THE MODEL OF KEY COMPETITIVE FACTORS OF GLOBAL CHAIN HOTELS

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Abstract
The objective of this paper is to identify key competitive factors of global chain hotels and assess the contribution of identified competitiveness factors to business performance of global chain hotels. The data for this study have been obtained through a survey-based study which encompassed a sample of 196 global chain hotels (GCHs) in selected countries of the European Mediterranean: Croatia, Italy, Spain and Turkey. Factors of competitiveness included in the analysis were: location, internationalization, brand, employees, loyalty programs, social networks, on-line distribution channels, rates as 'value for money' and seasonality. Business performance was approximated by the revenue per available room (RevPAR). In order to test the influence of identified key competitiveness factors, a multiple linear regression and Stepwise regression analysis have been conducted what difference this study from previous researches. This study concludes that brand, employees and loyalty programs are the most significant competitive factors of GCHs according to their influence on RevPAR. The contribution of location was determined as insignificant although all previous researches state the location as the most important factor. It is possible to argue that the contribution of location is less relevant compared to other factors in the model, because location is the first and key condition of global chains when choosing hotels in their expansion, meaning all these hotels typically have an excellent location. The results of this research contribute to the tourism and hotel theory because of lack of researches in the specific field of influence of competitiveness factors to business performance of GHCs.
Keywords competitive factors, hotel, global chains, business performance

INTRODUCTION

Economic power of leading global hotel chains enables their global competitiveness, influence on consumer behavior and trends in tourist offer. Even further their power enables them to influence on economic, social and other trends. Global chain hotels (GCHs) have global: demand for products and services, competition and sale in the sense of physical trade in different countries (most often in contractual relations through some business model). Because of the global business character, for GCHs, with all hotel competitive factors that theory defines, some factors that are not crucial for independent hotels may be the most significant and otherwise. To be competitive is not the matter of success, but of survival (Tipurić, ed. 1992, 2). That is why it is important to identify key competitive factors and set a business strategy based on them. Competitiveness is defined in different ways, mostly according to its indicators (Wziatek-Kubiak 2003). Theoretical understanding of competitiveness on the company level usually means equalization with the company's market success, that is, dynamics

of market share and positioning on the quality scale (Čižmar 2007, 155/156) as an element of chain hotel strategies. Some studies observe competitiveness through efficiency process, productivity becomes the key element, while others take into account success in business performance compared to competition (Emilian, Ţuclea and Ţală 2009, 463; Buckley, Pass and Prescott 1990).

Owning or managing a hotel might be motivated by different reasons to even exclusive financial motivation. It will depend on different phases of growth and lifecycle of hotels, that is, the level of their socio-economic development. Each hotel chooses indicators of business performance that will reflect their particularity in the best way, from basic indicators that are common for all hotels, to specific indicators that reflect results of profiled and segmented hotel offers. Accommodation revenue makes between 50% and 75% of total revenue in full service hotels, and in limited offer hotels those shares are even higher (Hayes and Ninemeier 2005, 156). For this reason, key indicators of hotel business performance are mostly based on accommodation services. Revenue per available room (RevPAR) and net operating income are among most researched indicators of business performance and are often used in investment analyses as indicators of future returns (Xiao, O'Neill and Mattila 2012, 127). Pine and Phillips (2005, 72) state that hotel managers and investors in more developed hotel markets rely on indicators such as occupancy, average daily rate (ADR) and RevPAR in order to assess efficiency. According to O'Neill and Mattila (2006, 147) ADR and RevPAR are ranked by lodging managers as two key operating indicators. Occupancy indicators (because of the influence of seasonality, presence of conference capacities and other hotel and surrounding offers, etc.) and an average rate (depending on a hotel's price policy), if used independently, can lead to wrong conclusions on hotel business performance when comparing hotels. While occupancy, ADR and RevPAR are the most often used indicators of hotel business performance, the most crucial indicator for the owner is the rate of return on investments, which can be unsatisfactory because of high investment expenses along with other indicators. What is less visible is that global chain hotels are often not the property of chains, but instead the chains manage them through some of the available business models. Accordingly, the present study takes RevPAR as a key indicator of GCHs business performance.

When reviewing the available literature on competitive factors in the hotel industry, it is determined that there are only scarce studies that deal with competitiveness aspects within the context of GCHs. In addition, this paper uses multiple linear regression analyses and Stepwise regression analysis to get the model in which factors are excluding each other to identify the factors that contribute the best to the model what difference this research from all previous researches presented in the second chapter.

The primary objective of the present study thus is to identify key competitive factors and determine their significance, i.e., influence on the business performance of global chain hotels by setting model of key competitive factors.

INFLUENCE OF KEY COMPETITIVE FACTORS ON HOTEL BUSINESS PERFORMANCE

In 1985 Porter developed a model which combines factors and capabilities in two kinds of competitive advantage: cost leadership and product differentiation. Regarding costs, reduction is pointed out, that is, removal of those costs connected to activities that do not contribute to creating new values (Bartoluci 2013, 319) and their rationalization is pointed out with the condition of not lowering the quality of the service and achieving an optimal business result. Exclusive focus on the strict control of operating expenses, in today's competitive environment characterized by globalization trends and trends of tourist demand and offer of hotel services, is no longer a priority. As per Cross (1997, 13), studies have shown that computer applications that result in sales increases or price improvements have a greater impact on a company's profitability than those that reduce costs. In addition, Cross states that 5% reduction in sales expenses increases profits by 3%, a 5% increase in sales volume increases profits by 20% and a 5% increase in selling price increases profits by 50%. . These results suggest that increase or improvement of sales and rate increase, rather than a reduction of expenses, will have a stronger influence on profit growth. Therefore, it is necessary to accent product differentiation as a priority. There are a lot of strategies that a company can use to protect competitive advantages of its factors. Gyulávari and Kenesei (2012, 9) name legal instruments (intellectual property right), economic obstacles (e.g. economy of scale) and mild uncertainty (based on knowledge and skills as a combination of several resources which are difficult to imitate). All of these strategies are used by hotel chains.

One of the most significant trends of globalization and tourist offer and the most often identified factors of global hotel chains competitiveness, is creating brands as intellectual property based on a range of specific characteristics. Belonging to a brand has shown to have a continuously bigger influence on revenues and profits than other corporative strategies (Xiao, O'Neill and Mattilla 2012, 122). Investors expect that brand success is going to contribute to estimating value for the owners and to the value of the brand (Keller and Lehmann, 2003:28). Corgel (2002) states that there is a consensual agreement in hotel investment society that achieving superior return on investments (ROI) rates is not possible without affiliation to a brand nor without an top-quality management. Competitive branding enables hotels to be different from competitors, creating customer loyalty, bigger control over promotion and distribution and setting premium prices compared to competition (Holverson and Revaz 2006). Differentiation protects hotels from pressure to lower prices as competition grows, where Becerra, Santaló and Silva (2013, 75) emphasize that hotel brands are characterized by higher prices and lower discounts. Kim, Kim and An (2003, 335) further determined that brand image has a more significant influence on a hotel's financial performance than brand loyalty and perceived quality of it. Cunill (2006, 152) states that return of guests depends on the level of satisfaction and brand recognition. With branding, chain hotels create a possibility of guests returning to the hotels operating under the same brand.

All hotels strive to achieve an increase in the share of returning guests in the overall number of guests. Chain hotels devise loyalty programs by offering to loyal guests a range of specific benefits with which they try to gain competitive advantage. Peppers

and Rogers (1995, 14-18) believe that companies that focus on gaining and maintaining a relationship with each consumer, instead of focusing on market share, will be more successful. Studies have shown that up to five times more money is needed to attract new clients than what is necessary to keep the existing clients and that reduced outflow of clients can increase profit five to 15 times (Raza 2006, 198). One of the reasons of geographical growth of hotel chains is ensuring a greater share of returning guests. According to the service - profit chain theory, higher levels of service quality lead to greater customer satisfaction, which, in turn increases customer loyalty and stimulates profit (Heskett, Sasser and Schlesinger 1997). The share of returning guests, does not only depend on the quality of hotel services, but also on the quality of services while traveling and staying at a destination. That is the reason why an increasing number of hotel corporations enter alliances with airlines and rent-a-car companies, credit card companies and others, in order to ensure a full service for the customer, that is, to gain added value for hotels and loyalty program members.

In addition to increasing the share of returning guests, a brand should be based on the economy of scale to justify expanses of its development. Typical economies of scale include positive effects such as reduced promotion expenses since all the units benefit from brand promotion, as well as from reservation systems, purchase agreements, information systems (Kotler, Bowen and Makins 2013, 318), employees education, etc. The key advantage and strength of brand comes from the economy of scale. Independent hotels can hardly compete with such strength, unless they are specialized for smaller niche markets. That is why an increasing number of them enter hotel chains and consortia in order to be able to use advantages of the economy of scale.

Mathews (2000:117) believes that international experience and parent country of the chain are relevant competitive factors, but that the size measured in the number of rooms is a rarely relevant competitive factor. Pan's (2005) study results indicate that market concentration in rooms could significantly improve international tourist hotel's profitability as well as their locations. Johnson and Vanetti (2005, 1085) determined that managers consider the size of a hotel as the key competitive factor. The same authors determine that key competitive advantages are knowledge of customer needs, strategic planning and technology, regardless of the size of chain hotel, while very large companies perceive reservation systems, human potentials and brand international experience as key advantages. Therefore, different authors express different attitudes about the importance of internationalization. Due to the development of chain hotels that try to increase the number of hotels they manage, it can be concluded that internationalization is an important competitive factor for chain hotels, but it poses a question whether it is an important factor for chain hotels.

Some believe that although a brand that a hotel uses is important, it is still not the most important reason for hotel success and that guests keep returning to hotel mostly because of its individual approach to the guest, high quality services and reasonable prices (Hayes and Ninemeier 2005, 34). Sainaghi (2011, 25) investigated the influence of certain factors on price levels among independent hotels in Milan area and concluded that the number of rooms, as an indicator of size, is negatively correlated with average room rates, while the number of employees is positively related to business performance. Hotels with a larger number of employees per room represent

the highest level of service entailing higher expenses, but also higher prices. Bartoluci (2013, 337) states that revenue management is directly connected to the pricing policy of business organizations in tourism. The impossibility of storing the unsold services for later sale is an irreversible loss of revenue. That is why the pricing policy of chain hotels is based on the best available rate (BAR), which is determined according to earlier experience of occupancy, seasonality and competitors rates, first minute or last minute offers, special packages with a more favorable cumulative price of services, among others. The comparison of hotel rates with other hotels serves as a control mechanism of prices and brand erosion (Gazzoli, Kim and Palakurthi 2008, 376).

Mountinho (2005, 468,470) emphasizes that service, not price, is a dominant differentiation factor. In a study of hotel managers in Cyprus, Kilic and Okumus (2005, 315) conclude that employees are the most important productivity factor (employment and staff education), along with fulfillment of guests' expectations and service quality. Similarly, Čižmar (2007, 156) highlights the importance of quality of human resources, since the hotel business is highly labor-intensive. Ivankovič, Janković and Peršić (2010, 13) state that the key success factor in the hotel industry are people: employees and guests. The benefit of building a competitive advantage based on effective human resources management is an advantage which is difficult to imitate (Emilian, Ţuclea and Ţală 2009, 467). Managers can make a significant difference (Jones and Siag 2009, 233), and efficient use of human resources is the key to hotel management success (Lin, et al. 2010).

The attractiveness of destination is recognized as a primary attraction to demand as one of the key competitive resources which can enable an individual tourist company reach a higher price of its product, namely, higher added value and reaching their own economic efficiency (Mihalič and Knežević Cvelbar 2008, 175). However, the most of tourist receptive holiday destinations are characterized by high seasonality that influences tourism demand, offer, but also labor market, which has an increased demand for workforce during the high season. Hotels are often forced to employ unqualified workers with lack of relevant experience, and because of short seasons, the education of seasonal workers emerges to be too expensive. This negatively affects the hotel business, since people are the backbone of service quality. Studies that deal with the influence of seasonality on hotel business performance are rare. In one of the few studies, Lam and Lei (2010) focus on hotels in gambling destination and conclude that there is no influence of seasonality on the level of hotel occupancy. This leads the authors to the conclusion that smart specialization of services intended for specific segments of guests, could have a positive impact on neutralizing the seasonality.

Location is often mentioned as the most important competitive factor and the most important strategic decision when building or choosing a hotel by hotel chains. The choice of location and product characteristics are especially critical for hotels since the expenses of relocation and changing the characteristics of product are large (Sainghi 2011, 19). Many studies on hotel industry refer to location as a key strategic criteria. However, available studies do not offer a clear way of measuring proximity and relation to competition (Mathews 2000, 114). With technological advancements and individualization of tourist demand in contemporary tourism, where 'further' has

become 'nearer', and the possibility of choice is great, hotels strive for other competitive advantages.

World Economic Forum (2015, 24) points to the changes in the structure of tourist demand, which define business strategies through understanding and adjustment of offer to the demands of new travelers and growing demand, such as millennial guests and elderly tourists and new technologies and innovations that revolutionize the industry. The digital age is approaching with growing new sales-marketing channels to which one must adjust. Hotel companies have to meet the high-technology requirements of tour operators to become available on the global market. The sale through the use of central reservation systems has dramatically increased (Shaw and Morris, 2000, 244). On-line distribution enables fast contacts and can positively influence price control, guest loyalty and hotel image if it is managed properly. Apart from many new on-line sales channels, word of mouth is no longer exclusively 'face to face', instead it takes place on the Internet through guest comments. As a consequence, management of social networks and on-line sales channels has become an important sales and marketing activity. In this regard, Tavitiyaman, Qiu Zhang and Qu (2012, 140) stress that competitive IT strategy has a direct influence on hotel's financial performance.

Tavitiyaman, Qiu Zhang and Qu (2012, 140) divide market factors directly connected with business performance into four groups: reputation, human resources, market innovative capabilities and capability to connect with consumers. Emilian, Ţuclea and Ţală (2009, 462) conceptualize a three-level competitiveness model, while the first level encompasses human resources, innovation, services and expenses as crucial competitive factors influencing hotel performance. By identifying factors influencing productivity, Jones and Siag (2009, 228) have compiled many research studies that showed that productivity can be under influence of hotel size, location, service orientation, ownership and managerial contracts, the age of hotel, hotel design, types and amount of facilities, demand and its changeability, staff flexibility, marketing practice efficiency (e.g. distribution, promotion, programs for returning guests). There are other studies that dealt with identifying key competitive factors and sources of competitive advantage, but without conducting an examination how these factors are related to hotel performance.

It can be concluded that available researches and literature on competitive factors in the hotel industry and their influence to business performance are scarce within the context of GCHs. In addition, it is revealed that none of them uses multiple linear regression analyses and Stepwise regression analysis to get the model in which factors are excluding each other to identify the factors that contribute the best to the model what difference this research from all previous researches.

METHODOLOGY

The objective of the present study is to identify key competitiveness factors of GCHs and assess their impact on hotel performance. For this purpose, a quantitative research was carried out on the sample of 196 global chain hotels from four selected countries of

the European Mediterranean as the strongest tourist receptive destination in the world: Croatia, Italy, Spain and Turkey. According to the Tourism competitiveness index Spain is ranked first, Italy eighth, Croatia thirty-third, and Turkey forty-fourth (WEF, 2015), which includes countries of different levels of tourist competitiveness, to provide more reliable research results. The study was undertaken in 2015. The research was conducted using a structured questionnaire addressed to 757 hotel sales directors via e-mail, along with phone contact support in order to ensure a sufficient response rate as some of the data are considered a business secrets, such as RevPAR, the share of realized overnights through different distribution channels, etc.

The criteria for a hotel chain to be global in this study is the presence of the chain on at least two continents and in at least twenty-five countries. The following hotel chains are covered: Hilton Hotels & Resorts, Carlson Rezidor, Kempinski, Meliá Hotels International, Marriot International (Starwood Hotel & Resorts Worldwide), Best Western International and Leading Hotels of the World. Best Western and Leading Hotels of the World are hotel consortia, which essentially do not manage hotels, although in recent years they record franchise and management agreements. Due to the services they offer to their members and their global recognition, they are often related to hotel chains. The reason for their inclusion is a particularly small number of global chain hotels in Croatia. Special attention was paid to ensure that all brands from the basic set were represented in the sample.

Prior to the empirical survey, the preliminary, qualitative study was conducted with the aim of identifying key competitive factors according to the opinions and experiences of experts from the highest ranks of hotel chain management and hotel management. The qualitative research was conducted using a Delphi research encompassing a panel of 20 experts: 10 development directors and regional directors and 10 hotel managers in global chain hotels, with experience in hotel management in two or more tourist destinations (countries), from which at least one is from the European Mediterranean region. The dislocation of experts, which is an advantage because it eliminates the influence of participants knowing each other, influence of a dominant participant on the attitudes of other participants and on expressing shared opinion through more repeated attitudes, required the research to be conducted in two stages. From the answers in the first stage, a total of 36 factors were identified. In the second stage of the research, participants were given a list of all the identified competitive factors to choose eight key competitive factors, regardless of importance. The following eight key competitive factors were identified: brand, employees, internationalization, loyalty programs, location, social networks, distribution channels and value for money. Seasonality was additionally included as a competitive factor as one of the basic characteristics of hotel business performance in the researched area.

The quality of the brand was measured using the service orientation towards the luxury, upscale, midscale, economy and budget segments. The quality of employees measure was operationalized using the average number of employees per room. The quality of the loyalty program was measured by the share of returning guests in the overall number of guests. Seasonality was assessed using a three-level scale (high, medium and low degree of seasonality). The importance of on-line distribution channels was measured by the share of overnight stays realized through this channels in the overall

number of overnights. The quality of the location was approximated as distance in kilometers to key tourist attraction of the hotel. All above-mentioned competitive factors were assessed via the structured questionnaire. As social networks are reflected by the comments on social networks, the rating from booking.com was taken as a variable. Likewise, the price rating on booking.com was taken as indicator for 'value for money'. Internationalization was assessed by the number of countries in which a brand operates, based on data available on official websites of GCHs brands.

RevPAR was used as an indicator of GCHs business performance, as this is the most often used indicator in both, theory and practice. RevPAR values were gathered via the questionnaire.

In order to assess the level of significance and effect sizes of the individual competitiveness factors on GCHs business performance, in order to enable comparison of factors by their significance, this study uses multiple linear regression and Stepwise regression analysis. All analyses were performed using the SPSS statistical package.

RESULTS

In the first step, significance tests were conducted for each individual competitive factor as an independent variable. These initial results revealed that location, internationalization, hotel rating on social networks and value for money rating do not contribute to the model and have no significance effect on RevPAR as a dependent variable (table 1).

Table 1: **The results of multiple linear regression in determining the model of key competitive factors**

Coefficients[a]					
Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
	B	**Std. Error**	**Beta**		
(Constant)	62986,976	34471,691		1,827	,069
Location	-467,277	420,310	-,069	-1,112	,268
Internationalization	-1,811	82,189	-,001	-,022	,982
Brand	-11728,558	2770,959	-,291	-4,233	,000
Employees	29386,799	6857,250	,286	4,286	,000
Loyalty program	-21444,429	8565,434	-,162	-2,504	,013
Social networks	-297,354	378,568	-,045	-,785	,433
On-line distribution channels	-21201,010	11363,527	-,113	-1,866	,064
Value for money	-1332,597	4162,317	-,018	-,320	,749
Seasonality	6041,176	2716,130	,137	2,224	,027
a. Dependent Variable: RevPAR					

Source: The author's analysis made with SPSS software

In order to determine an optimal model, Stepwise regression analysis was conducted, which eliminates from the model those variables that highly correlate with other independent variables or the ones that do not contribute to the validity of the model at all. Stepwise regression analysis in each following step eliminates a variable that has the lowest significance to RevPAR. It can be seen (table 2) that internationalization is the least significant. The value for money, social networks and location follow. Those are also the variables that were shown to be insignificant in the first step of multiple regression analysis.

Table 2: **The representation of competitive factors that are eliminated from the model of key competitive factors**

	Model	Beta In	T	Sig.	Partial Correlation	Collinearity Statistics
						Tolerance
2	Internationalization	-,001[b]	-,022	,982	-,002	,856
3	Internationalization	-,002[c]	-,025	,980	-,002	,856
	Value for money	-,018[c]	-,321	,748	-,024	,975
4	Internationalization	-,006[d]	-,092	,927	-,007	,862
	Value for money	-,021[d]	-,365	,715	-,027	,978
	Social networks	-,047[d]	-,813	,417	-,059	,981
5	Internationalization	,001[e]	,019	,985	,001	,870
	Value for money	-,029[e]	-,501	,617	-,036	,993
	Social networks	-,045[e]	-,777	,438	-,057	,982
	Location	-,069[e]	-1,146	,253	-,083	,875

Source: The author's analysis made with SPSS software

Location and employees were pointed out as two key competitive factors by the perception of sales directors participating in the primary research via questionnaire. Location was rated as one of the key competitive factors by participants in Delphi research, too. Therefore, since the location was not identified as a significant factor and did not enter the model as expected, additional analyses were made. It was assumed that it correlates with other variables. As per multiple regression analysis, there is a correlation between location and quality of loyalty programs and internationalization. A model with these variables was made. If internationalization is removed from the model, location still remains eliminated and the same competitive factors stay in the model. If the quality of loyalty programs is removed from the model, location stays in the model. However, since the correlation coefficient between RevPAR and loyalty programs is higher, than in the case of RevPAR and location, loyalty programs got advantage in entering the model.

It was checked whether there is a multicollinearity problem, as a possible reason why the location was excluded from the model, using VIF and TOL indicators. In addition, we assumed that multicollinearity is a reason for so many negative correlation coefficients. Opposite to expected, a location has the negative correlation coefficient, too. It is determined that there was no problem. Some other methods were used but

location never remained in the model, which confirmed that loyalty programs should not be excluded from the model. Those variables that always proved to be significant are brand quality, employees' quality and loyalty programs quality.

Table 3: **The final model of key competitive factors**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	49951,530	11792,951		4,236	,000
Brand	-11698,400	2735,895	-,290	-4,276	,000
Employees	29778,407	6616,177	,289	4,501	,000
Loyalty program	-24465,751	8064,179	-,185	-3,034	,003
On-line distribution channels	-21118,617	11250,312	-,112	-1,877	,062
Seasonality	5666,674	2680,209	,128	2,114	,036
a. Dependent Variable: RevPAR					

Source: The author's analysis made with SPSS software

The defined model of key competitive factors with the most significant influence on RevPAR include: brand, employees, loyalty programs, on-line distribution channels and seasonality (table 3).

CONCLUSION

The objective of this study was to identify key competitive factors of GCHs and assess their significance to hotel performance. A quantitative research was carried out on the sample of 196 global chain hotels from four selected countries of the European Mediterranean as the strongest tourist receptive destination in the world: Croatia, Italy, Spain and Turkey. The criteria for a hotel chain to be global in this study was the presence of the chain on at least two continents and in at least twenty-five countries. The selected hotel chains were: Hilton Hotels & Resorts, Carlson Rezidor, Kempinski, Meliá Hotels International, Marriot International (Starwood Hotel & Resorts Worldwide), and Best Western International and Leading Hotels of the World as a hotel consortia. The research was conducted using a structured questionnaire addressed to hotel sales directors.

Prior to the empirical survey, the qualitative study was conducted using a Delphi research encompassing a panel of 20 experts: 10 development directors and regional directors and 10 hotel managers in global chain hotels, with experience in hotel management in two or more tourist destinations (countries), from which at least one is in the European Mediterranean. As the aim of this study, the following eight key

competitive factors in alphabetical order were identified: brand, distribution channels, employees, internationalization, location, loyalty programs, social networks, and value for money. Seasonality was additionally included as a competitive factor as one of the basic characteristics of hotel business performance in the researched area.

RevPAR was used as an indicator of GCHs business performance, as this is the most often used indicator in both, theory and practice. RevPAR values were gathered via the questionnaire as well as the values of most of the independent variables.

Multiple linear regression was used to enable the comparison of factors, determining which factor has higher significance on RevPAR. Through multiple linear regression analysis and Stepwise regression analysis, it was determined that brand, employees and loyalty programs are key and most significant competitive factors of GHCs. Competitive factor that contributes least to the model with the least significance is internationalization, followed by value for money.

Some variables expected to enter the model were excluded from it, such as location. It was checked if there is a multicollinearity problem because some variables were excluded and have negative correlation coefficient opposite to expected and is determined that there was no problem. Some additional analyses were conducted. However, location did not stay according to any of the methods used in the model. To the layman, this may seem the least illogical and the set model can be put in question. But, location is the most important competitive factor and the most important strategic decision in building a hotel or choosing a hotel by the hotel chain. It is possible to interpret that location was excluded from the model because all researched hotels actually have an excellent location according to the demands of the brand under which they operate so it can be acceptable that it has less significance to RevPAR than other variables remained in model. In addition, with technological advancements and individualization of tourist demand in contemporary tourism, where 'further' has become 'nearer' with countless possibilities of choice, hotels strive for other competitive advantages.

Anyhow, it is recommended that in future research a different operationalization of excluded variables is determined and to repeat testing its significance according to other variables from this model. This may be seen as main limitation of this research. The limitation of empirical research was also a small number of GHCs in Croatia, due to which the hotels in consortia had to be included in the research to ensure inclusion of necessary and satisfactory number of hotels for a quality research.

The second chapter of this paper named "Influence of key competitive factors on hotel business performance" provides the framework of previous researches and literature that could be related to the topic of this paper and serves as discussion chapter. It is determined that there are only scarce studies that deal with competitiveness aspects within the context of GCHs so it is hardly possible to discuss and compare with the results of other researchers. In difference, this paper doesn't only identify the competitive factors using Delphi research only nor using the simple linear regression to show the relation of each factor individually to the business performance as some other researches do. This paper uses multiple linear regression analyses and Stepwise

regression analysis to get the model in which factors are excluding each other to identify the factors that contribute the best to the model. For example, from other researches and literature can be concluded that independent hotels do not pay such attention to loyalty programs, but location will probably be the most significant factor influencing business performance. The results of this research difference GHCs from independent hotels as well as from the other available researches and literature on impact of competitiveness factors to business performance in the hotel industry.

Following the set model, for the hotels it is recommended to carefully choose a brand under which they will operate and to pay special attention to people - employees and guests, so employees could deliver a top-quality service expected from the brand by guests.

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