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Strategies of the medium-sized hotel industry in world heritage cities, Thailand

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Abstract

This research is a Descriptive Research that studies the management system of hotels in Sukhothai province, a World Heritage city. The objective is to model the competitive strategy of the hotel industry in World Heritage cities; Qualitative Research with probability sampling method with Stratified Sampling divided by type of organization management, for Independent Hotels and Hotels Chain using Purposive Sampling method of two hotels using Participant Observation, Survey and In-Depth Interview technique, Unstructured Interview with eight executives and managers. Structured interviews were conducted on 22 employees using the Snowball Sampling method. Extract content Integrate the principles of Balanced Scorecard, SWOT Analysis and Porter's five Forces Model to analyze problems and integrate the principles of TOWS Matrix to create strategies. The research findings indicate a statistically significant divergence in managerial practices between independent and chain hotels. Independent hotel establishments exhibit greater flexibility and stronger ties with local communities, while chain hotels leverage advantages in standardized service delivery and expansive business networks. The strategic imperative lies in synthesizing these complementary strengths within the distinctive context of a World Heritage city. This involves leveraging cultural capital to craft a unique brand identity, optimizing the use of locally embedded resources, and fostering inclusive business ecosystems through community engagement and cross-sector collaboration.

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Introduction

In 2020–2022, Thailand faced the spread of the coronavirus. However, the situation improved due to the high vaccination rate, including the strains that were found that did not have severe symptoms. Tourists were beginning to have a greater desire to travel, together with the policy of opening the country to receive foreign tourists. As a result, many hotel and accommodation businesses have recovered and returned to making profits along with employment in the hotel and accommodation business increasing by 75 percent (Kasikorn research Center, 2023).

If we are talking about Thailand, which is an important tourist destination in the world, and the city is known as a world heritage city for its history, creative crafts and folk art, Sukhothai Province can be considered as another province that is full of historical and natural tourist attractions. There are also many tourist attractions in the field of creative crafts and folk art ready to impress those who come to visit. Sukhothai Province is a region that reflects the glorious civilization of the former capital that still remains for future generations to continue and preserve. According to information from the Economic, Tourism and Sports Division, Ministry of Tourism and Sports report on the number of visitors and the occupancy rate in Sukhothai Province from 2021–2023, it was found that the number of visitors increased from 20,335 people, to 43,089 people, and then 449,817 people, respectively, and the average occupancy rate increased from 17.25 percent, to 34.58 percent, and then 35.34 percent, respectively, showing the popularity of tourists towards tourist attractions in the world heritage city (Ministry of Tourism and Sports, 2023).

From studying preliminary data, the researcher saw that tourist attractions in the world heritage city were still popular with both Thais and foreigners. This resulted in the hotel business having to increase service efficiency in order to meet customer needs and the number of tourists that will increase in the future, including the competitive situation in the service industry market that has changed. This may have a direct and indirect impact on the hotel business in various aspects. Therefore, the researcher developed a scholarly interest in examining the strategic adaptations of medium-sized hotels in a World Heritage city. The selection of medium-sized hotels as the focal point of this study is underpinned by their central role in driving local economic development and supporting the sustainable growth of tourism in World Heritage destinations, particularly in Sukhothai province. Medium-sized hotels exhibit distinct characteristics that differentiate them from their small and large-scale counterparts most notably in terms of organizational capacity, managerial approach, and adaptability to dynamic competitive environments. Relative to small-scale establishments, medium-sized hotels typically possess superior access to financial resources and managerial competencies, which in turn facilitate strategic investments in service quality, operational consistency, and diversified business initiatives. Nonetheless, medium-sized hotels face a unique set of challenges arising from the need to concurrently compete with both smaller and larger market actors. This competitive pressure necessitates the development of clearly articulated differentiation strategies and the cultivation of a distinctive brand identity. Of particular concern is the pricing pressure exerted by lower-cost competitors, such as small hotels or homestays, which generally operate with leaner cost structures. While medium-sized hotels may demonstrate greater operational agility and contextual responsiveness than large scale hotels, they are often constrained by limited market reach, insufficient capacity for sustained marketing investment, and underdeveloped brand management systems. In addition, their relatively weaker bargaining power especially when compared to well established hotel chains with extensive networks, advanced marketing infrastructures, and efficient procurement mechanisms often results in higher operational costs and intensified market competition.

These factors underscore the complex and multifaceted nature of the challenges faced by medium-sized hotels, particularly in relation to cost control, market competitiveness, and brand differentiation. Accordingly, this study selects medium-sized hotels as the focal point of analysis, with the objective of identifying context appropriate strategies to support sustainable business growth within the socio-economic and cultural framework of World Heritage cities.

Objectives

1. To study the management systems of medium-sized hotels in World Heritage cities.
2. Hotel industry strategy in world heritage cities.

Literature Review

Hotel Business Management

The hotel industry is classified into different types or styles of hotel business management divided into two types (Medlik & Ingram, 2012) consisting of independent hotels and hotels

chain. Independent hotels are owned by a single person or a group of people. The administration is independent and has authority in management. For, hotels chain, such includes international hotel chains and local hotel chains. The management of hotel chains is divided into three types as follows: (1) Parent company. All assets and management belong to the parent company. (2) Management Contract. This is a form of network hotel service. The property for building the hotel is owned by someone outside the parent company but must use a network management system, and (3) Franchise Groups. Marketing system, design in hotel decoration, use of materials and equipment and setting up service systems to meet standards where the hotel business owner has the right and has the power to manage but must be in accordance with the agreement given to the franchise system.

Balanced Scorecard: BSC

Current status analysis tool for executives to accept the weaknesses and ambiguity of management. BSC helps define organizational management strategies more clearly using results from measurements obtained from every perspective in three dimensions, consistent with (Chanchai & Triukosol, 2019), who stated that administrative efficiency and finance was a process of increasing efficiency in organizational management to achieve goals and increase the value of the business. The Balanced Scorecard (BSC) has been recognized as a suitable performance measurement tool for medium-sized hotels, offering a comprehensive evaluation across four key dimensions (Hartati et al., 2022). Its implementation not only clarifies managerial roles but also contributes positively to overall operational effectiveness (Ekhmar et al., 2023). Despite certain limitations, BSC remains effective in capturing non-financial performance aspects such as customer satisfaction, learning and development, and internal processes (Dlamini et al., 2020), highlighting that management in small and medium-sized hotels should prioritize internal process improvement and customer service over financial growth and learning perspectives. Emphasis should be placed on retaining existing customers while attracting new ones by focusing on customer, financial, and internal business process dimensions. This approach aligns with findings by Puttikunsakon and Puttikunsakon (2021), who suggest that effective hotel management involves securing appropriate external funding to match investment plans and diversifying the customer base. Internally, organizations should establish clear roles and responsibilities while developing staff at all levels to ensure they possess the skills necessary for effective problem-solving and operational performance.

The Balanced Scorecard (BSC) is widely used in the hotel industry for strategic performance evaluation (Kaplan & Norton, 1996). Yet, medium-sized hotels in World Heritage cities often struggle to fully utilize its benefits due to high operational costs and competition from both large and small players (Yadegaridehkordi et al, 2020). This study investigates BSC implementation in Sukhothai, aiming to fill research gaps and offer insights into aligning performance tools with heritage-based tourism strategies.

SWOT Analysis

SWOT Analysis analyses the organization's conditions to find strengths, highlights, and weaknesses. It is an abbreviation that has the following meanings: (1) Strengths: The advantages of the organization (internal factors) (2) Weaknesses: The disadvantages of the organization (internal factors) (3) Opportunities: Opportunities that will allow the organization to operate (external factors) and (4) Threats: obstacles, limitations, or factors that threaten the organization's operations (external factors) (Horn et al., 1994). The main principle of SWOT is analysis by surveying the situation from two sides: internal situation and external situation (Situation Analysis), which helps the executives of the organization to be aware of changes within the whole organization, what has already happened including trends in future changes, and it is very useful in setting vision and strategy, consistent with (Chanchai, 2015), who said that opportunities and obstacles for organizations in their operations arise from external environmental factors, and (Safitri et al., 2022), who found organizational problems by setting vision and goals to solve them; (Astawa et al., 2021) evaluation of strategic factors by integrating the SWOT approach found that the hotel industry can be developed using nine strategies that have been prepared in order to promote the readiness of hotels to welcome customers and use services, and (Breier et al., 2021) strategic adaptation of the hotel business to the “new normal” made it necessary for the hotel business to find appropriate operating methods and strategies to respond to changes in work styles from around the world.

SWOT analysis has proven effective in strategic planning for heritage tourism. In Bou Saada, it supported environmental conservation and local economic development through job creation and infrastructure improvements (Dahmani & Hadjab, 2023). In Indonesia, it guided post-COVID-19 recovery strategies for mid-scale hotels, helping identify context-specific approaches to revenue revitalization (Sahir & Dachyar, 2021). It has also informed marketing strategies aligned with digital engagement, personalized experiences, and sustainability trends among modern tourists (Astawa et al., 2021).

Competitor Analysis: Porter's Five Forces Model

Competitor analysis using Porter's Five Forces Model includes the threat of new competitors, bargaining power of customers, bargaining power of raw material sellers, threat of new substitutes and business competition. This framework helps strategists understand what makes an industry profitable and provides the insights needed to make strategic decisions to implement in an organization. (Porter, 2008). Porter's Five Forces has long guided strategic analysis in the hotel industry (Porter, 2008). Post-COVID-19, competition has intensified for medium-sized hotels in culturally rich destinations due to the rise of low-cost options like Airbnb and growing pressure from major hotel chains. This study extends Porter's framework to explore how medium-sized hotels in World Heritage cities can adopt proactive strategies to navigate this shifting landscape.

The implementation of organizational strategies enhances customer satisfaction and loyalty to hotel brands (Bonsu et al., 2023), particularly when hotels in World Heritage areas integrate technology-based Environmental Management Practices (EMPs) with local wisdom for sustainability (Tritto, 2020), utilize collaborative storytelling design with customers to enhance cultural value and engagement (Piriyakul & Piriyakul, 2024), emphasize "heritage servicescape" that incorporates cultural, symbolic, and emotional dimensions (Tan, 2019), ensure stakeholder engagement to achieve objectives (Rubio-Mozos et al., 2020), develop service quality through strategic management (Sánchez-Aguirre & Martínez, 2024), analyze online customer reviews to understand cultural experiences influencing tourists' hotel selection (Sánchez-Vargas et al., 2022), design User Experience Criteria (POMP) to evaluate service quality (Choo, 2019), and implement employee training that directly impacts hotel performance (Machado et al., 2019). Nevertheless, medium-sized hotels still encounter obstacles in implementing strategic policies, particularly in crisis contexts such as COVID-19, requiring managers to develop flexible administrative approaches (Abalaka et al., 2023).Enhancing service quality in the hospitality sector requires structured evaluation frameworks such as Parameters of Optimal Meaningful Experience: POMP (Choo, 2019), which emphasize user experience and assign clear accountability for each key performance indicator (Rompho & Boon-itt, 2012). Targeted employee training further reinforces performance outcomes when aligned with strategic goals (Machado et al., 2019). However, medium-sized hotels often struggle to implement such strategies, particularly during crises like COVID-19, underscoring the need for flexible and adaptive management approaches (Abalaka et al., 2023).

Methodology

This research is descriptive research to find a way to formulate a prototype competitive strategy for the hotel industry using qualitative research using in-depth interview techniques with the positions of executives, directors, managers using unstructured interview and department heads and employees using structured interview. The tools used in the research include participant observation and In-Depth Interview at both hotels, with probability sampling method with Stratified Sampling divided by type of organization management, for Independent Hotels and Hotels Chain using Purposive Sampling method of two hotels using Participant Observation, Survey and In-Depth Interview technique. Unstructured Interview with eight executives and managers. Structured interviews were conducted on 30 employees using the Snowball Sampling method. taking notes, and recording audio to use the data for content analysis by integrating the principles of balanced measurement in four dimensions, including the financial dimension, customer dimension, internal process dimension and learning and development dimension, SWOT Analysis, competitor analysis, Porter's Five Forces Model to analyze problems and integrated TOWS Matrix principles to create proactive strategies, corrective strategies, defensive strategies, and preventative strategies leading to strategy determination to be used as a guideline for further development, correction, improvement and change for those involved in both the public and private sectors, as shown in Table 1.

Table 1 Strategy determination to be used as a guideline for development

Case	Balanced Scorecard	SWOT Analysis	Porter's 5 Forces Model
Information/ Problems	Executives, Managers, Entrepreneurs, Department Heads and Employees		
Analyze	Financial, Customer, Internal Process, Learning and Growth	Strengths, Weaknesses, Opportunities, Threats	Industry rivalry, threat of new entrants, power of customers, power of suppliers, threat of substitute products or services
Integrations	Strategy Map	TOWS Matrix	
Result	Strategies Approach		

Data Collection

Population and sample: This study employed two primary qualitative instruments: participant observation and in-depth interviews, conducted at two selected hotels. A probability sampling approach was initially adopted, using stratified sampling based on organizational management types, categorized into two groups: independent hotels and hotel chains. Following this, purposive sampling was used to select the specific hotel cases for detailed observation, in-depth interviews, and Alignment of Organizational Characteristics with Research Objectives. At each hotel, unstructured interviews were conducted with four key informants from the management level, totalling eight participants. Additionally, structured interviews were conducted with eleven frontline employees at each hotel, totalling twenty-two participants. The employee participants were selected using the snowball sampling to facilitate access to individuals with relevant experiential insights. All interviews were both audio-recorded and supported by detailed field notes, which were subsequently analyzed through content analysis to identify themes and patterns related to the research objectives.

Data Analysis

Analyzed the characteristics of the sample group, content analysis, using in-depth interview results from taking notes and recording conversations to separate content, brought information on the same issue into one group, organized according to important points in each area, prioritized content and added new issues to the analysis and summary of research findings.

Results

Strategy Analysis

1. Independent and chain hotels

1.1 SWOT analysis

The researcher studied the hotel's management style regarding the current situation, both internal and external factors, by analysing the business by performing a SWOT Analysis from collecting information through in-depth interviews with executives, directors, managers, and heads of related departments as shown in Table 2.

Table 3 presents the SWOT analysis of independent hotels in World Heritage cities. The results indicate that independent hotels benefit from strong local identity, flexible management, and proximity to tourist attractions. However, they face limitations such as limited capital, lack of standardized service systems, and weak bargaining power, while government tourism policies and local cultural assets create development opportunities.

Table 2 SWOT Analysis for Hotels Chain

(Strengths-S)	(Weaknesses-W)
1. It has a nationwide hotel chain. 2. Service Standards. 3. Outstanding hotel architecture. 4. Managed by the Head Office. 5. Comprehensive Public Relations. 6. High registered capital. 7. Big customers are Royalty Program. 8. High stability and reputation of the company.	1. Diversity of staff. 2. Access to local culture. 3. Far from tourist attractions. 4. Delayed administration. 5. It is not possible to manage outside the system.
(Opportunities-O)	**(Threats-T)**
1. Wide range of marketing channels. 2. There is a network of services from public and private agencies. 3. Monetize your company's reputation. 4. Partnership with peer-to-peer hotel chains. 5. Supports a variety of customers. 6. Have the power to negotiate with raw material sellers.	1. Access to local culture. 2. Environmental Impact. 3. Economic conditions and epidemics. 4. Transportation does not correspond to customer needs. 5. High bargaining power of customers.

Table 3 SWOT Analysis for Independent Hotels

(Strengths - S)	(Weaknesses - W)
1. Design rooms according to local identity. 2. It has a full range of facilities. 3. Places close to nature and tourist attractions. 4. Speed of administration. 5. Promote the environment and use renewable energy. 6. Support local Craft and Folk arts products.	1. Small registered capital of juristic person. 2. Lack of service standards. 3. Job security. 4. Lack of business partners. 5. There is no chain management system. 6. Access to the hotel's information system is limited to certain customer groups.
(Opportunities - O)	**(Threats - T)**
1. Government policies that promote secondary city tourism. 2. Add value from the identity of a local hotel. 3. Immerse yourself in the lifestyle of the local people. 4. Cooperate with the Federation of Local Tourism Industries.	1. The impact of the current economy. 2. Potential for business expansion. 3. No bargaining power with raw material sellers. 4. Transportation does not correspond to customer needs. 5. Price factors influence customer decisions.

SWOT analysis between independent hotels and hotel chains. The findings show that independent hotels emphasize local identity, cultural integration, and operational flexibility, while hotel chains benefit from standardized services, strong financial capacity, and wider business networks. However, both types face competitive pressures and external environmental uncertainties in the hospitality industry, as shown in Table 4

This analysis underscores the strategic nuances between independent hotels, which often emphasize cultural authenticity and operational agility, and hotel chains, which benefit from scale, capital, and standardized service delivery. Understanding these dynamics is essential for policymakers, investors, and hospitality stakeholders aiming to strengthen competitiveness and sustainability in the tourism sector.

1.2 Analysis of the external environment (Porter's 5 Forces Model)

Analysed using Porter's Five Forces Model including the threat of new competitors, bargaining power of customers, bargaining power of raw material sellers, threat of new substitutes and business competition by analysing the external environment that cannot be controlled, including opportunities and obstacles because the external environment was an important factor that directly affects management within the organization to find guidelines for sustainable business development as shown in Table 5.

This comparative analysis suggests that independent hotels tend to operate in highly competitive and flexible environments, relying on differentiation and local integration. In contrast, hotel chains leverage structured operations and economies of scale, though they face pressure from price-based competition and substitute services. Strategic responses should be tailored to these competitive conditions to enhance organizational sustainability.

1.3 TOWS matrix analysis

From the analysis of SWOT Analysis and Porter's Five Forces Model in Independent Hotels and Hotels Chain, it was found that the factors within the management of the two hotels were different, and external factors had similar characteristics. Therefore, the researcher applied the principles of TOWS Matrix to create a proactive strategy, corrective strategies, defensive strategies and preventative strategies to be used as the heart of driving the hotel business in the world heritage city as shown in Table 6.

This section analyzes the competitiveness facing independent hotels and hotel chains in Thailand based on Porter's Five Forces framework. The analysis illustrates variations in strategic responses and competitive positioning between the two types of establishments.

Table 4 Comparative SWOT Analysis between Independent Hotels and Hotel Chains

Analysis	Independent Hotels	Hotels Chain
Strengths	- Room designs reflect local identity and cultural heritage - Close proximity to natural attractions and key tourist sites - High operational agility and flexible management - Promotion and integration of local handicrafts	- High service quality and standardized operations - Extensive nationwide network - Remarkable architectural design - Strong financial capital and institutional stability - Robust public relations and loyal customer base
Weaknesses	- Limited registered capital - Lack of clearly defined service standards - Absence of centralized management systems - Restricted access to diverse customer data	- Distant from major tourist destinations - Slow and rigid administrative processes - Difficulties in executing decentralized or off-site management
Opportunities	- Government policies supporting secondary cities and local tourism - Rising interest in authentic local lifestyles and community-based tourism - Potential collaborations with local tourism authorities	- Wide-ranging marketing channels - Strategic partnerships with public and private sectors - Brand reputation leveraged for market expansion
Threats	- Economic instability impacting operations - Low bargaining power with raw material suppliers - Inadequate transportation infrastructure - High price sensitivity among customers	- High bargaining power of consumers - Intense price competition from small-scale accommodations - Vulnerability to pandemics and economic downturns

Table 5 Analysed using Porter's 5 Forces Model

Porter's 5 Forces	Independent Hotels	Hotels Chain
1. Threat of New Entrants.	- New entrants are primarily small-scale accommodations such as boutique hotels or homestays.	- New entrants often focus on cost leadership strategies and enter the market with smaller formats.
2. Intensity of Rivalry Among Existing Competition.	- Competition centers around brand differentiation and niche marketing targeted at specific tourist segments. -Find a business partner.	- Competition is driven by price and network expansion, with an emphasis on economies of scale.
3. Bargaining Power of Buyers.	- Customers have high bargaining power due to the availability of alternative options and ease of price comparison.	- While brand loyalty offers some leverage, customers still hold strong bargaining power in price-sensitive segments.
4. Bargaining Power of Suppliers.	- Often rely on local suppliers, limiting bargaining power in terms of price and quality consistency.	- Benefit from centralized procurement systems, gaining higher bargaining power, though still challenged by supply consistency in remote areas.
5.Threat of Substitute Products or Services.	- Customers may opt for lower-priced alternatives such as hostels or homestays. -Service Innovation.	- Face competition from online platforms and short-term rental services, though brand trust may offer partial insulation.

Table 6 Porter's 5 Forces Model in Independent Hotels and Hotels Chain

Strategy	Independent Hotels	Hotels Chain
Proactive: SO	- Develop guest rooms that reflect local cultural identity and traditional aesthetics. - Establish strategic partnerships with local businesses and community enterprises. - Adapt facilities and amenities using locally sourced materials to enhance authenticity and sustainability. - Invite local artisans or cultural experts to conduct live demonstrations or showcases of traditional crafts and wisdom.	- Expand operational networks and leverage the marketing channels of the hotel chain to increase brand visibility and market reach. - Showcase local community products as part of the guest experience to reflect the cultural identity of World Heritage cities. - Adapt food and beverage menus to incorporate seasonal, locally sourced ingredients, promoting culinary sustainability and local engagement. - Invite local sages or artisans to deliver live demonstrations, offering guests authentic cultural experiences and strengthening community ties.
Corrective: WO	- Develop a user-friendly and efficient room reservation system to enhance customer convenience and booking speed. - Implement promotional campaigns aimed at attracting new customer segments and increasing market penetration.	- Streamline management processes to enhance organizational agility and reduce decision-making complexity.
Defensive: ST	- Enhance service quality by integrating localized cultural activities that create memorable guest experiences, such as traditional Sukhothai dance, "Mangkada" performances, and drum shows. - Improve accessibility by offering additional transportation options, including shuttle services from airports or train stations.	- Maintain consistent service quality through continuous quality control to retain existing customer base. - Create memorable guest experiences by offering unique cultural performances and services, such as traditional Sukhothai dance, *Mangkada* displays, and local drum shows.
Preventive: WT	- Strengthen security systems and ensure strict compliance with safety standards to enhance guest confidence and operational reliability. - Promote positive hotel reviews from previous guests as a means to build a favorable brand image and increase customer trust.	- Establish closer communication channels with customers and address issues related to delayed transportation services. - Install security systems, such as closed-circuit television (CCTV), to enhance customer confidence and overall satisfaction.

Discussion

From the summary of these results, the researcher can discuss the results as follows.

Creating a business network between the organization and the community should involve the community in carrying out the activities including supporting the hiring of local personnel, using raw materials in the area to reduce costs, distribute income, and create an identity from seasonal raw materials for use in promoting the organization's marketing image. In addition, service users can experience the community lifestyle and cultural way of life of people in World Heritage cities, which helps enhance the image of hotel businesses. Cooperation with local communities can also attract tourists to participate in activities and cultural experiences (Giampiccoli & Kalis, 2012), who stated that creating cooperation required participations of the people. The community must be given the opportunity to express their opinions and truly express their needs in order to be able to operate sustainably.

Creating added value from handicraft products of the local community and participating in practices from local philosophers who have knowledge about identity, community way of life, handicrafts, local language, historical stories of the world heritage city, various bits of knowledge that have been passed down from ancestors, which is a charm for customers, and including personnel who can earn income from learning arts and crafts that can be used as a career to promote a good family life, in line with (Piriyakul & Piriyakul, (2024), who stated that creating values by developing products that were exquisite, beautiful and different from other products could be upgraded to a premium product by maintaining its uniqueness management strategy and marketing strategy from local handicraft products to create additional income for group members.

Giving importance to service quality because customers have expectations regarding service. The organization therefore

must promote training support to develop knowledge skills in various fields to create standards, create quality and efficiency of service including listening to customer suggestions to develop and improve services leading to confident trust in the quality of customer service, making word of mouth and repeat service. This is in line with (Chiewchanakijkarn & Saengphikun, (2023).), who commented that regular employee training could solve various problems appropriately and consistent with expectations responding to customer needs.

Independent hotels leverage local identity and agility to deliver cultural tourism experiences, aligning with heritage servicescape and storytelling co-design. This is consistent with the research of Tan (2019) and Piriyakul and Piriyakul (2024), which highlight the role of community and customer participation. In contrast, chain hotels benefit from standardized service and centralized management systems, enabling structured strategic planning through tools such as the Balanced Scorecard—an approach supported by the research of Kaplan and Norton (1996) and Dlamini et al. (2020). This study further demonstrates that integrating the BSC with the TOWS Matrix is particularly effective for designing strategies in heritage cities. Moreover, in the post-COVID context, independent and chain hotels alike face cost pressures and pricing competition from homestays and Airbnb, underscoring the need for strategic tools. This aligns with the research of Makki and Abid (2022), who advocate using SWOT analysis and Porter's Five Forces to navigate competitive challenges and inform strategic responses.

Limitations of the Discovered Strategies

Despite their flexibility and strong identity, independent hotels often face challenges related to limited funding and the absence of standardized systems, which constrain their ability to expand into broader markets. This finding aligns with the research of Yadegaridehkordi et al. (2020), which highlights the effectiveness of the Balanced Scorecard (BSC) in helping medium-sized hotels overcome such constraints. Conversely, while chain hotels possess financial stability and extensive networks, they often lack the flexibility and local authenticity increasingly valued in heritage tourism. Their rigid structures proved particularly problematic during crises such as the COVID-19 pandemic. This is consistent with the research of Abalaka et al. (2023), which emphasizes the need for more adaptive and resilient management approaches to ensure long-term sustainability.

Conclusion and Recommendation

Summary of Results

Guidelines for strategic formulation for medium-sized hotels in World Heritage cities were developed by integrating the Balanced Scorecard, SWOT analysis, and the TOWS Matrix. The resulting strategic framework, organized across the four Balanced Scorecard dimensions, is summarized in Table 7.

As summarized in Table 7, the proposed strategies for medium-sized hotels in World Heritage cities can be categorized into four key dimensions: financial, customer, internal process, and learning and development.

1. Financial dimension

Hotels should adopt proactive strategies by creating a network of coexistence between businesses and communities, engage the community in using local ingredients as a seasonal identity in world heritage cities and corrective strategies, defensive strategy by reducing purchasing costs, supporting and generating income for the community and expanding business in the organization, and for preventive strategies, creating a good image for the business through community cooperation, businesses coexist with communities and communities coexist with businesses, creating jobs, income, and careers, creating an economy that circulates in the surrounding communities in a sustainable way.

2. Customer dimension

Adopt a proactive strategy by adding artistic and cultural value, such as pictures, objects, handicrafts that indicate the local identity, as well as equipment, to make customers who come to use the service satisfied and beyond customer expectations. For defensive strategy, let customers participate and absorb the atmosphere of the old city such as local activities, local food, fruits, way of life, cultural living, and for preventive strategy, focusing on creating added value from community handicraft products so that customers can choose to buy and participate in the practice. The products must meet reliable and supported standards. For corrective strategy, one person must be able to solve basic problems for customers in every aspect.

Table 7 Strategies for medium-sized hotels in World Heritage cities

Balanced Scorecard	(SO)	(WO)	(ST)	(WT)
Financial dimension - Cost reduction - Increase revenue - Create a network	Use local seasonal community ingredients to expand your business.	Reduce operating costs within the organization.	Earn money from business partner network.	Create a good image for service.
Customer dimension - Study Customer behavior - Customer Service Center - Service Quality	Increase the value of arts and culture, meet customer expectations.	- One Stop Service. - Every customer is important to the organization.	Create a communal stay atmosphere.	Cleanliness and safety standards.
Internal management dimension - Human Resource Planning - Service Standards - Promote corporate culture	Pay attention to service quality.	Create a World Heritage City image for services.	Empower local people to create their identity.	Create a process to receive, edit, update Systematically store feedback.
Learning and Development dimension - Training - Network cooperation - Measurement & Evaluation	Training to develop skills and knowledge to provide effective services.	Transfer knowledge by local communities to create sustainable identities.	Learn about local crafts and folk arts activities that charm the World Heritage City.	Promote employee performance, Create a sustainable career.

3. Internal process dimension

The hotel business must consider proactive strategy to give importance to the quality of the organization's services using local personnel. For corrective strategies, relying on the traditional way of life to create a unique identity for the hotel and support families in nearby communities with employment and increase the stability that is defensive strategy. For preventive strategies, such must focus on creating channels to listen to problems, solve problems, improve operations, systematically document problems so that they do not occur again, and take the problems that arise to study and learn.

4. Learning and development dimension

The organization must train, develop skills in knowledge, professions, technology, foreign languages, and communication to make personnel and organizations efficient. That is a proactive strategy along with giving it to local philosophers with knowledge about identity, community way of life, local language, historical stories of the world heritage city, conveying this way of being attractive to customers and personnel closely as a corrective strategy and a defensive strategy. Personnel can then earn income, and make a career from learning arts and crafts to create a good, sustainable family life using preventive strategy.

Strategic Recommendations for Medium-Sized Hotels in World Heritage Cities

Strategic recommendations for medium-sized hotels located within World Heritage cities should emphasize the integration of local identity into service design and guest experiences. This includes offering room types and amenities that reflect distinctive cultural elements, forging partnerships with local communities to source indigenous materials and products, and organizing cultural activities that enhance experiential value. Such initiatives not only contribute to destination authenticity but also create a competitive advantage through meaningful guest engagement and community co-creation.

1. Strategic use of place branding in heritage cities

The adoption of place branding strategies enables hotels in World Heritage cities to differentiate themselves by embedding the unique identity of the destination into their brand narratives. Drawing on the cultural, historical, and socio-spatial distinctiveness of the locale (Kavaratzis & Hatch, *2013)*, hotels can integrate local elements through architectural design, interior décor, and culinary offerings that reflect indigenous traditions. Moreover, employing place-based storytelling enhances brand memorability and emotional resonance, positioning the hotel as an authentic extension of the heritage city and creating a compelling value proposition in a competitive market.

2. Digitalization and smart hospitality for enhanced guest experience

Embracing digital transformation through smart hospitality systems enables hotels to enhance guest experiences while simultaneously improving operational efficiency (Neuhofer, Buhalis, & Ladkin, *2015).* Key applications include mobile check-in and check-out systems, interactive travel apps tailored to the local context, and the use of QR codes to provide real-time information on nearby cultural heritage sites. These technologies not only streamline service delivery but also offer immersive, personalized experiences that align with the expectations of digitally connected travelers.

3. Green hotel management and sustainability in heritage contexts

Implementing sustainability-driven strategies is crucial for hotels operating within World Heritage cities, which are particularly sensitive to environmental and socio-cultural impacts. Guided by principles set forth by The Global Sustainable Tourism Council (*2019)*, green hotel management practices include the adoption of renewable energy sources, food waste reduction initiatives, and community-based conservation programs. Such practices not only mitigate ecological footprints but also strengthen the hotel's legitimacy and alignment with global sustainability standards, thereby enhancing its long-term resilience and brand reputation.

4. Local partnerships and community-based tourism (CBT)

Establishing systematic strategic partnerships with local communities plays a pivotal role in fostering inclusive tourism development through Community-Based Tourism (CBT) initiatives (Giampiccoli & Kalis, *2012).* Such collaborations not only enhance the authenticity of the tourist experience but also contribute directly to local economic empowerment. Examples include agrotourism activities, participatory craft-making workshops, and immersive culinary experiences rooted in local traditions. By integrating community voices and resources, hotels can position themselves as socially responsible enterprises aligned with sustainable and equitable tourism models.

Suggestions

For those interested in applying such to other industries, it may be necessary to adjust the criteria for evaluating and measuring performance that are different according to the management system and culture in the organization, and the context of organizational management should be taken into account in accordance with community way of life, culture, traditions, including supporting the employment of personnel in the area, using products in the community such as arts and crafts or local products that have a distinctive identity, value, and value to promote the economy of the people in the community to live well and eat well, as well as preserve the cultural heritage and community way of life to be sustainable forever.

Future Research Suggestion

Future research should adopt an empirical approach, utilizing quantitative surveys or advanced statistical models such as Structural Equation Modeling (SEM), to validate the effectiveness of the proposed strategies across diverse World Heritage city contexts. This would not only enhance the generalizability of the findings but also provide a robust analytical foundation for strategic decision-making in heritage-based hospitality management.

Future studies are encouraged to assess the long-term impacts of the proposed strategic framework, with particular emphasis on its economic, social, and environmental implications. A longitudinal research design would offer deeper insights into the sustainability and transformative potential of these strategies within heritage-based urban settings.

Conflict of Interest

The author(s) declare(s) that there is no conflict of interest.

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