

EVALUATION OF HOTEL COMPANIES OWNING FIVE-STAR HOTELS IN PRIMORSKO-GORANSKA COUNTY (CROATIA) USING THE MULTI-CRITERIA APPROACH

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Abstract

Introduction. High-category hotels are considered to be one of the most important elements of every tourist destination's supply. Recently, the lack of highly rated hotels in the Republic of Croatia has often been criticized by the public because they are believed to be a prerequisite in the creation of a competitive tourist offer. **Material and methods.** The authors have performed a multi-criteria decision analysis of eight companies owning five-star hotels in Primorsko-Goranska County using the Analytic Hierarchy Process (AHP) method. Their business performance was evaluated based on both financial and market criteria. The financial criteria encompassed indicators of liquidity, indebtedness, activity and profitability. Data regarding the market indicators were collected using a questionnaire. **Results.** The importance of market criteria in the tourism industry is visible in tourist demand, which is founded on the perception of potential hotel guests, their recognition of the brand and thus the market potential of the hotels themselves. Therefore, both the financial and market aspect have been included in the Analytic Hierarchy Process analysis and synthesized to estimate the overall priority based on which the hotels were ranked. According to all criteria and sub-criteria, the best ranked hotel company is Eles Turizam j.d.o.o with its five-star hotel *Mozart* (0.2540), followed by Milenij hotels d.o.o. with its *Milenij* and *Milenij Sveti Jakov*. The third place has been assigned to Liburnija Rivijera Hoteli d.o.o. and its *Ambasador*. **Conclusions.** All but one of the analyzed five-star hotels are under the ownership of the biggest hotel companies in PGŽ with a long presence in the tourism industry. Therefore, it was expected that, due to their market recognizability and, consequently, their good financial performance, they would rank first. However, the research has shown that market potential does not necessarily imply best practices. Eles Turizam and its hotel *Mozart* were ranked the highest according to financial and overall priority scores. It may thus be concluded that even a small family hotel company with reduced marketing costs, especially one with an elite tourist offer, can compete with big hotel companies if it continuously assures the quality of its services.

Key words: hotel industry, Analytic Hierarchy Process, criteria, performance, benchmark