



Configuring Sustainable Competitive Advantage in the Hotel Industry: A Multiple-Case Study of Upscale, Upper-Midscale, and Capsule-Tech Hotels in Malang, Indonesia

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ARTICLE INFO

Keywords: Competitive Advantage, Hospitality Strategy, Customer Value, Resource-Based View, Dynamic Capabilities, Hotel Industry, Indonesia

Received : 3 March

Revised : 20 April

Accepted: 20 May

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ABSTRACT

Purpose: This study examines how sustainable competitive advantage is configured in hotels that operate under different market positions within the same urban destination. Focusing on Grand Mercure Malang Mirama, The Alana Malang, and Bobobox Malang, the article compares upscale, upper-midscale, and capsule-tech accommodation models in Malang, Indonesia. **Design/methodology/approach:** The study applies a qualitative multiple-case design using conceptual pattern matching and cross-case synthesis. The analytical framework integrates Porter's generic strategies, customer value theory, brand equity, the resource-based view, and dynamic capabilities. Data are derived from secondary documents, public hotel profiles, and academic literature, with a proposed interview protocol for future empirical validation. **Findings:** The analysis identifies three distinct strategic configurations. Grand Mercure Malang Mirama relies on premium differentiation supported by service excellence, complete facilities, MICE capability, and global brand credibility. The Alana Malang develops service-based midscale differentiation through comfort, modern-ethnic identity, functional facilities, and a balanced value proposition. Bobobox Malang demonstrates technology-enabled focused differentiation through digital access, capsule-space efficiency, operational simplicity, and niche-market orientation. **Originality/value:** The study contributes a configurational view of hotel competitive advantage by showing that positioning, customer value, brand strength, resource advantage, and adaptive capability must fit together. Rather than treating competitive advantage as a single source of superiority, the article frames it as an internally coherent strategic system that varies across hotel formats

INTRODUCTION

Competition in the hotel industry has moved beyond price, location, and basic facilities. Hotels increasingly compete through customer experience, service consistency, digital visibility, brand trust, operational agility, and the capacity to deliver differentiated value across physical and digital touchpoints. This shift is particularly relevant in urban destinations where several hotel formats operate side by side and where customers can compare alternatives instantly through online travel agents, rating platforms, and social media.

Malang, Indonesia, provides a relevant setting for examining this shift. The city functions as an education hub, business transit point, and gateway to the wider Malang Raya and Batu tourism area. These roles create heterogeneous hotel demand, ranging from corporate meetings and family leisure to budget-conscious urban travel. Consequently, hotels in Malang cannot rely on one universal formula of advantage. Each hotel must configure resources, service capabilities, brand meaning, and customer value in ways that match its chosen segment.

This article focuses on three hotels with different strategic positions: Grand Mercure Malang Mirama, The Alana Malang, and Bobobox Malang. Grand Mercure Malang Mirama represents an upscale hotel model associated with premium facilities, MICE capability, and international brand credibility. The Alana Malang represents an upper-midscale service hotel that combines comfort, modern-ethnic identity, family and business functions, and value-oriented facilities. Bobobox Malang represents a capsule-tech accommodation model in which digital access, space efficiency, privacy, and novelty become central elements of value creation.

The central research problem is how competitive advantage is configured across different hotel formats that operate in the same city context. The article asks: (1) how do the three hotels enact different competitive advantage strategies; (2) what resources and capabilities support each strategic configuration; and (3) how do customer value, brand strength, resource advantage, and adaptive capability interact in producing sustainable competitive advantage?

The study contributes to hospitality strategy literature in three ways. First, it moves beyond a single-theory explanation by combining Porter's generic strategies, customer value, brand equity, the resource-based view, and dynamic capabilities. Second, it compares three hotel formats in one urban market, allowing a sharper reading of segment-contingent advantage. Third, it develops research propositions and an interview protocol that can guide subsequent empirical validation.

LITERATURE REVIEW

1. Competitive Advantage and Generic Strategies

Competitive advantage refers to a firm's ability to create and capture superior value compared with its competitors. Porter's generic strategies remain influential because they clarify three basic routes to advantage: cost leadership, differentiation, and focus. In hotel contexts, cost leadership is associated with operational efficiency and competitive pricing; differentiation is associated with distinctive service, facilities, ambiance, and reputation; while focus strategy targets a specific market segment with a tailored value proposition.

Although generic strategy is useful, the hotel industry requires a broader interpretation. A hotel may differentiate through service quality, digital convenience, location, architectural identity, brand affiliation, culinary experience, or event capability. Moreover, hotels can combine focus and differentiation, as in technology-enabled capsule hotels that target a narrower segment but offer a distinct experience.

2. Customer Value and Customer Experience

Customer value is the perceived trade-off between the benefits customers receive and the costs they bear. In hotels, customer value includes functional dimensions such as cleanliness, safety, bed comfort, accessibility, speed of service, and reliable facilities. It also includes emotional and symbolic dimensions such as feeling respected, enjoying a memorable atmosphere, trusting a brand, and experiencing a stay that matches personal identity or travel purpose.

Customer experience is central because hotel services are produced and consumed through interaction. The guest evaluates not only the room but also the booking process, arrival experience, check-in, staff responsiveness, breakfast, digital communication, problem handling, and post-stay review interaction. Therefore, competitive advantage in hospitality depends on a coherent customer journey rather than isolated service attributes.

3. Brand Equity in Hospitality

Brand equity reflects the differential effect of brand knowledge on consumer response. In hospitality, brand equity reduces perceived risk before purchase because customers often reserve rooms before experiencing the service. Strong brands signal quality, consistency, safety, and reliability. For international chains, brand equity may derive from global recognition, loyalty programs, and standardized service systems. For emerging or disruptive brands, equity may come from innovation, distinctive lifestyle meaning, community, and shareable experiences.

The three cases show different brand mechanisms. Grand Mercure benefits from the credibility of the Accor ecosystem. The Alana builds equity through a modern-ethnic hospitality identity and functional comfort. Bobobox builds equity through an association with technology, affordability, minimalism, and experience novelty.

4. Resource-Based View and Dynamic Capabilities

The resource-based view explains sustained advantage through resources that are valuable, rare, imperfectly imitable, and non-substitutable. In hotels, strategic resources include not only buildings and facilities but also service culture, employee competence, digital infrastructure, brand reputation, distribution networks, data capability, managerial routines, and local partnerships.

Dynamic capabilities extend this logic by emphasizing how firms sense market change, seize opportunities, and transform resources. For hotels, dynamic capability is reflected in the ability to respond to changing travel patterns, digital booking behavior, review-based reputation pressures, cost volatility, changing guest expectations, and new accommodation formats. Without adaptation, valuable resources can become rigid or easily imitated.

5. Integrated Analytical Framework

This article treats competitive advantage as a strategic configuration. The framework contains five interrelated elements: market positioning, customer value, brand strength, resource advantage, and adaptive capability. Market positioning defines the target segment and strategic promise. Customer value clarifies the benefits that matter to guests. Brand strength reduces perceived risk and shapes expectations. Resource advantage provides the internal basis for delivering the promise. Adaptive capability enables continuous renewal as markets change.

The core proposition of the framework is that sustainable advantage emerges when these five elements fit together. Misalignment can weaken performance: premium branding without service excellence creates disappointment, midscale service without distinctive identity risks commoditization, and digital accommodation without reliable operational execution undermines trust.

METHODOLOGY

This study uses a qualitative multiple-case-study design. Multiple-case analysis is appropriate because competitive advantage is contextual and multidimensional. It allows the researcher to compare how different hotel formats configure advantage under similar destination conditions.

The cases were selected purposively. Grand Mercure Malang Mirama was selected as an upscale hotel with international brand affiliation and extensive facilities. The Alana Malang was selected as an upper-midscale hotel combining modern comfort, cultural identity, and business-family facilities. Bobobox Malang was selected as a capsule-tech accommodation model that relies on digital operations, efficiency, and a focused market segment.

The current manuscript is based on conceptual-secondary data, including the Competitive Advantage Strategy material, public hotel profiles, and academic literature. Because the manuscript is intended for journal submission, the claims are framed as analytical findings and propositions rather than as verified interview results. Future empirical strengthening should involve semi-structured interviews with managers and staff, observation of customer journeys, analysis of online reviews, and triangulation with operational documents.

Data analysis follows two steps. First, conceptual pattern matching is used to compare each hotel with the analytical categories of positioning strategy, customer value, brand equity, resource advantage, dynamic capability, and sustainable competitive advantage. Second, cross-case synthesis is used to identify similarities and differences among the three hotels. The analysis produces a configurational model and propositions for further testing.

Table 1. Analytical Framework for Cross-Case Comparison

Dimension	Analytical meaning	Hospitality indicators
Market positioning	How the hotel defines its target market and strategic promise.	Segment, price tier, service level, travel purpose, differentiation claim.
Customer value	Benefits perceived by guests relative to cost, risk, and effort.	Comfort, safety, cleanliness, convenience, emotional value, experience memorability.
Brand strength	The ability of brand meaning and reputation to reduce risk and attract preference.	Brand recognition, trust, online reputation, loyalty ecosystem, symbolic identity.
Resource advantage	Tangible and intangible resources that support superior delivery.	Facilities, employees, service routines, technology platform, distribution channels, local networks.
Adaptive capability	Ability to sense, seize, and transform in response to market change.	Digital response, innovation, review-based learning, event-market adaptation, operational redesign.

RESULTS

Findings and Cross-Case Analysis

1. Grand Mercure Malang Mirama: Premium Differentiation

Grand Mercure Malang Mirama represents a premium differentiation strategy. Its advantage is not primarily derived from being the lowest-cost provider but from combining upscale service, facility completeness, international brand credibility, and the capacity to host business, leisure, and MICE segments. The strategic promise is that guests can obtain a comprehensive and reliable premium experience within one property.

Customer value in this case is built through comfort, prestige, integrated facilities, event capability, and perceived assurance. For business and MICE guests, the value lies in meeting rooms, ballroom capacity, food and beverage support, professional service routines, and reputational safety. For leisure and family guests, the value lies in room comfort, dining options, recreation facilities, and the credibility of a recognized hotel brand.

The hotel's resource advantage includes physical scale, service standards, brand affiliation, managerial routines, staff capability, and the ability to coordinate multiple service functions. These resources are difficult to imitate when they are embedded in operational routines and brand systems. However, premium differentiation also creates high expectations; any gap in service consistency can harm the brand more seriously than in lower-tier segments. Dynamic capability is reflected in the ability to maintain relevance for both corporate and leisure markets. The hotel must continuously sense changes in travel demand, event behavior, digital booking patterns, and guest expectations. Its competitive position becomes sustainable when premium promises are consistently translated into operational evidence across rooms, meetings, restaurants, and digital touchpoints.

2. The Alana Malang: Service-Based Midscale Differentiation

The Alana Malang represents service-based midscale differentiation. Its position is distinct from both luxury hotels and budget accommodation. The advantage lies in balancing comfort, function, aesthetic identity, hospitality warmth, and value-for-money. This position is especially relevant for family guests, business travelers, meetings, social events, and staycation demand.

Customer value is created through a combination of comfortable rooms, accessible location, functional facilities, warm service, and a modern-ethnic brand identity. Unlike premium differentiation, the key challenge is not to signal exclusivity but to make the guest feel that the service quality, facilities, and atmosphere exceed the expected value at the chosen price tier.

The hotel's resource advantage is more service- and experience-based than scale-based. Design identity, staff responsiveness, event support, restaurant experience, and the ability to serve mixed segments become strategic resources. These resources are imitable at the surface level but more difficult to replicate when they are embedded in consistent service culture and local market understanding.

Adaptive capability is important because upper-midscale hotels are vulnerable to price competition from below and prestige competition from above. The Alana Malang must continuously refine its service proposition, strengthen meeting and event markets, maintain distinctive brand identity, and use guest feedback to improve customer experience.

3. Bobobox Malang: Technology-Enabled Focused Differentiation

Bobobox Malang represents technology-enabled focused differentiation. Its competitive logic differs substantially from full-service hotels. The value proposition is not room size, luxury facilities, or conventional hospitality rituals, but efficient accommodation supported by digital access, capsule privacy, safety, cleanliness, and a novel stay experience.

Customer value is concentrated in practicality. The target market includes solo travelers, transit guests, urban travelers, young professionals, and customers who are comfortable with self-service digital interaction. The capsule format transforms space limitation into a strategic design feature when it is supported by privacy, digital control, and clear operating procedures.

The primary resource advantage lies in digital infrastructure, pod design, operational simplicity, brand association with modernity, and process standardization. These resources enable lower operational complexity while preserving a distinctive experience. However, technology-enabled differentiation can erode quickly if competitors imitate features or if the application and physical pod experience become unreliable.

Dynamic capability is therefore central. Bobobox must keep improving user interface, booking convenience, access reliability, cleanliness control, noise management, and customer support. Its advantage is sustainable only when technology remains useful, intuitive, and trusted rather than being perceived as novelty alone.

4. Cross-Case Synthesis

The cross-case analysis shows that competitive advantage is segment-contingent. The same attribute can have different strategic meanings across hotel formats. Facility completeness is central for Grand Mercure, supportive for The Alana, and less relevant for Bobobox. Digital technology is a supporting channel for Grand Mercure and The Alana but a core value-creation mechanism for Bobobox. Brand credibility reduces risk in all cases, but it operates through different associations: global assurance, service identity, and digital innovation. The cases also show that advantage is configurational. Grand Mercure's premium differentiation becomes credible when facilities, service routines, MICE capability, and global brand systems align. The Alana's midscale differentiation becomes credible when comfort, warmth, event support, design identity, and value perception align. Bobobox's focused differentiation becomes credible when digital access, pod privacy, operational efficiency, and cleanliness align.

These findings imply that hotel managers should avoid imitating competitors without considering segment fit. An upscale hotel that competes mainly on price can weaken its premium meaning. A midscale hotel that lacks identity may become commoditized. A capsule-tech hotel that adds unnecessary full-service elements may increase complexity and dilute its focused advantage.

Table 2. Competitive Advantage Configuration Across the Three Cases

Element	Grand Mercure Malang Mirama	The Alana Malang	Bobobox Malang
Dominant strategy	Premium differentiation	Service-based midscale differentiation	Technology-enabled focused differentiation
Target value	Prestige, integrated facilities, MICE reliability, family-leisure comfort	Balanced comfort, warm service, modern-ethnic atmosphere, business-family functionality	Efficiency, privacy, digital convenience, affordability, novelty
Brand logic	Global brand credibility and service assurance	Distinctive service identity and local-cultural warmth	Digital lifestyle, minimalism, and value-for-money

Element	Grand Mercure Malang Mirama	The Alana Malang	Bobobox Malang
Key resources	Facility scale, SOPs, staff capability, event infrastructure, Accor ecosystem	Service culture, design identity, event support, location, staff responsiveness	Application platform, pod design, standardization, digital process, operational simplicity
Main risk	High expectation and service inconsistency	Commoditization in upper-midscale competition	Imitation and technology reliability issues
Sustainability mechanism	Consistency across premium service ecosystem	Sharper value proposition and experience differentiation	Continuous digital improvement and operational trust

Research Propositions

Based on the cross-case synthesis, the study proposes the following propositions for future empirical testing. The propositions are intended for qualitative validation through interviews and observation or for transformation into hypotheses in a quantitative design.

Table 3. Research Propositions

Code	Proposition
P1	The clearer the strategic positioning of a hotel, the stronger its ability to create customer value that matches the target segment.
P2	Consistent customer value strengthens hotel brand trust, brand affect, and loyalty intention.
P3	Resources that meet VRIN characteristics, including facilities, service culture, brand networks, and digital platforms, strengthen the sustainability of hotel competitive advantage.
P4	Dynamic capability mediates the relationship between resource advantage and sustainable competitive advantage because resources become strategically valuable only when they are adapted and reconfigured.
P5	Competitive advantage configurations differ by hotel format: upscale hotels tend to rely on premium differentiation, upper-midscale hotels on service-based differentiation, and capsule-tech hotels on technology-enabled focused differentiation.
P6	Sustainable competitive advantage in hotels is strongest when positioning, customer value, brand strength, resource advantage, and adaptive capability form a coherent configuration.

DISCUSSION

The findings support a configurational understanding of competitive advantage. Porter's framework explains the broad strategic direction, but it does not fully capture how customer value, brand equity, resources, and adaptive capability interact in hospitality. The three cases show that the source of advantage is not a single asset but a fit among strategic elements. For Grand Mercure, brand affiliation and facility scale create the basis for premium differentiation, but the advantage becomes sustainable only when service delivery supports the premium promise. For The Alana, the challenge is to maintain a distinct and credible service identity in a crowded midscale market. For Bobobox, the challenge is to maintain technology as a reliable value driver rather than a temporary novelty.

The study also highlights the role of customer expectations. Different guests define value differently. Corporate and MICE guests may emphasize reliability, capacity, and professionalism. Family and staycation guests may emphasize comfort, warmth, and facilities. Solo or transit guests may emphasize price, practicality, digital ease, and privacy. Competitive advantage is therefore created by selecting a segment and delivering what that segment values better than comparable alternatives.

Theoretical Contributions

This article contributes to strategic management and hospitality literature by integrating five perspectives into one framework: generic strategy, customer value, brand equity, resource-based view, and dynamic capabilities. The framework clarifies why hotels with different formats should not be evaluated using the same advantage criteria.

The article also extends the discussion of competitive advantage from static positioning to strategic fit. A hotel may own valuable resources, but resources produce advantage only when they support the right customer value and are renewed through adaptive capability. This is especially important in hospitality because consumer preferences and digital comparison behavior change rapidly.

Managerial Implications

For upscale hotels, managers should protect premium differentiation by ensuring service consistency across all high-impact touchpoints: booking, arrival, room experience, meeting facilities, food and beverage, and complaint handling. Premium pricing must be supported by visible and repeatable value evidence. For upper-midscale hotels, managers should sharpen service-based differentiation. Competing only on price is risky because it reduces perceived uniqueness. The hotel should articulate a clear value proposition that combines comfort, warmth, functional facilities, and distinctive design identity.

For capsule-tech hotels, managers should maintain digital reliability and operational trust. Application convenience, access control, cleanliness, safety, pod comfort, and noise management are not supporting details; they are core elements of competitive advantage. Technology must reduce friction rather than create anxiety.

Across all formats, managers should use customer reviews as strategic intelligence. Review-mining can reveal whether the intended value proposition is actually experienced by guests. Repeated complaints indicate a value gap, while repeated compliments identify resources that should be protected and amplified.

CONCLUSIONS AND RECOMMENDATIONS

This article shows that sustainable competitive advantage in hotels is not determined by price alone. It is configured through the alignment of market positioning, customer value, brand strength, resource advantage, and adaptive capability. Grand Mercure Malang Mirama demonstrates premium differentiation, The Alana Malang demonstrates service-based midscale differentiation, and Bobobox Malang demonstrates technology-enabled focused differentiation.

The study concludes that there is no universal strategy for all hotel formats. Advantage becomes sustainable when a hotel understands its segment, delivers a credible value proposition, protects distinctive resources, and adapts to market change. The configurational framework and propositions developed in this article can serve as a basis for future empirical research and for managerial strategy refinement in the hospitality industry.

FURTHER STUDY

This manuscript is limited by its reliance on conceptual-secondary data. It does not yet claim to report verified interview findings from hotel managers or guests. Therefore, future research should conduct fieldwork through interviews, observation, and online review analysis.

Future studies may also compare hotel performance indicators such as occupancy rate, average daily rate, revenue per available room, review score, repeat-guest behavior, and social media engagement. A mixed-methods design would enable the propositions in this study to be tested more rigorously.

Another future direction is to examine how sustainability, artificial intelligence, and digital distribution platforms reshape competitive advantage in Indonesian hotels. These factors may become increasingly important as customer expectations and industry standards evolve.

ACKNOWLEDGMENT

The authors thank the Doctoral Program in Management Science, Faculty of Economics and Business, Universitas Negeri Malang, for academic support during the preparation of this manuscript.

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