

Romanian branded hotels: are they worth the effort?

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Abstract. *The presence of branded hotels in Romania remains relatively modest after two decades since the first Sofitel (Accor Hotels) entered the market. Thus, the number of branded hotels increased since 2005 when they were first investigated. The present study investigates the RevPAR of the Romanian hotels that have joined an international brand, either hard (franchising and management contracts) or soft (affiliation), and the hotel operators' net financial results over a five year period 2012-2016. The results of this exploratory study reveal that the most notorious brands operating in Romania are also those generating the highest RevPAR. Further, the results show that operating a brand outside Bucharest (mainly a hard brand) proves to generate constantly net profit for most of the respective hotel operators, despite a RevPAR below the European average. This finding suggests that the brand notoriety generates an increased occupancy rate. The results indirectly point out that most of the branded hotels' operators seem to struggle on the crowded Bucharest hotel market enhancing the idea of internal inefficiencies. Given the structure of the Romanian hotel industry, the partnership with an international brand seems to be worth the effort mainly if the brand is appropriately chosen taking into consideration the hotel location and size.*

Keywords: hotel, international brand, affiliation, RevPAR, financial results.

JEL Classification: C46, L83, Z32.

1. Introduction and literature review

Individually and/or family owned hotel properties or groups are increasingly facing the fierce competition of established hotel groups' brands (Holverson and Revaz, 2006) and also the threat of alternative forms of accommodation like Airbnb.com and couchsurfing.com (Ivanova and Ivanov, 2015). Hence, the necessity for these hotels to establish networks, set up alliances and/or to join the international (hard and soft) hotel brands through franchising, management contract or affiliation have been suggested as ways to overcome the current challenges of the hotel market (Holverson and Revaz, 2006; Ivanova and Ivanov, 2015). Academic studies have proven better performance (e.g. higher revenue, occupancy rate) for the hotels operating under an international hotel brand due to the international hotel groups' increased capacity to adjust to and to comply with the rapid changes of the economic environment (Hanson et al., 2009; O'Neill and Carlbaeck, 2011; Enz et al., 2014; Silva et al., 2017). Recent studies revealed also the positive influence of international hotel brands on destination attractiveness and competitiveness (Tsai et al., 2009; Assaf and Josiassen, 2012; Ivanov and Ivanova, 2016).

Romania has a similar hotel market to the European fragmented structure, dominated by individually and/or family owned hotels or hotel groups, documented by Pop (2014) also showing the relatively low profile of the Romanian hotel industry. The penetration of international hotel brands on the Romanian market was first investigated by Pop et al. (2007) and further confirmed by Coros and Negrusa (2014). Few studies on the presence of international hotel brands in Romania focused on these chains' strategic options to penetrate the Romanian market (Cosma et al., 2014). Only one study could be found (Dodu and Patrichi, 2014) showing the RevPAR (revenue per available room) for all Bucharest hotels in 2008, 2012 and 2013.

The present study investigates the RevPAR of the Romanian hotels that have joined an international brand, either hard or soft, and the hotel operators' net financial results over a five year period 2012-2016. This information might help to understand one of the reasons of the Romanian hotels' potential lack of interest towards the partnership with an international brand. It also creates a starting point for a further comparative study regarding the performance of affiliated and independent domestic hotels.

2. International brands on the Romanian hotel market

The first international hotel brand penetrating the Romanian hotel market was Sofitel (Accor) in 1995 (Pop et al. 2007). It was followed by Holiday Inn (InterContinental Hotel Group) in 1998 with a hotel on Prahova Valley, which exited the market in 2003 due to the operator's bankruptcy, leading to the hotel's closure (Neagu, 2003). As of 2005, twelve international brands penetrated the Romanian market, affiliating 22 hotels (Table 1). A decade later, the number of affiliated hotels doubled as well as the number of rooms. Table 1 includes the hard (franchising and management contract) and the soft (affiliation) brands present on the Romanian hotel market. Thus, Table 1 does not capture the changes and

exits which took place between 2006 and 2015 (e.g. Tulip Inn brand which between 2006 and 2012 included two hotels: one near Cluj-Napoca and one in Bucharest). Also, Table 1 does not include the branded hotels that could not be found in the official database for accommodation facilities offered by the Romanian Ministry of Tourism. This approach was chosen in order to follow the same methodology of Pop et al. (2007) and to perform the calculations for the international brand penetration rate.

The international brand penetration rate on the Romanian hotel market registered an insignificant growth when the number of hotels is considered: from 2.22% in 2005 (Pop et al., 2007) to 2.88% in 2016. When the number of rooms is taken into account, the same rate shows an increase from 4.19% in 2005 (Pop et al., 2007) to 7.64% in 2016, confirmed by the data presented in Table 1 and suggesting that mainly the large hotels preferred to be operated under an international brand umbrella. Bucharest, Romania's capital, continues to concentrate the majority of the branded hotels, thus its importance decreased from 59.1% in 2005 to 51.0% of the number of branded hotels in 2016 and from 74.3% in 2005 to 62.6% in 2016, when the number of rooms is considered. The dominant position of Bucharest is reflected also by the penetration rate evolution from 15.12% of the hotels and 36.78% of the rooms in 2005 (Pop et al., 2007) to 17.73%, respectively 45.20% in 2016 showing the preference of international brands for the Romanian capital and also the enhanced openness of Bucharest hotel operators towards brand affiliation. The concentration of international brands in Bucharest confirms the importance of the hotel's location for these brands as documented by Holverson and Revaz (2006) and Ivanova and Inavnov (2015).

Table 1. International hotel groups in Romania

Group/ Brands	2005		2016		Observations
	Hotels	Rooms	Hotels	Rooms	
<i>American hotel groups and voluntary hotel chains/consortia</i>					
<i>Wyndham Hotel</i> (Howard Johnson & Ramada)	2	396	11	1,768	Howard Johnson exited in 2013 and was replaced by Sheraton in August 2015
<i>Hilton Hotels & Resorts</i> ¹ (Hilton & DoubleTree by Hilton)	1	272	5	695	
<i>Marriott Hotels</i> (JW Marriott)	1	402	1	402	
<i>Starwood Hotels & Resorts</i> (Sheraton)	-	-	1	270	
<i>Best Western</i> ²	7	731	6	349	
Total American	11	1,801	24	3,484	
<i>European hotel groups and voluntary hotel chains/consortia</i>					
<i>InterContinental Hotels Group</i> (InterContinental & Crowne Plaza)	2	351	2	421	
<i>Accor</i> (Sofitel, Pullman, Novotel, Mercure & Ibis)	4	770	7	1,335	Sofitel was replaced by Pullman since 2010/2011
<i>Louvre Hotel Group</i> (Golden Tulip)	2	153	4	343	
<i>NH Hotels</i> (NH Bucharest)	1	78	1	76	
<i>Danubius Hotels</i> (Sovata and Braded)	1	160	2	261	

Group/ Brands	2005		2016		Observations
	Hotels	Rooms	Hotels	Rooms	
<i>Hunguest Hotels</i> (Fenyo Hotel)	1	108	1	65	A voluntary hotel chain with no other brands
<i>K+K Hotels</i> (K+K Elisabeta Hotel)	-	-	1	66	Initially an Austrian hotel group; it moved its headquarters to London
<i>Europa Group Hotels</i> (Europa Royale)	-	-	1	92	A hotel group based in Lithuania
<i>Vienna House</i> (Angelo Airport)	-	-	1	177	Formerly Golden Tulip Sky Gate
<i>The Rezidor Hotel Group</i>	-	-	2	764	
Radisson Blu	-	-	1	486	
Park Inn by Radisson	-	-	1	278	
<i>Top International Hotels</i> (Top CountryLine Zenith Hotel)	-	-	1	288	A German hotel group; the hotel is the former Golden Tulip Mamaia (previously Fantasy Beach)
<i>Aqualis Hotels</i> (Premier Palace)	-	-	1	82	Aqualis Hotels is part of Hotusa Hotels (Spain)
<i>Minotel</i> (Floris)	-	-	1	36	A formerly voluntary hotel chain, currently a consortium, with no other brands
Total European³	11	1,620	25	4,006	
Total	22	3,421	49	7,490	

Notes: (1) Hampton by Hilton entered the Romanian market in 2014 at Cluj-Napoca, thus the Cluj hotel is not included in the official database; therefore, it was not taken into consideration for this study. (2) According to the Best Western official website, 8 hotels are affiliated in Romania. However, the main reservation website does not list the Best Western Ambassador in Timisoara while Best Western Plus Briston Bucharest is not included in the official database. (3) Another hotel, from Cluj-Napoca, is integrated in the Italian Select Hotel Collection, a family owned group. There is no clear reason why the hotel is not registered in the official database as it was open and receives guests since 2011.

Sources: For 2005, Pop et al. (2007). For 2016 cross information was used between the hotels on the groups' websites as of December 31, 2016 and the hotels registered in the Authority of Tourism official database.

3. Data and methodology

The present study is an exploratory one, calculating the RevPAR of Romanian branded hotels and comparing it with the European average in order to determine one of the causes that might influence the low brand penetration rate on the Romanian hotel market.

Data used in the present study come from the Romanian Ministry of Tourism/National authority for Tourism (MT/NAT) databases (2012-2016), the information available on the identified international brands' websites as of December 2016 and the dedicated section for enterprises of the Romanian Ministry of Public Finance (MPF) for the 2012-2016 time span. The interval 2012-2016 covers the current post global crisis period and reveals the branded hotels operators' performance in a recovering economic environment.

Of the 49 identified hotels, included in the official database, 9 were eliminated for the following reasons:

- i) they started operating under the international brand umbrella between 2014 and 2016 (Sheraton Bucharest, Ramada Craiova, DoubleTree by Hilton Sighisoara, Mercure Bucharest, Best Western Parc Sf. Gheorghe, Danubius Heath & Spa Resort Bradet in Sovata, Park Inn by Radisson Bucharest, and Top Country Line Zenith Hotel Mamaia);
- ii) unavailable financial information for Best Western Silva Hotel Sibiu.

The present study uses an indirect method to determine the RevPAR utilizing the total income of the branded hotels' operators as reported by the Romanian Ministry of Finance. This calculation method is adapted to the limited set of information provided by the majority of the Romanian hotel operators (except for those listed at the Bucharest Stock Exchange for which higher standards of transparency are required) which make almost impossible to determine how much of the operator's total income is provided by accommodation and respectively by food & beverage. Nonetheless, the quality of a hotel's restaurant(s) and bar(s) can enhance the RevPAR by inciting hotel guests to spend their money within the hotel grounds. The financial income, a component of the total income, offsets some of the losses incurred by the operator and, therefore, indirectly contributes to the hotel's RevPAR. An annual average RevPAR was calculated for every branded hotel. Further, a 5 year simple average was calculated for each branded hotel and afterwards an average for each brand, where more than one hotel is operated under an international brand umbrella. At operator level, a 5 year simple average was calculated for the net profit/loss and further an average per brand was calculated based on the number of operators.

Given the announced business portfolio of the hotel operators, the total income was adjusted in the cases of JW Marriott Hotel and Pullman Hotel operators where only 65% and respectively 70% of the total income was taken into consideration for the hotel activity. Both operators (Societatea Companiilor Hoteliere Grand SRL and World Trade Center Bucuresti SA) declare their main activity as hotel business (NACE: 5510), while both offer for rent offices and other facilities and provide related services. The percentages used for the calculations were confirmed by informal discussions. A similar adjustment was made in the case of the Golden Tulip hotels in Cluj-Napoca and Sibiu, the hotels' operator (Pritax Invest SRL) declaring another activity than hotels as main income generator, therefore the percentage applied in this case was of 49% of the total income, also confirmed by informal discussions. Further, in the cases where the branded hotels were part of a hotel group, the total income was adjusted with the importance of the respective hotel in the group's room portfolio (Ramada Parc and Ramada Plaza of Parc Hotels SA, Athenee Palace Hilton and Crowne Plaza of Ana Hotels SA, Ibis hotels of Continental Hotels SA, Radisson Blu of Bucuresti Turism SA for 2016, Golden Tulip hotels in Cluj-Napoca and Sibiu of Pritax Invest SRL, DoubleTree by Hilton Oradea of SIF Hoteluri SA for 2016, and Danubius Health & Spa Sovata of Danubius).

The classic method of RevPAR calculation which multiplies the ADR (average daily rate) with the occupancy rate was not applied. This choice was based on the available data, the impossibility to redo past ADRs for 2012-2015, the unavailability of occupancy rates at hotel level and the reluctance of the investigated hotels to reveal such data.

4. Findings and discussions

The study includes 40 hotels operated by 34 enterprises. The brands under which these hotels are operated are luxury and upper upscale brands (JW Marriott, InterContinental, Radisson Blu), upscale (Hilton, DoubleTree by Hilton, Crowne Plaza, Pullman, Golden Tulip, K+K), upper midscale (Ramada, Novotel, Danubius, Vienna House, NH Hotels, Europa Group, Aqualis) and economy (Hunguest, Minotel, Ibis and Best Western). The following can be considered soft brands given the background of their providers: Best Western, Vienna House, Aqualis (Hotusa), Hunguest and Minotel.

All 40 hotels are ranked according to the Romanian classification system at 3 stars (3*) or higher; thus, 7 hotels are classified at 3* (branded under Ibis, Hunguest, Minotel and Ramada), 28 hotels classified at 4*, and 5 hotels classified at 5* (branded under InterContinental, JW Marriott, Radisson, Hilton, DoubleTree by Hilton). Using the scale proposed by Bohdanowicz (2005), only three hotels of the 40 under scrutiny are small hotels of less than 50 rooms and they are operated under Best Western (2) and Minotel. Most of the hotels, 21, are medium-sized (having 50 to 149 rooms) and are operated mainly under Ramada, Hilton, DoubleTree by Hilton and Golden Tulip. The remaining 16 hotels are large (over 150 rooms), are mainly operated under the luxury brands and some under the upper midscale.

Of the 20 brands under which the 40 hotels are operated, only 9 include hotels outside Bucharest (Table 5). Of these, three brands (Danubius, Hunguest and Minotel) operate only outside Bucharest.

The highest RevPAR is generated by the luxury and upper upscale brands, overpassing the European average (Table 2). Within this category, except for Aqualis (Hotusa), the remainders are all hard brands. Three of the upscale brands and two of the upper midscale brands also show a RevPAR higher than the average at European level. The branded hotels with a RevPAR above the European average include four hotels classified at 5* and five hotels classified at 4*. Excepting two medium size hotels affiliated to Hilton, respectively Aqualis, the remaining above average RevPAR hotels are large, between 200 and 490 rooms. The remaining mix of 12 upscale, upper midscale and economy brands exhibit a RevPAR below the average, including four of the five soft brands. This last group includes one hotel classified at 5* (DoubleTree Oradea), all the 3* hotels and the remaining 23 hotels classified at 4*. The size of the hotels within this category is mixed, including all three small size hotels, the majority of the medium size hotels and the remaining large hotels.

This situation points towards two educated deductions: a relatively low occupancy rate for the hotels operated under the respective brands and low room prices, which might generate low ADRs given the dominating domestic tourist profile. The average lack of profitability in 11 cases of the 20 under scrutiny and the low profitability (less than 1 million RON) in other 4 cases also suggests inefficiencies of the enterprises operating the respective hotels.

Table 2. Ranking by RevPAR of hotel brands operating in Romania

Hotel brand	RevPAR (RON) (2012-2016 average)	No. of hotels, classification and average rooms/hotel	Number of operators and NACE of operators ¹	Operators' net financial result 2012- 2016 average (RON)
Radisson Blu	752	1, 5*, 486	1, 5510	3,066,864
JW Marriott	650	1, 5*, 402	1, 5510	(2,265,417)
InterContinental	527	1, 5*, 257	1, 5510	1,777,921
Novotel	450	1, 4*, 258	1, 5510	5,133,759
Hilton	428	2, 5*(1); 4*(1), 193	2, 5510	(2,682,479)
Crowne Plaza	399	1, 4*, 164	1, 5510 ²	(4,614,466)
Aqualis	367	1, 4*, 82	1, 5510	(9,041,693)
Pullman	356	1, 4*, 203	1, 5510	(5,272,810)
Europa Group	307	1, 4*, 92	1, 5510	(4,840,896)
Ramada	247	10, 4* (9); 3*(1), 159	9, 5510	(55,554)
Danubius	230	1, 4*, 168	1, 5510	5,584,865
Vienna House	229	1, 4*, 177	1, 5510	(5,426,803)
DoubleTree by Hilton	217	2, 5*(1); 4*(1), 118	2; 5510 (1); 5510&5630 (1)	(1,308,344)
NH	204	1, 4*, 76	1, 5510	672,986
Golden Tulip	203	4, 4* (all), 86	3, 5510 (2); 4730 (1)	2,628,944
K+K	201	1, 4*, 66	1, 5510	(43,212)
Hunguest	178	1, 3*, 65	1, 5510	874,174
Ibis	162	4, 3* (all), 190	1, 5510	(13,678,572)
Best Western	148	4, 4* (all), 67	4, 5510	149,435
Minotel	75	1, 3*, 36	1, 5510	180,644
European RevPAR average ³	329			

Notes: (1) In Romania, the large majority of the hotel operators are also the respective hotels' owners either directly or through another enterprise which is under the operator's full control. (2) Crowne Plaza has the same operator as Athenee Palace Hilton. (3) The European average RevPAR was calculated for the period 2012-2016 based on: Winkle (2013) for 2012 and 2013; Horwath HTL (2015) for 2014 and Rossmann (2016) for 2015 and 2016. An average of 74€ resulted, further converted into RON using an average EUR/RON conversion rate of 4.4516, calculated based on Eurostat (2017) data.

Sources: authors' calculations based on MT/NAT (2012-2016) and MPF (2017) data

Of the 34 identified operators, 94.12% reported on the MPF dedicated pages their main activity as being: hotels and similar accommodations (NACE code 5510). Only one hotel operator for the two Golden Tulip hotels outside Bucharest declared another main activity (NACE code 4730), while the operator of DoubleTree in Oradea declared mixed activities: hotels and similar accommodations in one year and for 4 years beverage serving activities (NACE code 5630).

The majority of the 34 enterprises, 88.24%, operate one branded hotel each. Only Continental Hotels SA, one of the few Romanian hotel groups identified by Pop (2014), operates the four Ibis hotels. Another hotel group, Ana Hotels SA (Pop, 2014), operates other 2 branded hotels: Athenee Palace Hilton and Crowne Plaza, both in Bucharest. Two more enterprises operate two branded hotels each, Pritax Invest SRL with Golden Tulip hotels in Sibiu and Cluj-Napoca, and Parc Hotels SA with two Ramada hotels (Ramada Parc and Ramada Plaza) in Bucharest.

Continental Hotels SA is the only operator which has hotels both in and outside Bucharest. Of the remaining 33 operators, 14 operate branded hotels outside Bucharest, while 19 operate branded hotels in Bucharest or nearby (Otopeni), assimilated to Bucharest.

Nonetheless, the averages used in Table 2 hide a lot of diversity among the Romanian operators of branded hotels showing 11 cases with average negative financial results. In fact, the 34 operators of branded Romanian hotels obtained mixed financial results, as it follows: 9 constantly reported net profit during the five years under scrutiny (Table 3), 8 constantly reported losses for the same period (Table 4), while 17 reported mixed results, net profit alternating losses for the years between 2012 and 2016.

Table 3. Hotel operators, constantly registering net profit between 2012 and 2016

Operator's name	Average net profit (RON mil.)	The operated hotel's(s) classification & rooms	Hotel'(s) RevPAR (RON)
Pritax Invest SRL	5.9	Golden Tulip AnaDome Cluj-Napoca, 4*, 109; Golden Tulip AnaTower Sibiu, 4*, 81	163
Balneoclimaterica SA	5.6	Danubius Health Spa Resort Sovata, 4*, 168	230
Accor Hotels Romania SRL	5.1	Novotel Bucharest City Center, 4*, 258	450
Atlassib Hotels SRL	1.3	Ramada Sibiu, 4*, 127	377
Hotel Orizont SRL	1.3	Ramada Iasi, 3*, 76	311
Cantabria Impex SRL;	0.7	NH Bucharest, 4*, 76	204
Casa de Bucovina-Club de Munte SA	0.6	Best Western Bucovina, Gura Humorului, 4*, 130	146
M&T Market & Trade Professionals SRL	0.1	Best Western Stil Bucharest, 4*, 30	148
HP Tower One SRL	0.07	Ramada Sacele, 4*, 113	197

Sources: authors' calculations based on MT/NAT (2012-2016) and MPF (2017) data

Of these 17 enterprises with mixed results, 8 ended the five year period with the net profit overbalancing the losses, while for the remaining 9 losses overbalance the net profit years. The majority of the profitable enterprises (6 out of 9) operate hard branded hotels outside Bucharest with a RevPAR lower than the European average (Table 3). Further, 6 out of 8 enterprises constantly reporting losses operate hotels located in Bucharest, one operates a hotel located in Otopeni, nearby Bucharest, and one operates 2 hotels outside Bucharest (Table 4). Most of the operated hotels exhibit a RevPAR below the European average and the majority of the brands are hard. The 17 enterprises with mixed financial results are dominated, in both sub categories, by the operators of branded hotels located in Bucharest. Overall, including the entities with profitable mixed results, 8 of the 13 companies (61.54%) operating branded hotels outside Bucharest reported a positive average result for 2012-2016 versus 9 out of the 19 operators (47.37%) controlling the branded Bucharest hotels. This situation seems to support the idea that the branded hotels can generate better financial results outside Bucharest than on the crowded and more competitive market of the Romanian capital. The high losses registered by Continental Hotels SA with branded hotels both in and outside Bucharest might have other causes than the four branded hotels and their location. The operator of the Golden Tulip hotels generates its profits from other activities.

Table 4. Hotel operators, constantly registering loss between 2012 and 2016

Operator's name	Average loss (RON mil.)	The operated hotel'(s) classification & rooms	Hotel'(s) RevPAR (RON)
Continental Hotels SA	(13.7)	Ibis (Gara de Nord) Bucharest, 3*, 250 Ibis (Izvor) Bucharest, 3*, 161; Ibis Constanta, 3*, 154; Ibis Sibiu, 3*, 195	162
Premier Palace SRL	(9.0)	Premier Palace Hotel Bucharest, 4*, 82 (Aqualis-Hotusa)	367
Comtel Focus SA	(5.4)	Angelo Airport Hotel Otopeni, 4*, 177 (Vienna House)	229
World Trade Center Bucuresti SA	(5.3)	Pullman Bucharest, 4*, 203	356
ABA Turism SRL	(2.6)	Ramada Oradea, 4*, 121	223
Societatea Hoteliera Times SRL	(1.3)	Golden Tulip Times Bucharest, 4*, 70	278
Majestic Tourism SA	(0.6)	Ramada Majestic Bucharest, 4*, 111	191
Mari Vila Turism SRL	(0.2)	Best Western (Plus) Mari Vila Bucharest, 4*, 65	22

Sources: authors' calculations based on MT/NAT (2012-2016) and MPF (2017) data

Table 5 shows only the brands and hotels operating outside Bucharest. Except for Hilton, all the other branded hotels generate a RevPAR under the European average and they seem to generate, in average, net profit for their operators. Moreover, when comparing with the data in Table 2, the brands Hilton, Ramada and Best Western (soft brand) generate higher RevPAR outside Bucharest, while Golden Tulip and DoubleTree by Hilton perform worse.

Table 5. RevPAR ranking of hotel brands operating outside Bucharest

Hotel brand	RevPAR (RON) average for 2012-2016	No. of hotels, classification and average no. of rooms per hotel	Operators' no. and NACE codes	Operators' net financial result 2012-2016 average (RON)
Hilton	457	1, 4*, 114	1, 5510	(750,492)
Ramada	263	6, 4*(5), 3*(1), 112	6, 5510	(480,371)
Danubius	230	1, 4*, 168	1, 5510	5,584,865
Best Western	212	2, 3*(all), 175	2, 5510	322,636
Hunguest	178	1, 3*, 65	1, 5510	874,174
Golden Tulip	163	2, 4*(all), 95	1, 4730	5,859,136
Ibis	162	2, 3*(all), 175	1, 5510	(13,678,572)
DoubleTree by Hilton	133	1, 5*, 114	1, 5510, 5630	(3,156,032)
Minotel	75	1, 3*, 36	1, 5510	180,644
<i>European RevPAR average¹</i>	329			

Note 1: see Note 3 of Table 2.

Sources: authors' calculations based on MT/NAT (2012-2016) and MPF (2017) data

These results reinforce the idea that at least some of the brands can generate better results outside Bucharest: an increase in the occupancy rates combined with a relatively low ADR (adapted mainly for the dominant domestic tourists), incrementing the operators' gross income.

5. Conclusions

The results of this exploratory study reveal that the most notorious brands operating in Romania are also those generating the highest RevPAR. This group includes mainly hard brands and only one soft brand (Aqualis-Hotusa). More interesting are the results

suggesting that Hilton, Ramada and Best Western (soft brand) generate better RevPAR values outside Bucharest, while Golden Tulip and DoubleTree by Hilton perform worse outside the Romanian capital city. The relative novelty of DoubleTree in Romania might explain the poor performance in Oradea or it might be just related to the poor choice of hotel location. The case of the two Golden Tulip hotels in Sibiu and Cluj-Napoca might be considered with care since an estimate was made regarding the percentage of the operator's total income generated by hotel activity. The reality might be different and the RevPAR might be higher.

The data regarding the operators' net financial results are mixed and, at a first glance, they indicate that the internal inefficiencies of hotel operators rather than the cost related to brand affiliation and hotel size seem to be the cause of incurred losses. At a closer look, the results show that operating a brand outside Bucharest (mainly a hard brand) proves to generate constantly net profit for most of the respective hotel operators, despite a RevPAR below the European average. This finding suggests that the brand notoriety generates an increased occupancy rate as shown by other studies (O'Neill and Carlbaeck, 2011; Enz et al., 2014). Thus, some hotels outside Bucharest, mainly those formerly affiliated to Best Western, chose to exit the partnership and continue without an international brand umbrella.

The results indirectly point out that most of the branded hotels' operators seem to struggle on the crowded Bucharest hotel market enhancing the idea of internal inefficiencies⁽¹⁾. For the Bucharest hotels that experienced the affiliation to an international brand, it seems to be important to continue to operate under such a brand (e.g. the former Best Western Parc became Ramada Parc, the former Golden Tulip Sky Gate became Angelo Airport, the former Tulip Inn Bucharest became DoubleTree by Hilton). More inquiries are needed to understand what generated the losses case by case.

Given the structure of the Romanian hotel industry, the partnership with an international brand seems to be worth the effort mainly if the brand is appropriately chosen taking into consideration the hotel location and size. This finding is in concordance with the findings of Holverston and Revaz (2006) and Ivanova and Ivanov (2015). Nonetheless, further investigations are needed in order to understand the Romanian hoteliers' perspective on choosing and joining an international brand.

Note

⁽¹⁾ Recent media news also revealed that JW Marriott operator is under investigation for hiding the real income of the company and fiscal fraud (C.I., 2016).

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