

THE CONSTANT IMPROVEMENT OF COMPETITION POLICY
IN THE PRISM OF HOTEL AND GASTRONOMY SERVICESКОНСТАНТА ПОКРАЩЕНЬ КОНКУРЕНЦІЙНОЇ ПОЛІТИКИ
У ПРИЗМІ ГОТЕЛЬНО-ГАСТРОНОМІЧНИХ ПОСЛУГ

The article considers the main factors shaping the competitiveness of the enterprise in the prism of hotel and gastronomy services and offers the author's approach to the classification of factors of competitiveness of the enterprise. It is established that «Enterprise A», on the one hand, is one of the means of highly liquid capital use, and on the other hand, it is a surrounding with a high degree of competition, which creates an obstacle for the establishment of a leader in the local market of hotel and gastronomy services. It is determined that the special character of «Enterprise A» competition is connected with functions that are peculiar to enterprises in general: production, sale, and organization of consumption of products. All available resources are used to achieve a competitive position in a particular sector, which enables the firm to provide its customers with all the services. On the basis of the synthesis and analysis of the research results, the main obstacles that considerably hinder the development of the hotel and gastronomy business are identified, as well as recommendations for improving its organization based on the reasoned trends of the hospitality industry are created.

Key words: competitiveness, hotel and gastronomy services, competitive position, competition, local market, products and services, economic sector, tourism, enterprise, entrepreneur, entity.

У статті розглянуто основні чинники, що формують конкурентоздатність підприємства у призмі готельно-гастрономічних послуг і запропоновано авторський підхід щодо класифікації чинників конкурентоздатності підприємства. Встановлено, що «Підприємство А» з одного боку, є одним із засобів високоліквідного використання капіталу, а з іншого – середовищем із високим ступенем конкурентності, що створює перешкоду для виявлення лідера на місцевому ринку готельно-гастрономічних послуг. Визначено, що особливий характер конкуренції «Підприємства А» пов'язано з функціями, що взагалі властиві підприємствам: виробництво, реалізація та організація споживання продукції. Усі наявні ресурси використовуються для досягнення конкурентної позиції у певному секторі, завдяки чому фірма надає клієнтам повний сервіс. На

основі узагальнення та аналізу результатів досліджень визначено основні перешкоди, що суттєво гальмують розвиток готельно-гастрономічного бізнесу, а також розроблено рекомендації щодо вдосконалення його організації на основі аргументованих тенденцій розвитку галузі гостинності.

Ключові слова: конкурентоспроможність, готельно-гастрономічні послуги, конкурентна позиція, конкуренція, місцевий ринок, продукти та послуги, економічний сектор, туризм, підприємство, підприємець, суб'єкт господарювання.

В статье рассмотрены основные факторы, формирующие конкурентоспособность предприятия в призме гостинично-гастрономических услуг и предложен авторский подход к классификации факторов, конкурентоспособности предприятия. Установлено, что «Предприятие А» с одной стороны, является одним из средств высоколиквидного использования капитала, а с другой – средой с высокой степенью конкуренции, что создает препятствие для становления лидера на местном рынке гостинично-гастрономических услуг. Определено, что особый характер конкуренции «Предприятия А» связан с функциями, вообще свойственны предприятиям: производство, реализация и организация потребления продукции. Все имеющиеся ресурсы используются для достижения конкурентной позиции в определенном секторе, благодаря чему фирма предоставляет клиентам полный сервис. На основе обобщения и анализа результатов исследований определены основные препятствия, которые существенно тормозят развитие гостинично-гастрономического бизнеса, а также разработаны рекомендации по совершенствованию его организации на основе аргументированных тенденций развития отрасли гостеприимства.

Ключевые слова: конкурентоспособность, гостинично-гастрономические услуги, конкурентная позиция, конкуренция, местный рынок, продукты и услуги, экономический сектор, туризм, предприятие, предприниматель, субъект хозяйствования.

UDC 658.821:640.4

Kondratska L.P.

Candidate of Economic Sciences,
Associate Professor,
Senior Lecturer at Department of
International Business and Tourism
Ternopil National Economic University

Formulation of the problem. The notion of competitiveness is ambiguous and discussed from various perspectives in the literature on the subject and economic practice. As it is more and more difficult to conduct the business activity, competitiveness should be examined in the context of economic efficiency, effectiveness or efficiently operation of a business entity. The development of a local market, as well as action taken by competitors who operate in hotel and gastronomy services sector, determine the selection of tools for achieving sustainable competitive advantage selected. Customer expectations and needs make entrepreneurs and local communities con-

stantly invest in infrastructure, as well as launch new products and services.

Analysis of recent research and publications. Competitiveness is perceived as an action taken by two or more economic units to get a certain good that is unlimited and not all competing entities may have it at the same time. In this sense, competition is a common element of business activity and so it can be transferred to other spheres of social life. An analysis of dynamic competition consists of the following elements: reasons for competing, forms of competition, tools for competing, principles underlying competition.

Adamkiewicz defines competitiveness as a quality that enables the enterprise to constantly create development trend, productivity growth, and effectively develop outlet markets when competitors offer new, better, and cheaper goods (commodities and/or services) [1].

Winiarski believes that competitiveness is a rivalry between private persons or economic units aimed at winning new outlet markets, purchasing materials and resources, and achieving as high profit from the sale of products as possible [2].

Investigated from a narrow perspective, competitiveness is treated as a struggle for a customer between economic entities, i.e. competition (within a sector or strategic group). Competition understood in such a way does not exclude contending for people who would fulfil functions hitherto performed as a part of the value chain. Having adopted a broader perspective, competition refers to the sector of suppliers and customers (particularly their bargaining power), as well as risk from new products and their substitutes.

Therefore, competition takes place on two planes simultaneously. The former involves a struggle for the customer between enterprise and suppliers of goods that satisfy homogenous needs. The latter is a struggle for the right to perform functions fulfilled as a part of the value chain together with others who also carry out these functions.

According to Porter, competitiveness refers to the standard set by enterprises, yet attention should also be paid to the fact that some nations and enterprises are more successful than others. Hence, one may speak of competitive advantage achieved by nations [3].

The concept of the optimum competitive strategy developed by Porter takes the following issues into consideration:

1. current situation of enterprise,
2. objectives possible to accomplish,
3. rules, thanks to which the objectives can be reached,
4. assessing the risk from competitors and their response,
5. environment supporting the action taken by the enterprise,
6. adjusting the resources to objectives and policy formulated by the organization,
7. management board that understands the objectives,
8. competence developed by enterprise's leaders adequate to introduce objectives and policy rules.

According to Kramer, enterprises operate in conditions of globalization and hence participate in the global market. If they want to take part in the competition, they must seek opportunities to introduce changes, respond to such changes, and seize them [4].

As the result, achieving sustainable competitive advantage consists in holding a leading posi-

tion in the given sector/market. The other extreme is the so-called single competitive advantage, also referred to as market opportunity. The implementation of elements, thanks to which enterprise may achieve competitive advantage, takes place in the following two spheres:

a) price strategies that consist in maintaining price level below price levels set by competitors, market share and sales volume, or maintaining unit costs lower than those of competitors while offering high-quality products,

b) non-price strategies that employ elements of promotional policy, non-material resources of a firm (for instance, brand of product, reputation of a firm) to make customers notice the firm among all the competitors.

Setting objectives. The present article is aimed at presenting theoretical aspects of enterprise's competitiveness and assessing competitive position held by a given entity (in the opinion of the entrepreneur), as the related diversification is the only strategy allowing the organization under consideration to maintain a competitive advantage in the local marketplace.

Presentation of the main research material. The questionnaire survey, to which the owner of the Enterprise A responded, was conducted in February 2017 and then completed in May 2017.

Enterprise A was established in 2001. It currently employs 25 people and provides hotel and gastronomy services (including restaurant, café, pizzeria and light entertainment). The entity in question functions in a local marketplace in a park resort and its surroundings. The population of the resort is about 1.500 people and it is one of the best resorts of Western Ukraine as a few hundreds of tourists may find accommodation during the summer season there. The registered office of the organization, as well as all fixed property and movables, are located in the resort under discussion. As the enterprise is developing, it undertakes new ventures as a part of its activity in new places situated within the city.

The entrepreneur defined competitiveness as a position that enterprise occupies in the local marketplace, in which it conducts its activity compared to other enterprises dealing with the same activity. The respondent equated competitiveness with long-term effects produced by the diversification of related activity, providing customers with high-quality products and services, as well as competence demonstrated by managers and employees. Taken the above into account, the respondent believes that his enterprise is competitive.

Analysing the potential that Enterprise A has, the respondent believed that reputation should be ranked highest, which implies that this non-material resource is a major importance. During a 16-year operation, the entity in question managed to build up and maintain reputation appreciated by customers.

This thesis is confirmed by the questionnaire survey (conducted every year) that examines whether customers know the enterprise and are satisfied with the quality of services provided in the local marketplace. Every time customers give a high appraisal of the enterprise, as well as services and products, and declare their loyalty and willingness to buy again.

Furthermore, internal and external relations were also considered as factors considerably affecting the potential of Enterprise A. However, relational capital, understood as relations with entities cooperating with an economic entity under discussion, was ranked highly, contrary to relations with entities-competitors, which occupied the lowest position in the ranking. High appraisal given, as well as a willingness to generate relational capital may prove that reputation in the local marketplace and among employees (who – once employed in service sector – must be aware of the mission and objectives to be fulfilled by the organization) is of profound importance. Innovativeness was also ranked high and organizational knowledge, as well as competence, was recognized as a factor vital for developing competitive potential. The necessity to constantly improve employees' skills and provide customers with new services or products largely determines the competitiveness of the entity.

The respondent gave a positive appraisal of the competitiveness of resources that his enterprise had in comparison with other entities in the sector. He paid a special attention to non-material resources (reputation in particular) and human capital (most of all widely understood as competence and knowledge) and considered them as key factors determining the success in the local marketplace. However, he also referred to material resources while mentioning his strong points. He believed that virtually resources, which his enterprise had at its disposal, exerted a profound effect on the market success he achieved.

Similarly, the respondent stated that services provided by his firm were competitive compared to those offered by other entities operating in the marketplace. This is confirmed by a wide range of services and their quality, as well as the quality of products, all of which have greatly contributed to the success enjoyed by the enterprise. Furthermore, the respondent was inclined to believe that flexibility of his enterprise (understood as the ability to quickly respond to changes occurring in the market) also determined competitive advantage it attained.

Enterprise A operates in the market for hotel and gastronomy services. This is a demanding market as the sector is highly concentrated and there are major barriers to coming onto and leaving it (which largely depends on its seasonal character). If a firm wants to provide high-quality services and products, large financial outlays must be made on fixed assets and equipment. Furthermore, the enterprise should constantly invest in improving the standard and qual-

ity of accommodation. The gastronomic-entertainment activity also requires an enterprise to keep up with global trends and adjust to changing customer tastes and preferences. This makes the competition even more intense as economic entities follow the strategies adopted by their competitors and spot even the slightest flaws. The possibility of diversifying the products and services was also ranked quite high because launching new products and services make the offer more attractive, also to new customers. Instability and stormy nature of the market in question are mainly caused by technological changes and uncertainty of supply. Dependence on suppliers of commodities and technologies was also ranked quite high.

Nonetheless, the respondent believes that barriers to coming onto the market determine the character of the sector to the greatest extent (necessity to meet many formal-legal requirements and make large capital outlays to start and conduct activity). Hence, it is slightly probable that new participants will come onto the local market and launch substitution or similar products. Major barriers to entering the market discourage people from starting business activity in the sector. Especially Enterprise A is a leader in the local marketplace, which results from the fact that no other entity has such a convenient location and provides full services and a wide range of products. Entities that are currently competing within the sector under analysis may be treated as rivals only with reference to particular types of activity, which may indicate that a struggle for customers is becoming more and more fierce only with respect to some aspects of the activity.

Barriers to leaving the sector are also major, which is due to its attractiveness as social and financial costs incurred to close down a firm will considerably delay decision made by a market participant about leaving the market. According to the respondent, it is better to change or complete the offer or diversify the services and products than to decide to change the profile of business activity completely.

The attractiveness of the sector results from its current size and optimistic forecasts about market development trends. Having adopted such a perspective, it was stated that Enterprise A occupied the same position as other entities of this size operating in local markets.

The attractiveness of the sector is also proven by the fact that its participants are highly concentrated in particular local markets and it is not likely that services or products substituting those provided by Enterprise A will be launched. As substitution is hardly probable, on the one hand, enterprise does not have to lower the prices of the services and products offered, yet on the other hand, competition in the local marketplace may become fiercer and entities may become highly concentrated, which – according to the respondent – causes a need for launching and diversifying

products/services in the sector. Great diversification of products and services enables one to select tools for competing when specialized competition is becoming more and more intense within the sector.

Suppliers largely determine the functioning of Enterprise A. Certainty of supply, and hence promptness, as well as the high-quality supply of foodstuffs and materials for gastronomy and hotel activities determines the quality and promptness of services provided and products offered. Therefore, it has a profound effect on the competitive market position of the enterprise. The large extent, to which the enterprise depends on suppliers, also results from the fact that integration towards suppliers is slightly probable.

Anticipated market growth rate and risk to the natural environment are factors determining the character of the sector to the smallest extent. The respondent believes that anticipated market growth rate has a limited effect on the functioning in the local marketplace as Enterprise A provides services that are not directly determined by this factor. Enterprise's location is favourable as it is the largest entity in the local market that may service the greatest number of customers and hence its position in the sector is unrivalled. The enterprise that provides hotel and gastronomy services does not pose any threat to the natural environment and conforms to all legally binding norms and regulations. All the entities operating in the sector under discussion make local and state authorities invest in the infrastructure and, at the same time, effectively protect the environment from the devastating impact of natural forces. This is the main positive aspect while developing the attractiveness of tourist region.

Summing up the discussion on the character of the sector, in which the entity operates, one may refer to Porter's model of five forces (Fig. 1), where:



Fig. 1. Porter's Five Forces model

1. The risk from new competitors coming onto the local market is low as:

- barriers to entering the sector are major,
- location determinants do not allow to set up new economic entities,
- competition in the sector is very fierce, due to which new participants are not allowed to come onto the market,
- although the sector is considered very attractive, the respondent believes that development trends emerging in the local market are limited.

2. Influence from suppliers is significant because:

- the quality of services and products largely depends on the quality of supply,
- the potential change of supplier is expensive,
- it is slightly probable that Enterprise A will become independent from suppliers and take over the production.

3. Influence from customers is considerable as:

- the sector of customers is dispersed,
- services are highly diversified,
- attractive location considerably determining customer choices.

4. The risk from substitution products/services is low because:

- barriers to entering the sector are major, which discourages new participants,
- the sector is currently growing and hence substitutes are unlikely to be launched,

5. Competition in the sector both in domestic and local markets is considered intense as:

- the respondent believes that the sector is developing,
- barriers to leaving the sector are major, yet not considered factors determining a decision about remaining in the sector,
- services offered are different, which allows for price differentiation and going into price competition.

Competitiveness position held by Enterprise A is understood as the effect produced by competing within the sector.

According to the respondent, Enterprise A is a local market leader. Its competitive position is examined in comparison with other enterprises with the use of quantitative methods, mainly on the basis of a questionnaire survey, to which customers responded, as well as consumer survey covering the entire area and intuitive methods (Fig. 2).

Price competition is a factor that determines competitive position reached by Enterprise A in the sector only to some extent. It does not affect competitive position as the price is set at a medium level. Price range is adjusted to every group of customers. Regular customers are given discounts and enjoy special offers.

While defining the role that entrepreneur-owner of Enterprise A plays in achieving the competitive position, the respondent attaches major importance to entrepreneurial and managerial skills. He also

believes that in order to become a market leader, one must be determined, willing to take risks, show his initiative, be able to negotiate and motivate himself, have leadership potential, be reasonable about financial matters, and have a managerial education.

The above proves that the respondent is inclined to believe that entrepreneur's characteristics considerably determine achievement of the sustainable competitive position. Highlighting certain personality traits, intellectual abilities or managerial skills and leadership potential, he may motivate, engage, and provide employees with on-the-job training anticipate changes occurring in the market and introduce a number of improvements to the functioning of the enterprise.

Taking macroeconomic factors, which determine the situation of Enterprise A to the large extent, into account, the respondent mentioned demographic changes, economic crisis or more and more fierce competition.

He believes that the political and economic environment is extremely changeable and hence affects the conditions of enterprise's operation to the greatest extent. Still, the economic crisis is considered a factor with a positive effect on conducting business activity. Furthermore, the exchange value of hryvnia was unfavourable to individual customers, due to which they tended to spend their holiday in resorts in the same area as travel agencies could not offer anything more attractive. Furthermore, the decision about spending the summer in one local resort was also determined by travelling costs, quality of services provided, as well as infrastructure. Climate warming is also of profound importance as it leads to climate change and hence there are more and more warm and sunny days.

The respondent pays attention to the economic crisis and mentions social impoverishment and uncer-

tain economic situation as the main factors determining the activity conducted by Enterprise A. Still, he believes that current economic situation is not favourable to the enterprise development.

The respondent also claims that political environment does not provide entrepreneurs with conditions favourable to manage a firm, and policies pursued by particular governments at the state level are not consistent in this respect. Hence, he believes that confronted with the crisis the government should introduce the number of improvements. Dissemination of information, greater aid, and simplifying the formalities to be completed in order to receive foreign subsidies would make it easier to conduct business activity particularly for people living in small towns. Another emergency action that would place a burden on the budget was not recommended and seemed unfair to other sectors of the national economy.

The creation of competitive conditions for the operation of the entity under consideration is facilitated by, first of all, formulating, a long-term strategy for the economic development of a region, secondly, devising a plan for the spatial development of a district and, thirdly, the development of desired technical infrastructure. Fiscal incentives or shorter time that it takes to give decisions are also of major importance.

The respondent mentioned too many legal regulations and obsolete technical infrastructure in the region as the main barriers to the development of competitiveness. In modern times of crisis, the entrepreneur believes that credits on preferential terms, loans, subventions on training, investment allowances, lower taxes or the possibility of receiving subsidies for promotional actions taken by the enterprise are most desired.

It is also highlighted that the cluster of firms and cooperation in the form of local entrepreneur organizations are of major importance. The respondent stated that the competitiveness of Enterprise A would improve if it joined any of the aforementioned forms of cooperation. The Enterprise is currently cooperating with local offices and their special units, as well as with other enterprises forming the cluster.

Conclusions from the conducted research. The development of local market and actions, which are taken by the competitors in the sector of hotel and gastronomy services, determine the choice of tools, thanks to which Enterprise A may achieve sustainable competitive advantage. Furthermore, growing expectations and needs expressed by customers make enterprise constantly invest



Fig. 2. The main factors determining competitive position achieved by Enterprise A in the market for hotel and gastronomy services

in infrastructure, as well as launch new services and products. Related diversification becomes one of the possibilities for the entity in question to maintain its position of local market leader.

Entities competing with one another are investing in accommodation – build, extend, and modernize. Action taken by self-governments and local authorities make tourist notice region's attractiveness and require constant improvement in services offered to potential groups of customers. Everything is done to provide holiday-makers and tourists with higher and higher standards of vacation.

REFERENCES:

1. Adamkiewicz H.G., Konkurencyjność przedsiębiorstwa na tle procesów globalizacji konkurencji, w: Współdziałanie strategiczne w gospodarce, materials from scientific conference organized by Department of Development of Development Strategies in Industry functioning at Wrocław University of Economics, Karpacz May 29-30, 1998, Wydawnictwo Akademii Ekonomicznej im. Oskara Langego we Wrocławiu, Prace Naukowe nr 786, Wrocław 1998.
2. Winiarski B., Czynniki konkurencyjności regionów, w: Konkurencyjność regionów, pr. Zbiorowa pod red. M. Klamut, Wrocław 1999.
3. Porter M.E., Competitive strategy. Techniques for Analyzing Industries and Competitors, The Free Press, New York 1980.
4. Kotler Ph., Marketing. Analiza, planowanie, wdrażanie i kontrola. Gebether i S-ka, Warszawa 1994.
5. Altkorn J., Globalizacja rynku a strategia konkurowania. in: Problemy teorii wymiany. Akademia Ekonomiczna w Krakowie, Kraków 1993.
6. Galas K.J., Walka konkurencyjna przedsiębiorstw w otoczeniu międzynarodowym i jej wpływ na sukces strategiczny. in: Bariery internacjonalizacji przedsiębiorstwa. pod red. M.K. Nowakowskiego. Wydawnictwo Key Text, Warszawa 1997.
7. Gierszewska G., Romanowska M., Analiza strategiczna przedsiębiorstw, PWE, Warszawa 1990.
8. Kłeczek R., Kowal W., Woźnicka J., Strategiczne planowanie marketingowe. PWE, Warszawa 1996.
9. Kochański T., Kurek S.T., Konkurencyjność przedsiębiorstw. Wybrane problemy, AON, Warszawa 2003.
10. Porter M.E., Strategia konkurencji. Metody analizy sektorów i konkurencyjności, PWE, Warszawa 1992.
11. Porter M.E., Competitive Strategy. The Free Press, New York 1990.
12. Porter M.E., Strategia konkurencji. Metody analizy sektorów i konkurencyjności. PWE, Warszawa 1992.
13. Porter M.E., The Competitive Advantage of Nations. The Free Press, New York 1990.
14. Uwarunkowanie i sposoby wzrostu konkurencyjności przedsiębiorstw, pod red. M. Białasiewicz, Economicus, Szczecin 2009.
15. Кондрацька Л.П., Методологія побудови системи управління конкурентоспроможністю підприємства на ринку робочої сили. Актуальні проблеми економіки, № 12(66), Київ 2006.