

To Be or Not to Be . . .

– Brand Affiliation in the Hotel Industry

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Akademisk Avhandling

för avläggande av ekonomie doktorsexamen i företagsekonomi som med tillstånd av
Handelshögskolans fakultetsstyrelse vid Göteborgs universitet framlägges för
offentlig granskning onsdagen den 20 december 2017, klockan 13.15 i CG-salen,
Handelshögskolan, Vasagatan 1, Göteborg.

Avhandlingen baseras på följande delarbeten:

1. O'Neill, J. W. & Carlbäck, M. (2011). Do Brands Matter? A Comparison of Branded and Independent Hotels' Performance during a Full Economic Cycle. *International Journal of Hospitality Management*, 30, (3), 515-521.
2. Carlbäck, M. (2012). Strategic Entrepreneurship in the Hotel Industry – the Role of Chain Affiliation. *Scandinavian Journal of Hospitality and Tourism*, 12, (4), 349-372.
3. Carlbäck, M. (2014). Brand Value Attributable to Affiliations in the Swedish Hospitality Industry, *submitted to international research journal*
4. Carlbäck, M. (2017) Brand Value Attributable to Affiliation (BVAA) – a Method for Measurement in a Consortium Context, *submitted to international research journal*
5. Carlbäck, M (2011) From Cost Accounting to Customer Accounting in the Hospitality Industry – a Constructive Approach. *Licentiate thesis*



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Language: English
193 pages
ISBN: 978-91-88623-04-1
Doctoral thesis 2017

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A large proportion of any business's value comprises intangible assets, and for many businesses a considerable part of these assets' value is attributable to brands with which businesses affiliate. In light of increasing affiliation of hotel properties with hotel chains and the increasing importance of branding in the hospitality industry, senior managers/owners should be aware of the importance of concepts such as brand equity and brand value and, better yet, incorporate them into their strategic decision-making processes. The extent to which hotel management scholars and industry practitioners understand or use the concept of brand value attributable to affiliation (BVAA) is, however, limited.

The aim of this research project is to increase our understanding of the costs and benefits connected with operating a hotel independently or as part of an affiliation, using both quantitative and qualitative methods. Such an understanding could be used to spur further research but should also be directly applicable by the practitioners.

The results of this research indicate that affiliating with a brand matters to managers/owners in the hotel industry, but also that brand-related concepts are used only to a limited extent. One of the studies comprising this dissertation, which included 51,000 hotels in the U.S. during a full economic cycle, suggests that affiliated hotels produced better financial performance than unaffiliated hotels, especially during the global economic recession of 2007–2009. On the other hand, the results from a study of hotels and organisations in Sweden suggest that brand value-related information attributable to affiliation is not used to any large extent in the industry. In the third study, a method for financially evaluating BVAA is developed, making it possible not only to measure whether affiliating produces a positive BVAA, but also to demonstrate a practical method for financially assessing a current affiliation and the various affiliation options. Consequently, these findings should contribute new ways of treating the strategic question of affiliation.

Keywords: Hotel Industry, Hotels, Intangible Asset Value, Valuation, Consortia, Brand Value, Constructive Approach