

Hotel chains entering the Macedonian market

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Abstract- *Hotel industry is characterized as one of the oldest, diverse, innovative, and important industries around the world. Given the low entry barriers for global markets, it is also highly attractive, and its greatest growth happens on international level. Hotel chains are the leaders in hotel industry using franchise, managerial contract, strategic alliances, mergers and acquisitions, and joint venture, as an expansion strategies. The main goal of this article is to evaluate the entry and presence of international hotel chains on the Macedonian market, their contribution and effect. Even though young, the hotel market in Macedonia is with stable potential for growth and development, and with low entry barriers.*

Keywords- *Expansion strategies; hotel industry; entry strategies; hotel chain; hotel market; franchise; managerial contract; strategic alliance; mergers and acquisitions; joint venture; strategy for expansion*

1. INTRODUCTION

Traditionally the hotel industry was presented by small individually owned hotels. However, under the impact of modern trends, that form is changing rapidly following other industries where big companies are increasing their presence on the global market. These types of companies in the hotel industry are known as hotel chains under which in literature is considered the introduction of business system consisted of numerous facilities under the same name functioning in narrower or wider business environment. The beginnings of each hotel are related to the deviation from business framework of a particular object and the development of technical, technological and organizational business concept which is tested, approved and recognizable weather when implementing it in existing facility or building a new one. Hotel chain development implies increasing the capacities and territorial expansion taking into consideration the basic principles and following the global trends of tourist market.

2. HOTEL CHAINS

The rapid economic growth of developing countries, information technology and political changes in many countries throughout the world, the development of transport industry, are just few of the major factors for accelerating the growth of tourist market. Globalization process and piercing strategies over the last few decades are making easier for international companies to enter and expand their business activities in once inaccessible markets. Neither these trends have bypassed the hotel industry with is an economic activity and material base for tourism. The inflow of tourist arrivals affects the growing intensity, structure of accommodation capacities, level of hotel concentration or space dispersion.

Analysing the market of hotel industry, the literature indicates two growth periods of international hotel chains. In its paper Šušić states that the first period starts around

50th year of 20th century where the increased number of travels directly affects the demand expansion of hotel service in the world, and the development of hotel chains was affected also by the travel within the countries. This period is characterised with increased growth of the transport industry, especially air and road traffic, the emerging of new tourist destination, and the growth of tourism in general. Furthermore, in this period it is noticed the internationalization of hotel businesses but mainly those were the companies from America, such as Hilton, Holiday Inns, InterContinental etc. In early 60s the companies such as Hilton and Sheraton created the managerial contracts as a way to expand on the overseas markets. Once the feasibility of managerial contracts has been proven as a way to expand, more and more American hotel groups supported that strategy in the 70s and 80s so that they can benefit from third parties.¹

The second period noticed is around 70s and it is characterized with increased number of international hotel chains, as well as an increase in their number of facilities in foreign countries. Following are various business contracts, gradually abandoning the concept of one unique brand and differentiation of services according to the needs of major segments, mostly tourism and business travel.²

2.1. Formation Factors

Various factors affect the formation, establishment and development of international hotel chains. Moreover, because of their mutual correlation it is difficult to determine which of them dominated the formation of certain hotel chain. In the literature these factors are

¹ Rushmore, S., & Ciraldo, D., “*Hotel investments handbook*”, West Group, New York, NY, 2001, p.142-148

² Šušić, V., “*The development and territorial allocation of hotel chains in the world*”, FACTA UNIVERSITATIS: Economics and Organization, 6(3), 2009, pp. 313–323, available at: <http://facta.junis.ni.ac.rs/eao/eao200903/eao200903-11.pdf>

divided into two groups, external and internal factors. External factors are the one that take into consideration the general circumstances for establishment and expansion of international hotel chains. The factors that influenced the formation of this type of hotel chains are increased demand for hotel service around the world, and need for rapid economic growth in certain regions in the world.³

The strong economic growth enabled by the technological inventions and increased productivity of the workforce, together with the changes in political and social environment are the driving factors for tourism in the world. Mainly, tourism travel has increased due to the urbanization and industrialization, quality of work and environment, living standards, free time, promotion, traffic development, and many more. Business travel has increased due to the market liberalization and drastic political and social changes in global market. Additionally, the need to accelerate economic growth in certain regions is actually the key factor for the emergence of the most popular international hotel chains, such as *IHG*. This hotel chain is established in 1946 by the air company *Pan Am*⁴ in order to improve the tourism and increase the accommodation capacities in Latin America. The hotel chain *Hilton Hotels Corp* also expanded on the international market to fulfil the need of economic growth in less developed countries.⁵

The second group of factors that influenced the formation of hotel chains are the internal factors which refer to the need of demand diversification, greater efficiency, and guaranty for quality and brand. Every hotel chain tries to offer service different than its competition which will be significant experience for the clients during their stay in the hotel. Given that, the hotel chain that offers a brand name with which it guarantees quality has the competitive advantage on the market. Because of the brand, hotel chains are known among the clients by their quality, price, way of providing services and other amenities. Demand diversification of hotel chains helps to decrease the risk of business activities with the product variety and geographical distribution. For, international business activities offer greater efficiency. Bigger and popular hotel chains combining the expansion and diversification as a growth strategy entered the international hotel markets and from national companies became international corporations.

2.2. Hotel Chain Advantages

Accordingly it can be stated that the advantage of hotel chains is in their size, proportional and efficient business contracts as well as their savings due to the economies of

scale. As Šušić states in his article, individual hotels with great capacity can be efficient but overall profitability is achieved by bigger hotel chains which enjoy efficiency due to financial and marketing savings, managerial services, technical savings, as well as risk diversification.⁶

The emergence of branding has been noticed way in the past with the explosion of brand categories in the manufacturing as well as in the service industry. The brand, often seen as logo, slogan, symbol, name or design, has been proven as a perfect match with the human characteristics, living standard and priorities. Branding establishes long-term relationship and prove that non-material or intangible benefits sometimes surpass the material benefits.⁷ The creation of strong brand offers additional value mostly seen as very simple by the clients, but an important one for the company sustainability on the competitive market. Moreover, the brand is critical element for the products and services with superior quality, and its use in the hotel industry proves the available opportunities for new dimensions. Numerous researches have been done to prove the connection between the brand and buying decisions by clients. One of them, among the most popular today, is the research of relationship between the brand and human psychological element, since the mind has major influential role. Sensory, cognitive and affective psychological dimensions were included in the examination, and the results show that the sensory dimensions have major role in the promotion of hotel brand. Additionally, the relationship between sensory dimensions and brand loyalty is very important since the sensors of vision, touch, taste, sound, and smell have great impact on the evaluation of hotel brand. Consumer psychology is relatively new tool used in branding strategies in order to capture thoughts and feelings from consumers' perception and the driving forces for their stimulation.⁸

Being part of international hotel chain means using the world known brand, strategies, corporate politics and much more. The operation of hotel chains includes many advantages, and some of them are:⁹

- **Volume** – Sale volume of hotel chains has great benefit from economies of scale due to the standard offer;
- **Profit management** – system which offers benefits calculating the offer and demand;

⁶ Šušić, V., "The development and territorial allocation of hotel chains in the world", *FACTA UNIVERSITATIS: Economics and Organization*, 6(3), 2009, pp. 313–323, available at:

<http://facta.unis.ni.ac.rs/eao/eao200903/eao200903-11.pdf>

⁷ Kotler, P., "Marketing management", Chapter 1, Eleventh ed., Pearson Education (Singapore) Pte. Ltd, Delhi, India, 2003

⁸ Jamaluddin, M., Hanafiah, M., & Zulkifly, M., "Customer-based Psychology Branding", *Procedia - Social and Behavioral Sciences*, 2003, pp. 772-780

⁹ Cunill, O., "The growth strategies of hotel chains: Best business practices by leading companies", Haworth Hospitality Press, New York, 2006, pp. 1-3

³ Čerović, S., "Strategijski menadžment u turizmu" Univerzitet Singidunum, Beograd, 2009

⁴ Pan American World Airways – first and biggest international air company in America from 1927 until its dissolution at 4th of December, 1991, <http://www.panam-airways.com/index2.php?clipper=company>,

⁵ *Hoteliers of the World*, Hotels, The Magazine of the Worldwide Hotel Industry, November, 2014, available at:

<http://newsroom.hilton.com/assets/HWW/docs/2014/HotelsMagazineNasettaHoteliersoftheWorld.pdf>

- **Promotion** – marketing and communication departments manage the hotel chain advertising as a whole;
- **Contracts** – with main reservation platforms followed by various contracts with agencies, tour-operators etc., with what an impressive workforce can be gained;
- **Savings while buying high quality products and services** – connecting with network of suppliers gives an opportunity for minimizing the costs for supply up to 20% (from everyday products such as food, drink, to technology);
- **Risk diversification** – because of the bigger number of accommodation capacities in the chain;
- **Strategies for risk minimization** – hotel standards include strategies for minimizing the costs and are a responsibility of the operational director;
- **Higher rate of utilization** – the rate of utilization in hotel chains is for 7-10% higher than the individual hotels;¹⁰
- **Service** – the usual assortment of services in hotel chains includes pools, fitness rooms, spa, playgrounds etc., besides 24hour room service, free breakfast and wireless internet.
- **Predictability** – for hotel part of a hotel chain can be said that it is predictable in the offer of services and products because it offers almost the same assortment. This is an advantage for the clients which want to know what to expect before they get to the hotel.

Hotel chains enjoy numerous benefits on the market, for owning a hotel from hotel chain has its advantages. The biggest hotel chains today use the franchise and managerial contracts more and more as a strategy to enter the national and international markets. With that can be proven that the advantages go beyond the disadvantages of these strategies. In particular, part of the advantages for owning a hotel under franchise or managerial contract are:¹¹

- Undertaking business concept and strategies under the name of well-known company;
- Great chances of success from the taken business concept;
- Complete plan and specification for facility building;
- Developed products, services, and business activities;
- Banks see the franchise as a company with relatively low risk;
- Well-known corporate picture and brand;
- Managerial training and support by franchisors;
- Service and product promotion at the franchisor's expense;

- Implementation of information technology at the franchisor's expense and using their reservation system.

2.3. Hotel Chain Leaders on the Global Market

Every industry has its own leaders that define it, lead, set the trends and standards for sustainability, development and innovation. Throughout the years of development of hotel industry, the list of hotel chain leaders hasn't changed much, and among them are: Hilton, InterContinental, BestWestern, Hyatt, Marriott, Accor, Wyndham, и Starwood. The competition among them was always present and will continue to exist because the size is their biggest challenge which is the way to offer their clients complete geographical coverage and wide product assortment.

MKG Group is a consulting agency in hotel, restaurant and tourism industry with the highest reputation since 1985. *MKG Hospitality*, part of *MKG*, is leader in marketing research for hotel and tourist market in Europe, Africa, and Middle East. According to their researches, besides the subtle economic situation, the leaders on the market show global growth. It can be best seen from the data shown in Table 1.

Table 1: Rank and growth of top 10 international hotel chains from 2012-2015

Source: MKG Hospitality database (<http://www.hotelnewsresource.com/article70429.html>); http://www.hotel-online.com/press_releases/release/global-hotel-ranking-2015-a-second-chinese-operator-climbs-into-the-top-10#; http://www.hotel-online.com/press_releases/release/global-hotel-rankings-the-leaders-grow-stronger-ihg-retains-top-spot)

¹⁰ As "individual" are seen all accommodation capacities (hotels, motels, etc.) which doesn't belong to any hotel chain.

¹¹ Alon, I., Ni, L. & Wang, Y., "Examining the determinants of hotel chain expansion through international franchising", International Journal of Hospitality Management, 31(2), 2012, pp. 379–386

Rank				Chain	Origin	Number of hotels				Number of rooms				Yearly growth in %			
2015	2014	2013	2012			2015	2014	2013	2012	2015	2014	2013	2012	2013	2014	2015	2012-15
1	1	1	1	InterContinental	Britain	4840	4697	4602	4480	710295	686873	675982	658348	2.6%	1.6%	3.3%	7.3%
2	2	2	2	Hilton Hotels	USA	4278	4115	3992	3861	708268	678630	652378	631131	3.3%	3.9%	4.2%	10.9%
3	3	3	3	Marriot International	USA	4117	3783	3672	3595	701899	653719	638793	622279	2.6%	2.3%	6.9%	11.3%
4	4	4	4	Wyndham	USA	7645	7485	7342	7205	660826	654423	627437	613126	2.3%	4.1%	1.0%	7.2%
5	5	5	6	Choice	USA	6376	6303	6198	6203	504808	502663	497023	502460	-1.1%	1.1%	0.4%	0.5%
6	6	6	5	Accor	France	3717	3576	3515	4426	482296	461719	450199	531714	-18.1%	2.5%	4.3%	-10.2%
7	7	7	7	Starwood	USA	1207	1161	1121	1076	346599	339243	328055	315346	3.9%	3.3%	2.1%	9.0%
8	8	8	8	Best Western	USA	3900	4046	4024	4018	302144	314318	311611	295254	5.2%	0.9%	-4.0%	2.3%
9	9	9	9	Home Inns	China	2609	2180	1772	1326	296075	256555	214070	176562	17.5%	16.6%	13.3%	40.4%
	10	10	10	Carlson Rezidor	USA		1079	1077	1077		168927	166245	165802	0.3%	1.6%		

According to the data above, main changes on the global market in hotel industry from 2011 to 2015 happen for hotel chains *Accor* and *Choice* in 2013, and Chinese hotel chain *Jing Jiang* taking the place of *Carlson Rezidor*. The Chinese hotel chain got the 10th place in 2015 when the French hotel chain *Louvre Hotels* joined the chain at the end of 2014.¹²

Numerous world statistic, consultant, auditing, financial and other companies have researched market share of world hotel chains, and mostly the access to the data is restricted. On the *CSIMarket* website, independent digital financial company and provider of integrated financial information and analytical applications for global investments, can be found information for several world hotel chains. According to their data, the world leader in market share in 2014 is *Marriot International, Inc* with almost 52%. Following is Table 2.2 with data for some hotel chains and their market share for 2014.

Table 2: Market share of hotel chains for 2014

Company	Market share
Wyndham Worldwide Corporation	4.77 %
Boston Properties, Inc.	-
Starwood Hotels & Resorts Worldw.	18.34 %
Host Hotels & Resorts, Inc.	20.72 %
Loews Corp	2.39 %
Marriott International, Inc.	51.78 %
Wynn Resorts Ltd.	2 %

Source:

<http://csimarket.com/stocks/competitionSEG2.php?code=WYN>

According to the analysis by *Market Realist*, *Hilton Worldwide Holdings Inc.* in 2014 held 4.5% from the global hotel market, almost 9% from the American market, 3% from the hotel market in Middle East and Africa, 1% from the European market and 1% from the Asian.¹³

¹² http://www.hotel-online.com/press_releases/release/global-hotel-ranking-2015-a-second-chinese-operator-climbs-into-the-top-10

¹³ Cederlom, T., "Hilton's market share in the domestic and international market", 2014, October 3, available at: <http://marketrealist.com/2014/10/hiltons-market-share-domestic-international-market/>

Slightly lower, around 3% from the global market is owned by *InterContinental*¹⁴, and 18% by *Starwood*¹⁵. For the competition of hotel industry in this analysis there is information only for the market share of American hotel chains where *Marriot* is present with 10%, *Wyndham* with 9%, and *InterContinental* and *Choice* with 8% each. From the analyzed hotel chains, with the smallest market share are *Best Western*, with 3%, and *Hyatt*, with 2%.¹⁶

3. HOTEL CHAINS ON MACEDONIAN MARKET

Categorization of hotels in Macedonia started from 1981 and until 1996 were used five categories from highest to lowest: L, A, B, C, and D. From 1997 started the use of five star categorization, from 1 to 5, same as in more developed countries, but the conditions for obtaining certain category are changing. From 2013 with the last changes in the Regulation of conditions for categorization of facilities for hospitality industry, Macedonia has implemented the European system of hotel categorization implemented in 15 European countries.¹⁷

According to the review from sector for tourism, under the Ministry of Economy, until 31.01.2015 in Macedonia were registered 229 categorized hotels total. The categorization of hotels is as follows (see Table 3):¹⁸

¹⁴ IHG, "Annual Report and Form 20-F 2015", 2015, available at: https://www.ihgplc.com/files/reports/ar2015/files/pdf/annual_report_2015.pdf

¹⁵ Starwood Hotel & Resorts Worldwide Inc's., 2015, available at: http://csimarket.com/stocks/compet_glance.php?Code=hot

¹⁶ Matthews, S., "Introducing Marriott International: Your Key Company Overview", 2016, January 14, available at: <http://marketrealist.com/2016/01/introducing-marriott-international-key-company-overview/>

¹⁷ Наковска, Ј., „Категоризација и стандардизација во хотелиерството“, Штип, Р. Македонија, 2014, стр. 98

¹⁸ Министерство за економија на Р. Македонија, Сектор за туризам, Преглед на категоризирани хотели, состојба 31.1.2015 година, преземено од: http://archive.economy.gov.mk/ministerstvo/sektori_vo_ministerstvo/sektor_turizam_ugostitelstvo/4359.html,

Table 3: Number of hotels according to category in Macedonia in 2015

Category	Number of hotels
Superior hotels with 5*	3
Hotels with 5*	12
Superior hotels with 4*	2
Hotels with 4*	46
Superior hotels with 3*	5
Hotels with 3*	67
Superior hotels with 2*	6
Hotels with 2*	47
Hotels with 1*	41
Total	229

Source: Ministry of economy in Macedonia, sector for tourism. Review of categorized hotels, 31.01.2015, available at:

http://archive.economy.gov.mk/ministerstvo/sektori_vo_ministerstvo/sektor_turizam_ugostitelstvo/4359.html

Even though the total number of hotels is relatively big (adequate) for Macedonia, yet the presence of international hotel chains is smaller than 3%. On the Macedonian hotel market, five hotels belong to international hotel chains, by one from *Holiday Inn*, *Wyndham*, and *Accor*, and two from *Best Western*. Given that, 224 hotels are independent according to the last categorization review mentioned above. There is one more relatively new hotel on the market, from the hotel chain Marriot. The present hotels on Macedonian hotel market are:¹⁹

1. Hotel Princess (5*S) – hotel chain Wyndham Worldwide;
2. Hotel Holiday Inn (5*) – hotel chain IHG – InterContinental Hotels Group;
3. Hotel Best Western Tourist (4*S) – hotel consortium Best Western;
4. Hotel Best Western Bellevue (4*) – hotel consortium Best Western;
5. Ibis Skopje City Center (4*) – hotel chain Accor;
6. Skopje Marriot Hotel (5*) - hotel chain Marriot.

Hotel Ibis Skopje City Center and *Skopje Marriot Hotel* are not included in the list of categorized hotels in Macedonia. Moreover, under construction is also one more hotel *DoubleTree by Hilton*.

3.1 Entry Strategy on Macedonian Market

Strategies that hotels use to enter the Macedonian market are same as the once they use for any global market. In Macedonia, from the six present hotel chains, three are with franchise (*Ramada Plaza* in *Gevgelija*, *Holiday Inn* and *Ibis Accor* in *Skopje*), and two with managerial contract (*Best Western Tourist* and *Best Western Bellevue* in *Skopje*).

¹⁹ Министерство за економија на Р. Македонија, Сектор за туризам, Преглед на категоризирани хотели, состојба 31.1.2015 година, преземено од: http://archive.economy.gov.mk/ministerstvo/sektori_vo_ministerstvo/sektor_turizam_ugostitelstvo/4359.html

For each strategy, the existence of firm is necessary, i.e. company regulated by the Law on Trade Companies of the Republic of Macedonia. According to the same law, there are five forms of trading companies from which the founder freely chooses, unless otherwise stipulated by law:²⁰

1. Public company – whose associates are liable for the obligations of the company unlimitedly and in solidarity with all their assets;
2. A commanding company – the commanders shall not be liable for the obligations of the company and the complementaries shall be liable for the obligations of the company unlimitedly and in solidarity with all their assets
3. Limited Liability Company and Limited Liability Company by one person – whose shareholders are not liable for the obligations of the company
4. A joint stock company – whose shareholders are not liable for the obligations of the company
5. A commanding partnership with shares – the commanders are not liable for the obligations of the company, and the complementaries are liable for the obligations of the company unlimitedly and in solidarity with all their property.

According to the Law on Trade Companies, trading company can be established by domestic and foreign entity. Every form of trading company must be registered in Register of companies in Macedonia. If the company is under full ownership of a foreign entity, the foreign investor must be registered in the Register for foreign investments in Macedonia. Generally, trading companies should be registered in the Ministry of economy before the beginning with the trading activities, registering the working hours and as a VAT payer in the Public Revenue Office. Trading company registered for franchise buying or selling is indefinite. The termination of the partnership or trading company is determined by law for each trading form separately. The entry strategy is chosen after the establishment of the trading company, and among the most popular of them on the Macedonian market is the franchise. Franchise is relatively new concept for the business environment for which there is not definition in the Macedonian legislation, but it is understood or treated as an intellectual property rights package that relates to trademarks, copyrights, industrial designs, and so on.

Even though there aren't separate regulations for franchise in the legislation of Macedonia, the legislative system accepts franchise agreements. Franchise agreements are combination of contracts such as sales contract, distribution agreement, sales agency contract, licensing agreement, and an expertise agreement. Franchising agreements are “vertical agreements with which a franchisor grants to another enterprise, franchisee, in exchange for direct or indirect monetary compensation, the right to use a franchise, or a set of intellectual property

²⁰ Закон за трговски друштва, Службен весник на РМ, бр. 28/2004 (измена бр. 84/05; 25/07)

rights in order to market specific types of goods and/or services and for sale of goods or services to end consumers”.²¹ Moreover, “franchise agreement” is an agreement with which the franchisee is obligated that permanently, on his own behalf and for his own account, sell goods and/or services produced or developed by the franchisor and accordingly use the exclusive rights for the use of expertise, brand and services that franchisor provides for a fee.²²

The legislative system of Macedonia franchise agreements are regulated by the Law on Intellectual Property and the Law on bonds. Moreover, there isn't a registry for franchise. Since the franchise is a combination of rights including the rights of intellectual property which by law should be registered. There is an exception for certain sectors, like the pharmaceutical industry, for which there are certain regulations such as registering distributors and drug resellers in Macedonia. The entire system of franchise is protected with the industrial property rights and trademarks in order to ensure the same representation and appearance. The purpose of franchising is to create a business system that will be specific and spread across multiple territories.²³ Furthermore, there are no mandatory pre-contractual obligation since they are the subject of the agreement between the contracting parties, which they can lay down to suit them without being unlawful.

As any trading company, franchising has no specified deadline or termination by law, but there are mandatory laws that may cause termination of the agreement, such as suspension in case of bankruptcy proceedings against one of the partners of the agreement.

According to the manual for conducting business and investing in Macedonia by PwC Corporation, which besides other offers consulting services and for working in the hotel industry, since 1990 a number of international franchises have successfully entered the Macedonian market of sales, hotel and restaurant sectors, as well as the renting sector. The Macedonian Association of Franchising was established in 2003 in order to offer consultant services for domestic and foreign companies about franchising strategy.²⁴

Another used entering strategy for Macedonian market is the joint venture allowed with the current legislation, including domestic and foreign investment. The popularity

of this strategy is increasing among the companies which go through the privatization process, and involves pooling of the forces of a local company with a foreign company. Usually, the foreign company offers equipment and merchandise, and the domestic company offers buildings, warehouses, offices and staff.

3.2 Hotel Chains on Macedonian Market

The Macedonian hotel market was analyzed through interview with the five present hotels. From them, fully operational, two have entered the market with managerial contract, and three with franchise agreement. More precisely, the hotel chains Ibis, Ramada Princes and Holiday Inn are present with franchising, and Best Western Tourist and Best Western Bellevue used the managerial contract as an expansion strategy. Therefore, the Macedonian hotel market according to the present categorized hotels in percentage are presented on Chart 1.

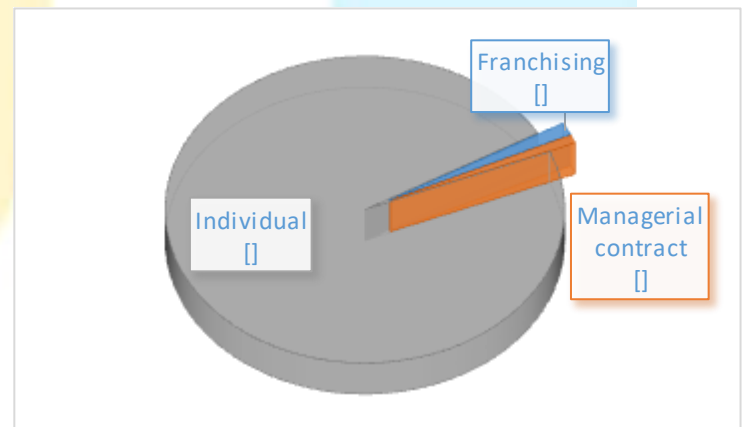


Chart 1: Market presence of hotel chains on the Macedonian market (in percentage)

According to their positioning strategies, the hotel chains present on the Macedonian market belong to the categories family hotels, economic, comfort, midscale with fewer services and amenities. From the interview results it can be concluded that the establishment and operation of hotel from an international hotel chain on the Macedonian market can be done under open and clear conditions. All of this can result as a “model” for efficient entry and presence on the Macedonian market which includes the following steps:

- Formation of trading company – For the formation of trading company because of their operational nature, hotel representatives of international hotel chains have registered Limited Liability Company following the procedure in the Law on Trading Companies in R. Macedonia. The legal procedures for registration, formation and commencing the operation of the companies are carried out by the legal departments of the hotels, hiring external law offices for the implementation of the legal enrollment procedures. The duration of the procedure is significantly short and the costs for it are quite low.

²¹ Уредба за групно изземање на вертикалните договори за исклучиво право на дистрибуција, селективно право на дистрибуција, исклучиво право на купување и франшизинг, член 3 (2)д, Службен весник на РМ бр. 91/2005

²² Закон за заштита на конкуренцијата (04/05, 70/06 и 22/07), Службен весник на РМ бр. 145/10

²³ Анастасовска Д.Ј., ФРАНШИЗИНГ ДЕЈНОСТИ И ДОГОВОРОТ ЗА ФРАНШИЗИНГ ВО ПРАВОТО И ПРАКСАТА НА Р. ХРВАТСКА И Р. МАКЕДОНИЈА, Zbornik PFZ, 61(2), 2011, стр. 695-722

Терпо, К., Административно-правни услови за користење на франшизата како начин за започнување со мал бизнис во Република Македонија, 2016, стр. 75-76

²⁴ PWC, Guide to Doing Business and Investing in Macedonia, 2014, available at: http://www.pwc.com/mk/en/about-us/doing_business_guide_macedonia_2014.pdf

- Managing the hotel under written standards – The operation of the hotel, which is part of international hotel chain, is carried out by managerial teams and all employed in it, and is done under written standards by the hotel chain which the representative is obliged to follow and respect with the signing of the agreement.

The presence of international hotel chains on the Macedonian market is considered as desirable and of great importance for the development of the industry as a whole, while the Macedonian hotel market, although relatively young, still with satisfactory potential. This is result from the impact of the trends of the world hotel industry which is evident in their operation, among which are the recognition of the world brand, the sense of security of choice, the expectations according to world standards, service, etc. The number of foreign tourists in their facilities is significant including the members of their loyal programs for which they always have an offer of customized product or service according to their needs and preferences.

4. CONCLUSION

The low entry barriers and favorable climate for establishment and sustainability of hotels on Macedonian market, even though in smaller number for now, the number of the representatives is in continuous growth. Their entry has great impact on the Macedonian hotel market, as well as the industry as a whole. The entry of hotel chains on the market offers to everyone, big and small hotels, an opportunity for survival, while their strengthening leads to market optimization. Additionally, the opportunity of international hotel chains to enter the Macedonian market leads towards creation and promotion of known tourism product. All together will lead to an increase of competition which in global practice has been proven to be “desirable” or “healthy” due to the analysis of the environment which causes and increases the marketing activities for attracting customers. Moreover, competition has been seen as an internal motivator, as well as a common motive for hotel chains to merge.

The overall performance of the international hotel chains on Macedonian market results with stable profits, new knowledge, as well as new investments depending the strategy for expansion used. Also, it encourages the growth of the Macedonian market as a whole. The high quality standards imposed by global players of hotel industry would lead to rationalization of the market as well as its modernization and building a recognizable image of the Macedonian hotel market.

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