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## **A STRONG BRAND AS A COMPETITIVE ADVANTAGE IN THE HOTEL BUSINESS**

The creation of a high-quality system of effective brand management becomes necessary for every enterprise, including the hotel industry, in order to form high competitive advantages, strengthen competitiveness and achieve stability in the market, despite constant changes in the external and internal environments. That is, branding contributes to the formation of consumer loyalty and arouses the interest of investors who are ready to invest in the development of brands with experience and a positive reputation.

Both international and national hotel brands are positioned on the market of the hospitality industry. A strong brand is an intangible asset that enables a hotel to confidently position itself on the market, as it has unique competitive advantages.

What is the purpose of a strong brand? Of course, the goal is to attract customers, build loyalty, and motivate staff. But the most important thing for the brand is to increase sales and, accordingly, profit. Huge investments are made in the design, launch and continuous promotion of brands. However, given their potential financial value, it makes sense.

The importance of branding in the field of hotel business is emphasized in their research by K. Blishchuk & I. Kozak [1]. A number of foreign scientists pay attention to the study of hotel brands – Keller L. [3], O’Neill J. & Carlbäckb M. [5], Xiao Q. [6]. However, the study of strong hotel brands is episodic in nature, which requires in-depth analysis and further scientific and practical research.

The purpose of the study is to analyze the strongest hotel brands based on global ratings and determine their role as a competitive advantage in the hotel business.

A hotel brand is more than just choosing a name, logo and value proposition. A brand is the whole philosophy of an object, which reflects the values embedded in it. If the branding of the hotel is consistent and unique, more guests will learn about it. Many factors contribute to building a hotel brand and increasing sales revenue. One of them is providing WOW service. Often, branded hotels give guests branded cookies, candles, bottles of wine or sweets. Thus, branded hotels show attention to customers, form loyalty of a potential audience [4].

The brand can be used as a competitive advantage that will promote consumer interest and provide various economic benefits to the business entity. In addition, the use of the image of a trademark and brands to promote a hotel product on the domestic and foreign markets implies a qualitatively new stage in the development of the hotel offer.

Since the mid-1980s, hotel branding has been a key practice for organizing the international hotel business. The brand is one of the key assets of global hotel operators [3]. Moreover, hotel brands are important intangible assets of a hotel chain with obvious financial value [1]. Interest in the debate about belonging to a hotel brand versus independent hotel activity is increasing every year. Recently, researchers have begun to examine the perceived impact of brands on performance and total asset value [5; 6]. A key contribution of a hotel brand is its ability to differentiate its offer and be easily recognizable in the market, thus increasing sales.

The quality of hotel services is evidenced by the strength of the brand. Each brand is assigned a Brand Strength Index (BSI) out of 100 points, which is used to calculate brand value. Based on the assessment, each brand is assigned a corresponding AAA+ brand rating in a format similar to a credit rating [2]. The relative strength of brands is determined using a balanced scorecard that evaluates marketing investment, stakeholder capital and business performance.

Thus, according to the Brand Finance Hotels 50 2022 rating, the Indian brand Taj Hotels was recognized as the strongest – with a Brand Strength Index (BSI) of 88.9 out of 100 points and a AAA rating. Its value increased by 6% to \$314 million. Taj Hotels led due to flexibility and strategic initiatives such as providing support to the healthcare sector and implementing successful survival strategies during the Covid-19 pandemic [9]. Premier Inn took the second position in the rating, and Hilton Hotel & Resorts became the third strongest brand in the world in 2022 (Table 1). Over the year, the value of the Hilton hotel brand increased by 58.2% to \$12 billion and exceeded the indicators of the Hyatt brands (second place, the value of the brand increased by 25.8% to \$5.9 billion) and Holiday Inn (third place, the value of the brand increased by 10.1%, to \$4.2 billion) [8].

Table 1

**TOP-10 strongest hotel brands**

Hotel brand	Country	Rating of the strongest brands		Brand Strength Index (BSI)		Change of BSI, 2022 compared to 2021	AAA brand strength rating in 2022
		2022	2021	2022	2021		
Taj Hotels	India	1	1	88.9	89.3	-0.4	AAA
Premier Inn	United Kingdom	2	2	88.2	89.0	-0.8	AAA
Hilton Hotels & Resorts	USA	3	11	88.0	80.8	+7.2	AAA
Hampton by Hilton	USA	4	6	86.9	81.6	+5.3	AAA
Embassy Suites Hotels	USA	5	20	86.6	78.1	+8.5	AAA
JW Marriott	USA	6	48	86.6	64.1	+22.5	AAA
Shangri-La Hotels & Resorts	China	7	5	86.6	81.6	+5.0	AAA
Residence INN by Marriott	USA	8	22	86.3	78.1	+8.2	AAA
Waldorf Astoria Hotels & Resorts	USA	9	New	85.9	80.5	+5.4	AAA
W Hotels Worldwide	USA	10	21	85.5	78.1	+7.4	AAA

Source: compiled by the author [8; 9]

It should be noted that The Ritz-Carlton hotel brand is the fastest growing hotel brand in the world. In 2022, the value of the brand increased by 112% to \$1.1 billion, which is 67% higher than the value before the Covid-19 pandemic (\$632 million) [8]. The value of this brand has increased due to the impressively high revenue per available room and the large number of rooms. The Ritz-Carlton, part of the Marriott Group, has built an exceptionally strong brand, with its Brand Strength Index rising from 79.6 to 83.2, and brand rating now firmly in the AAA range [9].

Another fast-growing brand is Baymont (the value of the brand increased by 97% to \$382 million), which re-entered these rankings as it quickly recovered from the Covid-19

pandemic [8]. This recovery in brand value is driven by forecast strong trading conditions in key markets and improved consumer perception. Similarly, Residence Inn (the value of the brand increased by 92% to \$760 million) is the third fastest growing hotel brand [9] and has achieved a significant improvement in customer perception, which is leveraging a very large number of rooms and revenue per room relative to other brands.

It is worth noting that the formation of a strong hotel brand is most significantly influenced by factors of the macro environment, such as the foreign economic activity of the country, the processes of integration and globalization in the world economy, as well as factors of the meso environment, which is characterized by the influence of competitors and potential market participants and changes in consumer demand for hospitality industry services [7].

As for Ukraine, the total number of international hotel brands represented in Ukraine in 2023 is 16: Park Inn by Radisson, Radisson Blu, Radisson, Hyatt Regency, IHG Hotels & Resorts, Holiday Inn, Ibis, Ibis Styles, Fairmont, Mercure, MGallery, Adagio, Hilton Hotels & Resorts, Ramada by Wyndham, Best Western Plus, Design Hotels [4]. In general, 21 branded hotels of international hotel chains operate in Ukraine. Among international hotel chains, Radisson Hotel Group and Accor Group are the most represented in Ukraine.

Therefore, the positioning of hotel services as quality goods is possible only if a strong brand is built. Thus, the ideology of the hotel brand is implemented through positioning in the market of the hospitality industry. This is the process of forming the reputation of the brand, its image and characteristics in such a way that consumers of the target audience can easily distinguish them by these values from the brand of competitors.

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