METHODICAL APPROACH TO THE DEFINITION OF HORECA BRAND EFFICIENCY

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Introduction and goal of the research. Intensive development of hotel and restaurant business demands fast adaptation to sudden changes in services and branding activities. The statistical data show that in recent years the national HoReCa sector developing in adverse conditions, including unstable economic and political situation of the country, that reduces business activity of tourism.
Research hypothesis. The active use of branding will facilitate improvement of the situation in national HoReCa sector. Existing methodology does not take into account the determining influence of brand for the development of HoReCa sector.
Therefore, ***the goal of the research*** is to systematize approaches to determination of the brand effectiveness and to form complex system of indicators that evaluate brand effectiveness in HoReCa sector.

In the course of writing used such ***methods of research*** as epistemological analysis: analytical, logical, generalizations, and decomposition of abstraction.
***Results of the research***. The article is devoted to analyses of methodical approaches to the definition of brand efficiency in hotel and restaurant business. There has been defined the system of indicators to measure the efficiency of brand management in hotel and restaurant business. That will most effectively reflect the relative success of the brand.
Conclusions. The proposed system of indicators to measure the efficiency of brand management in the hotel and restaurant business, will evaluate activities of branding both in terms of comparison with objects of HoReCa without the brand (absolute value of the index) and compared to other brands performance indicators, which reflect the relative performance of the developed brand.
Keywords: brand, brand efficiency, brand equity, brand awareness, HoReCa.

Statement of the problem and its relevance. Globalization of economic processes and contemporary complex realities, substantially increase the role of branding in many areas of management. The area of hospitality industry (HoReCa) is not the exception. The national hospitality industry is becoming an integral part of the global hotel industry. Intensive development of this sector demands fast adaptation to sudden changes in services and branding activities. The important aspect of this issue is to study methodological foundations that determine brand efficiency in HoReCa business, as an indicator of its success on national and international markets.

The modern trends in the hotel industry also introduce new management technologies. This fact is confirmed by analysis of statistical data for the period 2013-2015 about the number of places for accommodation in hotels and similar accommodation, which are shown in Figure 1.
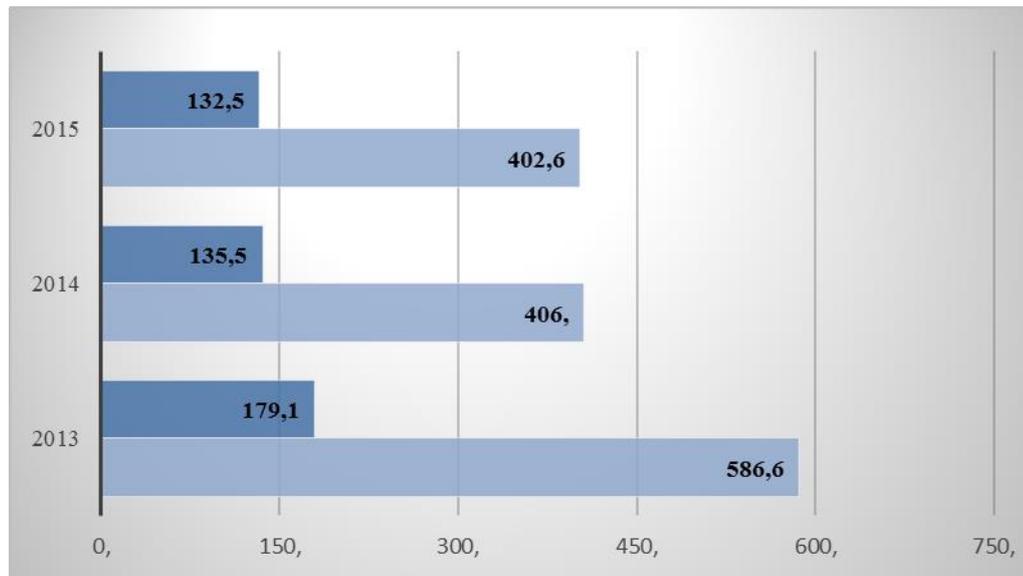
Number of places , thousand.

Source: *http://www.ukrstat.gov.ua/ [11]*

Figure 1. Number of places for accommodation in hotels and similar accommodation 2013-2015 years.

The dynamics of tourist flows also had a downward trend for the 2013-2015 years (Table 1).

Table 1

Dynamics of tourist movement in Ukraine [11]

Years	Number of tourists have been served by hospitality industry in Ukraine	The number of citizens of Ukraine who went abroad	Number of foreigners who visited Ukraine
2013	3454316	23761287	24671227
2014	2425089	22437671	12711507
2015	2019576	23141646	12428286

Source: *http://www.ukrstat.gov.ua/*

These statistical data show that in recent years the national HoReCa sector developing in adverse conditions, including unstable economic and political situation of the country, that reduces business activity of tourism. The active use of branding will facilitate improvement of the situation in national HoReCa sector.

Analysis of research and publications. The analysis of scientific literature demonstrates that there had been formed three theoretical approaches (rational, emotional and social). Methods of investigation and determination of brand are reflected in works of such scholars as D. Aaker [1], R. M. Baron [2], D.A. Kenny [2], Scott M. Davis [5], R.W. Bradford [3] and others. Features of branding in terms of various economic sectors are described in the works of V. Shcherbak [12], T. Marcin [10], O. Kendyukhov [9].

Unresolved earlier parts of the overall problem. Existing methodology does not take into account the determining influence of brand for the development of HoReCa sector. Therefore, solving the problem of determination of brand efficiency in HoReCa sector become an objective necessity in Ukraine.

The goal of the research is to systematize approaches to determination of the brand effectiveness and to form complex system of indicators that evaluate brand effectiveness in HoReCa sector.

The main results of the research. According to the research, brand management of HoReCA sector should be directed at obtaining sustainable competitive advantages, and also retaining and increasing the number of customers loyal to the brand. Contemporary marketing literature defines several approaches to assessment of brand as intangible asset. For example, Scott M. Davis [5] proposes to assess the effectiveness of the brand using ROI (return on investment) index. He believes that definition of the assessment metrics for effectiveness of brand management is an important factor for long-term branding. The essence of brand evaluation using ROI is in its ability to make better decisions based on the collected information. Previous research revealed 2 metrics of brand efficiency: quantitative and qualitative metrics. Qualitative metrics include the following parameters:

- Brand Awareness (refers to brand recognition and aided awareness);
- Brand Class (refers to the level of the product class that customers perceive toward a hotel brand, ranged from very low to very high class);
- Brand Reputation (in this study it is viewed as the overall impression and perception of an extended hotel brand. A favorable brand reputation provides a basis for differentiation and positioning of a product from those of competitors, as well as creates positive attitudes and feeling toward the brand) [1].

Quantitative metrics include the following parameters:
- Loyalty Index;

- Perceived Quality;
- Frequency of purchases associated with the brand;
- Brand Value.

Kendyukhov O. offers an assessing methodology for brand equity management effectiveness based on benchmarking, for comparative evaluation of enterprises efficiency or their subsystems. The following is the formula 1 to calculate relative effectiveness of brand equity management [9].

$$K_{pe}^{bk} = \frac{\sum_{i=1}^{I} SVM_i}{\sum_{i=1}^{I} SVM_i^p} \quad (1),$$

Where SVM_i - additional monthly income from the brand;

SVM_i^p - additional income, which created by brand, provided that the management efficiency of the studied brand coincides with the "average" performance management;

I – list of brands belonging to the enterprise.

If K_{pe}^{bk} more than 1, it means that the management efficiency of brand equity above "average" efficiency among the competing brands. If K_{pe}^{bk} less than 1, it means that the management efficiency of brand equity performed below average [9].

It should be noted, a common approach to the problem of evaluating the effectiveness of a brand hotel and restaurant business is lack of. Therefore, it has to offer the formation of the system of indicators that should be used in the evaluation of the intangible asset as a brand. Based on the synthesis of existing approaches was formed the system of indicators to measure the effectiveness of brand management of hotel and restaurant business (table 2) [1, 3, 5, 7, 8, 10, 12].

Table 2

The complex system of indicators that evaluate brand effectiveness in HoReCa sector

Indicators	Formula	Explanation
1	2	3
Scale of brand	$S_{brand} = \dfrac{Ncust_{t+1} - Ncust_t}{Ncust_t}$	Ncust – number of the brand's clients current year (t+1) and the base year (t)
Brand superiority strength	$K_{brand} = \dfrac{Qbrand}{Qtotal}$	Qbrand – brand sales volume Qtotal – total sales volume
Adequacy of brand	$\Delta = \sum_{i=1}^{n} \left| E_i - X_i \right| * \beta_i \Rightarrow \min$	Weighted brand characteristics sum of deviations of actual levels of desired brand
Brand Loyalty	$Kl = \dfrac{Cust_{loy}}{Cust_{tot}}$	Custloy – number of loyal brand customers; Custtot – total number of customers
Appeal Coefficient	$Kl = \dfrac{Cust_{av}}{Cust_{tot}}$	Custav – number of available consumers who aren't committed to any HoReCa brand
Potential Coefficient	$Kpot = \dfrac{Cust_{av}}{Cust_{other} + Cust_{av}}$	Пн –number of consumers, who committed other brands
Effectiveness Index brand promotion	$EIP_{brand} = \dfrac{\%awar - \%cons}{\%cons}$ $EIP_{brand} = \dfrac{\%awar - \%cons * k1}{\%cons * k1}$ $EIP_{brand} = \dfrac{\%awar - \%cons * k2}{\%cons * k2}$	% awareness – level of brand awareness on the results of market research; % consumption – brand consumption on the results of market research; $\kappa1$ – the share of consumers who are guided by quality of service; $\kappa2$ - the share of consumers who are guided by price of service.
Efficiency brand equity	$E_{BE} = \dfrac{\Delta In}{BC_{t+1}}$	ΔIn - income incresing due to the advantages of the brand; BC_{t+1} - the cost of the brand for the entire life cycle; t – time to create and promote brand; t+1 – time brand presence in the market.

End Table 1

1	2	3
Analysis of market share	$P_{t+1} = aP_t + b(1 - Pt)$	Pt+1 – market share in the coming period; Pt – market share in the current period; a – the percentage of consumers who used in the past period and continue to use the service in the current period; b - the percentage of consumers who used another brand in the past period but use the service of our brand in the current period.

Another way to improve the brand effectiveness in HoReCa sector is the clearly understanding how consumers perceive extended brands and its effects on a lo portfolio for an effective brand portfolio management. This interest has been very relevant in the HoReCa sector, in which leading corporations have been adding more brands to their portfolios. The following is the regression analysis sequence used in this study [4]:

Model 1: $PQ = \alpha + \beta BRep + \beta BCL + \beta BAwa + \varepsilon$ (2)

Model 2: $BAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \varepsilon$ (3)

Model 3: $BAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ + \varepsilon$ (4)

Model 4: $PAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ + \varepsilon$ (5)

Model 5: $PAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ + \beta Att + \varepsilon$ (6)

Model 6 : $PAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ + \beta Att + \beta Fit + \beta(Fit \times BAtt) + \beta Fam + \beta(Fam \times BAtt) + \varepsilon$ (7)

Where *BAtt* - Attitude toward the extended hotel brand (Brand Attitude);

PAtt - Attitude toward the lodging brand portfolio (Portfolio Attitude);

BRep - Brand reputation;

BAwa - Brand awareness;

BCl - Brand class;

PQ - Perceived quality;

Fit - Fit between extended hotel brand and lodging portfolio;

Fam - Familiarity of the relationship between extended hotel brand and lodging portfolio;

β - Regression coefficient;

α - Constant;

ε - Error term.

It should be noted, that the process of consolidation in the HoReCa sector contributes deploy advanced technologies to gain competitive advantages.

To determine the socio-economic benefits of the brand, the researchers guided methodical developments such companies as Interbrand, Brand Finance PLc., Prophet Brand Strategy, V-RATIO Business Consulting Company, Yang & Rubicam, and Marketing Science Institute. The analysis of different methods showed that to determine the brand effect (Ms) of HoReCa sector appropriate to apply the three-factor model (9).

$$Ms = M1 \times M2 \times M3 \qquad (8)$$

Where M1 - To sell it's more;

M2 –To sell more expensively;

M3 - It's more than prospects.

For disclosure of the specific impact of the emotional brand component (Brand Image) should to apply to beta estimation brand (Figure 2). The value of beta evaluations to set the brand power and assess brand risk to determine the discount rate. By analytical calculations of the Brand Finance Company presence of the strong bran reduces the discount rate, thus increasing its net present value.
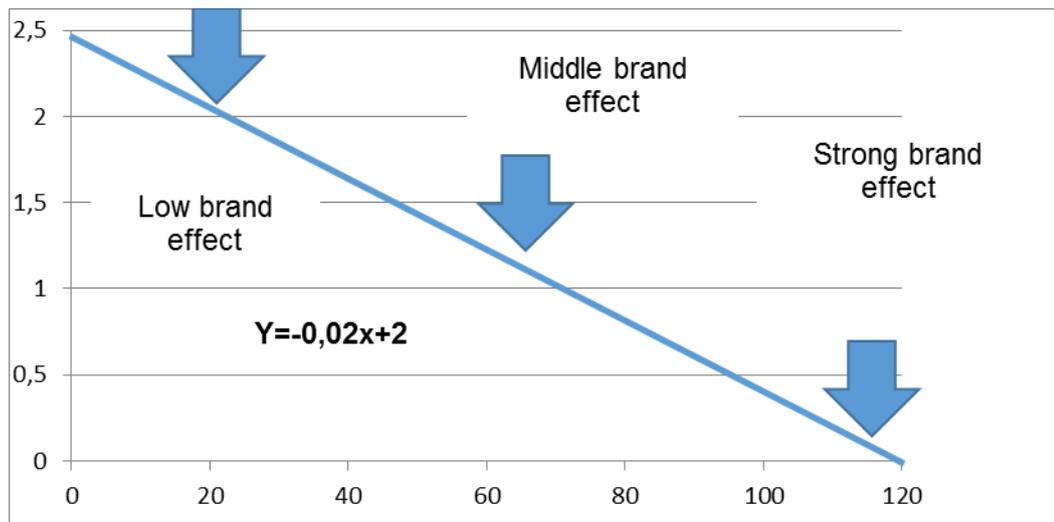
Figure 2. Emotional brand component (Brand Image)

Therefore, brand effect (Ms) of HoReCa sector can be represented as formula (10):

$$Ms = \beta(M1 \times M2 \times M3) \qquad (9)$$

Conclusions. Determining the brand effect of HoReCa sector is quite controversial, but important scientific and practical problem. It is caused by uncertainty in consumer expectations and preferences in fashion hotel and restaurant products, factor seasonality.There are many external and internal factors arising as a result of events objectively and affect the state of HoReCa sector such as environmental and socio-economic system of Ukraine.

The proposed system of indicators to measure the efficiency of brand management in the hotel and restaurant business, will evaluate activities of branding both in terms of comparison with objects of HoReCa without the brand (absolute value of the index) and compared to other brands performance indicators, which reflect the relative performance of the developed brand.

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