

of transport tariffs.

### III. The group of managerial innovations

1. The new methods of marketing cycle realization in tourism.
2. The new methods of staff management in travel agencies. Its aim is to increase the work performance and production efficiency of tourism services.
3. The formation of new hotel and restaurant chains, major tour operators.
4. GIS support for regional tourism management.

The innovation is necessary item in the developing and implementation of tourist products program at the market. Innovation processes differ across industries, or rather, for the purposes of this study, across organizations and regions. Accordingly, the characteristics of innovation in the tourism sector are different from those in other industries. Furthermore, innovation performance among organizations and destinations also varies

Organizations rely on two main forms of innovation performance: knowledge production and knowledge acquisition. Therefore, in order to enhance innovative activity, organizations must create linkages with the environment as well as invest in the internal production of innovation. In spite of the fact that both factors are relevant and mutually supporting, it is possible to identify organizations that acquire more external innovations and others that have more internal innovative capacity.

Accordingly, both determinants should be taken into consideration in the analysis of innovative performance in organizations.

The main purpose of the company is to survive the competitive conditions, interest and attract the maximum number of consumers. The touristic product of a tour company can be stable at the market using the innovative aspects.

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## **RISKS IN TRAVEL BUSINESS: FIRST STEPS OF A TOUR AGENCY**

ANN YEKIMOVA, first-year student  
*Kharkiv State Academy of Culture*

About a hundred new travel agencies open in Ukraine a year, but only less than 30% from them "live up" to their third anniversary. Business in this branch is followed by many risks capable to ruin the investor.

Modern travel business in Ukraine over the last ten years made a really huge jump in the development. From 2000 Ukrainian travel agencies started developing until the crisis of 2008 that left only the best players in the market. But in recent

years the situation again changed towards the glut of the market by travel agencies. For 2009 there were about 7 thousand travel agencies. It looked appealing because of small investments (about \$10.000), the minimum number of the personnel (from four-five people) and the seeming simplicity of a task. However business in this branch is followed by many risks capable to ruin the investor. Further the most obvious risks which expect a businessmen wishing to start his business in the field of tourism are considered.

#### Internal risks

##### 1. Business form

The beginning businessman first of all should decide in which way he wants to receive the business: whether it will be a purchase "turnkey" of the ready company, or the franchise, whether it will be an acquisition of the operating business, or it is worth to pass all stages from scratch and to independently create a new firm? Each option has both advantages, and disadvantages. Buying the franchise it is possible to get rid of expenses on promotion of agency and the majority of risks, however the need to observe standards will deprive this business of identity. Buying a ready agency it is worth remembering that sometimes it really happens that owners have to sell a steady highly profitable business, but it happens not so often. Purchase of a "turnkey" agency is fraught with the same difficulties, as a purchase of the car of a standard complete set: sometimes you spend much more time on necessary completions and changes than on creation of the company from scratch.

##### 2. Seasonality

Even before opening of agency it is necessary to put a factor of seasonality of business in your business plan. Even large companies working at the market for more than one year usually mention this problem, and beginners should plan losses. Out of a season of holidays the new company even cannot reach self-sufficiency. It is necessary to remember that and to plan these expenses in advance. The moment of opening of the company is also connected with seasonality: it is better to plan it for the summer period then the opportunity to cover expenses will be presented at once. And as the average term of registration and opening of a travel agency makes up to 5 months it is better to begin preparation for opening directly since January than there will be a chance to open it by the season of summer holidays. Otherwise the company risks to be ruined.

##### 3. Location of office

The office located on boondocks can take away from the firm about 80% of clients. Some of them simply won't reach it; others would go into another travel agency which they see on the way. And some decide not to work with the company whose office is situated in such a place. Bright and intuitively clear system of signs and an internal frame of agency can improve the situation.

##### 4. Personnel

Statistically the decision made by the consumer about purchasing a tour up to 40-50% can depend on the influence of the travel agency's manager. They need to have knowledge about the offered product, to be able to communicate with clients, to provide necessary information, to be polite and patient. The manager of a travel

agency needs "to be crazy about" his business in order to be able to transfer his own delight to the potential client. You shouldn't stint for the fact-finding rounds arranged by tour operators. Usually, the stories filled with personal impressions impress clients much more favorably than the most colorful booklets and catalogs. Don't save on staff recruitment, it is better to charge this question to competent experts who will better pick up the optimum decision for your company. .

## 5. Specialization

The choice of a non-profitable profile of work is often connected with total absence of the analysis of activity of competitors. Five travel agencies can get on on one floor only in case of accurate differentiation of their product. The more popular the offer is the bigger value gets a convenient arrangement of office and absence of direct competitors nearby. And in case the company decides to be engaged in the unique direction – risks of the direct competition decrease, but there is a risk of a complete dependence on a host and tour operators who at any time for any of several reasons can suspend formation of tours to the chosen country.

### External risks

#### 1. Relations with tour operators

As travel agencies carry out a role of the seller of a tour operator product, their reputation and stability in the market mostly depends on the quality of this product. In case the trip breaks because of tour operator, the client will remember the agency that sold him this tour and hardly ever will return there. And any separate defect from the tour operator whether it is a meeting at the airport, booking of hotel rooms, the organization of excursions, or the program of insurance, in fact is the "tar spoon" capable to spoil impression of the whole trip. One-two shouting reports on television where the operator and agent are mentioned, and the reputation can pull travel agency to the bottom. Therefore the choice of tour operator is the task demanding a really serious approach. The solution of this question can be helped by visits to specialized exhibitions at which services of the leading tour operators in all directions are presented. In the financial plan, the problems with the tour operator (for example, failures of contracts with a host at a full advance payment), can be reflected in the travel agency by the decrease in their margin, i.e. difference between the buying price and the price of sale.

#### 2. Unforeseen circumstances

Wars, acts of terrorism and cataclysms are the least predicted risks in the work of the travel agent and tour operator. It is difficult to foresee both a problem, and reaction of tourists to it. In case of war both the tour operator and the travel agent selling tours to this direction and positioning himself as the specialist in this country lose. Acts of terrorism and natural disasters are followed by sharp reduction of prices of this direction and, respectively, decrease in the income of the agency. Scales usually depend on the size of a problem and time of lighting it in the press. The quicker journalists forget about the incident, the quicker business is included again into the course. One of the ways to hold on during total decrease in demand is existence of the alternative directions.

Existence of similar risks and number of the travel agencies which are annually

descending from the arena proves that contrary to the developed stereotype, this business isn't as simple as it seems at first sight at all. And as any business it demands the careful and thought-over approach.

## **INSTITUTIONAL MECHANISMS OF THE MANAGEMENT OF SUMY REGIONAL ORGANIZATION ALL-UKRAINIAN SPORTS SOCIETY "KOLOS" AIC UKRAINE**

EUGENE ZYUZ, student

GALYNA PUTIATINA, Associate Professor, Ph. D. (Physical Training)

Kharkiv State Academy of Physical Culture

LIUDMYLA PYSARENKO, Teacher

*O.M. Beketov National University of Urban Economy in Kharkiv*

Modern modernization of administrative national and public institutions requires a systematic approach to improve physical culture and sports in Ukraine. According to the Concept of the National Target Program on development of physical culture and sports for 2012-2016, the demographic crisis that is predetermined by decrease in the number of Ukraine's population from 52.2 million in 1992 to 45.6 million in 2012, and general deterioration of health status are the primary factors which lead to a reduction in the number of persons who may be engaged in mass sports, sports for all and top sports achievements, particularly in rural areas.

Today Ukrainian village is in a state of deep progressive demographic crisis. Socio-cultural and living conditions of a large part of farmers do not meet modern requirements of human habitation. Villagers don't have the opportunity to use most of the achievements of culture and life. Due to the excess of deaths over births, reduction of life length of villagers and mass migration from rural areas to cities, reduction of the rural population occurs. The aging of farmers, depopulation of villages and constant decrease in rural population are the main concerns. Almost a quarter of rural settlements are declining and dying. In general over 80% of all rural settlements suffer from depopulation. As a result, large villages become medium, medium villages become smaller, and smaller ones become small, long called "no-prospect". In Sumy, Chernigov, Zhitomir and other regions the vast majority of villages are settled mostly by elderly people, there are no births of children for years. So, in essence, the main productive force of village is under degradation.

The sphere of physical culture and sports in rural Ukraine is going through difficult times because labor is much reduced, there have been negative quantitative and qualitative changes in their structure. Great migration of young people from the villages of Sumy region took place in 1989-1990, and the situation began to repeat in 2002-2003 and continues to this day.

Reduction of youth in villages led to progressive crisis in the sphere of physical culture and sport of Sumy region. There are almost no competitions among rural sports athletes, a number of sports schools were closed, number of trainers has