

The Formation of Franchise Networks in the Hospitality Industry of Ukraine

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Introduction. In the increasingly competitive domestic markets and limited financial opportunities for hotel businesses, an important and effective step is to use the franchise relationship. Franchising allows the business to increase commercial viability, thanks to the joint efforts of the franchisee and the franchisor, united under one trademark. Together, they can carry out activities that are impossible to self-employed individuals.

Materials and methods. Problems and prospects of franchise networks as a business concept considered in his writings of foreign and domestic scholars and practitioners: Munina G.B, Karyahin Y.O., Magomedov A.M., Myronchuk T.V., Nechepurenko S.O., Sukovatyy O.V., Shyrobokov N.M., Shkromada V.V., Lyashenko V.I., Kozachenko M.P. and other. However, problems of formation and development of franchise networks in Ukraine require further study.

Results. The hotel franchising is an entrepreneurial method by which a business owner who has a hotel can join a large network that is already operating. Franchisor provides protected legally the right to engage in certain business activities of franchisees, as well as assistance in organizing these activities, training, implementation, and management for a fee.

One of the key concepts in the system of franchise relations are franchise (franchising package) with business system, including manuals of maintenance works, software, documentation and other material that franchisor transmits to franchisee. A presence of the franchise provides an opportunity to franchisee work efficiently, even in the absence of prior experience and knowledge in a particular field of business.

The franchise system as a particular method of business activity is based on the fact that the franchisor has received the benefit of rapid growth with limited risk and franchisees - has included in the proved commercial system that is already obtained success in the market. The system of franchising in the hospitality industry gives to both parties - the franchisor and the franchisee - certain benefits and can cause some disadvantages.

Thus, there is the trend of increasing demand for products and services of companies that are part of the franchise networks and a growing number of enterprises of hotel and restaurant business with subject specialization in primary production. There is formation of national networks and an active enter of the foreign hotel chains to the market of Ukraine, who will invest significant resources in construction of new hotels and reconstruction of old hotels that will improve hotel services.

Conclusions. The long-term practice of franchising in the hospitality industry in the developed countries has demonstrated its exceptional economic activity. An interest in franchising among the business leaders is growing every year. The business undertaking on the conditions of the franchise greatly reduces business risk, because in this case there is already using tried and tested business, which has proved its effectiveness. Thus, the formation of franchise networks is one of the most effective forms of business support, one of the possible solutions for public problems.