhibitions, forums, symposia, business trips;

Tourism during holidays or vacations, visiting family and friends;

Sports events, etc.

Private	120 376	94%
Company	3686	2,90%
Groups	3520	2,70%
Travel Agency	406	0,30%
Others	28	0,10%
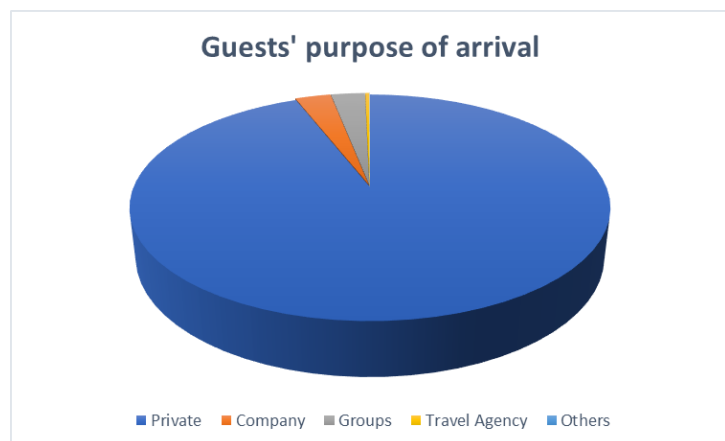
Chart 4: Guests' purpose of arrival
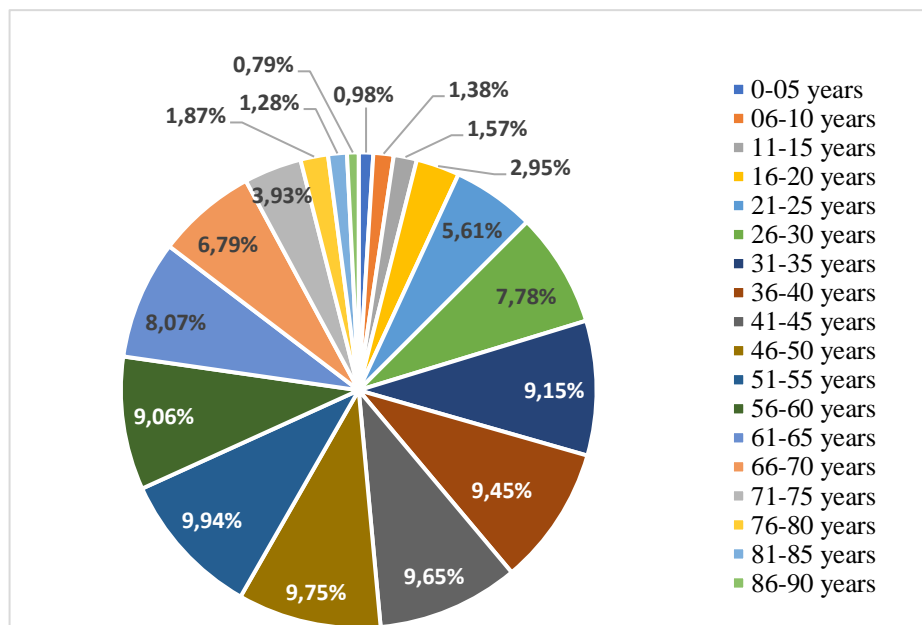(Own elaboration, based on data from hotel's system, 2019)

On the Chart 4 could be noticed that the Royal Prague Hotel is most often visited by those who made reservations privately (these can be both people who come for work, but not through business trips, and people who make a reservation on their own using such services as. BOOKING / EXPEDIA, etc.)

For people who make a reservation in private, information is most often automatically determined in the hotel's reservation system (for example, OPERA, Protel, etc.) – this gives

the hotel an understanding of the guests' preferences and the subsequent use of this information can help to orientate itself to guests, taking into account repeating marks , because it is private guests who are most often present in direct contact with hotel employees. In the case of travel agencies that deal with groups, it is the tour leader who deals with all the problems of the guest.

6.4. Determination of the target audience, guest status.

A properly selected target audience of clients is a resource that allows a business to exist and develop (subject to conditions). Identifying the status of guests will guide you in the formation of a pricing policy for the target audience, taking into account the flexibility that is expected to be in demand for each of the categories of customers. To identify a potential client, it is necessary to conduct a marketing research by using the customer base and questioning hotel visitors in order to determine which consumer groups the company should target.


Chart 5: Age statistics of „Hotel Royal Prague" guests'
(Own elaboration, based on data from hotel's system, 2019)

Based on the information provided in the Chart 5, we can see that the main audience of guests at the hotel are people from 40 to 60 years old. The reason for this may be that the hotel, with its elegant design and aimed at serenity, is more attractive to people doing business (since such

an environment and location is very convenient for business people) or elderly people who are also very important about peace and quiet during their holidays. Thus, we can draw conclusions and focus on a specific age group. The hotel can not only focus on retaining the existing customers of a certain group, but also think about what activities could attract, for example, young people. This can be promotions in social networks, creating an Instagram account, etc.
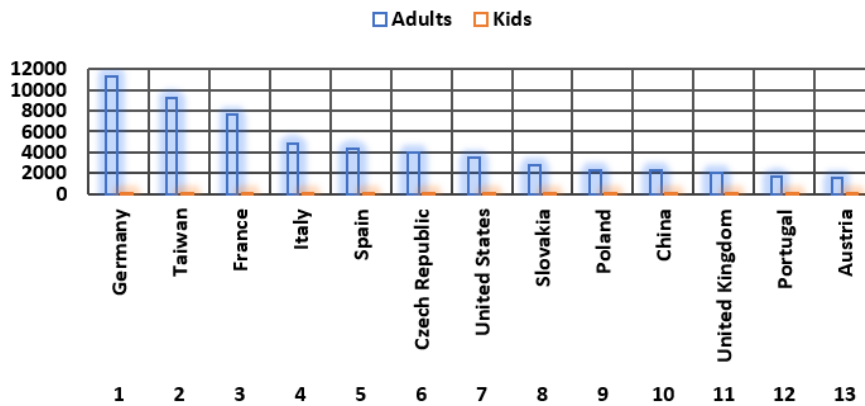
Chart 6: Top countries visiting the " Hotel Royal Prague" in year 2019

(Own elaboration, based on data from hotel's system, 2019)

In the Chart 6 could be noticed that most of the hotel guests are citizens of Germany, Taiwan and France. But in contradistinction to the citizens of Taiwan, who in 95% of cases travel with groups accompanied by tour leaders, citizens of Germany and France mostly travel

	Country	Adults	Total spending excluding accommodation and F&B (CZK)
1	Germany	11 286	10 593 773,45
2	Taiwan	9 210	1772
3	France	7 671	171 464,06
4	Italy	4 815	95 368,65
5	Spain	4 319	40 088,46
6	Czech Republic	4 054	406 393,86
7	United States	3 490	621 44,12
8	Slovakia	2 825	105 192,18
9	Poland	2 353	118 099,95
10	China	2 328	20 664,9
11	United Kingdom	2 110	53 696,03
12	Portugal	1 732	5 741,9
13	Austria	1 550	95 354,02

Table 4: Total guests' spending by countries of the hotel "Royal Prague"

(Own elaboration, based on data from hotel's system, 2019)

individually and are ready to use the hotel services to a greater extent, since they do not have a clear program provided by a tour company, as is the case with groups. Using the example of the following chart below, we can look at the financial statements per person based on the top visitor countries of the hotel.

Based on the Chart 6 and the database provided by the hotel "Royal Prague", these data have been combined into a Table 4 with the calculation of the average cost per adult guest (you can see it below), on the basis of which it is possible to make conclusions about the paying capacity of guests from certain countries, drawing also conclusions on the purpose of their stay at the hotel. This means that hotel guests who come for business purposes (this hotel is located in the business center of Prague) do not spend money at the hotel on entertainment services (e.g. spa / massages, etc.). It is also possible to draw conclusions for countries such as China and Taiwan, which mainly come in groups and already have a certain program prepared by their travel agency, so they do not use additional hotel services either. In this chart, we can observe that guests from Germany are more likely spend on additional services. This kind of observation will help the hotel to understand exactly how to attract such customers, sorting out which services are most in demand among these guests and accordingly improve them.

6.5. Analysis of regional activities.

It should be remembered that the occupancy rate of a hotel depends not only on advertising, the attractiveness of services, seasons, etc. It is important to take into account that events are held in the region where the hotel is located, which may be attractive to potential guests. And advertising of the event (in conjunction) can be connected to the advertisement of the hotel.

In addition to analyzing the purposes of the trip upon the fact of the client's booking of rooms, it is necessary to prepare information on the current activities / events of the region in the region of the hotel's presence. This allows guests to provide this information for use during their stay in the region. To attract the target audience to the services of the hotel complex for the future period, which is revealed by analyzing the customer base, an analysis of the planned regional activities is carried out. Current and projected activities / events.

For example, as the Hotel Royal Prague is located next to the Forum Karlín event pavilion, which hosts many events and concerts, the hotel can take advantage of this. For example, the hotel could negotiate with the management of Forum Karlín and offer discounts on concerts

for guests at check-in, thus attracting them to attend concerts, as well as offer the hotel as accommodation for artists (the hotel had this experience with several bands), and Forum Karlín could spread information about the hotel by displaying advertisements. It is also possible to make a calendar of events on the hotel's website and thereby attract an audience aimed at visiting a particular concert.

6.6. Advertising activities.

Advertising targeting should be based on information from the target market. The main task of commercial advertising is to generate and stimulate demand for hotel services. Such advertising will inform potential customers about the merits of hotel services, arouse interest in it and, accordingly, promote the sale of rooms. It is also necessary to develop an image advertisement, which will be an advertisement of the hotel's advantages as an enterprise, which favorably distinguishes it from competitors. It is thanks to image advertising that the company will be able to create a certain image of the company as a center of recreation and domestic tourism. First of all, there is a need to create an advertisement on the hotel's international website. Firstly, this will make it possible to inform a wide range of potential buyers about the composition of services, including both private clients and various travel companies and organizations, and secondly, this type of advertising is quite profitable also because it does not require large material costs.

It is also necessary to advertise widely in print media. Print advertising is one of the most important information carriers, although it has recently been replaced by digital technologies. Placing information in print media does not impose restrictions in terms of the space and space used and is still used by certain segments of the population. This will allow for detailed explanations and descriptions.

Advertising of new services and the company's image must be published in magazines as well. Journals have a higher specialized focus on groups of people. Therefore, advertisements should be placed in magazines specializing in tourism and travel. This will make it possible to advertise well services in the hotel among the professionals of the tourism business - potential partners. A short commercial on central television should be broadcast approximately once a month. Although television advertising is very expensive, it reaches a

huge audience. Souvenir and outdoor advertising should be used to maintain the solid image of the organization.

6.7. Informational comfort.

Creation of information comfort begins with how complete information about the hotel, restaurants, and other hotel facilities a guest can get even before visiting them. Photos with views of the interior design of premises, information on prices, the range of basic and additional services provided, the availability of a certificate for the safety of services, etc. are very important. It is important that such information is absolutely available to the guest, moreover, it must be submitted in such a form that would satisfy his needs. It is important not to overdo it so that there are no illusions and expectations exceed reality. Full free access to contacts must be provided for prompt communication with hotel personnel and receiving feedback.

It is also worth placing an emphasis on the promotion of a website with easy navigation and a modern look, which will help potential guests learn about all the advantages of the hotel and find out all the information about the hotel's work, rooms and services that the hotel provides. However, it should be noted that most often the reservation of private guests is made precisely through third-party portals (Booking, Expedia, Secret Escapes, etc.), which on the one hand promotes the hotel, and on the other hand forces the hotel to pay a commission for the reservation, which is made through a third-party portal. Keeping track of the statistics of the most popular sites among guests will help you identify what changes should be made to hotel's own website in order to attract potential customers. It is especially important that the prices on the hotel's native website are lower than on third-party portals, since both the hotel and potential guests benefit from this. In this case, the hotel does not have to pay a commission to other portals (which sometimes can be within 15%) and does not lose its profit, and the guest will be attracted by low prices. On the chart below could be noticed the top portals used to create hotel reservations.
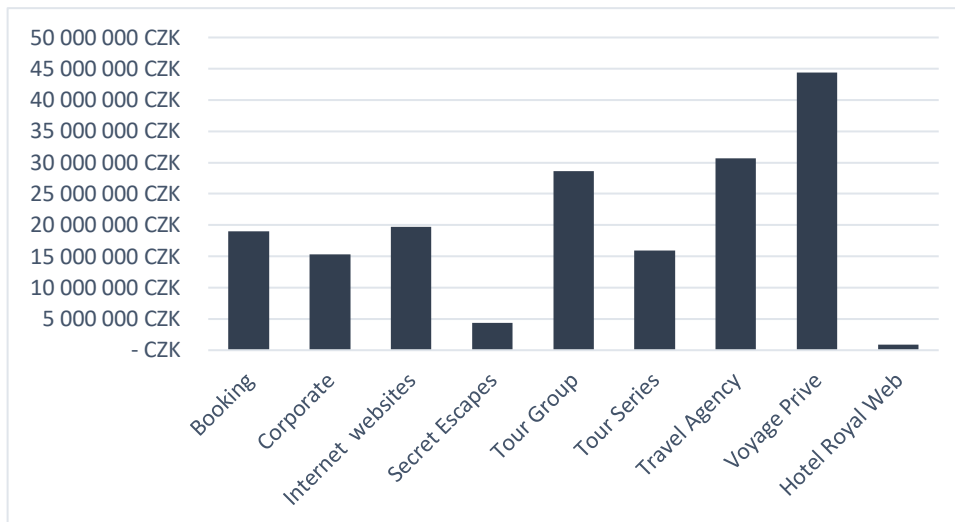
Chart 7: Revenue per Market-code in year 2019 of the "Hotel Royal Prague"
(Own elaboration, based on data from hotel's system, 2019)

Chart 7 clearly shows that the largest number of reservations was made through other portals, and the lowest number was made through the website. And although this chart shows the revenue according to the market code, one must not forget the fact that the hotel loses about 15% of its profits due to the need to pay commissions to the agencies through which the reservation was made. That is why management should pay great attention to advertising and promotion of the hotel's website and hire high-qualified specialist, which will help to earn profits without losing part of it.

6.9. Improving the efficiency of hotel management

Management efficiency is determined by a set of performance indicators. The KPI system is understood as a system of financial and non-financial indicators that affect the quantitative change in results in relation to the strategic goal. The system of balanced performance indicators allows for the process of making adequate and optimal decisions based on the sufficiency of information. It includes the KPIs required for each object of control and the assessment methodology. The task of the KPI and balanced scorecard system is to translate the hotel's operating strategy into a complex set of performance indicators, which determines the main parameters of the measurement and management system. The set of indicators includes quantitative characteristics to inform employees about the main factors of success in the present and the future. Thus, shaping the expected results, the hotel's management

campaign sets a goal and creates the conditions for its implementation, and senior management directs the energy, abilities, and knowledge of employees in solving long-term problems.

indicators	2018		2019		Difference between 2019 and 2018		dynamics (%) 2019 and 2018
	absolute value	share %	absolute value	share%	absolute value	share %	
Accomodation	83 151 678,57 CZK	81,9%	84 533 905,51 CZK	81,8%	1 382 226,94 CZK	74,5%	1,7%
Food and Beverage	15 630 463,34 CZK	15,4%	16 495 807,14 CZK	16,0%	865 343,80 CZK	46,6%	5,5%
Other services (Parking, Laundry, Transfer, etc.)	2 470 851,85 CZK	2,4%	2 069 946,42 CZK	2,0%	-400 905,43 CZK	-21,6%	-16,2%
Wellness	260 238,78 CZK	0,3%	269 508,00 CZK	0,3%	9 269,22 CZK	0,5%	3,6%
Total	101 513 232,54 CZK	100%	103 369 167,07 CZK	100%	1 855 934,53 CZK	100%	1,8%

Table 5: Difference in profit between 2019 and 2018 years
(Own elaboration, based on data from hotel's system, 2019)
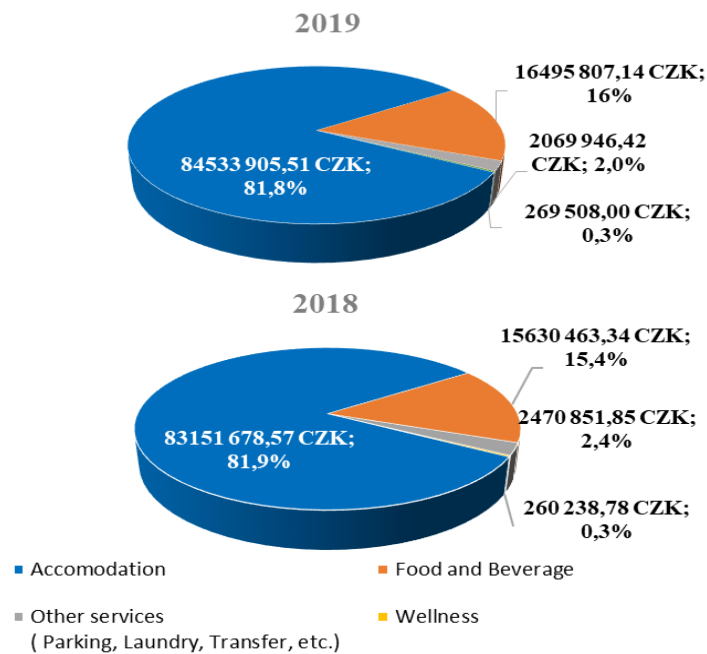
Chart 8: Difference in profit between 2019 and 2018 years
(Own elaboration, based on data from hotel's system, 2019)

Certainly, any dynamic, positive or negative, requires factor analysis in order to draw the right conclusions for a service orientation to make it easier to manage hotel profitability. Thus, on the Table 5 and Chart 8 could be noticed that in 2019 Other services (Parking, Laundry,

Transfer, etc.) brought 4.9 thousand (-21,6%) less profit to CZK compared to 2018. This can help the hotel to focus its attention on promotion services that make a profit, but at the same time have a minimum cost.
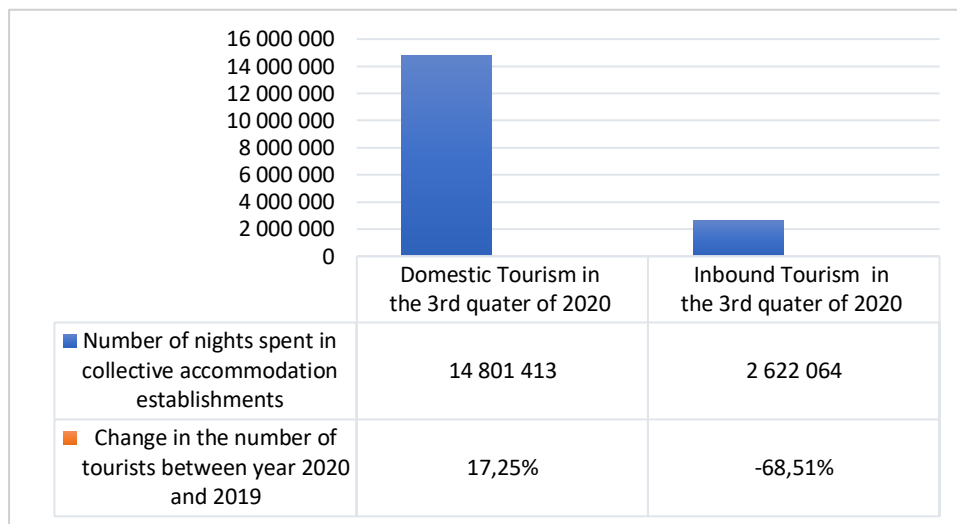
6.10. Impact of COVID-19 on tourism in Czech Republic and tips for hotel's survival

There is no doubt that the Czech Republic is among the top most attractive countries in Europe among tourists. Each year in the Czech Republic there are an average of 20 million tourists per year, and in Prague the number of tourists a year is approximately 8 million. The largest increase in tourists can be observed in the spring and summer. There was a particularly large flow of tourists in 2019, setting a new record, and the number of tourists staying in collective accommodation buildings (hotels, hostels, holiday cottages, etc.) increased by 4.9%, comparing with other years and the total number of tourists staying in tourist accommodation was about 22 millions. (Czech Statistical Office)

Before the COVID-19 crisis, tourism in Prague was an important and integral part of the Czech economy, as the influence of the tourism industry in Prague provided about 60% of the total income and provided about 5% of the employment share.
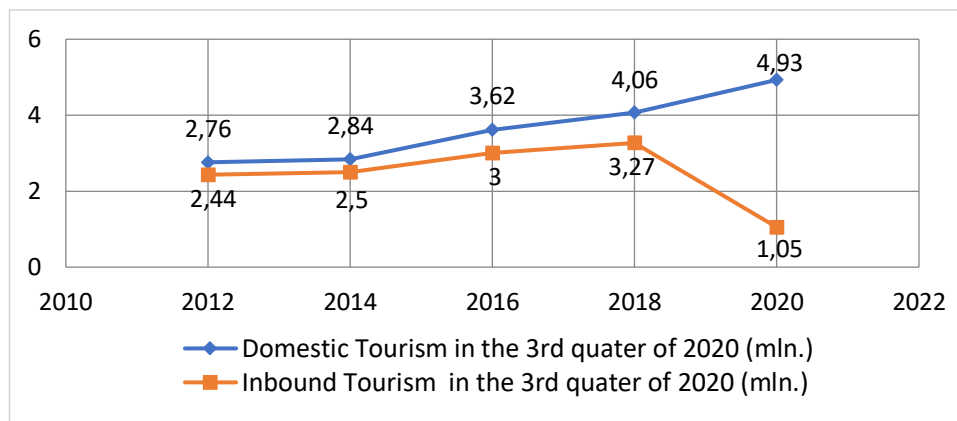
However, the pandemic caught off guard the entire world in early 2020, without exception, confronting the government with the difficult decision to close borders and take quick action to reduce the spread of the virus. The Czech authorities very quickly reacted to the situation and already on March 12 declared a state of emergency in the country. Although such measures helped the country to quickly achieve a decline in the number of cases, this could not have a positive effect on tourism-related business. Since restaurants and hotels were among the first to fall under the distribution of measures taken to reduce the number of cases, they were among the first to be forced to close. Accordingly, given all these facts, all suppliers related to hotels, restaurants, etc. suffered from this. As a result, the following facilities were closed: hotels, restaurants; spa centers; entertainment services; public events; tour agency. Thus, at the moment the number of tourists visiting the Czech Republic is about 6 million, which is about 16 million less than last year. (Czech Tourism Agency)

But nevertheless, although the easing of quarantine measures allowed to increase the growth of tourists from abroad, this did not change the situation much, and according to statistics, in 2020, foreign tourists arrived 70% less than last year. However, it should also be noted that due to the existing measures with the closure of borders, Czech citizens this year more often traveled around the country and used hotels 17% more often than before (the Charts 9 and 10 proving this could be found below). (Czech Tourism Agency)

	Domestic Tourism in the 3rd quater of 2020	Inbound Tourism in the 3rd quater of 2020
■ Number of nights spent in collective accommodation establishments	14 801 413	2 622 064
■ Change in the number of tourists between year 2020 and 2019	17,25%	-68,51%

Chart 9: Difference in Domestic and Inbound Tourism for the 3ʳᵈ quater of year 2020

(Based on the information given by: Czech Tourism Agency)

Chart 10: Difference in number of tourists between Domestic and Inbound Tourism for the 3ʳᵈ quarter of year 2020

(Based on the information given by: Czech Tourism Agency)

Given the above information, we can conclude that the situation with the coronavirus has become quite indicative, showing that even the tourism sector, which seemed to never lose its relevance, has lost ground due to closed borders, hotel closures and other government measures. aimed at reducing the number of COVID-19 cases.

In the face of quarantine measures taken by the state, many hotels were forced to reconsider the usual tactics of doing business and appeal to adapted methods for working.

A review of pricing revealed a downward trend in the average check by about 30% per stay during the peak of the COVID 19 epidemic and 5-star hotels that previously occupied guests for at least 120 EUR, already in March were selling rooms for about 85 EUR. The management of the hotel "Royal Prague" decided not to fundamentally change the prices amid the conditions of the pandemic, which additionally affected the demand of the hotel in comparison with other hotels, due to which it lost its competitive advantage.
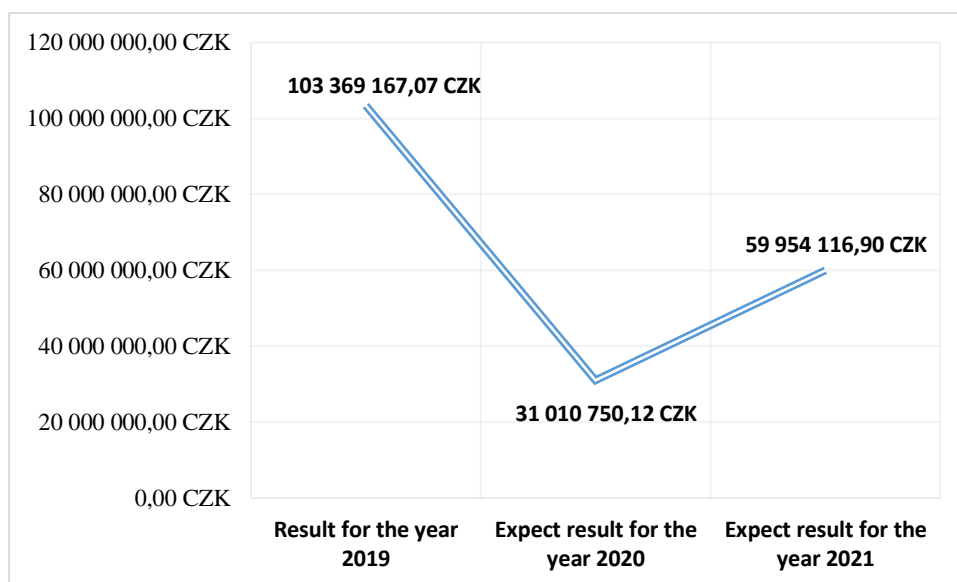
Chart 11: Expected revenue for years 2020 and 2021

(Own elaboration, based on data from hotel's system, 2019)

Result for the year 2019	Expect result for the year 2020	dynamics (%) 2020 and 2019		Expect result for the year 2021	dynamics (%) 2021 and 2020		dynamics (%) 2021 and 2019	
		absolute value	%		absolute value	%	absolute value	%
103 369 167,07 CZK	31 010 750,12 CZK	-72 358 416,95 CZK	-70,0%	59 954 116,90 CZK	28 943 366,78 CZK	93,3%	-43 415 050,17 CZK	-42,0%

Table 6: Expected revenue for years 2020 and 2021

(Own elaboration, based on data from hotel's system, 2019)

Table 6 clearly shows that given the downward trend in hotel occupancy rates from March to December 2020, total hotel revenue is decreased by 69%, which means that will count approximately 30% of annual revenue in a standard year. Though, a gradual increase in the influx of residents from April 2021 is predicted, which will roughly amount to approximately 58% of income compared to the previous year before the pandemic. Data obtained from forecasts of the Czech Statistical Office. (Czech Statistical Office)

On the Chart 11, could be noticed that the hotel will be receiving the smallest profit in 2020, that is not surprising, taking into account the circumstances provided by measures to restrict the Inbound tourism due to the COVID-19 pandemic. Although, only after the ending of the state of emergency on May 18, the hotel had a small chance for slightly increase the occupancy of the hotel from zero. In 2021, the circumstances may improve if hotels could open their doors to guests, as well as if the government relaxes quarantine measures and allows foreigners to move for tourism purposes from abroad.

Although it is temporarily impossible to accommodate guests for the purpose of travel, it is could be still possible to leave the hotel open by taking to create possible measures for the hotel's survival in the conditions of the COVID-19 pandemic.

One of the very first questions that the hotel management has during the crisis concerns the internal policy of the hotel related to employees. The main question is how to deal with salaries and how to keep/fire employees. This decision is always difficult for management, but there are several possible solutions:

- ✓ To reduce hotel costs and survive the crisis, it is possible to decrease salaries for employees. This could be a 40-50% salary reduction for hotel's management and 40-50% for more liquid workforce.

- ✓ In such a unstable time, people find it easier to realize that they have a fixed place at work, but since a hotel in a crisis does not need the usual number of employees, the manager needs to reduce the number of employees per day. Such outcome could become an unpaid leave. According to labor law in the Czech Republic, unpaid leave is allowed by agreement between the employee and the manager for an agreed period. (Labor Law of Czech Republic)

✓ Tough times require tough decisions, so reducing some of the liquid employees, if the pay cut did not work out, will greatly help the hotel to save money.

thousands CZK

Months	amount of staff in quarantine, people		average salary				wage fund with payroll taxes deductions* before quarantine		wage fund with payroll taxes deductions during quarantine		Savings
			commonly		during quarantine						
	managers	serving staff	managers	serving staff	managers	serving staff	managers	serving staff	managers	serving staff	
January	6,0	17,0			47,0	22,0	377,9	501,2	377,9	501,2	0,0
February	6,0	17,0					377,9	501,2	377,9	501,2	0,0
March	6,0	17,0					377,9	501,2	377,9	501,2	0,0
April	6,0	17,0					377,9	501,2	377,9	501,2	0,0
May	5,0	15,0	47,0	22,0	23,5	15,4	377,9	501,2	157,5	309,5	412,1
June	5,0	15,0					377,9	501,2	157,5	309,5	412,1
July	5,0	15,0					377,9	501,2	157,5	309,5	412,1
August	4,0	12,0					377,9	501,2	126,0	247,6	505,4
September	4,0	12,0					377,9	501,2	126,0	247,6	505,4
October	3,0	9,0					377,9	501,2	94,5	185,7	598,8
November	3,0	9,0					377,9	501,2	94,5	185,7	598,8
December	3,0	9,0					377,9	501,2	94,5	185,7	598,8
						TOTAL	4 534,6	6 013,9	2 519,2	3 985,7	
						TOTAL	10 548,5		6 504,9		4 043,6
											-38%

*the total amount of social deductions from wages of the employer is 34%

Table 7: Calculations of total savings from reducing salaries of hotel's employees

(Own elaboration, based on data from hotel's system, 2019)

On the Table 7 could be noticed, that during the quarantine period, due to a decrease in the amount of guests accordingly the amount of staff is decreased and the variable part of the salary (bonus) is reduced and, accordingly, labor costs for 2020 (payroll with taxes) are reduced. Reduction of labor costs saves 4,043.6 thousand CZK (-38%). (worldtaxes)

During a pandemic, many people remain in a desperate situation, which is why the hotel could develop programs that would help the state and people with difficult living conditions:

✓ During a pandemic, many people do not have the opportunity to temporarily move away from their relatives during an illness. For such purposes, the hotel could provide rooms for people who have a COVID-positive test of mild form, who do not want to contact their relatives in order not to spread the infection among the family. Hotel 4* "Legerova 9" in Prague is already practicing the possibility of settling COVID-positive people. Rooms cost range between 44 and 74 euros per night including breakfast. (hotel-covid.cz).

✓ Provide rooms for healthcare workers during quarantine.

It is possible to calculate the pricing policy based on the length of stay, for example, it is possible to make a night stay at the hotel for 50 euros (instead of the usual 90 euros at the Royal Prague Hotel), but in case of a stay longer than 15 days, the discount must be made more, for example, 45 euros (-50% from the regular cost). Regarding COVID-19 positive people, the hotel needs to make it possible for infected people to register online and, upon arrival at the hotel, simply receive a key with all the information. During self-isolation, additional services (spa and massage) cannot be used, but in this case it could be possible to order included in the price breakfast to the door by calling to the reception or order the food online with delivery.

Since it is almost impossible to make a profit in such a situation, there are options for how to stay afloat and still function as a hotel, providing services to guests. The solution might be:

- ✓ Selling rooms for long-term booking at the average price of renting an apartments, while not excluding services included in the classic hotel accommodation. This can be calculated with taking into account the average rental price of an apartment. For example: 15,000 CZK for Superior, Superior with an extra bed and Executive (23, 26 and 25 m^2) and 17,000 CZK for a Family Room, Executive with an extra bed and Triple (40, 30 and 32 m^2). Provided both breakfast on request on weekdays and weekly housekeeping. The price for accommodation includes services that will count approximately 4200 CZK for breakfasts and 520 CZK for cleaning per month.

- ✓ Provide guests who arrived for business purposes with accommodation both for a long-term (for using the living or a meeting room for up to 20 people as an office), and for a short-term residence (for a business trip). It could be an hourly rental e.g. 350 CZK per hour or 2400 CZK for 8 hours of average working day with small discount, which includes a small discount for a longer room rent as an office. Examples for comparison are other coworking companies (such as Opero, Svet-Hub), which offer an average of 900 CZK per hour rent and 3500 CZK per working day. (opero.cz, svet-hub.cz).

- ✓ Sale on the website of certificates for hotel stays that can be used after the quarantine measures.

To reduce the cost of the hotel as a whole in short-term, the following measures could be introduced:

- ✓ saving utilities (for example, settling guests on the same floor, while turning off the light and water on all other floors of the hotel);

✓ hire or select a staff from the existing set of employees who will be ready to perform several functions at once (for example, cooker and maid / technician and receptionist at the same time, etc.) with the provision of the necessary training, if required;

Undoubtedly, the COVID-19 epidemic has affected the world in the most negative way, endangering the lives of citizens around the world. And of course, the impact of the pandemic has led to a general decline in the global economy, endangering business owners and representatives of states of all countries in general, and of course this will leave its scars on all areas of activity. But it should be noted that experts argue that global growth of 5.4% is expected in 2021, but this will leave GDP 6.5% less than before the exacerbation of COVID-19. (International Monetary Fund)

With regard to the tourism business, the growth of incoming travelers will be as soon as the majority of government officials decide to reduce pandemic measures and open the borders to tourists, and by 2021 the number of visitors will increase. But it is impossible to know exactly when business owners will be able to return to their pre-pandemic state.

CONCLUSION

The goal for any business is to ensure the profitability of the company, including the stable development of the business. The implementation of this goal is achieved through effective management of resources: monetary, material, personnel, administrative, intellectual, technological. The financial success of the enterprise and its liquidity of the enterprise directly depend on the effective management of activities, as well as increasing the competitiveness and operational efficiency.

Answering questions on achieving the main goals of the work, research were made that determined that the high competition in the hotel business pushes the management to search for effective management tools in this service sector and, accordingly, gives the hotel an incentive to improve the quality of services provided and directly influence the increase in the flow guests and fishing, respectively. The analysis of the hotel database in the practical part helped to identify the target audience and, in accordance with this, it can help navigate the

package of new services to meet the needs of guests. In addition, given the external factor of the pandemic, which directly affected the hotel and tourism business in general, in practical terms it is possible to conclude that even in conditions of quarantine and limited measures, it is possible to develop new measures for the hotel. External factors in the form of COVID 19 directly influenced the economy of the whole world and lowered the GDP indicators in the Czech Republic by -6.5% in 2020, but at the same time the current situation clearly showed which areas require more technological intervention, in particular the hotel industry. A set of effective and expedient measures that need to be taken to develop additional topical services will undoubtedly affect the growth of revenue, the growth of net cash flow and net profit of the enterprise.

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APPENDIX

Appendix No.1: „Hotel Royal Prague" presentation

The main entrance

Ground floor hall

The Lobby Bar

Conference room

Finnish bath

Gym

Standard Room of Superior type

Standard bathroom

Source: https://www.booking.com/hotel/cz/royal-prague

Appendix No.2: Difference between bigest rooms in „Hotel Royal Prague"

Family room type

Includes of one large room and another smaller one suitable for children. The size of the room is 40 m^2.

2 Connecting rooms (apartment)

Includes two identical rooms and two bathrooms. The connected rooms are separated by a door. Appropriate for 4 adults. The total size of the two rooms is 53 m²

Source: https://www.booking.com/hotel/cz/royal-prague