HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

DIFFERENTIATED BRAND DEVELOPMENT STRATEGIES FOR CHAIN AND INDEPENDENT HOTELS: THE MODERATING ROLE OF SERVICE STANDARDIZATION

Ergashev Oybek Mamarasul ugli
Tashkent State University of Economics

Abstract: This paper examines why hotel brand development strategies should differ across chain and independent properties and analyzes the moderating role of service standardization in converting brand equity into market outcomes. The study is grounded in the MS-HBE model developed in the dissertation and estimated on a sample of 312 hotel guests, including 162 guests of chain hotels and 150 guests of independent hotels. The standardization moderator was assessed by splitting the sample into high-standardization (n = 161) and low-standardization (n = 151) groups. The results show that the brand-equity-to-market-outcomes coefficient is stronger under high service standardization (0.566) than under low standardization (0.524). Multigroup analysis also indicates that the relationship between brand image and hotel brand equity is stronger for chain hotels (0.641) than for independent hotels (0.524). These findings support differentiated strategic priorities: chain hotels benefit more from consistent image and standard execution, whereas independent hotels can compete through distinctive guest experience, trust, local identity, and relationship-based marketing.

Keywords: hotel brand equity, chain hotels, independent hotels, service standardization, brand image, guest experience, trust, multigroup analysis, MS-HBE model.

Introduction

Hotel competition is often discussed as if all properties face the same branding problem. In reality, a chain hotel and an independent hotel enter the market with very different resources. A chain hotel may rely on a recognized name, common service protocols, a central reservation system, a loyalty program, and a broader communication platform. An independent property has more freedom to design a locally distinctive experience but usually lacks the accumulated recognition and cross-market reputation associated with an established network. Applying an identical marketing mix to these two organizational forms can therefore produce inefficient resource allocation.

The dissertation on hotel brand development in Uzbekistan addresses this difference through the MS-HBE model. In addition to estimating the effects of digital, experiential, relationship, and service-quality strategies, the model treats service standardization as a moderator and compares structural relationships between chain and independent hotels. This creates a basis for moving from generic branding advice toward differentiated managerial recommendations.

The purpose of this paper is to interpret the moderating and multigroup findings of the MS-HBE model and to explain how they can be translated into different brand-development priorities for chain and independent hotels. The paper focuses specifically on the role of image, trust, experience, and standardization in converting marketing effort into accumulated brand equity and subsequent market outcomes.

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Literature Review

Brand-equity theory provides the first conceptual foundation for differentiating hotel strategies. Aaker conceptualizes brand equity as a set of assets associated with awareness, associations, perceived quality, and loyalty, while Keller emphasizes the differential consumer response created by brand knowledge. For chain hotels, these assets can be reinforced centrally across multiple properties. For independent hotels, they must be accumulated at the individual-property level, often with fewer financial and communication resources.

Service-brand research adds an operational dimension. Berry argues that in services the delivered experience has a decisive role because the brand promise is tested in direct interaction. So and King similarly emphasize the importance of hotel experience in customer-based brand equity. Brakus, Schmitt, and Zarantonello demonstrate that brand experience includes sensory, affective, intellectual, and behavioral dimensions, all of which are particularly relevant for hospitality settings.

Service-quality theory further explains why standardization matters. The SERVQUAL tradition emphasizes the gap between expectations and performance, while Gronroos treats service quality as part of a broader service-management logic. Standardization can reduce unwanted variation in service execution. In a hotel context, this does not mean eliminating personalization; rather, it means ensuring that essential elements of the service promise are delivered reliably across shifts, employees, and contact points.

Chain branding and independent positioning can therefore be interpreted as different combinations of predictability and distinctiveness. Chains often sell reduced uncertainty: the brand name signals what a guest can expect before arrival. Independent hotels may be less predictable but can create stronger local identity, authenticity, flexibility, and memorable personal interaction. The strategic question is not which form is superior, but which pathways to brand equity are relatively stronger under each organizational configuration.

Research Methodology

The empirical basis of the analysis is the MS-HBE model estimated with partial least squares structural equation modeling (PLS-SEM). The dataset contains 312 observations: 162 respondents were guests of chain hotels and 150 were guests of independent hotels. Nine latent constructs were measured with four indicators each. Four exogenous constructs represent digital marketing strategy, experiential strategy, relationship strategy, and service-quality strategy. The mediating constructs are brand experience, brand image, and trust/satisfaction; the outcome constructs are hotel brand equity and market outcomes.

Service standardization was included as a moderator. Respondents evaluated whether hotel service appeared to be organized according to consistent rules, whether employees worked in a coordinated manner, whether service quality was independent of shift or time, and whether the hotel's processes appeared well established. The sample was then divided around the mean into a high-standardization group (n = 161) and a low-standardization group (n = 151). Multigroup analysis compared chain and independent hotel guests.

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The measurement model satisfied the reliability and validity criteria reported in the dissertation. Composite reliability ranged from 0.841 to 0.904 and average variance extracted ranged from 0.569 to 0.703. These results provide an acceptable measurement basis for interpreting the structural differences between groups. The analysis in this paper does not treat group coefficients as universal industry constants; they are interpreted as evidence from the dissertation sample that supports differentiated managerial logic.

Parameter	**Chain / high standardization**	**Independent / low standardization**	**Managerial implication**
Brand image → brand equity	0.641	0.524	Image carries more predictive information in chain hotels
Brand equity → market outcomes	0.566 (high standardization)	0.524 (low standardization)	Consistent execution strengthens the conversion of accumulated equity into behavior
Sample size	Chain n = 162	Independent n = 150	Multigroup comparison by organizational form
Standardization groups	High n = 161	Low n = 151	Moderator assessed through service-process consistency

Source: compiled by the author on the basis of the dissertation research.

Analysis and Discussion of Results

The first important result is the stronger link between brand image and brand equity among chain-hotel guests. The coefficient of 0.641 for chain hotels exceeds the 0.524 coefficient reported for independent hotels. This difference can be interpreted through the informational role of a chain brand. For a chain property, image is not merely an aesthetic impression; it contains prior knowledge about expected standards, reservation systems, service routines, loyalty benefits, and the reputation transferred from other properties under the same brand. Consequently, image can carry more information about expected future experience.

For an independent hotel, image remains important but may be less sufficient as a predictor of accumulated brand equity. Guests often have less prior information about the property, and the value proposition may depend more strongly on what happens during the stay. An independent hotel can therefore build competitive advantage by turning local specificity into a memorable experience and by converting personal interaction into trust. This does not imply that independent hotels should ignore branding. It means that the content of their brand must be generated more directly from the lived experience and verified by reviews, repeat visits, and personal recommendations.

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The second result concerns service standardization. The path from brand equity to market outcomes is 0.566 in the high-standardization group and 0.524 in the low-standardization group. The difference is not interpreted as evidence that standardization itself creates brand equity. Rather, standardization strengthens the ability of existing brand equity to produce behavioral outcomes such as repeat intention, recommendation, willingness to pay somewhat more, and direct booking. When a guest repeatedly receives a consistent level of service, the accumulated brand promise becomes more credible and easier to convert into behavior.

This distinction is important because managers sometimes treat branding and standardization as sequential alternatives: first create the brand, then improve operations. The dissertation results suggest that they should be managed jointly. Promotion raises expectations, while standardization protects the conversion of those expectations into reliable experience. If marketing visibility expands faster than operational consistency, the hotel may increase the number of guests exposed to service failures and thereby weaken rather than strengthen brand equity.

For chain hotels, the results support an image-consistency strategy. Central brand identity, visual standards, loyalty programs, online reputation, and direct booking should be aligned with property-level execution. A chain's advantage is predictability; therefore, deviations in basic service standards are especially damaging because they contradict the meaning of the brand. Standardization should cover the minimum service promise, while local adaptation can be layered on top without undermining consistency.

For independent hotels, the appropriate strategy is different. Competing head-to-head with international chains on recognition can be costly and slow. Independent properties can instead concentrate on distinctive experience, relationship quality, local narrative, personalized service, and authentic design. In the dissertation's broader model, brand experience is shaped most strongly by experiential strategy, while trust and satisfaction are influenced strongly by service quality and relationship marketing. These channels are particularly useful for an independent property because they do not require the same scale of accumulated global awareness.

The multigroup result also has implications for digital marketing. A chain hotel can use digital channels to reinforce existing associations and direct guests into a centralized reservation ecosystem. An independent hotel should use digital content to make its distinctiveness legible before arrival and then ensure that the promised experience is delivered on-site. User-generated content is especially valuable for the independent segment because guest reviews and social proof reduce the information gap caused by weaker prior brand recognition.

Another managerial implication concerns loyalty. Chains often possess formal loyalty programs, but independent hotels can create relational loyalty through recognition, personalized communication, direct-booking benefits, and remembering guest preferences. The strategic objective is to move a first-time guest from a platform-mediated transaction to a direct relationship. This reduces intermediary dependence and allows the hotel to accumulate first-party guest data for future personalization.

Service standardization should also be interpreted flexibly. For an independent hotel, copying a chain manual in every detail may destroy local character. The more appropriate approach is to standardize

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critical reliability points - cleanliness, check-in accuracy, response time, complaint handling, billing, safety, and key service promises - while allowing flexibility in personalized and culturally distinctive elements. In this form, standardization becomes a platform for creativity rather than its opposite.

The findings are therefore consistent with a two-route view of brand development. Chain hotels can leverage image, system consistency, and cross-property recognition. Independent hotels can build equity through experience, trust, and local differentiation, then use digital channels and direct relationships to make that equity visible and repeatable. Both routes require quality, but the relative source of advantage differs.

Conclusions and Recommendations

The dissertation findings provide empirical grounds for rejecting a one-size-fits-all hotel branding strategy. Chain and independent hotels differ in how image, experience, trust, and service standardization contribute to brand equity. The stronger image-to-equity relationship in chain hotels suggests that the chain name carries significant predictive information, while the lower coefficient in independent properties increases the importance of experience-based and trust-based differentiation.

Five practical recommendations follow. First, chain hotels should protect brand consistency by integrating communication standards with operational service standards. Second, independent hotels should prioritize experience design, local identity, staff interaction, and trust-building rather than attempting to imitate the scale-based visibility of large chains. Third, all properties should standardize critical service processes that directly affect reliability, while avoiding excessive standardization of authentic and personalized elements. Fourth, digital channels should be used differently: chains to reinforce existing brand associations and direct booking, independent hotels to reduce uncertainty through rich storytelling, reviews, and proof of actual experience. Fifth, performance monitoring should compare not only occupancy and revenue but also brand image, trust, repeat intention, direct-booking share, and service-consistency indicators.

In summary, organizational form changes the most efficient route to hotel brand equity. A differentiated strategy allows each hotel to invest in the mechanisms where it possesses the strongest potential rather than copying a generic branding formula.

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