



THEORETICAL FOUNDATIONS OF HOTEL BRANDING AND MARKETING STRATEGIES: TESTING FIVE COMPETING EXPLANATIONS OF HOTEL PERFORMANCE

MEHMONXONA BRENDINGI VA MARKETING STRATEGIYALARINING NAZARIY ASOSLARI: MEHMONXONALAR FAOLIYATI SAMARADORLIGINI IZOHLOVCHI BESHTA NAZARIY YONDASHUVNI SINOVDAN O'TKAZISH

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Abstract Annotatsiya

Eng. - This article compares five theoretical approaches to hotel performance: brand equity, signalling, resource-based theory, governance and contracts, and market positioning. Using data from 200 hotels in five cities of Uzbekistan, Shapley decomposition explains 86.1% of RevPAR variation (83.4% out of sample). Resources contribute 48.2%, brand equity 34.2%, positioning 9.4%, signalling 5.4%, and governance 2.9%. Brand affiliation provides a larger premium when online reviews are scarce (15.3 versus 1.8 points), although the interaction is statistically insignificant. Performance remains persistent between 2022 and 2025 ($r = 0.831$), with 52.5% retaining their quartile and only 12% of performance gaps closing. Contract forms show no significant effects. The findings establish associations rather than causality.

Uzb. - Ushbu maqolada mehmonxonalar faoliyati samaradorligini baholashning beshta nazariy yondashuvi: brend kapitali, signallar nazariyasi, resurslarga asoslangan yondashuv, boshqaruv va shartnomaviy munosabatlar hamda bozor pozitsiyalashuvi qiyosiy tahlil qilingan. Tadqiqot O'zbekistonning beshta shahridagi 200 ta mehmonxona ma'lumotlariga asoslangan bo'lib, Shapley dekompozitsiyasi yordamida RevPAR ko'rsatkichi o'zgarishining 86,1 foizi izohlangan (tanlanmadan tashqari $R^2 = 0,834$). Izohlangan variatsiyada resurslar ulushi 48,2 foizni, brend kapitali 34,2 foizni, pozitsiyalashuv 9,4 foizni, signallar nazariyasi 5,4 foizni va boshqaruv 2,9 foizni tashkil etgan. Onlayn sharhlar kam bo'lgan mehmonxonalarda brendga mansublik ustunligi yuqoriroq (15,3 va 1,8 punkt), biroq ushbu o'zaro ta'sir statistik jihatdan ahamiyatli emas. 2022-2025-yillarda samaradorlik barqarorligi yuqori ($r = 0,831$) bo'lib, mehmonxonalarning 52,5 foizi o'z kvartilida qolgan va samaradorlik tafovutlarining atigi 12 foizi qisqargan. Shartnoma shakllarining statistik ahamiyatli ta'siri aniqlanmagan. Natijalar sabab-oqibat bog'liqligini emas, balki ko'rsatkichlar o'rtasidagi statistik bog'liqlikni ifodalaydi.

Keywords:
Kalit so'zlar:

❖ brand equity, signalling theory, resource-based view, governance, market positioning, variance decomposition, Shapley value, hotel industry.

❖ brend kapitali, signal berish nazariyasi, resurslarga asoslangan yondashuv, boshqaruv, bozorda joylashuv, dispersiyani dekompozitsiyalash, Shapley qiymati, mehmonxona sanoati.

Introduction.

The theoretical foundations of hotel branding are commonly explained through a sequence of approaches: customer-based brand equity, signalling theory, the resource-based view, contract and governance theory, and competitive positioning. Each offers useful insights, but their relative explanatory power is rarely evaluated on a common dataset.

This article treats the five approaches as competing, empirically testable explanations. It asks how much variation in hotel performance each approach accounts for and whether its distinguishing prediction is supported by the data.

Three concepts structure the analysis. First, a theory block groups observable indicators associated with a particular explanation of competitive advantage. Second, a contribution share is the fraction of the full model's explained variance attributed to that block using Shapley values calculated across all possible entry orders. Third, a distinguishing prediction captures an empirical implication specific to an approach: for signalling, the importance of brands when quality is difficult to assess; for the resource-based view, the persistence of advantage; and for governance, the relevance of affiliation contracts.

Three expectations were specified. First, customer-based brand equity was expected to explain the largest share of performance variation. Second, affiliation-contract form was expected to account for a substantial share. Third, the signalling premium was expected to be greater where online information was scarce. The first expectation is rejected because the resource block accounts for more explained variance than brand equity. The second is also rejected: governance contributes only 2.9 per cent and none of the three contract-form coefficients is statistically significant. The third is supported by an unadjusted comparison but not confirmed after adjustment for the other theory blocks.

Literature Review.

Five bodies of theory are considered, each with a distinct observable implication.

Customer-based brand equity, developed by Aaker [1] and conceptualised by Keller [2], places brand value in consumers' awareness, perceived quality, associations and loyalty. Its empirical implication is that indicators of guest perceptions, including review ratings, awareness and repeat visits, predict hotel performance. Keller and Lehmann [3] traced the relationships linking marketing activity, consumer perceptions and market outcomes, while emphasising the need to establish those relationships empirically.

Signalling theory, applied to brands by Erdem and Swait [4], regards a brand as a credible signal that reduces uncertainty before purchase. It predicts an interaction: affiliation should yield a larger premium where guests have less information about quality. Hollenbeck [5] found that the revenue value of chain affiliation declined as online reputation mechanisms expanded, while Ye, Law and Gu [6] examined the relationship between online reviews and hotel room sales.

The resource-based view, articulated by Barney [7] and Peteraf [8], explains sustained competitive advantage through valuable, scarce and difficult-to-imitate resources. For hotels, potentially relevant resources include location, physical property and employees' accumulated experience. The distinguishing implication is persistence: advantages embedded in relatively immobile assets may diminish only gradually.

Governance and contract theory, developed by Williamson [9] and applied to franchising by Blair and Lafontaine [10], focuses on incentives, transaction costs and control within organisational arrangements. Franchise, management and consortium agreements differ in their allocation of decision-making rights and obligations. Accordingly, the form of affiliation may be associated with performance, beyond the simple presence of a brand relationship.

Positioning and market-structure theory, associated with Porter [11], explains competitive advantage through the firm's industry position and local competitive environment. Hotel class, distance from the city centre and submarket concentration are therefore included as observable measures of positioning.

The methodological approach also builds on work that partitions performance variation into components attributable to different sources. Rumelt [12] and McGahan and Porter [13] analysed the relative importance of industry and firm effects. Shorrocks [14] developed a unified framework for Shapley-based decomposition, while Grömping [15] examined relative-importance estimators for linear regressions.

The research gap addressed here is the limited direct comparison of these approaches using the same hotel-level observations. Specifically, the study estimates their relative explanatory contributions in a sample of hotels in Uzbekistan and examines the predictions that distinguish the main approaches.

Research Methodology.

1. Sample and outcome.

The sample comprises 200 anonymised hotels in Tashkent, Samarkand, Bukhara, Khiva and Fergana, observed in 2025. Performance measures are also available for 2022. Of the sampled hotels, 46 are affiliated with a brand: 12 through a consortium or soft-brand arrangement, 11 through franchising and 23 through management contracts. In addition, 47 occupy heritage buildings and 132 have fewer than 300 online reviews.

The dependent variable is the RevPAR index (revenue per available room relative to hotels of the same class and in the same city), with a sample mean of 100.9 and a standard deviation of 15.8.

2. Theory blocks.

Each theory is represented by indicators aligned with its proposed source of advantage.

Customer-based brand equity comprises review rating, an awareness index and the share of returning guests. Signalling comprises the logarithm of review counts, an indicator for fewer than 300 reviews and its interaction with brand affiliation. The resource-based view comprises a location-quality score, mean staff tenure and an indicator for heritage buildings. Governance comprises indicators for franchise, management contract and consortium affiliation. Positioning comprises hotel class (stars), distance from the city centre and the Herfindahl-Hirschman index of the local submarket.

3. Variance decomposition.

The coefficient of determination (R^2) is computed for all 32 possible combinations of the five theory blocks. Each block's Shapley value is the average increase in R^2 obtained when that block is added across all 120 possible orderings [14, 15]. By construction, the resulting values sum to the R^2 of the complete model, allowing the explained variation to be distributed among the five blocks.

Because in-sample R^2 tends to increase with the number of predictors, the predictive performance of each block is additionally assessed using five-fold cross-validation. In each fold, the model is fitted to four-fifths of the observations and evaluated against the remaining fifth.

4. Tests of distinguishing predictions.

Three additional tests are performed. For signalling, the affiliation premium is compared across hotels with low and high numbers of reviews, and the interaction is estimated in the full model. For the resource-based view, 2022 and 2025 performance are compared using their correlation, a quartile-transition matrix and a regression of performance change on the initial level. For governance, the coefficients on the three contract types are evaluated within the full specification.

5. Study limitations.

The theory blocks are measured with unequal precision: location quality and staff

tenure are recorded directly, whereas brand knowledge is approximated using three indicators. Measurement error may therefore affect the allocated shares. The decomposition concerns explained variance and does not characterise the remaining 13.9 per cent of variation. With predominantly cross-sectional information and a two-year comparison for persistence, the estimates identify associations

rather than causal effects. The blocks also overlap conceptually: a heritage property may be both a resource and a positioning attribute. Shapley decomposition allocates shared explanatory variation without establishing which theory causes it.

Analysis and Discussion of Results.

1. Explanatory contribution of each theory.

Table 1

Explained variance by theory block

<i>Theory</i>	<i>R² alone</i>	<i>R² added last</i>	<i>Out-of-sample R² alone</i>	<i>Shapley share of explained variance</i>
<i>Resource-based view</i>	0.661	0.198	0.651	48.2%
<i>Customer-based brand equity</i>	0.543	0.081	0.531	34.2%
<i>Positioning and market structure</i>	0.121	0.055	0.082	9.4%
<i>Signalling</i>	0.127	0.002	0.093	5.4%
<i>Governance and contracts</i>	0.083	0.001	0.060	2.9%
<i>All five blocks</i>	0.861		0.834	100%

Source: Author's calculations ($n = 200$). Shapley values are averaged across all 120 possible block orderings; shares may not total exactly 100 per cent because of rounding.

The first expectation is rejected. The resource block, consisting of location quality, heritage-building status and staff experience, accounts for 48.2 per cent of explained variation, compared with 34.2 per cent for the brand-equity indicators. When evaluated separately, the resource block achieves an out-of-sample R^2 of 0.651, whereas the brand-equity block achieves 0.531.

This ordering is not simply an artefact of the order in which blocks are added. When included after the other four blocks, resources increase R^2 by 0.198, brand equity by 0.081, positioning by 0.055, signalling by 0.002 and

governance by 0.001. The Shapley shares, which average over all entry orders, yield the same ranking.

The second expectation is also rejected. Governance and contract type account for only 2.9 per cent of the explained variance, and the governance block alone yields an out-of-sample R^2 of 0.060. This does not imply that contract choice is irrelevant to owners, since contractual terms determine costs and control. Rather, contract form explains little of the observed variation in the RevPAR index once the remaining factors are considered.

TWO THEORIES EXPLAIN FOUR FIFTHS OF WHAT CAN BE EXPLAINED

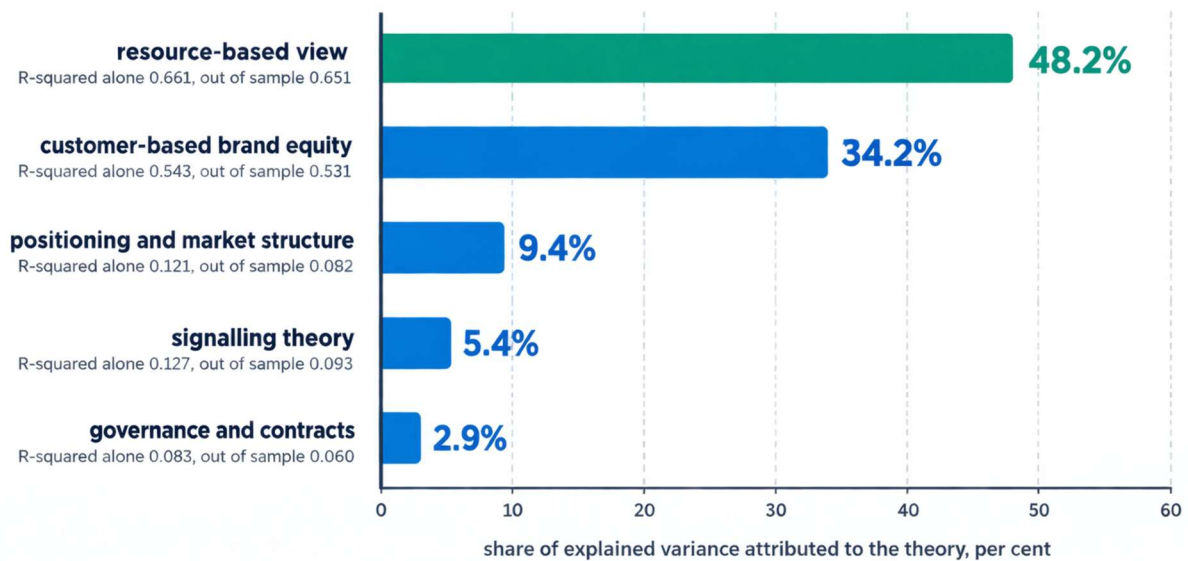


Figure 1. Shapley shares of explained variance by theory block

2. Full-model estimates

Table 2

Regression estimates for the RevPAR index

Variable	Block	Coefficient	t
Location quality	resources	0.615	15.29
Review rating	brand equity	11.030	8.25
Class, stars	positioning	3.055	7.44
Distance to centre, km	positioning	-1.078	-3.97
Awareness index	brand equity	0.145	2.54
Staff tenure, years	resources	0.838	2.30
Heritage building	resources	2.183	1.98
Affiliated x few reviews	signalling	2.622	1.16
Local market HHI	positioning	9.990	1.07
Management contract	governance	1.709	0.89
Franchise	governance	1.644	0.63
Consortium	governance	-0.344	-0.14
Loyalty share	brand equity	-0.011	-0.12
Log reviews	signalling	-0.679	-0.75
Few reviews	signalling	-0.554	-0.33

Source: Author's calculations. $R^2 = 0.861$; adjusted $R^2 = 0.849$; critical $|t| = 1.972$; $n = 200$.

Seven predictors meet the reported significance criterion, and they belong to three theory blocks. Location quality has the largest t-statistic: a ten-point increase in its score is associated with approximately 6.2 additional RevPAR-index points, holding the other variables constant. A one-point increase in review rating is associated with 11.0 index points. Hotel class and distance from the city centre represent positioning, while staff tenure

and heritage-building status show smaller but statistically significant associations. The awareness index is also significant.

The repeat-guest share, although theoretically important for customer-based brand equity, is not statistically significant after review rating and awareness are included. Nor are the three contract-type indicators, review count or the low-review indicator significant in the full specification.

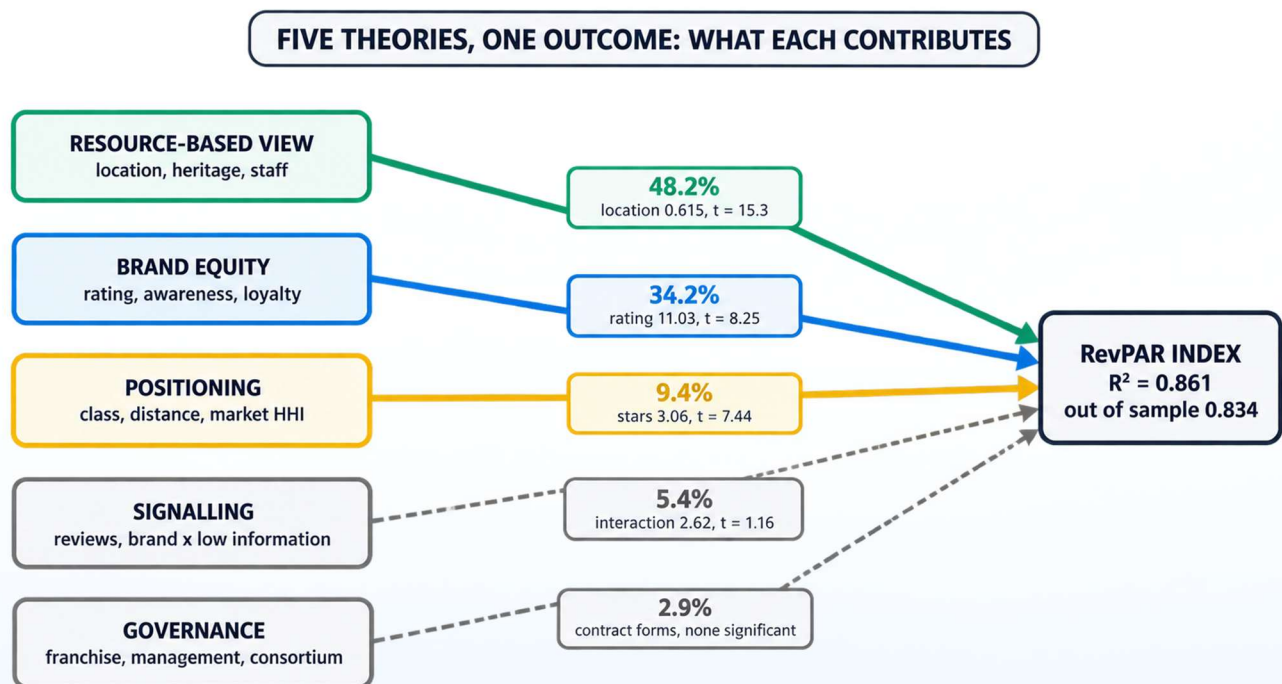


Figure 2. Five theory blocks and their respective contributions to explained variance

3. Test of the signalling prediction.

The third expectation is supported by the unadjusted comparison but not confirmed by the full regression. Among hotels with fewer than 300 reviews, the average RevPAR-index difference between affiliated and independent hotels is 15.3 points; among those with at least 300 reviews, it is 1.8 points. The pattern is consistent with signalling theory [4] and previous evidence on online reputation mechanisms [5]: brand affiliation may provide more information when individual hotel quality is less observable.

After the other theory blocks are controlled for, however, the affiliation × low-review interaction has a coefficient of 2.622 and a t-statistic of 1.16, which does not meet the reported significance threshold. The unadjusted gap partly reflects differences in hotel size and location that correlate with both review counts and affiliation. With only 21 affiliated hotels in the low-information group, statistical precision is limited. Accordingly, the direction of the descriptive difference is compatible with the signalling prediction, but its adjusted magnitude is not established by these data.

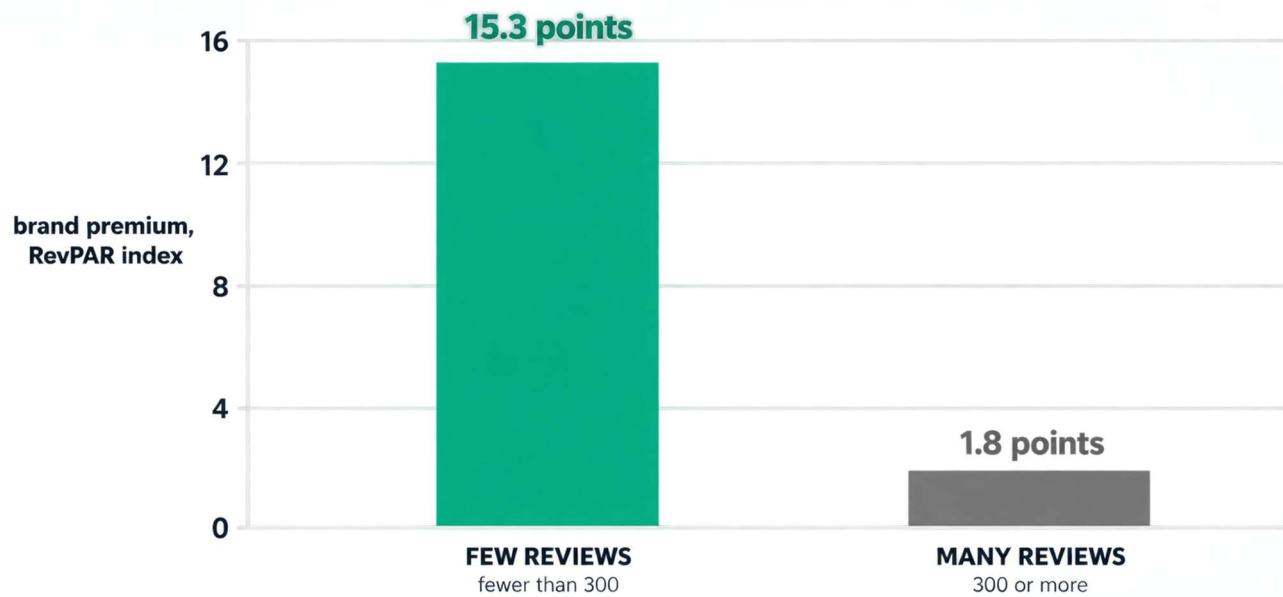


Figure 3. Affiliation premium for hotels with fewer versus more online reviews

4. Test of performance persistence.

Table 3

Quartile transitions from 2022 to 2025 (per cent of each 2022 quartile)

2022	Q1 in 2025	Q2	Q3	Q4
Q1, lowest	68	28	4	0
Q2	24	38	36	2
Q3	8	22	38	32
Q4, highest	0	12	22	66

The resource-based view predicts that competitive advantage tends to persist, and the evidence is consistent with that prediction. The correlation between the RevPAR index in 2022 and 2025 is 0.831, while 52.5 per cent of hotels remain in the same performance quartile. Among hotels in the highest quartile in 2022, 66 per cent remain there in 2025; the corresponding share for the lowest quartile is 68 per cent. Movements to adjacent quartiles occur more frequently than movements across the full distribution, and no hotel moves directly between the lowest and highest quartiles.

The convergence regression provides further evidence of gradual adjustment in hotel performance over time. Specifically, the change in the RevPAR index between 2022 and 2025 decreases by 0.119 points for every additional

point in its initial value ($t = -2.85$), indicating a statistically significant negative relationship between initial performance and subsequent growth. This suggests that lower-performing hotels tend to narrow their performance gaps relative to higher-performing competitors, although the convergence process remains relatively slow. Under a simplified constant-rate interpretation, approximately 12 per cent of an initial performance difference is eliminated over three years, implying that reducing such a gap by half would require roughly 16 years. These findings highlight the persistence of competitive advantages in the hotel industry and suggest that differences in location quality, physical assets, and organizational capabilities may continue to influence performance over extended periods. Nevertheless, the estimated convergence

period should be interpreted as an illustrative extrapolation based on observed historical

relationships rather than a precise forecast of future hotel performance.

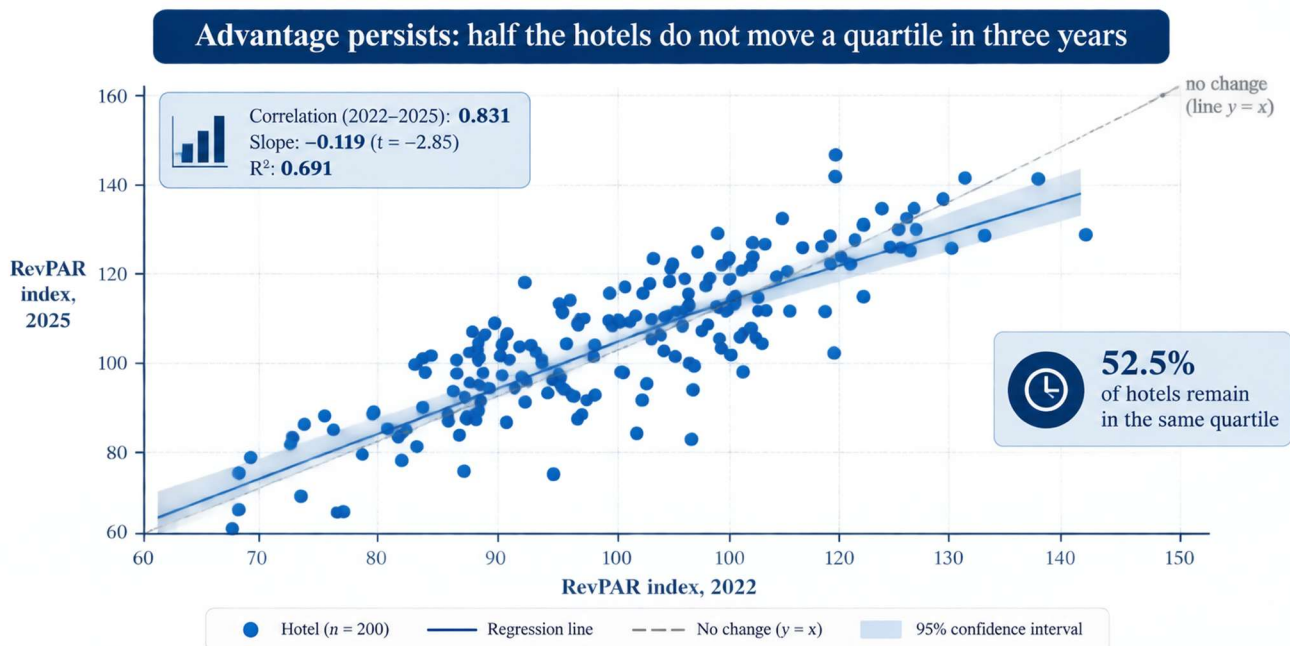


Figure 4. Association between hotel performance in 2022 and 2025

Three main findings emerge from the analysis.

First, brand-equity theory remains relevant, but it does not provide the largest explanatory contribution in this sample. Customer-based brand equity [1–3] accounts for approximately one-third of the explained variance, and review rating is an important predictor in the complete model. The resource-based perspective [7, 8], however, accounts for almost half, with location quality showing the strongest statistical association. This distinction matters because a hotel's geographic location generally cannot be changed through routine marketing activity.

Second, the theories describe complementary dimensions rather than mutually exclusive mechanisms. Resources shape the hotel's durable capabilities [7, 8]; brand equity captures customers' perceptions [1–3]; positioning reflects competitive context [11]; signalling becomes relevant when information is incomplete [4, 5]; and governance concerns contractual incentives and control [9, 10]. The comparatively small

governance share pertains to differences in revenue performance, not necessarily to profitability, risk or contractual efficiency.

Third, the persistence of performance differences has practical implications. If only about one-eighth of a performance gap closes over three years, lower-performing hotels are unlikely to catch up rapidly without changes in underlying resources or operations. Conversely, advantages associated with location, buildings and experienced staff may remain meaningful over time. These relationships should not be interpreted as proof that investment in any specific resource will necessarily cause an equivalent increase in revenue.

Conclusions and Recommendations.

This study compared five theoretical explanations of hotel branding and marketing performance using observations for 200 hotels. Shapley decomposition apportioned the full model's explained variance among the theory blocks [14, 15], while additional tests examined

the predictions specific to signalling, resources and governance.

The complete model explains 0.861 of in-sample variation in the RevPAR index and achieves an out-of-sample R^2 of 0.834. Resources account for 48.2 per cent of the explained variance, brand equity for 34.2 per cent, positioning for 9.4 per cent, signalling for 5.4 per cent and governance for 2.9 per cent. Performance is persistent ($r = 0.831$), with approximately 12 per cent of the initial gap closing over three years. The unadjusted affiliation premium is larger among hotels with few reviews, but the corresponding interaction is not significant once controls are included. Contract-form coefficients are also not statistically significant.

Four recommendations follow, each subject to the limits of the evidence.

First, hotel-branding research and professional training should consider resource-based explanations alongside customer-based brand equity [1, 2, 7, 8]. In this sample, location, building type and staff experience jointly explain more variation in performance than the observed brand-perception proxies.

Second, hotel owners should evaluate franchise, management and consortium arrangements in terms of costs, control and

risk allocation, rather than presume that one contract type alone guarantees superior revenue performance [9, 10]. None of the three forms is significantly associated with the RevPAR index in the full model.

Third, affiliation may offer greater informational value to independent hotels with limited online-review histories, as suggested by signalling theory [4, 5]. However, because the adjusted interaction is not statistically significant, expected gains should be evaluated cautiously rather than treated as established causal effects.

Fourth, longer-term investment assessments should account for the persistence of hotel performance and the importance of durable resources [7, 8]. Site quality, property characteristics and employee retention deserve systematic consideration, alongside rather than in place of marketing activities.

Further research should use a longer panel that follows hotels through renovations, changes in affiliation and shifts in local demand. Direct surveys of guest brand awareness and loyalty would also help determine whether brand-equity indicators contribute less because of the underlying economic relationship or because they are measured with greater error.

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