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## CRITERIA FOR DETERMINING THE COMPETITIVENESS OF HOSPITALITY ESTABLISHMENTS

### КРИТЕРІЇ ВИЗНАЧЕННЯ КОНКУРЕНТОСПРОМОЖНОСТІ ЗАКЛАДІВ СФЕРИ ГОСТИННОСТІ

**Abstract.** Today, the tourism and hospitality industries are important social, economic, and cultural categories that serve as the basis for the development of economies in many countries. Ukraine is no exception. Although the full-scale invasion of Ukraine by the Russian Federation has left its mark on this sector of the economy, causing great losses, the situation has not changed globally and its development remains a priority today, especially in the context of Ukraine's vector towards European integration. This is what makes the chosen research topic relevant. Competition is a driving force for social and economic progress. In the current business environment in the market of hotel and tourist services, in order to maintain the competitiveness of a hospitality institution, it is necessary to implement a whole range of measures to form and consolidate competitive advantages. The competitiveness of a hospitality establishment must be sustainable not only in economic and environmental terms, but also in social, cultural and political terms. Thus, since the beginning of the full-scale invasion, a large number of hospitality businesses have suspended operations for security reasons, lack of demand, technical reasons, or as a result of damage or destruction from shelling. At the same time, despite the widespread understanding of the importance of defining it, there is no uniformity in the scientific literature in understanding the criteria by which it should be determined. In the article, the author makes an attempt to systematize the existing criteria for the competitiveness of hospitality establishments and identify those that are important for the development of hospitality establishments. Using such research methods as analysis, synthesis and the systematic method, the author has determined that such criteria should include the following indicators: pricing features, quality of services and amenities, online presence, human resources, effectiveness of marketing strategies used, and the ability to adapt and minimize risks. By analyzing the activities of the company and competitors in this niche, owners will be able to ensure a high level of competitiveness of their company.

**Keywords:** competitiveness, hospitality facilities, competitive advantage, competitiveness criteria, quality of services, human resources of a hospitality facility.

**Анотація.** Сьогодні індустрія туризму та сфера гостинності є важливими соціальними, економічними, культурними категоріями, які слугують основою для розвитку економік багатьох країн світу. Україна не є виключенням. Хоча, повномасштабне вторгнення Російської Федерації на територію України, й залишило свій відбиток на цьому секторі економіки, нанісши йому великі збитки, глобально ситуація не змінилась і його розвиток залишається на сьогоднішній день одним із пріоритетних, особливо в контексті вектора України на євроінтеграцію. Саме це зумовлює актуальність обраної теми дослідження. Конкуренція виступає рушійною силою соціального і економічного прогресу. У сучасних умовах бізнесу на ринку готельно-туристичних послуг для збереження конкурентоспроможності закладу сфери гостинності необхідно реалізовувати цілий комплекс заходів щодо формування і закріплення конкурентних переваг. Конкурентоспроможність закладу сфери гостинності має бути стійкою не тільки в економічному, і не тільки в екологічному, а й у соціальному, культурному та політичному планах. Так, з початком повномасштабного вторгнення велика кількість підприємств сфери гостинності призупинили роботу з міркувань безпеки, через відсутність попиту, з технічних причин або ж внаслідок пошкоджень чи руйнувань від обстрілів. В той же час, незважаючи на повсюдне розуміння важливості її визначення у науковій літературі відсутня одноманітність у розуміння критеріїв, за якими вона має визначатись. У статті автором зроблена спроба систематизувати існуючі критерії конкурентоспроможності закладів сфери гостинності та визначити саме ті, які мають важливе значення для розвитку закладів сфери гостинності. Застосувавши такі методи дослідження, як аналіз, синтез та системний метод, авторкою було визначено, що до таких критеріїв варто відносити наступні показники: особливості ціноутворення, якість послуг і зручностей, онлайн-присутність, кадровий потенціал, ефективність маркетингових стратегій, які використовуються, а також здатність до адаптації та мінімізації ризиків. Проаналізувавши діяльність компанії та конкурентів у цій ніші власники зможуть забезпечити високий рівень конкурентоспроможності своєї компанії.

**Ключові слова:** конкурентоспроможність, заклади сфери гостинності, конкурентна перевага, критерії конкурентоспроможності, якість послуг, кадровий потенціал закладу сфери гостинності.

**Problem statement.** Today, the tourism industry and hospitality sector are important social, economic, and cultural categories that serve as the basis for the development of economies in many countries, and Ukraine is no exception. Although the full-scale invasion of Ukraine by the Russian Federation has left its mark

on this sector of the economy, causing significant losses, the global situation has not changed and its development remains a priority, especially in the context of Ukraine's vector towards European integration. Despite enormous economic and often physical threats, market participants are confidently overcoming all challenges, adapting

to certain living conditions and demonstrating to the world their extraordinary cohesion and mutual support. Nevertheless, with a common goal of boosting the country's economy, hospitality companies face a daily struggle for their customers, strive to strengthen their business in a particular market segment, win new ones and maintain stable competitive positions. In order to maintain a high level of functioning of hospitality establishments, great attention should be paid to assessing their competitiveness.

**Analysis of recent research and publications.** Certain issues of assessing the competitiveness of hospitality establishments are reflected in the works of many domestic and foreign scholars, in particular, Abramova A., Batchenko L., Danilenko-Kulchytska V., Ivanova V., Karyagin Y., Korneev M., Mazur V., Manov M., Primak T., Putsenteylo P., Smagin V., Starichenko T., Tretyakova V., Shokot K., Khachatryan D., Yavorska O., Yakimenko-Tereshchenko N. and others. Nevertheless, some aspects remain unresolved and require a more thorough study. In this study, we want to focus on the definition of competitiveness criteria, because only with a specific list it will be possible to identify promising areas for reforming the enterprise and achieve the desired indicator for each of them and, accordingly, look more attractive among competitors in the industry under study.

**The purpose of the article.** The aim of the study is to determine the criteria for determining the competitiveness of hotel and restaurant business enterprises, which should be used when analyzing the work of a particular company in order to increase its attractiveness to customers.

**Summary of the main research material.** The activities of hospitality establishments are a backbone element of the tourism industry, which is designed to stimulate the development of related industries, including construction and trade, and contributes to the creation of new jobs. This suggests that they have the ability to generate a multiplier effect on related sectors of the national economy. The development of market relations and the intensification of competition in the market leads to the formation of high requirements for the activities of these institutions. Competitiveness is a complex and, at the same time, a necessary condition for successful functioning in the market economy system, regardless of the area in question. At the same time, it is considered necessary to note that it is a relative concept and can only be identified among a group of enterprises. This group should be formed in accordance with the presence of certain characteristics of the enterprises in it, in particular: the entry of hospitality establishments into a single regional market or its separate segment; the availability of an appropriate structure and range of services; comparability of the phases of the life cycle of the establishment and the main strategic development goals. Only if the above-mentioned conditions for assessing competitiveness are met, can we say that the competitiveness analysis is objective. Maintaining the competitive position of a hotel and restaurant business enterprise is ensured by developing sound business plans and constantly improving the efficiency of enterprise competitiveness management. This, in turn, requires sufficiently complete information support, in particular, available data on compliance with the expectations of service consumers, staff development, quality of services, etc. Despite the fact that many scientific papers have been devoted to the assessment of

the competitiveness of entities in this industry, there is still no unanimity in understanding what should be the criteria for such an assessment. By focusing research on this aspect and defining competitiveness criteria, it is possible to unify them and achieve a certain standardization. This will make it easier to analyze, obtain an objective assessment, and formulate measures that can be taken to improve competitiveness. To form our own vision of what should be defined as criteria, let's analyze some of the positions of scholars. For example, N. Mikhailova suggests that the criteria should include compliance with consumer expectations, compliance with state standards and regulations, and compliance with the interests of owners. Each of these indicators should be based on a number of others. In particular, meeting consumer expectations involves providing the widest possible range of services, ease of ordering, convenience of payment, speed of order fulfillment, uniqueness of additional services (*we should not forget about the adequacy of the cost of the services provided – author's note*). With regard to compliance with the norms and standards defined at the legislative level, the researcher proposes to group them according to formalized features defined in regulatory documents. She identifies the following indicators that should be taken into account: operational (composition of premises for consumers, architectural and planning solutions and design); production and technological (product range and composition); organizational (service methods, composition of services); social and technological (requirements for service personnel) [5, p. 312]. M. Bosovska argues that the quality management system of hospitality enterprises is of paramount importance in terms of increasing the competitiveness of the hospitality industry. The scientist defines the following categories as subsystems of the quality management system of enterprises: finance, customers, internal business processes, training and development. With regard to determining the features of assessing the quality of services in restaurant business establishments (*these criteria should be applied to all hospitality establishments – author's note*), she proposes to use indicators that characterize: the quality of service personnel, product quality, the level of hospitality of the establishment, its aesthetics, quality of the material base, ergonomic indicators [6, p. 319–321]. Maliuga L.M. determines the need to apply the following criteria: investment component of innovations; uniqueness of territorial location, offers and services; assessment of the effectiveness of sales of hotel services, the booking process and service; the need to develop hotel infrastructure; creation of a corporate information system; strategic development of the customer focus component of the hotel business enterprise and customer loyalty [4]. In our opinion, this approach is one of the most comprehensive. At the same time, it is not without certain drawbacks. In our opinion, it is inappropriate to define investment as a criterion of competitiveness. After all, in this case we can say that nothing matters but investments. After all, their volumes affect all other features of business activity.

It should be noted that competitiveness analysis involves not only the formation of certain criteria for assessing your own business, but also the systematic evaluation of competitors in the same industry using the same indicators to gain insight into their strategies,

strengths, weaknesses and market positioning (otherwise, we can only talk about internal audit). In the context of hospitality facilities, competitiveness analysis involves collecting data on competing facilities, evaluating their offerings, and identifying opportunities for differentiation and improvement. This allows owners to make informed decisions that increase their competitiveness and ensure success in a crowded market. Competitive analysis provides numerous benefits for hospitality businesses, ranging from identifying market opportunities to optimizing operational efficiency. In our opinion, the following indicators can be used as criteria for assessing the competitiveness of hospitality facilities:

– pricing features. This indicator plays a crucial role in attracting guests (especially given the fact that the country is at war and many people have lost their jobs due to the closure of a number of enterprises). At the same time, one should not forget that while taking care of service consumers, one should not forget about the need to ensure profitability. By setting competitive tariffs, hospitality establishments can maximize revenue (or, if not maximize, ensure it at a certain level) and occupancy rates without compromising profitability;

– quality of services and amenities. Assessing competitors' services and amenities allows you to identify gaps in the market and opportunities for differentiation. By offering unique or improved services, establishments in the surveyed area can increase guest satisfaction and loyalty, ultimately contributing to repeat business and positive word of mouth. This includes the speed of order processing (this is inextricably linked to the human resources potential, which will be discussed further), the convenience of ordering (here we are talking about the quality of technical service, the use of modern information resources), etc. At the same time, there are certain indicators that should be taken into account at the stage of business planning. Thus, speaking of tourist values, it is worth emphasizing that for modern people, not only contacts with nature, but also with other people and culture are of great value. Therefore, in addition to natural tourist resources, people are increasingly interested in the tourist values of the built environment, including historical and cultural monuments, architectural structures, urban planning, museums, etc [7, p. 112–114]. The proximity to them is already a significant advantage (it is not for nothing that hospitality establishments located in the central part of the city, etc. usually set higher prices for similar services). It is also worth mentioning the exclusivity of service provision, as hospitality establishments should offer something special, individual for the client. For example, a hotel may have its own bakery, baking organic bread and buns according to its own recipe. At the same time, they can sell these baked goods to any citizen, not just hotel guests. This will give them a competitive advantage and reach a larger market segment [8, p. 21].

– online presence. In today's digital age, a strong online presence is essential for attracting guests and driving direct bookings (including increasing the level of comfort for service consumers). Competitive analysis helps you compare your online presence with competitors and identify areas for improvement. By optimizing your website, social media profiles, and online booking process, you can attract more guests and increase your market share. Implementing this component of increasing

competitiveness is quite expensive today, but in the long run, the financial investment is well worth it;

– human resources potential. In our opinion, it can be understood as a set of employees in this area, whose skills and abilities provide opportunities for the formation, organization, creation of appropriate conditions for the functioning and development of the hospitality industry (ensuring the achievement of the goals of long-term development of the enterprise). A very important property of the human resources potential is its intensity in relation to the economic efficiency of the organization's activities, and therefore the increase of the human resources potential through the strategy of its development. The intensity depends on the formation of working conditions, psychological climate, social security, etc. In this context, it is important to analyze the measures taken by the company to improve the level of skills and awareness in various areas of its employees, and to ensure communication. These include such measures as trainings and workshops on personal development, development of feedback in the organization, networking, on-the-job training, etc. In this way, staff development ensures an increase in the overall intellectual level of an individual, expands his or her erudition and social circle, as an educated person is fluent in the modern complex world and in relationships with people. As a result, the moral and psychological climate in the organization's structural units improves, employees are more motivated to work, their loyalty to the company's goals and strategic objectives, management continuity is ensured, and staff turnover is reduced [9, p. 309].

the effectiveness of the marketing strategies used. Effective marketing today is crucial for reaching and attracting potential guests. Competitive analysis allows you to evaluate competitors' marketing tactics and identify opportunities to improve your own strategies. By utilizing successful marketing tactics and avoiding pitfalls, hospitality establishments can improve their brand awareness and attract more guests.

At the same time, it should be noted that competitiveness is illusory without sustainability. The true competitiveness of a hospitality establishment must be sustainable not only economically, and not only environmentally, but also socially, culturally, and politically. It is too early to talk about this in Ukraine. For example, since the beginning of the full-scale invasion, a large number of hospitality businesses have suspended operations for security reasons, lack of demand, technical reasons, or as a result of damage or destruction from shelling. Of course, we are not talking about all territories, more difficulties in this context arise for establishments registered in the southeastern part of Ukraine. However, the situation is rather ambiguous. As a result of the war, thousands of Ukrainians were forced to leave their homes and move to other regions. As a result, as of November 2022, the demand for hotels, cottages and ordinary residential apartments exceeded supply by at least 15% in western Ukraine. In August 2022, the demand for short- and medium-term rental rooms in Odesa increased by 30–40% [3]. Given this situation, we consider it appropriate to supplement the proposed list with another criterion, namely the ability to adapt and minimize risks. In this regard, we believe it is necessary to provide some successful examples in this area. Thus, one of the ways to mitigate the risks associated with product delays is to

organize your own imports. Today, seafood restaurants have begun to actively use this option. This happens both systematically through the creation of an import department within the restaurant, and individually through the organization of cooperation with local partners for specific products [1, p. 22]. Another successful example of business preservation and a way to reduce risks is expansion into new cities and countries. For example, the well-known Lviv Croissants chain, which has been operating since 2015 and had 141 locations in Ukraine before the war, although it was forced to close some locations in the south and east, has recently successfully entered the Polish market. The first outlet abroad was opened in the Polish border town of Zgorzelec. Another one was opened in Wrocław (in partnership) [2].

**Conclusions.** Competitiveness is a complex and, at the same time, a necessary condition for the successful functioning of any type of hospitality establishment. At the same time, it is impossible to assess it without having certain standards and points. This makes it impossible to improve its level. Standardization of criteria is intended to facilitate the analysis and help to find the best methods of increasing competitiveness with the least financial investment and in the shortest possible time. In our opinion, the following criteria should be used to assess the level of competitiveness of these institutions: pricing features, quality of services and amenities, online presence, human resources, effectiveness of marketing strategies used, as well as the ability to adapt and minimize risks.

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