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BENCHMARKING IN THE MODERN WORLD-TRENDS IN THE HOTEL INDUSTRY MARKET IN GEORGIA

Abstract: For the purpose of using benchmarking in the hotel industry market, the article discusses the current situation in Europe and Asia and trends in the Georgian market.

Benchmarking is an important tool in hotel management, which includes not only the analysis of operational processes, but also the consideration of customer behavior and requirements. The research process focused on the challenges of implementing benchmarking, the problems of the Georgian hotel industry and their adaptation to international markets. Using statistical analysis and synthesis methods of the research, the main trends were revealed, which determines the justification of the use of benchmarking in such a rapidly developing market as Georgia.

The hotel industry is particularly sensitive to the impact of benchmarking, as this sector must constantly respond to growing customer expectations and global competition. In addition, benchmarking plays an important role in increasing competitiveness. Hotels can study the services of competitors, compare their cost and efficiency, which will help them develop innovative strategies. In some cases, the use of benchmarking will allow them to implement personalized services that will become the basis for increasing customer satisfaction.

Georgia's hotel industry, which is actively developing, will be able to establish itself in the global market with the help of benchmarking and improve the quality of Service.

Keywords: benchmarking, hotel industry, market, adaptation, customer, competitiveness.

JEL classification: M10, M31, Z32

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ბენჩმარკინგი თანამედროვე მსოფლიოში - ტენდენციები სასტუმრო ინდუსტრიის ბაზარზე საქართველოში

აბსტრაქტი: სასტუმრო ინდუსტრიის ბაზარზე ბენჩმარკინგის გამოყენების მიზნით სტატიაში განხილულია ევროპისა და აზიის ქვეყნებში არსებული მდგომარეობა და ქართულ ბაზარზე არსებული ტენდენციები.

ბენჩმარკინგი მნიშვნელოვანი ინსტრუმენტია სასტუმროების მართვაში, რომელიც მოიცავს არა მხოლოდ საოპერაციო პროცესების ანალიზს, არამედ მომხმარებლის ქცევისა და მოთხოვნების გათვალისწინებას. კვლევის პროცესში ყურადღება გამახვილდა ბენჩმარკინგის დანერგვის გამოწვევებზე, საქართველოს სასტუმრო ინდუსტრიის პრობლემებსა და მათ ადაპტაციაზე საერთაშორისო ბაზრებთან. კვლევის სტატისტიკური ანალიზისა და სინთეზის მეთოდების გამოყენებით გამოვლინდა ის ძირითადი ტენდენციები, რომელიც განაპირობებს ბენჩმარკინგის გამოყენების დასაბუთებას ისეთ სწრაფად განვითარებად ბაზარზე, როგორც საქართველოა.

ვინაიდან, სასტუმრო ინდუსტრია განსაკუთრებით მგრძობიარეა ბენჩმარკინგის გავლენის მიმართ, რადგან ეს სექტორი მუდმივად უნდა პასუხობდეს მომხმარებელთა მზარდ მოლოდინებს და გლობალურ კონკურენციას. გარდა ამისა, ბენჩმარკინგი მნიშვნელოვან როლს ასრულებს კონკურენტუნარიანობის ზრდაში. სასტუმროებს შეუძლიათ შეისწავლონ კონკურენტების სერვისები, შეადარონ მათი ღირებულება და ეფექტიანობა, რაც დაეხმარება მათ ინოვაციური სტრატეგიების შემუშავებაში. რიგ შემთხვევაში, ბენჩმარკინგის გამოყენება

საშუალებას მისცემს მათ დაწერონ ისეთი პერსონალიზებული სერვისები, რომელიც მომხმარებლის კმაყოფილების ზრდის საფუძველი გახდება.

საქართველოს სასტუმრო ინდუსტრია, რომელიც აქტიურად ვითარდება, ბენჩმარკინგის დახმარებით შეძლებს გლობალურ ბაზარზე დამკვიდრებას და მომსახურების ხარისხის გაუმჯობესებას.

საკვანძო სიტყვები: ბენჩმარკინგი, სასტუმრო ინდუსტრია, ბაზარი, ადაპტაცია, მომხმარებელი, კონკურენტუნარიანობა.

Jel კლასიფიკაცია: M10, M31, Z32

Introduction

The use of benchmarking in the hotel business is considered as a particularly important challenge and opportunity in Georgia, where the tourism industry is one of the main sectors of the country's economy, as this sector is especially sensitive to the impact of benchmarking. Over the past decade, the development of tourism has significantly increased the number of hotels, but at the same time presented an uneven level of quality and standards of Service, which has become a significant obstacle in the conditions of regional and global competition (**Abuselidze G, Maria J., 2017**).

For the modern hotels, benchmarking is no longer just a monitoring tool, but a complex mechanism that combines data analysis, assessment of the competitive environment and the introduction of innovations. "Benchmarking data allows companies to compare the results of their work with competitors, which is necessary to increase the efficiency of the organization (**Parkan, C., 2005**). "Benchmarking allows hotels to analyze factors such as: operating cost structure, personnel management models, quality of service, etc" (**Wöber, karl., 2000**). This process became especially important for Marriott International and Hilton Hotels, which successfully used the benchmarking method for quality of Service Management. This approach has had a great impact not only on individual hotels, but also on the entire industry, which leads to its development of international standards (**Tchitotashvili, D., 2023**). Research shows that, in Marriott's case, the use of benchmarking allowed them to introduce personalized services, which became the basis for increased customer satisfaction.

The constant change in consumer preferences in the tourism industry poses a significant challenge. Therefore, benchmarking as a method of market research allows hotels to respond quickly to the growing demands of the modern market.

Literature review

Since the practice of using benchmarking does not have the existing hotels on the Georgian market, it is noteworthy to observe the experience of hotels in developed countries. Benchmarking is a great way to get to know and understand the area in depth where we are planning or already managing a particular activity. In particular, in the hospitality industry, benchmarking is used for proper facility evaluation and analysis. A vivid example of this is international brands, they constantly evaluate and compare their activities. In the process of working on the article, a number of Georgian and foreign researchers' assessments and conclusions were drawn—"benchmarking is useful when the organization wants to improve its processes with minimal investments. However, its main limitation is that the data within the organization may not be sufficient to develop a strategy against external competition" (**Loosemore, M. & Hsin, Y.Y., 2001**). "Strengthening regulations and state support is vital, especially in regional hotels that suffer from a lack of international tourists. Government-supported programs, such as: training for personnel and

technology implementation, can serve as the basis for strategic development of benchmarking“ (Abuselidze G, Maria J., 2017).

Research methodology

In addition to studying and analyzing the works of Georgian and foreign scientists, the theoretical and methodological basis of the work is the analysis of the internet resources of the National Statistics Office of Georgia and the National Tourism Administration of Georgia. In the research process, the paper uses statistical analysis and comparison methods, which are used to compare local and international benchmarking of the hotel industry sector, as well as problems of adaptation to international markets.

Research results

The existence of an appropriate social and economic environment is important for the implementation and use of benchmarking in Georgia. The strategies adopted by the government of Georgia in the direction of Tourism Development are also considered as an important basis for the implementation of benchmarking. For example, the National Tourism Administration of Georgia (GNTA). It is actively working on the introduction of international standards, but without the participation of hotels in the private sector, progress is limited. Alongside the country's economic growth, the tourism sector needs a strategic approach to standardize hotel activities through benchmarking. As of 2020, there were about 1,800 hotels operating in Georgia, the majority of which were small and medium-sized (Akhvlediani M, Mushkudiani Z, Mikabadze S., 2023).

It is in small and medium-sized hotels that the most shortcomings are observed, which are caused by insufficient financial resources and lack of knowledge. International standards can be implemented through the benchmarking process, which will help them to study the practice of successful hotels and increase competitiveness. "Benchmarking is particularly effective in conditions where market competition is high and customer demands are constantly increasing" (Loosemore, M. & Hsin, Y.Y., 2001).

For example, some hotels use customer satisfaction assessment methods that were originally implemented in the food industry. This approach significantly increases customer satisfaction rates, which, according to Loosemore and Hsin (2001), is a key factor in customer loyalty (Loosemore, M. & Hsin, Y.Y., 2001). Hilton Hotels improved its personalized customer service system with the help of external benchmarking, which in 2015-2020 helped their global revenue growth by about 10% (Tchitotashvili., 2023). Hotel chains such as Marriott and Hilton used benchmarking to reduce operating costs by 15%, made possible by standardizing room cleaning and maintenance services. In this process, comparisons were made with competitors' cost and performance structure data, which in Marriott's case culminated in the development of a new operating model that is still in use (Parkan, 2005). It "helps to improve service quality, reduce costs and ensure market sustainability" (Loosemore, M. & Hsin, Y.Y., 2001). In the elements of Marriott's operational models, it is important: Work specialization, redistribution of powers, control system, coordination methods, technological innovation, sustainability and social responsibility (see Table 1) (TSU-TDI, 2013).

Another practical role of benchmarking is to adapt to requirements through user behavior analysis. Through benchmarking, hotels learn about customer satisfaction rates and perceive exactly what factors influence their satisfaction. For example, a 2020 study showed that more than 70% of users value characteristics such as: cleanliness, professionalism of the staff and availability of online services.

Hotel chains that actively use benchmarking have introduced innovative services in the last decade, such as: fully automated room management, ecological initiatives and integration of digital technologies, which creates a significant advantage in their activities on the market.

In the hospitality industry, benchmarking is not only a tool for improving organizational processes, but also a mechanism for Strategic Development. "Studies have shown that the use of benchmarking helps hotels reduce costs, improve customer satisfaction, and enhance competitiveness. For modern hotels, benchmarking is an essential tool that combines data analysis, strategic planning and optimization of operational processes, ensuring long-term success" (**Parkan., 2005**).

Table 1. Elements of the Marriott operating model

	Elements	Features
1.	Job specialization	The division of services and services in the hotel into departments and positions, for example: food service and room service service is carried out by different teams.
2.	Distribution of authority	Management distributes authority among employees, this improves coordination of work.
3.	Control system	All departments are controlled by a control system to ensure that quality services are carried out in compliance with time and standards.
4.	Coordination methods	Communication and coordination between departments allows maintaining and improving quality.
5.	Technological innovations	Marriott is investing heavily in digital platforms, which allows it to be competitive.
6.	Sustainability and social responsibility	Safety and environmental programs are key components of Marriott, helping to gain customers' trust.

Source: Table compiled by the author

In the face of the COVID-19 pandemic, in 2020, the Marriott chain found through benchmarking that over 80% of customers preferred non-contact services. As a result, the company implemented a system of "virtual check-in" and "mobile keys", which, along with improving the quality of Service, served to increase the security of the user (**Makasarashvili, Giguashvili., 2022**).

The COVID-19 pandemic has made improving hygiene and cleanliness standards particularly relevant. Benchmarking plays a critical role in this process as it allows hotels to compare their hygiene protocols to the best international standards.

Europe's developed tourist markets, especially countries such as Croatia, Italy and France, play an important role in adapting the practical mechanisms of benchmarking. Small and medium hotels that regularly use benchmarking deal more effectively with the challenges of a competitive environment (**Milohnić, Ines, Cerovic, Zdenko., 2007**).

The majority of small hotels in Europe have limited financial and technological resources, making them less competitive than large chain hotels. Benchmarking improves this problem by allowing small hotels to better understand their weaknesses and find ways to eliminate them.

In particular, "in Croatia, which is one of the most growing tourist markets, benchmarking has played an important role in the development of small hotels. For example, studies in 2005-2007 showed that small hotels using benchmarking data managed to reduce operating costs and increase customer satisfaction rates by 30%. Benchmarking helped them increase service standards, giving them the opportunity to receive more tourists during seasonal occupancy periods" (**Milohnić, Ines, Cerovic, Zdenko., 2007**).

Benchmarking in Europe plays an important role in improving the quality of Service. Based on examples from Croatia and Italy, it is clear that benchmarking not only helps to optimize resources, but also to better manage customer expectations (**Milohnić, Ines, Cerovic, Zdenko., 2007**).

In general, the experience of the European hotel industry shows that the systematic use of benchmarking is an integral part of improving the quality of Service and enhancing competitiveness. Successful examples demonstrate that the integration of benchmarking not only improves, but also contributes to the achievement of long-term strategic goals. Therefore, its use should remain a priority tool for the hospitality industry, especially in growing markets such as - Croatia and areas with similar economic environments.

Benchmarking, in the hospitality industry of Asian countries is distinguished by both large scale and dynamic development. Ya-zhong (2007) notes that hotels in the region are exploring service standards and comparing their services to the most successful models of competitors. For example, hotel chains in Japan, such as Hilton Tokyo and Park Hyatt Tokyo, actively use benchmarking data to ensure maximum standardization of services **(Ya-zhong., 2007)**.

Hotels in Asia, benchmarking is used as a tool to increase staff motivation. "Asian culture attaches great importance to the well-being and professional development of employees. The data obtained in the benchmarking process allows to assess the quality of staff work and introduce best practices, which directly affects the overall efficiency of the hotel " **(Ya-zhong., 2007)**.

China hotel chain Shangri-La Hotels and Resorts has implemented an employee training system based on international best practices as a result of benchmarking. Between 2015 and 2020, the network increased employee productivity by 25%, which included increased customer satisfaction. Lotte Hotels in South Korea uses benchmarking to monitor digital services implemented by competitors and capture best practices from them. In this regard, the Singapore hotel chain Marina Bay Sands stands out especially, which in 2018-2021 reduced operating costs by 15% in view of the weaknesses identified by benchmarking. Indian hotel chain Taj Hotels has implemented benchmarking services based on consideration of local cultural values such as religious and food preferences **(Ya-zhong., 2007)**.

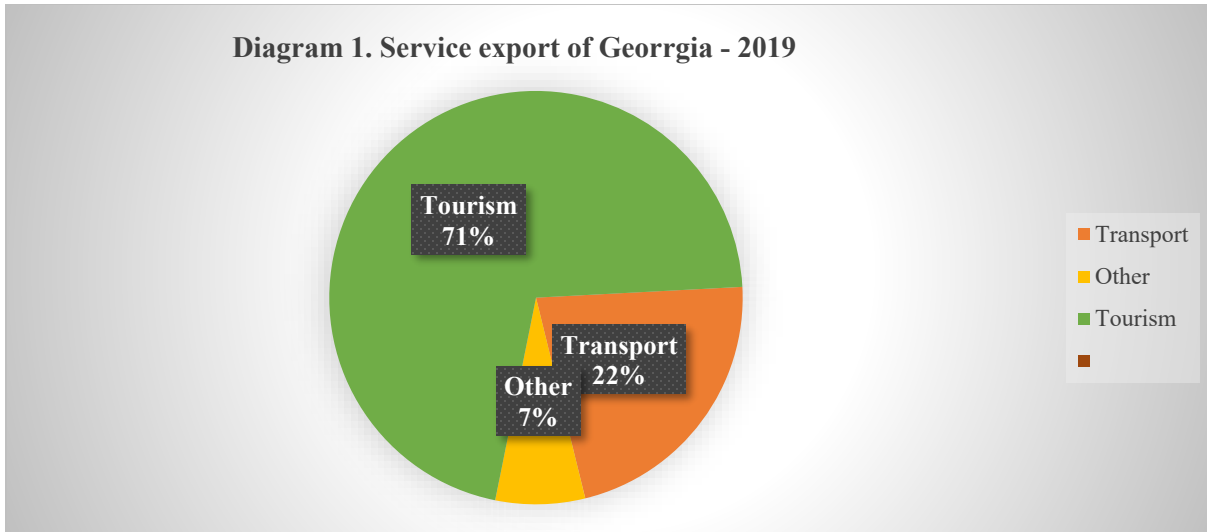
Taj Hotel has created products and services with local cultural values in mind that make it different and attractive to customers. The hotel is distinguished by **(Iatashvili, kh., 2023)** interior design, food services, cultural activities and other events.

According the experience of hotels in Europe and Asia demonstrates that benchmarking is the main tool not only for data analysis, but also for the development of effective strategies.

Tourism plays an important role in the economic development of the country, and Georgia is no exception. The contribution of tourism to Georgia's economic growth is quite large. The amounts spent by tourists on accommodation, meals, transport, entertainment and other services have a positive impact on the country's Gross Product (GDP). In particular, in 2023, the direct contribution of Tourism amounted to 7.1% of the country's GDP, which equates to approximately 4.9 billion gel **(Business Media., 2024)**.

The contribution of the tourism sector to the growth of the gross domestic product (GDP) of Georgia has increased significantly over the years. In 2019, tourism revenue amounted to US \$ 3.3 billion, representing 8.4% of the country's economy **(Khmiadashvili L., 2019)**. These figures highlight the importance of the hotel business as an important segment of long-term economic development. However, with this growth, the hotel industry has also shown some difficulties, mainly due to uneven levels of service quality and lack of infrastructure.

Diagram 1. Service export of Georgia - 2019



Source: <https://nbg.gov.ge/fm/%E1%83%9B%E1%83%94%E1%83%93%E1%83%98%E1%83%90/%E1%83%A1%E1%83%98%E1%83%90%E1%83%AE%E1%83%9A%E1%83%94/%E1%83%93%E1%83%9D%E1%83%99%E1%83%A3%E1%83%9B%E1%83%94%E1%83%9C%E1%83%A2%E1%83%94%E1%83%91%E1%83%98/2022/hospitality-sector.pdf?v=2ppuv>

- The share of tourism in Georgian service exports is 71% (2019) in 2011-2019, the income from international tourism was constantly growing
- The pandemic has also had a negative impact on Georgia, reducing international tourism revenues by 83%.
- Visitations carried out by international visitors increased annually in 2011-2019, but in 2018-2019 the growth rate was decreasing.
- The pandemic reduced the number of visitors by 80%, and in 2021 it increased by 14%.

Diagram 2. Revenues from the international Tourism



Source: <https://nbg.gov.ge/fm/%E1%83%9B%E1%83%94%E1%83%93%E1%83%98%E1%83%90/%E1%83%A1%E1%83%98%E1%83%90%E1%83%AE%E1%83%9A%E1%83%94/%E1%83%93%E1%83%9D%E1%83%99%E1%83%A3%E1%83%9B%E1%83%94%E1%83%9C%E1%83%A2%E1%83%94%E1%83%91%E1%83%98/2022/hospitality-sector.pdf?v=2ppuv>



Source: <https://nbg.gov.ge/fm/%E1%83%9B%E1%83%94%E1%83%93%E1%83%98%E1%83%90/%E1%83%A1%E1%83%98%E1%83%90%E1%83%AE%E1%83%9A%E1%83%94/%E1%83%93%E1%83%9D%E1%83%99%E1%83%A3%E1%83%9B%E1%83%94%E1%83%9C%E1%83%A2%E1%83%94%E1%83%91%E1%83%98/2022/hospitality-sector.pdf?v=2ppuv>

Studies confirm that " international tourists, especially from Europe, often emphasize the inconsistency of service standards in Georgian hotels. According to their studies, more than 45% of Polish tourists noted that hotels in Georgia do not meet international standards, especially in terms of hygiene, cleanliness and professionalism of Staff" (Abuselidze G, Maria J., 2017).

Cultural and regional peculiarities in Georgia have a significant impact on the hotel industry. Customer expectations often differ from those of international tourists, which presents another challenge. The local hotels must adapt customer expectations to global standards. „Local hotels, especially in the regions, often do not focus on customer feedback. Benchmarking can help solve this problem because it helps to improve service processes taking into account international experience (Abuselidze G, Maria J., 2017).

Evaluating the financial performance of hotels is one of the most important aspects of benchmarking, which directly affects the management of their operating costs and revenue growth. Financial analysis allows organizations to identify areas that require optimization, which in turn increases competitiveness (Makrygiannakis, G., & Soteriades, M., 2007). In Georgia, where the majority of hotels are small and medium-sized, this process presents a significant challenge.

Monitoring and comparing financial performance in the benchmarking process gives hotels the opportunity to analyze their operating costs and compare them with competitors ' performance. These processes are especially important for markets such as Georgia, where many hotel owners pay attention to cost reduction but often ignore revenue growth strategies. "With the help of financial benchmarking, hotels can not only reduce costs, but also focus on improving the profit structure" (Makrygiannakis, G., & Soteriades, M., 2007).

For example, comparing revenues from catering services, event organizing and leisure spaces with similar data from other hotels gives hotels the opportunity to understand in which segments their business potential is maximized" (Makrygiannakis, G., & Soteriades, M., 2007).

Among the examples of successful use of financial benchmarking in Georgia are hotels in Tbilisi and regions, which carry out strategic analysis of income and expenses.

The introduction of benchmarking in the hotel industry in Georgia is associated with many strategic challenges related to internal organizational processes, as well as the peculiarities of the external environment. In light of the rapid growth of the tourism industry, hotels in Georgia face the need to maintain competitiveness and improve customer loyalty (**Akhvlediani, Mushkudiani, Mikabadze., 2023**).

Customer loyalty is one of the main challenges for Georgian hotels. In many cases, this is due to an uneven level of service standards, which causes customer dissatisfaction. "Many hotels in Georgia are not able to meet international standards, which is caused by low level of professionalism of the staff, as well as disorganization of the service structure" (**Akhvlediani, Mushkudiani, Mikabadze., 2023**). According to the statement "Small hotel owners often lack the financial capacity to fully implement benchmarking standards, which puts them in back positions in a competitive environment" (**Akhvlediani, Mushkudiani, Mikabadze., 2023**).

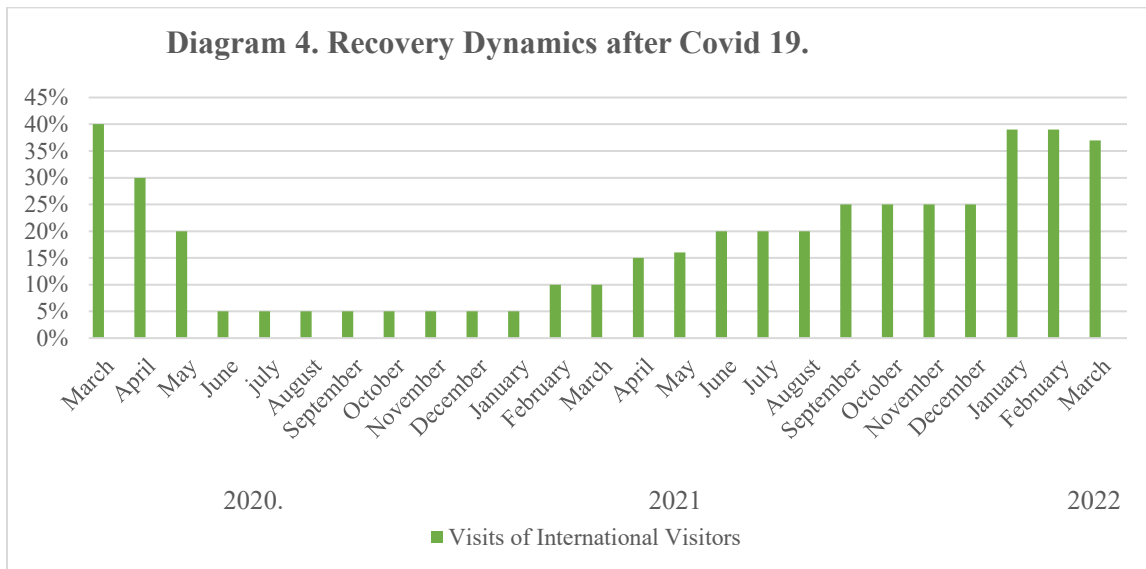
Technological development is an important factor for benchmarking efficiency, although many hotels in Georgia still use outdated systems. The absence of digital platforms such as: automated backup systems and user feedback analytics reduces the ability to optimize the quality of Service.

According the source of 2021 year, only 30% of hotels in Georgia have implemented modern technological systems that allow organizations to analyze customer behavior and service weaknesses. In this sense, the benchmarking process can become the main catalyst for technological improvement.

Cultural peculiarities and managing customer expectations are another challenge that needs to be paid attention to in the benchmarking process. Customer expectations in Georgia often differ from those of international tourists, making it difficult to harmonize service standards.

Most local hotels in Georgia have difficulty competing with international brands due to financial constraints as well as lack of experience and standardization (**Akhvlediani, Mushkudiani, Mikabadze., 2023**).

The COVID-19 pandemic has had a special impact on Georgia's tourism sector. Hotel occupancy declined significantly in 2020-2021, forcing many businesses to reconsider for strategic approaches. After the pandemic, customer requirements have changed significantly: tourists are now focusing more on cleanliness and safety (**Makazarashvili T, Giguashvili G., (2022)**).



Source:<https://nbg.gov.ge/fm/%E1%83%9B%E1%83%94%E1%83%93%E1%83%98%E1%83%90/%E1%83%A1%E1%83%98%E1%83%90%E1%83%AE%E1%83%9A%E1%83%94/%E1%83%93%E1%83%9D%E1%83%99%E1%83%A3%E1%83%9B%E1%83%94%E1%83%9C%E1%83%A2%E1%83%94%E1%83%91%E1%83%98/2022/hospitality-sector.pdf?v=2ppuv>

"Meeting these requirements helped local hotels regain competitiveness. For example, in the post-pandemic period in Georgia, customer estimates indicate that 35% of local hotels managed to improve service, including improving hygiene standards and strengthening staff training" (**Makazarashvili T, Giguashvili G., (2022).**

However, the introduction of technological innovations, such as online backup systems and digital feedback platforms, allows hotels to increase the speed and efficiency of services.

Regional hotels face great difficulties as their financial and management resources are often limited. However, benchmarking practices play an important role in overcoming these obstacles. Hotels that perform benchmarking in regions often focus on specific services, such as eco-friendly tourism or offering local culinary experiences that increase their uniqueness and competitiveness.

Restoring and strengthening the competitiveness of local hotels in the post-pandemic period is directly related to benchmarking processes. Benchmarking makes it possible to meet customer requirements as well as harmonize with international standards. For this, trainings, introduction of technological innovations and systematic analysis of customer feedback are necessary, which will contribute to the development of local hotels, as well as to the growth of their competitiveness on the International Market (**Makazarashvili T, Giguashvili G., (2022).**

The Georgian hotel industry faces many challenges in adapting to the international market, mainly due to cultural differences, non-compliance with service standards and lack of management experience. Benchmarking is an important tool for solving these problems, which gives hotels the opportunity to improve their standards and adapt services to the requirements of international tourists (**Nassar M., 2012).**

One of the main problems when adapting to the international market is cultural differences. Foreign tourists often expect to receive the standards and services that are common in their own countries. For example, European and American tourists pay special attention to the professionalism of the staff, hygiene standards and individuality of the service. For example, benchmarking allows hotels to explore successful practices of competitors, such as using customer feedback to improve service or integrating modern technology to increase service quality.

Management experience and lack of technology in the field of hotel business also play an important role in the process of adaptation to the international market. Many local hotels do not have a well-designed management system that would allow them to respond quickly and efficiently to market changes.

The use of modern technologies such as digital backup systems and analytical platforms can help hotels develop detailed customer behavior analysis and appropriate strategies (**Nassar M., 2012).**

To solve the problems of adaptation to international markets, it is necessary for Georgian hotels to implement benchmarking data-based strategies. "Harmonization of Standards, staff training and technological innovations are the main elements that ensure that the requirements of international tourists are met. Successful realization of this approach will contribute to the long-term development of the Georgian hotel industry and its competitiveness on the International Market" (**Nassar M., 2012).**

Conclusions

As the results of the research revealed, the introduction and use of benchmarking in Georgia is fraught with challenges. The main problems that have been identified are non-compliance of hotel service

standards with international requirements, lack of information, lack of technological infrastructure, lack of relevant management skills, etc. Sh. Many hotels operating in Georgia are unable to meet high standards of service due to lack of financial resources and insufficient qualification of staff.

In order to actively use benchmarking in Georgia, it is necessary to create digital platforms that will facilitate the organization and management of benchmarking processes. In addition, training for managers and staff working in the hospitality sector is required, which will develop their skills in using benchmarking tools. This will not only increase their efficiency, but also ensure the long-term stability of the sector.

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