

## SECTION 2.

### ENTREPRENEURSHIP, TRADE AND SERVICE SECTOR

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## STRATEGIES FOR HOTEL CHAIN DEVELOPMENT

**Abstract.** *This article examines the competitive landscape of the hotel industry, focusing on the strategies that enable hotel chains to achieve sustainable growth. Key strategies, including differentiation, innovation, strategic partnerships, and market expansion, are discussed. Through case studies and data analysis, the article illustrates how successful chains like Marriott International have effectively implemented these strategies to enhance their market position, attract diverse customer segments, and navigate the challenges of a dynamic global market.*

**Introduction.** The hotel industry is a highly competitive and dynamic sector that demands constant innovation and adaptation to evolving market conditions. The need for differentiation, technological advancement, and strategic growth is more pressing than ever in an industry where customer expectations are continually rising. Successful hotel chains have recognized the importance of adopting multifaceted development strategies to expand their market share, enhance customer satisfaction, and maintain profitability. These strategies often involve a careful balance of innovation, market expansion, and the cultivation of unique brand identities that resonate with diverse customer segments. Additionally, the integration of cutting-edge technologies and the formation of strategic partnerships have emerged as pivotal elements in achieving long-term growth. This article delves into the critical strategies that hotel chains can employ for sustainable growth, focusing on *differentiation, innovation, strategic partnerships, and market expansion*, all of which are essential in navigating the complexities of the global hospitality landscape.

**Research results.** In the modern ruthless market, *differentiation* is key to survival. The brands need to stand out from the mix of its competitors [2]. Differentiation involves creating a unique offering that sets a hotel chain apart from

its competitors. This can be achieved through various means, among which the most effective are: 1) branding and positioning, 2) unique, or exclusive services, 3) design and architecture.

As to branding and positioning, a strong brand identity helps in attracting a specific target market. Market positioning and branding has evolved from a peripheral process in the marketing effort to a critical process in any strategic planning initiative [6]. For example, Marriott has successfully segmented its market by offering different brands like Marriott Hotels, Courtyard, and Ritz-Carlton, each catering to a different customer segment.

Unique or exclusive services, such as personalized guest experiences, premium amenities, or specialized offerings like wellness retreats and eco-friendly accommodations, can significantly enhance a hotel's appeal. These tailored services go beyond the standard offerings, providing guests with memorable and customized experiences that set the hotel apart from competitors. By focusing on these unique aspects, hotels can attract a more discerning clientele who value luxury, sustainability, and personal attention, ultimately leading to increased customer satisfaction and loyalty.

Modern development of the hospitality industry is characterized by the search for identity and individuality of architectural and design solutions of hotels [1]. In today's competitive market, innovative design and architecture have become crucial factors in distinguishing one hotel from another. Not only do these unique structures attract attention, but they also contribute to the overall experience of the guests, offering more than just a place to stay. Iconic hotels like the Burj Al Arab in Dubai or Marina Bay Sands in Singapore serve as prime examples, as their distinctive and groundbreaking architectural designs have made them landmarks in their own right. These hotels are not only places of accommodation but also tourist attractions that draw visitors from around the world, eager to witness their grandeur and uniqueness firsthand. As a result, such architectural achievements significantly increase brand visibility and create a strong identity that resonates with both travelers and the global market. This emphasis on identity through design is not just about aesthetics; it reflects a broader trend in the hospitality industry towards creating memorable, one-of-a-kind experiences that align with the values and aspirations of modern travelers. Modern development of the hospitality industry is characterized by the search for identity and individuality of architectural and design solutions of hotels.

*Innovation* plays a crucial role in the development of hotel chains. Hotel innovation is the strategy of undertaking new processes, adopting new technologies, or implementing creative new ideas to achieve better outcomes for the business and

its guests [3]. Digital platforms and mobile applications have revolutionized the hotel industry, allowing hotels to offer online booking, mobile check-ins, and personalized marketing, which improve both customer experience and operational efficiency. The integration of Internet of Things (IoT) technology in hotel rooms, such as smart thermostats, voice-controlled assistants, and automated lighting, further enhances guest convenience and comfort. Additionally, implementing sustainable practices like energy-efficient systems, waste reduction programs, and the use of eco-friendly construction materials can attract environmentally-conscious consumers and help reduce operational costs. Furthermore, hotels are increasingly exploring the use of artificial intelligence (AI) for predictive maintenance, which can prevent equipment failures and minimize downtime, ensuring a seamless guest experience. By staying at the forefront of innovation, hotel chains can differentiate themselves in a competitive market, fostering long-term growth.

*Strategic partnerships* can significantly enhance the growth potential of hotel chains by leveraging the strengths and resources of various industry players. Collaborations with Online Travel Agencies (OTAs) are a prime example of how such partnerships can expand a hotel's reach and visibility. By teaming up with major OTAs like Booking.com or Expedia, hotels can tap into a vast customer base that might otherwise be difficult to access. These platforms not only increase a hotel's visibility but also provide data-driven insights that can help in fine-tuning marketing strategies, optimizing pricing models, and improving overall guest satisfaction. The symbiotic relationship between hotels and OTAs allows for a more dynamic approach to market demands, making it easier for hotel chains to adjust their offerings in real time.

Beyond collaborations with OTAs, joint loyalty programs present another avenue for driving growth. Partnering with airlines, credit card companies, or even other hotel chains, hotels can create comprehensive loyalty ecosystems that offer customers more value. For instance, the Marriott Bonvoy program is a great example of this strategy in action. Members of the program can earn and redeem points across various brands within the Marriott group, as well as with partnered airlines and retailers. This kind of integration not only encourages repeat business but also enhances the customer experience by providing more flexibility and choices. It creates a sense of belonging and value among customers, who are more likely to remain loyal to a brand that offers such diverse rewards.

Franchising and management contracts are also pivotal in the expansion strategy of hotel chains. These models allow hotels to grow rapidly without the need for significant capital investment, making them particularly attractive for chains

looking to scale quickly. Franchising offers the advantage of local adaptation while maintaining brand standards, allowing hotels to cater to regional preferences and cultural nuances. Management contracts, on the other hand, enable hotel chains to operate properties owned by third parties, ensuring consistent service quality and brand presence. This approach not only accelerates growth but also mitigates risk, as the financial burden of property ownership is borne by the franchisee or property owner. Furthermore, these partnerships often bring in local expertise and market knowledge, which can be invaluable in navigating regulatory environments and understanding consumer behavior in different regions.

In addition to these traditional partnership avenues, hotel chains are increasingly exploring strategic alliances with tech companies, sustainability-focused organizations, and even local governments. Partnerships with tech companies can drive innovation in areas like guest personalization, operational efficiency, and even the development of new service offerings. Collaborating with sustainability-focused organizations can help hotels implement eco-friendly practices that resonate with environmentally-conscious consumers, while partnerships with local governments can open doors to new markets and provide support in areas like regulatory compliance and infrastructure development. By embracing a broad spectrum of strategic partnerships, hotel chains can not only enhance their growth potential but also build a resilient business model that is adaptable to the ever-changing demands of the global hospitality industry.

*Market expansion* is a growth strategy that aims to make a product or service available in new markets when existing ones get saturated [4]. In the context of hotel chains this strategy can involve geographical diversification, where entering emerging markets with growing demand for hotel services can provide new revenue streams. For example, hotel chains have increasingly targeted markets in Asia and Africa, where middle-class populations are rising. Additionally, targeting niche markets such as luxury travellers, business travellers, or budget-conscious tourists can help a hotel chain tap into specific customer segments. Chains like Accor have successfully expanded their portfolio to include budget brands like ibis, alongside luxury offerings like Sofitel. Another approach is through acquisitions, where acquiring existing hotel chains or independent hotels can quickly increase a company's market presence. This strategy also allows the acquiring company to eliminate competition and gain access to established customer bases.

While these strategies offer numerous benefits, they also present challenges. One challenge is brand dilution, where expanding into too many market segments or offering too many different services can dilute a brand's identity. To avoid this,

hotel chains must maintain a clear and consistent brand message across all platforms and markets. Another challenge is navigating cultural differences when entering new geographical markets, which often involves understanding local customs, preferences, and legal requirements. Success in international markets can be achieved by hiring local experts and adapting services to meet local expectations. Finally, technological adaptation presents its own challenges, as implementing new technologies requires significant investment and may face resistance from staff or customers accustomed to traditional methods. Ongoing training and customer education can ease the transition and maximize the benefits of new technologies.

An exemplary case of successful strategy implementation is Marriott International. The company has effectively employed a combination of strategies to establish itself as one of the largest hotel chains globally. To gain a deeper understanding of the segmentation and strategic positioning of a leading hotel chain, the following table presents an overview of Marriott International's brand portfolio as of 2024 (table 1).

*Table 1*

**Marriott International Portfolio Overview (2024)**

<b>Brand Category</b>	<b>Example Brands</b>	<b>Target Market</b>	<b>Key Features</b>
Luxury	The Ritz-Carlton, Bulgari Hotels	Premium clients, affluent travelers	Exclusive service, elite amenities
Premium	Marriott, Sheraton, Westin	Business travelers, upper-middle-class tourists	Modern design, conference rooms, high service standards
Select	Courtyard, Four Points by Sheraton	Middle-class, budget-conscious tourists	Affordable yet quality accommodation, essential services
Extended Stay	Residence Inn, Element	Long-term guests, corporate clients	Home-like comfort, in-room kitchens, amenities for extended stays
Lifestyle & Collections	The Autograph Collection, Moxy Hotels	Travelers seeking unique experiences	Boutique hotels, designer style, one-of-a-kind experiences

*Development of authors based on [3, 5]*

The «Marriott International Portfolio Overview (2024)» table provides a detailed analysis of Marriott's diverse brand offerings, showcasing how the company strategically segments its portfolio to cater to different market segments. The table is organized into five brand categories: Luxury, Premium, Select, Extended Stay, and Collections & Resorts, each targeting specific customer groups with distinct features.

The Luxury category includes brands such as The Ritz-Carlton and St. Regis, which are tailored for high-end luxury travelers. These brands emphasize personalized services and opulent accommodations, catering to affluent guests seeking exclusive experiences.

In the Premium category, brands like Marriott, Sheraton, and Westin are designed for both business and leisure travelers. These brands offer modern amenities and extensive meeting facilities, appealing to those who prioritize comfort and convenience in their travel experience.

The Select category, represented by Courtyard and Fairfield Inn, targets budget-conscious travelers. This category focuses on providing affordable yet comfortable stays, with essential services that meet the basic needs of guests, making it attractive to those seeking value without compromising on quality.

For long-term guests, the Extended Stay category includes brands such as Residence Inn and TownePlace Suites. These brands offer home-like amenities and fully equipped kitchens, providing the comforts of home for guests who require extended accommodations.

Finally, the Collections & Resorts category features unique properties under brands like the Autograph Collection and The Luxury Collection. These brands are designed for guests seeking experiential stays, with distinctive designs and boutique experiences that go beyond the typical hotel offering.

The table illustrates Marriott International's strategic approach to market segmentation, positioning its diverse brand portfolio to attract a wide range of travelers. By offering tailored experiences across different categories, Marriott effectively meets the varying demands of its customer base while maintaining a strong global presence in the hospitality industry.

**Conclusion.** The hotel industry's competitive landscape demands continuous innovation and strategic differentiation for sustainable growth. Successful hotel chains, like Marriott International, exemplify how a diversified portfolio can cater to distinct market segments, enhancing brand strength and customer loyalty. Key strategies such as unique branding, architectural innovation, and the adoption of cutting-edge technologies, along with strategic partnerships and market expansion, are crucial in maintaining a competitive edge. While these strategies offer significant advantages, they also require careful implementation to avoid challenges like brand dilution and cultural misalignment, ensuring long-term success in the dynamic hospitality industry.

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