UK hotel industry brand equity : Tts meaning and uses for brand management.

BAILEY, Rob.

Published version

BAILEY, Rob. (2007). UK hotel industry brand equity : Tts meaning and uses for brand management. Doctoral, Sheffield Hallam University (United Kingdom)..

UK HOTEL INDUSTRY BRAND EQUITY: ITS MEANING AND USES FOR BRAND MANAGEMENT

Rob BAILEY

A thesis submitted in partial fulfilment of
the requirements of Sheffield Hallam University
for the Degree of Doctor of Philosophy

February 2007

Collaborating Organisation: Thistle Hotels

ABSTRACT

Brand equity has been put forward as an important concept in contemporary brand management. However, it suffers from a lack of agreement over its meaning and uses. A particular lack of clarity exists within the context of the hotel industry. Against this backdrop, the research presented in this thesis sought to explore and evaluate critically the meaning and uses of the brand equity concept in UK hotel industry brand management.

The literature review identified a variety of different definitions and operationalisations of brand equity. Even though there are multiple definitions of brand equity (which has led to much confusion), an overriding principle appears to be that brands, through the benefits they offer, can provide value to consumers. If brands provide value to consumers, loyalty will be created and consumers may be willing to pay a price premium for the brand. Brand equity has been viewed from both the consumer perspective (e.g., perceptions that consumers have of brands, and how this influences behaviour), and from the company viewpoint (e.g., the financial value created by the brand). Whilst the hotel industry branding and brand equity literature is limited to a small number of empirical research studies, the available evidence suggests a relationship between consumer-based brand equity and a brand's financial performance. During the literature review, a conceptual framework was developed to illustrate proposed concepts and potential relationships between the stages integral to strategic brand management in the hotel industry. The framework also provided the direction and structure for the empirical research stages of the study.

In order to gain a deeper understanding of the meanings and uses of hotel industry brand equity, two stages of empirical research were completed. The purpose of the empirical research was to investigate the interpretations which senior UK hotel industry practitioners gave in relation to different aspects of branding and brand equity management and measurement. The research focused on meanings attributed to the concepts, potential uses and operational challenges. The first stage of empirical research involved an open-ended questionnaire completed by a sample of 11 senior hotel industry management consultants. The second stage involved a qualitative case study which was used to explore, in some depth, the hotel industry brand equity concept. The subject of the case study was Thistle Hotels; one of the UK's largest brand-owning hotel companies. Multiple methods were utilised during the case study, including in-depth, semi-structured interviews with 12 of Thistle's senior managers, and reviews of relevant corporate documents.

This study's findings indicate that brand equity can be a useful concept for UK hotel industry brand management, although there is evidence to suggest that the concept has yet to be commonly-accepted in the UK hotel industry. This study forged a new multi-faceted definition and operationalisation of brand equity that can be used by hotel companies to build and manage the performance of their brands. The study posits that hotel brand value can be measured using a range of attitudinal and behavioural measures that seek to investigate consumer perceptions and behaviour towards hotel brands, and measures intended to capture operational and financial performance.

This study makes an original contribution to knowledge in a number of areas including the following: it has created new definitions of the hotel brand equity concept and the core hotel brand concept; and a Hotel Industry Brand Equity Management Framework has been developed to assist hotel companies better manage the equity of their brands. This framework also provides an agenda for necessary future research that will further develop the findings and conclusions from this study and enhance the development of hotel brand equity theory.

ACKNOWLEDGEMENTS

There are many people I must acknowledge who have helped me greatly during the completion of this thesis. First, I express my gratitude for the ongoing support and guidance provided by my supervisors Professor Stephen Ball and Dr. Kevin Nield. I feel privileged to have had the opportunity to research under their experienced and friendly supervision. Thanks should also go to Dr. Tim Knowles for supervising me during the early part of the research programme, as well as John Swarbrooke for acting as a supervisor for an interim period. I also thank my company KPMG for funding my study thereby actually enabling me to embark on this research journey in the first place. Thanks must also go to the staff of Thistle Hotels who participated in this study. I am extremely grateful for the time they took out of their busy schedules to give to my research in terms of the interviews and subsequent telephone conversations and email correspondence.

I would like to register my thanks to Professor David Aaker, Professor Kevin Lane Keller, Professor Howard Schultz and Professor Leslie de Chernatony, four of the world's leading branding and brand equity luminaries. I am extremely grateful for their helpful responses to my emailed questions and requests for information at various points during my research.

Guidance and support has been provided throughout my research programme by my brother, Professor Richard Bailey. As always, my mother and father have provided ongoing support and encouragement.

Finally, this thesis would not have been possible without the understanding and support of my wife Mikaela. This thesis is dedicated to Mikaela, and our children Morgan and Madeleine.

TABLE OF CONTENTS

TABLES

FIGURES

1 INTRODUCTION

1.1 Background

This research study seeks to develop a deeper understanding of the meanings of hotel industry branding and *brand equity*, and the practical uses of brand equity in UK hotel brand management. This research is important as it has been argued that brand equity can be integral to the achievement of competitive advantage within the hotel industry. For example:

> *Lodging is a brand equity business. By building equity in its brand, a lodging company is able to sell its name to hotel owners and franchisors, and also able to reach consumers, thereby generating demand to support expansion* (Morgan Stanley, cited by Jiang *et al.*, 2002: 5).

The purpose of this introductory chapter is to set the scene for the thesis as a whole. In this chapter the focus of the research study is outlined. To this end, the concept of brand equity is introduced, both generally and then specifically from the perspective of the hotel industry. This leads to an explanation of the research problem, followed by an articulation of the study's aim and objectives. The next section justifies the research on theoretical and practical grounds. Following this is a description of the overall structure of the thesis to orientate the reader to the forthcoming content. The outputs generated by the research are then introduced prior to a chapter summary.

1.2 Focus of the research study

Brand equity is a topical subject for this study. Since the 1980s, brand equity has been one of the most important marketing concepts in both academia and practice (Keller, 2003). Brands are increasingly becoming a source of differentiation that guides consumer choice (VanAuken, 2002). Branding has therefore become a prevalent competitive strategy in many industries and sectors, including the hotel industry (Kotler *et al.* 2003). The UK hotel industry is one where competition amongst hotel brands has intensified over recent years; a trend which is forecast to continue over the foreseeable future (Slattery, 2003). To optimise the financial performance of their brands within this increasingly competitive marketplace, hotel companies that own brands have been looking at ways to improve the effectiveness of their brand management practices (PriceWaterhouseCoopers, 2001). It has been argued that the most successful contemporary brands are more than just a name or a logo on a product; they provide customers[1] with relevant desirable functions and benefits which they value (Keller, 2003). A view has emerged that brands can be important intangible company assets, which because of their functions and benefits are valuable to both consumers and brand-owning companies. This value has been conceptualised as brand equity (e.g., Aaker, 1991; Randall, 2000). It has been suggested that brand-owning companies should focus on building and managing brand equity as part of their brand management practices (Aaker, 1991; Kapferer, 1997; Keller, 1998). According to Doyle (2002: 157), *'developing brand equity is a central issue for top management because it is a key determinant of corporate value'*. Others agree with the corporate importance of brand equity. For example, Ambler (2003) considers that for many companies brand equity is their biggest and most valuable asset which requires careful strategic development, management and investment over the long term.

It has been suggested that there is some agreement amongst many marketing scholars over the basic principles of branding and brand equity (Keller, 2002). These areas include the following: that differences in outcomes from current marketing activities of a company arise from the 'added value' endowed to a product as a result of past marketing activity for the brand; this value can be created for a brand in different ways; brand equity provides a common denominator for interpreting marketing strategies; the value of a brand can be manifested or exploited in many different ways to the benefit of the brand-owning company. In brief, it appears therefore that the brand equity concept has emerged in recognition that

[1] For the purposes of this thesis, 'customer' and 'consumer' are used interchangeably, as both relate to

brands enhance the value of products beyond their fundamental attributes (e.g., brand names, symbols, designs, and logos).

Although there seems to be some agreement at an abstract level over the general principles behind the concept of brand equity amongst some researchers, there is no common viewpoint as to how brand equity should be defined specifically and measured, which has led to significant confusion with the concept (Keller, 2003). Many different definitions have been proposed, some of which are conflicting even when they are supposed to be representing similar phenomena. The multifarious nature of interpretations of brand equity is exemplified by Franzen's (1999) research, in which 23 different definitions of brand equity were identified. Against this quagmire of interpretations, Franzen (1999) attempted to provide some clarity by categorising brand equity definitions into four broad groups, namely: the presence of a brand in the consumer's mind; the influence of consumer perceptions of a brand on their brand buying behaviour; the brand's competitive market position and financial performance; and the overall financial value of the brand, for example if the brand was being bought or sold. The range of conceptualisations of brand equity have resulted in different operationalisations and associated measures being developed to assess how well brands perform over time or relative to their competitors (Mackay, 2001a). The interest in brand equity is not merely an academic pursuit. There are brands which appear to have aspects of their 'equity' measured routinely, including the PepsiCo brands (Kish, *et al.* 2001), Bacardi Martini, Abbey National, Duracell, Dell, Nestlé's brands, Cadbury's brands, and Lloyds TSB (Ambler, 2003). Certain hotel companies also seem to manage the equity of their brands, including Hilton International and Marriott International, as will be discussed in Chapter 2.

The wide range of industries within which branding has been employed by companies and the different competitive characteristics across industries mean that context is an important consideration in studies of brand equity (Aaker, 1996). This research study is set within the context of the UK hotel industry. The contemporary hotel industry has been described as a

---

the intended end user of brands (Doyle, 2002).

'hostile environment' (Olsen *et al.* 1998: 158) and *'extremely competitive'* (Go and Pine, 1995: 27). This competitive situation has led to many companies focusing on branding strategies to differentiate their products, and seek competitive advantage (de Chernatony and McDonald, 2003). According to Porter (1985), a company differentiates itself from competitors if it can be unique at something that is valuable to consumers. Hotel chains constitute a classic application of brand strategy in that brands are an effective way for hotels and hotel chains to differentiate themselves in the minds of consumers (Prasad and Dev, 2000). Furthermore, it has been found that, hotel brands can enable consumers to predict the value of their purchase in terms of features such as price and quality (Olsen *et al.* 1998). It has also been suggested that the added value associated with certain brands allows them to differentiate and compete on features other than price alone (PriceWaterhouseCoopers, 2001).

A small number of researchers have investigated brand equity within the specific context of the hotel industry, including how it can influence hotel brand choice. For example, Prasad and Dev (2000) put forward the hypothesis that hotels with strong brand equity (based on consumers' positive evaluations of the hotel or hotel chain's attributes) command higher bedroom occupancy levels and average achieved room rates. There is some empirical research evidence which supports this hypothesis (e.g., Kim and Kim, 2004, with their analysis of how customer-based brand equity can affect financial performance in the luxury hotel segment). Jiang *et al.* (2002) suggest that the Chief Executive Officers of hotel companies recognise that brand equity influences the company's share price and shareholder value. Due to this, it has been argued that building and managing brand equity is a key determinant of success within the hotel industry (Prasad and Dev, 2000). PriceWaterhouseCoopers (2001: 2) summarise the situation by stating *'no longer is [hotel] brand equity an ephemeral concept – it can be measured and be linked directly to the enhancement of shareholder values'.*

1.3 The research problem

Although there seem to be sound reasons for hotel companies focusing on brand equity for brand management, the concept can be criticised for a lack of precision over its meaning and the subsequent confusion over how it should be operationalised and measured. For many corporate executives and managers, brand equity seems to be an important but misunderstood concept (Capon *et al.* 2001). With the brand equity concept being used in '*varying ways and seldom precisely*' (Randall, 2000: 23) it has become a '*complicated and messy area*' (Randall, 2000: 25). The situation has been compounded by the various terms related to attempts at conceptualising the relative performance of brands, such as 'brand image', 'brand strength', 'brand health' and 'brand value', as well as measures like 'market share', even though these terms sometimes reflect the same or similar branding effects (Kapferer, 1997). The development of a brand lexicon comprising many different terms and concepts provides a backdrop to this study of hotel industry brand equity.

The brand equity literature can be criticised for the lack of practical brand management knowledge developed through empirical research, which is surprising given the various claims which have been made about the importance of the concept (some of which were previously mentioned). For example, Barwise (1993: 99) stated that '*overall there has been remarkably little empirical work on the financial, managerial and strategic aspects of brand equity*'. Although this statement was made in 1993, it seems that the situation had not improved by 2001 when Mackay (2001a) criticised the body of brand equity empirical research that had been completed as being a fragmented research effort. He summarised the extant brand equity literature as follows:

> *A myriad of unrelated studies, the result is a multitude of different conceptualisations of the concept and reference to even more ways of measurement. In other words, there is no common consensus about what brand equity means and how a firm can measure the value of the brand* (Mackay, 2001a: 38).

Whilst the general brand equity literature has been criticised for the range of different interpretations of the concept and the fragmented research effort, the service industries' literature is particularly patchy. Although there is a growing body of literature investigating the brand equity of manufactured consumer brands,[2] the literature that has focused specifically on services is limited by comparison (Mackay, 2001b; Moorthi, 2002). A service industry that has a particular dearth of branding and brand equity empirical research is the hotel industry (Kim and Kim, 2004; Olsen *et al.* 2005). Due to the importance of branding within the hotel industry, it appears that the practice of hotel industry branding outweighs somewhat the academic attention afforded to it. Against this backdrop, Mackay (2001b) advocates that future research should explore the managerial practices within service industries, such as the hotel industry. This research study answers this call.

1.4 Study aim and objectives

The aim of this study is to evaluate critically the meanings and practical uses of the brand equity concept within UK hotel industry brand management. In order to meet this aim, the following seven objectives have been set:

1 To assess the meanings, prevalence and roles of branding in the hotel industry as outlined in the literature;

2 To analyse the meanings and uses of brand equity within the hotel industry as attributed by the literature;

3 To examine critically hotel industry practitioners' views of the meanings and uses of branding and brand equity;

4 To compare the literature-based meanings and uses of the hotel brand and brand equity concepts with practitioner interpretations;

[2] For the purpose of this study, manufactured consumer brands include consumer goods that have a physical form. For example, this includes product categories such as food, drinks, household items, and personal care items.

5 To develop bespoke definitions of hotel brand and hotel brand equity;

6 To create a conceptual 'hotel brand equity management framework' to assist hotel companies to better manage their brands, and to guide future academic research activity;

7 To generate ideas for future hotel brand equity research.

The study objectives were developed following a preliminary review of the available branding and brand equity literature, which identified the research problem (as discussed in Section 1.3), and then they were refined during further reviewing of the literature. The theoretical and practical justification for the overall research study is explained in the following section. However, the rationale for each of the objectives is outlined in Table 1.

Table 1: The Rationale for the Study Objectives

No.	Objective	Rationale
1.	To assess the meanings, prevalence and roles of branding in the hotel industry as outlined in the literature.	It has been argued that context is important in brand equity studies (Aaker, 1996). Achieving this objective will provide the necessary industry context to this study. The initial review of the literature highlights limited investigation into the hotel brand concept, and a lack of agreement over its meaning. This study requires an assessment of what the literature says about the core brand concept, as brand equity has evolved as an apparently important sub-topic of it.
2.	To analyse the meanings and uses of brand equity within the hotel industry as attributed by the literature.	The preliminary review of the literature identifies disagreement over what is meant by the brand equity concept and how it can be used for hotel industry brand management. An analysis of available literature-based meanings and uses is necessary to identify specific areas of consensus and tension, as well as particular knowledge gaps that could be addressed by the empirical research stages of this study.
3.	To examine critically hotel industry practitioners' views of the meanings and uses of branding and brand equity.	There have been calls for future brand equity research to focus on practical, managerial aspects of the concept (e.g., Barwise, 1993; Mackay, 2001b). This objective seeks to address this through examining the interpretations of the meanings and practical uses of branding and brand equity given by hotel industry practitioners.
4.	To compare the literature-based meanings and uses of	By assessing areas of agreement and disagreement between the views of hotel industry practitioners

	the hotel brand and brand equity concepts with practitioner interpretations.	(which will be gained through achieving Objective 3) and the available literature (Objectives 1 and 2), this study seeks to develop knowledge of hotel industry branding and brand equity.
5.	To develop bespoke definitions of hotel brand and hotel brand equity.	The preliminary review of the literature suggests that there is a requirement for greater clarity over what is meant by the concepts of brand equity, and the core hotel brand concept. This study seeks to develop these new definitions based on the outcomes of Objective 4.
6.	To create a conceptual 'hotel brand equity management framework' to assist hotel companies to better manage their brands, and to guide future academic research activity.	The preliminary literature review illustrates an opportunity for brand equity to be a beneficial component of hotel industry brand management. However, the limited agreement over the meaning of key terminology and the fragmented research effort to date suggests brand-owning hotel companies find little to assist them with their brand management practices. The creation of a new conceptual framework will serve a dual purpose. On the one hand it will be an initial attempt to highlight the concepts that could comprise hotel industry brand equity management. It will also identify areas that need to be subjected to further research (see Objective 7).
7.	To generate ideas for future hotel brand equity research.	Given that this study is an inductive, exploratory study, there will be areas of future research that will need to be addressed, following its completion, to continue the development of the study of hotel industry branding and brand equity.

To address the above objectives, the following research process will be undertaken:

- The initial stage of the research will focus on creating a 'preliminary hotel brand equity conceptual framework'. This will seek to draw together, in a single framework, the proposed key concepts involved in hotel industry brand equity management. This framework will be developed following an examination of the relevant hotel industry context (to assess the meanings, prevalence and roles of branding in the hotel industry). Following this will be a critical assessment of the branding and brand equity literature (to analyse the meanings and uses of brand equity, as well as investigate areas of academic debate and identify knowledge gaps);

- The preliminary hotel brand equity conceptual framework will then guide this study's empirical research stages: This will involve research exploring the views that hotel industry practitioners have of the meanings and uses of branding and brand equity. The framework will provide the focus of questioning and the basis for the exploration of possible relationships between the different concepts;

- The findings generated through the empirical research will then be used to challenge the robustness of the preliminary hotel brand equity conceptual framework. Once an investigation of areas of corroboration and conflict has been completed, the preliminary hotel brand equity conceptual framework may need to be revised accordingly. Any revised framework will then become the 'hotel brand equity management framework'.

It is posited that achieving the study objectives will make an original contribution to knowledge in the following areas:

- The development of new hotel industry specific definitions of the 'brand' and 'brand equity' concepts;

- The creation of a hotel brand equity management framework that will provide (1) an agenda for future academic research, and (2) enable hotel companies to better understand and manage the value of their brands.

It is expected that this study will make other original contributions. These will be highlighted in the concluding chapter of this thesis (Chapter 8).

1.5 Justification for the research study

Now that the context to this study has been established, the research problem identified, and the study's aim and objectives articulated, it is important to justify the need for this research in more detail. This study is important on both theoretical and practical grounds.

includes *'many terms that are ill defined, used in different ways and have various meanings'*. It appears that this criticism is particularly relevant in the context of brands and branding. Although it has been argued that branding and brand equity are among the most fashionable areas of contemporary marketing, the subjects are in transition from alchemy to science (Shaw and Merrick, 2005). According to Shaw and Merrick (2005: 184) *'the alchemists have cloaked their subject in some of the most obscure terminology in management today ... definitions are rarely written down, and inconsistencies are brushed aside with creative postmodernist disdain'*. According to Lazer (2000: 17), features such as these can *'foster or impede clearer communication and understanding, support or hinder quality research, and advance or limit progress in developing marketing theory and science'*.

The state of hotel branding and brand equity theory should be considered at the outset in order to assist with the identification and the framing of the research problem. One way proposed to test the strength of a marketing-based theory is the use of metatheoretical criteria for theory evaluation (e.g., Zaltman *et al.* 1973; Sheth *et al.* 1988). Metatheory has been defined as '*the investigation of investigation'* and more specifically '*the investigation, analysis, and description of (1) the technology of theory building, (2) the theory itself, and (3) utilization of theory'* (Zaltman *et al.* 1973: 4). Both Zaltman *et al.* (1973) and Sheth *et al.* (1988) evaluated marketing-related theories using metatheoretical criteria. De Chernatony and Riley (1998: 417) used the theory evaluation criteria developed by Zaltman *et al.* (1973) to find that *a 'theory of the brand remains missing'*. Table 2 summarises the metatheoretical criteria for theory evaluation developed by Sheth *et al.* (1988). This has been selected as it builds on the work of Zaltman *et al.* (1973) and provides a comprehensive framework by which to evaluate contemporary hotel branding and brand equity theory. Based on this framework, the development of a theory of hotel industry brand equity is in its infancy. This is because there is a lack of clarity over the meaning of the concept, as well as the limited empirical research effort available to verify various hypotheses incorporating the hotel brand equity concept. This study seeks to provide a first step towards a theory of hotel industry brand equity by forging a clearer understanding of what is meant by the concept. Not only will this act as a starting point for a theory of hotel brand equity, it will also form a foundation and framework for future empirical research activity.

Table 2: Metatheoretical Criteria for Theory Evaluation

Category	Criteria	Description
Syntax	Structure	The theoretical concepts should be properly defined. A theory should not be built on uncertain or conflicting concepts of a subject.
	Specification	Relationships among the theoretical concepts must be specific in a manner to clearly delimit the hypothesis. A theory demonstrates 'weakness' on the specification criterion when relationships among the concepts are usually couched in a contingency framework where 'A' is related to 'B', but only if other concepts (e.g., 'C', 'D' or 'E') are absent or present.
Semantics	Testability	Precise and direct operational definitions of the theory's concepts are provided to ensure the testability and inter-subjective consensus.
	Empirical Support	Degree of confirming evidence that has been gathered to support the theory's hypothesis. The theory needs to be subjected to empirical verification. As more and more tests of the theory are completed with uniform and positive results, the theory's empirical support becomes more convincing.
Pragmatics	Richness	Relates to how comprehensive and generalizable the theory is. A theory is regarded more useful if it covers a large expanse of problems or solutions typically encountered by 'users' of

		marketing theories (e.g., marketing practitioners).
	Simplicity	The ease of communication and implementation of the theory.

Source: Sheth et al. (1988: 29-33) (adapted for this thesis into a table format)

Practical justification

This is an applied research study that seeks to assist hotel companies to better understand and manage the performance of their brands. It is important therefore that the study is justified on practical grounds. This research study addresses a knowledge gap which some scholars have called to be addressed for the benefit of brand management practitioners. For example, whilst Keller (2000: 147) asserts that the '*building and managing of brand equity has become a priority for companies of all sizes, in all industries and in all markets*', he suggests that there are few managers that are able to step back and assess their brands' particular strengths and weaknesses objectively. This is likely to be particularly the case in those industries where there is a limited empirical research base for practitioners to draw on, such as the hotel industry. As will be seen during the literature review (in Chapter 3 of this thesis), there is little research that investigates critically the hotel brand equity concept in terms of what it is and its uses. In light of the lack of hotel industry brand equity research, it is argued that this research study contributes to developing a better understanding for corporate executives and managers of this under-researched topic.

It is proposed that a clearer understanding of what is meant by brand equity will enhance the chances of successful implementation of corporate strategies, including marketing and brand strategies. Knowles (1996: 32) stated '*communication is at the heart of successful strategic management*'. Wood (2000) agreed by suggesting that effective communication within and between a company's business functions, such as marketing and finance, aids strategic management during the process of strategy development, implementation and evaluation. The risk is that a lack of common and compatible use of terminology may be a barrier to strategic management within organisations (Wood, 2000). Based on their research into strategic planning and execution, Mankins and Steele (2005) argued that it is vital for companies to have a commonly understood language for effective dialogue between functions; one that is understood in particular by strategy, marketing and finance departments. According to Mankins and Steele (2005) this is because a 'poorly communicated strategy' is the second most cited factor (second to inadequate or unavailable resources) for a loss in company performance due to poorly executed strategies. VanAuken (2002) concurs with a need for commonly understood terminology by referring to his branding research which exposed a situation in one organisation whereby different managers used different terms to describe various aspects of brand management. This led to much confusion within the subject company. For this reason, VanAuken (2002: 14) stated that for brand-owning companies '*it is important to establish a common brand management vocabulary*' as this '*will ensure that people can communicate with fewer misunderstandings*'.

The study of branding within the UK hotel industry was chosen for the focus of investigation in this study for two main reasons, namely the hotel industry is an important component of the UK economy, and branding is a key and growing feature of the UK hotel industry. These and other relevant features of the UK hotel industry are examined in the next chapter of this thesis. Given the number of businesses operating within it, the UK hotel industry is an important industry (Go and Pine, 1995). According to the Office of National Statistics, there were 11,047 VAT registered hotels in the UK in 2003, with a total turnover of over £10 billion (Mintel International Group, 2005). The UK hotel industry comprises privately-owned and managed unaffiliated hotels (i.e., hotels that are not part of a hotel company or consortium), and those hotels that are part of a hotel company or consortium (Clifton and Shah, 1999). It has been estimated that the number of hotels that are affiliated with a brand will grow from approximately 35 per cent in 2004 (Mintel International Group, 2005) to over 50 per cent by 2011 (Slattery, 2003). The researcher's professional background also influenced the choice of the hotel industry as the subject area for this study, as discussed in the following section.

1.6 The researcher's positionality

There are aspects of the researcher's background and experience relevant to this research study. The researcher is a senior management consultant working within the hotel industry, both in the UK and internationally. Since 1994, the researcher has worked for major management consultancies that specialise in the hospitality and leisure industries (i.e., Deloitte & Touche, Economics Research Associates, and currently KPMG). Over this period, he has been based in the UK, but has worked on hotel planning, development, and operational projects throughout the UK and Continental Europe, as well as the United States, Brazil and India. This has necessitated travelling widely and staying in many hotels of different sizes and types. The researcher has worked with a large number of national and international hotel companies, marketing consortia, and independent hoteliers. In addition to industry operators, he has undertaken hotel projects on behalf of venture capitalists and private equity houses, property developers, private investors, banks, local authority planning departments and other organisations. Much of his work has involved investigating the market and financial feasibility of new hotels, ranging from budget to luxury hotels. He has also worked with independent hotels and hotel chains looking to enhance the effectiveness of their marketing activities. This experience, it is argued, provides a broad understanding of the characteristics of hotel industry branding. Prior to starting his career in management consultancy, the researcher completed two postgraduate qualifications, namely a Masters Degree in Tourism and Leisure (1993-4), and a Postgraduate Diploma in Tourism, Leisure and Service Management (1991-2). His undergraduate degree was in Geography (1988-91). In each case, the researcher studied and implemented a variety of positivist and non-positivist research methods. For example, for his Masters Degree, the researcher adopted a positivist approach by completing a dissertation that involved a questionnaire survey of all major European theme parks, the findings of which were subjected to quantitative analysis. However, his Postgraduate Diploma involved the completion of a dissertation during which a qualitative research design was the required.

The original idea for this study stemmed from the researcher's professional and personal interest in the topic of hotel industry branding and brand equity. Over recent years, he became increasingly aware of increasing competition in certain destinations, particularly amongst national and international brands. It appeared to the researcher that various claims were being made by hotel companies of the benefits of one brand over another. This stimulated his curiosity around how hotel companies should be managing their brands in this competitive environment and the potential role that brand equity could play in this. An initial search of the literature (which was undertaken prior to the formal commencement of this doctoral research programme in 2001) identified some mentions of brand equity in the context of the hotel industry, including some references in the trade press and some academic papers. By way of comparison, the general branding literature was replete with articles focusing on brand equity. The researcher became intrigued as to why this was, particularly given the focus of many hotel companies on developing and managing brands. Clearly, given the researcher's background and experience, there are a number of important methodological issues that had to be considered during the completion of this study. These are assessed both in the chapter that addresses the methodology utilised for this study (Chapter 4), and reflected upon in the chapter that outlines the study's conclusions and recommendations (Chapter 8). The researcher undertook this doctoral research on a part-time basis between 2001 and 2006.

1.7 Thesis structure

This thesis comprises eight chapters. This structure has been developed to ensure that each of the research objectives is addressed, and relates to the research process outlined in Section 1.4. Chapter 1 has introduced the research study by outlining the focus and scope of the research study, the research problem, the justification for the research, and the study's aim and objectives. Chapter 2 will contextualise the research by examining branding within the hotel industry. Chapter 3 will then identify and critically evaluate the range of definitions, models and theories of brand equity, focusing in particular on the hotel industry. Chapter 4 discusses the rationale for the chosen methodology and the methods of data collection and analysis adopted.

Chapters 5 and 6 will focus on the findings generated by the empirical research. The empirical research undertaken for this study comprised two stages. The first involved senior hotel industry management consultants. The data generated from this will be discussed in Chapter 5. The second stage focuses on a case study, with the case being a UK hotel company. The data generated from this stage will be presented in Chapter 6.

The final two chapters will address the judgements that can be made as a result of the findings generated. Chapter 7 will analyse the key themes emanating from the empirical research and compare them with the available literature. The concluding chapter (Chapter 8) will summarise and conclude about the general findings of the research study (including explaining how each objective has been addressed), as well as discuss implications for hotel companies and future academic research, and the study's limitations.

Throughout the thesis a number of appendices have been included to support certain points made.

1.8 Research outputs

During the completion of this research study, the conceptual and empirical findings generated were disseminated by various means. This included papers presented at academic conferences and published in respective conference proceedings, and articles published in academic and hotel industry trade journals (Bailey *et al.* 2003; Bailey and Ball, 2004; Bailey and Ball, 2005; Bailey and Ball, 2006). Case study findings were also shared with representatives of the participant hotel company.

A purpose of sharing the findings throughout the research study was to ensure that they were critiqued and challenged by academic and hotel industry peers. In all cases, the researcher has encouraged feedback. When feedback was offered, this has been considered and used to inform the research programme. The detail of this output is provided in Appendix 1.

1.9 Chapter summary

This introductory chapter laid the foundations for the thesis. It did this by introducing hotel industry branding and brand equity as the focus of the research study. The chapter then highlighted the research problem. This was followed by the articulation of the study's aim and objectives. The overall research process that will be adopted was explained. The theoretical and practical justifications for the research study were then outlined, followed by an explanation of the structure and content of the thesis.

Now that the study has been introduced, the next chapter focuses on the study's industry context, namely branding within the hotel industry.

2 BRANDING IN THE HOTEL INDUSTRY

2.1 Introduction

> *It is increasingly accepted in the international hotel industry that branding matters. The big hotel operators now almost universally accept that the right brands can give competitive advantage* (Travel & Tourism Intelligence, 2001: 141).

This quotation indicates the important role brands play in the hotel industry. The purpose of this chapter is to provide the industry context of the research study. It does this by analysing the size and structure of the UK hotel industry. Following this, relevant industry terms are clarified. The chapter then assesses the operational challenges faced by hotel companies due to the special characteristics of the hotel industry and explores the implications on marketing management including branding. The chapter focuses then on hotel industry branding by assessing the meanings, prevalence of and reasons for hotel industry branding. The chapter concludes with a summary of relevant points and discusses their implication for this research.

2.2 Size and structure of the UK hotel industry

The UK hotel industry is a large and economically important industry (People 1st, 2005). Similar to the hotel industry worldwide, the UK hotel industry can be characterised by its diversity. This creates difficulties in gaining agreement on its actual size (Litteljohn, 2003). Within the context of the UK hotel industry, estimating its size is complicated by a lack of official statistics (Mintel International Group, 2003). In the UK, hotels are not obliged to register with regional tourist boards. As a result, a variety of estimates have been produced by different organisations as to the size of the hotel industry (Clifton and Shah, 1999). However, there is no single figure that is commonly-accepted as accurate for the total number of hotels in the UK (Clifton and Shah, 1999). This seems bizarre given the importance of the hotel industry to the UK's tourism industry and the wider UK economy. However, Visit

Britain (the national tourist board for Great Britain) estimated that there were 11,047 hotels registered with the regional tourist boards in 2003, which reflected a slight increase on the 2002 figure of 10,441 (Mintel International Group, 2005). The breakdown of these figures, by country, is provided in Table 3. Given that these figures include only those hotels registered voluntarily with the regional tourist boards, it is likely that the actual figure is somewhat higher than the published figures. For example, People 1st consider the true figure to have been in the region of 30,000 in 2003 (People 1st, 2005).

Table 3: Hotels Registered with UK Regional Tourist Boards, 2002 and 2003

	2002		**2003**	
Country	**No. of Hotels**	**No. of Bedrooms**	**No. of Hotels**	**No. of Bedrooms**
England	8,364	636,789	8,973	667,359
Scotland	1,228	71,572	1,228	71,572
Wales	717	28,304	717	28,304
Northern Ireland	132	12,965	129	13,262
TOTAL	**10,441**	**749,630**	**11,047**	**780,497**

Source: Visit Britain (taken from Mintel International Group, 2005)

The UK hotel industry is fragmented, as it is dominated by owner-operated small and medium sized enterprises (Palmer *et al.*, 2000). This dominance has led to the classification of hotels into independently owned and chain affiliated hotels (Palmer *et al.*, 2000).

In addition to segmenting the hotel industry by type of operator, it can be classified in terms of quality of service offered to consumers. The level of service offered by hotels is generally reflected by their pricing structure and classification (Knowles, 1996). Traditionally, hotels in the UK have been classified by star ratings, using a 'one' through to 'five' star rating to reflect the facilities and services being offered. The ratings can be summarised as follows (Mintel International Group, 2004): One-star hotels have practical accommodation with a limited range of facilities and services. However, they should have a high standard of cleanliness throughout. They should have a restaurant or eating area. Some three-quarters of bedrooms should have an en-suite bathroom. In addition to the facilities and services provided at one-star hotels, two-star hotels have better equipped bedrooms, all with an en-suite or private bathroom and a colour television. Over and above what is offered at two-star hotels, three-star hotels offer a higher standard of service and facilities, including larger public areas and bedrooms, a receptionist, room service, and laundry facilities. Four-star hotels offer superior comfort and quality. All bedrooms have an en-suite bathroom with a fitted overhead shower and toilet. There will be spacious and well-appointed public areas (e.g., a lobby). There is more emphasis on food and drink facilities. For example, room service of all meals and 24-hour drinks, refreshments and snacks will be available. Other services are offered, including a dry cleaning service. The focus should be on excellent service. Finally, five-star hotels offer a spacious, luxurious establishment with the highest international quality of accommodation, facilities, services and cuisine. In the UK, hotel grading is voluntary, and is not supported by any specific legislation beyond statutory regulations such as safety, disability discrimination, data protection, and licensing which apply to all accommodation establishments (Mintel International Group, 2004). Questions have been asked by some operators within the UK hotel industry as to the effectiveness of the hotel grading system. It has been argued by some hotel companies that brands provide consumers with a clearer indication of expected facilities and service levels as a number of branded hotel chains, such as Hilton and Marriott, have historically chosen not to participate in the grading process, because they feel that the strength of their brand is a more effective statement of quality to consumers than the traditional star rating system (Mintel International Group, 2004).

Hotels can also be categorised as either budget, mid market, upscale or deluxe depending on the level of service being offered (Mintel International Group, 2003; Bowie and Buttle, 2004). Table 4 shows a reconciliation of these generic service-level descriptions against the standard star rating system used in the UK.

Table 4: Reconciliation between Hotel Star Ratings and Market Level

Star Grading	Market Level
One-star	Budget (sometimes called 'economy')
Two-star	
Three-star	Mid market
Four-star	Upscale
Five-star	Deluxe (sometimes called 'luxury')

Source: Mintel International Group (2003); Bowie and Buttle (2004)

Now that the hotel industry terminology has been clarified and the size and structure of the UK hotel industry examined, the thesis now focuses on the core subject of the study, namely branding. As already mentioned, branding is used in different ways within the hotel industry. It is now important to investigate the prevalence of and reasons put forward for branding within the industry. In order to place branding into context, it is necessary to understand the hotel industry operating environment and the challenges this creates for hotel companies. Prior to this, it is necessary to clarify key hotel industry terminology that is relevant to this study.

2.3 Industry terminology

The clarification of key hotel industry terms used in this research study is important at the outset, as some basic industry terms have multiple meanings. The terms below are those terms that suffer from a lack of clarity within the hotel and hospitality management literatures. The ambiguity that surrounds these terms is corroborated by the researcher's own experience of working within the UK and international hotel industry. Clarification of these is necessary to provide an understanding of basic operational terminology that is likely to be used by participants in the empirical research stages of this study.

Hotel

The hotel industry is one of the largest, most dynamic industries in the world (Travel & Tourism Intelligence, 2001). However, there is no definitive, internationally-agreed definition of what constitutes 'a hotel' (Johnson, 1999; Travel & Tourism Intelligence, 2001). As summarised by Go and Pine (1995: 25) *'the definitions of a hotel as used by industry practitioners and laymen alike is [sic] imprecise'.* At its simplest, a hotel can be defined as a place which provides guests a place to sleep, eat, drink and relax (Boella and Pennett, 1999). Hotels have also been defined as paid accommodation open to the public (People 1st, 2005), which is the definition used by the UK's Standard Industrial Classification system.[3] Due to the range of different types of hotel worldwide, discussed later in this section, various definitions have been produced in an attempt to reflect the diversity of hotel types worldwide. For example, the World Tourism Organisation, in its role as an international agency for tourism, developed the following definition:

> *A hotel is typified as being arranged in rooms, in number exceeding a specified minimum; as coming under a common management; as providing certain services, including room service, daily bed-making and cleaning of sanitary facilities; as grouped in classes and categories according to facilities and services provided; and as not falling into the category of specialised establishments* (Travel & Tourism Intelligence, 2001: 5).

Although a broad definition, the World Tourism Organisation definition can be criticised due to its main focus on services provided by hotels. For example, this definition would exclude UK budget hotels, as budget hotels do not typically offer guests services such as room service. Given this, it is clear that even a basic discussion of the meanings of the term hotel highlights inconsistencies. These inconsistencies may exist due to the diversity of hotel types, and the challenges these pose when trying to create an all-encompassing operational definition.

Many types of hotel have been developed around the world and can be classified in a number of ways (Medlik and Ingram, 2000). Hotels vary as follows: by location such as 'city centre hotels' and 'countryside hotels'; their relationship with particular modes of transport such as roadside hotels, railway hotels, and airport hotels; the purpose of visit including hotels that target primarily business guests, holidaymakers, or conference delegates; the range of facilities and services offered, including hotels that offer a limited range of facilities and services such as budget hotels and apartment hotels to 'full service hotels' that offer a wide range of facilities and services including, for example, restaurants, bars, room service, conference and meeting rooms, and leisure facilities; the quality standard, which normally involves at least four or five classes or grades to distinguish the standards of hotels, from basic standards up to luxury; and by reference to ownership and management, including individually-owned hotels, which may be managed by the proprietor or by a salaried general manager (on behalf of the hotel owner), and, of particular relevance to this research, hotels that are affiliated with a branded hotel chain or marketing consortium (Medlik and Ingram, 2000).

This summary illustrates the diverse environment within which hotels compete. Many hotels are owned or operated as part of a larger company. However, there are many different hotel companies operating in the hotel industry. This requires an examination of what is meant by the term 'hotel company'.

Hotel Companies

One of the characteristics of the hotel industry is that the ownership of the hotel property freehold and the operation of that hotel are often separate (Schlup, 2004). Based on the researcher's experience, within the hotel industry this has been termed 'the split between bricks and brains'. Indeed, only a small fraction of hotels that bear the name of a recognised national or international brand are actually owned and operated by their respective operator

[3] In the UK, the Standard Industrial Classification code for 'hotels' was 55.1 in 2005 (People 1st, 2005).

(Schlup, 2004). Many hotel companies have expanded the number of their hotels nationally and internationally without actually owning the hotels they operate. According to Mintel International Group (2003), this is because many hotel companies no longer seek to own property, preferring development structures that require less financial commitment which reduces risk. The use of leases, management contracts, and franchises also allows for a more rapid rate of expansion. In light of this, growth has to be the cornerstone of any branded chain's strategy (Mintel International Group, 2003).

According to Mintel International Group (2003), there are five types of hotel company. These are owner-operating companies, management companies, franchise companies, hotel property companies and consortia. With branding being relevant in each case (to a lesser or greater extent), a brief description of each is necessary.

In the case of owner-operator companies, the company that owns the hotel property also operates it. In some cases, the hotel operator may lease the hotel property from a property owner, in which case the operator is a tenant and pays a rent to the landlord. In these cases, the hotels are not affiliated with a hotel brand through management contracts or franchise agreements, although they may belong to a marketing consortium as discussed later in this section.

The second type of company is the management company. Management companies either manage the property on behalf of the property owner, in return for a fee, under their brand name (e.g., Marriott, Hilton, Hyatt, or Four Seasons), or with no brand name (e.g., the US company Interstate). The first of these types of management companies are called 'first tier hotel management companies', whereas those that manage without a brand name are called 'second tier hotel management companies'. Many management companies have used management agreements to expand their hotel portfolios. The management company provides the brand name, operational management, sales and marketing support, access to national or international reservation systems, and access to the brand's guest loyalty programme (Strauss and Scoviak, 2005). It has been found that management contracts have become increasingly popular in the UK since the late-1990s (Strauss and Scoviak, 2005). Given this type of arrangement, the operator will often be paid a management fee based on a percentage of the hotel's total annual revenue[4] (the base fee), and a percentage of Gross Operating Profit[5] as a means of 'incentivising' the management company to maximise the performance of the hotel.

The third type of company is the franchise company. A franchise agreement is where a property owner (typically referred to as the 'franchisee') enters into a contract with the hotel company ('the franchisor') to gain access to the franchisor's brand name and associated support services, such as marketing, frequent guest programmes, central reservation systems, global distribution systems, and training, in return for the payment of certain fees (Cunill, 2006). Franchisees either operate the hotel themselves or enter into a contract with a management company to operate it on their behalf. A difference between franchising and management contracting is that in the case of franchising, the franchisor is responsible for the operation of the hotel. In the case of management contracts, the owner of the hotel employs a company to manage the hotel on its behalf. Hotel companies that focus entirely on franchising include Cendant Corporation and Choice Hotels International (Strauss and Scoviak, 2005). Similar to management contracts, franchising has been used by hotel companies as a means of expanding their hotel brand coverage without a need for significant capital expenditure, as the cost of hotel development and operating costs are borne by the franchisee (Cunill, 2006). Most franchise companies have clearly defined physical product and service level requirements which prospective franchisees need to meet before being accepted into the hotel company's franchise system. Franchise agreements involve an annual payment of a royalty fee, a contribution to marketing costs in respect of the franchisor's chain advertising programmes, and fees for hotel bookings made through the franchisor's central

[4] This represents the total revenues generated by a hotel, including income from the letting of bedrooms and suites, food and beverage income (e.g., from restaurants, bars and room service), meeting room income, and other income (TRI Hospitality Consulting, 2004).
[5] The Gross Operating Profit, or Income before Fixed Charges, represents the total operating profit before insurance, rates, rent or other fixed costs (TRI Hospitality Consulting, 2004).

reservation system. There may also be a charge for a contribution to the cost of the franchisee's guest loyalty programme, if applicable. The royalty fee acts as compensation for the use of the franchisor's brand name and logo.

The fourth type of company is the hotel property or investment company. These exist to develop hotels from scratch or purchase hotels which are then often managed for them by management companies. These companies focus on the acquisition of real estate and the ability to enhance the value of their property assets over time (Go and Pine, 1995).

The final type of company is the marketing consortium. Marketing consortia operate by grouping together independently-owned and operated hotels, and then marketing them as a single brand (Mintel International Group, 2003). They enable independent operators to retain their operational freedom, whilst having access (in return for fees) to a national or global brand name, central reservation systems, global distribution systems, participation in national and international marketing communication campaigns, and discounted prices when purchasing supplies due to the consortium's group purchasing power (Bowie and Buttle, 2004). Consortia differ from franchises in that members of a consortium are not required to adhere to standardised operating procedures and no architectural design uniformity is necessary, both of which are characteristics of franchising (Yu, 1999). An example of a consortium is Best Western. Best Western is a not-for-profit association which is owned by its members. It generates incomes through membership. Membership benefits include access to domestic and international reservation systems, worldwide brand marketing, a loyalty scheme, central purchasing for goods and supplies, and assistance with training (Mintel International Group, 2003).

There is a specific type of company not included in the Mintel International Group's (2003) taxonomy above that is relevant to this research, namely the hotel chain. A hotel chain can be defined as '*a group of hotels that follow standard operating procedures such as marketing, reservations, quality of service, food and beverage operations, housekeeping, and* *accounting*' (Bardi, 2003: 411). The American Hotel and Motel Association states that the group of hotels should comprise three or more hotels (Ingram, 1996). In some instances, hotel chains that market their hotels under a single brand name are termed 'branded hotel chains'. For example, Four Seasons and Hyatt can both be described as management companies and branded hotel chains.

As mentioned in Chapter 1, the researcher has a background of working within the hotel industry, both within the UK and internationally, in his capacity as a management consultant. This has given him an opportunity to work with each type of hotel company examined above. It has also enabled him to develop a general awareness of the wide range of different objectives and priorities present across these companies, as well as the variety of ways hotel companies have used branding strategies to meet their objectives; a feature of the industry assessed later in this chapter.

2.4 Hotel industry operational challenges

The hotel industry has a variety of product and demand characteristics that create marketing management challenges for hotel companies. With industrial context being an important consideration of brand equity studies (Aaker, 1996), it is necessary to investigate these characteristics for relevance to this study. For example, there may be limits of the comparability of the findings of this study to others set within different industry sectors (such as retail).

The product represents what the company is offering for sale (Kotler, 2000). In the case of the hotel industry, the product often represents a complex mix of physical facilities and service elements (Bowie and Buttle, 2004). Kotler (2000) argued that there is a distinction between the core product, the tangible product and the extended product. Drawing on examples from the hotel industry, Bowie and Buttle (2004) illustrated Kotler's classification. According to this, the 'core product' delivers the functional benefits sought by consumers. For example, a hotel offers a place to sleep. However, as noted by Bowie and Buttle (2004), it is the consumer that defines the core product. For example, if a consumer chooses to stay in a hotel for a convenient location, the convenience of the location would be a core product feature in this instance. The 'tangible product' comprises the physical elements that are necessary for the core product benefits to be delivered, such as the size of the hotel and the range of physical amenities offered (e.g., restaurants, bars, and health clubs), external and internal design, and the style and quality of the hotel's décor. Finally, the 'extended product' includes the intangible elements of the product that provides consumers with additional benefits and further differentiates the product against competitors. This can include the people element of the offer, after sales service, atmospherics, corporate ethics, and overall perceptions that consumers have of the brand (sometimes called 'brand image' or 'brand associations'). As will be examined in Chapter 3, the concept of brand image/associations has been linked with brand equity. According to Bowie and Buttle (2004), in service industries it is the extended product that delivers what is distinctively different about the customer experience; this is the area where hotel companies with broadly similar physical products compete.

Not only can the hotel product be described as complex, but many hotels are composite organisations made up on different departments (Medlik and Ingram, 2000). To deliver the product to consumers, hotels are often organised along functional lines, with departments grouped according to the particular work activity in which they are engaged (Nebel, 2002). Medlik and Ingram (2000) classify the key hotel activities into two main categories, namely the revenue-earning activities of rooms, food, beverage, guest telephones, guest laundry and other guest services, and the support services of administration, marketing, property operations and maintenance, and energy.[6] The rooms function is described in terms of reception, uniformed services (e.g., concierge, door staff, and porters), and housekeeping,

---

[6] The Uniform System of Accounts was first published in 1926 by the Hotel Association of New York. Based on the researcher's experience, the 'Uniform System' has become a recognised, standard format for the preparation and presentation of financial data for hotels. It provides instructions for preparing accounts which can be adapted by hoteliers to suit their requirements, depending upon the size and structure of their operation.

each of which typically operates as a separate department. The reception and uniformed services are often grouped together as 'front of house'. The food and beverage function is described in terms of the food and beverage cycle (i.e., purchasing, receiving, storing and issuing, preparing, and selling), and the provision of restaurants, bars, room service and functions (e.g., banqueting and conferences), each of which generally has its own management and staffing. The miscellaneous guest services, such as telephones and guest laundry, tend to be operated under direct management of the hotel as minor operated departments, although some services may be operated under rental and concession arrangements with the hotel by another company. The non revenue-generating support services are often distributed amongst departments such as accounting and finance, personnel, purchasing, sales and marketing, and property operation, maintenance and energy (Medlik and Ingram, 2000). It should be noted that the organisation structure varies according to size and type of hotel. For example, a budget hotel which offers a limited range of facilities and services would not exhibit the number and range of departments highlighted above. This description illustrates the complexity of the hotel as a product, and the role played by staff in service delivery. This has implications on marketing management, including branding. For example, there is often a need to provide regular training to staff to ensure they provide guests with the required levels of service and associated with this may be a requirement for internal marketing to staff to promote particular company initiatives such as brand advertising campaigns.

There are a variety of characteristics that distinguish services (such as hotels) from manufactured consumer goods (McDonald and Payne, 2006). In the case of goods, the product is the primary brand, whereas with services the company is often the primary brand (Berry, 1999). Whilst there are examples where hotel companies own different brands (each within their own organisational and marketing support), there are many examples within the hotel industry where the company itself is the primary brand (i.e., the company and brand names are the same) such as Hyatt, Four Seasons, Thistle and De Vere. In these cases, the brand appears to be a central organising principle of the organisation. In many services, staff members are the most important organisational resource as they actually deliver the service, and are the face of the brand to consumers (de Chernatony and McDonald, 2003). Berry (1999) suggests that it is the actions of employees which transform brand vision to brand reality, for better or worse. Blackett (2003: 23) agrees by stating the following:

> *The best services brands are built around a unique business idea or a compelling vision. When employees are excited by the proposition they will help to sustain it and communicate it to customers, suppliers and others through their enthusiasm and commitment.*

The characteristics of services (some of which were examined above) have led to suggestions that services warrant different approaches to marketing management, including the role played by branding, than those employed for goods (Blankson and Kalafatis, 1999; Mackay, 2001b). However, care has to be taken not to regard all services as the same, as there are many differences between different types of service. For example, services can be classified in various ways depending on features such as the nature of the service act, the relationship between the service organisation and its customer, the amount of room there is for customisation, the nature of supply and demand for the service, and how the service is delivered (Lovelock, 1983). Given this, it is considered necessary for this study to focus on the specific characteristics of hotels. Bowie and Buttle (2004) summarised the characteristics that are relevant to the hotel industry as seasonality, intangibility, perishability, inseparability, variability, interdependence, supply exceeding demand, and high fixed capital and operating costs. This is a helpful classification as it blends some of the generally-accepted characteristics of services with important operational challenges, all of which have implications on brand management. Table 5 provides a summary of each characteristic, along with examples of implications in each case. Hotel companies respond to the challenges created by these and other characteristics in various ways through the adoption of different competitive strategies, one of which is the use of branding (Olsen *et al.* 1998).

Table 5: Special Characteristics of the Hotel Industry and Operational Implications

Characteristic	Description	Implications
Seasonality	Seasonality represents the fluctuations of demand over a given period. For example, fluctuations in demand occur during the day, days of the week, and months of the year. The seasonality of demand varies according to the type of hotel guest. For example, outside of holiday periods such as Easter, summer and Christmas and New Year, business demand in the UK is typically strongest during week days (i.e., Tuesday, Wednesday and Thursday nights). Whereas leisure demand tends to be greatest at weekends.	Under- and over-utilisation of capacity creates operational difficulties. For example, a sudden increase in the number of customers using a hotel restaurant may lead to production problems, unacceptable waiting times, and dissatisfied customers. This may impact on the quality of service delivery. A hotel's profitability suffers during periods of low demand, so a challenge to hotel marketers is to increase demand during these periods.
Intangibility	Services have been described as intangible products in that they cannot be experienced prior to purchase (i.e., a hotel guest cannot stay overnight in a hotel and test the bedrooms).	This often translates in a higher level of perceived risk on behalf of the customer, both in terms of the actual choice of the hotel and the quality of that hotel. Customers need to be provided with sufficient information to help them choose an appropriate hotel to satisfy their needs and wants. There is a challenge for hotel marketers to provide information in such a way that will encourage customers to choose their hotel without raising customer expectations too high, and then failing to deliver customer expectations.
Perishability	Hotels have a fixed number of bedrooms available to guests each day. Unlike manufactured goods, which can mostly be stored in warehouses and in shops, services cannot be stored for sale at a later date.	Hotel managers have to establish how best to manage their capacity (typically called 'inventory' in the hotel industry) with a fluctuating demand pattern. A hotel industry marketing principle is to ensure that the price at peak times is set to deliver maximum return to the hotel, providing it is compatible with customer satisfaction. In low periods of demand, the aim is often to generate additional sales through, for example, discounted prices and promotional packages (e.g., weekend deals).

		The management of demand versus supply is called either 'Yield Management' or 'Revenue Management' in the hotel industry.
Inseparability	As a service, customers have to be present to consume the hotel product. The simultaneous nature of production and consumption of the service means that hotel employees and customers are important parts of the overall product.	A number of ways have emerged to try to address the issues associated with inseparability, including ensuring that different types of customer staying in the hotel are compatible, ensuring that the operations system is suitable for the projected demand, adopting appropriate booking systems, and effective staff training.
Variability	Hotels may suffer from considerable fluctuations in the standards of delivery of the service. Services comprise a high element of interaction between customers and staff. As human interactions cannot be completely standardised, it is not possible for hotels to deliver a totally non-variable experience.	Many hotel companies have responded to the problem of variability by trying to standardise their operational processes and training their staff to perform according to the company's standard operating procedures (often articulated in a manual), the use of which are common in hotel chains.
Interdependence	Business and leisure tourists make a variety of purchase decisions during one trip, and their overall satisfaction is based on a complex set of evaluations of different elements such as the travel arrangements, the accommodation, visitor attractions, and the facilities within the destination. This means that demand for the hotel is interdependent on other elements, most notably the overall choice of the destination.	The response to interdependency is that individual businesses have to cooperate in the promotion of their destination.
Supply exceeds demand	The hotel industry is commonly described as a fragmented industry with low barriers to entry. It is relatively easy to buy or build a hotel. Indeed, many of the major international hotel brands such as Hilton and Marriott started as small companies developed by visionary entrepreneurs. The past ten years have seen a dynamic building period, with massive investment in new resorts and hotels, culminating in excess capacity in many parts of the world. Despite a growth in the number of tourists, hotel capacity has not always been matched by sufficient demand.	When supply exceeds demand, the competitive environment becomes more intense, and price competition becomes prevalent. This can affect all the competing companies' profitability.

High fixed costs	Hotels have high fixed overhead costs (such as utilities, insurance, rent and rates) and also employ large numbers of staff, many of whom are full-time employees. The upshot of this is that hotels typically have a relatively large fixed cost base which does not change regardless of the number of guests staying in the hotel or other visitors using the hotel facilities.	During periods of low demand, high fixed costs erode profitability. Companies need to generate sales to help make a contribution to the fixed costs. In order to increase short-term sales, hotel companies sometimes use sales promotions. For example this can be done through price discounts, or other offers such as two nights for the price of one, or weekend 'packages' with a single price including the room rate, breakfast and dinner.

Source: Adaptation of Bowie and Buttle (2004: 22-5)

The special characteristics (highlighted in Table 5) suggest that a tailored approach to hotel industry marketing and brand management is necessary. Due to challenges such as these, it has been argued that service companies need to use a broader range of marketing tools and techniques (to implement their corporate, marketing and brand strategies) than is possible with the traditional 'marketing mix'. The traditional marketing mix is comprised of the '4Ps' of product, price, promotion and place (McDonald and Payne, 2006). As discussed previously in this section, the 'product' element refers to the tangible and intangible elements that are being offered to the brand's target markets. 'Price' represents the amounts charged for the product and services provided. The hotel industry has adopted the principles of yield management to try to address some of the challenges posed by the perishability of a hotel's inventory of bedrooms. This means that different prices are often charged for the same hotel bedroom depending on what time of the week, month or year the bedroom is booked. 'Promotion' includes all the marketing communication techniques available to reach selected markets, and stimulate awareness, interest and positive associations of a brand. These include advertising, sales promotion, public relations, and personal selling (Stewart and Kamins, 2002). Finally, 'place' refers to the channels that the product is distributed to consumers. This includes the hotel company selling directly to consumers (e.g., promotional offers being sent directly to selected consumers via post or email), as well as the use of a hotel company's own website, other companies' websites, and travel agents. It has been argued that the traditional marketing mix is insufficiently broad for many services, including hotels. This has led to an expanded marketing mix which supplements the traditional '4Ps' with people (given they are an essential element in the production and delivery of the service), and processes (which are the procedures, routines and policies in place to create and deliver the service) (McDonald and Payne, 2006). For example, with regards to people, hotel companies that differentiate themselves based on service features would need to focus some marketing activity internally within their organisation on staff induction, training and communication activity.

2.5 The concept of the hotel brand

The chapter now focuses on branding within the hotel industry. The starting point of this is to define the term in the context of this thesis. Unfortunately, the topic of hotel industry branding shares some of the problems associated with other basic terms within the hotel industry's lexicon, as discussed previously in this chapter. In Chapter 3, a detailed examination of the generic brand concept will be provided prior to focusing on brand equity. However, for the purposes of this industry context chapter, it is necessary to consider the concept of the hotel brand as the remainder of this chapter focuses on the development and growth of hotel industry branding both internationally and within the UK, the reasons cited within the literature for the growth of branding within the hotel industry, and hotel industry branding strategies. A discussion of the definitions of the hotel brand is therefore required now to put this into perspective.

The hotel industry has used a wide variety of terms and dimensions to characterise the brand, but no consensus has been achieved as to what the term really means (Olsen *et al.* 2005). This is surprising, as branding appears to be high on the agenda of many hotel company executives (as discussed later in this chapter). Given the importance of branding within the hotel industry, it is perplexing as to why there are so few literature definitions of what constitutes a 'hotel brand' (Olsen *et al.* 2005). Whilst there is a growing body of literature concerned with defining the general brand concept, as will be assessed in Chapter 3 of this thesis (e.g., de Chernatony and Riley, 1998; Wood, 2000), limited attention has been paid to defining brands within the specific context of the hotel industry. It is likely that when asked to define what is meant by the term 'hotel brand', no two executives would give the same definition (Olsen *et al.* 2005). This possibly reflects the complexity of the hotel industry and the range of different applications of branding within it. One of the few industry-specific definitions is offered by Olsen *et al.* (1998) as follows:

> *Attempts by hotel companies to create and deliver new products to the customer. Often thought of as levels of service such as budget, economy, luxury, and business class hotels. Each product is associated with specific products and services to differentiate it from the competition. Brands are available in several of these segments as well* (Olsen *et al.* 1998: 159).

The above definition was developed by Olsen *et al.* for the International Hotel and Restaurant Association and, as such, can be regarded as authoritative. It has also been cited subsequently by other scholars (e.g., Medlik and Ingram, 2000). Although the definition has some status within the hotel industry, perhaps surprisingly it does not include a reference to a hotel brand being a name or logo, which, as will be discussed in Chapter 3, is a common thread in many generic definitions of the brand concept. For example, Feldwick (2002: 5) during his examination of interpretations of the brand concept said that '*at its simplest, a brand is a recognisable and trustworthy badge of origin'*. However, the Olsen *et al.* (1998) definition is useful in that it incorporates the hotel industry characteristics of product segmentation, service delivery, and product differentiation.

Product segmentation was introduced to the hotel industry by Quality International. This company was the first to develop and market different brands each with a different product and service offer targeting different markets. These brands were 'Sleep', 'Comfort', 'Quality', and 'Clarion' (Go and Pine, 1995). As will be investigated later in this chapter, since then '*the hotel industry has followed Quality International's lead and committed itself* *to supplying an ever-widening spectrum of varied new product lines'* (Go and Pine, 1995: 102).

The second feature of the Olsen *et al.* (1998) definition is service delivery based on different levels of service. In the hotel industry, consistency of product is reflected by the specification of the bedrooms, external appearance, and design of the property, and the range of services offered to guests (Knowles, 1996). Whilst some hotel companies focus on developing the individuality of product and service in their hotels, others seek brand consistency through standardisation. This could be standardisation of the physical product (e.g., similar sized hotels with the same architectural style in similar types of location), the standardisation of the service delivery, or both. Knowles (1996) suggests that the knowledge in the mind of the consumer that he or she will get a standard product from a particular brand, regardless of the region or country, has become an important element of hotel industry marketing. Standard Operating Procedures have been used by branded hotel chains as a means of trying to create some consistency of service delivery (Jones and Lockwood, 1989). These relate to operational activities which are often delegated to operating personnel that require some standard to be achieved for quality or security purposes (Jones and Lockwood, 1989). Standard Operating Procedures usually take the form of a manual that includes a statement of policy, followed by paragraphs indicating directives, procedures, explanation of forms, records to be kept, positional responsibilities, and coordinating relationships (Jones and Lockwood, 1989). They can apply to all hotel departments. Some hotel companies regard Standard Operating Procedures as important to the success of their brands. For example, each Marriott brand has its own set of standard operating procedures that seeks to promote consistency across its brands (Marriott and Brown, 1997). Gilmore (2003) suggests that consistency of service is related to the values of the brand, as follows:

> *The values or meaning of a hotel brand are conveyed in the way the company does business and so the communication of values is vital throughout the organization. An advertising campaign or promotional activity alone cannot communicate company*

> *image. It also depends on everyone in the company, from the top down and especially the front-line service staff. Therefore staff training should be built around the delivery of service consistent with the overall image the company seeks to exude* (Gilmore, 2003: 75).

The final aspect of the Olsen *et al.* (1998) definition is differentiation from competition. A basic function of brands, in all industry sectors, of differentiating the goods or services of one producer from those of another has remained unaltered for many years (Murphy, 1998). Gilmore (2003) focuses on differentiation in her definition of a successful hotel brand, as follows:

> *A hotel brand name is often used in the hospitality industry and the brand name sends a lot of messages to the market and public. A successful brand name can be very useful for a competitive hotel or hotels as this will help it differentiate itself from many local or national competitors* (Gilmore, 2003: 75).

What is strange about the above is that there are so few bespoke definitions of hotel brand. What is evident, however, is that branding has been part of hotel companies' corporate strategies for some time. The reason why the term remains difficult to pin down may be due partly to the complexity of the construct (Olsen *et al.* 2005). Even though the 'hotel brand' may be a complex construct, there is a need for some clarity for the purposes of this research study. This is because before being able to focus on the primary topic of the study (i.e., brand equity) there is a requirement to have greater precision over what is meant by the core brand concept from which brand equity is supposed to derive. For example, gaining clarity over the core brand concept could be important during the empirical stages of the research, as practitioner interpretations of the brand equity concept may develop from their understanding of the core brand concept, which based on this review of hotel brand definitions may vary amongst participants due to the lack of a commonly-agreed definition for them to draw upon.

Branded hotel chains have considerable difficulty in delivering a uniform, consistent standard of product or service because of inconsistent service personnel and erratic customer behaviour, and hotel refurbishment schedules that may mean the product various between the most recently decorated and one which is in need of refurbishment (Bowie and Buttle, 2004). In response to this, hotel chains have adopted different approaches depending upon the type of product, age, design, and style of hotel properties in their portfolios (Bowie and Buttle, 2004). In light of the diversity of the hotel industry and different branding strategies, it is difficult to classify branding applications. However, an attempt was made by Connell (1992) who created a classification based on 'harder' and 'softer' hotel brands. This is a useful typology in that it tries to illustrate the diversity of applications of hotel industry branding. According to Connell (1992), a hotel that is seeking to establish a standardised approach in terms of its product, service and pricing, in broadly similar locations, has been described as a 'harder brand'. Based on the researcher's experience, examples of contemporary harder brands in the UK would include budget hotel brands such as Premier Travel Inn, Travelodge and Express by Holiday. Conversely, a collection of individually built hotels under the same brand name but with limited emphasis on standardisation has been described a 'softer brand' (Connell, 1992). An example of a softer brand operating in the UK would be Best Western. In Table 6, some of the implications for marketing activity presented by harder and softer brands are illustrated.

Table 6: Features of 'Harder' and 'Softer' Hotel Brands

Factor / Strategy	'Harder'	'Softer'
Use of same brand name across hotels	Yes	Yes
Level of physical product consistency	Higher	Lower
Level of service range consistency	Higher	Lower
Consistency in pricing	Higher	Lower
Level of national coverage	Higher	Lower
Consistency in type of hotel locations	Higher	Lower
Emphasis on national advertising and promotion	Higher	Lower
Reliance upon growth through acquisition	Higher	Lower
Emphasis on product planning and development	Higher	Lower
Markets targeted	National / specific segments	Local / range of segments

Source: Connell (1992)

2.6 Development of hotel industry branding

Branding has become a prevalent competitive strategy within the global hotel industry (Kotler *et al.,* 2003). By way of background to contemporary meanings and uses, it is considered necessary to step back in time and trace the historical development of branding within the hotel industry, both from its roots in the United States during the early part of the twentieth century and its emergence in the UK.

Some contemporary hotel brands originated from those people that founded US hotel companies during the first half of the twentieth century, including Conrad Hilton, and J. W. Marriott and J. W. Marriott Jr., who founded their eponymous companies (Bardi, 2003). For example, Conrad Hilton bought his first hotel, the Mobley Hotel in Texas, in 1919. He then acquired more hotels over the following decades (Lee, 1985). There were others, including Ernest Henderson and Robert Moore, who founded the Sheraton hotel chain in 1937, and Ellsworth M. Statler who founded the Statler chain (Bardi, 2003). The Statler chain was eventually sold to Conrad Hilton in 1954 (Bardi, 2003). With the purchase of the Statler chain, and with his existing hotels, Conrad Hilton established *'the first major chain of modern American hotels ... a group of hotels all of which followed standard operating procedures* *such as marketing, reservations, quality of service, food and beverage operations, housekeeping and accounting'* (Bardi, 2003: 2-3). By way of comparison, although standard operating procedures were in place, the Hilton chain comprised *'a hodgepodge of styles and quality levels'* (Lee, 1985: 25).

It was Kemmons Wilson who started franchising Holiday Inns in the US during the 1950s and developed the concept of hotel branding based on offering a consistent product (Knowles, 1996; Vellas and Bécherel, 1999). This happened at a time in the US when the practice of franchising, across many different industries, expanded significantly (Dicke, 1992). Go and Pine (1995) observed that in the US during the 1950s, roadside lodges were of an unpredictable quality and price. Based on these inconsistencies, Kemmons Wilson developed the concept of the Holiday Inn hotel. Designed to appeal to families travelling by car, the first Holiday Inn in Memphis had 120 bedrooms and offered guests large bedrooms (e.g., with two double beds, free television, a telephone, free ice and private bathroom), air-conditioning, a restaurant, a swimming pool and free car parking. Children under the age of 12 were allowed to stay with their parents for free. The success of the concept was such that the company expanded rapidly and Kemmons Wilson created the Holiday Inn franchise system in 1955 (Go and Pine, 1995). Although other hotel companies were trading on the back of their names at the time the first Holiday Inn opened (e.g., the first Hilton hotel opened in Dallas, US, in 1925),[7] Kemmons Wilson was the originator of the idea of trying to create a consistent physical product and service delivery through applying strict operating standards to hotel franchise contracts (Lee, 1985) and 'standardised' guest facilities and services across its hotels (Wagner, 2002).

In Table 7, the year in which the first hotel of each of the world's leading hotel brands in 2003 is shown. The table also illustrates the location of that first hotel. This table indicates

[7] For an historical review of the origin and growth of hotel brand names in the US, readers are pointed in the direction of Lee (1985) and Bardi (2003).

the importance of the USA as being the birth-place of many hotel brands, with seventeen out of the twenty hotels originating in that country.

Table 7: The Age and Country of Origin of Leading Hotel Brands

Branded Brand	Year of First Hotel	Country Brand 'Born'
Hilton (USA)	1925	USA
Sheraton	1930s	USA
Quality Inns	1939	USA
Best Western	1946	USA
Inter-Continental Hotels	1946	South America
Hilton (International)	1949	USA
Holiday Inn	1952	USA
Ramada Franchise System	1954	USA
Hyatt Hotels	1957	USA
Marriott Hotels	1957	USA
Radisson	1962	USA
Novotel	1967	France
Days Inn	1970	USA
Ibis	1974	France
Super 8 Motels	1974	USA
Mercure	1975	France
Comfort Inns	1981	USA
Courtyard by Marriott	1983	USA
Express by Holiday Inn	1991	USA

Source: Travel & Tourism Intelligence, 2001; Jiang et al. 2002 (for information on Express by Holiday Inn); Wind et al. 1989 (for information on Courtyard by Marriott)

Hotel companies began developing their brands internationally during the second half of the twentieth century, a process referred to as 'internationalisation' (Go and Pine, 1995). For example, Inter-Continental Hotels Corporation was founded in 1946 by Pan American World Airlines. Initially, the company established hotels along the 'Pam Am' routes in South America and the Caribbean (Go and Pine, 1995). It then moved into other markets, including Africa, the Middle East and Europe during the following decades (Go and Pine, 1995). Hilton International, which was formed in 1949 as a subsidiary of Hilton Corporation, also developed an international presence during the 1940s and 1950s (Go and Pine, 1995). A number of reasons have been put forward for the focus on international expansion. For example, the reduction of development opportunities in hotel companies' home countries which pushed companies to look overseas for growth, the emergence of new business centres throughout the world which created new hotel demand, Government incentives which encouraged hotel companies to develop in certain countries (e.g., availability of cheap or free land, and tax incentives), and the emerging multinational infrastructure which has generated a need for increased international corporate travel (Go and Pine, 1995). When discussing the corporate expansion of Marriott International, Gupta and Govindarajan (1999) suggested that a worldwide presence for a hotel company can create significant value because a company can use a centralised reservation system, develop and diffuse globally consistent service concepts, and leverage a well-known brand name which assures customers of the quality and service. The hotel companies with hotels in most countries in 2005 are shown in Table 8.

Table 8: The International Coverage of Hotel Companies, 2005

Company	Number of Countries
InterContinental Hotels Group	100
Accor	90
Starwood Hotels & Resorts Worldwide	82
Best Western International	80
Hilton Group plc	78
Carlson Hospitality Worldwide	70
Marriott International	66
Le Méridien Hotels & Resorts	56
Golden Tulip Hospitality / THL	47
Cendant Corporation	44
Global Hyatt Corporation	43
Choice Hotels International	42
Rezidor SAS Hospitality	41
Club Méditerranée	40
TUI AG / TUI Hotels & Resorts	28

Source: Strauss and Scoviak (2005: 33)

2.7 The prevalence of hotel branding

Even though branding is an important feature of the hotel industry, the hotel industry is comprised of a large number of unbranded, independently-owned properties and a relatively small, albeit growing, number of branded hotel chains (Go and Pine, 1995; Athiyaman and Go, 2003). The industry has been described therefore as fragmented (Knowles, 1996). However, according to Mintel International Group (2005), whilst the world's hotel stock still consists of mainly unaffiliated owner-managed properties, the gap is closing. They suggest that this is because branded chains continue to expand, both through conversions of existing properties and new builds.

Various estimates have been produced with regards to the significance of branding within the hotel industry. However, due to the different terminology present in the international hotel industry, these can only be regarded as indicative of the prevalence of hotel industry branding. A commonly-cited measure is the number of hotels that are affiliated with a hotel brand as a percentage of the total hotel supply in a given geographic area (e.g., Slattery, 2003; Mintel International Group, 2005). This is sometimes referred to as brand penetration. However, all estimates of brand penetration should be treated with due care given the lack of consensus over definitions of key terms, as discussed earlier in this chapter. As can be seen in Table 9, the significance of branded hotels varies by region (Mintel International Group, 2005). North America has the greatest branded hotel penetration due to the fact that the hotel stock is, for the most part, relatively new and often purpose-built for a specific chain brand (Mintel International Group, 2005). By comparison, much of Europe's hotel stock is old and the units tend to be smaller, which makes conversion to the brand standards of many hotel brands complex and expensive (Mintel International Group, 2005). It has been estimated that brand penetration in Europe increased from 20 per cent in 2000 to 25 per cent in 2004 (Mintel International Group, 2005).

Table 9: Estimated Branded Hotel Bedrooms as Percentage of Total Hotel Supply by Region, 2004

Region	Branded Bedrooms as % of Total
North America	65%
East Asia	25%
Middle East	25%
South America	20%
Europe	25%

Source: Mintel International Group (2005)

The overall figure for Europe masks differences on a country by country basis, as shown in Table 10. According to research undertaken by Mintel International Group (2005), France has the highest brand penetration in 2004, followed by Ireland, Spain and the UK. In the case of the UK, forecasts suggest that the penetration will increase further. For example, Slattery (2003) suggests that it could increase to 55 per cent by 2011.

Table 10: Estimated Branded Hotel Bedrooms as Percentage of Total Hotel Supply in Europe, 2004

Region	Branded Bedrooms as % of Total
France	40%
Germany	24%
Ireland	30%
Italy	5%
Spain	35%
UK	35%

Source: Mintel International Group (2005)

As noted in the epigraph at the beginning of this chapter, according to Travel & Tourism Intelligence (2001: 141) '*the big hotel operators now almost universally accept that the right brands can give competitive advantage*'. Competitive advantage is the ability of an organisation to out-perform its competitors, which can be measured in terms of superior profitability, increase in market share, or similar performance measures such as average achieved room rate[8], bedroom occupancy[9] and revenue per available bedroom [10] in the hotel industry (Evans *et al.* 2003). Knowles (1999: 209) agrees with the importance of hotel industry branding, by stating '*to be a major firm in today's hotel industry, a good brand – or collection of brands – is a necessity'*.

In Table 11, the World's 'Top 20' hotel brands in 2003 are shown; ranked by number of bedrooms (MKG Consulting, 2003). The table also shows the hotel company that owns each brand. This table illustrates that some hotel companies own more than one brand, such as InterContinental Hotels, Choice and Marriott International.

---

[8] The 'Average Achieved Room Rate', or 'Average Daily Rate', is the average price a bedroom is sold for in a hotel taking into account only bedrooms let. It is calculated by dividing the room revenue by the number of rooms let (TRI Hospitality Consulting, 2004).

[9] The 'Bedroom Occupancy' is the percentage of available bedrooms that have been sold over any given period. It is calculated by dividing the number of room nights sold (i.e., bedrooms sold per night) during a period by the total number of bedrooms available over the same period (TRI Hospitality Consulting, 2004).

[10] 'Revenue per Available Room' (or 'RevPAR') is also known as 'rooms yield'. It is calculated by dividing the room revenue by the number of rooms available for sale (TRI Hospitality Consulting, 2004) and is a commonly used indicator of operating and financial performance in the hotel industry. Based on the researcher's experience, the term rooms yield is often used in the UK, whereas RevPAR is adopted internationally, particularly in the US. For the purposes of this thesis, the terms are used inter-changeably. This is because in some studies RevPAR has been used and others Rooms Yield. For example, when evaluating such studies, the researcher has kept the same terms in their original context.

Table 11: Worldwide Ranking of Hotel Brands by Number of Hotels and Number of Bedrooms, January 2003

	Branded Brand	Hotel Company	No. of Hotels	No. of Bedrooms
1.	Best Western	Best Western	4,060	308,627
2.	Holiday Inn	InterContinental	1,567	293,346
3.	Comfort Inns	Choice	2,268	169,750
4.	Marriott Hotels	Marriott International	450	165,200
5.	Days Inn	Cendant	1,912	159,851
6.	Sheraton	Starwood	396	133,519
7.	Super 8 Motels	Cendant	2,089	127,254
8.	Hampton Inn	Hilton Hotels Corp.	1,206	123,041
9.	Ramada Franchise System	Cendant	979	116,762
10.	Express by Holiday Inn	InterContinental	1,352	109,205
11.	Radisson	Carlson	440	104,734
12.	Motel 6	Accor	863	90,890
13.	Hilton Hotels	Hilton Hotels Corp.	231	87,710
14.	Hyatt Hotels	Hyatt Corp. / Int.	206	87,000
15.	Quality Inns	Choice	820	86,662
16.	Mercure	Accor	733	86,525
17.	Courtyard by Marriott	Marriott International	587	73,671
18.	Hilton	Hilton International	253	73,671
19.	Ibis	Accor	622	65,791
20.	Novotel	Accor	369	62,694

Source: MKG Consulting (2003)

Branding has been used by hotel companies as a way of seeking competitive advantage in a variety of ways. One way of exploring this is to use Porter's (1985) classification of competitive strategies. Porter's classification is the oldest and best known explanation of how companies can seek competitive advantage (Evans *et al.* 2003), so provides a useful framework to assess the different strategic approaches of hotel companies with regards to their brands. According to Porter (1985), competitive advantage arises from the selection of the generic strategy that best fits the company's competitive environment and then through organising value adding activities to support the chosen strategy. He considered there to be three main options, as follows: (1) 'differentiation' whereby a consumer perception is created that the product is superior to competitors so that a price premium can be charged; (2) 'cost leadership' which reflects being the lowest cost producer of the product so that above-average profits are earned even though the price charged is not above average; and (3) 'focus' by utilising either differentiation or a cost leadership strategy in a narrow profile of market segment, possibly a single segment. Using this classification, Cunill (2006) identified hotel brands that had adopted each strategy, as shown in Table 12. This table illustrates that hotel companies have adopted different strategies for different brands they own. For example, Marriott International has adopted a differentiation strategy for its Ritz-Carlton brand, but a cost leadership strategy for its Fairfield Inn chain of limited service hotels. In the hotel industry, the brands that have adopted a differentiation strategy typically use service features to differentiate themselves from competitors, whereas those in the cost leadership category include budget hotel brands that offer a more basic product in terms of the type and range of services offered (which is necessary for them to reduce operating costs). In terms of brands that have more of a focus strategy, these include those that operate in the long-stay segment of the hotel industry, such as Staybridge Suites, and those within the UK's boutique segment, including Malmaison and Hotel du Vin. With many boutique hotels adopting some of the principles of branding (such as using a common brand name across all properties within a chain), further discussion of this segment is provided in Section 2.8.

Table 12: Hotel Branding Strategies

Differentiation	Cost Leadership	Focus
• Ritz-Carlton (Marriott International) • The Luxury Collection (Starwood Hotels & Resorts) • Four Seasons (Four Seasons) • Regent (Four Seasons) • Grand Hyatt (Hyatt) • Shangri-La (Shangri-La) • Hilton (Hilton Hotels Corporation and Hilton International) • InterContinental (InterContinental Hotels & Resorts) • Gran Meliá (Gran Meliá)	• Super 8 Motels (Cendant Corporation) • Days Inn (Cendant Corporation) • Formule 1 (Accor) • Etap (Accor) • Ibis (Accor) • Motel 6 (Accor) • Red Roof Inns (Accor) • Sleep Inns (Choice Hotels International) • Fairfield Inn (Marriott International)	• Staybridge Suites (InterContinental Hotels & Resorts) • Malmaison Hotels (Marylebone Warwick Balfour) • Hotel du Vin (Marylebone Warwick Balfour)

Source: Adaptation of Cunill (2006)

In order to investigate the strategic importance attached to branding by the major hotel companies, the Annual Reports of each of those hotel companies in Table 11 were reviewed with regards to the brand-related statements made in their mission statements. To provide an insight into the role of branding within some of the world's largest hotel companies, Table 13 summarises the mission statements from the hotel companies that own the world's five largest hotel brands: Best Western, InterContinental Hotels Group, Choice Hotels International Hotels, Marriott International, and Cendant Corporation.

Table 13: Hotel Company Mission Statements, 2003 and 2004

Hotel Company	Mission Statement
Best Western	*The purpose of Best Western's organizations worldwide is to serve the collective interests of members and guests. By focusing on satisfaction and brand loyalty, we will ensure that Best Western is more valuable than any other brand in our industry* (Best Western, 2004: 2).
InterContinental Hotels Group	*The overall strategy for hotels is clear. The Group will use the strength of its brands, the breadth of its hotels' distribution, the diversity of its business models and the benefits of its scale to drive growth and returns for shareholders* (InterContinental Hotels Group, 2003: 2).
Choice Hotels International	*Deliver a franchise success system of strong brands, exceptional services, vast consumer reach, and size, scale and distribution that delivers guests and reduces costs for our hotel owners* (Choice Hotels International, 2003: 3).
Marriott International	*For more than 76 years, Marriott has earned a reputation for delivering the best service with the best people. That's an imperative that never changes, and a strategy that has served us well in good times and bad. We are an industry leader because we're never satisfied, we're always looking for ways to improve, and we strive tirelessly for excellence. We proudly serve guests in nearly 70 countries, with a lodging portfolio that includes more than 2,700 hotel, resort and timeshare properties, as well as corporate housing apartments, across 18 distinctive brands* (Marriott International, 2003: 2).
Cendant Corporation	*Our goal is to maintain the integrity of our brands and improve the profitability of franchisees, while encouraging repeat stays and customer loyalty* (Cendant Corporation, 2003: 6).

Given that the mission statement reflects the principle purpose of an organisation (Anheier, 2005) and a guide to action for all members of the company (Olsen *et al.* 1998), their use in this instance was regarded as a useful insight into how important branding is within these companies. Based on the sentiments articulated in Table 13, it was evident that these companies consider their brands as important. For example, the stated aim in Best Western's mission statement was to' *ensure that Best Western is more valuable than any other brand in our industry'* (Best Western, 2004: 2). In some cases, the mission statements include the values of the company intended to guide employee behaviour (Olsen *et al.* 1998), as in the case of Marriott International (2003: 2) which says *'we are an industry leader because we're never satisfied, we're always looking for ways to improve, and we strive tirelessly for* *excellence'.* It has been argued that values are important so that all members of the hotel company (e.g., customers, employees, and property owners) *'work in concert with each other as they guide the firm towards achieving its objectives'* (Olsen *et al.* 1998: 56). Given the centrality of branding within the companies' mission statements, branding is a key plank for their strategic development and implementation. Three examples further illustrate this. In September 2005, the Chief Executive of InterContinental Hotel Group (Andrew Cosslett) announced that the clearer differentiation of the company's brands would be the key to satisfying all parts of its business, including property owners, operators and customers (Manson, 2005). When discussing Marriott International, the Human Resources Director of Whitbread Hotel Company Amanda Ravey (2003: 10) stated that *'the Marriott hotel brand is not a small "nice to have" part of our HR and marketing strategy, it's one of the major thrusts'.* [11] Finally, David Michels, the Chief Executive Officer of Hilton Group plc in 2005, considered branding to be one of three factors of success in the hotel industry along with the quality of service and a good hotel location, by stating the following:

> *It is not going to be the folks with the fastest in-room Internet connection who will win the race. This is an old-fashioned industry. It is about service, brand, and location* (Strauss and Scoviak, 2005: 33).

2.8 UK hotel industry branding

The development of hotel industry branding in the UK can be traced back to the 1960s. Connell (1992) believed that Forte was the first hotel company to develop a national and relatively consistent UK hotel brand with Posthouse Hotels during the 1960s. Between the early 1970s and mid-1980s, there was a significant growth in the number of hotel companies in the UK (Jones and Lockwood, 1989). For example, during the early 1970s, there were only three major UK hotel companies, namely Trusthouse Forte, Grand Metropolitan, and British Transport Hotels; by 1986, there were 14 hotel companies with ten or more hotels

[11] The Whitbread Hotel Company was the master franchisee of the Marriott brand in the UK until 2005.

(Jones and Lockwood, 1989). This growth was achieved by substantial hotel building, as well as acquisition policies (Jones and Lockwood, 1989). A further increase in the number of hotel companies was seen during the late-1980s and 1990s, including international hotel companies developing their brand presences in the UK (Mintel International Group, 2003). Hotel branding has developed in the UK to the extent that by 2005 there were many national and international brands operating in different markets, from budget up to upscale. Martin Information (2005) calculated that there were 141 hotel brands in the UK with three or more hotels in 2005.

By way of illustrating the types of hotel brand operating in the UK, Table 14 shows the UK's leading twenty hotel brands in 2004, ranked by number of hotels. The table also highlights the brand-owning companies, and classification of each brand according to Martin Information's (2005) categories.

Table 14: UK 'Top Twenty' Hotel Brands by Number of Hotels and Number of Bedrooms, 2004

Name of Brand	Brand-owning Company	Classification	Number of Hotels	Number of Bedrooms
Premier Travel Inn	Whitbread Hotel Company	Budget	443	28,126
Best Western	Best Western International	Mid-market	316	16,119
Travelodge	Permira	Budget	250	14,959
Express by Holiday Inn	InterContinental Hotels	Budget	100	7,856
Holiday Inn	InterContinental Hotels	Mid-market	99	15,851
Macdonald Hotels	Macdonald Hotels	Upscale	83	6,101
Old English Inns	Greene King	Budget	81	1,498
Hilton	Hilton Group plc	Mid-market	76	14,960
Grand Heritage Hotels	Grand Heritage Hotels	Mid-market	71	1,691
Innkeepers Lodge	Mitchells & Butler	Budget	71	1,754
Corus	Corus & Regal Hotels	Mid-market	64	1,997
Ramada Jarvis	Marriott Hotels (UK)	Upscale	57	6,341
Thistle	Thistle Hotels	Mid-market	55	10,426
Quality Hotel	Choice Hotels International	Budget	54	5,080
Marriott	Marriott Hotels (UK)	Upscale	52	8,764
Regal Hotels	Corus & Regal Hotels	Mid-market	50	3,536
Ibis	Accor	Budget	45	4,065
Small Luxury Hotels	Small Luxury Hotels	Upscale	35	1,717
Swallow Hotels	Whitbread Hotel Company	Budget	31	2,001
Novotel	Accor	Mid-market	30	3,087

Source: Martin Information (2005)

Eight of the brands in Table 14 are budget brands. Indeed, in 2004 the largest hotel brand overall in the UK was the Whitbread-owned Premier Travel Inn, with 443 hotels. A budget hotel may be defined as a hotel, often located by a major road, which offers bedrooms at lower tariffs with less facilities and services than traditional full-service hotels (Jones, 2002). They typically have a consistent physical product in terms of building and bedroom specification (Deloitte & Touche, 2004). The budget hotel sector emerged in the UK during the mid-1980s, after Forte introduced the Travelodge brand in 1985 (Jones, 2002). According to research undertaken by Deloitte & Touche (2004), there were 979 budget hotels in the UK at the end of 2003. These had a total of 63,043 bedrooms. Based on a review of the development programmes of budget hotel operators, Deloitte & Touche (2004) forecasts the growth in the number of budget hotels to continue to approximately 87,000 bedrooms by 2007.

Another sector of the UK hotel industry that has grown over recent years is the boutique sector (Jones, 2002). Whilst definitions vary, most boutique hotels share the characteristics of having unique design, internally and externally, use the latest in-bedroom technology, having less than 150 bedrooms, and target image conscious people between 20 and 50 years old (Jones, 2002). Examples of UK boutique hotel companies include Firmdale Hotels, Ian Schrager Hotels, Hotel du Vin, and Malmaison. Whilst these hotel companies focus less on physical product consistency, they are operated and marketed under a single brand name.

.9 Reasons for hotel industry branding

A variety of reasons have been cited in the literature for the growth of branding within the hotel industry. These reasons can be viewed from the points of view of consumers and brand-owning companies.

Consumer benefits

It has been argued that the decision made by consumers to purchase one brand over another is based on the perceived benefits provided (Kotler, *et al.* 2003). The key consumer functions and benefits cited in the literature include the reduction of perceived risks associated with their purchase, and reduced search time and costs due to the familiarity of certain brand names (Bateson and Hoffman, 1999; Williams, 2002). As discussed previously in this chapter, the hotel industry shares the characteristics attributed to many services. Because of the inseparability characteristic, it can be difficult for consumers to evaluate many services, like hotels, until they have experienced it (Bateson and Hoffman, 1999). Due to this and the heterogeneity characteristic, which makes it difficult for consumers to predict precisely the service that will be purchased, it has been argued that there is a greater perceived risk associated with the purchase of services than goods (Bateson and Hoffman, 1999). Perceived risk represents the consumer's uncertainty about the potential positive and negative consequences of the purchase decision (Blackwell *et al.* 2001). Consumers have been shown to reduce perceived risks associated with the purchase of services by buying brands that they are familiar with and trust (Bateson and Hoffman, 1999; Williams, 2002). According to Statt (1997: 59), *'research has found that, generally speaking, relying on brand loyalty is the most popular strategy for reducing risk'*. Berry (1999: 199) notes that the branding of services *'increase customer's trust of the invisible'* and can reduce their *'perceived monetary, social, or safety risk in buying services that are difficult to evaluate prior to purchase'*.

Whilst the various reasons why consumers buy hotel brands appear sound, there is little published empirical evidence to support such claims. Clearly, this is not to say that such evidence does not exist. For example, hotel companies may commission proprietary research to investigate the functions and benefits created by their brands. Indeed, through his management consultancy work, the researcher became aware of one company that did commission such research. However, in terms of the available literature, one empirical study which sought to investigate consumer perceptions of risk and the roles that brands play in reducing this was undertaken by Business Development Research Consultants in 2003. Based on the researcher's experience of working (on a consultancy basis) for different hotel companies, the research undertaken by Business Development Research Consultants is useful as it is purchased and used by many UK hotel companies. [12] This study found that when asked '*if choosing a hotel for business in a place that you had not visited before, one of the hotels available belonged to a hotel brand whose name you recognised, how much would this influence your decision whether or not to use that hotel?*' the percentage which responded '*a great deal / fair amount*' was 72 per cent if the 'place' was located in Europe, 73 per cent if in the Middle East, 78 per cent in Asia Pacific, and 84 per cent in South Africa (Tarrant, 2003). Corroborating such research findings, Marriott International regards the purpose of any hotel brand to be risk reduction, as well as provide a guaranteed range and quality of services and facilities (Ravey, 2003). This illustrates why Marriott International focuses much of its investment in trying to achieve a consistent quality of services across its brands, and in some cases a consistent physical product also, such as with its 'Courtyard by Marriott' brand.

Company benefits

The value of the brand in the hotel industry has become an important resource for many hotel companies and is considered an important value-generating competency (Olsen *et al.* 1998). With regards to company benefits, Lazer and Layton (1999) suggested there are benefits for hotel companies to develop 'strong' brands: they increase the effectiveness of marketing programmes and therefore optimise marketing investments, especially when the company is entering a new market or offering a new promotional package to consumers; they enhance consumer loyalty; they reduce the likelihood that many guests will try something different; they 'buy time' for the company to respond to competitive actions and innovation; and they can lead to increased operating profit margins through premium pricing and reduced marketing costs. It seems that certain hotel companies are confident in the financial

[12] Given its prominence within the UK hotel industry, an explanation of the methodology used by Business Development Research Consultants is provided in Chapter 3.

performance that can be generated by successful brands. For example, InterContinental Hotels & Resorts estimated that in the upscale sector the best performing branded hotels can, on average, generate a nine per cent greater margin in terms of operating profit (before interest and tax) compared to independent hotels (Travel & Tourism Intelligence, 2001). Additional company-oriented benefits of hotel industry branding have been proposed. Lazer and Layton (1999) suggested that well-accepted hotel brands can also: provide an opportunity for growth through brand expansion programmes; increase 'market power' in dealing with travel wholesalers, incentive packagers, and other distribution channel members; act as a competitive barrier to other companies looking to go after the same market segments, for example by entering the same location as the well-accepted brand. Other benefits of having a strong brand which have been cited in the literature include their ability in assisting investors accessing finance from banks, venture capitalists and private equity houses (Forgacs, 2003). According to Forgacs (2003: 340) '*the brand affiliation can be justified in the eyes of stakeholders in the lodging operation as a way of limiting their risk exposure*'. Hotel companies have found that having a strong brand can assist in attracting and retaining high quality employees (Ravey, 2003). Whilst the above is an impressive list of benefits, the literature review undertaken for this study found limited empirical academic evidence that has been published which supports the various claims, including the basic claims around hotel brands achieving price premiums.

The competitive nature of the hotel industry does not only impact on rivalry amongst hotels and hotel chains for guests, but also for hotel property owners. This is exemplified by Andrew Cosslett, InterContinental Hotel Group's Chief Executive, who said '*our goal is to grow faster by making the InterContinental brand the first choice, not just for guests but also for owners*' (Garrahan, 2005: 22). The use of brand names has been offered by hotel companies as an advantage to entice hotel property owners and investors to sign management contracts or franchise agreements with them (Olsen *et al.* 2005). Hotel companies often make claims, to property owners, that their brand will result in premiums in bedroom occupancy and revenue per available bedroom (Olsen *et al.* 2005). They often support claims such as these with details of their national and international marketing communications, effective reservation systems, sales networks, and purchasing power due to the number of hotels they operate (Travel & Tourism Intelligence, 2001). Research undertaken by KPMG (2002) found that the growth of hotel brands has led to hotel property owners becoming more sophisticated in their selection of, and partnering with, brands. From the hotel brand perspective, the emergence of new competing brands and growth of existing brands has intensified the competition to secure management contracts and franchise agreements. As the success of a hotel is primarily based on the cash flow it generates, property owners have been advised to weigh the benefits and services of a brand affiliation against the total cost of such a commitment (HVS International, 2001). Due to this, branded hotel chains justify their management or franchise fees and the operational and financial benefits that the brand is likely to generate for the property owner.

The hotel industry is not static in terms of individual hotel and hotel chain ownership. The hotel industry has experienced mergers and acquisition activity, whereby national and international hotel companies and individual hotels have been bought and sold. The level of corporate mergers and acquisition activity within the hotel industry, particularly during the 1990s and early twenty-first century, illustrates a market for buying and selling hotel brands. Companies have acquired other companies with well-known and proven brands to avoid the high costs and risks associated with new product development (Mahajan *et al.* 1993). Even though an acquisition strategy can carry a high price tag for the acquirer, it can also generate high returns, including access to new markets or a stronger position in existing markets (Mahajan *et al.* 1993). Based on the researcher's experience of working on various hotel industry corporate transactions, the acquisition of hotel brands can bring other benefits to the purchasing company, including the acquired brand's sales and marketing infrastructure (e.g., its central reservation systems, any marketing agreements with tour operators, travel agents and airlines, and customer databases), any strategic alliances the brand has with other hotel companies or airlines and its loyalty programme, if such a programme exists.

Recent hotel industry corporate acquisition activity suggests that branded hotels are regarded as valuable. A particularly active period of transactions involving hotel companies and hotel brands was during the late-1990s through to 2001, reflecting the strength of the international hotel market during that period (Mintel International Group, 2005) and the desire of some hotel companies to build the geographic coverage of their brands by acquiring companies and then re-branding with their own brands (McKay, 2000). Over this period, a number of large hotel companies were acquired. Table 15 illustrates the hotel company transactions with a value in excess of US$1 billion between 1997 and 2001. This includes large branded hotel chains, such as Westin, ITT Sheraton and Red Roof Inns, which is indicative of the financial value of hotel brands over this period.

Table 15: Hotel Portfolio Transactions with a Value over US$1 billion, 1997 to 2001

Buyer	Portfolio	Year	Price (US$ bn.)	Rooms
Starwood Hotels & Resorts	Westin	1997	1.711	47,800
Promus Hotel Corp.	Doubletree Corp.	1997	2,204	172,000
Patriot American Hospitality / Wyndham Int.	Interstate Hotels Co.	1998	2,211	31,000
Meditrust Companies	La Quinta Inns	1998	2,996	35,000
Six Continents Hotels	InterContinental Hotels	1998	2,889	57,421
Felcor Suite Hotels	Bristol Hotel Company	1998	1,968	28,718
Starwood Hotels & Resorts	ITT Sheraton	1998	12,374	130,528
Ladbroke Group plc	Stakis plc	1999	1,334	8,054
Accor	Red Roof Inns	1999	1,131	39,338
Hilton Hotels Corp.	Promus Hotel Corp.	1999	3,818	198,500
Sol Melia	Tryp Hotels	2000	1,276	9,700
Royal Bank of Scotland	Nomura Portfolio	2001	1,429	4,318
Six Continents Hotels	Posthouse	2001	1,174	12,300
Grand Hotel Acquisition	Meridien Hotels	2001	2,715	4,000

Source: McKay (2001: 10)

Although the number of major hotel company transactions reduced after 2001, there have been some major deals in the UK, including Whitbread's £505 million acquisition of the Premier Lodge chain in 2004 (which was subsequently merged with Whitbread's existing Travel Inn chain to become Premier Travel Inn), and Quinlan Private's purchase of the Savoy Group for £750 million in 2004 (Mintel International Group, 2005). [13]

Another characteristic of the hotel industry is the re-branding of hotels or hotel chains, whereby one hotel brand is replaced by another. This can occur for various reasons, such as following corporate acquisitions, a management company being replaced at the end of a management contract, or through a marketing agreement. For example, following a twenty-year deal with InterContinental Hotels Group in 2005, Queens Moat Houses agreed for thirteen of its hotels to be re-branded as Holiday Inns and Crowne Plaza. In order to bring the hotels in line with the brand standards of Holiday Inn and Crowne Plaza, investment was made by Queens Moat Houses, as the owner of the properties, in bedroom refurbishments, the installation of air-conditioning, and, in some cases, improvements to the food and beverage facilities (Caterer and Hotelkeeper, 2005).

.10 Hotel industry branding strategies

There is a plethora of branding strategies used within the hotel industry, including hotel companies that include their corporate name in most of their brands (such as Marriott) and those that own a number of brands that are named individually (including Cendant). This section examines strategies used within the hotel industry that involve attempts to capitalise on the strength of brands. These are how hotel companies organise the brands they own, the use of guest loyalty programmes that seek to engender brand loyalty, building on the strength associated with a brand by developing new products on the back of that brand-name to focus on new markets, and creating benefits by having one brand associated with another.

---

[13] The Savoy Group comprises four hotels, namely Claridges, The Berkeley, The Connaught, and Savoy, and the restaurant Simpson-in-the-Strand.

Hotel brand architecture

There are a range of different types of hotel brands, including corporate brands where the brand strategy is based on the parent company (de Chernatony, 2001). In this case, as mentioned above, the company dominates the branding strategy and the company's values are stretched across the company's brands. This strategy has been adopted by Hyatt and Four Seasons. At the other end of the spectrum is the unique brand name, where the brand is not easily associated with a particular organisation. In this case, each brand has its own values rather than the over-arching parent company's values (de Chernatony, 2001). For example, Accor owns a portfolio of individual brands. The way a company organises and manages the various brands it owns has been referred to as 'brand architecture' (VanAuken, 2002). PriceWaterhouseCoopers (2000) categorised the different brand architectures employed by hotel companies as follows: 'monolithic', where a single brand approach is adopted as in the case of Hyatt Corporation; 'umbrella', where the brands have some generic attributes but sit across a range of market segments and types of operation, such as with Marriott International's portfolio of brands including their core 'Marriott' brand and Courtyard by Marriott; 'endorsement', where there are limited generic attributes to the brand with it acting as little more than the name above the door providing marketing and reservation services to the affiliated hotels, such as with Best Western; 'co-branding', where a less well-known brand benefits from a more well-known brand in certain geographic markets, as with Radisson SAS in Europe; and finally 'multiple', where there are limited generic attributes amongst the portfolio of brands, with each brand typically having its own brand-name and targeting specific market segments, as exemplified by Inter-Continental Hotel & Resort's portfolio, which includes Holiday Inn, Express by Holiday Inn, Crowne Plaza, Inter-Continental and Staybridge Suites.

Strangely, given the prevalence of branding within the hotel industry, this literature review identified few studies that examined the influence of different brand architectures on a brand's operating performance. However, a useful summary of 'success factors for hotel brands' has been provided by Tarrant (2003). He suggests that these factors are the number of hotels that form the brand's portfolio (referred to by Tarrant as the 'brand's distribution'), the period of time the brand has been operating, the ability to meet an identified set of needs in the market, the clarity of consumer benefits, integrated marketing communications, signature brand features, and the ability to deal with consumers on a relationship rather than transactional basis. This is a useful summary as it is based on empirical analysis undertaken by Business Development Research Consultants, which as mentioned previously is an authoritative survey used by many hotel companies in the UK. Forgacs (2003) states the performance of brands is related to operational and marketing activities. On the operations' side, to achieve success Forgacs (2003) suggests that brands should apply revenue maximisation strategies and techniques, employee training and seek to achieve consistency of service delivery. In terms of marketing, pooled resources from hotel portfolios would allow brands to undertake effective market segmentation, co-ordinated multi-channel marketing promotions, and sophisticated product development (Forgacs, 2003).

Hotel guest loyalty programmes

Faced with increasing competition, some hotel companies have looked to develop consumer loyalty (Olsen, *et al.* 1998). A reason often cited for this approach is that it is more profitable to retain existing customers than constantly seek new customers to replace lapsed ones (Palmer *et al.* 2000). In addition to being a common strategic response by many hotel companies, it is important to evaluate hotel industry brand loyalty for this study because, as will be seen in Chapter 3, it is a core component of certain brand equity conceptualisations. The review of the available literature indicates various specific definitions of 'loyalty', but in general it appears to relate to a behavioural response that is a function of both positive attitudes towards a brand and repeat purchase (Tepeci, 1999).

A technique used by hotel companies to try to engender loyalty to their brands has been the use of guest loyalty programmes,[14] which were introduced by branded hotel chains during the 1990s (Palmer *et al.* 2000). These are based on reward cards that seek to encourage guests to make repeat purchases by offering various financial and other incentives, such as 'free' nights in a hotel once a specified level of reward points has been reached, bedroom 'upgrades' after a certain amount of qualifying stays have been reached, and priority check-ins and check-outs (Shoemaker and Lewis, 1999; Palmer *et al.* 2000). Examples of loyalty programmes include InterContinental's 'Priority Club', Marriott's 'Rewards', Hilton Hotel Corporation and Hilton International's 'Hhonors', Starwood's 'Preferred Guest', Shangri-La's 'Golden Circle', Accor's 'Compliments', Best Western's 'Golden Crown Club' and Hyatt's 'Gold Passport' (e.g., see Travel & Tourism Intelligence, 2001; Bowie and Buttle, 2004). Of these, the largest in 2003 were Marriott's Rewards, which had some 18 million members worldwide, InterContinental's Priority Club, with 15 million members, and Hilton's Hhonors, with 12 million members (Mintel International Group, 2003). Given the size of these international programmes, the respective companies have to invest substantial amounts in managing the programmes (Mintel International Group, 2003). Each loyalty programme has its own set of consumer benefits. The hotel company is also able to collect and monitor guest related information, including frequency of stays, room rates paid, additional services purchased and the preferred method of payment, with the objective of using this information to tailor products and services more effectively, and for marketing purposes (Palmer *et al.* 2000). The strategy of companies seeking to build long-term relationships with its customers has been termed 'relationship marketing' (McDonald and Payne, 2006). Many, but not all, hotel chains have developed proprietary guest loyalty programmes. Based on the researcher's experience of working with one such hotel chain, reasons for this include the costs associated with developing and managing such a programme which includes maintaining a database of customer information and communicating with customers.

[14] Guest loyalty programmes are also sometimes referred to as 'frequent guest programmes' (Bowie and Buttle, 2004). For the purpose of this thesis, both terms are used interchangeably.

The increasing use of guest loyalty programmes has intensified a debate within the literature around what is meant by loyalty in the hotel industry, with repetitious behaviour often being confused with an underlying sense of loyalty by customers to a particular brand (Palmer *et al.* 2000). An issue that has been raised is whether a guest that is collecting points as part of a guest loyalty programme is really loyal to that brand because of the brand's superior attributes, or because of some other benefits such as a free night in a hotel (Mattila, 2006; Shoemaker and Lewis, 1999). The empirical research that has been published on hotel brand loyalty has focused predominantly on the use of guest loyalty programmes used by hotel companies (e.g., Shoemaker and Lewis, 1999; Tepeci, 1999; Palmer *et al.* 2000). Whilst this stream of research is necessary, the other factors that create hotel industry loyalty are not well-understood, including emotional bonds that consumers develop with hotel brands (Mattila, 2006). After all, hotel brands have sought various ways of connecting with consumers, of which the use of guest loyalty programmes is only one (Mattila, 2006). In light of this, calls for research have been made for gaining a better understanding of the qualities of hotel brands that influence loyalty (Mattila, 2006).

Hotel brand extension

Over the past two decades, a number of hotel companies have tried to capitalise on the strength of their brands by 'extending' their brands into new markets (Jiang *et al.* 2002). New brands have been introduced (differentiated by market segment) using a well-established brand name as leverage (Jiang *et al.* 2002). Examples of this practice include Quality Hotels (now Choice Hotels) who diversified into new brands such as Comfort Inns and Quality Royale (now Clarion) in 1981. Other examples include Holiday Inn introducing Holiday Inn Express in 1991 (now Express by Holiday Inn) and Holiday Inn Crowne Plaza in 1983. Brand extensions have not always been successful in the hotel industry. Holiday Inn Crowne Plaza is a case in point. The strong image of Holiday Inn as a familiar, unpretentious hotel was a handicap when the Crowne Plaza sub-brand was introduced and trying to compete at the high end of the market (Aaker, 1996). The result being that the parent company decided to drop the Holiday Inn connection and market Crowne Plaza on its own (Aaker, 1996). Also, as will be examined later in this chapter, there have been suggestions that the growth in brands, including brand extensions, has caused some confusion amongst consumers.

Co-branding in the hotel industry

Another strategy adopted by some hotel companies has been 'co-branding', whereby two or more recognised brands are located in the same place such as within a hotel (Boone, 1997). The principle for this is that several brands can command more awareness and patronage than a single brand (Boone, 1997). Examples of this include serving branded coffee in restaurants (such as Starbucks coffee served in Sheraton hotels in US) and leasing hotel restaurant space to branded restaurants (TGI Friday's in Marriott hotels in the US). According to Bowie and Buttle (2004), the co-branding between US hotel chains and restaurant chains was a strategic response to one of the endemic challenges for hotels, namely the poor performance of their food operations compared to many stand-alone restaurants. In many cases, consumer recognition of the restaurant's brand name has been shown to increase the hotel's food and beverage sales (Bowie and Buttle, 2004). It should be noted that other strategies have been implemented for improving the profitability of hotel restaurants, including reducing the size of the food and beverage operation, eliminating the food and beverage offer altogether, developing proprietary concepts (e.g., Marriott's 'JW Steakhouse' and 'Allies All American Grill'), strategically locating new hotels near established restaurant areas in towns and cities, leasing out space to third party local restaurateurs or restaurant companies, or buying rights to a restaurant franchise to replace or supplement in-house food and beverage provision (Boone, 1997). Within the context of this research study, it is interesting to note that the examples found in the literature of co-branding stem from the US rather than the UK.

2.11 Criticisms of the hotel industry brand concept

Although many companies have adopted branding strategies, there are some doubters as to the effectiveness of hotel branding. For example, according to Rutherford (2002), by the mid-1990s the hotel industry focused on brand marketing, but without a commitment to brand integrity. It has also been argued that the plethora of hotel brands and branding strategies has led to confusion amongst consumers (e.g., Olsen *et al.*, 1998; Gibson, 2003). Furthermore, it has been argued that consumer confusion has also been caused by the plethora of mergers, acquisitions, and ownership and/or management changes over the past two decades, all of which has resulted in a change of standards or focus within a brand or across brands (Rutherford, 2002). Because of issues such as these, it has been suggested that the '*power of the brand may be overstated*' in the hotel industry as '*many argue that branding in this business has confused the customer because there are so many brands and the consistency both within and between them is poor*' (Olsen *et al.* 1998: 191). Problems of consistency have emerged due to the role of people delivering part of the hotel product (and the challenges this creates for brand management), and because of differences in the physical product across branded hotel chains (Connell, 1992). Rutherford (2002) argued that the situation is further confused by franchise and management companies spreading their brand over several sub-segments, which has resulted in a weakening of their overall brand identity. Connell (1992) summarised one of the challenges facing hotel companies, as follows:

> *It is not difficult for a hotel chain to achieve some market recognition by placing the same name across all of its hotels. However, one problem of hotel branding lies in being able to offer a customer an experience which can be recognised time and time again across a number of hotels. This assumes that the hotel chain has identified a hotel experience which meets the needs of target market segments. Without the latter there is little reason for customers to return and to become loyal to the brand* (Connell, 1992: 26).

Based on the above quote, hotel branding should represent more than just putting the same brand-name across a chain of hotels to gain recognition amongst consumers. Branding should also relate to the delivery of an expected 'experience'; although Connell (1992) does not define what he means by 'experience'. The principle appears to be that hotels within a branded hotel chain should offer consumers some form of expected consistency of service regardless of which hotel within the chain they stay at. If their actual experience meets their expectations, Connell (1992) suggests that consumers are likely to become loyal to the brand.

2.12 Chapter summary

For this study of hotel industry brand equity, context is important. This chapter reviewed the aspects of the hotel industry relevant to this study. In concluding this chapter, the following remarks are made:

- Branding is an important feature of the UK and international hotel industry. Many of the world's major branded hotel chains originated in the United States during the first half of the twentieth century including Hilton, Sheraton, Quality Inns and Best Western. By the 1960s, 'home grown' branded hotels emerged in the UK with the Posthouse Hotels chain owned by Forte. Since then, many national and international hotel companies have developed presences with their brands in the UK.

- The UK hotel industry is a large and diverse industry. The type of hotels varies according to age, location, size, facilities and services, room rates, target markets (e.g., business travellers and holiday-makers), and ownership, amongst other features. Branding has therefore not been employed uniformly across broadly similar products (e.g., as in the case of tangible goods' product categories like food, drink and personal care items). Instead, it has been used in many different ways and contexts.

- Hotel companies have made various decisions with regards to their approaches to branding, including whether to adopt a differentiation, cost leadership or focus strategy, the number of brands its owns and operates, and how brands can be used to create value for the company through initiatives such as guest loyalty programmes, brand extensions, and co-branding. This has led to a situation whereby branding has been used in many different ways. For example, there are branded chains that are marketed according to a standardised physical product, location characteristics, and pricing (e.g., budget hotels such as Premier Travel Inn and Travelodge), brands which focus more on selling to similar types of people (e.g., boutique hotels such as Malmaison and Hotel du Vin), and those which emphasise service-related features (e.g., country house hotels such as Marriott Hotels and Golf Clubs). Regardless, common features of these approaches are that the same brand name is used across all properties within a hotel company's chain, and that the brand is used to target certain types of consumer (which are considered to share similar attitudes and behaviours).

- Branding is being used increasingly within the hotel industry as a way for hotel companies to seek competitive advantage. In the UK hotel industry the proportion of brand affiliated hotels is forecast to grow. For example, one estimate is for brand affiliated hotels to represent over half of the total supply of hotels in the UK by 2011. If this is the case, competitive rivalry amongst hotel brands is likely to intensify.

- Surprisingly, even though branding is growing in prevalence within the hotel industry, there are few published definitions of the hotel brand concept. Reasons for this are not clear from the literature. However, it may be due partly to the diversity and complexity of the industry, which makes developing an all-encompassing definition challenging.

- Various functions and benefits of hotel brands have been cited in the literature. From the consumer point of view, it has been argued that perceived risks can be reduced through purchasing certain hotel brands, hotel brands have been found to enable consumer predict the value of their purchase in terms of price and quality, and acquiring familiar brands can reduce the time and costs incurred by consumers during their decision-making processes over which brand to purchase (Bateson and Hoffman, 1999; Williams, 2002). It has been suggested that hotel brands also provide functions and benefits to hotel property owners, including the ability to attract finance for hotel developments, and the ability of successful hotel brands to out-perform competitors operationally and financially (Forgacs, 2003). In terms of the brand owning company, many functions and benefits have been identified through developing successful brands. For example, consumers being prepared to pay price premiums, stimulating consumer loyalty, increasing the effectiveness of marketing programmes, and increasing operating profit margins, enable brand expansion opportunities, develop strong presences through various distribution channels (e.g., travel agents, tour operators, and the Internet), act as a barrier to entry to competitors, appealing to investors (Lazer and Layton, 1999), and finally attracting and retaining high quality employees (Ravey, 2003).

- However, there is little published academic empirical evidence to support these benefits cited in the literature. The evidence that exists is largely conceptual, or possibly in the hands of the hotel companies (which due to the commercial sensitivity of such information is not in the public domain).

- Although the use of branding is growing, the effectiveness of hotel industry branding has been criticised in the literature. Criticisms include the inability of some hotel companies to maintain consistency of physical product and service quality across their hotel chains, the growing number of hotel brands operating in different market segments leading to consumer confusion, and the bewilderment created by the changing ownership and operation of individual hotels.

.13 Research proposition

The literature review suggests the following propositions for this research study:

- Hotel industry branding is an important and worthwhile subject for this research study.

- There is a lack of clarity over what is meant by the hotel brand concept. This needs to be addressed due to the following reasons:

- This research study focuses on hotel industry brand equity, so a clearer understanding of the core hotel brand concept is required, upon which to clarify the sub-topic of hotel brand equity.

- The hotel industry literature fails to empirically support or challenge sufficiently many of the claims made around the roles, functions and benefits of branding within the hotel industry. As will be examined in the following chapter, the functions and benefits provided by hotel brands may be an important antecedent of brand equity, so it is necessary for this study to concentrate on forging a better understanding of these concepts.

The above propositions will guide the empirical investigation of this study in detail.

Having established the hotel industry context for this research study, the next chapter investigates the brand and brand equity concepts.

3 THE BRAND EQUITY LITERATURE

Developing brand equity is a central issue for top management because it is a key determinant of corporate value. The average British or American company is valued by the stock market at around twice net balance sheet assets. However, companies with portfolios of strong brands are valued by the stock market at four times net assets (Doyle, 2002: 157).

.1 Introduction

Following the analysis of the UK hotel industry, this chapter will now establish the theoretical grounding for this research study. The above quote supports the argument that a consideration of brand equity should be central to the corporate strategies of brand-owning companies, as strong brands create financial value for their owners. The purpose of this chapter is to identify the meanings and uses of the hotel brand equity concept with respect to brand management as presented in the literature. This will be done through a critical review of the available definitions, conceptualisations, models and theories of branding and brand equity, with a particular focus on the hotel industry. To understand the concept of hotel brand equity necessitates an examination of the generic brand concept, as it has been argued that it is the value added to products through branding that reflects brand equity. The chapter starts by examining contemporary meanings of the core brand concept, and the various functions and benefits brands offer consumers. This leads to an analysis of brand equity, which begins with an etymological review of the brand equity concept in order to illustrate how the concept has evolved into current meanings. This is followed by an assessment of published definitions of brand equity, both generically and within the context of the hotel industry. The chapter then evaluates the brand equity measures which have been developed and tested, and the uses of these in terms of brand management. Following this, a critical examination of the hotel brand equity evidence base is provided in order to identify areas of agreement and tension in the extant hotel industry research effort and any knowledge gaps and calls for research identified by other researchers will be identified. The chapter concludes with a discussion of the implications of the available literature on this research study.

In Chapter 7, the extant literature evaluated below is used to compare and contrast the findings of the empirical research stages of this study.

.2 Branding

Unlike the situation found during Chapter 2 in respect of the hotel brand concept, there are many definitions of the generic brand concept. This literature review indicates that the subject of branding is replete with definitions of the core brand concept and its sub-topics, including brand equity, which has resulted in the emergence of a complex specialist vocabulary (Shaw and Merrick, 2005). This has led to confusion over meanings, and other criticisms, which will be appraised later in this chapter. This chapter does not seek to provide a comprehensive overview of the branding lexicon, as this has been provided adequately elsewhere (e.g., see VanAuken, 2002). However, what it does is focus on those concepts relevant to this study of hotel branding and brand equity. The starting point of this is an examination of the core brand concept. Although the hotel brand concept was introduced and assessed in Chapter 2, it is now necessary to examine the brand concept in more detail, as it is from contemporary interpretations that the concept of brand equity evolved.

Branding a product is one of the oldest techniques in product marketing and it has become a potent tool for corporate executives (Holloway, 2004). A brand is a recognisable and trustworthy badge of origin and a promise of performance (Feldwick, 2002). To be successfully positioned in the marketplace, it has been argued that a brand must promise differentiated benefits that are relevant and compelling to consumers (VanAuken, 2002). Despite commercial branding being over 100 years old (Rooney, 1995), the function of a brand as distinguishing the goods or services of one producer from those of another has remained unaltered (Murphy, 1998). Unfortunately, determining what actually constitutes a brand is not easy as many different definitions have been put forward (Prasad and Dev, 2000). At its simplest, a brand constitutes an identifier of products such as a name, logo, symbol, identity, or trademark (Prasad and Dev, 2000). For example, many people are likely to be aware of both the name and logo of certain brands, including McDonald's with its Golden Arches logo. A traditional definition of a brand is provided by Kotler (2000) as follows:

> *A name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors* (Kotler, 2000: 404).

The focus of this definition is on the use of brand names, signs and symbols to differentiate a product from its competitors. Based on this definition, if a marketer creates a new name, sign, symbol or design, a brand has been created (Keller, 2003). Under this traditional branding model, the brand was often treated as part of the product, with the company's advertising seeking to raise awareness of the brand and create a positive brand image in the minds of consumers (Aaker and Joachimsthaler, 2000). This was often required to generate short-term results such as immediate sales (Aaker and Joachimsthaler, 2000). However, the branding literature indicates that since the 1980s there has been a shift in thinking around what brands are and their roles in contemporary business.

It has been argued that the traditional approach to branding does not reflect the complexity of contemporary branding (Lury, 2001). To illustrate this, it is considered useful, for the purpose of this study, to step back and review briefly proposed differences between a 'product' and a 'brand'. A product is anything that can be offered to a market for acquisition, use or consumption that might satisfy a need or want (Kotler, 2000). Products include goods that have a physical form, services (which is particularly relevant to this hotel industry-based study), experiences, events, persons, places, properties, organisations, information and ideas (Kotler, 2000). A product has a functional purpose (Jones and Slater, 2003). It has been argued that a brand should be more than its physical components and embody, for the purchaser or user, additional attributes, which, whilst they may be intangible, can still be important considerations to the consumer (de Chernatony and McDonald, 2003). It has been posited that these additional attributes distinguish a brand from a product (Doyle, 2002; de Chernatony and McDonald, 2003; Jones and Slater, 2003). A comprehensive assessment of the functions of brands and resultant consumer benefits was completed by Kapferer (1997), as shown in Table 16. This list recognises a principle that consumers purchase goods and services to acquire a benefit (McDonald and Payne, 2006). Based on the list, the function of a brand identifying a product, which as discussed was an original role of branding, is only one of eight functions. This indicates how the role of branding seems to have evolved, as the list includes a range of functional and emotional benefits that have been found when consumers purchase brands. It has been suggested that the benefits offered by a brand represent points of difference, and if these are relevant and regarded as superior than competitors will provide the consumer with a reason for purchasing the brand (VanAuken, 2002).

Table 16: The Functions and Benefits of Brands to Consumers

Function	Consumer Benefit
Identification	To be clearly seen, to make sense of the offer, to quickly identify the sought-after products.
Practicality	To allow savings of time and energy through identical repurchasing and loyalty.
Guarantee	To be sure of finding the same quality no matter where or when the product or service is purchased (e.g., in different countries).
Optimization	To be sure of buying the best product in its category, the best performer for the particular purpose.
Characterization	To have confirmation of your self-image or the image that you present to others.
Continuity	Satisfaction brought through familiarity and intimacy with the brand that you have been consuming for years.
Hedonistic	Satisfaction linked to the attractiveness of the brand, to its logo, to its communication.
Ethical	Satisfaction linked to the responsible behaviour of the brand in its relationship towards society.

Source: Kapferer (1997: 30)

Marketers often incorporate the functional and emotional benefits offered by their brands in their marketing communications activity. There is a growing body of research that indicates a propensity amongst many consumers to base their brand purchase decisions on what they 'think' about the brand in terms of the rational appeal of the product, and what they 'feel' with regards to the brand's appeal to them emotionally (Hackley, 2005). This has led to many advertising campaigns seeking to engage with consumers on a rational level by emphasising the product benefits, such as those highlighted by Kapferer (1997), and elicit a positive emotional response by, for example, aesthetically pleasing imagery and alluring symbolism (Hackley, 2005).

Although Kapferer (1997) acknowledges that the usefulness of the functions depends on the product category, it is not clear from his classification (in Table16) what product categories were used to derive the list of functions and benefits. For example, there is no explanation as to whether these functions and benefits apply to certain product categories only, or are applicable across a broad range. Of particular relevance to this study, it is not evident whether some, all or none of these apply in service industry contexts such as the hotel industry. The available literature identified in Chapter 2 of this thesis suggests that only some of the list may be relevant to the hotel industry. To recap, the review undertaken in Chapter 2 found that the functions and benefits of branding in the hotel industry seem to be limited to perceived risks being reduced through purchasing certain hotel brands, hotel brands enabling consumers to predict the value of their purchase in terms of price and quality, and the acquisition of familiar brands reducing the search time and costs incurred by consumers. However, based on Table 16, it appears that certain hotel brands are attempting to sell other benefits. For example, it could be argued that boutique hotel brands (e.g., Malmaison and Hotel du Vin) perform a 'characterisation' function as many of these brands emphasise the contemporary design features of their hotels and target specific design conscious consumers.

The benefits created for consumers through the functions of brands have been described by some as 'added values', which reflect the value created over and above the basic functions of a product (de Chernatony and McDonald, 2003). It has been argued that added values play an important role in the purchase decision of many consumers. This is based on the premise that brands are bought for emotional reasons as well as purely functional reasons (Doyle, 2002). Holt (2004) stated that consumers purchase some brands for what they symbolise, as much, or more, as for what they actually offer functionally. For example, someone may purchase a Porsche car as a status symbol (emotional reason) as much as it being a high quality car (functional reason). It has been argued that because of the little tangible evidence (i.e., the elements of the product that consumers an actually see and touch), the emotional dimensions of service brands can be particularly important in guiding buyers' evaluation of which brand to purchase (Palmer, 2005). Jones and Slater (2003) attempted to summarise the range of added values associated with brands as those that come from experience of the brand, such as familiarity, reliability and reduction of risks (which, as highlighted above and in Chapter 2, may be salient in the hotel industry); those that come from the people that use the brand, characterised by associations consumers have of the brand; those that come from a belief that the brand is effective; and those emanating from the appearance of the brand, which is the prime role of the design of the product. Reflecting the apparent significance of added values in contemporary branding, some researchers have sought to integrate the added value concept into their brand definitions. For example, de Chernatony and McDonald (2003) developed the following definition of the brand concept:

> *An identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely. Furthermore, its success results from being able to sustain these added values in the face of competition* (de Chernatony and McDonald, 2003: 25).

It has been argued that a key consideration for brand owners is how the brand should be 'positioned' in its product category (VanAuken, 2002). VanAuken (2002) defines brand positioning as the way the brand is perceived within a given competitive set in the consumer's mind. It is important to raise the concept of brand position as part of this discussion on the brand concept as it is based on an assumption that consumer's perceive certain brands to be more valuable to them than others which, as will be seen in the next section, is a principle of brand equity. Brand owners can position their brands in a variety of ways, including positioning by product benefits, positioning by price and quality, and positioning relative to competitors (Harill, 2005). In the previous chapter, some of the ways hotel companies position their brands were investigated.

Brands have become the central plank of the corporate strategies of many companies. This includes those in the hotel industry. By adopting effective branding strategies, it has been suggested that companies can achieve competitive advantage in various ways. Based on his analysis of research into the effects of brands on consumer behaviour and the effectiveness of corporate marketing programmes, Keller (2002) identified a variety of positive effects and advantages of creating, what he termed, a 'strong' brand. According to Keller (2002), strength may reflect what he terms 'macro' brand considerations such as market leadership and market share position, as well as 'micro' brand considerations such as consumer familiarity, knowledge, preferences, and loyalty. Table 17 details the headline findings of the studies reviewed by Keller (2002). Keller (2002) summarised the finding of his analysis by stating *'across a wide range of marketing activity, there have been demonstrable advantages from creating a strong brand'* (Keller, 2002: 153). From the point of view of this study of hotel branding and brand equity, an observation can be made about Keller's (2002) analysis. Although this was positioned by Keller as a synthesis of many studies that have sought to investigate branding effects, it failed to identify any studies set within the context of the hotel industry (nor other services), even though such studies do exist as will be identified and examined later in this chapter. Regardless, Table 17 is based on empirical research and serves a purpose of illustrating the ability of successful brands to influence consumer behaviour in various ways, including product-, price- and communication-related effects.

Table 17: The Effects and Advantages Associated with Branding

Branding effect	References
Product-related effects	
Brand name positively associated with consumer product evaluations, perceptions of quality, and purchase rates.	Brown and Dacin (1997); Day and Deutscher (1982); Dodds *et al.* (1991); Leclerc *et al.* (1994); Rao and Monroe (1989).
Familiarity with a brand has been shown to increase consumer confidence, attitude toward the brand, and purchase intention.	Laroche *et al.* (1996); Feinberg *et al.* (1992).
Familiarity with a brand can mitigate the potential negative impact of a negative trial experience.	Smith (1993).
Price-related effects	
Brand leaders can command larger price differences	Simon (1979); Agrawal (1996); Park and Srinivasan (1994); Sethuraman (1996).
Brand leaders are more immune to price increases.	Bucklin *et al.* (1995); Sivakumar and Raj (1997).
Brand leaders draw a disproportionate amount of share from smaller share competitors.	Allenby and Rossi (1991); Grover and Srinivasan (1992); Russell and Kamakura (1994).
Lower levels of price sensitivity found in households that are more loyal.	Krishnamurthi and Raj (1991).
Advertising may play a role in decreases of price sensitivity.	Kanetkar *et al.* (1992).
Unique advertising messages (e.g., product differentiation for high quality products and low price messages for low price leaders) may lead to a reduction in the susceptibility to future price competition.	Boulding *et al.* (1994).
Communication-related effects	
'Halo effects' related to the positive feelings toward a brand can bias the evaluation of advertising of the brand.	Brown and Stayman (1992).
Humour in advertisements seems to be more effective for familiar or already favourably evaluated brands than for unfamiliar or less favourably evaluated brands.	Chattopadhay and Basu (1990); Stewart and Furse (1986); Weinburger and Gulas (1992).
Consumers are more likely to have a negative reaction to advertisement repetition with unknown as opposed to	Calder and Sternthal (1980).

strong brands.	
Familiar brands appear to better withstand competitive advertisement interference.	Kent and Allen (1994).
Consumers who have a high level of commitment to a brand are more likely to counter-argue with negative information about that brand.	Ahluwalia *et al.* (2000).
Strong brands are better able to weather a product-harm crisis.	Dawar and Pillutla (2000).

Source: Keller (2002: 152-53) (adaptation for a table format)

It is for reasons such as those in Table17 that many companies, including hotel companies, have felt a need to unite behind their most successful brands through adopting national or global branding strategies (Segal-Horn and Faulkner, 1999).

What is evident from this examination of the brand concept is that the original purposes of branding, based around differentiating goods and services through the use of names and logos, have been surpassed. The principles and practices of contemporary branding appear to be more complex. The branding literature illustrates a multi-faceted concept with many meanings. For example, following their content analysis of over one hundred articles from trade and academic journals, de Chernatony and Riley (1998) identified twelve different themes included in contemporary brand definitions. These include the brand as a legal instrument, as a logo, as a company, as shorthand, as a risk reducer, as an identity system, as an image in consumers' minds, as a value system, as a personality, as a relationship, as adding value, and as an evolving entity. These themes illustrate the various perspectives from which the brand concept has been viewed. These include the consumer perspective (e.g., brand as shorthand and a risk reducer) and that of the brand-owning company (e.g., brand as a legal instrument such as a trademark[15] used to protect brands from misuse by third parties, and a value system used to define the guiding principles of an organisation). Regardless of the

[15] In the UK, a trademark is defined in the UK Trademarks Act of 1994 as *'any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of another undertaking'* (Fogg, 1998: 72). In practice, most trademarks consist of a word or words, logos, labels or combination of these (Fogg, 1998). Of interest to this particular research study is that the oldest registered trademark in the UK is from the hospitality industry, namely the Bass 'Red Triangle', the first application of which was filed in 1876 and remains on the register (Poulter, 2003).

range of interpretations, branding is used primarily by companies as a means of seeking and sustaining competitive advantage.

The diversity of terminology is not confined to the core brand concept. The same observation can be made about brand management terminology in general which comprises a large vocabulary that includes some terms that suffer from a lack of clarity over their meaning. For example, 'brand essence', 'brand promise', 'brand values', and 'brand personality', to name a few. Whilst it is not a goal of this study to investigate the brand management lexicon, it is relevant to point out that a key finding of this literature review has been the lack of agreement of much of the terms associated with branding. In light of this, it is not surprising that branding, as a topic of study, has been described as '*a ragbag of poorly defined, overlapping and inconsistent ideas*' (Shaw and Merrick, 2005: 87). This is a criticism that can be pointed in the direction of the brand equity concept.

.3 Brand equity

The brand equity concept emerged to reflect that brands can be valuable to their owners (Randall, 2000). One of the earliest published definitions of brand equity was the '*added values with which a given brand endows a product*' (Farquhar, 1989). The principle behind this, and many other definitions of brand equity, is that brands are capable of providing value to the consumer and brand-owning company; if brands provide necessary value to consumers they are likely to be loyal to it and would be willing to pay a price premium compared with otherwise equivalent products (Holt, 2004). The brand equity concept has many advocates (e.g., Aaker, 1991; Kapferer, 1997; Keller, 1998; Riezebos, 2003) and has generated much interest in business and academia. Brand equity is clearly a topical issue in marketing management. However, since its birth the concept has suffered from a lack of clarity over its specific meaning, which in turn has led to question marks over its practical uses. After all, if there is little agreement over what brand equity is, its role in terms of brand management may not be clear to corporate executives. For example, whereas in some contexts brand equity is taken to signify the financial value of a brand asset on a company's balance sheet, in marketing circles it typically reflects the strength of the brand based on consumer appeal (Ford, 2005). Unfortunately, the situation is muddied further because between these two polarised views of the concept there are different nuances of meaning. The following chronological summary of the origin, development and evolution of the brand equity concept provides useful background to current meanings.

The brand equity concept originated during the 1980s, although it is not evident when exactly the concept was born and why (Riezebos, 2003). Following his review of the concept, Feldwick (2002: 36) found that '*it is not clear who invented the expression [brand equity], but few uses of it have been traced before the middle of the 1980s'*. Since then, the evolution of the study of brand equity has been summarised as an initial high surge of interest during the late 1980s and early 1990s, then a period of some disillusionment, and finally a more stable development of brand management incorporating brand equity as an important tool (Ford, 2005).

Within the literature, there is agreement that the concept originated as a financial term. For example, according to Barwise (1993) and Riezebos (2003), brand equity became popular initially as a financially-oriented term that emerged when a variety of brand-owning companies were bought and sold for amounts significantly in excess of the company's balance sheet value. As stated by Lindemann (2003):

> *The increasing recognition of the value of intangibles (including brands) came with the continuous increase in the gap between companies' book values and their stock market valuations, as well as sharp increases in premiums above stock market value that were paid in mergers and acquisitions in the late 1980s* (Lindemann, 2003: 27).

In corporate acquisitions, it was argued by some that the difference between the price paid for a company and the value of its net assets (referred to by accountants as 'goodwill') reflected, at least in part, the market strength and future earnings potential of the acquired companies' brand names (Kapferer, 1997). Lindemann (2003: 28) suggested that companies paid for the best performing brands because *'the brand is a special intangible asset that in many businesses is the most important asset. This is because of the economic impact that brands have. They influence the choices of customers, employees, investors and government authorities'*. This seemed to represent a transition from the brand being regarded as little more than a product with a name on it, towards the brand being seen as an important intangible asset with a demonstrable monetary value which in some cases can be substantial.

Given the apparent ability of branded products to enhance the financial value of the companies that own them, it became increasingly accepted that brands can be an important element of a company's value (Kapferer, 1997). This led to phrases such as 'brands are our equity' emerging during the 1980s (Kapferer, 1997). Feldwick (2002: 36) states that at this time *'the brand stopped being an obscure metaphysical concept of dubious relevance'*, becoming *'something that was worth money'*. An argument was put forward that a successful brand's equity influenced the goodwill payments that companies were prepared to pay in corporate acquisitions. Table 18 presents examples of the goodwill payments of a selection of corporate acquisitions during the 1980s. For example, this table illustrates that in 1988 goodwill represented 88 per cent of the price paid by Nestlé in their take-over of Rowntree, a company that included brands such as Kit Kat, After Eight, Quality Street, and Rolo (Riezebos, 2003). The total price which Nestlé paid to purchase Rowntree was £2.5 billion although the company's net assets were valued at only £300 million. This equated to a goodwill payment of £2.2 billion (Miller and Muir, 2004).[16] Even though care has to be taken when interpreting these figures (as there may have been other factors that influenced the goodwill payments such as companies paying a premium for international product distribution networks), they illustrate the corporate acquisition climate during which the brand equity concept originated.

[16] Other examples of the amounts paid by companies for other companies which owned branded products during the 1980s are provided by Franzen (1999).

Table 18: Examples of Goodwill Payments Associated with Brands in the 1980s

Buying Company	Company Bought	Goodwill as a % of the Price Paid
Nestlé	Rowntree	88%
Grant Met	Pillsbury	88%
Cadbury Schweppes	Trebor	75%
United Biscuits	Verkade	66%

Source: Riezebos (2003: 285)

There are also examples from the hotel industry whereby branded hotel companies were acquired with significant goodwill payments. For example, when Ladbroke acquired Hilton International from Allegis in 1987, the 'Hilton' brand was valued at £276.7 million. This amount still appears on the company's balance sheet[17] (Hilton Group Plc, 2004). This seems to be a reflection that Hilton Group plc regards its 'Hilton' brand name as a valuable asset.

The recognition of the financial value of acquired brands on the balance sheet promoted similar appreciation of internally-generated brands as valuable assets within a company (Lindemann, 2003). Companies with strong brands considered their brands as important company assets with a financial value regardless of whether they acquired them or developed them internally (Seetharaman *et al.* 2001). However, the financial valuation of brands and the issue of whether or not they should be included on company balance sheets has been the topic of international debate over the past two decades (Lindemann, 2003). The treatment of brands in UK company accounts are regulated by Financial Reporting Standards. In 2006, the regulations related to brands were Financial Reporting Standard 10 and Financial Reporting Standard 11. Appendix 2 summarises these regulations.

During the late 1980s, the meaning of the brand equity concept widened to reflect the value that consumers gained from purchasing brands. Brand equity became adopted by some marketing professionals in an attempt to understand and explain the benefits consumers seek from brands, how branding can influence consumer perceptions and behaviour, and the role that marketing can play in developing relationships between brands and consumers (Wood, 2000; Riezebos, 2003). It has been suggested that prior to the emergence of the brand equity concept, the term brand image was typically used to represent the perceptions consumers had of brands (Feldwick, 2002). However, during the late 1980s and early 1990s the traditional expression of brand image was increasingly replaced by the seemingly more solid equivalent term of brand equity (Feldwick, 2002). Although the brand equity concept emerged in the US, the international profile of the concept was raised in academic marketing circles through a conference organised by the Marketing Science Institute in March 1988.[18] This conference focused on 'defining, measuring and managing brand equity'. As noted by Feldwick (2002: 32), the brand equity concept *'achieved respectability when it was taken up by the prestigious Marketing Science Institute, who held a major seminar on the subject in 1988, and has being going strong ever since'*. In the foreword to the conference proceedings, the Institute's President, F. Kent Mitchel, identified a need to focus on determining operational definitions of brand equity to make it useful to brand managers and corporate executives. He stated that *'the concept of brand equity could be of significant use to management if it could be defined and measured, and if some relationship of value to the consumer could be established'* (Marketing Science Institute, 1988). To this end, a variety of papers were presented by academics at the conference, many of which involved presenting initial research ideas and hypotheses for discussion, reflecting the evolutionary stage of the concept's development at the time. The conference proceedings concluded with a call for research, particularly around the subjects of assessing the amount of actual or potential brand equity, creating and maintaining brand equity, and expanding brand equity via brand extension (Marketing Science Institute, 1988). Since this time, brand equity has been the subject of books, articles, and conferences and seminars (Feldwick, 2002). It has also caught the imagination of

---

[17] Ladbroke changed its name to Hilton Group plc in May 1999. In accordance with Financial Reporting Standard 10 and Financial Reporting Standard 11, Hilton Group capitalises its acquired intangible assets (including brands) and reviews the values annually.

[18] The conference was held on 1-3 March 1988 in Austin, Texas, USA.

commercial researchers, who have developed methods to measure, track and optimise brand equity (Feldwick, 2002). It seems that the brand equity concept is now part of common academic and practitioner marketing vocabulary. For example, research undertaken by Ambler (2003: 41) found that the term brand equity *'is by far the most frequently used term to describe a company's market-based assets, followed by reputation'.* However, a chronological summary of the evolution of the brand equity concept such as this masks the debate around the topic and the tensions that have emerged amongst researchers over its meaning and uses. Whilst this has been a fertile area of research over the past two decades, the meanings and uses of the concept have been disputed by some. This will be examined during the remainder of this chapter. From the marketing perspective, Keller (2003) summarised the current situation with regards to the brand equity concept as follows:

> *The emergence of brand equity has meant both good news and bad news to marketers. The good news is that it has raised the importance of marketing strategy, which heretofore had been relatively neglected, and provided a focus for managerial interest and research activity. The bad news is that the concept has been defined a number of ways for a number of different purposes, resulting in some confusion and even frustration with the term* (Keller, 2003: 42).

.4 Contemporary interpretations of brand equity

The review of the history of the brand equity concept illustrates how it has evolved into its current meanings. The multifarious nature of interpretations of brand equity is exemplified by Franzen's (1999) research. He identified 23 different academic and practitioner definitions of brand equity. Against the bewildering backdrop of different conceptualisations of brand equity, this literature review identified attempts that have been made to provide some clarity. Two broad classifications have been developed by Franzen (1999) and Feldwick (2002), both of which are helpful in providing broad frameworks for understanding the brand equity concept. Franzen (1999) drew together the various interpretations of brand equity into four main components: the presence of a brand in the consumer's mind (i.e., an attitudinal component); the brand's influence on buying behaviour (i.e., a behavioural component); its effects on a brand's market position and financial results; and the financial value of a brand as a company intangible asset which could be included on the balance sheet and is relevant if the company is bought or sold. Franzen (1999) refers to the first two components as consumer equity, the third as financial equity, and the last component as brand value. An alternative categorisation was developed by Feldwick (2002). He considered that the meanings of brand equity could be grouped into three categories. The first of these relates to the total financial value of a brand as a separate company asset, when it is either sold or included on a company's balance sheet. The second is a measure of the strength of consumer attachment. The final meaning is a description of the associations and beliefs consumers have of brands. Not surprisingly, the range of meanings has resulted in significant confusion with the term (Franzen, 1999; Randall, 2000; Keller, 2003).

Whilst there is undoubtedly some conflict amongst academics over the brand equity concept, the literature identifies some apparent areas of agreement. For example, following his review of brand equity research within the marketing literature, Keller (2002) identified areas of consensus amongst marketing academics, as shown in Table 19. Although it should be noted that Keller's view was based on studies set within the context of tangible goods, he still posits their general relevance to services such as hotels. This is a helpful contribution as it raises the debate of brand equity to a strategic level, above the quagmire of different definitions and measures. Unfortunately, Keller fails to define some of the concepts in his proposition. For example, no clarification of what is meant by added value is provided. This is important as it is central to the first of his principles. He puts forward the hypothesis that there is a causal relationship between past marketing activity and the added value created in a brand. In light of this, an explanation of how he defined added value would have been helpful.

Table 19: Agreed Principles of Branding and Brand Equity

	Principles
1.	Differences in outcomes from current marketing activities arise from the added value endowed to a product as a result of past marketing activity for a brand
2.	Value can be created for the brand in many ways
3.	Brand equity provides a common denominator for interpreting marketing strategies and assessing the financial value of a brand
4.	The value of a brand can be manifested or exploited in many ways to benefit the brand-owning company

Source: Keller (2002: xi-xii) (adapted for table format)

Other researchers have noticed additional areas of consensus. For example, Ford (2005) felt that there is also some agreement amongst marketing academics that brand equity's main purpose is as an indication of the underlying strength of consumer desire for a brand (Ford, 2005).

Regardless of the confusion over the meaning of brand equity, it has become a rich area of research within academic disciplines. According to Keller (2002), the main streams of academic brand equity research have been set within the theoretical mechanisms of consumer psychology, economics and sociology. Adopting a consumer psychology perspective, Keller (2002) notes that researchers have tended to investigate how consumers make brand-related decisions. Consumer psychologists seek to understand and explain the roles which stimuli (such as a consumer's experience of the brand itself, brand communications, and 'word of mouth' communication) play in triggering a behavioural response (Shaw and Merrick, 2005). This includes theories of consumer brand-related decision-making such as how advertising affects consumers' feelings, associations and memories in relation to a brand (e.g., Du Plessis, 2005). For example, it has been proposed that this is important because advertising can create and maintain brand equity through its ability to communicate the rational and emotional benefits offered by brands, by creating and sustaining awareness, and affecting perceptions of brand quality (Hackley, 2005).

According to the economic perspective, notes Keller (2002), when consumers are uncertain about a product's attributes, branding can inform consumers about attributes and signal the reliability of the product to deliver the benefits they seek. By reducing consumer uncertainties, brands can lower search costs and reduce risks perceived by consumers. From an economic perspective, Van Auken (2002) considered brand equity to reflect the power of the brand in shifting the consumer demand curve of a product or service in order to achieve a price premium or a market share gain. Finally, Keller (2002) observed that the sociology perspective investigates issues such as the broader cultural meanings of brands and products.

In terms of the business environment, brand equity has been used primarily within the marketing and finance functions (Baldinger, 1991). Marketers often think of brands as a psychological phenomenon which stems from the perceptions of individual consumers (Holt, 2004). Perceptions of products can account for different attitudes and behaviours towards products (Foxall *et al.* 1998). It has been argued that marketing management should seek to attract the consumer's attention and communicate some key information about the product (Foxall *et al.* 1998). There have been a number of research studies that have focused on the ways in which branding and brand perceptions affect consumer perceptions of product characteristics and attributes (Foxall *et al.* 1998). Findings indicate that consumer perceptions of products derive from marketing efforts that focus on developing meaningful brand associations for example, in addition to the physical characteristics of the product alone (Foxall *et al.* 1998). In the marketing literature, brand equity definitions have emerged in two main areas, namely consumer perceptions (e.g., consumer awareness of a brand, the benefits or values that consumers associate with a brand, and the quality of a brand as perceived by consumers) and how these perceptions influence consumer behaviour (e.g., how loyal consumers are to a brand, and the willingness of consumers to pay a price differential for a brand) (Myers, 2003). The marketing-oriented interpretations have been labelled as 'customer-based brand equity' (Lassar *et al.* 1995; Keller, 1998; Franzen, 1999). This has been a welcome addition to the evolution of the brand equity concept if only to differentiate the marketing and financial orientations of the term.

From the consumer point of view, it has been argued that brand equity represents the effects of past marketing activity on current brand awareness and attitudes that cause consumers to choose or recommend a brand more often and pay higher prices than would otherwise be the case (Keller, 1998; Ambler, 2003). Awareness and attitudes are important concepts in many studies of brand equity. Awareness has been defined as the number of consumers that recognise a brand which can be measured either on an 'aided' / 'prompted' basis (e.g., with questions such as 'have you heard of Marriott?'), or 'unaided' / 'unprompted' basis (e.g., with questions like 'please mention five hotel brands'). Attitudes refer to what a consumer believes about a brand and how strongly they feel about it (Farris *et al,* 2006). There are various aspects of consumer attitudes that can be investigated (with regards to brands) such as perceived value for money, and perceptions of quality (Farris *et al,* 2006). It has been suggested that the ability of a brand to influence a consumer's buying behaviour is dependent on the brand's 'equity' (Woodward, 2000). Adopting a marketing orientation, Gregory and Wiechmann (2001) considered brand equity to rest in the minds of consumers by stating the following:

> *The power of a brand actually can be found in the minds of customers, in what they have learned about the brand over time. Thus consumer knowledge is really the core of brand equity. Dollars spent each year on marketing are not so much expenses but investments in what customers know, remember, perceive and believe about the brand, all of which can influence future directions for the brand to take* (Gregory and Wiechmann, 2000: 40-41).

The review of the literature identified surprisingly few attempts by researchers to investigate the implications of brand equity on marketing practice. Much of the debate to date has centred on developing alternative theoretical definitions of the subject. For example, as will be investigated later in this chapter, there is no empirical research that examines the relationships between the various marketing tools available to hotel companies and the development and management of brand equity. The hotel industry brand equity literature focuses primarily on the consequences of brand equity (e.g., financial outcomes) rather than how it can be built. Addressing this knowledge gap is necessary in order for brand managers to understand how to prioritise their marketing investments to optimise the impact on the long-term strength of their brands.

Even though brand equity has been researched within the field consumer psychology, the brand equity literature has been criticised for making insufficient links between underlying theories of consumer behaviour. One attempt was made by Teas and Grapentine (1996), as shown in Table 20. They examined the role brand names play in consumer decision-making processes and developed a conceptual framework that facilitates the measurement of brand equity. The framework is based on the four-stage process of consumer behaviour, namely information search, establishing the consideration, the purchase decision itself, and post-purchase behaviour. This is a standard approach to the consumer behaviour process which has been adopted by other marketing researchers (Foxall, *et al.* 1998). The conceptual framework delineates mechanisms by which brand names have been shown to provide value to consumers during the various stages of the buying processes through simplifying the purchase decision, reducing perceived risk, and being a product feature that provides inherent or intrinsic value directly to the consumer (Teas and Grapentine, 1996). For example, during the information search stage of their model of consumer behaviour, Teas and Grapentine (1996) suggest that brands add value to consumers by reducing the time and effort they have to spend on deciding amongst alternative brands, as consumers possess sufficient awareness and associations of the strongest brands to enable them to make a decision quickly. According to Teas and Grapentine (1996), the framework raises two issues. From the consumer behaviour perspective, the concept of brand equity derives its importance from the impact of brand names on consumers' evaluation of goods and services. Also, the concept of brand equity is complex and can be expected to influence consumer behaviour in a number of different ways. Teas and Grapentine (1996) argued that due to the potential roles that can be played by brand equity, marketers need to discover what constitutes brand equity for their products and competing ones; without this knowledge, a company cannot effectively build on the strength of its brands or position products against competitors.

Table 20: The Role of Brands in Affecting Consumer Choice

Brand Effects Issues	Information Search	Evaluation 1 – Establishing the Consideration	Evaluation 2 – Purchase Decision	Post-purchase Behaviour / Evaluation
Indicator of search attributes	*Reduce information acquisition*	*Inclusion criterion*		
Indicator of user attributes		*Inclusion criterion*	*Risk reducer*	
Indicator of credence attributes				*Risk reducer via attribution indication*
Brand loyalty / inertia	*Reduce information acquisition effort*	*Decision simplification*	*Decision simplification and risk reduction*	
Brand as a valued attribute		*Inclusion criterion*	*Decision criterion*	*Satisfaction / prestige*

Source: Teas and Grapentine (1996: 26)

Now that brand equity from the consumer point of view has been examined, it is necessary to turn the attention to the perspective of the brand-owning company. The financial literature typically views brand equity as the financial value that is generated by the brand for its owners (Wood, 2000). For example, Doyle (2002: 157) defined brand equity as *'the value of the additional cash flows generated for a product because of its brand identity'*. A similar definition is offered by Simon and Sullivan (1993: 29), namely *'the incremental cash flows which accrue to branded products over and above the cash flows which would result from the sale of unbranded products'*. According to Simon and Sullivan (1993), the incremental cash flows are based on the value consumers place on branded products and on the cost savings brand equity generates through competitive advantage. As found earlier in this chapter, there is a view that the value consumers place on brands is related to the functions and benefits offered by the brand.

There is evidence to suggest that the ability of brands to generate greater cash flows than unbranded equivalent products is attractive to investors. Temporal (2002: 3) argued that, in terms of companies listed on the London Stock Exchange, there is a gap between the market capitalisation (i.e., stock market value) and net tangible assets (i.e., value on the company balance sheet) of *'heavily branded companies versus unbranded companies in the US and the UK'*. Temporal's (2002) research found that around 70 per cent and over of the market value of these companies was represented by the companies' intangible assets, including their brands. Temporal (2002) stated that whilst there is a range of intangible assets (e.g., patents, customer lists, licenses, know how, and major contracts), the brand is becoming the biggest item of market value. This may well be true but it is not evident from Temporal's research how 'the brand' was isolated from the other intangible assets to validate the claim that the brand is increasing its importance as a feature of market value.

Whilst the majority of brand equity definitions can be classified as either consumer- or company-oriented, there are also definitions of brand equity that incorporate both. For example, Farquhar (1989: 24) developed one of the first published definitions, which was *'the added value with which a brand endows a product: this added value can be viewed from the perspective of the firm, the trade, or the consumer'*. VanAuken (2002: 17) also adopted a combined consumer and company approach by suggesting that brand equity is *'the commercial value of all the associations and expectations (positive and negative) that people have of an organisation and its products and services due to all experiences of, communications with, and perceptions of the brand over time'*.

So far this discussion has focussed on the general meanings of brand equity. However, it is necessary to drill down on three particular interpretations of the concept. These are those developed by Aaker (1991; 1996) and Keller (1998; 2003), because of their apparent status within the literature, and Berry (1999), due to it being the only example of a service industry specific model of brand equity. A number of researchers have highlighted the contribution made by both Aaker (1991; 1996) and Keller (1998; 2003) to the overall study and development of the brand equity concept (e.g., Franzen, 1999; Ambler, 2003; de Chernatony and McDonald, 2003). Aaker and Keller's models share a number of common features. They both approach brand equity from a managerial and corporate strategy perspective (which is of particular relevance to this applied research study), but with a consumer psychology under-pinning. Also, they both acknowledge that brand equity represents the added value endowed to a product as a result of past investment in brand-related marketing, which as discussed earlier in this chapter is a commonly argued principle of brand equity. The models created by Aaker and Keller warrant more detailed investigation due to their profile within the branding literature.

The brand equity concept was developed significantly by David Aaker (Miller and Muir, 2004). Others position Aaker's work more strongly. For example, Dowling (2004: 233) describes Aaker as *'a founder of the brand equity concept'*, and Shaw and Merrick (2005: 87) stated that *'David Aaker's is perhaps the best-known theory [of brand equity] and is by far the most sophisticated'*. Aaker (1991) defines brand equity as follows: [19]

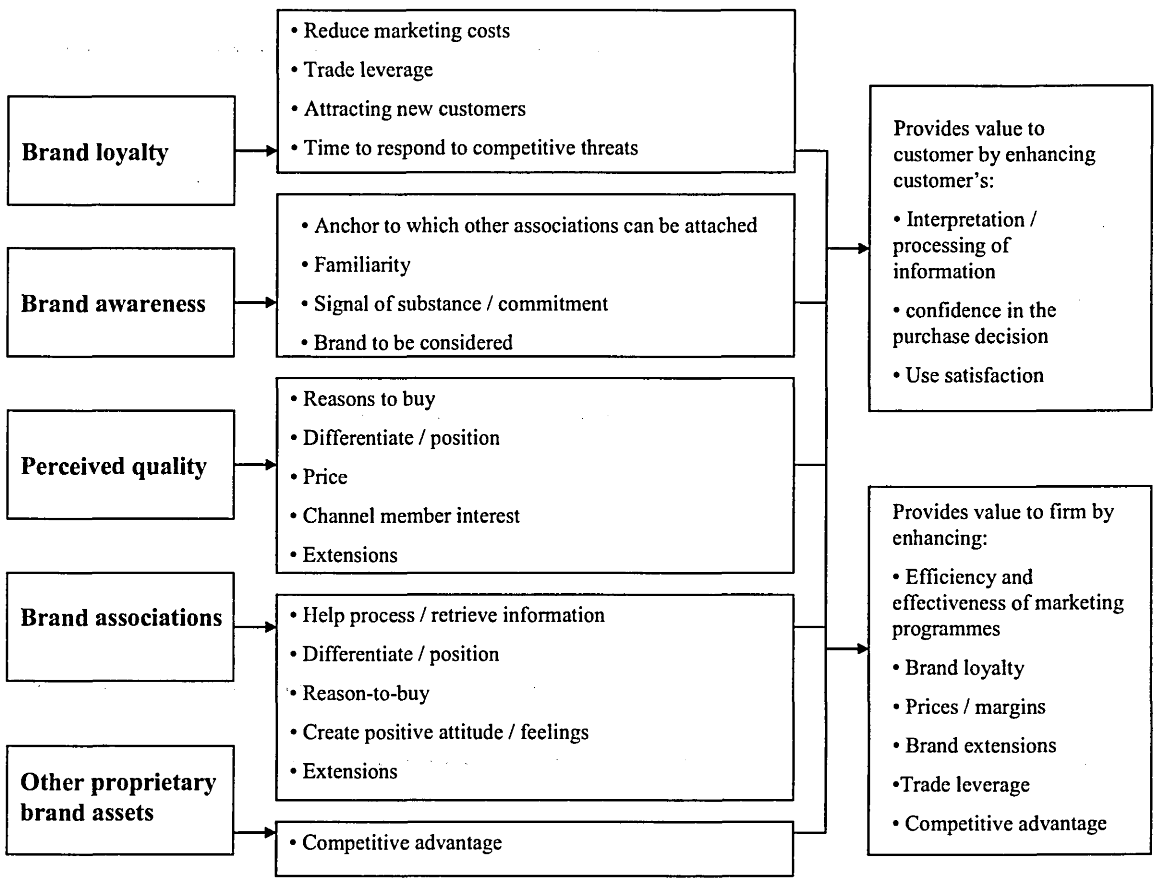
> *A set of brand assets and liabilities linked to a brand, its name and symbol, that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers. For assets or liabilities to underlie brand equity they must be linked to the name and/or symbol of the brand. If the brand's name or symbol should change, some or all of the assets and liabilities could be affected and even lost, although some might be shifted to a new name and symbol. The assets and liabilities on which brand equity is based will differ from context to context. However, they can*

[19] This definition has been repeated in two subsequent books authored by Aaker (i.e., Aaker, 1996; Aaker and Joachimsthaler, 2000).

be usefully grouped into five categories: brand loyalty; name awareness; perceived quality; brand associations in addition to perceived quality; and other proprietary brand assets – patents, trademarks, channel relationships, etc (Aaker, 1991: 15-16).

Aaker's model of brand equity is a complex construct built upon five dimensions. Figure 1 illustrates these and shows the benefits and value Aaker suggests is created to consumers and the brand-owning company. The first of these is brand loyalty, which Aaker describes as the level of attachment a consumer has to a brand that can be reflected in various ways such as consumers making repeat purchases of the same brand over time, or their unwillingness to switch from one brand to another. Brand name awareness is the ability of a potential buyer to recognise that a brand is a member of a certain product category (e.g., hotels). Perceived quality represents the consumer's perception of the overall quality or superiority of a brand with respect to its intended purpose, relative to alternative options. Brand associations relate to anything 'linked' in a consumer's memory of a brand. Finally, other proprietary brand assets include patents and trademarks. Aaker's model can be viewed as incorporating a mix of assets related to consumer perceptions (i.e., brand awareness, brand associations and perceived quality) and consumer behaviour (i.e., brand loyalty). Aaker (1996) states that the management of brand equity involves investment by the brand owner to create and enhance these assets. Aaker (1996) suggested that, as perceptions are connected to loyalty, a key role of brand management is to create positive consumer perceptions in the minds of the brand's target consumer groups. In the case of the hotel industry, consumer groups include business travellers, conference delegates, or holiday-makers. Even though Aaker focuses on the results of managing brand equity, he fails to address the important issue of the costs associated in achieving these results (Shaw and Merrick, 2005). For example, how should investment be focused to maximise the different dimensions of brand equity? Should it be equitable across each of the dimensions of his model, or should spending be prioritised in certain areas? It is argued that an understanding of the costs associated with building and maintaining brand equity would be a key consideration of many hotel companies to inform their budgetary practices, as will be examined later in this chapter.

Figure 1: Aaker's Model of Brand Equity



Source: Aaker (1991)

As will be seen later in this chapter, although Aaker's model has been used as the basis for a number of brand equity studies, it has faced some criticism over its theoretical robustness.

According to Keller (2003: 59), *'the power of the brand lies in the minds of consumers'*; a hypothesis that places Keller firmly in the customer-based brand equity camp. Similar to Aaker, Keller considers this power is based on consumer perceptions in terms of what they have learned, felt, seen, and heard about the brand as result of their experiences over time. Keller (1998; 2003) suggests that the challenge for marketers in building strong brands is to ensure that consumers have the right type of experiences with products and services and their accompanying marketing activities so that the desired thoughts, feelings, images, beliefs, perceptions and opinions become linked to the brand. Keller (2003) defined customer-based brand equity as follows:

> *The differential effect that brand knowledge has on consumer response to the marketing of the brand. A brand is said to have positive customer-based brand equity when customers react more favourably to a product and the way it is marketed when the brand is identified as compared to when it is not (e.g., when it is attributed to a fictitiously name or un-named version of the product)* (Keller, 2003: 60).

A central construct in Keller's interpretation is 'brand knowledge'. Brand knowledge refers to brand awareness and brand image (Keller, 2003). According to Keller (2003), brand awareness relates to whether and when consumers know the brand, and consists of two elements, namely brand recognition and brand recall performance. Brand recognition reflects the ability of consumers to confirm prior exposure to the brand when given the brand as a cue (e.g., when a list of brands from the same product category is shown to consumers). Brand recall represents the ability of consumers to retrieve the brand from memory when given the product category, such as hotels.

Keller (2003) illustrated how customer-based brand equity can work by referring to the results of product comparison tests. He cited the example of blind taste tests, whereby one group of consumers samples a product without knowing what the brand is, and another group samples the same product knowing the name of the brand. The goal was to investigate the influence of a consumer's knowledge of the brand name on their attitudes towards the product. Keller (2003) noted that differences often arise in the opinions of the two groups despite the fact that the groups are consuming the same product. Keller is not the only researcher to note this phenomenon. For example, Lury (2001) also felt the findings of blind tests supported the existence of brand knowledge effects. The effect of this is illustrated in Table 21 which was based on two food product brands. This table shows the preferences for each brand shown as a percentage. Lury (2001) hid the names of the actual brands for reasons of confidentiality. According to Lury (2001), the table suggests that Brands A and B appear to score roughly equally on physical, function performance (i.e., taste), but Brand B had considerably more 'added values' due to the preference of this brand when consumers were aware of its name. Unfortunately, due to the nature of the hotel product, it is difficult to construct a similar blind test for hotels. However, it could be surmised using Keller's hypothesis that experience through use of a hotel brand develops brand knowledge and therefore influences perceptions of added values.

Table 21: Example of A 'Blind' versus 'Named' Branded Product Test (% of sample preferring each brand)

	'Blind'	**'Named'**
Brand A	49%	33%
Brand B	51%	67%
TOTAL	**100%**	**100%**

Source: Lury (2001: 3)

Based on this literature review, it appears that Keller (2002) has developed the most comprehensive approach to how brand-owning companies can develop brand equity through marketing management. Keller (2003) argued that brand owners can influence consumer knowledge of a brand through three factors. The first of these is the initial choices for the brand elements or identities that comprise the brand. For example, brand names, logos, symbols and slogans. Secondly, the marketing activities and the manner by which the brand is integrated to them. According to Keller, this marketing activity is most likely to incorporate the areas of product, pricing and communication strategy. For example, a principal goal of advertising is to ensure that the brand is in the consumer's consideration set, particularly in the case of new or emerging products where there is often a need to create awareness. Once awareness has been created, advertising can be used to develop positive consumer associations towards the brand. With regards to product strategy, Keller (2003) argues that a goal is to develop tangible and intangible benefits that appeal to consumers. According to Keller (2003), the product is at the heart of brand equity; it is the primary influence on what consumers experience with a brand, be it directly themselves or from what they hear from others. Finally, other associations can be indirectly transferred to the brand by linking it to some other entity. For example, the brand may be linked with a certain company or country. Figure 2 shows the antecedents and consequences of Keller's model of brand equity.

Figure 2: Keller's Model of Customer-based Brand Equity

Choosing Brand Elements

Brand name
Logo
Symbol
Character
Packaging
Slogan

Memorability
Meaningfulness
Likeability
Transferability
Adaptability
Protectability

Developing Marketing Programmes

Product → Tangible and intangible benefits
Price → Value perceptions
Distribution channels → Integrate 'push' and 'pull'
Communications

Leverage of Secondary Associations

Company
Country of origin
Channel of distribution
Other brands
Endorser
Event

Awareness
Meaningfulness
Transferability

Brand Awareness

Depth < Recall, Recognition
Breadth < Purchase, Consumption

Brand Associations

Strong < Relevance, Consistency
Favourable < Desirable, Deliverable
Unique < Points-of-parity, Points-of-difference

Possible Outcomes

Greater loyalty

Less vulnerability to competitive marketing actions and crises

Larger margins

More elastic response to price increases

More inelastic response to price increases

Greater trader cooperation and support

Increased marketing communication efficiency and effectiveness

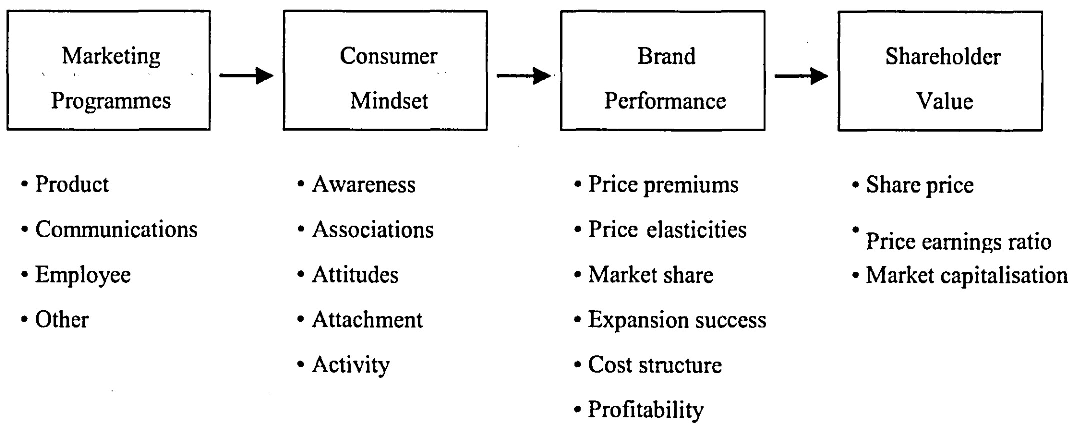
Possible licensing opportunities

More favourable brand extension evaluations

Source: Keller (2003: 46)

Keller built upon his customer-based brand equity model into what he termed 'the brand value chain'; shown in Figure 3 (Keller and Lehmann 2003). This was created to assist with the strategic management of brands by companies (Keller and Lehmann 2003). Suggesting that the different interpretations of brand equity may not be incommensurable, the brand value chain links consumer and financial conceptualisations of brand equity into a single causal model. From the point of view of brand management, this appears to be a useful contribution in that it links different brand management stages and outlines possible relationships between each stage. The brand value chain attempts to represent how value can be created at different stages. According to this model in the first stage, marketing activity affects the consumer's mind-set or 'brand knowledge' (i.e., via brand awareness, associations, attitudes, attachment or activity). This is one of few brand equity models identified by this literature review that attempts to link brand-related marketing activity (e.g., product development, marketing communications, and employee-related marketing) with the creation of brand equity. In the second step, consumer mind-set / brand knowledge affects the brand's market performance (i.e., via price premiums elasticities, market share, expansion success, cost savings and profitability). In the third and final step, the brand's market performance affects shareholder value (i.e., via share prices and market capitalisation). However, it appears that no empirical research has been published that investigates the relationships between the different stages of the brand value chain. Although not specifically commenting on the virtues of the brand value chain, Feldwick (2002) questions the validity of brand equity causal models that are based on the assumption that brand strength correlates with financial value. According to Feldwick (2002), causal relationships between the different elements are difficult to demonstrate due to a lack of supporting evidence. For example, Feldwick (2002) stated that there are many factors that influence a brand's performance in addition to those conceptualised by brand equity, such as the size and distribution of the brand. He suggested that large brands, particularly market leaders, derive a great deal of competitive strength from their relative size. Although Keller and Lehmann's (2003) model can be criticised for a lack of challenge through empirical research, it is considered a useful contribution in that it provides a framework for companies to manage their brands strategically.

Figure 3: Keller and Lehmann's Brand Value Chain



Source: Keller and Lehmann (2003: 29)

One of the few service industry specific models of brand equity was proposed by Berry (de Chernatony and McDonald, 2003). At the heart of the model is Keller's interpretation of customer-based brand equity. The model was based on his research of 14 service companies in the US. This included one hotel company, Bergstrom Hotels, which had three hotels based in Wisconsin. The other companies were from the following sectors: securities brokerage and investment; restaurant; market research; lease finance; mattresses; car rental; air travel; office furniture; tour operation; sport; grocery; and insurance.

Berry (1999) considered service industry brand equity to be developed by how the company presents itself (via communication of its identity and purpose through its advertising, facilities and appearance) and the customer experience with the company. Berry (1999) identified that the most successful service companies have used the following four main ways to build strong brands: have a conscious effort to differentiate the brand from others; mean something important to target markets by achieving better than competitors and communicate that fact to consumers; make an emotional connection so that the brand evokes feelings of closeness, affection and trust in the consumer; and internalise the brand by getting the employees to 'live' the brand's values and ideas (Berry, 1999).

Even though Berry's model of brand equity is useful in the context of this study, as it is set within the specific context of service industries, this literature review did not find any attempts to examine critically the model against larger samples. For example, only three hotels were used as part of the sample of businesses upon which the model was built. This leaves question marks around whether the model would apply to much larger successful national and international branded hotel chains.

.5 Brand equity management and measurement

Rationale for brand equity management and measurement

The goal of brand management should be to develop and implement brand strategies to achieve brand success (de Chernatony and Riley, 1998). To this should be added a need to evaluate the effectiveness of brand strategies; after all, many brand-owning companies invest significantly in their brands. Unfortunately, the literature fails to define the criteria used to measure a brand's success, and among the studies which do there is disagreement regarding whether the measures should be business-based, such as profitability and market share, consumer-based, such as brand awareness and associations, or a combination of both (de Chernatony, *et al.,* 1998). Regardless, some researchers have argued that one way of developing successful brands is through a focus on enhancing brand equity. For example, Keller (2003) stated that strategic brand management involves the design and implementation of marketing programmes and activities to build and manage brand equity. With regards to brand equity's potential role in brand management, key considerations for brand-owning companies seem to be how they should measure the value they have developed in their brands and how this value could be exploited.

Against a backdrop of an evolving marketing environment (e.g., constantly shifting consumer expectations and behaviour), effective brand management requires proactive strategies designed to at least maintain – if not actually enhance – brand equity (Keller, 1999). A stream of brand equity research has emerged investigating the role brand equity can play in brand management, and the appropriate measures that should be used to evaluate brand equity performance. Unfortunately, due to the limited consensus over what brand equity actually is, a plethora of different measures have been proposed. Also, in some cases different approaches to brand equity measurement have been developed and put forward that measure broadly similar aspects of brand equity (e.g., approaches that measure brand awareness), which generates further confusion. Before examining these features, it is necessary to assess the rationale that has been put forward for measuring brand equity.

A central principle of brand equity appears to be that to maximise the strength of brands over the long-term, branding activity should not be just another short-term marketing tactic (such as advertising and sales promotion) of the company; instead brand management should be viewed strategically and holistically by involving the entire organisation (including having the active engagement of the Chief Executive Officer), and all functions not just marketing (Aaker and Joachimsthaler, 2000; Davis, 2002). The argument seems to be unless this is the situation, how can brand management be effective? However, before the emergence of the brand equity concept, there was a common view that branding was another communications' issue controlled solely by marketing departments (Kapferer, 1997). For example, the role of marketing was often to raise awareness of the company's brands or to use sales promotions to generate a growth in sales for a limited period. However, the shift from a focus on short-term effects (e.g., immediate sales and profits) to the more long-term approach, associated with brand equity, can create problems when justifying brand investments and allocating marketing budgets (Aaker and Joachimsthaler, 2000). For example, brand building may require consistent investment over many years, which may actually depress profits over the short term (Aaker and Joachimsthaler, 2000). Many of those that believe in this approach suggest that if the company's most senior executives do not believe in this approach, it will fail (Aaker and Joachimsthaler, 2000).

Effective brand management seeks ways of building the value of the brand name so that it will acquire a strong market appeal (Lazer and Layton, 1999). As discussed previously in this chapter, many of the conceptualisations of brand equity are based on the over-riding principle that brands provide value to consumers in various ways (e.g., confidence that the brand being purchased will provide them with the functions and benefits sought, and satisfaction through use of the brand). Clearly, brands are not created as ends in themselves, but ultimately for the functions they perform for parties in an exchange relationship; for both buyers and sellers (Capon *et al.* 2001). Capon *et al.* (2001) argued that brand equity takes time to develop and is a perishable resource; if unattended, brand equity will be eroded by market forces. If brand equity reflects aspects of the brand's performance such as awareness and perceptions of quality, this makes sense. For example, brand awareness would not erode overnight (e.g., it is likely that many UK consumers would still remember the 'Trust House Forte' brand of hotels even though it has not traded under this name since the 1980s), but without on-going activities to maintain the brand in consumer consideration sets, the market recognition and relevance of the brand is likely to be reduced. A number of academics agree that brand equity is a fragile asset that needs to be managed carefully (e.g., Aaker, 1991; Kapferer, 1997; Keller, 1998; Kotler, 2000; Davis, 2002; Temporal, 2002; de Chernatony and McDonald, 2003; Riezebos, 2003; VanAuken, 2002). For example, VanAuken (2002) suggests that although brand equity is critically important to a company's success, it is often taken for granted and inadequately protected, especially in times of crisis and to meet short-term company needs. The growing body of academics that posit the 'brand equity as an asset' argument consider branding to be a strategic management process where the long-term view of developing brand equity should be considered in addition to focusing on short-term sales and profit figures (e.g., Aaker and Joachimsthaler, 2000). Achieving this balance between short- and long-term performance measures may be challenging for many companies, particularly given the focus of Annual Reports and Accounts on performance indicators such as sales (as opposed to other brand performance measures).

Marketing as a corporate activity has been criticised for being unaccountable (Shaw and Merrick, 2005). Indeed, marketing has been described as *'one of the least understood, least measurable functions at many companies'* (Farris *et al.,* 2006: xv). This is interesting given the amount of money many companies spend on marketing activities. For example, TRI Hospitality Consulting (2004) found that, in 2004, average marketing expenditure reflected between one and five per cent of hotels' total income in the UK. Across a chain of hotels, this would reflect a large investment. For example, the researcher worked, on a consultancy basis, with a UK hotel chain that regularly spent between £5 million and £7 million per year on marketing activities (excluding staff costs). Some of the criticisms pointed in the direction of marketing and its activities such as branding, include the following: it has failed to engage sufficiently with the top levels of many organisations, possibly through the lack of relevant information produced to inform corporate decision-making; and investors have a lack of confidence in and understanding of much of the marketing performance information, including brand performance (Shaw and Merrick, 2005). Because of the lack of strategically relevant information, marketing spending within companies is typically volatile, with spending going up and down year-to-year depending on available corporate budgets and the priorities for the year in question (Shaw and Merrick, 2005). Should this be the case, the ability to strategically manage and plan brand activities would be diminished. To manage brand equity, and for it to be an accountable feature of corporate decision-making, it is important to monitor and measure its performance (Ambler, 2003). Prasad and Dev (2000: 24) stated that *'if brand equity is key to future business success, it makes sense that one should have a way to quantify and measure such equity'.* Whilst this may be sensible at the abstract level, the different definitions of brand equity make it hard to use in practice by marketers (Teas and Grapentine, 1996). The various conceptualisations of brand equity have resulted in a lack of consensus over how brand equity should be measured and how to evaluate marketing interventions to enhance brand equity (Mackay, 2001a). There are a variety of methodologies available for measuring and evaluating the performance of brands which vary in terms of their purpose, definition and outcome. Before the existing brand equity measures are identified and assessed, it is important to step back and consider the reasons cited in the literature for measuring brand equity.

Various reasons have been cited in the literature for measuring brand equity. For example, during a Marketing Science Institute seminar on 'brand equity metrics', held in 1999, a number of purposes for measuring brand equity were outlined by those present. These included guiding marketing strategy and tactical decisions, assessing the extendibility of a brand, evaluating the effectiveness of marketing decisions, tracking the brand's health over time and compared with that of competitor brands, and assigning a financial value to the brand in balance sheets and financial transactions (Ailawadi, *et al.* 2003). Others have developed longer lists of the rationale for brand equity measurement. In terms of measuring the financial outcomes of brand equity, Temporal (2002) mentions the following reasons: supporting the financial valuations of brands in mergers or acquisition situations; explaining the financial performance of brands externally to company investors and internally to employees; assisting in the allocation of marketing budgets; balance sheet reporting; informing the setting of licence and franchise fees; securitised borrowing (i.e., using the future income potential of brand names as security to borrow money); tax planning; and new product and market development assessment.

Brand equity operationalisations and measures

As examined earlier in this chapter, brands are complex entities with many dimensions depending on the purpose of the definition, or the perspective from which the brand is being viewed. Due to this, it has been argued that brand performance should be measured using many parameters (de Chernatony, 2001). As brands are multi-dimensional constructs, any evaluation of their performance needs to assess a variety of parameters, including consumer-based and company-based criteria (de Chernatony, 2001). However, different researchers have proposed alternative criteria for assessing the performance of brands (de Chernatony, 2001). Another practical challenge faced by managers when attempting to measure brand equity is dealing with the numerous interpretations of the concept, each leading to a different set of measures (de Chernatony and McDonald, 2003). Table 22 indicates this by showing measures associated with different conceptualisations of brand equity. The table also illustrates starkly the complexity of the brand equity concept not only with regards to the different conceptualisations, but also the various sub-concepts which themselves have multiple meanings (e.g., 'brand meaning', 'brand value', 'total utility', and 'brand strength'). This table also illustrates the range of different brand equity measures available to assist with brand management. For example, the customer-based measures seek to investigate how the brand is perceived by customers, which provides some guidance for brand-related marketing, such as communication activity. Of the conceptualisations shown in Table 22, two were part of hotel industry studies (i.e., Cobb-Walgren *et al.*. 1995; Prasad and Dev, 2000), both of which are examined in detail later in this chapter.

Table 22: Conceptualisations and Measures used in Brand Equity Studies

Researcher	Conceptualisation	Measure
Customer Perspectives		
Aaker (1991; 1996)	Brand awareness Brand loyalty Perceived quality Brand associations	Perceptual and behavioural conceptualisation
Srivastava and Shocker (1991)	Brand strength	Brand strength (customers' perception and behaviour) + fit = brand value (financial outcome)
Keller (1998; 2003)	Brand knowledge	Brand knowledge = brand awareness + brand image
Blackston (1995)	Brand meaning	Brand relationship model: objective brand (personality characteristics, brand image) + subjective brand (brand attribute)
Kamakura and Russell (1993)	Brand value	Brand value = tangible value + intangible Value: Segmentwise logit model on single-source scanner panel data
Swait *et al.* (1993)	Total utility	Equalisation price measuring
Park and Srinivasan (1994)	Difference between overall preference and preference on the basis of objectivity measured attribute levels	Brand equity = attribute based + non-attribute based
Francois and MacLachlan (1995)	Brand strength	Intrinsic brand strength Extrinsic brand strength
Lassar *et al.* (1995)	Performance Social image Commitment Value Trustworthiness	Evaluate only perceptual dimensions Discover a halo across dimensions of brand equity
Agarwal and Rao (1996)	Overall quality	Brand perception / brand preference / brand choice paradigm

	Choice intention	
Yoo and Donthu (2001)	Brand loyalty Perceived quality Brand awareness / associations	Validating Aaker's conceptualisation
Cobb-Walgren *et al.* (1995)	Brand awareness Perceived quality Brand associations	Relationship with brand preference and usage intentions (Aaker, 1991)
Prasad and Dev (2000)	Brand performance Brand awareness	Hotel brand equity index = satisfaction + return intent + value perception + brand preference + brand awareness
Financial Perspectives		
Simon and Sullivan (1993)	Incremental cash flows which accrue to branded products	Brand equity = intangible assets – (non-branded factors + anticompetitive industry structure)
Comprehensive Perspectives		
Farquhar (1989)	Added value with which a given brand endows a product	Respective evaluation of firm's, trade's, and consumer's perspective
Dyson *et al.* (1996)	Brand loyalty Brand attitude	Consumer value model: proportion of expenditure x weight if consumption
Motameni and Shahrokhi (1998)	Global Brand Equity ('GBE')	Brand strength (customer, competitive, global potency) x brand net earnings

Source: Kim and Kim (2004: 553)

One of the most comprehensive brand equity measurement frameworks identified by the literature review was that developed by Aaker (1996). It is comprehensive as it includes a wide range of different measures that illustrate the composite nature of brand equity, rather than individual measures that focus on one particular aspect. Aaker (1996) developed what he termed the 'Brand Equity Ten'. This is a set of ten aspects of brand performance based on his model of brand equity. According to Aaker (1996), as discussed previously in this chapter, loyalty is a core dimension of brand equity. This, he argued, is because a loyal customer represents a barrier to entry to competitor brands, a possible price premium, time to respond to competitor innovations, and a defence against price competition. Due to this, Aaker places loyalty as a central component of his brand equity measurement framework, as shown in Table 23. The table illustrates the breadth of measures suggested to be able to monitor and evaluate brand equity performance. However, the majority of measures are consumer-based, with only one financially-oriented (i.e., price premium). With many brand equity supporters, including Aaker, advocating various financial outcomes of strong brands, it is perhaps surprising as to why other measures are not included. For example, Aaker's (1991) conceptualisation of brand equity includes a statement that brand equity can create value for the brand-owning company through the efficiency and effectiveness of marketing programmes which, due to a reduced need for certain marketing expenditure (e.g., advertising), can improve operating profit margins.

Table 23: Aaker's 'Brand Equity Ten'

Measure	Method
Loyalty Measures	1. Price premium 2. Satisfaction / loyalty
Perceived Quality / Leadership Measures	3. Perceived quality 4. Leadership / popularity
Associations / Differentiation Measures	5. Perceived value 6. Brand personality 7. Organisational associations
Awareness Measures	8. Brand awareness
Market Behaviour Measures	9. Market share 10. Market price and distribution coverage

Source: Aaker (1996: 319)

Whilst a variety of brand equity performance measures have been developed, the actual critical examination of their use has been limited. For example, this literature identified only two reviews that compared the different measures, namely Agarwal and Rao (1996) and Mackay (2001a). Both studies examined the ability of the same ten consumer-based measures of brand equity to estimate brand choice and market share, and the relationship between the different measures. Table 24 shows the measures used in the Mackay (2001a) study. The measures were categorised into 'indirect measures' and 'direct measures'. Indirect measures are concerned with identifying the possible sources of brand equity such as brand awareness and attitudes towards the brand. Direct measures attempt to assess the added value of the brand in terms of brand preference and choice intentions (Mackay, 2001a). Mackay's research found that the best measures of brand equity in terms of their correlation with market share were the brand awareness measures of brand recall and familiarity. The research suggested that people are likely to be aware of, and more familiar with, the credit card brands they use or perhaps have used in the past (Mackay, 2001a). Whilst this is a useful piece of research that empirically tests a number of brand equity measures against each other, the findings may not be generalisable in other contexts, such as the hotel industry, or even possibly outside of the US. An observation that can be made from this study is that there are different operationalisations for the same aspects of brand equity. For example, according to Table 24, brand awareness can be operationalised in two ways, namely unaided recall and familiarity.

Table 24: Brand Equity Constructs, Operationalisations and Data Collection Methods

Construct	Operationalisation	Method
Awareness	Unaided recall (I)	Per cent of respondents.
Awareness	Familiarity (I)	Six-point scale, where 1 was "I hate this brand" and 6 was "my favourite brand".
Attitude	Weighted attribute (I)	Estimated by the sum of ten product features multiplied by their respective importance.
Attitude	Value for money (I)	Six-point scale, where 1 was "poor" and 6 was "excellent".
Attitude	Quality of brand name (I)	Seven-point scale, where 1 was "inferior" and 7 was "superior".
Preference	Overall evaluation (I)	Six-point scale, where 1 was "poor" and 6 was "excellent".
Preference	Derived brand index (D)	Dummy variable logit regression was performed using pair-wise preference data. The dependent variable was the proportion of the times that one brand is preferred over another brand across the whole sample. The brand coefficients were used as the brand equity measures.
Brand preference	Dollar metric measure (price premium for switching) (D)	Dummy variable logit regression was performed using price premium information. The dependent variable was the price difference at which the person would switch from one brand to another brand. Brand coefficients were used as the brand equity measures.
Choice intention	Purchase intention (D)	0-100 point scale, 0 was "not at all likely" and 100 was "almost certain" that the respondent was likely to purchase a brand.
Choice intention	Brand specific choice intention (D)	Discrete choice technique (MNL) was carried out. Seven choice sets, with each of the four brands being either present or absent in the choice set, were shown to respondents. Each of the brands was then allocated a probability of being selected. The coefficient of the utility function for each brand were used as brand equity measures.

Note: (I) = indirect measures and (D) = direct measures.
Source: Mackay (2001a: 41)

Approaches have also been developed to investigate specifically the financial value of brands. Lindemann (2003) summarised the financially-oriented approaches of brand valuation. First are the cost-based approaches which view the value of the brand as the aggregation of all historic costs incurred, or replacement costs required, in bringing the brand to its current state. Then there are approaches for determining the financial value of a brand on the basis of something comparable (i.e., another similar brand which was recently sold). There are also approaches for calculating the net present value of future price premiums that a branded product would command over an unbranded or generic equivalent. Finally, there is the economic use approach which assesses brand value through the calculation of the value of the brand to its owner in terms of the net present value of the profit stream attributable to the brand. The latter is an approach used by companies such as Interbrand and Brand Finance (Shaw and Merrick, 2005). Business Week produce an annual ranking of the world's most valuable brands in conjunction with Interbrand. Based on the 2004 ranking, the world's most valuable brand was Coca-Cola (valued at US$67,394 million), followed by Microsoft (US$61,372 million), IBM (US$53,791 million), GE (US$44,111 million), and Intel (US$33,499) (Shaw and Merrick, 2005). It is interesting to note that no hotel brands appeared in the 2004 ranking. The listing was dominated by physical goods' brands, with relatively few service brands making the list. McDonald's achieved the highest placing for a service company, ranked seventh with a value of US$25,001 million (Shaw and Merrick, 2005).

Operational considerations of brand equity management

This examination of the brand equity concept raises a number of operational issues with regards to how it can be used practically for brand management purposes. Whilst sound reasons have been put forward for measuring consumer and financially-oriented brand equity to support brand management practice, and a variety of measures have been developed to assist companies in each case, there is little guidance available that advises brand-owning companies in terms of how brand equity can be incorporated as part of their brand management. For example, Baldinger (1991) noted that many companies' marketing and financial functions have historically been separated, leading to a fragmented approach to evaluating investments in brands due to different functional objectives and priorities. As discussed previously in this chapter, one model that sought to link the consumer- and financial-orientations of brand equity was the Brand Value Chain developed by Keller and Lehmann (2003). If implemented effectively and efficiently within an organisation, it seems that such a model would assist in placing brand equity at the heart of corporate decision-making, and making the concept more accountable. This is something that appears to be needed. Research undertaken with UK company finance directors in 2000 found that whilst brands were regarded as the most important company asset after employees, 82 per cent of the finance directors questioned had difficulty in measuring marketing effectiveness (Goodchild and Callow, 2001). Some have observed a general discrepancy between the apparent importance of brand equity and the failure to effectively measure its performance. For example, Ambler (2003) suggested that:

> *Auditors may concern themselves with company assets right down to the last paperclip but brand equity, by far the most valuable asset in companies, still does not appear on their radar screens* (Ambler, 2003: 41).

What is unclear from observations such as those made by Ambler (2003) are reasons for the dichotomy between the apparent status of brand equity, as a valuable company asset, and the inability, or perhaps lack of interest, of many companies to measure it. Unfortunately, there are no explanations for this mismatch available in the literature. However, reasons may be surmised, such as the limited understanding of what brand equity actually is and how it can be used practically in terms of brand management. It may also be because brand equity has failed to be accepted by the most senior corporate executives and in some instances remains within the control of marketing departments. To try to address issues such as these, Keller (2003) suggests that organisational internal structures and operational procedures should be tailored to capitalise on the usefulness of the brand equity concept and that the information that is collected with respect to it. He posits that companies should embrace branding and brand equity to counter risks that brand activities will focus solely on a short-term perspective (e.g., to generate sales through activities such as sales promotions), rather than a need to consider longer term effects also. Keller (2003) also emphasises a requirement for internal branding activities to ensure that staff are properly aligned with the brand and what it represents. This he argues is particularly important in service companies, such as hotels, as the actions of staff that deliver the service can reinforce or hurt the equity of the brand. As discussed in Chapter 2, there is a requirement for on-going staff training to ensure that the service is delivered to the required standard, as well as many hotel companies having standard operating procedures in place for their brands. However, Keller (2003) suggests that these can be complemented by the introduction of a 'brand equity measurement system', which he defines as a set of organisational procedures designed to improve the understanding and use of the brand equity concept within a company. There are three steps to implement such a system, as follows: (1) creating a brand equity charter that formalises the company's view of brand equity and provides guidelines to marketing managers within the company as well as marketing partners outside the company (e.g., advertising agencies); (2) assembling brand equity reports which draws together relevant performance measures into a single document which is then distributed to management on a regular basis (e.g., monthly, quarterly, or annually); and (3) defining brand equity responsibilities within the organisation to ensure that the brand is managed effectively throughout the organisation.

.6 Criticisms of the brand equity concept

It has been suggested that the subject of branding is in transition from alchemy to science (Shaw and Merrick, 2005). Mirroring this appears to be the sub-topic of brand equity. Although there have been some bold statements as to the role and stature of brand equity in corporate strategy and marketing management, such as those highlighted in Chapter 1 of this thesis and earlier in this chapter, the concept appears to be at a nascent stage of development as a topic of critical academic investigation. This is supported by Mackay (2001a: 38) who, as mentioned in Chapter 1, provided the following view on the current state of brand equity research:

> *A myriad of unrelated studies, the result is a multitude of different conceptualisations of the concept and reference to even more ways of measurement. In other words, there is no common consensus about what brand equity means and how a firm can measure the value of the brand.*

Shaw and Merrick (2005: 87) seemed to support Mackay's (2001a) analysis by summarising the state of the branding and brand equity literature as follows:

> *What emerges is not so much a theory of how brands influence people, but, instead, a ragbag of poorly defined, overlapping and inconsistent ideas, paying little or no regard to the consumer behaviour theory upon which the branding authorities often claim their subject is founded.*

The foregoing examination of the brand equity concept has highlighted a number of areas where the concept has generated debate amongst researchers and practitioners. It has also raised a number of criticisms associated with the concept. In light of the previous discussion of the different definitions and measures, and the confusion this has created, it is not surprising that the brand equity concept has been the subject of criticism. However, the concept has also been challenged for other reasons. For example, Dowling (2004) considers one of the main criticisms about brand equity to be the lack of underlying theory that relates, what he terms, the drivers of brand equity (such as levels of awareness and customer loyalty) to its outputs (such as greater market share and financial performance) for a strong brand. Others suggest there is a disconnection between models of brand equity and the theoretical grounding of relevant various disciplines. Although brand equity research has been set within different theoretical mechanisms, a criticism has been the weaknesses of links with underlying theories such as consumer psychology (Shaw and Merrick, 2005). With the prominence of consumer-oriented interpretations of brand equity, based on consumer knowledge of brands, this appears to be a major limitation of the brand equity literature.

There have also been criticisms as to the relationships between different components of the various brand equity models. For example, whilst Randall (2000) does not disagree with the dimensions of Aaker's brand equity model on an individual basis, he considers there to be no evidence that they are related systematically to a single concept of brand equity. Randall (2000: 23-24) asked the following questions of Aaker's model: *'Are the factors weighted* *differently and, if so, how? Do the weights vary between different product fields, and even different brands? How exactly do the ratings translate into confidence in the purchase decision or use satisfaction?'* Feldwick (2002) acknowledges that Aaker's brand equity model incorporates the principal concepts that have been associated with brand strength which can be measured objectively. Feldwick (2002: 41) feels that Aaker's model *'can be criticised for lacking an underlying theory that relates the five ideas [dimensions of Aaker's model] to each other'.* The particular criticism directed at Aaker's model of brand equity may reflect the fact that it is one of the original and most established conceptualisations. After all, even though Aaker's model has attracted some criticisms regarding its theoretical robustness, it appears to have some status in that it has been employed in a number of brand equity research studies, including some within the context of the hotel industry (as will be discussed later in the next section of this chapter).

Some question the usefulness of the brand equity concept generally. For example, Feldwick (2002) acknowledged a need to manage brands with a view to their long-term market position and for managers to respect the relationship that brands have with consumers. He considers there to be many different kinds of performance indicator already available to company executives to monitor these factors, such as 'market share'. He also suggests that a financial value can be put on brands as assets when necessary if, for example, the brand is acquired as part of a corporate acquisition. All this, Feldwick (2002) argues, can be done without assuming the existence of anything called brand equity. He concludes his argument by stating *'we might find the whole area easier to understand if people stopped using those words altogether'* (Feldwick, 2002: 57). This is unlikely as the plethora of brand equity research indicates a relevant concept that has been picked-up by some brand owners as a way to conceptualise the performance of their brands. Against this backdrop, Dowling (2004) raises a point of caution by stating that *'because the debate about brand equity is as yet unresolved ... marketers would be wise to treat this concept with great care'.*

Whilst the brand equity literature is growing, there are significant knowledge gaps concerning practical uses. Surprisingly, given the apparent importance of brand equity in contemporary business, the examination of the practical applications and uses of brand equity to managers has generated limited academic attention. Barwise (1993: 99) states that *'overall there has been remarkably little empirical work on the financial, managerial, and strategic aspects of brand equity'*. Ambler (2003) found through his research that although brand equity is regarded as an important concept and one worthy of being researched in many companies, it often lacks awareness and appreciation at the most senior levels of many companies. Part of the reason for this situation may be the lack of understanding over the concept, a situation hardly helped by the multifarious meanings of the concept and various measures that have been developed.

This review has so far addressed generic meanings and operationalisations of branding and brand equity. However, there is an array of contemporary branding applications, including physical goods (such as commodities and 'high-tech' products), services, people, and geographical locations (Keller, 2003). Aaker (1996) suggests that the nature of brand equity varies from context to context. This implies that brand equity should be defined within particular contexts. One such context is the hotel industry. Given this, in order to truly understand the concept of brand equity within the hotel industry, there is a need for this research study to analyse the hotel specific brand equity literature, and investigate the views of hotel industry practitioners. Much of the empirical research undertaken to date has been conducted within the context of goods with physical form, such as the 'fast moving consumer goods' markets (such as food and drinks). By comparison, the literature focused on services branding is limited (Turley and Moore, 1995; de Chernatony and Segal-Horn, 2001; Krishnan and Hartline, 2001; Mackay, 2001b; Moorthi, 2002; Kim *et al.*, 2003). With respect to the state of the services brand equity literature, Krishnan and Hartline (2001) summed up the situation as follows:

> *While brand equity associated with tangible goods has received a great deal of attention in the literature, a basic understanding of the nature of brand equity for services has yet to emerge. Most of what is known about brand equity for services is based on theoretical or anecdotal evidence* (Krishnan and Hartline, 2001: 328).

Even within the small, albeit growing, body of service industry literature, there are weaknesses. The few articles that explore explicitly the development of service brands typically contradict each other (Turley and Moore, 1995). This is partly due to the different interpretations of the concept used. Mirroring the state of the wider extant service industries' literature, critical academic attention afforded to hotel industry brand equity has been limited (Olsen *et al.* 2005). A review of the hospitality management literature undertaken by Bowen and Sparks (1998) identified a need for future research to address issues associated with branding. Olsen *et al.* (2005) highlighted a dearth of empirical research that has focused on hotel industry branding and brand equity. This knowledge gap has been corroborated by the literature review undertaken for this research study. It appears that the practice of hotel industry branding and brand equity management outweighs somewhat the academic attention afforded to it. The current empirical research output can be of little use to hotel industry brand managers in developing the performance of their brands. In order to better understand the practical uses of brand equity, Mackay (2001b) advocated empirical research to explore the managerial practices within service industries with regards to if and how brand equity is managed.

Now that the generic literature-based meanings and uses of branding and brand equity have been investigated, it is essential to focus specifically on hotel industry brand equity. This is necessary to examine if and how definitions and uses differ with the generic literature, or if there are areas of consensus.

.7 Hotel industry brand equity research

Building and managing brand equity is considered a key determinant of success within the hotel industry (Prasad and Dev, 2000). It has been argued that brand equity is important to hotel companies looking to sell their brand name to consumers, property owners looking for management companies, and franchisees looking to join a franchise network. For example Morgan Stanley (1997, cited in Jiang *et al*., 2002: 5) stated that '*lodging is a brand equity business. By building equity in its brand, a lodging company is able to sell its name to hotel owners andfranchisors, and also able to reach consumers, thereby generating demand to support expansion*' However, as discussed in Chapter 2, there arc particular challenges in the hotel industry due to the perishability characteristic of the hotel product and the high fixed costs associated with many hotels, which create difficulties for hotel companies managing their brands over the long-term. For example, during periods of low demand, high fixed operating costs (which do not vary according to the volume of business generated by the hotel) can erode profitability. Due to this, companies generate sales to help make a contribution to the fixed costs. In order to increase short-term sales, hotel companies sometimes use sales promotions (e.g., price discounts), or may try to reduce operating costs. Such approaches clearly clash with the more strategic, long-term view of brand management proposed by brand equity supporters. For example, the use of price discounting may move the focus of competition amongst hotel brands to price alone, rather than around other features such as the product's added values (e.g., services offered). In turn, competing on price may affect consumer perceptions of the brand. This may create confusion amongst consumers if, for example, a full-service four-star hotel competes with a limited service budget hotel on price. This implies a need for hotel companies to adopt brand strategies with great care. Melanson (2002) summed up the dilemma faced by hotel companies, that find themselves in highly competitive situations, by stating that '*worrying about your property's long-term brand equity might seem like a misplacedpriority at a time when there's so much pressurejust to stay alive*'

There appears, however, to be sufficient evidence in the literature that suggests the brand equity concept is both part of the lexicon of the hotel industry, and is used practically. Jiang *et al.* (2002) suggest that the Chief Executive Officers of hotel companies recognise that brand equity influences company share price and shareholder value. PriceWaterhouseCoopers (2001: 2) summarised the situation by stating the following in the context of the hotel industry: *'no longer is brand equity an ephemeral concept – it can be measured and be linked directly to the enhancement of shareholder values'*. Regardless of whether this is actually the case or not, given the previous discussion about the lack of agreement over the meaning of the brand equity concept and the different ways it can be measured, it does indicate that the concept has status within the hotel industry. Indeed, based on public announcements made in various press releases, it seems that certain hotel companies appear to regard brand equity as important. For example, following an alliance with EIH Limited involving the re-branding of the Oberoi Towers Hotel in Mumbai, India, as 'Hilton Towers', Hilton International announced in a press release *'the alliance brings together the international brand equity and extensive worldwide marketing resources of the Hilton Group and the highly regarded expertise of the Trident Group (the hotel property's owner)'* (Hilton International, 2003). Similar sentiments have been stated in press releases following other corporate transactions made by Hilton International. Also, when Bass purchased Holiday Inn in 1990, the strength of Holiday Inn's brand equity was cited as a consideration in the transaction (Higgins, 1996). Marriott International also regards brand equity as an important concept. For example, in 2005 the Senior Vice President of Marketing of Marriott International, Rita Cuddihy stated that *'marketing is about leveraging opportunities, knowing where your strengths are and using them to directly impact brand equity'* (McMullen, 2005). It is interesting to note that these hotel companies are large and international (with hotels in many countries). For example, as discussed in Chapter 2, in 2003 Holiday Inn was the second largest hotel brand worldwide (in terms of hotel bedrooms), with Marriott the fourth, and Hilton the fifth (if you combine the 'Hilton' branded hotels of both Hilton Hotels Corporation and Hilton

International). Although the statements made by, for example, Hilton International and Marriott International indicate a use of brand equity, it is not evident how they define the concept. It is also not evident from the literature review whether smaller hotel companies (e.g., hotel chains that operate in one country only) have adopted the brand equity concept for brand management purposes.

.7.1 Empirical Hotel Brand Equity Studies

The literature review undertaken for this study identified four empirical research studies that investigated hotel brand equity. These are outlined in Table 25, along with the definition of hotel brand equity used in each case. Three of the studies used Aaker's (1991) interpretation of brand equity either fully (Kim *et al.* 2003; Kim and Kim, 2004) or in an abbreviated form (Cobb-Walgren, 1995). In the case of the other (Damonte *et al.* 1997), a financially-oriented perspective was adopted.

Table 25: Hotel Industry Empirical Brand Equity Studies

Study	Title of Paper	Definition of 'Hotel Brand Equity'
Cobb-Walgren *et al.* (1995)	Brand equity, brand preference, and purchase intent.	Adaptation of Aaker's definition of brand equity – i.e., the perceptual components, namely brand awareness, brand associations and perceived quality (pp. 31-32).
Damonte *et al.* (1997)	Brand affiliation and property size effects on measures of performance in lodging properties.	*'Incremental cash flow resulting from the product with the brand name versus that which would result without the brand name. Source of this incremental cash flow are: (1) increased market share; (2) premium pricing; and (3) reduced promotional expense'* (p. 3).
Kim *et al.* (2003)	The effect of consumer-based brand equity on firms' financial performance.	Aaker's definition of brand equity – i.e., brand awareness, brand image (associations), perceived quality and brand loyalty (p. 339).
Kim and Kim (2004)	The relationship between brand equity and firms' performance in luxury hotels and chain restaurants.	The study was the same as that published by Kim *et al.* (2003). Given this, it also employed Aaker's definition of brand equity – i.e., brand awareness, brand image (associations), perceived quality and brand loyalty (p. 552).

Based on their observation that there is little empirical evidence of how brand value is created and what its precise effects are, Cobb-Walgren *et al.* (1995) sought to explore the consequences of brand equity. The study had a particular purpose to investigate the effect of brand equity on consumers' brand-related preferences and purchase intentions. In order to investigate this, they studied brands within two sets of product categories, including hotels. Hotels were selected as a service category with a fairly high financial and functional risk associated with purchase. The other category was household cleansers, which was chosen given its lower risk profile (relative to hotels). The brands chosen in each category were similar in physical attributes, but varied significantly in the level of advertising support. The reasoning cited for this was that advertising is a primary mechanism for creating psychological differentiation among brands and for enhancing brand equity. The hotel brands studied were Holiday Inn and Howard Johnson. Two sources of information were drawn on for the identification of the brands upon which the research would be based. The first were consumer reports which rated brands across a range of industries. These were used as they were considered by the researchers to be an objective published source of consumer perceptions of the physical features of brands. Consumer reports rated brands across a range of criteria specific to each product category. For example, in the case of hotels the criteria included an overall satisfaction index, cleanliness, size of bedroom, bed comfort, climate control, noise, etc., each of which was rated. The other source was 'Leading National Advertisers', which provided lists of advertising expenditures by brand. Although the study outlines the sources of information used to identify the brands in each category, there is no explanation as to why these brands were selected specifically over other available options. In terms of the hotel brands, it was found that Holiday Inn spent US$26.2 million in 1990, whereas the advertising expenditure of Howard Johnson was US$4.1 million. The method for the research was a survey administered to US students. Although the authors of the study defended their decision to use a convenience sample made up of students because these students were users of the respective product categories, the authors rightly identify this as a potential weakness of the study. The survey focused on measuring brand equity, and then measuring brand preferences and user intentions. The study employed the perceptual dimensions of Aaker's (1991) definition of brand equity: brand awareness, brand associations and perceived quality. The research found that, across both categories, the brand with the higher advertising budget yielded substantially higher levels of brand equity. In turn, the brand with the higher levels of brand equity in each category generated significantly greater preferences and purchase intentions. Unfortunately, the study did not differentiate between different types of advertising such as print, television, radio and outdoor advertising. Because of this, it is not possible to identify whether specific types of advertising were more effective than others, and the influence this may have had on the results.

Viewing brand equity from the company perspective, Damonte *et al.* (1997) investigated the influence of brand affiliation and hotel property size on performance. The study used the standard hotel industry indicators of average bedroom occupancy and average daily rate as indicators of performance. These indicators were regarded by Damonte *et al.* (1997) as appropriate as Aaker (1996) suggested that higher than average market share and price premium may be indicative of the existence of brand equity. Even though there are many bold claims made about the strong performance of branded hotels when compared to un-branded, independently owned hotels (as examined in Chapter 2), this was the only empirical academic study found that sought to compare the financial performance of branded hotels against unbranded hotels using time-series analysis. The time-frame of the research was January 1992 to December 1994. Although this appears a reasonable time frame, it is not clear whether the findings of the study would have been different if completed over a different period, given the influence of the economy and other external factors on consumer demand for hotels (as discussed in Chapter 2). An attribute of this study was the size of the sample used. Based on a sample of 378 branded and independent hotels from South Carolina in the USA, the study found that average occupancy for brand affiliated hotels compared to independent hotels varied across the different property sizes, but only approached significantly higher occupancies in properties with between 55 and 70 bedrooms. The average daily rate was found to be higher in independent hotels across the entire range of properties (i.e., with from 40 to over 700 bedrooms). While the results suggest that brand affiliation may generate some advantage in terms of occupancy levels, it does not appear to provide sufficient advantage to demonstrate the existence of brand equity. Damonte *et al.* (1997) noted that the study findings are not necessarily representative outside of South Carolina, which is clearly a limitation of the study.

Based on the premise that there has been very little research that examines the relationship between brand equity and performance in the hotel industry, Kim *et al.* (2003) undertook empirical research to examine the underlying dimensions of consumer-based hotel brand equity, and how they affect the financial performance of hotel companies operating in the South Korea luxury hotel market. Two hypotheses were developed to be tested by the study. The first was that consumer-based brand equity in high performance hotels versus low performance hotels differs with respect to the attributes of brand loyalty, brand awareness, perceived brand quality, and brand image. The second hypothesis was that consumer-based brand equity and these four components will have a significant effect on the financial performance of the corresponding brand. In terms of performance, the revenue per available room (or 'RevPAR') indicator was used for a sample of luxury hotels. The information related to 1997 to 2000. The selected 12 branded hotels used for the study were Ritz-Carlton, Inter-Continental, Westin Chosun, Marriott, Hyatt, Hilton, Lotte, Radisson Plaza, Ramada Renaissance, Sheraton Walker-hill, Shilla, and Swiss Grand. The study is not clear how these hotels were selected. For example, the study fails to clarify whether this is the entire population of luxury hotels in the area or just a sample. The hotels were categorised as either 'low' or 'high' performance hotels using the median of the RevPAR figure as a dividing line. The research to investigate consumer views of the different components of brand equity of the sample hotels involved distributing self-completion questionnaires to Korean travellers at Kimpo airport in South Korea. The sample upon which the research was based comprised

513 completed questionnaires. The study found that consumer-based hotel brand equity is best understood as a composite construct represented by the four underlying perceptual and behavioural dimensions identified by Aaker (1991), namely brand awareness, brand loyalty, perceived quality and brand image. The results imply that strong brand equity can cause a significant increase in RevPAR, and a lack of brand equity in hotel companies can damage potential income (Kim *et al.* 2003). Another key finding of this study was that there was a particularly strong relationship between consumers' perceptions of quality of the hotel brand and financial performance. According to Kim *et al.* (2003), this may be because luxury hotels require better service delivery systems to customers. Unsurprisingly, given this finding, the authors suggest that hotel companies should manage perceived quality carefully. A slightly modified version of the same study was published in a different journal (Kim and Kim, 2004).

Although the above studies are the only empirical academic studies identified during the literature review, it is important to mention empirical research conducted by Business Development Research Consultants. They undertake an annual survey of hotel guests travelling for leisure and business reasons as part of their Hotel Guests Survey. The survey investigates brand awareness (i.e., unprompted and prompted), usage, and choice preference.[20] The survey is undertaken on behalf of hotel companies, and the full findings are not in the public domain. However, conference presentations of some of the key findings have been published (e.g., Tarrant, 2003). For example, during their European survey undertaken during 2003, Business Development Research Consultants found a relationship between the number of hotels that are part of a branded hotel chain's portfolio and unaided recognition (Tarrant, 2003). The hotel brands with most properties achieved significantly greater levels of unaided

[20] The Business Development Research Consultant British Hotel Guest Survey was established in 1982. It is subscribed to by the major hotel companies. The 2005 survey consisted of three components: (1) marketing sizing using questions placed on the NOP Omnibus Survey in November 2004 with a sample which was representative of all adults in Britain; (2) business guest research based on 500 interviews with 'ABC1' users of chain or star rated hotels in the previous 12 months for business reasons; and (3) leisure guest research based on 500 interviews with 'ABC1' users of chain or star rated hotels in the previous 12 months for leisure reasons.

awareness (e.g., Holiday Inn, Hilton, Ibis and Novotel) than those with a lower number of hotels. The study also found that guests' recent experience is a pre-requisite for future choice.

.7.2 Conceptual Hotel Brand Equity Studies

In addition to the empirical research effort, three conceptual hotel brand equity studies have been identified. These are highlighted in Table 26. Compared to the empirical studies, the definitions used for the conceptual studies were more diverse. For example, none adopted Aaker's (1991) definition. Whilst these studies are useful contributions to the hotel industry brand equity debate, the findings lack the impact of the empirical studies as they have not been subjected to real-life situations.

Table 26: Hotel Industry Conceptual Brand Equity Studies

Study	Title of Paper	Definition of 'Hotel Brand Equity'
Mahajan *et al.* (1993)	An Approach to Assess the Importance of Brand Equity in Acquisition Decisions.	*'The power that a brand may command in a market by virtue of its name, symbol, logo, and so on. The benefits of brand equity arise from three sources, which are: enhanced performance (e.g., increase in market share or revenues resulting from the firm's ability to charge a premium price) and/or marketing efficiency (e.g., reduced advertising and promotional expenditures) associated with the brand; longevity of a brand, based on customer and distributor loyalty; and carryover brand benefits across products and services'* (p. 1).
Prasad and Dev (2000)	Managing Hotel Brand Equity.	*'A brand symbolizes the essence of the customers' perceptions of the hotel chain, its products, and services. The favourable or unfavourable attitudes and perceptions that are formed and influence a customer to book at a hotel brand represent the brand equity'* (pp. 23-24).
Schultz (2001)	Determining and Monitoring Hotel Brand Equity.	*'The intangible factors the hotel possesses and the ones management can manipulate through branding investments. The result, of course, is the effect or impact those factors have on customers and guests and the income flows they create'* (p. 1).

Mahajan *et al.* (1993) developed a methodology to assist with the evaluation of brand equity in company acquisition decision-making. The premise for the study was that a significant contributor to the financial value of an acquired company is the equity, or 'market power', of the company's brands. However, because every acquiring company brings different resources (e.g., staff, technology, and, in the particular case of the hotel industry, the number of hotels that make-up a chain's portfolio) and needs to its decision (e.g., companies may have different strategic objectives of an acquisition), the perceived value of the benefits offered by a particular brand will vary from company to company. They suggest that even within the same company, different staff members may perceive a brand's current and potential benefits differently, depending on their perspective from within the company (e.g., financial perspective or marketing perspective). It is argued that in such situations, assessing the perceived importance of brand equity to acquisition decision-making becomes critical. Mahajan *et al.* (1993) developed a methodology based on Farquhar and Rao's (1976) 'balance model'. The model describes the preferences of decision makers for subsets containing items whose attributes reflect balance. Mahajan *et al.* (1993) exemplify this by suggesting where two companies (i.e., one acquiring, and one being acquired) are considered as a subset of multi-attributed items where each company is a multi-attributed item, an acquiring company will prefer an acquired company to resemble it in some respects and differ from it in others. Mahajan *et al.* (1993) illustrated their methodology with a pilot study set in the context of the all-suite segment of the hotel industry. They selected this segment as it was considered fast growing and subject to consolidation and acquisition activity. The methodology involved the identification of 15 financial, property management, and market characteristic attributes (including two which represented brand equity, namely brand loyalty and brand recognition). They then generated profiles of 33 real and hypothetical hotel chains. Five senior executives of hotel chains were then invited to indicate the desirability and probability of merger for 64 pairs of acquiring/target companies. Regression analysis was then conducted for each respondent. The conclusion of the study was that brand equity accounted for between 5 and 30 per cent of the explained variance in the perceived desirability of hypothetical mergers.

The study also suggests that the value assigned to a brand will vary depending on who (whether a company or individuals within a company) evaluates the brand for acquisition. In terms of study limitations, the study's authors note a need to demonstrate their model actually improves corporate decision-making in reality.

Prasad and Dev (2000: 22) developed a 'brand equity index'. The stated purpose of this index was *'to offer a diagnostic and decision-making tool to CEOs and top managers of hotel companies that will help them maximise the value of their brands'*. Whilst the brand equity index appears to be a useful contribution to the debate on hotel industry brand equity, it is hypothetical as it was not developed through empirical research, nor has it been tested with 'real life' examples. Instead, Prasad and Dev (2000) developed a hypothetical demonstration of how the brand equity index could be used to assess a brand's strength over time and in relation to its competitors. Based on this, Prasad and Dev (2000) hypothesised that there is a positive correlation between brand equity and financial performance. They suggest that this is based on the rationale that hotels with strong brand equity (using customers' positive evaluations of brand attributes) should command a higher occupancy and average daily rate compared to competitors with weaker brand equity. Even though Prasad and Dev (2000) acknowledge the limitation of their study being hypothetical, they state that testing their hypothesis will form the basis of a follow-up study. As of July 2006, a published follow-up study had yet to emerge.

Although consumer-based brand equity can be measured in terms of attitudes, feelings, and associations, they are extremely difficult to quantify, particularly financially (Schultz, 2001). However, Schultz (2001: 1) argues that there are models that can relate hotel brand equity with its financial outcomes which is suggested would *'be of tremendous benefit to the hotel owner or manager'*. Schultz (2001) used a methodology developed by Brand Finance to provide a way of estimating a hotel property or chain's financial value. Schultz (2001) considered relating brand equity to the financial valuation of a hotel property or hotel chain to be useful for two reasons. Firstly, if the hotel or hotel chain is being purchased or sold, a financial value that includes a consideration of the brand's equity is required. Also, in order to identify levels of investment that should be made in a property, and the returns that could be generated. The Brand Finance methodology used by Schultz (2001) consisted of three parts. The first section uses financial and market data to identify a range of values that might be appropriate for the hotel brand. The purpose of this step is to separate what the brand contributes to the value of the hotel property aside from location, facilities, and market. The result is a brand forecast, which reflects the earnings above the level that would be expected if the hotel had zero brand equity. The second section of the model identifies what Schultz (2001: 2) terms *'demand drivers'* for the brand. This involves developing a Brand Value Added Index, which is a complete analysis of what influences brand preference for the hotel and how that relates to actual purchasing behaviour by the hotel guests. The final step of the model involves the addition of risk factors, or the likelihood the income flows the hotel has generated in the past are likely to continue in the future. This analysis is then used to provide the basis for calculating the discounted cash flow (i.e., net present value) of the hotel's brand.

.8 Chapter summary

In order to provide the theoretical grounding for this research study and to frame the research problem, this chapter reviewed critically the meanings and uses of branding and brand equity, with a particular focus on the hotel industry. The conclusions of this chapter are as follows:

- The use of branding in business has developed over the past couple of decades. It appears that the concept of the brand has become more sophisticated. The brand concept has evolved from its traditional meaning of being merely a name, logo, symbol or trademark that differentiates a product, to a more complex, multi-faceted construct. The literature review indicates an increasing emphasis, over recent years, upon the value added to the core product through branding and brand management. Consumers have been found to purchase brands for a variety of functional and emotional reasons. Although Chapter 2 identified hotel industry specific functions and benefits, the literature review completed for this chapter found the following general functions offered by many brands: the differentiating role of the brand which enables consumers to make sense of the offer and to quickly identify sought-after products; the time saved by consumers through repurchasing identical brands that meet their needs; the consistent quality offered which acts as 'guarantee' no matter where or when the brand is purchased; and the ability of brands to present represent an image that consumers want to portray (Kapferer, 1997). Companies often seek to use such benefits to differentiate their brands. It has been argued that differentiating brands through emotional, as well as functional, benefits is particularly important in product categories which have brands with broadly similar functional attributes, such as the hotel industry.

- As a reflection of the value brands had been found to create for consumers and companies, the brand equity concept emerged during the 1980s. At its simplest, brand equity refers to (1) the value in a brand, and (2) the value from a brand. It seems that certain brand functions and benefits are sufficiently desirable that they are regarded valuable by consumers and influence their brand-related behaviour and choice. The ability of brands to influence consumer choice is beneficial and potentially financially valuable to the brand-owning company. The brand equity concept has generated much interest in business and academia.

- Whilst there is some agreement around the general principles of brand equity (i.e., that it relates to the value in and from a brand), there is much confusion over what is meant by it specifically and how it should be operationalised and measured. For example, marketers typically view brand equity in terms of the strength of the brand based on consumer appeal (e.g., consumer awareness and perceptions of the brand, and the impact of this on buying behaviour); accountants often use it to signify the financial performance of the brand or the overall financial value of the brand. Two particularly well-cited consumer-oriented conceptualisations of brand equity have been developed by Aaker (1991; 1996) and Keller (1998). Some researchers have also proposed conceptualisations of brand equity that merge the marketing and financial perspectives in the form of models that relate the strength of consumer attachment to the brand to the financial outcomes generated (e.g., Keller and Lehmann, 2003). The variety of perspectives from which brand equity has been viewed and researched provides a very confusing body of evidence from which corporate executives and brand managers can draw on for their own brand management practices.

- In addition to different definitions of brand equity, a host of different ways of measuring it have been put forward. For example, from the consumer perspective it has been argued that brand awareness, attitudes, preference, and usage are relevant measures (Mackay, 2001a; Farris *et al.* 2006). A variety of operationalisations have been suggested in each case. In the case of awareness, this can be measured via unaided and aided awareness. Operationalisations of attitudes include perceived value for money and perceived quality. Preference and usage are related measures as they both relate to behaviour. Various methods have been posited to actually collect the data in each case (Mackay, 2001a). Some companies track changes in awareness, attitudes and usage through the use of longitudinal studies. It has been suggested that tracking such information allows brand owners to make informed brand management decisions. A comprehensive brand equity measurement framework has been created by Aaker (1996) with his 'Brand Equity Ten'. This encompasses a mixture of measures based on his definition of brand equity (i.e., brand awareness, association, perceived quality and loyalty measures). Financial measures of brand equity include the price premium achieved by a brand (Aaker, 1996). In the case of the hotel industry, this could be represented by the achieved room rate achieved by a hotel brand compared to the average of that brand's competitors.

- Although brand management has been an important activity for many years, it has only recently become a top management priority over the past two decades (Keller, 2002). Brand equity protagonists have argued that brand strategy should be based on treating brand equity as an asset that needs to be developed and managed over the long-term, the goal being to maximise 'value'. Within this school of thought, it has been put forward that marketing programmes should be developed and executed that add value to the brand and therefore create brand equity. For such an approach to succeed it has been argued that the ultimate responsibility for brand management should not rest merely with the marketing department; it requires the active involvement of senior management (Ambler, 2003). However, until there is a better understanding of what brand equity is and how it can be used for the wider benefit of the company, there may be resistance for elevating its importance within some companies, even though, as identified in Chapter 2, it seems that some hotel companies have already adopted the concept practically, including Hilton and Marriott. Although there is a growing body of research that has identified various positive effects of brands on consumer attitudes and choice, and the effectiveness of marketing programmes (e.g., Keller, 2002), there appears to be a certain lack of awareness and understanding of the uses of the brand equity concept amongst many Chief Executives and other top management (Ambler, 2003).

- Despite certain hotel companies regarding brand equity as a useful concept, there is only a small body of hotel industry branding and brand equity empirical and conceptual research. For example, there is also only one model, developed through empirical research, that has been developed with the purpose of assisting service brand owners to build and maintain brand equity (i.e., Berry, 1999). What has been published provides an interesting insight into the concept but little more. By way of summary, the extant hotel brand equity literature (based on empirical research) generated the following findings: (1) Cobb-Walgren *et al.* (1995) found a positive correlation between the scale of advertising budget and consumer-based brand equity, and that levels of brand equity influenced consumer brand preferences and purchase intentions; (2) Damonte *et al.* (1997) found that whilst brand affiliation may create some advantages in terms of bedroom occupancy levels, it does not appear to be sufficient to demonstrate the existence of financially-oriented brand equity; (3) Kim *et al.* (2003) and Kim and Kim (2004) identified a link between consumer-based brand equity (comprising brand awareness, perceived quality and brand associations) and revenue per available bedroom in the luxury hotel segment, as well as a particularly strong positive relationship between the perceived quality element of brand equity and financial performance. Each of these, with the exception of the Cobb-Walgren *et al.* (1995) study, focused on the consequences of brand equity rather than the antecedents. Understanding how brand equity can be developed is likely to be a concern for brand owners, as well as what benefits it creates for them. Although not addressed in the hotel industry empirical research, there is some guidance available in the literature as to how brand equity can be built such as that proposed by Keller (1998; 2003). This suggests that brand equity can be built and maintained through selecting effective brand identities (i.e., the 'trademarkable' devices such as the brand-names, logos and slogans) to differentiate the brand, and implementing carefully-designed marketing programmes involving product development, pricing, promotional and distribution activities that aim to enhance brand awareness, improve brand image, and elicit positive consumer responses towards the brand.

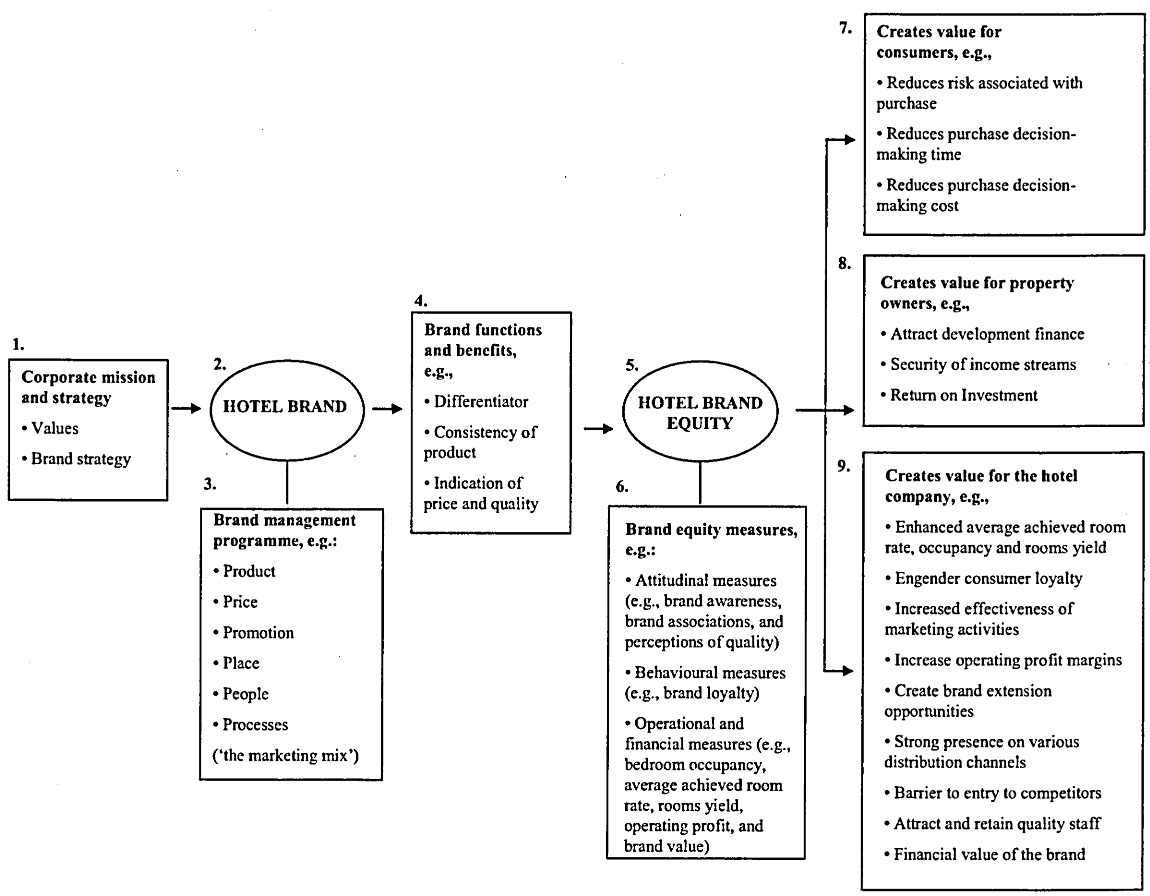
- This review suggests that due to the limited number of available studies, the hotel industry branding and brand equity literature is at an early stage of development. The infancy of the hotel industry literature is illustrated further by the limited number of industry bespoke definitions of the brand concept and the different conceptualisations of the hotel brand equity construct used in the research studies. In terms of brand equity, various definitions have been employed, depending on whether consumer- or financially-based brand equity has been investigated. Finally, they may be regarded as 'one-offs', as no further confirmatory research has been conducted that tests further the hypotheses used in the studies, and their findings and conclusions. Using metatheoretical evaluation criteria (Zaltman *et al.* 1973; Sheth *et al.* 1988), as discussed in Chapter 1, the lack of commonly agreed definitions and limited empirical verification suggests that a theory of hotel industry brand equity is missing.

- Against this backdrop, researchers have identified a need to clarify the meaning and uses of brand equity, within 'real life' company settings (Barwise, 1993), within the service industry generally (Krishnan and Hartline, 2001) and within the hotel industry specifically (Olsen *et al.* 2005). This study answers this call for research.

.9 Research proposition

Based on the analysis of the hotel industry (provided in Chapter 2 of this thesis) and this chapter's literature review (during which the key relevant concepts were identified, definitions examined and operationalisations evaluated), an initial step towards developing a theory of hotel brand equity has been taken through the construction of a preliminary hotel brand equity conceptual framework. This is illustrated in Figure 4.

Figure 4: Preliminary Hotel Brand Equity Conceptual Framework



This framework is an initial attempt to illustrate key concepts and potential relationships between the stages involved with strategic brand management in the hotel industry. Similar to other brand management models (e.g., Keller, 1998; Keller and Lehmann, 2003), the preliminary hotel brand equity conceptual framework assumes various operational relationships (as illustrated by the arrows between the stages). What is unique about this particular framework is that it is specific to the hotel industry, and represents the first attempt, of which the researcher is aware, to link the specific functions and benefits offered by hotel brands with brand equity.

As the research proposition, the preliminary hotel brand equity conceptual framework provides a framework for the empirical research that forms subsequent parts of this research programme. It is not intended to be a 'straight-jacket' for this study (Veal, 2006). It is the starting point to be challenged and revised following the empirical research which will be discussed and analysed during Chapters 4, 5, 6 and 7 of this thesis.

The preliminary hotel brand equity conceptual framework is based on a number of over-riding principles, as follows:

- The framework assumes that branding is central to the purpose of the company. Chapter 2 identified a variety of different types of hotel companies, some with more of a commitment to branding than others. The framework is most relevant to those brand-owning hotel companies that (1) have a commitment to branding (e.g., as reflected in their mission statements), and (2) have control over brand management activities (e.g., owner-operators, and management contractors that both own the brand and operate hotels). In some instances where the brand owner is a franchisor, it will have no direct control over the operation of the hotel (other than the standard operating procedures the franchisee works to and certain other activities such as training, marketing and reservation support). In such cases, the framework may be useful in guiding the brand management activities that the franchisor does have some influence over (e.g., product development, pricing and promotion), and provide an over-arching framework to coordinate the activities of both the franchisor and the franchisee (e.g., encourage the franchisee to understand the value that could be created through repairing and maintaining the property to an appropriate standard and ensuring requisite levels of service). Clearly, this framework is of limited value to those hotel companies that do not own hotel brands;

- Reflecting a growing body of knowledge and opinion (e.g., Aaker, 1991; Kapferer, 1997; Keller, 1998; Kotler, 2000; Davis, 2002; Temporal, 2002; VanAuken, 2002; de Chernatony and McDonald, 2003; Riezebos, 2003), a central tenet of the framework is that brand equity should be treated as an important intangible asset that needs to be managed strategically over the long-term;

- Added value can be created for a hotel brand in a variety of ways through brand management (Keller, 2002). Added value is created for consumers, hotel property owners, and the brand-owning company. It is proposed, in this study, that the ultimate goal of brand management is to create successful brands that achieve competitive advantage (de Chernatony *et al.* 1998). Competitive advantage reflects the specific strategic objectives of the hotel company in question, the competitive environment within which it operates in trying to achieve these objectives, and its particular performance targets.

In Table 27, the concepts included within the preliminary conceptual framework are detailed along with respective principles and components.

Table 27: Preliminary Hotel Brand Equity Conceptual Framework - Concepts, Principles and Components

Ref.	Concepts	Principles	Components
1.	Corporate mission and strategy	The framework is based on the principle that a company's approach to branding is influenced by its mission (as its statement of purpose) and its corporate strategy (Olsen *et al.* 1998).	The components are the values of the company that are intended to indicate what the brand stands for and to provide a guide for employee behaviour (Olsen *et al.* 1998), which is important as the hotel industry relies on staff to 'deliver' the brand to consumers, and the brand strategy. In terms of brand strategy, the corporate mission and strategy determine the brand architecture (e.g., which brands to operate and how the company organises its brand management practices internally), and the positioning of the brand in the market (e.g., quality level, target markets, and pricing policy).
2.	Hotel brand	The hotel brand represents the product offered to the consumer.	
3.	Brand management programme	Brand value creation begins with marketing activity that influences customers and affecting how the brand performs in the marketplace and thus how it is valued financially (Keller, 2003). The ability of the marketing programme to affect the customer mindset will depend on the quality of the programme investment (Keller, 2003). It is necessary therefore to regularly challenge marketing investments through the outputs of the brand equity measurement (discussed in Ref. 6). These outputs will enable marketing activity to be targeted in areas of need and opportunity. Hotel companies should develop and sustain a brand management programme that creates and maintains brand	The brand management programme should comprise the range of marketing tools and techniques ('marketing mix') available to hotel brands including: the product being offered to satisfy the needs and wants of target markets (i.e., range of facilities and services being offered by the brand). Target markets could include leisure and/or business guests, and the sub-sectors of each (e.g., weekend leisure breaks, and conference delegates); the prices being charged for the product; the ways that the product is promoted (e.g., advertising, sales promotions, and public relations activity); the places the product is distributed (e.g., the brand's website, third party websites and travel agents); the people aspect representing activities focusing on staff development such as induction and training; and the

		functions and benefits for target consumers and hotel property owners which they regard desirable and valuable (Keller, 1998). Functions and benefits will vary according to the brand strategy adopted. For example, a budget hotel brand will offer different functions and benefits than a four-star hotel. Unlike generic models and theories of branding and brand equity, there is a need to reflect, in this conceptual framework, that demand for hotel brands not only comes from consumers but also from hotel property owners seeking to partner with hotel brands through management contracts and franchise agreements.	processes put in place to support operations such as standard operating procedures (Bowie and Buttle, 2004).
4.	Brand functions and benefits	Consumer purchase brand functions and benefits relevant to them (Aaker, 1991; Kapferer, 1997; Keller, 1998).	According to the available literature, hotel brands act as a differentiator against competition, provide a consistent product (regardless of which hotel is purchased within a branded chain), and provide an indication of price and quality (Olsen *et al.* 1998; Williams, 2002). In addition to being primary motives for purchasing the brand, these functions and benefits create value for consumers (as discussed below in Ref. 7).
5.	Hotel brand equity	By offering functions and benefits that are sought by consumers and property owners, value ('brand equity') is created in the brand (Aaker, 1991; Kapferer, 1997; Keller, 1998).	
6.	Brand equity measures	If brand equity is considered a useful and accountable concept, it is likely to gain more favour with Chief Executives and senior management. If this is the case, brand equity will become a strategically	The brand equity measures include: (1) consumer-based measures, which seek to monitor and evaluate attitudinal and behavioural aspects of the brand's performance; and (2) company-based measures which focus on

		important concept. In order to capture the multi-faceted nature of hotel brand equity put forward by this thesis, the concept should be operationalised through the use of various consumer- and company-based measures (Aaker, 1991; 1996; Keller, 1998). Reflecting the strategic approach posited, some measures should focus on longer-term brand equity performance indicators (e.g., those that investigate what consumers think about the brand), and others should be more short-term (e.g., operational and financial measures). The outputs of the various brand equity measures should be used to inform the future brand management programme (see Ref. 3) .	the operational and financial performance of the brand. In terms of consumer-oriented measures, Aaker's (1991) construct (comprising the dimensions of awareness, brand associations, perceived quality and loyalty) is appropriate as it has been utilised previously, either wholly or in part, in hotel industry brand equity empirical research studies and positive relationships have been identified between these components of brand equity and financial performance (i.e., Kim *et al.* 2003; Kim and Kim, 2004). With regards to financial measures, the commonly-used hotel industry indicators of occupancy, average achieved room rate and rooms yield should supplement operating profit and overall brand value.
7.	Creates value for consumers	In addition to the basic functions and benefits offered by the brand (Ref. 4), brand equity creates for value for consumers is various ways. It is proposed that there is a difference between the benefits purchased and the value created. It is suggested that the benefits form a primary motivation for the purchase of the brand, whereas value is created over and above the benefits purchased. For example, by purchasing a hotel brand that provides a clear indication of the price and quality (which is a benefit), value is created for the consumer through the reduced time and cost associated with the purchase.	The value created includes the reduction of risks associated with the purchase, and the reduced decision time and cost related to consumers' decision-making processes (Bateson and Hoffman, 1999; Williams, 2002).
8.	Creates value for property owners	Brand equity creates value for hotel property owners in different ways.	Creates value for hotel property owners by attracting development finance, providing a more secure

			income stream, and a greater return on investment (Forgacs, 2003).
9.	Creates value for the hotel company	A primary goal of successful brand management is to create value for the brand-owning hotel company. Value is created in numerous ways.	Value is created for the hotel company in various ways: Enhanced average achieved room rates, occupancies and rooms yield can be achieved; consumer loyalty is engendered; the effectiveness of marketing activities are enhanced; enhanced rooms yield coupled with reduced marketing costs increases operating profit margins; the value created in the brand enables brand extension opportunities; a strong brand presence is possible on various distribution channels (e.g., third party websites); it acts as barrier to entry for competitors in certain geographic locations; attracts and retains staff; and creates a financial value for the brand (Lazer and Layton, 1999; Travel & Tourism Intelligence, 2001; Ravey, 2003).

It is proposed that based on the principle that brand equity is a useful strategic management concept for hotel companies it should be tested in real-life contexts. In light of the ambiguity of key terms within the preliminary conceptual framework, a goal of the empirical research should be the clarification of key terminology that forms the main elements of the framework. This is important for theoretical and practical reasons (as discussed in Chapter 1 of this thesis). For example, based on metatheoretical criteria for theory evaluation (Zaltman *et al.* 1973; Sheth *et al.* 1998), defining a theory's concepts clearly is a first step towards developing a strong marketing theory. Practically, it is proposed that a clearer understanding of terminology will enhance the chances of successful implementation of brand management strategies, as potential confusion would be reduced.

The preliminary framework provides the focus for the forthcoming empirical research stages of this study, a purpose of which will be to test the framework, and revise it in light of relevant findings. Based on the review of the literature, there is a need for the empirical research to focus on investigating the following aspects of the framework:

- The meaning of the core hotel brand concept;
- The functions and benefits offered by hotel brands (from the point of view of the consumer and the brand-owning company);
- The meaning of the hotel brand equity concept;
- Levels of awareness of the hotel brand equity concept;
- The ways hotel brand equity can be measured; and
- The practical brand management challenges faced by hotel companies.

During the process of concept clarification, preliminary attempts will also be made to examine the nature of any relationships between the different stages of the preliminary framework. However, it should be stressed that the primary scope of this research study is limited to an exploration and examination of meanings and uses of hotel industry brand equity. This will lead to the development of ideas for future research.

Although the preliminary conceptual framework includes references to the value created for consumers and property owners, the empirical research which follows will focus on the meanings and explanations, of the different components, as attributed by hotel practitioners (comprising management consultants and senior staff of a leading UK hotel company). It does not seek the views of hotel industry consumers and hotel property owners. The following chapter discusses the rationale for this approach.

The preliminary hotel brand equity conceptual framework will guide and frame the empirical research undertaken for this study.

Now that the boundaries of the research problem have been determined, it is necessary to investigate the implications of the state of the available literature on the methodology for the empirical parts of this study. The next chapter addresses this.

4 RESEARCH METHODOLOGY

.1 Introduction

This chapter explains the methodology adopted for this study. This methodology is used to address the study's overarching aim which (as stated and explained in Section 1.4) is as follows:

> To evaluate critically the meanings and practical uses of the brand equity concept within UK hotel industry brand management.

To provide focus for achieving the study's aim and objectives, a preliminary hotel brand equity conceptual framework was developed. As discussed in the previous chapter, a purpose of the preliminary framework was to guide the empirical stages of this study.

This chapter starts by discussing the theoretical framework underpinning the research methodology. Following this, the research design is outlined and justified. The credibility of the research findings are then examined, followed by a discussion of the ethical issues which have had to be considered. The final section addresses the study's delimitations (which have been set around the study by the researcher).

-2 Theoretical framework

Metatheoretical Criteria for Theory Evaluation (Zaltman *et al.* 1973; Sheth *et al.* 1988) was introduced in Section 1.5. It was suggested that metatheoretical criteria are useful for evaluating marketing theories. Based on this, a central feature of a strong theory is having properly defined theoretical concepts. Supporting this proposition, this thesis seeks to make a step towards developing a theory of hotel industry brand equity' by clarifying the meaning of the key concepts involved in brand equity management, including developing new definitions of 'hotel brand' and 'hotel brand equity'. This will then provide the basis for further brand equity research by other researchers (following the completion of this thesis) to address other metatheoretical criteria such as examining relationships amongst theoretical concepts, and the production of confirming evidence gathered to support theory hypotheses. The central focus of this study is therefore on the meanings of key brand equity management concepts to create a better understanding of these, and provide a foundation for the development of a theory of brand equity.

Remenyi *et al.* (1998) argued that the choice of research methodology should be determined by a number of factors, including the nature of existing knowledge in the area being researched, the research objectives, and the time and resources available for the research study. The literature review found few conceptual and empirical studies that have focused on the concept of hotel industry branding and brand equity, and what has been produced have used different interpretations of the brand equity concept. It appears therefore that hotel industry brand equity is a little understood and confused phenomenon. In order to investigate this under-researched topic, an exploratory research study is appropriate and has been adopted (Hackley, 2003). This study explores the meanings and uses of the hotel brand equity concept within the context of UK hotel industry brand management. In addition to exploratory research being relevant, where the aim is to gain an insight into and a deeper understanding of a topic area with a limited knowledge base, it is also applicable where studies, through inductive reasoning, seek to build and generate ideas for future research (Remenyi *et al.* 1998; Robson, 2002), as is the case with this study. With an objective of this study being to develop pertinent propositions for further research, this is a justifiable rationale for conducting an exploratory study (Yin, 2003).

Given the aim of this study, an interpretive stance has been adopted. An interpretive approach was appropriate for this study because it enables a rich and insightful description of hotel industry branding and brand equity to be gained, it offers a way of researching branding and brand equity in depth and with sophistication without a statistically secure universalisation of findings, and it can be used in the initial construct formation phase of studies, such as this one, that aim for statistical generalisation at some future stage (Hackley, 2003). Interpretive approaches seek to understand a situation from the perspective of the participant (Locke *et al.* 1998). The participants in this study are UK-based hotel industry practitioners. Interpretation is a process by which meaning is attached to data (Hackley, 2003). The researcher builds an extensive collection of 'thick description' based on sources such as records concerning context and the perceptions of participants (Locke *et al.* 1998; Hackley, 2003). In order to develop this thick description, a variety of qualitative data collection methods are commonly used, such as in-depth interviews and the analysis of documentary materials (Locke *et al.* 1998). It has been argued that the interpretive perspective is particularly useful when trying to deal with the complexities of business and management (Remenyi *et al.* 1998). This is because business situations are complex, unique and a function of a particular set of circumstances and individuals (Saunders *et al* 2000). On this basis, for example, the situation found within an international hotel company such as Marriott Hotels is likely to be different than the UK-based De Vere. Not only are there differences in geographical focus, but also features such as corporate and branding strategies, organisational structure, and ownership may vary. This complexity, and the exploratory purpose of this study, lends itself towards a less rigid methodology than that possible through positivist approaches (Saunders *et al.* 2000).

This research study is concerned with the interpretation of the meanings and uses of the concepts of hotel industry branding and brand equity attributed by hotel industry practitioners. In the case of this study, practitioners will comprise UK hotel industry management consultants, senior corporate executives and hotel general managers. The empirical research elements seek to understand the definitions, explanations and interpretations these people have of the brand equity concept, and associated concepts and issues. As mentioned at the end of the previous chapter, although the framework includes reference to the value created for consumers and property owners, the views of these groups are not investigated during this study. It was considered that an insight into consumer and property owner issues would be possible through appropriate questioning of the management consultants and the hotel company executives and managers.

Given the interpretivistic stance, the study seeks to gain a rich and insightful understanding of hotel industry branding and brand equity. It does not seek, as a primary goal, to generate generalisable findings that may be representative of the wider population (Hackley, 2003). As stated above, the generation of a pattern of meaning (Creswell, 2003) will be used as a starting point for the development of a theory of hotel industry brand equity through the determination of ideas and hypotheses for future research.

In the introductory chapter, the 'positionality aspects' of the researcher were outlined. As an interpretive study, the researcher is embedded in the study (Walliman, 2006). It is important therefore for the researcher to take a reflexive stance (Hackley, 2003). Reflexivity in interpretive research means *'being aware of being aware'*, which implies open and transparent acknowledgement of all the circumstances of the research context, including the personal reflections of the researcher (Hackley, 2003: 57). The qualitative researcher, as in this case, should systematically reflect on who he or she is in the inquiry, and be sensitive to his or her personal biography and how it may shape the study (Creswell, 2003). This includes an acknowledgement of potential biases, values and interests (Creswell, 2003). It is also vital to consider the ethical issues that such a position creates for the study (Creswell, 2003). At the start of the research programme in 2001, the researcher anticipated there to be a variety of implications resulting from his personal background. For example, he felt that there would be certain benefits for the study, as well as a number of issues that would need to be handled with great care. With regards to possible benefits, he envisaged that his position as a hotel industry management consultant might assist him in gaining access to a hotel company, particularly if that company was an existing client of the researcher's company (i.e., KPMG). Also, given that he has regular dialogue with senior management of hotel companies, the researcher considered it likely that hotel companies would have confidence that any interviews would be undertaken in a professional manner. Conversely, there were certain issues that were expected as the research programme began. Chief amongst these was the existing values that might influence the study, and the ethical issues associated with being a management consultant undertaking an academic research study. As will be highlighted during this chapter, various controls were been put in place to address potential researcher bias over the data collection (Section 4.3) and analysis (Section 4.4), and the ethical issues (Section 4.6). Furthermore, the possible impact of the researcher's position on the study will be discussed during the concluding chapter of this thesis. Although a reflexive approach has been adopted by the researcher, the thesis is written in the third person. This is common in interpretive studies such as this (Hackley, 2003).

.3 Research design

Due to the exploratory purpose of this study and the objective of developing theory through gaining a deep insight into hotel branding and brand equity, a qualitative research design was utilised. A variety of writers have acknowledged the ability of qualitative research designs to probe a phenomenon in more detail than is possible via the more rigid quantitative approaches, including Hackley (2003). In light of this, Hackley (2003) suggests that interpretive approaches usually rely on qualitative data collection, such as interviews, for their major findings. Although qualitative research allows the potential to probe deeply, and uncover subtle and complex issues, it can take time to complete successfully and, as such, small samples are often used (Johns and Lee-Ross, 1998). In addition to this issue, three common criticisms targeted at qualitative research are that it is too subjective, it is often difficult to replicate, and there are problems associated with generalisation (Bryman and Bell, 2003). Consideration has been given to each of these criticisms during this study. In order to reduce subjectivity, great care has been taken during data collection and analysis, as discussed during the remainder of this chapter. A criticism of qualitative research is that it can sometimes be difficult to establish what the researcher actually did and how findings and conclusions were generated, thereby making replication of the study difficult (Bryman and Bell, 2003). This research study therefore seeks to make the data collection and analysis transparent. This is a virtue of this study that is discussed in more detail later in this chapter. Finally, the issue of study generalisation is also addressed later in this chapter.

In order to gain an insight into the interpretations and opinions hotel industry practitioners have of the brand and brand equity concepts, the empirical research undertaken involved two stages of research with two different practitioner samples, as follows:

- *Stage One* involved hotel industry management consultants based in the UK; and
- Following the completion of Stage One, *Stage Two* focused on the views of senior corporate executives and general managers that worked within a UK hotel company. This, along with an analysis of company-related documents and other relevant information sources, formed the basis of a case study.

Methodological considerations of each stage are discussed in the following sections of this chapter. In each case, the purpose, sampling approach, data collection method, and research participants are outlined. Once this has been discussed for each stage, the data analysis technique used to analyse the data from both stages is examined, along with the credibility of the research findings, ethical considerations, and research delimitations.

3.1 Stage One: Management Consultant Research

Purpose

The purpose of the management consultant research was to test some of the findings generated from the literature review, including the proposition that hotel branding and brand equity are relevant topics for this research study, and more particularly that there is confusion as to what is meant by the concept of brand equity within the specific context of the hotel industry, and how it can be used to assist with brand management. It also offered the opportunity to 'pilot test' some of the questions that had been planned as part of the hotel company case study to ensure that they were clear, focused and unambiguous (Robson, 2002).

Management consultants were considered appropriate respondents for the first stage of the research for a variety of reasons. Given the range of clients with whom management consultants work, it was believed that they might provide an informed view of the hotel brand equity concept. Management consultants also often work nationally and in some cases internationally, which it was considered would result in their interpretations reflecting international perspectives. The use of industry consultants is not a new approach. Indeed, comparisons of literature interpretations of branding concepts with those of industry consultants is an approach employed in previous branding studies, such as de Chernatony and Riley's (1998) investigation of the meanings of the concept of 'the brand', and de Chernatony and Segal-Horn's (2001) examination of the development and management of successful service industry brands.

Sampling

With the goal of this stage of the research being to assist in the understanding of meanings, rather than an attempt to gain statistical representation, a purposive sampling strategy was adopted (Creswell, 2003; Hackley, 2003). In order for a successful purposive sampling process, a critical review of the parameters of the available population was conducted to inform the selection of the sample (Silverman, 2005). The over-riding principle was to focus on 'quality' of participant rather than 'quantity'. In light of this, only management consultants that had a history of publishing in hotel industry trade journals, provide regular industry comment to media, and/or speak at conferences were invited to participate in the survey. This involved a search of conference programmes and proceedings (published during 2003), and a review of the trade press (to seek articles that were either authored by management consultants, or had industry comment provided by them) to formulate a 'long list' of possible participants.

Once a list of possible participants had been identified, telephone discussions were undertaken with each consultant in order to gain their levels of interest in participating in this study and to understand more fully their background in order to confirm their experience and seniority. It was a pre-requisite that the consultants had experience of working for a cross-section of branded hotel chains and independent hotels of differing quality standard levels (i.e., from budget through to luxury) across the UK and internationally. In addition to acting on behalf of hotel chains and independent hotelier clients, the consultants had to have experience of working with other hotel industry stakeholders, such as hotel property owners, and private and institutional investors and debt providers such as banks, private equity houses and venture capitalists. The intent was to identify management consultants that had broad experience of working within the hotel industry, particularly with hotel companies that own brands, as well as marketing consortia. At this stage, it was important to address ethical considerations such as ensuring that potential participants were made aware of the study's purpose, the procedures that would be undertaken, the nature of their contribution, the fact that anonymity would be assured, and the use of any resultant data. Given that the researcher worked in the hotel industry, as a management consultant, it was also important to make possible participants aware of this, and to confirm the academic nature of the research study, the non-attributable nature of their responses, and that an outcome of this piece of research would be a paper published in an academic journal and an article published in a hospitality management trade journal (refer to Section 1.8 and Appendix 1).

Following this process, a sample of 15 consultants was developed that met the selection criteria and had expressed an interest in participating.

Data collection method

Given the exploratory nature of this research study, an open-ended questionnaire was regarded an appropriate method to capture the data (Hussey and Hussey, 1997). Consideration was given to conducting face-to-face, depth interviews, but due to the time and geographical logistics of such an undertaking, with consultants spread across the UK and due to the limited availability of some consultants, this was not considered a viable option. It was acknowledged that although consultants were encouraged to write as much or as little as they wished on the questionnaire, the questionnaire method would not alone allow the opportunity for the researcher to discuss and probe particular responses in greater detail. However, given that the purpose of this piece of research was to challenge the findings and propositions generated from the literature review, an open-ended questionnaire was regarded as appropriate. Also, in order to mitigate the risk of unclear questionnaire responses, the researcher asked participants for the opportunity to conduct follow-up telephone conversations if needed.

Appendix 3 includes a copy of the cover letter and questionnaire sent to consultants. To allow sufficient free rein for participants to answer questions as they wished, the questionnaire comprised a set of open-ended questions. An open-ended questionnaire was useful as the purpose was to allow respondents to give an answer in their own way (Saunders *et al.* 2000). Critical to the success of the questionnaires was the need to carefully design the individual questions so that they are clear to the respondent (Saunders *et al.* 2000). The choice of questions was influenced by the preliminary conceptual framework developed following the literature review. In particular, the questions were guided by the research proposition explained in Section 3.9, including the following: the lack of clarity over the meaning of brand equity as well as the core brand concept; brand equity being associated with a number of related concepts such as added value, due to the benefits brands have been shown to create for consumers and the brand owners, and brand performance reflecting the desire of brand owners to develop and manage brands that are more successful than their competitors; the need for hotel companies to be able to manage their brands through the use of appropriate performance measures; and the lack of consensus over the usefulness of the brand equity concept. This research enabled these issues to be investigated. Specifically, the questionnaire was divided into two sections, namely (1) general participant details, and (2) the specific questions on branding and brand equity. Given this, in addition to general information about each respondent (i.e., name, company, position and years worked within the hotel industry), the questions asked included the following:

- What do you understand by the term hotel brand?
- Why do you think so many hotel companies brand their hotels?
- In what ways can hotel brands benefit consumers?
- What are the benefits for hotel companies having hotel brands?
- How would you define a successful hotel brand?
- How would you measure the success of a hotel brand? Why do you consider this an appropriate way to measure the success of a hotel brand?
- What challenges do you think hotel companies face when trying to develop and manage successful hotel brands?
- Have you heard of the term hotel brand equity?
- What do you understand by the term hotel brand equity?
- Do you think the hotel brand equity concept is useful?

Of the 15 questionnaires distributed via email (in November 2003), 11 completed questionnaires were returned to the researcher by February 2004. In some cases, follow-up telephone conversations were conducted by the researcher with certain respondents to discuss specific points in more detail, particularly where there was a lack of clarity in the case of some responses. As part of the wider method, these telephone conversations also provided an opportunity for the researcher to check the clarity of the questionnaire, including the ordering of questions, with respondents. These telephone conversations generated no negative comments and as such it was felt that the questionnaire met its objectives. Non-respondents were asked (via e-mail) for their reason for not participating. Three people responded by saying a lack of time prevented them from completing the questionnaires. One person did not reply to the email.

Research participants

In Table 28, the 11 respondents are shown. The job titles shown are those provided by the respondents themselves. Due to the non-attributable nature of this stage of work, the respondents' names are not shown. However, the table serves to illustrate the seniority of research participants within the field of hotel industry management consultancy. For example, four of the participants had 30 years or more experience.

Table 28: Profile of Management Consultant Research Participants

Consultant	Description	Male or Female	Years Worked Within Hotel Industry[21]
1.	Principal Hotel marketing consultancy	Male	32
2.	Principal Hotel marketing consultancy	Male	30+
3.	Senior Research Manager Hotel team within international consultancy	Female	25
4.	Director Hotel management consultancy	Male	30+
5.	Principal Hospitality management consultancy	Male	20+
6.	Director Hotel team within international management consultancy	Male	17
7.	Managing Director Hotel management consultancy	Female	20
8.	Vice-president Hotel team within international management consultancy	Female	15
9.	Senior Associate International hospitality sector consultancy	Male	8
10.	Senior Manager Hotel team within international consultancy	Female	8
11.	Director Hotel team within international consultancy	Male	30

[21] Years worked within hotel industry as of November 2003.

3.2 Stage Two: Hotel Company Case Study

Purpose

The second stage of the empirical research was a case study based on a UK hotel company. The purpose of this stage of the research was to build upon the findings of the management consultant research by further exploring and examining the meanings and uses of the brand and brand equity concepts attributed by senior executives and hotel general managers of Thistle Hotels.

A case study strategy was regarded appropriate due to the study's exploratory research objectives about a contemporary phenomenon over which the researcher had little control (Yin, 2003). Although case study strategies have been adopted for positivist research studies (e.g., Yin, 2003), they have also been used successfully for interpretive research using qualitative methods (Hackley, 2003). This includes within the context of commercial organisations (Robson, 2002), such as with this study. The case study strategy, using qualitative research methods, provided the opportunity to probe deeply and uncover subtle and complex issues in the under-researched area of hotel industry branding and brand equity. The strategy involved the use of a single-case, with the subject being a hotel company. The rationale for the use of a single-case is given later in this section.

Sampling

Similar to the management consultant research, the identification of the subject hotel company for the case study was based on purposive sampling criteria. A variety of criteria was established to identify possible subject hotel companies. This criteria was as follows: given that the geographic context of the research is the UK, the subject hotel company should only operate in the UK; as the overall topic is hotel branding and brand equity, the hotel company should own one or more brands; and given the different types of business format prevalent within the hotel industry, the hotel company should have a mixture of owner-operated, management contract and franchised hotels.

In order to develop a list of possible participant hotel companies, industry sources were used such as Martin Information (2005), which provided a list and analysis of all UK hotel brands in 2004. In the researcher's experience, Martin Information is a well-referenced source of hotel brand information as it has been used by a variety of national and international hotel companies for which he had undertaken consultancy work. Following an evaluation of options, including preliminary discussions with some possible participant hotel companies, Thistle Hotels was identified as the most suitable subject for the case study.[22] This was because Thistle Hotels adhered to each of the purposive sampling criteria, with the exception being it does not franchise its hotel brands. However, Thistle Hotels is UK-based, it has a commitment to branding with its 'Thistle' and 'Guoman' brands, and it is a large hotel company with 55 hotels located throughout the UK in 2004.

Following various discussions with the Chief Operating Officer of Thistle Hotels (the most senior corporate executive within Thistle in the UK), the company expressed an interest to participate fully, and was willing to allow the researcher open-access to interview management personnel, and review relevant strategies, reports and documents. A subsequent conversation with the Chief Operating Officer indicated that the acceptance to participate actively and openly was based on the existing relationship between Thistle Hotels and KPMG, and the researcher's experience of working closely with other hotel companies. Gaining access into relevant companies has been found to be a major challenge for business and management researchers (Remenyi *et al.* 1998). Indeed, some doctoral researchers have experienced particular difficulties in gaining access to hotel companies for their research, and when companies have agreed to participate it has been on an anonymous or restricted basis (e.g., Okumus, 1999). In light of this, the active participation of a major hotel company such

[22] Please note that the Chief Operating Officer of Thistle granted permission for the use of the company name in this thesis.

as Thistle Hotels is considered to be a particular attribute of this research study. The process by which access to Thistle Hotels was gained is discussed in the following section of this chapter.

As mentioned previously, qualitative research of an exploratory nature, such as this study, generally utilises small samples due to the time it takes to delve sufficiently into the relevant issues, some of which can be complex (Johns and Lee-Ross, 1998). Drawing on the rationale for single-cases proposed by Yin (2003), it is argued that the use of a single-case for this research is appropriate for two reasons. First, Thistle Hotels represents a 'revelatory case' in that the researcher has been able to study and analyse independently the traditionally difficult to access phenomena of UK hotel companies; second, it is an 'embedded case study' as it involves more than one unit of analysis, including interviews with staff at different levels within the organisation (e.g., the Chief Operating Officer, senior corporate level directors, hotel area managers, and hotel general managers), and different organisational functions (e.g., marketing, finance, and human resources). In addition, multiple data collection methods were utilised, as discussed later in this chapter.

Company access issues

It took the researcher seven months from initial approach to Thistle Hotels to gaining formal approval of their willingness to participate in this research. The steps taken to gain formal consent for Thistle being the subject of the case study, and access to necessary senior managers were as follows:

1) In April 2004, the researcher met with the KPMG Partner responsible for the client relationship with Thistle. Given Thistle's status as an audit client of KPMG, there was a strict protocol to adhere to in respect of approaching the client with regards to work placements, secondments, and other activities such as this research study. The first step of the process was to discuss the research proposal with the KPMG Partner so that he had the opportunity to question me on the purpose of the research, ethical considerations

associated with the proposed research which emanate from KPMG's relationship with Thistle, and other issues. Following this meeting, the KPMG Partner approved the researcher's approach with the Chief Operating Officer of Thistle Hotels to ascertain his appetite for participating in the study.

2) The initial approach to the Chief Operating Officer comprised sending an email that provided details about the researcher, the nature and objectives of the research study, the type of assistance being requested of Thistle, the benefits that Thistle could get from participation, and details of how the information would be used and presented. At this time, it was outlined that the purpose of the research would be to examine participants' interpretations of the meanings and usefulness of the brand and brand equity concepts and would not be a critique of Thistle Hotels' brand management practices. This email was sent in May 2004. A copy of the email is provided as Appendix 4.

3) Following receipt of the email, and some subsequent email correspondence, the Chief Operating Officer said that he would be willing to meet to discuss the research proposal in more detail. This meeting was conducted at Thistle's corporate offices in London in September 2004. During the meeting the Chief Operating Officer agreed to participate 'in principle' with the research, but requested further information, particularly in terms of the people to be invited to participate in interviews and the research timescales.

4) A detailed research proposal was sent to the Chief Operating Officer (dated 7th October 2004). An email from the Chief Operating Officer formally accepting the research proposal was sent to the researcher on 29th October 2004.

5) During November and December 2004, the list of interview participants was discussed and confirmed. The identification of possible participants was discussed with the Personal Assistant to the Chief Operating Officer. She became the researcher's main contact within Thistle.

6) The Thistle research started officially in January 2005 with preliminary reviews of relevant company documents (e.g., Annual Reports and Accounts). Documentation analysis continued throughout 2005. The manager interviews commenced in March

2005, and were concluded in July 2005. Prior to the interviews, a briefing note was sent to each participant. This is included as Appendix 5. Throughout this process, the researcher provided monthly updates to the Chief Operating Officer on progress and briefings on findings as they emerged.

Data collection methods

Multiple data collection methods were used to collect the evidence from the case study, namely in-depth interviews and reviews of company strategies and documents, and published hotel industry reports. It was expected that the 'triangulation' of multiple methods would improve the accuracy of judgements and results (Ghauri and Grønhaug, 2002). Other advantages of triangulation are that it can produce a more complete, holistic and contextual portrait of the object of the case study, and it enables an opportunity to check and validate information received from various sources (Ghauri and Grønhaug, 2002). Results generated through multiple methods do, however, have to be interpreted with due care, as it can be difficult to judge if the results from different methods are consistent or not (Ghauri and Grønhaug, 2002). For example, where published information sources conflicted, the researcher used his personal knowledge to judge which would be most appropriate for inclusion in the study.

With regards to the interviews, semi-structured interviews were used to collect the data. Due to the willingness of participants to be engaged with the study, it was possible to conduct follow-up discussions to investigate further particular issues generated during the interviews. In line with the interpretive approach, it was decided that the interviews should be semi-structured. Whilst this enabled control over the focus of the interviews and structure to the subsequent data analysis, it also allowed the opportunity to probe particular answers in more depth as necessary (Hussey and Hussey, 1997). It was felt that a benefit of this approach in relation to this exploratory study was the process of open discovery which could result should the matters discussed change from one interview to the next (Hussey and Hussey, 1997). All interviews were transcribed verbatim by a third party. This person worked within Sheffield Hallam University and had undertaken similar transcription work as part of other doctoral research studies involving depth interviews. The researcher then listened to each of the interview tapes and scrutinized the transcriptions in order to verify their accuracy. There were some potential disadvantages of employing semi-structured interviews which were considered during the planning of the research design, including the time-consuming nature of such research and the costs and time associated with transcribing the data following completion of the interview.

In addition to the interviews, Thistle Hotels provided a variety of company documents relevant to the study. These included Thistle's Brand Standards Manual, Thistle's induction presentation (which is given to all new staff), and the 2005 Business Development Research Consultant brand research. Following completion of the study, these documents were returned to Thistle Hotels. It should be noted that at the time of the researcher having access to Thistle (i.e., during 2005), Thistle did not have a Marketing Plan. The researcher was made aware that a Marketing Plan was in production, but would not be completed until 2006. This is discussed further in Chapter 5.

Interview guide

In order to provide structure and consistency to the data collection, an interview guide was developed. During construction of the schedule, reference was taken from the guidance provided by Arthur and Nazroo (2003) in order to optimise the chances of conducting effective interviews. Given the researcher's positionality, it was also thought that such a structure would minimise potential researcher bias. In light of this, the interview schedule was structured to adhere to the following principles (Arthur and Nazroo, 2003): in order to get participants talking and to set the tone of the interview as discursive and conversational, the opening topics should ease participants gently into the interview, so should be relatively straightforward to answer and unthreatening; the opening topics should provide an opportunity to collect relevant contextual information on the participants; introduce a discussion of definitions prior to investigating related topics; towards the end of the interview, it can be helpful to include questions which seek an overall summary of participants' attitudes or experiences as this may give a valuable indication of the weight they attach to different issues raised during the interview. It also allows a degree of 'mopping up' to enable the researcher to leave with a complete picture of the participants' view on the topics being investigated. For the purpose of this study, the balance to be struck in the construction of the interview guide was to provide a structure that would ensure that relevant issues would be covered systematically and with some uniformity, while allowing the researcher flexibility to pursue the detail which would be relevant to each participant (Arthur and Nazroo, 2003).

The questions that comprised the interview guide were based on a need to address the research objectives. The guide included three parts with questions that focused on (1) personal details of the participants, (2) their views on branding and certain associated issues, and (3) their views on brand equity. The interview guide used for this study is included as Appendix 6. An awareness of the participant's professional background was necessary to have an understanding of the experience upon which their interpretations might be based.

A similar structure to the questioning was developed as with the management consultant questionnaire. In order to investigate participant interpretations of brand equity, it was necessary to understand first their definitions of the core brand concept. Given this, a set of questions related to meanings and uses of the hotel brand concept followed the questions on personal details. During this part of the interview guide, a range of open-ended questions related to branding were included, including personal views on any confusion caused by the meaning of the concept and if it was considered important to have common meanings of such terms. Questions were asked about opinions on the benefits of hotel brands to both consumers and companies, as it has been argued in the literature that brand equity may stem from the value that consumers place on these benefits. Questions were then asked about how participants would define a successful brand and how such success would be measured.

Given that a core purpose of branding is to achieve competitive advantage, it was considered important to probe participants on their interpretations of what this meant in relation to hotel brands. The final question in this part of the interview guide focused on the challenges corporate executives and brand managers face when trying to achieve successful brands.

Once the participants' interpretations of the meanings, roles and uses of the core brand concept were established, the interview guide focused on hotel industry brand equity. In this part, a series of open-ended questions were asked, firstly to investigate general awareness of the concept and then, based on interpretations of what is meant by it, how useful a concept it is in terms of brand management. Following this, participants were asked to consider the benefits to companies of developing and managing brand equity, and how to measure these.

Pilot testing

It was considered important to pilot test the interview guide to optimise its use during the 'real life' situation with Thistle's executives and managers. This would allow the researcher the opportunity to test that the guide would generate the clarity, scope and depth of data being sought (Arthur and Nazroo, 2003). It was deemed important for the interview guide to be tested on someone with a detailed knowledge of the hotel industry, given that this would be the situation when interviewing Thistle staff. The interview guide was piloted with the UK Head of KPMG's Hotel Advisory Team in January 2005. The planning, completion and follow-up of the interview was conducted as if a 'real life' interview. This allowed the researcher to pilot the pre-interview briefing information, the interview guide itself and the follow-up correspondence. Following the completion of this, the participant was invited to feedback comments on the entire process. This yielded few comments. The most important was that the interview should commence with a brief summary of the purpose of the research, as some of the interviewees may not have had an opportunity to read through the pre-interview briefing note due, for example, to time pressures and work commitments. The participant in the pilot interview said that he found this useful given the range of questions that followed. The comments were used to inform the completion of a final interview guide.

Research participants

In terms of participants for the interviews, the focus was on 'quality' of participants rather than 'quantity'. Because of the embedded nature of the case study (Yin, 2003) it was necessary to gain access to a mixture of senior people within the organisation, including both corporate executives that work within central functions, and hotel General Managers who work at the individual hotel level.

As shown in Table 29, 12 senior managers of Thistle Hotels participated actively in the research programme. Of these, seven could be classified as corporate executives who work within the Head Office of Thistle in the marketing, finance, human resources and distribution functions. In addition to the Chief Operating Officer, the most senior person within each function participated in this study. The completion of 'elite interviews' (Gillham, 2000) with Thistle's most senior corporate executives is considered a major strength of this research study, as initial discussions with the Chief Executive Officer made clear these managers had close involvement with the setting of corporate strategy, allocation of departmental budgets and monitoring and evaluating the operating and financial performance of the company, as well as leading on particular corporate initiatives that were relevant to this research study such as the Brand Standards Manual (which is discussed in Chapter 6). Due to this, gaining an understanding of perceptions of the meanings and uses of branding and brand equity was considered particularly insightful. In terms of operational staff, five General Managers participated. Between them, they had management responsibility for 20 hotels, accounting for 40 per cent of the total portfolio (as at March 2005). With respect to gender, eight participants were male and four female.

Table 29: Profile of Thistle Hotels' Research Participants

Thistle Manager	Description	Male or Female	Years Worked in Hotel Industry[23]
1.	Chief Operating Officer	Male	21 years
2.	Chief Financial Officer	Male	6 months
3.	Sales and Marketing Manager	Male	10 years
4.	Brand Manager	Male	8 months
5.	Director of Distribution	Female	7 months
6.	Director of Human Resources	Female	19 years
7.	Special Projects Officer	Male	7 years
8.	Area General Manager, London Hotels	Male	15 years
9.	General Manager, Kensington Park, Kensington Palace, and Lancaster Gate hotels	Male	19 years
10.	General Manager, Tower Thistle	Male	15 years
11.	General Manager, Luton	Female	20 years
12.	General Manager, Manchester City, and Manchester Airport hotels	Female	18 years

[23] Years worked in hotel industry as of March 2005.

.4 Data analysis methods

As mentioned previously in this chapter, the same data analysis technique was used to analyse the findings from both the research stages. The process of qualitative data analysis involves making sense of text data (Creswell, 2003). This involved preparing the data for analysis, conducting different analyses, moving deeper and deeper into understanding the data, representing the data, and making an interpretation of the larger meaning of the data (Creswell, 2003).

In order to provide structure to the data analysis, the Analytical Hierarchy developed by the National Centre for Social Research[24] was used (Spencer *et al.* 2003). This is shown as Figure 5. As described by Spencer *et al.* (2003), the Analytical Hierarchy provides a process through which qualitative findings can be built from the raw data generated through the empirical research. Although interpretation and the assignment of meaning takes place throughout the analytical process, it is characterised by two stages, namely (1) the management of the raw data and (2) making sense of the evidence through descriptive and explanatory accounts (Ritchie *et al.* 2003). Spencer *et al.* (2003) described it as a form of conceptual scaffolding within which the structure of the analysis can be forged. As the process is iterative, constant moving up and down the hierarchy is often necessary. At each stage of the process, the researcher is able to gain an overview and make sense of the data.

Prior to commencing the empirical research stages of this study, the use of the Analytical Hierarchy was considered appropriate for this study for two main reasons. First, it was felt that it would provide some structure to the interpretation of an expected large body of raw data. As with many qualitative studies, it was thought that the data generated would be highly rich in detail, but unwieldy and intertwined in content (Ritchie *et al.* 2003). In the case of this study, the raw data comprised the questionnaire responses in Stage One, and the interview

[24] The National Centre for Social Research was established in 1969. It promotes itself as Britain's largest independent social research organisation. It carries out qualitative and statistical research across social policy areas for central government departments and others (Ritchie and Lewis, 2003).

transcripts from Stage Two's case study. The second reason for the use of the Analytical Hierarchy was to provide some transparency to the analysis of the data. As mentioned previously, the researcher's positionality is such that providing transparency of the data collection and analysis was regarded paramount. An attribute of this approach for this study was that it facilitated transparent data management so that all stages can be conducted systematically (Ritchie *et al.* 2003). Ritchie *et al.* (2003) outlined the activities involved in the carrying out of qualitative analysis using the Analytical Hierarchy.

Figure 5: The Analytical Hierarchy Used for the Data Analysis

Seeking applications to wider theory / policy strategies		**Iterative process throughout analysis**
Developing explanations (answering 'how' and 'why' questions)	***EXPLANATORY ACCOUNTS***	*Assigning data to refined concepts to portray meaning*
Detecting patterns (associative analysis and identification of clustering)		↕
Establishing typologies	***DESCRIPTIVE ACCOUNTS***	*Refining and distilling more abstract concepts*
Identifying elements and dimensions, refining categories, classifying data		↕
Summarising or synthesising data		*Assigning data to themes / concepts to portray meaning*
Sorting data by theme or concept (in cross-sectional analysis)	***DATA MANAGEMENT***	↕
Labelling or tagging data by concept or theme		*Assigning meaning*
Identifying initial themes or concepts		↕
RAW DATA		*Generating themes and concepts*

Source: Spencer et al. (2003: 212)

.5 Credibility of the research findings

During the planning stages of the research, decisions had to be made to optimise the quality of the data collected and the credibility of the findings (Locke *et al.* 1998). Two particular characteristics had to be considered, namely validity and reliability (Johns and Lee-Ross, 1998; Locke *et al.* 1998; Remenyi *et al.* 1998; Lewis and Ritchie, 2003). Validity refers to the correctness or precision of the research; in qualitative research this involves the extent to which the phenomenon under study has been reflected accurately as perceived by the study population (Lewis and Ritchie, 2003). Reliability concerns the replicability of the research findings and whether or not they would be repeated if another study, using the same or similar methods, was undertaken (Lewis and Ritchie, 2003). Although the criteria for evaluating validity and reliability were developed for positivist research designs, they are valid quality checks to impose on this study's non-positivist approach (Remenyi, *et al.* 1998).

The validity issues internal to the study were considered to ensure that it truly addresses what is being examined (Locke *et al.* 1998). In the case of this interpretive study, with its focus on capturing data which is rich in explanation and analysis, the aim was to gain full access to the knowledge and meanings of those participants involved (Hussey and Hussey, 1997). Some of the most common problems of internal validity stem from an inappropriate choice of data collection methods, both in terms of whether it is appropriate given the research question and also whether it collects data in a consistent manner (Locke *et al.* 1998). Due to this, to mitigate against potential internal validity problems, the following steps were taken during this research study: the methodology was tailored to the research question being asked; semi-structured interviews were undertaken to ensure a consistent approach to data collection; where possible the triangulation of data collection was conducted in order to provide a view of the facts from different angles; and a structured approach to data analysis was employed. These steps also served as an attempt to minimise potential data collection and analysis bias on behalf of the research.

There is debate amongst qualitative researchers over whether qualitative research findings are capable of supporting wider inference (e.g., Easterby-Smith, *et al.* 2002; Lewis and Ritchie, 2003; Silverman, 2005). According to Lewis and Ritchie (2003), generalisation can be seen as involving three linked but separate concepts: representation generalisation, inferential generalisation and theoretical generalisation. Representation generalisation refers to whether what is found in a research sample can be generalised or held to be equally true of the parent population from which the sample is drawn. In the case of this study, this would mean that either the population of hotel companies from which the sample was taken is homogeneous (e.g., in terms of mission, corporate strategy, values, brand strategy, geographic presence, and organisational structure) or the sample size is sufficiently statistically representative of the population. Hotel companies are clearly not homogeneous entities as evidenced by the vast range of different types of company, and the variety of branding strategies and applications adopted within the hotel industry (as assessed in Chapter 2). Representation generalisation is not a goal of this study, nor is it usually achievable in qualitative research. Inferential generalisation relates to whether the findings from a particular study can be generalised, or inferred, to other settings or contexts beyond the sampled one. This could also apply if the population is homogeneous. The third of Lewis and Ritchie's (2003) types of generalisation is theoretical generalisation. This is where theoretical propositions, principles or statements can be drawn from the findings of a study for wider applications. This study seeks clarity over what is meant by hotel brand and brand equity, as well as identifying and, where possible, providing some insight and possible explanation into any relationships between the stages of the preliminary conceptual framework. The study seeks theoretical generalisation in that the theoretical statements and propositions that will be generated by this study will be positioned as having potential for wider application. The limitations of this, and other issues, will be discussed in the concluding chapter of this thesis.

.6 Ethical considerations

As a research study which sought to investigate people's interpretations within real-life commercial contexts, there are a variety of ethical issues that have been considered. In line with guidance from Ghauri and Grønhaug (2002), the following ethical issues were considered during the planning stage of this study's research design. These were considered at the beginning of the research process. To get informed consent, all participants were provided with a complete picture of the research study in terms of purpose, aims and objectives, the type of information being sought, access requested for the research, and how the data generated would be used. All participants were assured of anonymity and confidentiality. Appropriate and simple language should be used whilst interacting with participants so that they would not be confused by certain terminology (which was critical given the variability of terms within the marketing lexicon). Finally, participants should be invited to answer questions as fully as they wished; participants should not be forced or coerced into answering questions.

Because the researcher worked within the hotel industry as a management consultant during the period of this research, some specific ethical issues were created that needed to be addressed. During all initial correspondence, the researcher made participants aware of his position. During these early stages, participants were assured that all information gathered as part of this research study was for academic purposes only. Whilst they were made aware that the findings would be published in a thesis that would be in the public domain, they were assured (in addition to the other ethical issues examined previously in this section) that all interview transcripts and company documents would either be destroyed (in the case of the transcripts) or returned (as with company documents) following completion of the study and not used for any commercial purposes as part of the researcher's management consultancy work.

With Thistle Hotels being an audit client of the researcher's company, there were also some ethical issues to resolve. These included ensuring that all relevant KPMG Partners were involved in the planning stages of the case study, including initial discussions with the Chief Operating Officer so that both the researcher's company and Thistle Hotels understood fully the purpose and outcomes of this research study, and that the audit relationship would in no way be affected. This was confirmed in correspondence between KPMG and Thistle Hotels. It is important to clarify that as the researcher is not a Chartered Accountant he had no previous connection with Thistle Hotels as part of any audit. He did not have existing personal relationships with Thistle management nor did he bring an insider's view of the organisation.

7 Research delimitations

Specific boundaries were placed around this research study by the researcher. These were as follows: the research was set within the context of the UK hotel industry; a goal of the study was to investigate the meanings and uses of the brand equity concept within the context of hotel industry brand management; and as an interpretive study, it does not seek to generalise findings across different situations.

8 Chapter summary

This chapter discussed the methodology adopted for the study. The rationale for the exploratory purpose was outlined, as were the reasons for the interpretive stance taken. The qualitative research design was explained prior to discussing the purpose, sampling strategy, data collection methods and research participants for both the management consultant research stage and the case study which focused on Thistle Hotels. The particular issues faced with seeking and gaining access to Thistle were summarised. The final sections of the chapter explained the Analytical Hierarchy (as the data analysis tool used), the considerations associated with the credibility of the research findings, and the relevant ethical issues that have had to be addressed in light of the researcher's positionality. The boundary of the study was framed through an explanation of delimitations. Table 30 summarises the key features of the design of each stage of the empirical research programme. It should be noted that the review of the literature was undertaken prior to and during the empirical stages of this study. A continual literature review was required to challenge literature-based assumptions and propositions against the findings of the empirical research, and highlight areas of additional literature searching that may be necessary given emerging findings and issues.

Table 30: Summary of the Research Methodology and Design

	Stage One – Management Consultant Research	**Stage Two – Thistle Hotels Case Study**
Positionality aspects of the researcher	Long-standing hotel industry management consultant; Director within the hospitality and leisure sector consultancy team of an international business advisory firm (KPMG); Worked in the hotel industry since 1994; Male.	
Purpose of the research study	Exploratory	Exploratory and explanatory
Methodological stance	Interpretive	Interpretive
Research approach	Qualitative	Qualitative
Research strategy	Questionnaire survey	Single-case study
Sampling strategy	Purposive	Purposive
Source of empirical data	UK	UK
Participant sample size	11 participants	12 participants
Gender of respondents	Male and female	Male and female
Data collection methods	Open-ended questionnaire	Multiple methods including semi-structured interviews, and reviews of company documentation
Data collection period	November 2003 – February 2004	January – December 2005
Time horizon	Cross-sectional	Cross-sectional
Data analysis framework	Analytical Hierarchy	
Relevance to hotel industry	Direct	

MANAGEMENT CONSULTANT RESEARCH FINDINGS

.1 Introduction

In this chapter, the findings from the management consultant research are provided. The purpose of the management consultant research was to test some of the findings generated from the literature review, including the hypothesis that hotel branding and brand equity is a relevant topic for this research study and that there is confusion as to what is meant by the concept of brand equity within the specific context of the hotel industry.

2 Presentation of the research findings

Each of the sections in this chapter is structured similarly. In line with the Analytical Hierarchy, each section starts with the raw data (i.e., the questionnaire responses provided by participants). Because of this, the consultant's responses to the questions are provided verbatim. A virtue of this approach is that it makes the subsequent analysis of the data open and transparent. Once the raw data has been presented in each section, the responses are deconstructed to bring out the meaning of the data. This is done through the identification of predominant themes identified in the data. This is intended to highlight commonalities and differences of opinion.

It is important to reiterate that only the findings generated by the research are presented in this chapter. The researcher has not sought to analyse the implications of the data on the wider study during this chapter, other than in terms of identifying and classifying the various themes present in participant responses. Clearly, there is some interpretation involved in identifying and classifying the themes. However, the level of analysis of the data is minimal at this stage. This is the same as with Chapter 6, which presents the findings generated through the case study. Both this chapter and Chapter 6 therefore summarise what was found by the two stages of empirical research. The presentation of the raw data, and the identification of the themes present, is intended as a pre-cursor to the discussion of what judgements can be made from the findings, which is provided in Chapter 7.

.3 Definition of hotel brand

Participants were asked what they understood by the term 'hotel brand'. All participants answered this question. As can be seen in Table 31, a variety of definitions were provided.

Table 31: Definitions of Hotel Brand Provided by Management Consultants

Consultant	Definition
1	*A name used to link hotel properties offering a standard set of facilities and generally of a similar quality / price level. It also involves a common set of 'values' which are not linked to physical facilities, and may include things such as 'traditional', 'exclusive', 'friendly', 'stylish', etc.* *It's much more about the intangibles than specific facilities and services at the upper end of the market than it was 20 years ago. Budget brands are more about product quality/ value/price.*
2	*Shorthand for telling customers what they can expect (i.e., emotionally, physically and price parameters) for briefing staff on what they are expected to deliver for briefing suppliers on what they are expected to deliver. A communication device to enable differentiation to be defined for both consumers and hotel companies. In the real world, consumers know that not all members of a brand deliver the same experience – partly driven by property age and partly by local management skills. (Most of what I've written is from the perspective of groups of hotels, but individual hotels can be brands in their own right).* *Brand has become too easily 'bandied around'. It stems from the 'fast moving consumer goods world' where the marketers in essence control product definition, quality, distribution channels, pricing and brand values in considerable detail. Hotels are far less controllable and far more in the hands of individual operators over an extended time period – makes branding much more difficult. Hotels have become more about 'badges' than 'branding' but the big badges still seem to outperform the small ones, so it can't all be bad. And, it leaves room for modest success (in scale terms) by entrepreneurs such as Hotel du Vin.*
3	*A unique name / symbol / trademark that differentiates the hotel product and service offering from its competitors.*
4	*A true brand offers a series of fixed / defined brand values, both hard and soft, across all trading outlets bearing that brand name. In true terms, there are very few true hotel brands, perhaps Accor's portfolio or the more modern budget chains being the best examples. Conversely, I would not consider any loose marketing consortia such as Best Western, Logis de France etc. as being hotel brands.*

5	*An immediate association (and objective / emotional response) with delivery of the customer expectations of: service; quality; product mix and offers; price / value equation; facilities; 'corporateness'; promotions / incentives e.g. loyalty programmes, leisure breaks, etc.*
6	*A hotel brand should be associated with the nature of the experience you receive when staying in a particular group of hotels. However, I don't think any of the major hotel chains achieve this. Marriott has tried through their eponymous and charismatic leader but at best they succeed in their owned hotels, but the link with some of the franchised hotels is in name only. Hilton International / Hyatt / Sheraton do have a brand quality of safety.*
7	*The name and / or logo and / or design and / or colour code and / or distinctive lettering which identifies a particular group / chain / consortium of hotels. It is usually used to project a standardised offer to customers and to differentiate it from its competitors.*
8	*A hotel brand is a group of hotels bound together by a common essence or set of values. The brand delivers a perception of what a user can expect to buy. The brand can also be the look and feel (i.e., the logo, signage, collateral – all of which will deliver a perception and reflect the values inherent in the group of properties). A 'hard brand' can be described as owning and driving the essence, whereas a 'soft brand' drives associated implication and allows a hotel to retain individual identity. A brand is also a recognisable commodity to a target audience.*
9	*A 'standardised hotel product' - This standardisation may take various forms, including: site location context (i.e., urban, country house, coastal, etc.); quality of fit-out and service; and the range of amenities available. It might of course include just one or all of the above.*
10	*A hotel brand reflects the hotel's 'DNA' and values.*
11	*A brand conveys what a consumer will get ... a promise of a certain quality and service achieved through standardising the offer. The brand also makes a statement about me.*

The predominant themes identified within the data were 'brand values', 'differentiation', 'shorthand / promise', 'standardisation', and 'name / logo'.

'Brand values'

The consultants were not always clear in clarifying some of the sub-topics which are integral to their particular definitions. A case in point is 'brand values'. For example, although Consultant 1 explicitly mentioned that brand values are not linked with physical facilities, but relate to feelings and emotions such as 'traditional' and exclusive', Consultants 4, 8 and 10 did not explain what they meant by the term. Indeed, Consultant 4 introduced the associated concepts of 'hard and soft' brand values without articulating their meaning.

'Differentiation'

Differentiation was linked with the use of a name or logo by Consultant 3 who felt that a hotel brand is '*a unique name / symbol / trademark that differentiates the hotel product and service offering from its competitors'*. Consultant 7 offered a broadly similar definition to this. By way of comparison, Consultant 8 related the role of the brand as differentiating itself to its target market by suggesting that a hotel brand is a *'recognisable commodity to a target audience'*.

'Shorthand / promise'

The definitions included a variety of ways of suggesting that a hotel brand enables consumers to understand what they can expect when they purchase the brand. For example, Consultant 2 felt that a hotel brand should be *'a shorthand for telling customers what they can expect (i.e., emotionally, physically and price parameters)'*. Even though Consultant 11 appears to agree with this sentiment, he also related the promise of performance with product standardisation by defining a hotel brand as follows: *'a brand conveys what a consumer will get ... a promise of a certain quality and service achieved through standardising the offer'*.

'Standardisation'

Based on the definitions offered by consultants, views on standardisation of hotel brands differed. Consultant 9 suggested that standardisation in hotel brands can take many forms such as brands having standardised locations for their hotels, quality of the hotel's fit-out, service, and range of facilities. Consultant 1 also felt that standardisation was reflected in facilities and quality levels, but also suggested pricing levels and brand values were generally standard across branded hotel chains. Other consultants suggested that a hotel brand *'is usually used to project a standardised offer to customers'* (Consultant 7).

'Name / logo'

Participants appeared to have alternative views on the role of the hotel brand as a name or logo. These included the name being used *'to link hotel properties offering a standard set of facilities and generally of a similar quality / price level'* (Consultant 1) to *'a unique name / symbol / trademark that differentiates the hotel product and service offering from its competitors'* (Consultant 3). Consultant 7 also related the brand name with its role as a differentiator.

Other observations

A number of other observations can be made on the responses to this particular question. In some cases, a number of themes were mentioned in single definitions. For example, Consultant 1 viewed 'hotel brand' as a multi-dimensional construct by mentioning 'name', 'standardisation', and 'common values' in their definition, as follows:

> *A name used to link hotel properties offering a standard set of facilities and generally of a similar quality / price level. It also involves a common set of 'values' which are not linked to physical facilities, and may include things such as 'traditional', 'exclusive', 'friendly', 'stylish', etc.*

In other cases, less multi-dimensional definitions were provided. For example, Consultant 9 focused solely on 'standardisation' with the following definition:

> *A 'standardised hotel product' - This standardisation may take various forms, including: site location context (i.e., urban, country house, coastal, etc.); quality of fit-out and service; and the range of amenities available. It might of course include just one or all of the above.*

Interestingly, although not prompted in the questionnaire, some participants questioned the general effectiveness of branding within the hotel industry. For example, Consultant 4 described a 'true brand' as a brand which *'offers a series of fixed / defined brand values, both hard and soft, across all trading outlets bearing that brand name'.* They mentioned that, based on this definition, there are very few true brands within the hotel industry, citing Accor's portfolio of hotels and contemporary budget hotels as examples. Others agreed that creating and managing brands within the hotel industry is challenging due to reasons such as the difficulties related to 'controlling' the product, a feature which is not found in the case of fast moving consumer goods. Consultant 3 stated the following:

> *It stems from the fast moving consumer good world where the marketers in essence control product definition, quality, distribution channels, pricing and brand values in considerable detail. Hotels are far less controllable and far more in the hands of individual operators over an extended time period – makes branding much more difficult.*

4 Why hotel companies brand their hotels

When asked for the reasons why so many hotel companies brand their hotels, the consultants responded as per Table 32. All participants except Consultant 11 answered this question.

Table 32: Reasons for Hotel Industry Branding

Consultant	Reasons for Hotel Industry Branding
1	*Because they know that customers can develop loyalty to a brand so a branded hotel can usually expect to attract a larger market share in any given location than an unbranded one. Customers buy what they are familiar with and will most likely choose a known product when going to a new destination. Brands are also selected by franchisees because they also come with established reservation systems and marketing support - though this is again about getting a larger share of the market.*
2	*It is efficient in marketing, development and operating terms (compared to unbranded). It enables easy 'repeat purchase' in different locations and easy recommendations to friends. It appears to work. Everything else is branded.*

3	*Differentiation and consumer recognition. Leveraging value, charging premium price. Assurance of a particular level of quality and service for consumers. Signature features, etc. From an investment point of view, branding makes sense with the value of the brand a corporate asset, impacting the value of the group or individual hotel. In terms of raising finance (related to point above) there is likely to be a greater demand for capital in the future and affiliation to a particular brand is important. Distribution – includes Internet-related issues and access to consumers. Chains will be advantaged in the future. To engender customer loyalty.*
4	*Because they think that the consumer will 'buy' the fact that they really are a brand. Because they think that the consumer will consider their product as more professional / up to date. Because they think they can charge a price premium. Because they think it can lead to brand loyalty. Because they provide a central reservation office / Global Distribution Systems.*
5	*To differentiate and enable the business & leisure traveller to gain comfort - i.e. what the brand will offer irrespective of the location / country.* *Accommodating someone, as the word implies, can be daunting for the traveller who wants to know what they will get – security, service, food offer, facilities, price etc. It should deliver the reassurances which people are likely to be prepared to pay for.* *Branding also helps in booking, either direct through web or phone, or via an agency as the customer immediately knows what they will get and have an indicative price in their mind. Loyalty cards are also part of the branding exercise and done well may 'force' buying decisions even when the price or location is not ideal e.g. not city centre but the points earned may deliver a free stay etc.*
6	*Because it is the accepted wisdom and because only through branding (or is it loyalty cards?) can you easily transfer a customer between properties.*
7	*To generate increased profits. To create value (the more profits the brand generates, the greater the value of the business). As a means of creating a standardised product and thus economies of scale. In order to build-up/create "associations" with a product. To create a "known" / recognised product which can generate higher room occupancy and average achieved room rate levels (customers are willing to pay a price premium for a "guarantee" of minimum facilities, standards and quality). To create customer recognition, loyalty and thus repeat purchase and consequently reduce marketing / selling expenditure. Brands can be used to segment markets e.g. Accor (Sofitel, Novotel, Ibis, Formula 1, Etap, etc.).*
8	*Many hotels drive revenue due to the recognition and perception that the brand holds - e.g. Holiday Inn. The brand not only drives recognition but also provides the technology to tap into the distribution market and demand for that particular brand. A brand also allows a hotel company to automatically benefit from established values and perceptions rather than have to start from scratch. Essentially a hotel company will choose to 'brand' in order to ultimately drive demand and revenues.*
9	*I believe that the standardisation of the product or concept is primarily used as a*

	benefit to the consumed – and as a consequence, bringing benefits to the hotel operator. By establishing a form of standardisation (be that in the form of physical product, service levels, or quality, etc.), the consumer learns to associate a package of attributes with a 'brand name'. If the consumer likes the product he or she is able to make future accommodation choice more quickly and easily. Some of their selection criteria for the type of product they like have already been dealt with. People, by their nature, are lazy and prefer to stick with what they know, rather than risk on an unknown product (typically an independent operation). Branding is a means by which hotel operators are able to monopolise on this trait of human nature.
10	*To provide a message to the marketplace concerning such values – supposing both attractive and re-assuring for potential customers.*
11	No answer given.

The themes that got the most mentions were 'brand loyalty', 'recognition / familiarity with the brand name', 'distribution channel benefits', and 'consumers prepared to pay a price premium'.

'Brand loyalty'

In terms of brand loyalty, Consultant 1 made a clear statement about its role in the hotel industry by proclaiming that hotel companies brand their hotels '*because they know that customers can develop loyalty to a brand so a branded hotel can usually expect to attract a larger market share in any given location than an unbranded one*'. Consultant 2 believed that brand loyalty aids consumer decision-making by stating '*it enables easy repeat purchase in different locations and easy recommendations to friends*'. Consultant 9 would seem to support this standpoint by stating the following:

> *If the consumer likes the product he or she is able to make future accommodation choice more quickly and easily. Some of their selection criteria for the type of product they like have already been dealt with. People, by their nature, are lazy and prefer to stick with what they know, rather than risk on an unknown product (typically an independent operation). Branding is a means by which hotel operators are able to monopolise on this trait of human nature.*

According to Consultant 6, the guest loyalty programmes of the hotel chains could be important in forging brand loyalty within the hotel industry. Consultant 5 also raised the capability of loyalty programmes to influence consumer behaviour, by stating *'loyalty cards are also part of the branding exercise and done well may force buying decisions even when the price or location is not ideal e.g. not city centre but the points earned may deliver a free stay etc.'*.

'Recognition / familiarity with the brand name'

Consultant 8 felt that *'many hotels drive revenue due to the recognition and perception that the brand holds - e.g. Holiday Inn'*. By way of comparison, Consultant 7 related brand recognition to marketing cost efficiencies created through the loyalty that is engendered. Consultant 1 mentioned that a consumer's recognition of a brand may be particularly important when travelling to new destinations.

'Distribution channel benefits'

The distribution benefits mentioned by consultants were various. Different distribution channels were cited, such as the Internet (Consultants 3 and 5), and the Central Reservation Offices of branded hotel chains and Global Distribution Systems (Consultant 4). According to Consultant 5, hotel brands enable consumers to have an understanding of what they are going to get for their price when they book through different distribution channels. Specifically, he believed that *'branding also helps in booking, either direct through web or phone, or via an agency as the customer immediately knows what they will get and have an indicative price in their mind'*.

'Consumers prepared to pay a price premium'

The ability of hotel brands to get consumers to pay a price premium was mentioned by three consultants. However, different viewpoints emerged. Whereas Consultant 3 considered branding to enable an ability to charge a price premium, others suggested that this is a goal. For example, Consultant 7 felt that branding should be about creating *'a "known" / recognised product which can generate higher room occupancy and average achieved room rate levels (customers are willing to pay a price premium for a "guarantee" of minimum facilities, standards and quality)'.*

5 Benefits of hotel brands to consumers

Participants were requested to outline the benefits that hotel brands provide for consumers. The responses provided are shown in Table 33. As can be seen, all participants with the exception of one (Consultant 11) answered this question.

Table 33: Benefits of Hotel Brands to Consumers

Consultant	Benefits to Consumers
1	*I fear they are not there to benefit consumers! However: Consumers get products they are familiar with and can rely on; They can get loyalty programmes benefiting individuals; Corporate discounts which apply nationally and internationally.*
2	*Provide customers with an enjoyable experience (or at the very least make sure they are not unhappy) by: delivering the same emotional, material and service standards everywhere, every day; ensuring delivery matches promise and visa [sic] versa, everywhere, every day.*
3	*For companies that actively manage their brands, the consumer will become part of a customer-focused company. The consumer may be rewarded for their loyalty by consistent quality in terms of product and service, etc. Peace of mind? In theory at least! Although I am not sure customer loyalty is assured for chains and this partly explains the popularity of smaller lifestyle properties where consumers really are valued.*
4	*Expectations are defined and therefore 'I know what I am buying' and am therefore less likely to be disappointed. Basis of any complaint more easily defined. Can't think of any others – how sad! what an indictment.*
5	*Deliver expectations = satisfied and returning customers. Re-assurance, security and no surprises especially in a foreign place. Know budget parameters. Facilitates (makes easier) buying choices. Aware of products, services, quality levels & price banding. Promotes 'frequent flyer club' type usage.*
6	*If there were good brands, customers would benefit from certainty of product – this can only be achieved at a very basic level. For example, in a Premier Lodge you will get a 6 ft bed, in a Holiday Inn in the US you will get 2 queen size beds, but no hotel brand in the World can guarantee a good bacon sandwich, let alone a*

	polite receptionist.
7	*A "guarantee" of minimum standards, facilities, quality – especially important when travelling to far away, underdeveloped countries. One finds "security" in staying in a known, usually "Western" brand. Loyalty cards / points (particularly attractive when the company is paying the bill) benefit the customer personally. Gold / Platinum cards also benefit the customer personally – with advantages such as free upgrades, etc. Central reservations system – easy to book. Only need to remember one number.*
8	*Delivers to expectations. A consumer gets what he/she expects. Perceived value. Positive experience.*
9	*Successful brands can make it easier for the consumer to select accommodation in a crowded market. They can raise benchmark standards within a market place.*
10	*By delivering on the values, they match and manage consumer's expectations.*
11	No answer given.

The main themes found in the data were 'standardisation', 'loyalty benefits', and 'ease of booking'.

'Standardisation'

Standardisation reflects the ability of brands to make consumers aware of what they are going to get in return for their purchase. Consultant 4 said succinctly that consumers want to think *'I know what I am buying'*. Others agree with this standpoint. For example, Consultant 7 felt successful hotel brands benefited consumers by offering '*a "guarantee" of minimum standards, facilities, quality – especially important when travelling to far away, underdeveloped countries'*. This implies that consumers can develop some form of trust in hotel brands, particularly when travelling to unfamiliar destinations where there may be certain risks associated with the purchase. This is a view also supported by Consultant 5 by saying *'reassurance, security and no surprises especially in a foreign place'*.

'Loyalty benefits'

In terms of loyalty-related benefits, Consultant 7 believed guest loyalty programme cards to be important by saying the following:

Loyalty cards / points (particularly attractive when the company is paying the bill) benefit the customer personally. Gold / Platinum cards also benefit the customer personally – with advantages such as free upgrades, etc.

'Ease of booking'

Two consultants felt that hotel brands made the booking of hotel accommodation easier. No. 9 said that *'brands can make it easier for the consumer to select accommodation in a crowded market'* which implies that brands enable consumers to reduce the time and cost they spend on searching for, identifying and booking suitable hotels that will meet their needs. No. 7 thought that the central reservation systems of the branded hotel chains made booking easier.

Other observations

Additional remarks can be made about this data set. Two consultants made comments that indicated a view that hotel brands offered little in the way of benefits to consumers. Consultant 1 said explicitly that *'I fear they are not there to benefit consumers!'* In addition, once he had suggested his two consumer benefits, Consultant 4 concluded with the observation that he *'can't think of any others – how sad! what an indictment'*.

6 Benefits of hotel brands to hotel companies

Once participants had outlined their views on the benefits that hotel brands provided consumers, they were asked for their opinions on the benefits brands provide to the hotel companies. Their responses are provided verbatim in Table 34. All participants responded with the exception of Consultant 11.

Table 34: Benefits of Hotel Brands to Hotel Companies

Consultant	Benefits to Hotel Companies
1	*It all comes back to market share: More profit; More franchisees will join a successful brand so distribution will be maximised; These will drive share values; This in turn will make investment funds easier to access; This will make expansion easier.*
2	*Premium Bedroom Occupancy and/or average Achieved Room Rate and/or Rooms Yield (which should produce premium profits, but may not). Faster take-off of new properties. Lower marketing costs per delivered customers. Easier to win sites, management contracts, capital, etc.*
3	*A portfolio of unique brands allows a company to develop a more resilient business model, protecting margins, etc.*
4	*Simplified 'management by numbers' i.e. there is no room for departure from the prescribed methods, procedures etc. Thereby lower training costs, lower quality and more flexible employees and thereby costs etc. Higher productivity from each sales and marketing pound spent. Economies of scale (in some areas) in purchasing. Improved control through peer group standardisation. Easier to define consumer expectation and deliver consumer satisfaction.*
5	*Competitive advantage. Brand value (often to balance sheet?) i.e. intangible benefits. The Savoy likely to be valued above pure asset value of property due to history, heritage and strength of image/name. World-wide recognition potentially and positive feelings associated with name e.g. Hyatt, Hilton etc. Corporate attractiveness e.g. sends the right message if booking Intercontinental vs. Express by Holiday Inn and volume discounts may result in price being lower than perceived value benefit. Repeat visits.*
6	*Better room yield, that's it, if you can't take it to the bank it's not worth having! You could also argue that a strong brand gives the ability to franchise, but I would contend a strong reservations network and the ability to underpin occupancies is more relevant to succeed in gearing up your investment in this manner.*
7	*Greater profits because: customer loyalty thus higher occupancy levels and lower costs on selling because higher repeat purchase; economies of scale; greater value as a result of higher profits; they are able to franchise, thus increase profits through limited capital expenditure.*
8	*Drives demand. High recognition. Drives revenues. Aids customer retention. Aids customer acquisition. Drives share price. Buffers against when times are bad. Aids attracting good employees.*
9	*The key benefits for the hotel brand include (a) increased levels of repeat visitation from customers and consequently increased room occupancy, room revenues and levels of secondary spend, (b) once a brand have [sic] proven itself it will take on its own momentum. Although there are significant marketing costs associated with establishing a brand within a crowded marketplace, once that brand is established, marketing and promotional costs will decrease to some degree (c) brands can become valuable assets – with associated 'intellectual property'. A hotel operator can benefit financially from the sale of the proven brand.*

10	*Attraction and loyalty of customers which reflects and impacts positively on the company's financial position.*
11	No answer given.

The predominant themes in this category were 'financial performance', 'brand loyalty', and 'operating efficiencies'.

'Financial performance'

Given the focus of this question on the benefits of hotel brands to the hotel companies, it was perhaps unsurprising that financial performance was the predominant theme. This, according to Consultant 6, is because *'if you can't take it to the bank it's not worth having!'* Possibly the broadest view of financial performance was provided by Consultant 7, who said the following:

> *Greater profits because: customer loyalty thus higher occupancy levels and lower costs on selling because higher repeat purchase; economies of scale; greater value as a result of higher profits; they are able to franchise, thus increase profits through limited capital expenditure.*

'Brand loyalty'

Other participants made similar assertions about the ability of hotel brands to engender consumer loyalty, namely Consultants 5, 8, 9 and 10. However, Consultant 7 felt that it was also important in generating both higher occupancies and lowering hotel company selling costs.

'Operating efficiencies'

Operating efficiencies were also mentioned as an off-shoot of branding. Various examples of what this means in practice were raised. For example, Consultant 2 suggested that it is particularly reflected in reducing hotel company marketing costs. In terms of marketing cost efficiencies, Consultant 9 considered this in terms of promotion expenses, although this consultant also made the counter point that there is typically a high cost associated with creating and sustaining a hotel brand. Consultant 4 also mentioned marketing cost reductions, but in addition suggested lower purchasing costs and training costs.

7 Definition of a successful hotel brand

Participants were asked to define 'successful hotel brand'. The responses are shown in Table 35. Two participants did not answer this question (i.e., Consultants 10 and 11).

Table 35: Definition of Successful Hotel Brand

Consultant	Definition
1	*A successful hotel brand is one that achieves above fair market share in any market.*
2	*Is perceived by users to deliver what they expected/were promised. Is perceived by users/potential users to be 'better' on a range of factors than its competitive set. Has higher spontaneous awareness, prompted awareness, usage, repeat purchase and recommendation than its competitive set. Out-performs its peers financially (no good being a busy fool).*
3	*Ones that successfully deliver differentiation, brand recognition, leveraging value, delivering a premium return on investment (higher occupancies, room rates, etc).*
4	*A successful brand is one that defines itself in coherent terms to its consumers / buyers and then delivers those values constantly and consistently with no compromise. Whitbread's 'satisfaction promise' for its Travel Inn chain epitomises the (internal) belief both that the brand values are understood by its consumers and are delivered constantly by its outlets.*
5	*Clarity of the offer – know what the brand stands for? Price / value equation in balance i.e. fair price for the location, level of service and facilities. Recognisable i.e. strong identity, good signage; easy to use and booking process for website. Make you feel 'special' e.g. levels of membership status, upgrades, frequent added value offers etc. Differentiates e.g. Malmaison, Hotel du Vin, boutique brands etc. personal and quality modern cuisine beyond a simple bed for the night approach vs. say Travelodge.*
6	*If the hotel achieves a room yield in excess of the sum of its parts - i.e. given its location and the quality of its facilities you would expect £x room yield, whereas from that extra something it achieves £x plus.*
7	*A brand is only worth the 'cash' / 'profits' it generates. A 'successful hotel brand' is therefore one which generates margins over and above that which would be generated by the hotel with an unknown name. The extent of its success is the*

	level of profits generated over and above that which the hotel would anyway generate with an unknown name.
8	*One that promises values and expectations commensurate with the properties represented and then delivers to those expectations. One that has high recognition within a booker market. Is a brand successful simply because it is recognised and brought to mind? No, it needs to promise value and deliver to those promises. Ability to charge premium rates and drive greater occupancy % than the competitor set.*
9	*A brand which executes and communicates efficiently what its values are.*
10	No answer given.
11	No answer given.

The most mentioned themes were 'financial performance', 'delivery of expectations / brand values', and 'high recognition'.

'Financial performance'

There were some statements that successful hotel brands should be defined according to financial performance. In terms of this as being a general principle of successful hotel industry branding, possibly the most forthright view was made by Consultant 2, who said that a successful hotel brand is one that '*out-performs its peers financially (no good being a busy fool)*'. Other participants proposed financial measures of success, such as the standard hotel industry measures of average bedroom occupancy and average achieved room rate (Consultants 3 and 8), and revenue per available bedroom (Consultant 6). Only Consultant 7 mentioned operating profit.

'Delivery of expectations / brand values'

From a service delivery standpoint, Consultant 4 regarded a successful hotel brand as '*one that defines itself in coherent terms to its consumers / buyers and then delivers those values constantly and consistently with no compromise*'. He then exemplified this by referencing

Whitbread and its 'satisfaction promise' for its Travel Inn brand.[25] Consultant 8 would seem to agree with Consultant 4's view, but also considered it to be more multi-dimensional and also included the characteristics of high recognition, ability to charge a premium price and achieve greater bedroom occupancy levels than competitors.

'High recognition'

In terms of recognition, Consultant 2 thought this to comprise two aspects, namely higher 'spontaneous' and 'prompted' recognition than competitors. Consultant 5 considered a successful hotel brand to be one that is recognisable with a strong identity.

.8 Measures of success

Once participants had provided their interpretation of a successful hotel brand, they were requested to outline the ways that could be used to measure success. The responses given are provided in Table 36. Two participants decided not to answer this question (i.e., Consultants 2 and 11).

Table 36: Measures of Brand Management Success

Consultant	
1	*Back to market share/profitability/distribution. Customer propensity to choose is a key - BDRC research on hotel brands identifies which is first choice amongst various customer groups.*
2	No answer given.
3	*High recognition levels, loyal customers, premium investment returns.*
4	*At one level, un-solicited consumer awareness (especially compared to competitors). Sustainability and ability to 'roll-out'. Higher room yield, lower operating costs and therefore both higher profit margins and ROI.*
5	*Unprompted recall by core target customer groups. Word association: what does the word Travelodge, Hilton etc. say to you etc. Loyalty members and repeat visits. Need to discount and promote the brand i.e. marketing spend to bolster the values / image. Perception of value for money by core groups. Capable of serving corporate and leisure markets without conflicts.*

[25] This research was undertaken before Whitbread purchased the Premier Lodge budget hotel brand in 2004. As mentioned in Chapter 2 of this thesis, following this acquisition, the Premier Lodge chain was merged with Travel Inn, and re-branded 'Premier Travel Inn'.

6	*Awareness is the traditional method. Also, you could argue a brand has been successful if like Malmaison it is known far better than the number of units suggests and attracts a trophy premium when its investors sell it on.*
7	*Difference in profits that the hotel can generate with and without the brand name. The answer is a number – not waffle re. degree of recognition, etc – all that simply feeds into the bottom line.*
8	*Share price. Greater than competitor set occupancy percentage. Greater than competitor set average daily rate. Customer satisfaction survey. Customer retention. Customer complaints and resolution.*
9	*Brand recognition in market research exercises (survey of brand awareness). Through an assessment of the level of repeat visitation (customer loyalty) to the brand. Through its perceived value in the marketplace – i.e., what is someone prepared to pay for the brand and what is the difference between the value of the physical product as associated with the brand name. Through a comparison of the performance of a branded product against a non-branded product operating within the same marketplace (does the branded product achieve a higher than average room occupancy, average room rate, Gross Operating Profit, etc.).*
10	*Loyalty and share values or similar financial indicators.*
11	No answer given.

The most popular themes in this data set were 'financial performance', 'brand awareness', 'brand loyalty', and 'perceptions of value'.

'Financial performance'

It may be little surprise that financial performance came out top in this category, given it achieved the same prominence in Table 35 for the definition of a successful hotel brand. However, a variety of different financial measures were stated. These were as follows: *'market share'* and *'profitability'* (Consultant 1); *'premium returns on investment'* (Consultant 3); *'higher room yield, lower operating costs and therefore both higher profit margins and ROI'* (Consultant 4); *'profits'* (Consultant 7); *'greater than competitor set occupancy percentage. Greater than competitor set average daily rate'* (Consultant 8); *'higher than average room occupancy, average room rate, Gross Operating Profit, etc.'* (Consultant 9); and finally *'share values or similar financial indicators'* (Consultant 10).

'Brand awareness'

Away from financial measures, Consultant 6 felt that the *'traditional'* measure of success is awareness. However, he suggested there are examples of branded hotel chains that have a disproportionately high awareness when related to the actual number of hotels in their chain. For example, he thought that Malmaison was a case in point, which had eight hotels across the UK at the time of this research but had a relatively high awareness. With respect to measures of awareness, Consultant 5 considered it to be '*unprompted recall by core target customer groups*'.

'Brand loyalty'

A number of consultants thought that how consumers behave in terms of purchasing the hotel brand was important. Repeat purchasing of the brand was considered a key measure of success by Consultants 3, 5, 9 and 10.

'Perceptions of value'

What consumers are prepared to actually pay for the hotel brand was mentioned by Consultant 9. The other respondent to mention perceptions of value as a key measure of success was Consultant 5, who felt that perception of value for money was particularly important.

9 Challenges in trying to develop and manage successful hotel brands

Once participants had defined what they meant by successful hotel brand, and explained how such success could be measured, they were asked for their views on the challenges hotel companies face when trying to develop and manage successful brands. Table 37 includes the responses given. All participants responded to this question.

Table 37: Hotel Brand Development and Management Challenges

Consultant	Challenges
1	*Maintaining brand integrity (though this does not seem to be a great priority). Maintain credible differentiation from others. Achieving distribution/getting the best sites to fly the brand flag.*
2	*The property portfolio evolves over time and consumer needs change over time, so the latest property is almost always 'better' than the earliest. How can they keep up investment? Getting management and staff to deliver 'the promise' on a consistent basis. Starting with a brand definition that is built on competitive differentiation and consumers' emotional needs. Then understanding and being clear about how you translate this into physical product and services. Having the 'Owner/MD' really understanding the brand and wanting it 'to be' – and ensuring that everyone else shares the brand vision/dream.*
3	*Managing damage from negative 'issues' and experiences – e.g. poor service. Creating loyalty. Actively managing the brand – after sales PR, etc. Competition from new products.*
4	*Truly defining what values their brand represents. Communicating those values to consumers, investors and those who deliver the brand. Quality control and therefore sustainability.*
5	*Always striving to give added value and a real sense of value for money. Refresh but not compromise or over deliver e.g. product enhancements to budget hotel chains may not justify the price hike i.e. lose value for money. Continually develop loyalty schemes and repeat visit drivers. Grow e-initiatives and web based channels.*
6	*That the depth of the client interface (i.e. the number of potential mess-ups in a full service hotel in particular) is so great that with current Western employment conditions and the relatively tight profit margins it is so difficult to recreate and guarantee an experience that is consistent in its values.*
7	*That the spending on developing, maintaining and managing the brand is worth the additional profits generated by the brand. Maintaining the reputation of the brand e.g. kid drowns in swimming pool can really have a devastating effect on health club, or food poisoning in one hotel can tarnish the name of the entire brand globally, or terrorism in one country might affect customers in other countries e.g. Marriott bombing in Asia. Consistency of quality and service particularly when some of the hotels are franchised. Ensuring that the old hotel stock is refurbished often enough and to the same quality level as the newer hotels in the estate – otherwise consistency and brand image suffer.* *Change management and implementation difficult to undertake when brand is spread across multiple countries and cultures.*
8	*Establishing the desirable perceptions and expectations. Consistently delivering against those expectations (i.e., staff training, combating high staff turnover, and high percentage part time and temporary staff). Generating awareness and then retaining awareness. Constantly reviewing established brand values.*
9	*It is a very crowded marketplace. Hotel operators have learnt the value of a brand and as a consequence they are all 'at it'. It isn't easy to come up with a*

	package of goods / physical product and services that doesn't already exist out there. It's hard to be innovative. It is expensive to successfully establish a new brand – developing wide-spread brand recognition requires either the launch of a whole lot of accommodation stock and/or costly marketing campaign for a smaller scale launch. To establish the brand it will be necessary for the operator to show that they can deliver the same standard of provision again and again – this will be a key requirement to develop brand loyalty. The same point applies for maintaining the brand – the operator has to deliver the same standard again and again. This requires consistent levels of development and maintenance quality and a sustained determination to establish consistent levels of customer service delivery at all levels. All the employees have to 'buy into' the brand ethos. A successful brand may not necessarily be one that offers a high quality physical product. Indeed, some of the most successful brands in the market are for budget hotels – these succeed because what they are able to offer is a product package (which includes consideration of the quality of the accommodation available, the location, the services available and the price paid).
10	*Brand is a 'loose' concept. Strategy and ownership changes. The City and market's uncertainty of response.*
11	*Getting branding discussed at the top level within hotel companies ... it should not just be a marketing issue.*

The main themes generated by this question were 'delivery of expectations', 'defining / reviewing brand values', 'brand re-investment', and 'buy-in of hotel company Chief Executive to a brand strategy'.

'Delivery of expectations'

The ability of a hotel brand's management and staff to actually deliver to consumers what it promises was cited by Consultant 1. According to Consultant 2, this requires the Managing Director of the hotel company to create and communicate the *'brand vision / dream'*. Whilst apparently in agreement with the general standpoint of Consultant 1, Consultant 8 also made the point that there is a challenge related to both establishing desirable brand perceptions and expectations, and then *'consistently delivering against those expectations (i.e., staff training, combating high staff turnover, and high percentage part time and temporary staff)'*. Consultant 9 suggested the following:

The operator has to deliver the same standard again and again. This requires consistent levels of development and maintenance quality and a sustained determination to establish consistent levels of customer service delivery at all levels. All the employees have to 'buy into' the brand ethos. A successful brand may not necessarily be one that offers a high quality physical product.

'Defining / reviewing brand values'

Three consultants felt that a challenge for hotel companies is actually determining what the brand stands for. For example, Consultant 4 said that hotel companies found it tough *'truly defining what values their brand represents'.* Consultant 2 said the following was demanding:

Starting with a brand definition that is built on competitive differentiation and consumers' emotional needs. Then understanding and being clear about how you translate this into physical product and services.

'Brand re-investment'

Hotel brands operate within a rapidly changing competitive environment and have to accommodate many guests over a year. Given this, the need to constantly re-invest in the hotel, to maintain the integrity of the brand, was identified by Consultants 2 and 7. However, Consultant 7 identified a need to focus on return on investment by stating *'that the spending on developing, maintaining and managing the brand is worth the additional profits generated by the brand'.*

'Buy-in of hotel company Chief Executive to a brand strategy'

Getting branding issues considered actively at the most senior levels of hotel companies was considered challenging by Consultant 11. He clearly felt that branding should be a central component of corporate decision-making by stating that branding should not just be a marketing issue.

Other comments

In terms of additional comments, it is worth noting that many challenges were mentioned by the management consultants. Indeed, this question generated the most themes of all questions.

10 Awareness and definition of the brand equity concept

Once the general questions on hotel industry branding meanings, benefits and performance measures were completed, the focus of the questionnaire moved to the topic of brand equity. The participants were asked initially whether they had heard of the term 'hotel brand equity'. They were then asked what they understood by the meaning of the term. As shown in Table 38, nine out of the eleven participants had heard of the term. The two exceptions were Consultants 9 and 11. Possibly because of their lack of awareness of the concept, these two management consultants did not put forward a definition for 'hotel brand equity'.

Table 38: Awareness and Definitions of Hotel Brand Equity

Participant	Heard of the term	Definition
1.	Yes	*The value attached to the brand itself. This really means the level of difference that can be achieved by a specific brand. Valued on the basis of how much more than fair market share they can achieve and what this may mean in profit terms?*
2.	Yes	*Very unclear but I assume the value of the business over and above the bricks and mortar and/or if the properties were operated unbranded and/or competitive branded portfolios. Which presumably shows up in the share price depending on other financial matters (debt, etc.)?*
3.	Yes	*Tangible and intangible value that a brand adds to the product/service.*
4.	Yes	*The values that the brand represents and thereby the added value it delivers and thereby the additional goodwill value contained within the balance sheet.*
5.	Yes	*Value – both financial and quality of the experience. Database – access to loyal, target market information to build customer profiles and discern ideal product offers. Increase of value of company beyond asset base.*
6.	Yes	*Qualities of a hotel product that are understood and implemented by its staff and understood and appreciated by its customers.*
7.	Yes	*The value of the brand - i.e., how much could you sell the hotel with or without the brand.*
8.	Yes	*Encompasses all facets of the brand, perceptions, value, look and feel, ability to create demand – I believe brand equity is the additional value created due entirely to the brand and can be expressed in monetary terms.*
9.	No	No answer given.
10.	Yes	*Financial translation of the brand's intangible value.*
11.	No	No answer given.

In response to this question, the main theme found was 'financial performance'. This was the only theme that registered more than one mention by the management consultants.

'Financial value'

There seemed to be some general agreement, amongst this sample, that hotel brand equity represents the financial value of the brand. However, alternative specific views of financial value were provided. For example, Consultant 7 proposed hotel brand equity to be *'the value of the brand - i.e., how much could you sell the hotel with or without the brand'*. Consultant 4 said that hotel brand equity is *'the values that the brand represents and thereby the added value it delivers and thereby the additional goodwill value contained within the balance sheet'*. This definition includes the concepts of 'brand values', 'added value' and 'goodwill value' without clarifying what was meant by these in the context of this definition other than inferring that an outcome is the financial value that accrues to the balance sheet. Although Consultant 10 agreed that brand equity is a financial construct, she was less clear in explaining it specifically by saying that it is the *'financial translation of the brand's intangible value'*.

Consultants 5 and 8 considered hotel brand equity to be a broader construct that represents more than just financial value. Both of these management consultants incorporated consumer-oriented features in their definitions. Consultant 5 defined hotel brand equity as the *'value – both financial and quality of the experience'*. In light of this, they consider brand equity to reflect both the value that consumers get from the brand, and the financial value that results to the hotel company. In addition, Consultant 8 felt that it included a broad range of brand *'facets'* through their definition as follows:

> *Encompasses all facets of the brand, perceptions, value, look and feel, ability to create demand – I believe brand equity is the additional value created due entirely to the brand and can be expressed in monetary terms.*

As mentioned above, neither Consultant 9 nor Consultant 11 had previously heard of the concept of 'hotel brand equity'. In addition, although they stated they were aware of the concept, two different consultants (Consultants 1 and 2) indicated that they had some difficulty expressing their knowledge of the concept. In the case of Consultant 1, this was evidenced by the self-questioning style of writing. With respect of Consultant 2, he explicitly said that the meaning of the concept is unclear, as well as expressing uncertainty over its meaning, as follows:

> *Very unclear but I assume the value of the business over and above the bricks and mortar and/or if the properties were operated unbranded and/or competitive branded portfolios. Which presumably shows up in the share price depending on other financial matters (debt, etc.)?*

The upshot of this observation is that four out of the 11 participants had either not heard of the concept, or had difficulty defining it.

11 Uses of the brand equity concept in the hotel industry

Once participants had provided their definition of hotel brand equity, they were asked for their views about the uses of the concept. The responses are provided in Table 39. Eight consultants answered this question. Those that did not respond were Consultants 4, 9 and 11.

Table 39: Uses of Hotel Brand Equity

Consultant	Uses of Hotel Brand Equity
1	*Some use in valuing a company. Such concepts must be commonplace and fundamental in the fast moving consumer good world and the drinks industry.*
2	*Useful as a concept, yes. But measuring I would imagine is difficult, open to interpretation and not easily explained in reality (however easy the concept might be). Personally believe better to stick to more traditional methods of comparison between hotel businesses. Are they better than competitors on parameters that could be attributed to brand differences?*
3	*From an investment point of view it's useful but difficult to quantify?*
4	No answer given.
5	*Strong brand can fight above its relative weight – valued at increased multiple of earnings. High customer loyalty & perceived value. More opportunity for strategic alliances e.g. airlines, car hire etc. and packages. Less price driven and therefore price sensitive or value / volume driven e.g. budget hotel brands.*
6	*It is a description of a goal that is desirable but we will need a visionary entrepreneur to deliver it in anything other than a very small group of hotels.*
7	*It links 'branding' to 'profitability' which is what determines ultimate 'value'. It therefore becomes an asset.*
8	*Yes, I think it is a useful concept however it is incredibly difficult to express the value of a brand in monetary terms. However, it is also difficult to fully grasp the value of a hotel brand as brands are often seen merely as a logo which costs money to implement and maintain. However, by measuring brand equity, branding can be seen as driving a figure on a balance sheet. It therefore enables one to make tangible what is an intangible concept.*
9	No answer given.
10	*It is (provided my understanding is correct) in the context of the increasingly important role played by 'intangibles'.*
11	No answer given.

The foremost themes identified in this data set were 'financial valuation', and 'the brand as an intangible asset'.

'Financial valuation'

Although Consultant 2 considered hotel brand equity to have its uses, he thought it could be difficult to evaluate its strength by saying '*but measuring I would imagine is difficult, open to* *interpretation and not easily explained in reality'.* Consultant 8 concurs with this sentiment by suggesting that there is a particular difficulty determining the financial value of the brand by saying *'yes, I think it is a useful concept however it is incredibly difficult to express the value of a brand in monetary terms'.*

'The brand as an intangible asset'

Consultant 10 felt that brand equity is a reflection of the growing importance of hotel companies' intangible assets. Also, Consultant 7 said that *'it links "branding" to "profitability" which is what determines ultimate "value". It therefore becomes an asset'.*

12 Chapter summary

This chapter summarised the findings from Stage One of the empirical research undertaken for this research study, namely the management consultant research. This research generated a wealth of data. The purpose of this stage of the research was to test some of the findings generated through the literature review, including the view that hotel industry branding and brand equity is a relevant topic for this research study, and that there is confusion as to what is meant by the concept of brand equity, as well as the core brand concept itself, within the hotel industry.

In total, 11 management consultants participated in this stage of the study. The findings that emerged can be summarised as follows:

- When asked to define 'hotel brand', the management consultants' interpretations included themes such as brand values, differentiation, shorthand / promise of performance, standardisation, and name / logo. In many cases, composite definitions were put forward including more than one element.
- A variety of reasons were suggested to why hotel companies brand their hotels. The major themes raised included the benefits of brand loyalty, the familiarity consumers get

from well-known brand names, distribution channel benefits, and the propensity for consumers to pay a price premium for certain brands.

- In terms of benefits of hotel branding to consumers, the management consultants considered features such as standardisation, loyalty benefits, and ease of booking to be important. In parallel, the company-oriented benefits raised included financial performance, brand loyalty, and operating efficiencies.

- When asked how they would define a successful hotel brand, the management consultants focused predominantly on financial performance, along with the brand delivering consumer expectations, and it achieving high recognition in the marketplace. The measures of success included financial performance indicators, awareness levels, loyalty measures, and perceptions of value.

- Various brand management practical challenges were identified. Chief amongst these were how to actually deliver, operationally, consumer expectations of the brand, how to develop appropriate brand values, the ongoing need to re-invest in the brand, and a requirement for the most senior levels within hotel companies to be actively involved in brand strategy decision-making.

- Nine out of the eleven participants mentioned they had heard of the term brand equity. Those that had heard of the concept offered definitions that were financially-oriented. However, two of the consultants that had heard of the concept expressed some difficulty in articulating their interpretations of it. Possibly because of the financial orientations of many of the definitions tabled, the management consultants considered the uses of brand equity to include the financial valuation of the brand and the brand being viewed as an important intangible asset.

Although a detailed comparison of the findings against the literature will be provided in Chapter 7, it is necessary to mention now that the management consultant research corroborated the following findings generated by the literature review:

- Given that the majority of consultants had heard of brand equity in the context of the hotel industry, it is argued that brand equity is a relevant topic for this research study.
- Hotel branding and brand equity are broad-ranging concepts that comprise a variety of inter-related topics. Based on this sample of consultants, there was limited consensus around their meanings.
- The concepts of 'hotel brand' and 'hotel brand equity' both suffer from a lack of clarity. In terms of brand equity, two of the consultants were not aware of the concept and a further two admitted that, whilst they had heard of it, they did not have a clear understanding of what it means.
- In light of the above, there was merit for a more detailed exploration and examination of hotel branding and brand equity within the setting of a UK hotel company, namely Thistle Hotels.

13 Research propositions

Based on the management consultant research, the following methodological propositions were made for the wider research study:

- The questions that comprised the questionnaire generated a lot of useful data. Given that respondents did not express difficulties with any of the questions, the questions should form the basis of the case study interviews.
- The use of the same questions will allow the data generated through the case study to be compared with that from the management consultant research.
- As discussed in Chapter 4, there were various appropriate reasons for the choice of the open-ended questionnaire as the method for this piece of research. Although it yielded useful data, a limitation of this method was the inability to delve in detail into some particular issues raised by respondents (although some post-questionnaire telephone

discussions were conducted to clarify some responses). This included clarifying the meaning of certain terms mentioned by respondents. This left some of the findings open to wide interpretation (e.g., the meaning of 'brand values'). Given this, the case study should incorporate in-depth interviews to enable the opportunity to discuss particular points raised in detail to optimise the clarity of the findings.

The above propositions were used to inform the case study stage of the research.

6 THISTLE HOTELS CASE STUDY FINDINGS

.1 Introduction

Following the completion of the management consultant research, the research programme focused on the case study. This chapter provides the findings from the Thistle Hotels' case study. The purpose was to build upon the findings of the management consultant research by exploring and examining the meanings and uses of the brand and brand equity concepts attributed by senior executives and hotel general managers of Thistle Hotels, as well as examine relevant contextual company characteristics.

The chapter comprises two main sections: the organisational context to the case study, and the findings generated via the research. Organisational context is important for this research, as the analysis of case study data should involve a detailed description of the setting prior to the analysis of the data for themes and issues (Creswell, 2003). Once the context has been examined, the case study research findings are presented in a similar manner as in Chapter 5.

2 Organisational context

A variety of corporate information sources were provided by Thistle during the period of the case study field work. These have been used to inform this part of the thesis. This information included the following: Thistle Hotels Brand Standards Manual, which was introduced across the company in 2005; Thistle Hotels Management Induction presentation, which was given to new management staff in 2005; Thistle Hotels Annual Report and Accounts from 2002, 2003 and 2004; various Thistle Hotels sales brochures from 2004 and 2005, including brochures promoting Thistle's meetings and functions, and leisure break offers; Thistle's Hotel Directory 2005, which included details of the facilities and services offered at each hotel; and Thistle's feedback form used to invite and capture comments from guests. In addition, Thistle Hotels' websites were investigated on a number of occasions during the period of the research. In addition, relevant trade articles were reviewed for references to Thistle Hotels.[26] This included trade magazines such as Caterer & Hotelkeeper and Hotels, both of which, based on the researcher's experience, are read widely within the UK hotel industry.

At the outset of the case study research (i.e., March 2005), the researcher enquired about whether Thistle had a marketing strategy to guide their brand-related investment and activities. He was advised by the Sales and Marketing Manager that Thistle did not have such a strategy, and that brand-related decisions were made by the company Board and the senior management team, which includes the Chief Operating Officer, the Chief Finance Officer and the Sales and Marketing Manager. Later during the case study research process (i.e., August 2005), the researcher was advised that a marketing strategy was going to be prepared in 2006.

Thistle has a relatively long history of operating hotels in the UK. Thistle's involvement in the hotel industry can be traced back to 1958, when Mount Charlotte Investments Ltd started to operate hotels. Over the next two decades, the company expanded the number of hotels it operated. By 1988, it had 68 hotels in the UK. Over the following years, the company had various owners. In 1989, Mount Charlotte Investments Ltd purchased 34 Thistle hotels from Scottish and Newcastle. In 1990, the New Zealand-based Brierley Investments bought the company for £664 million. In 1996, Thistle entered the London Stock Exchange. This was followed by a period when certain hotels were sold, including a number that were sold but with Thistle retaining the management contracts. The company was also removed from the Stock Exchange and became a private company again. As of 2005, Thistle Hotels was a privately-owned hotel chains with hotels throughout the UK. It was a wholly owned subsidiary of BIL International, which is a Singapore based company. [27] Thistle's Head Office was in London (based at the Thistle Victoria in London).

[26] The address of Thistle Hotels' corporate website during 2005 was www.thistlehotels.com. However, the company also had other website addresses for certain purposes. For example, it had a website for its 'Great British Breaks' campaign (i.e., www.thistleleisurebreaks.com).
[27] BIL took over full control of Thistle in 2003.

In Table 40, Thistle's vision, mission statement and values as of 2005 are shown. The emphasis on Thistle seeking to be a management company is evident from the company's vision statement. An integral component of Thistle's 'mission' is operating profit, and how this can be achieved through yield management, developing a defined and differentiated offer to consumers, and having an efficient supporting infrastructure, which includes hotel property management systems, central reservation systems and links with Global Distribution Systems.

Table 40: Thistle Hotels' Vision, Mission and Values, 2005

Vision	A world-class management company with high recognition and reputation, delivering sustainable value to stakeholders.
Mission Statement	To transform profitability through: 1. Optimised rate/utilisation/occupancy management. 2. Defined and differentiated customer service and products. 3. Efficient infrastructure.
Values	We will always be thoughtful about the needs of our internal and external customers and be thorough in satisfying them. We will consistently look for ways to improve our offering. We will create an able, open and transparent culture. We will be friendly, positive and energetic employees. We feel valued by the company. We all contribute to the success of the company.

Thistle's brand strap-line in 2005 was *'more than just accommodating'*. This was used on all publicity materials, including brochures, and on the website. There appeared to be a commitment within Thistle Hotels to use branding as a means of seeking competitive advantage. For example, in the Company's Annual Report and Accounts 2002, the following statement is made:

Our goal is to develop full service hotels offering consistent standards in prime locations, operating under a strong and widely recognised brand. We want business and leisure guests to recognise the Thistle brand and to know what it represents: a quality product and service that is consistent across every hotel in the group (Thistle Hotels, 2002: 1).

This quote also illustrates Thistle's desire to operate full-service hotels that target both business and leisure guests, and strive for a standardised approach across its portfolio of hotels.

As at June 2005, Thistle comprised a portfolio of 50 hotels.[28] In total, these hotels had 10,885 bedrooms. Table 41 shows the location of Thistle's hotels. It also illustrates whether the hotel was managed or owned by Thistle, and the number of bedrooms. As can be seen, 42 of the hotels were located in England and eight in Scotland. Thistle had a particularly strong presence in London, with 20 of its hotels being in the capital. Also, the majority of hotels (34) were operated, under management contracts, by Thistle on behalf of their respective owners (i.e., Atlantic Hotels, and BIL). The remainder were owned and operated by Thistle.

[28] This information was provided to the researcher by the Brand Manager in June 2005.

Table 41: Thistle Hotels' Portfolio by Location, Ownership and Number of Bedrooms, June 2005

Name of Hotel	Location	Owned or Managed	Number of Bedrooms
The Cumberland	London	Managed	1,019
Marble Arch	London	Owned	692
Tower	London	Owned	801
The Selfridge	London	Owned	294
Kensington Gardens	London	Owned	175
Hyde Park	London	Owned	54
Kensington Palace	London	Managed	285
Kensington Park	London	Managed	353
Lancaster Gate	London	Managed	390
City Barbican	London	Owned	463
Euston	London	Owned	363
Charing Cross	London	Owned	238
The Royal Horseguards	London	Owned	280
Trafalgar Square	London	Owned	116
Piccadilly	London	Owned	92
Victoria	London	Owned	356
Westminster	London	Owned	134
Bloomsbury Park	London	Owned	95
Bloomsbury	London	Managed	138
London Heathrow	London	Owned	314
East Midlands Airport	Derby	Managed	164
Stratford-upon-Avon	Stratford-upon-Avon	Managed	63
Cheltenham	Cheltenham	Managed	122
Luton	Luton	Managed	152
St. Albans	St. Albans	Managed	111
Stevenage	Stevenage	Managed	82
Birmingham City	Birmingham	Managed	133
Birmingham Edgbaston	Birmingham	Managed	151
Bristol	Bristol	Managed	182
Cardiff	Cardiff	Managed	136
Brighton	Brighton	Managed	208
London Gatwick	London	Managed	104
Brands Hatch	Kent	Managed	121
Poole	Poole	Managed	70
Swindon	Swindon	Managed	94
Exeter	Exeter	Managed	90
Middlesbrough	Middlesbrough	Managed	132
Newcastle	Newcastle	Managed	115
Liverpool	Liverpool	Managed	225
Haydock	Haydock	Managed	138
Manchester City	Manchester	Managed	205
Manchester Airport	Manchester	Managed	58
Aberdeen Altens	Aberdeen	Managed	216
Aberdeen Airport	Aberdeen	Managed	147
Aberdeen Caledonian	Aberdeen	Managed	77
Dyce Sean Dhu	Near Aberdeen	Managed	219
Inverness	Inverness	Managed	118

Glasgow	Glasgow	Managed	300
Edinburgh	Edinburgh	Owned	143
Irvine	Irvine	Managed	128
TOTAL			**10,855**

In terms of future growth strategy, in line with the company's vision, in 2005 Thistle's Chief Operating Officer announced an intention to expand the number of hotels within Thistle's chain through management contracts and leasing, with a target of launching between five and ten new hotels by 2009 (Martin Information, 2005). This would enable Thistle to continue to increase the number of hotels within its chain, without major capital investment.

.3 Role of branding within Thistle

Until October 2004, Thistle adopted a monolithic brand strategy as it owned and operated the Thistle brand only. However, this changed with the introduction of the Guoman brand in 2004. Using Porter's (1985) typology of corporate strategies (discussed in Section 2.7), Thistle can be said to have utilised a differentiation strategy because the company seeks to achieve a premium price for its brands by offering a superior product. The Thistle brand is a full-service, four-star equivalent brand (Martin Information 2005). However, the Guoman brand was developed as a luxury brand (Martin Information, 2005). The name translates to 'international gateway' in Madarin Chinese. In a press article Richard Adler, the Sales and Marketing Director of Thistle, described the Guoman brand as follows: *'each [Guoman] hotel will have the best bed, best TV and best shower. Each will have similar characteristics and standards but fundamentally each hotel will offer a unique experience'* (Hotels, 2005: 16). In 2005, Thistle announced a strategy to grow the number of Guoman hotels both in the UK and internationally (Hotels, 2005). At the time of writing, it appears that five existing Thistle hotels will be re-branded as Guoman hotels by the end of 2006 (i.e., Tower Thistle, Charing Cross, Royal Horse Guards, Thistle Victoria and Thistle Marble Arch).

Thistle subscribes to the annual Hotel Guest Survey undertaken by Business Development Research Consultants. [29] Based on the researcher's experience, many UK hotel companies participate in this survey. Given this, it appears to be regarded as a useful source of UK hotel brand competitive intelligence. When provided with this information, the researcher was advised that although extracts of the survey are shared with General Managers and certain corporate executives, the full report is retained by the Chief Operating Officer, the Sales and Marketing Manager and the Brand Manager. The survey was provided to the researcher by the Sales and Marketing Manager on the understanding that it was to be returned on completion of the study (which it was). In this survey, Thistle Hotels is categorised as an 'Upscale/Upper Full Service', a category that included the following competitors: Hilton, Marriott, Sheraton, Radisson, Crowne Plaza, Hyatt, InterContinental, De Vere, Copthorne, Le Méridien, Renaissance and Westin. Table 42 summarises Thistle's key brand performance indicators as presented in the 2005 survey. As it was not a purpose of this study to critique Thistle's brand management practices and performance, this information is provided for context only. However, it is relevant to note that, whilst there were some changes in competitive position between 2002 and 2004, Thistle achieved a 'Top 10' ranking on all measures. These measures of number of hotels, awareness and usage indicate the relative size and performance of the Thistle brand within the UK hotel industry. This corroborates the use of Thistle as the subject of this case study given the purposive sampling criteria discussed in Chapter 4.

[29] Chapter 2 of this thesis examines the purpose and methodology of this research.

Table 42: Thistle Hotels' Brand Performance in the BDRC Hotel Guest Survey, 2005

	2002	2003	2004
Number of hotels (January each year)	56	56	49
Number of bedrooms	10,716	10,780	9,708
Overall brand ranking	8th	6th	7th
Business			
Unprompted awareness	17% (7th)	13% (6th=)	19% (6th)
Prompted awareness	70% (6th=)	72% (6th)	65% (6th)
Used in last 12 months	11% (7th=)	7% (7th)	7% (9th)
First / second choice	6% (10th)	4%	3%
Leisure			
Unprompted awareness	21% (6th=)	14% (6th)	12% (6th)
Prompted awareness	62% (7th)	61% (6th)	49% (6th)
Used in last 12 months	8% (3rd)	6% (8th)	4% (9th)
First / second choice	7% (8th)	7% (7th)	5% (9th)

Source: Business Development Research Consultants (2005)

In 2005, Thistle introduced a Brand Standards Manual. This manual outlines the standard operating procedures for each of the chain's departments (i.e., front office, housekeeping, food and beverage, meetings and events, maintenance, and health and fitness club). The premise of the manual is that *'consistent delivery of these brand standards across all hotels is essential'* (Thistle Hotels, 2005: 1). It should be noted that the Brand Standards Manual was 'rolled-out' across the chain just prior to the researcher commencing his interviews. In order to monitor service standards delivered by the chain, Thistle requested comments from guests via a feedback form during 2005 and 2006.

A variety of observations, relevant to this study, can be made about the documentation provided to the researcher by Thistle, and subsequent discussions with those people that provided this information. These are as follows:

- At the time of this case study, Thistle did not have a brand strategy, nor did it have a marketing strategy. Based on the researcher's experience, this is not common within the hotel industry as many of the hotel companies he has worked with on a consultancy basis had formalised marketing and/or branding strategies to provide a framework for branding investments and activity. However, as mentioned previously in this chapter, prior to commencing the management interviews, the researcher was informed that a marketing strategy was due to be prepared during 2006. An upshot of this was that, during the period the researcher was in the field, branding activities were not guided by a specific strategy;
- Responsibility for corporate brand-related investments rested with the Sales and Marketing Manager, albeit under the control of the Chief Operating Officer. The 'air time' that branding received during company board meetings was limited to specific issues such as the costs associated with the introduction of the Guoman brand during late-2004 as mentioned earlier in this chapter;
- The company did not have a formal, published brand vocabulary. However, the general brand concept was introduced to people joining Thistle during the induction process, along with an overview history of Thistle's involvement in the hotel industry and what the Thistle brand seeks to represent; and
- Thistle did not have a guest loyalty programme.

Although the above is of general relevance to this study, it is also important as context to the responses provided by interviewees and needed to be borne in mind by the researcher when interpreting the findings generated by the case study.

.4 The case study research findings

Now that the organisational context has been examined, this chapter concentrates on the findings generated during the in-depth interviews with corporate executives and hotel general managers.

The Conceptual Index

In line with the methodology for this research study, the Analytical Hierarchy was adopted to provide structure to the analysis of the data. As discussed in Chapter 4, the central component of this is the development of a Conceptual Index, which is used to identify and organise the data according to key themes and concepts necessary to address the research questions and objectives (Ritchie *et al.* 2003). Table 43 shows the Conceptual Index used for the case study data analysis. This index provides the structure by which the research findings are presented in this chapter. The index for this study built on the conceptual framework developed following the literature review. It comprised the following four components: participant details; issues related to hotel branding generally; issues related to the specific concept of hotel brand industry; and other issues relevant to the study which are not covered in these three areas.

Compared to the management consultant questionnaire, additional questions were asked during the depth interviews with Thistle management. A purpose of the management consultant research was to investigate whether brand equity was a relevant topic for this study, as well as testing the literature finding that there is confusion over the concept within the context of the hotel industry. It corroborated these. The additional literature reviewing undertaken by the researcher following the management consultant research emphasised the need to investigate further issues such as to test the literature-based measures of hotel industry brand equity. This was possible during the Thistle case study.

Table 43: The Conceptual Index for the Case Study Interviews

1. Participant personal details	
	1.1. Name
	1.2. Position within Thistle
	1.3. Years worked within Thistle
	1.4. Years worked within hotel industry
	1.5. Other points related to personal details raised
2. Hotel branding	
	2.1. Definitions of the hotel brand concept
	2.2. Confusion over meanings of term
	2.3. Importance of common understandings of key terms
	2.4. Reasons for branding in hotel industry
	2.5. Benefits of branding to consumers
	2.6. Benefits of branding to hotel companies
	2.7. Definitions of successful hotel brands
	2.8. Measures of success
	2.9. Brand management challenges in the hotel industry
	2.10. Other points on hotel branding raised
3. Hotel brand equity	
	3.1. Awareness of the concept
	3.2. Definitions of the hotel brand equity concept
	3.3. Usefulness of the concept
	3.4. Hotel brand equity measures
	3.5. Other points on hotel brand equity raised
4. Other key issues (not covered above)	

Similar to the management consultant research, the format by which the data is presented and discussed is consistent across the questions, namely verbatim text (which reflects initial responses to each question) followed by some narrative on the main themes which emerged.

However, given that the researcher had the opportunity to probe particular responses given by managers in more detail, the narrative presented in this chapter includes additional views of managers in response to particular follow-up questions where the researcher sought clarification of certain points.

Participant personal details

The first part of the interviews focused on gathering personal details of each of the participants. A summary of the key features of each participant is provided in Table 44. In order to retain the principle of anonymity, the names of each participant have been hidden, and their previous work experience summarised in broad categories only. This table is an expanded version of the table provided in Chapter 4 (at which time comments were made on the profile of the sample). This table illustrates further the breadth and depth of experience that exists within this sample. The majority of the sample had a career solely within the hotel industry, in some cases many years' experience. However, others had a background in other industries.

Table 44: Personal Details of Case Study Research Participants

No.	Description	Male or Female	Years Worked in Hotel Industry[30]	Previous work experience
1.	Chief Operating Officer	Male	21 years	Worked solely in the hotel industry since school
2.	Chief Financial Officer	Male	6 months	Financial background in hotel industry
3.	Sales and Marketing Manager	Male	10 years	Marketing background in hotel industry
4.	Brand Manager	Male	8 months	Marketing background in different industries including transport and retail
5.	Director of Distribution	Female	7 months	Tour operator background
6.	Director of Human Resources	Female	19 years	Human resources background in hotel industry
7.	Special Projects Officer	Male	7 years	Financial background in hotel industry
8.	Area General Manager, London Hotels	Male	15 years	Operational management background in leisure industry and hotel industry
9.	General Manager, Kensington Park, Kensington Palace, and Lancaster Gate hotels	Male	19 years	Operational background in hotel industry
10.	General Manager, Tower Thistle	Male	15 years	Operational background in hotel industry
11.	General Manager, Luton	Female	20 years	Operational background in hotel industry
12.	General Manager, Manchester City, and Manchester Airport hotels	Female	18 years	Operational background in hotel industry

[30] Years worked in hotel industry as of March 2005.

4.1 Definitions of hotel brand

Once the participants' personal details were established, they were asked to provide their definition of 'hotel brand'. A variety of interpretations were offered, as shown in Table 45.

Table 45: Definitions of Hotel Brand Provided by Thistle Managers

No.	Position	Definition
1.	Chief Operating Officer	*Brand is the softer elements that you put together with a proposition. The level of service expectation that you get associated with a name. Common threads behind the proposition. There might be 50 hotels, so there might be a common approach to reception, to food and beverage.*
2.	Chief Financial Officer	*I suppose it's the image you read from a potential client. How they view the hotel itself. It is something that he feels that he wants to be associated with and stay there.*
3.	Sales and Marketing Manager	*What the brand stands for the moment you walk through the door or you go on the company website. In the same way you know what Premier Travel Inn stands for versus a Hilton. Consistency is important – consistency of marketing communications, logo, PR.*
4.	Brand Manager	*I think, as with all services, it's a slightly different sort of beast from a product brand. For me I think it needs to be a lot about the personal connection people have with the brand. However wonderful the facilities and location, you need a feeling that you will be looked after. There will be someone to take care of you in some way.*
5.	Director of Distribution	*A branded hotel would signify the quality and standard of hotel a consumer is going to get. You know what you are going to get from a Hilton hotel – a certain service level, a certain bedroom type. It doesn't have to be that all the bedrooms are the same, but you expect a certain standard from the brand.*
6.	Director of Human Resources	*It means that the company views its hotels not just as a service but as a product. This product is branded to facilitate consumer recognition and to ensure marketing is more effective. In an industry that is saturated with hotel bedrooms, the only way to stand out is to brand yourself so that when a customer is picking a hotel, they will look for your brand.*
7.	Special Projects Officer	*Tangible and intangible elements. A brand is something that the moment someone says the name of a brand, you automatically conjure up in your mind certain elements. A brand is a name of something, but it is also what sits behind the name – its values – that makes it successful or not successful. Things have moved on from the days when consumers wanted purely consistency ... there is now a luxury element.*
8.	Area General	*A name that denotes what customers get for their money. From the name you also derive an experience.*

	Manager	
9.	Hotel General Manager	*A brand to me means something that people will recognise, have a perception of and I guess will buy.*
10.	Hotel General Manager	*A brand is something people recognise, something you can bank on, something that gives people confidence. A brand should deliver consistency ... consistent service ... people should know what they are buying.*
11.	Hotel General Manager	*A hotel brand is just a name that is easy to recognise. A hotel brand is recognition of what customers are going to get.*
12.	Hotel General Manager	*A brand is something that can be recognised by customers. It relates to consistency, an expectation of the customer. The brands that offer the most consistent products are Hilton, Marriott, Radisson – to a degree – Premier Travel Inn and Travelodge.*

The predominant themes raised by this question were 'name / logo', 'shorthand / promise' and 'standardisation / consistency'. Each of these is discussed below.

'Name / logo'

Different perspectives of the use of a brand as a name or logo were offered. For example, the General Manager of Luton said that a hotel brand is *'just a name that is easy to recognise'*. However, she went on to say that it is *'recognition of what customers are going to get'*. When asked for examples in the hotel industry of hotel brands that achieved this, this manager mentioned Marriott and Holiday Inn and continued by suggesting that *'everyone understands what a Holiday Inn's about, or what a Marriott stands for'*. The London Area General Manager provided a broadly similar definition to that provided by the General Manager of Luton. Others linked the brand name with what the brand stands for in terms of its values. In this respect, the Special Projects Officer felt that *'a brand is a name of something, but it is also what sits behind the name – its values – that makes it successful or not successful'*. When questioned further on this point, he said that there are a variety of brands that whilst have strong recognition, fail to deliver its promise. This was another predominant theme.

'Shorthand / promise' and 'standardisation / consistency'

Various statements were made that relate to the principle that brands represent some form of shorthand or promise of what consumers can expect from their purchase. Clearly, the two themes are slightly different. 'Shorthand' implies a reduction in the time and/or cost the consumer spends on purchasing the hotel brand. However, 'a promise' is a commitment by the hotel brand to deliver consumer expectations of the brand. It could be argued that the two themes are, however, inter-related in that if consumers are aware of what the hotel brand offers ('the promise'), this simplifies their decision-making processes ('shorthand').

In terms of the shorthand, the Chief Operating Officer said that it was *'the level of service expectation that you get associated with a name'*. When asked to clarify why he specifically mentioned service expectation, and not, for example, expectation of the physical product, he said that it related to the fact that the hotel industry is a service-oriented product and that consumers expected the physical product to offer what they need. He then suggested that this view could reflect his position of working within a full-service four-star hotel chain and that Chief Executives of budget brands may place less emphasis on the service aspects of the brand, and more on the physical features such as the location of the hotel, the size of the bedroom and the facilities offered within the bedroom. However, it seemed that the Director of Distribution would appear to agree with the Chief Operating Officer's view by suggesting that a hotel brand signifies *'the quality and standard of hotel a consumer is going to get'*. When asked to explain what this meant, she provided an example as follows: *'you know what you are going to get from a Hilton hotel – a certain service level, a certain bedroom type. It doesn't have to be that all the bedrooms are the same, but you expect a certain standard from the brand'*.

Some general managers, such as No. 10, considered there to be a relationship between a standardised product and delivery of what consumer expect of the brand, as follows: *'a brand should deliver consistency ... consistent service ... people should know what they are buying'*. The Sales and Marketing Manager felt that consistency was particularly important in terms of operational activities such as marketing communications and public relations. When asked why he mentioned these specific examples, he stated that these were areas that he had particular operational control or influence over given his position within Thistle. He then mentioned that operational staff may view consistency differently. Indeed, the General Manager of the Manchester hotels felt that consistency related more to factors such as the size of the bedroom and bed, the provision of tea and coffee making facilities in all bedrooms, and in-room internet connection.

Other comments

Similar to the situation found during the management consultants' research, many of the definitions of 'hotel brand' provided were multi-dimensional, with more than one theme being cited to construct the definitions. For example, the General Manager for the hotels in Manchester incorporated brand 'name / logo' recognition, 'shorthand (for what customers can expect)', and 'standardisation / consistency' in her definition, as follows:

> *A brand is something that can be recognised by customers. It relates to consistency, an expectation of the customer. The brands that offer the most consistent products are Hilton, Marriott, Radisson – to a degree – Premier Travel Inn and Travelodge.*

4.2 Confusion over meanings of the term

When asked whether there was confusion over the meaning of the term hotel brand, all but one participant felt that there was. The only participant which considered there to be no confusion was the Director of Human Resources. She stated that *'it is certainly widely recognised in the industry and I believe that consumers are fairly accustomed with the term'*.

Whilst all other participants agreed that there was confusion, they answered this question in various ways. For example, the Special Projects Officer hinted at the complexity of the concept by stating that the term hotel brand is *'not a black and white concept, and therefore difficult to define'*. The Brand Manager held the view that 'hotel brand' is a confusing term by stating that *'I think it's an issue we've got that there is this term that's been bandied around a lot without really being understood'*. The Chief Operating Officer felt that the lack of understanding is not unique to Thistle; rather it is ubiquitous within the hotel industry, as follows:

> *The term hotel brand is most definitely not understood commonly, not in the hotel industry generally or within Thistle. Some companies have a better understanding of it, such as Marriott. This is because they have a common approach to Human Resource Management across their portfolio [of hotels] which filters down to all their people. Marriott are less compromising than some.*

The Chief Operating Officer also suggested that companies such as Marriott had strict brand management guidance that all hotels within the chain had to adhere to, including a common, company-wide brand management vocabulary. The General Manager of the Tower Thistle (who had worked for Hilton Hotels prior to joining Thistle) said that Hilton adopted a similarly prescriptive approach to brand management during his time with the company. Other managers said that the hotel brand concept means different things to different people within Thistle, possibly reflecting the lack of a company-wide brand management vocabulary. The General Manager for the hotels in Manchester noted that at the operational level people would relate the discussion to operational initiatives such as the Brand Standards Manual (with its focus on the actual operational delivery of the brand), whereas more senior staff would view the concept more strategically. Indeed, two other General Managers (i.e., No. 8 and No. 11) felt that although the recently introduced Brand Standards Manual initiative within Thistle may have improved the understanding of the term within the company, it is still a perplexing concept to many.

It was also mentioned that views may differ according to which organisational department people worked within. The Sales and Marketing Manager made the point that the test of any marketing initiative, including branding, was whether it would *'make the telephone ring'*. However, certain General Managers felt that marketing professionals had a tendency to use jargon, and that branding falls squarely into this area. For example, No. 10 said *'there is jargon associated with branding, particularly from marketing people. However, for operational staff a brand is something that generates revenue'*.

4.3 Importance of common understandings of key terms

Against a backdrop of limited consensus over what is meant by the term hotel brand (within this sample), all participants agreed that there is a need to have common understandings of key terms. Reasons for this varied. The Director of Distribution argued that branding is about the philosophy of the company, so staff must understand and be committed to that philosophy. The Chief Operating Officer thought that it is particularly important for the custodians of the brand to understand the terminology *'otherwise you've got a bit of a problem'* in terms of corporate strategy. In terms of *'custodians'*, he said that these should be the Board and the senior management team of Thistle. The Director of Human Resources felt that company executives should make employees aware of basic industry terms such as 'hotel brand', and to get all staff to appreciate how branding generates business. This was because branding is such an important part of the contemporary hotel industry.

Some considered the use of a common vocabulary as a pre-requisite for successful brand management. For example, the Area General Manager for the London hotels stated *'a common vocabulary is important for brand management and is normal practice with the most successful brands'*. Within the context of Thistle, the Brand Manager highlighted a need to link education with branding initiatives by stating the following:

Going forwards, we're going to focus on the brand and to bring in some consistency, some standards. This will require some education and explanation internally so that people start to understand what we mean by it, because I do think it's bandied around quite a lot without people really understanding.

4.4 Reasons for branding in the hotel industry

Participants were questioned about what they considered to be the reasons for the use of branding in the hotel industry. In response, some mentioned the growth in branding in general, not only in the hotel industry but in other industries. For example, No. 8 mentioned that *'in everyday life, people are buying brands'* and because of this *'to be competitive in the marketplace, you need a visible, clearly defined brand'*. The Chief Executive Officer felt that consumers perceived brands to be of a higher quality than unbranded products. Other participants corroborated this view, including the Sales and Marketing Manager who stated that it is:

'Not just growth in hotel branding, but branding in general. The research has shown that consumers are cash rich and time poor. They want to go with the brands they trust. They want to know that the brand has a set of values they can associate with. You drive a certain type of car and wear a certain type of after-shave. Why should hotel brands be different?'

When focusing specifically on the reasons for branding within the hotel industry, a range of responses were provided. However, only one participant mentioned differentiation as a key reason, namely the Director of Human Resources.

4.5 Benefits of branding to consumers

Participants were asked what they considered to be the benefits of hotel branding to consumers. The answers are presented in Table 46.

Table 46: Benefits of Hotel Brands to Consumers

No.	Position	Consumer Benefits
1.	Chief Operating Officer	*I think it's endorsement. If you stay in one hotel in a chain you get common threads that relate to the others. The only difficulty is that sometimes if you stay in one hotel and have a bad experience, you think to yourself, all the others in the same chain will be the same.*
2.	Chief Financial Officer	*Association, I suppose. That's the only thing I come across.*
3.	Sales and Marketing Manager	*Consumers want to go with a brand they trust. They want to know that there is a set of values that they're associated with. If consumers travel to an area they don't know, they will go for a brand that they can trust.*
4.	Brand Manager	*I think it needs to be consistent. I think that's the core thing. Wherever you go into that hotel, you should be expecting "x". You know what you're going to get and that's the confidence and trust that the consumer will have with the brand.*
5.	Director of Distribution	*Knowing what they are going to get. They form a trust and relationship with the brand. There's a loyalty involved there, but they need to identify with the brand. If your brand values are about being cheap and on the edge of motorways, and you're the sort of client that is travelling a lot and need cheap hotels on the edge of motorways, then you'll identify with that brand.*
6.	Director of Human Resources	*The brand is a mark of assurance for the customer. It means the customer can choose a hotel and expect to get the same quality of room and services that they would get in another hotel in the same brand, whether that hotel is in London or Bristol. If the hotel brand is large, they can expect to get competitive rates as the brands compete against each other.*
7.	Special Projects Officer	*Enables people to have an understanding of what they're buying.*
8.	Area General Manager	*Consumers should know roughly in their mind what they should expect from the brand.*
9.	Hotel General	*Consistency of product.*

	Manager	
10.	Hotel General Manager	*You know what you're going to get for your money, consistent quality of service.*
11.	Hotel General Manager	*It should benefit customers by getting some form of consistency. They know the product.*
12.	Hotel General Manager	*Customer knowledge of brands ... all about expectations. Customers get confidence from purchasing hotel brands, particularly when travelling abroad. They know what to expect.*

The main themes were 'standardisation / consistency', 'association' and 'loyalty benefits'. However, 'association' and 'loyalty benefits' registered only one mention each.

'Standardisation / consistency'

Within the theme of 'standardisation / consistency', there were different perspectives. For example, the Special Projects Officer believed branding to benefit consumers because it *'enables people to have an understanding of what they're buying'.* This, according to the Brand Manager, means that consumers know what they are going to get *'and that's the confidence and trust that the consumer will have with the brand'.* Others mentioned that consumers develop some form of trust with brands due to the brand being consistent in what it provides to consumers, namely the Sales and Marketing Manager, the Brand Manager, the Director of Distribution, and the Director of Human Resources. By way of example, the Brand Manager thought that *'wherever you go into that hotel, you should be expecting "x". You know what you're going to get and that's the confidence and trust that the consumer will have with the brand'.* No. 12 considered the trust that the brand provides to consumers to be particularly important when they are travelling to countries they are not familiar with.

'Association' and 'loyalty benefits'

The Chief Financial Officer mentioned the benefits created by consumers associating themselves with brands. He explained this by suggesting certain consumers get status from staying at, and therefore being associated with, a Four Seasons hotel, or the Ritz.

Loyalty was mentioned by the Director of Distribution. However, she also made the point that loyalty is based on consumers being able to identify with the brand and what it stands for. She exemplified this by saying '*if your brand values are about being cheap and on the edge of motorways, and you're the sort of client that is travelling a lot and need cheap hotels on the edge of motorways, then you'll identify with that brand'.*

4.6 Benefits of branding to hotel companies

Once the benefits of hotel brands to consumers were discussed, participants were requested to give their views on the ways that hotel brands may benefit the companies that own them. The responses are included in Table 47.

Table 47: Benefits of Hotel Brands to Companies

No.	Position	Company Benefits
1.	Chief Operating Officer	*Consumers perceive the brand to be of a higher quality than the unbranded product. They feel that the brand is going to add a bit of value.*
2.	Chief Financial Officer	*Enables companies to segment their offer to particular markets.*
3.	Sales and Marketing Manager	*In this day and age a strong, differentiated brand is important, including for recruiting and retaining staff. It enables a credible presence on-line and on Global Distribution Systems. It is also important for investors.*
4.	Brand Manager	*The opportunity to centralise expertise, communication and marketing in one area as opposed to letting hotels go off and do their own thing.*
5.	Director of Distribution	*It is a way of going to the market with a clear statement of your company's USP.*
6.	Director of Human	*A large customer base. If a brand is working, then customers will seek out other hotels within the brand portfolio once they've had a positive*

	Resources	*experience. Because all hotels have the same standards, the company is able to obtain greater purchasing power. They will want to bulk buy many items to ensure that each hotel has the same products inside it. This will enable them to get greater discounts with the companies they buy from. Once a brand is established and held in high regard, it is possible to introduce new products to it or a sister brand that current customers will immediately place more trust in.*
7.	Special Projects Officer	*As Hilton and InterContinental Hotels expand, the opportunity for independents gets less and less.*
8.	Area General Manager	*If the hotel company is a PLC, shareholder value.*
9.	Hotel General Manager	*Bookings through the recognition of the brand in the marketplace.*
10.	Hotel General Manager	*Property owners will go with Hilton solely because of the power of the brand name and supporting marketing and infrastructure. They feel Hilton will earn more money for them.*
11.	Hotel General Manager	*It means that we're all singing from the same hymn sheet. You know that Thistle do get the recognition for the hotels ... if you didn't have the brand, I think you just get confusion.*
12.	Hotel General Manager	*Customers have been shown to buy and be loyal to brands.*

The most stated theme were 'ability to differentiate', 'ability to target markets', 'brand loyalty', 'distribution channel benefits', and 'operational efficiencies'.

'Ability to differentiate'

Differentiation was regarded as a central benefit to hotel companies by the Sales and Marketing Manager, who felt that *'in this day and age a strong, differentiated brand is important'*. He suggested that this was particularly important for recruiting and retaining staff, for being *'credible'* on the Internet and Global Distribution Systems, and for investors in the company. Associated with differentiation is the concept of recognition. The benefits created by consumer recognition of the brand were mentioned by two General Managers (No. 9 and No. 11).

'Ability to target markets'

It could be argued that the 'ability to target markets' is related to differentiation. However, for the purposes of this typology they have been kept separate because whereas differentiation and recognition have been taken to represent how the brand stands out against its competition in the eyes and minds of the consumer, target marketing was mentioned by participants as a strategy for hotel companies to seek out particular groups of consumers to market its product to. In this regard, for example, the Chief Financial Officer considered a benefit of hotel branding to be that it '*enables companies to segment their offer to particular markets*'.

'Brand loyalty'

Some considered the relationships that consumers develop with brands to be important. For example, No. 12 observed that '*customers have been shown to buy and be loyal to brands*'. The Director of Human Resources suggested that consumers become loyal to branded hotel chains if one hotel within the chain meets their expectations by stating *'if a brand is working, then customers will seek out other hotels within the brand portfolio once they've had a positive experience'*.

'Distribution channel benefits'

Distribution channel benefits relates to the benefits created through the brand being sold via various distribution channels. For example, the Sales and Marketing Manager said that a hotel brand '*enables a credible presence on-line and on Global Distribution Systems*'. This, he suggested, is because hotel brands need to *'stand out in a very crowded marketplace in which consumers use various technology to book hotels'*.

'Operational efficiencies'

This theme reflects the operational efficiencies created through branding. The Director of Distribution was bold in her claims of the benefits in this area by saying the following:

> *Because all hotels have the same standards, the company is able to obtain greater purchasing power. They will want to bulk buy many items to ensure that each hotel has the same products inside it. This will enable them to get greater discounts with the companies they buy from.*

In addition, the Brand Manager felt that brands enable hotel companies to both make cost savings due to *'the opportunity to centralise expertise, communication and marketing in one area as opposed to letting hotels go off and do their own thing'*. He went onto explain that a failure of many hotel chains is that individual hotels often have too much control over certain activities that should be centralised, such as marketing. If this happens, according to the Brand Manager, operational efficiencies are not created and the consistency and therefore overall effectiveness of marketing activities across the chain could be undermined.

4.7 Definition of successful hotel brand

Participants were asked to provide their thoughts on what was meant by a 'successful hotel brand'. The responses to both questions are shown in Table 48.

Table 48: Successful Hotel Brand

No.	Position	Definition
1.	Chief Operating Officer	*Better value for the individual owner. Better pricing and distribution. More efficient and timely accounting, back office processes and procedures. Having access to international distribution channels more cost effectively than others.*
2.	Chief Financial Officer	*Recall, assumption that it is value for money and the level of repeat business.*
3.	Sales and Marketing Manager	*A brand that consumers have a clear understanding of what it stands for. Profitability. Return on shareholder funds. A strong brand means that you can command a higher price.*
4.	Brand Manager	*I think it is something that is clearly understood by the consumer ... So if you're undertaking research amongst a range of consumers, and employees and stakeholders, you would be able to get a quite consistent message about what that brand stood for and represented. Out of all the hotel brands now, it's the budget hotels that are doing this best, because they focus on such a simple core message and are spending the money in the marketplace communicating that to the customer.*
5.	Director of Distribution	*A high number of repeat guests. International recognition, not just national recognition. The fact that other brands want to be associated with you; marketing partners that co-brand with you. You should be one of the few brands that people can recall the name of. Awareness has to be high.*
6.	Director of Human Resources	*A brand that customers immediately identify as being synonymous with quality and one that they can trust. The brand should add value to the company. It should detract from individualism. It is no good one individual aspect of the service provided being good.*
7.	Special Projects Officer	*Financially. Loyalty programme like the hugely successful Hilton Hhonors and Marriott Rewards.*
8.	Area General Manager	*High recognition. An estate that is of the brand quality that can actually deliver the brand. Consistency of the physical product.*
9.	Hotel General Manager	*I guess it's one that makes people purchase without knowing the property.*
10.	Hotel General Manager	*If it is a successful hotel company then it is a successful hotel brand ... financially and other things such as repeat business. People use the company because of quality and service. Being the employer of choice.*
11.	Hotel General	*I think where you get consistency throughout the brand.*

	Manager	
12.	Hotel General Manager	*Consistency all the way through. People are prepared to pay to have the confidence that they know what they are going to get from the branded hotel.*

In terms of the definitions of successful hotel brands, the main themes identified in the data set were 'brand associations', 'financial performance', 'high recognition', and 'high loyalty'.

'Brand associations'

Based on the comments provided by participants, successful brands enable consumers to associate what they are getting for their purchase. For example, the Director of Human Resources provided the following definition: '*a brand that customers immediately identify as being synonymous with quality and one that they can trust'*. The General Manager of the Kensington Park, Kensington Palace and Lancaster Gate hotels suggested it is *'one that makes people purchase without knowing the property'* inferring brand associations are capable of influencing consumer behaviour. This suggests that the most successful hotel brands minimise the time and effort taken during consumer decision-making processes. In this case, consumers do not need to investigate the attributes of a particular hotel (e.g., location, facilities and services); they only need to have knowledge of the brand which would be sufficient for them to make their decision.

'Financial performance'

'Financial performance' was mentioned from a number of perspectives. This included from general comments about value being created for individual hotel property owners (The Chief Operating Officer) and the fact that brands should *'add value to the company'* (The Director of Human Resources), to remarks like *'if it is a successful hotel company then it is a successful hotel brand ... financially and other things such as repeat business'* (The General Manager of the Tower Thistle). The General Manager of the Tower Thistle felt that brand loyalty is an important component of successful hotel brands, along with financial performance.

'High recognition'

The Chief Financial Officer stated succinctly that a successful hotel brand is one that could be judged by the following characteristics: *'recall, assumption that it is value for money and the level of repeat business'*. Along similar lines, the Director of Distribution pointed out that national and international recognition is important, along with levels of repeat visitors. The awareness and recognition of the brand was an important element of the definitions of two other managers, including No. 8, who felt that *'high recognition'* was key, along with the ability of the brand to actually deliver what it promises through having a consistent product.

'High loyalty'

Loyalty was viewed from two perspectives. Some thought it was about consumers becoming loyal to the brand, including the Director of Distribution, the Chief Finance Officer and the General Manager of the Tower Thistle. Alternatively, the Special Projects Officer considered it to be a reflection of the operational success of guest loyalty programmes, by saying *'loyalty programme like the hugely successful Hilton Hhonors and Marriott Rewards'*. He explained the success of some hotel companies' guest loyalty programmes by using the example of Marriott. He said that Marriott uses its Rewards programme to fill excess bedroom capacity at traditionally quieter times of the year, such as when business-related demand drops off over the summer in London. He also stated that another feature of guest loyalty programmes is that the hotel company has information about many of its guests that could be used for future marketing *'assuming the company takes information management seriously'*.

4.8 Measures of success

Once participants had explained what they mean by successful hotel brand, they were asked to outline how such success could be measured for brand management purposes. The responses are shown in Table 49.

Table 49: Measures of Brand Management Success

No.	Position	Measures
1.	Chief Operating Officer	*How it compares against others in the marketplace. How it compares in terms of revenue and profitability as to me that is what owners should look at. Whilst the BDRC research is useful for Thistle, it doesn't give the type of information an owner would find useful.*
2.	Chief Financial Officer	*One is the consumer research which is going quite well ... this focuses on recall and so forth.*
3.	Sales and Marketing Manager	*We don't do an awful lot of research [at Thistle]. The BDRC research gives a status report, but it is based on a relatively small sample.*
4.	Brand Manager	*Awareness. Brand values understood by target consumers, employees, and stakeholders.*
5.	Director of Distribution	*Awareness and levels of repeat guests.*
6.	Director of Human Resources	*Repeat customers and new customers. Perceptions of the brand. Profitability. Levels of staff turnover. Staff morale.*
7.	Special Projects Officer	*The obvious answer is financial measures. The success of loyalty programmes can also be important.*
8.	Area General Manager	*Levels of public recognition.*
9.	Hotel General Manager	*Levels of unprompted buying.*
10.	Hotel General Manager	*Multiple measures of success ... profitability, repeat business, and perceptions of quality.*
11.	Hotel General Manager	*Consumer perceptions of what the brand offers and then actually delivers.*

12.	Hotel General Manager	*Average achieved room rates.*

The predominant themes present in the responses to the question about measures of success were 'brand loyalty', 'financial performance', and 'perceptions of value'. The BDRC research, as a brand performance measurement tool (which Thistle subscribes to, as mentioned earlier in this chapter), was also mentioned.

'Brand loyalty'

Similar to the responses to the question about what is meant by successful hotel brand, brand loyalty was viewed from two perspectives. On the one hand it was viewed from the perspective of repeat purchasing by consumers (i.e., Nos. 5, 6, and 10). Also, the Special Projects Officer mentioned specifically the guest loyalty programmes. When asked to explain this in more detail, he mentioned that some loyalty programmes were particularly successful, including Marriott's. This is because the programmes enable the hotel company to gather detailed information on the programme members and it generates demand for hotels within the chain. However, he also commented on the high costs associated with developing and sustaining guest loyalty programmes.

'Financial performance'

A range of financial measures were cited. Financial performance was taken to represent revenue and operating profit compared to the hotel brand's competitors by the Chief Operating Officer, profit by the General Manager of the Tower Thistle, and average achieved room rates by the General Manager of the Manchester hotels. On the other hand, the Special Projects Officer was less specific by stating merely that *'the obvious answer is financial measures'*.

'Perceptions of value'

The perceptions that consumers have of the brand was mentioned by the Director of Human Resources, the General Manager of the Tower Thistle, and the General Manager of Luton. Although 'perceptions' were not mentioned specifically by the Brand Manager, he felt that brand values need to be understood by consumers, employees and other stakeholders.

Other comments

Brand performance measurement was viewed as a multi-faceted concept by the majority of participants. Indeed, all but two General Managers (i.e., No. 8 and No. 9) provided more than one measure of performance in their responses. A case in point was the Director of Distribution's interpretation as follows: '*multiple measures of success ... profitability, repeat business, and perceptions of quality'*.

4.9 Brand management challenges in the hotel industry

When asked what they considered to be the brand management challenges in the hotel industry, a diverse range of challenges were provided. These are shown in Table 50.

Table 50: Brand Management Challenges in the Hotel Industry

No.	Position	Challenges
1.	Chief Operating Officer	*It's all very well spending thousands on advertising to get more revenue, but all your operating costs go up and your profitability is shot. Other challenges include staff turnover. Trying to recruit and retain top quality staff is difficult.*
2.	Chief Financial Officer	*You must upgrade yourself to be competitive with the market, because there are new hotels coming up where people walk in and feel very comfortable as they are brand new. The challenge is to keep to a schedule of refurbishment.*
3.	Sales and Marketing Manager	*Not to compete merely on price. Need to sell the added values such as good service and range of facilities. If compete purely on price, people will stay at a Travelodge. At Thistle the reality of the brand is better than the perception. Thistle under promises, but over delivers. Achieving consistency, especially if you don't own the hotels. Staff turnover is a particular problem in London. Recruitment and*

		retention of good staff is very competitive.
4.	Brand Manager	*The massive thing is how to achieve consistency across the brand. By its very nature, the hotel industry is a people business. There is a particular challenge of recruiting and retaining the right calibre of staff.*
5.	Director of Distribution	*Operationally, as we don't own the hotels, installing brand standards is difficult. We have different hotels in different locations with different fixtures and fittings. Difficult to achieve common standards of service. London has a particularly high turnover of staff.*
6.	Director of Human Resources	*If you are starting to build a brand from scratch, it is a very costly exercise. Whilst some of your products will be of a standard that you wish to move forward with, some may fall below this. This in turn will mean investing money in improving your product/service. This is a very costly exercise and takes time to complete. Whilst you are trying to build a brand, customers may still be coming into contact with the poorest products in your portfolio and will associate your brand with this. Aside from this, there is a huge investment in marketing required for a new corporate image. On top of this, once a brand becomes successful, it can just as easily stagnate and become unpopular again. If the company does not ensure that it is keeping up to date with its customers' needs and desires then it will lose all the benefits of its brand.*
7.	Special Projects Officer	*Thistle has 30 plus minor market segments. Need to try to ensure that the same consumers don't appear in many different profiles. Consumers are becoming more aware of yield management. How guests are handled at reception. Developing a successful food and beverage operation.*
8.	Area General Manager	*Due to electronic distribution a business customer may buy the leisure rate. Customers are becoming more 'savvy' now to get the cheapest rate.*
9.	Hotel General Manager	*Deciding what the brand is, communicating that to the people and then really maintaining some sort of integrity. I think that's probably the biggest challenge for hotels.*
10.	Hotel General Manager	*London hotel business is very difficult ... recruitment of staff, accommodation of staff. Achieving consistency of service is challenging.*
11.	Hotel General Manager	*I think there's always a cost involved. You've got to try and maintain the brand, and if you ever have a dip in revenue levels, occupancy levels, you have to be quite tough in saying well I'm going to maintain the brand. I'm always going to have bathrobes and slippers in my bedrooms, regardless of the number of people we've got coming through the door.*
12.	Hotel General Manager	*Consistency, which is down to training. Hotel brand consistency in the UK is poor.*

The key themes raised by this question were 'achieving consistency' and 'staffing'.

'Achieving consistency'

Some of the participants were clear in the difficulties related with how hotel companies can deliver a consistent product to consumers across a brand. For example, the Brand Manager stated that '*the massive thing is how to achieve consistency across the brand*'. Indeed, No. 12 felt that the situation is so demanding that '*hotel brand consistency in the UK is poor*'. The Sales and Marketing Manager felt that there was a particular challenge for hotel management companies in achieving consistency as they do not actually own the hotels. They were asked why this was. They replied by stating that it is because the responsibility of the quality of the physical environment (e.g., the hotel's fixtures, furniture and décor) is typically the responsibility of the hotel owner and not the hotel management company. For this reason, the branded management company has to work closely with the property owner to ensure that necessary re-investment is undertaken in the actual property to keep it at the brand's standards. Related to the issue of maintaining a consistent product is the theme of 'brand re-investment'. The Chief Finance Officer considered this to be related to both maintaining and actually upgrading the hotel to retain competitive advantage, by suggesting the following:

> *You must upgrade yourself to be competitive with the market, because there are new hotels coming up where people walk in and feel very comfortable as they are brand new. The challenge is to keep to a schedule of refurbishment.*

'Staffing'

Managing staff turnover was a problem mentioned by the Chief Executive, who said that '*trying to recruit and retain top quality staff is difficult*'. He went on to mention that there is a particular problem faced in London hotels. Others (i.e., Nos. 3, 5 and 10) also mentioned the particular challenges faced in London in terms of staff recruitment and retention. This is a particularly pertinent issue within Thistle, given the relatively large number of hotels which are located in London (as discussed earlier in this chapter).

4.10 Awareness and definitions of hotel brand equity

Prior to asking for participants' understandings of what is meant by the term hotel brand equity, they were asked whether they had actually heard of the term (prior to any contact they had with the researcher in relation to this research study). Eight out of the twelve participants confirmed that they had heard of the term. Once the awareness of the concept had been examined, participants were asked to provide their definition of the term. The data generated by these questions are provided in Table 51.

Table 51: Hotel Brand Equity Awareness, Usage and Definition

No.	Position	Heard of the term	Definition
1.	Chief Operating Officer	Yes	*It's the value in the brand name for example to property owners. You have to be very careful through expansion, so that expansion is very controlled and disciplined, so that you don't dilute that brand equity.*
2.	Chief Financial Officer	Yes	*I think it would be the value in a consumer's mind – e.g., perceived value for money.*
3.	Sales and Marketing Manager	Yes	*There is value for having the Thistle name above the front door, rather than other brands. There is a financial value in the brand that in my view should be on the balance sheet. If we got taken over tomorrow, there's a financial value to the Thistle brand.*
4.	Brand Manager	Yes	*For me, it's the value behind your brand name. It's reputation. It's awareness in the market place. What it represents. So in a way, it's intangible ... there is an intangible element that your brand means something to the consumer that therefore sustains you as opposed to somebody else. I guess it starts to tie in, at the very least, an understanding of the brand and possibly moving into loyalty towards the brand.*
5.	Director of Distribution	Yes	*Could be a share or it could be standardisation ... I don't know, I can't define it.*
6.	Director of Human Resources	Yes	*Hotel brand equity is the value a consumer places in the hotel's brand. If they trust the brand and believe it to be a desirable brand, then the brand has a positive equity. If the*

			brand is not credible or seen to be poor quality, then the brand has negative equity.
7.	Special Projects Officer	No	*Consolidation of the elements of the brand and some form of value associated with the elements.*
8.	Area General Manager	Yes	*The value in the brand from the point of view of the hotel company. Also relates to brand integrity. Relates to the value as perceived by both the consumer and the company.*
9.	Hotel General Manager	No	*If there is a table of brands, where your brand fits in terms of the general public's perception.*
10.	Hotel General Manager	Yes	*I think my idea of brand equity is what value does it bring to the company, or to the balance sheet? What value does it bring to the future of the business?*
11.	Hotel General Manager	No	*The value of the brand that you can set to one side?*
12.	Hotel General Manager	No	*Expectation of the brand. It might have something to do with value. From the managements' point of view, investing in a brand that will produce financial reward.*

All themes generated with the exception of two (i.e., 'reputation' and 'awareness') involved 'value' of some form. 'Financial value' registered the highest number of mentions. For example, the Sales and Marketing Manager said that *'there is value for having the Thistle name above the front door, rather than other brands. There is a financial value in the brand that in my view should be on the balance sheet. If we got taken over tomorrow, there's a financial value to the Thistle brand'.* However, the General Manager of the Tower Thistle considered hotel brand equity to represent both the current financial value of the brand and the future earning potential of the brand by saying that *'I think my idea of brand equity is what value does it bring to the company, or to the balance sheet? What value does it bring to the future of the business?'* This infers that brand equity provides some certainty over future operating performance.

In addition to the financial value of the brand, some felt that hotel brand equity represented the value from the point of view of the consumer. From this stance, the Director of Human Resources said the following:

> *Hotel brand equity is the value a consumer places in the hotel's brand. If they trust the brand and believe it to be a desirable brand, then the brand has a positive equity. If the brand is not credible or seen to be poor quality, then the brand has negative equity.*

Combining both the consumer and company perspectives of value, the Area Manager of the London hotels felt that hotel brand equity is '*the value in the brand from the point of view of the hotel company. Also relates to brand integrity ... Relates to the value as perceived by both the consumer and the company*'.

4.11 Usefulness of the concept

Participants were asked whether they considered the brand equity concept to be useful. In total, nine stated that they thought brand equity is a useful concept. However, few gave a straightforward 'yes' or 'no' answer. Instead they gave an explanation of their response. These are shown in Table 52.

Table 52: Usefulness of Hotel Brand Equity

No.	Position	Useful term	Explanation
1.	Chief Operating Officer	Yes	*Oh yes. Property owners don't care about whether the bedspread is green, red, orange, or blue. They care about maximising their return on their investment. That's all they care about and that's what brand equity is.*
2.	Chief Financial Officer	Yes	*When you have a strong brand, that is high in brand equity, you can charge more for it.*
3.	Sales and Marketing Manager	Yes	*Not much in day to day work. If we looked at another hotel project, we know the value that the Thistle brand would bring to it. We know what we could do financially.*
4.	Brand	Yes	*Yes, because I believe that people do identify with*

	Manager		*particular brands and prefer to make their decisions based upon what they want them to be.*
5.	Director of Distribution	No	*The term brand equity is certainly not a term used everyday in Thistle. I have read about it in various newsletters, but don't use it.*
6.	Director of Human Resources	Yes	*It is a common marketing term which is well known in the marketing sector. However, outside of their area it is not as commonly used as the term 'hotel brand'. It is a way of measuring your company's productiveness and image. If the brand has a negative equity then it is detracting from the value of your company and endangering the loyalty. Obviously the opposite is true if it has a positive equity. It is useful to know how your company is perceived by its customers and if there is negative feedback then this can be turned around. A brand must constantly grow in line with consumer needs in order to achieve maximum benefits.*
7.	Special Projects Officer	Yes	*As a company we don't know enough about our brand's equity. Our Sales and Marketing Director probably does.*
8.	Area General Manager	No	*I wouldn't get hung up about it.*
9.	Hotel General Manager	Yes	*We should constantly monitor the public's perception of our brand. We will then know whether there is a difference between what we think and what they think.*
10.	Hotel General Manager	Yes	*I think it's really useful because for me it's a clear definition of many, many things. Who am I selling to? How can I expand? How can I generate more revenue? How can I market? For me, the stronger the brand is, the more opportunities I and the rest of the managers will have in the business. The stronger the brand is, the more marketable I become because I'm associated with the brand.*
11.	Hotel General Manager	Yes	*Yes, but it needs to be measurable.*
12.	Hotel General Manager	No	*I've got a lot of friends that work in different companies, but I haven't heard them use that term, and some of them are in branded products.*

The main themes identified in the responses to the question about the usefulness of the hotel brand equity concept were 'consumer perceptions' and 'financial value'.

'Consumer perceptions'

In terms of 'consumer perceptions', it appeared that both participants that mentioned this theme considered it necessary for hotel brand owners to understand how their brands are perceived by consumers. For example, No. 9 suggests that *'we should constantly monitor the public's perception of our brand. We will then know whether there is a difference between what we think and what they think'*. This suggests that perception needs to be managed regularly, and that it is imperative to investigate whether there is any disparity between how the hotel companies perceives its brand, and how it is viewed by consumers.

'Financial value'

Two aspects of 'financial value' were cited by the participants. The Sales and Marketing Manager felt that the Thistle brand would generate a certain financial value to a hotel property. He said: *'if we looked at another hotel project, we know the value that the Thistle brand would bring to it. We know what we could do financially'*. By way of comparison, the Chief Executive Officer considered brand equity to be important to maximise property owner's return on investment as *'that's all they care about and that's what brand equity is'*. Related to financial value was 'price premium', which was mentioned by the Chief Finance Officer. He believed that *'when you have a strong brand, that is high in brand equity, you can charge more for it'*.

Other comments can be made about the responses to this question. Three participants did not regard the concept of hotel brand equity useful. The responses varied from the uninterested retort of *'I wouldn't get hung up about it'* (No. 8) to being quite dismissive of the brand equity concept in general by saying *'I've got a lot of friends that work in different companies, but I haven't heard them use that term, and some of them are in branded products'* (No. 12). Within the context of Thistle, the Director of Distribution said *'the term brand equity is certainly not a term used everyday in Thistle. I have read about it in various newsletters, but don't use it'*. Following this statement, she was asked to confirm that 'brand equity' was not used commonly within Thistle to which she said that as far as she was aware *'this was the case'*.

4.12 Hotel brand equity measures

Participants were questioned about brand equity measures. The responses are included in Table 53.

Table 53: Hotel Brand Equity Measures

No.	Position	Measures
1.	Chief Operating Officer	*I don't think you can make it scientific enough to actually say what the brand is going to deliver. You can all do projections, we all do benchmarking, we can all do cost comparisons and all the rest of it. But when you come out the other end how many times have you got a proposal and the project's gone ahead and you've gone back three years later and reviewed it and it's exactly like you said it would be. I don't think I've ever seen that.*
2.	Chief Financial Officer	*It's tough to measure brand equity. We do the BDRC research, but I don't think it's a methodological approach looking at our brand image. We should do something like that I think.*
3.	Sales and Marketing Manager	*Thistle does not measure its brand equity. Brands should be on the balance sheet.*
4.	Brand Manager	*I don't know if the BDRC research is detailed enough. It gives you a snapshot of the industry, and particularly awareness. But to be honest, we could have gone and spent 10 million quid and hopefully our awareness would have gone up. But it doesn't actually make your brand equity go up. There's a difference between the value of the brand and brand awareness. Ways of measuring could include focus groups, with detailed questions to different groups, some users and some non-users, to understand what people are taking away from your marketing communications. Maybe if you get lapsed users, what their impressions are.*
5.	Director of Distribution	*Perception in the market of the brand. Awareness can be high, but perception may not be good.*
6.	Director of Human Resources	*Important to measure brand equity as it is vital for a company that is using a strong brand image as part of its business strategy to measure the success of it with customers. It is not as simple as looking at the balance sheet to determine the strength of your brand equity. It is important that you also determine exactly how your customer feels about your brand. This type of information can be accessed via guest feedback and market research, as well as company profits. Clearly, the marketing department should have a massive role in brand equity. However, it is the responsibility of all departments to ensure that the*

		brand is constantly worked on and improved. For example, 'Marketing' presents the brand to the public, 'Revenue' positions the brand in the market due to the pricing strategy, 'Human Resources and Training' help ensure that employees are working to brand standards, etc. Because of this, all of the senior management team should actively involve themselves in monitoring how their departments are conforming to the brand standards and helping it grow.
7.	Special Projects Officer	*Should focus on the financial performance, such as average room rate and rooms yield.*
8.	Area General Manager	*The BDRC research is quite interesting. Thistle could invest more in enhancing brand awareness through 'above the line advertising', but this is only part of the picture. BDRC research is shared with the senior management group then others as necessary. However, no strategic decisions are made on the back of it.*
9.	Hotel General Manager	*Our perception of where we stand against the public's perception of where we stand. The success of the brand is probably how well we close that gap of perception.*
10.	Hotel General Manager	*Financial value of the brand on the balance sheet.*
11.	Hotel General Manager	*Mixture of consumer-based, such as awareness and loyalty, and financial measures.*
12.	Hotel General Manager	*Should measure certain aspects of the business such as average achieved room rates and occupancy, food and beverage performance, etc.*

The main themes were 'financial performance' and 'consumer perceptions'. With respect to 'financial performance', the Special Projects Officer was adamant that brand equity measures *'should focus on the financial performance, such as average room rate and rooms yield'*. Both the Sales and Marketing Manager, and the General Manager of the Tower Thistle suggested that the financial value of brand equity should be measured in order to place a financial value on the balance sheet. The General Manager of Luton felt that brand equity measures should include both consumer-oriented measures, like brand awareness and loyalty, and financial measures. The Brand Manager thought that the awareness of the brand is not as crucial as consumer perceptions by saying '*but to be honest, we could have gone and spent 10* *million quid and hopefully our awareness would have gone up. But it doesn't actually make your brand equity go up. There's a difference between the value of the brand and brand awareness'.* The Director of Distribution would seem to agree with this viewpoint when she said that '*awareness can be high, but perception may not be good'.* In terms of the method that could be used to investigate the perceptions that consumers have of brands, the use of focus groups (with participants of existing brand users and non-users) was suggested by the Brand Manager.

5 Chapter summary

The purpose of the case study was to build upon the findings of the management consultant research by exploring and examining the meanings and uses of the brand and brand equity concepts, and other issues, as interpreted by senior executives and hotel general managers of Thistle Hotels. This chapter outlined the findings of this research. These include the following:

- Thistle is a well-established UK-based hotel company. It operates two brands, namely Thistle and Guoman. As of June 2005, the company comprised 50 hotels throughout the UK. Each of these, with the exception of the Cumberland Hotel in London, was branded as a Thistle. Independent research (undertaken by Business Development Research Consultants, 2005) illustrated the stature of the Thistle brand within the UK in 2004. According to this research, Thistle was ranked seventh largest hotel brand in the UK (in terms of number of hotels). For both samples of business and leisure travellers that comprised the study, Thistle was sixth based on brand awareness (i.e., using prompted and unprompted measures), and third most popular with regards to consumer choice. Based on this, Thistle is one of the UK's leading hotel companies.
- In 2005, Thistle introduced a new framework for the management of its brands, namely the Brand Standards Manual. This document outlined various standard operating procedures as part of the company's desire to achieve consistency across the chain. The

manual focuses mainly on service consistency. Interestingly, for a company with such a focus on branding, Thistle did not have a marketing strategy during the period of the research (2005), nor did it have a brand strategy. It appeared that corporate decision-making on brand investments were made by the Chief Operating Officer (as the most senior manager within the company) in conjunction with relevant members of the management team, including the Sales and Marketing Manager. A wide variety of company documents were analysed for the study. Not only did they provide valuable information on the company's approach to branding, they also provided necessary context for the depth interviews.

- In total, 12 senior managers from Thistle participated in in-depth, semi-structured interviews. Of these, seven can be classified as corporate executives (as they worked in the Head Office in central functions such as finance, marketing, human resources and distribution). Amongst the sample was the Chief Operating Officer. The remaining five were hotel general managers. The general managers were responsible for the day-to-day operation of 20 (or 40 per cent) of the chain's hotels.

- The question on hotel brand definitions yielded many interpretations. The major themes present in the definitions offered were shorthand / promise of performance, and standardisation / consistency. As with the management consultant's research, a number of definitions were multi-dimensional. All but one of the participants felt that there was confusion over the meaning of the term hotel brand. However, all participants considered there a need for common understandings of key brand management terminology, including the core brand concept.

- Managers believed that hotel brands benefit consumers in various ways. The main reasons cited were the standardisation and consistency offered, the ways that some consumers associate with particular brands that offer what they are seeking, and the benefits generated from repeat purchase of the same brand. Company benefits put forward included the ability to differentiate against competitors, the ability to target particular market segments, the benefits related to brand loyalty, distribution channel benefits (e.g., having a presence of third party websites), and operational efficiencies (e.g., reduced marketing expenditure) created.

- When asked to define a successful hotel brand, various aspects were tabled, including brand associations, financial performance, high recognition, and high loyalty. The measures of success cited were brand loyalty, financial performance, and perceptions of value. Another finding was that all but two of the participants mentioned more than one measure of success in terms of responses. This implies that, to get a true representation of performance, brands should be evaluated from various perspectives rather than single measures.

- The challenges associated with brand management raised included the difficulties in achieving consistency across a chain of hotels, and staffing issues such as how to manage staff turnover.

- Eight out of the 12 managers stated that, prior to this study, they had heard of the term brand equity. The definitions offered concentrated on the theme of 'value', particularly financial value. However, the consumer perspective of value was also raised.

- Nine of the managers considered brand equity to be a useful concept. Reasons for this included the focus on consumer perceptions and financial value.

- The question on brand equity measures generated responses that could be categorised into two types, namely financial performance measures and consumer perception measures.

Now that the findings generated by the research have been presented and summarised, the study moves to the analysis of the data along with the findings of the management consultants' research. This is provided in the following chapter.

DISCUSSION

1 Introduction

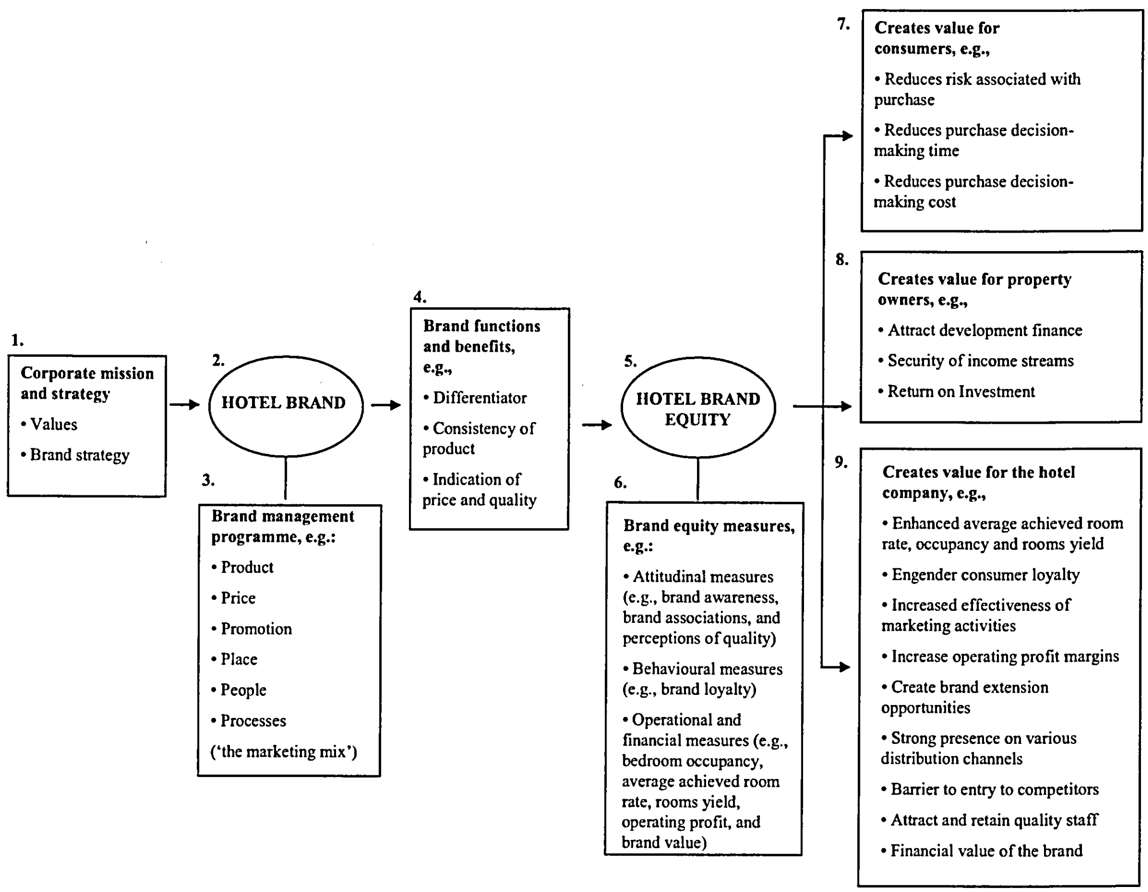
The purpose of this chapter is to critically discuss and synthesise the available literature (Chapters 2 and 3 of this thesis) and the findings of the empirical research (Chapters 5 and 6). The analysis is undertaken in order to challenge, revise and, where appropriate, advance the preliminary conceptual framework constructed during the literature review. Assessing and refining the meanings of core concepts that form the preliminary conceptual framework and exploring possible relationships between the different stages provides a platform upon which a theory of hotel brand equity can be developed. It also facilitates an agenda for future research following completion of this thesis through the development of various hypotheses. An output of this chapter will be a 'hotel brand equity conceptual framework' that will have been informed by the available literature and has been subjected to testing through empirical research. As discussed previously in Section 3.9, in addition to being a starting point for a theory of hotel brand equity, this will provide a framework to guide strategic brand management by hotel companies.

The analysis conducted in this chapter will be undertaken in two ways. First, the meanings of the preliminary conceptual framework's key concepts, as attributed by research participants, will be evaluated and contrasted against the existing literature. The relationships between the different stages of the framework will then be explored and examined by appraising the findings of the literature and the empirical research.

2 The preliminary conceptual framework

Based on the literature review, a preliminary hotel brand equity conceptual framework was constructed. This incorporates brand equity as a central component. It also includes the proposed key concepts that should be involved in management of hotel brands, and some hypothesised relationships between various concepts. For the reader's convenience, the preliminary conceptual framework (originally presented in Chapter 3) is re-presented in Figure 6. This is provided again as the following sections focus on clarifying the meanings of the component parts of this, namely hotel brand, hotel brand functions and benefits, hotel brand equity, and hotel brand equity measures.

Figure 6: Preliminary Hotel Brand Equity Conceptual Framework



3 Preliminary conceptual framework meanings

Prior to embarking on an examination of the meanings of different parts of the conceptual framework, it is useful to address on some findings generated by the empirical research which provide important context to this analysis. A key finding of the empirical research (which corroborated the finding of the literature review) was that there is much confusion over the meaning of certain brand management terms, including hotel brand and brand equity. For example, all Thistle managers expressed a need to have commonly-agreed terminology due to the misunderstandings that exist currently. There was also a difference of awareness of the hotel brand equity concept; nine out of the 11 management consultants and eight of the 12 Thistle managers had heard of the concept. The implications of this for this study are that it corroborated a need for greater clarity over brand management terminology. This supports the original rationale for this study. Also, the context of confusion needs to be borne in mind when examining the different interpretations of terms which were provided by research participants.

Hotel brand

The literature review identified conflicting views over the meanings of the brand concept, both generally and specifically in the context of the hotel industry. The empirical research provided additional insight into what is meant by hotel brand through its exploration of practitioner interpretations. Whilst various statements have been made in the literature about the roles, prevalence and growth prospects of branding within the hotel industry, few researchers have attempted definitions that take any account of the various particular characteristics of the hotel industry (as identified in Chapter 2). A stance taken by this thesis is that a customised hotel industry approach is necessary due to these characteristics. As will be seen, this influences the discussion at various points during this chapter. Definitions of the brand concept developed in other product categories (often manufactured brands) with different characteristics may not be appropriate within the hotel industry. For example, it appears from the literature review that consumers purchase and evaluate the performance of services such as hotels in a different manner than goods. Whereas consumers are able to inspect manufactured brands prior to purchase (e.g., on a supermarket shelf), this is not possible with hotels, particularly if the hotel is located in a foreign country. A limitation of the extant research effort is that it fails to distinguish sufficiently between generic interpretations of the brand and hotel industry requirements. However, the literature review found one widely-cited hotel industry definition developed by Olsen *et al.* (1998), as follows:

> *Attempts by hotel companies to create and deliver new products to the customer. Often thought of as levels of service such as budget, economy, luxury, and business class hotels. Each product is associated with specific products and services to differentiate it from the competition. Brands are available in several of these segments as well.*

As discussed in Chapter 3, this definition suggests the hotel brand is a multi-dimensional construct incorporating the elements of product segmentation, service delivery and product differentiation. Of these, it could be argued that only the feature of differentiation is shared with many generic definitions of the brand (e.g., see Kapferer, 1997). The other two elements of product segmentation and service delivery are common hotel industry features. Product segmentation is becoming increasingly prevalent within the hotel industry, as hotel companies seek to develop new products for consumers. As discovered during Chapter 2, this has led to a diverse supply of types of hotels from traditional business-oriented hotels to extended stay and 'boutique' hotels. Indeed, some hotel companies own more than one brand that targets different market segments. For example, Thistle, the subject of this case study, has its full-service, four-star Thistle brand, and the more contemporary designed boutique Guoman brand; two brands that offer different products to different target markets. Given the range of types of branded hotels, a sufficiently broad definition that reflects this diversity is required in order to try to reflect the scale of hotel industry branding. The Olsen *et al.* (1998) definition also reflects the important role branding plays within the hotel industry in terms of distinguishing products based on consistent service levels, rather than, for example, the physical product. Given its status within the hotel industry, the Olsen *et al.* (1998) definition is used as a comparison against the empirical findings.

The empirical research yielded a variety of interpretations of the hotel brand concept. A comparison of the themes generated through the two stages of empirical research is shown in Table 54. This indicates that, across both samples, the commonly raised themes, amongst the two data sets, were the brand being a shorthand or promise of a certain performance, a way of standardising a product, and a name or logo.

Table 54: Hotel Brand Definitions: Predominant Themes Generated by the Empirical Research

	Themes
Management consultants	• Brand values • Differentiation • Shorthand / promise • Standardisation • Name / logo
Thistle managers	• Name / logo • Shorthand / promise • Standardisation / consistency

The findings of the management consultant research corroborated the literature finding that the hotel brand is a multi-faceted construct. For example, many of the consultants constructed composite definitions that incorporated more than one element. Overall, the predominant themes raised by the management consultants were brand values, differentiation, promise of a certain performance, standardisation, and name / logo. Interestingly, given its apparent status within the hotel industry, the management consultants raised themes that were not part of the Olsen *et al.* (1998) definition, namely brand values, promise of performance, standardisation and name / logo. In the researcher's experience of working with various brand-owning hotel companies, not all hotel companies have formalised statements of brand values. For example, whilst Thistle had a set of corporate values in 2005, it did not have a supplementary set of values for either of its two brands. The promise of performance and standardisation are separate but related themes. Given that not all hotel brands have specific brand values, this may be why brand values were excluded from consultant definitions. If this is the situation in other hotel companies, it may be a reason why brand values were omitted from the Olsen *et al.* (1998) definition. The promise of performance appears to be an important function of service brands due to the presence of less tangible features upon which consumers can rely upon when, for example, considering which brand to purchase, or evaluating brand performance. The diversity of hotel types suggests that the emphasis on service features varies across types of hotels. This was a characteristic identified by Connell (1992) with his typology of 'harder' and 'softer' brands. For example, budget hotels seem to place less emphasis on service-related features as part of their overall product and more on physical aspects such as the hotel's location, bedroom size and hotel amenities. Conversely, other hotels place more prominence on the service aspects of their offer, including hotels that operate in the five-star and luxury hotel markets such as Hyatt and Four Seasons. Clearly, physical aspects are also important in these cases, including the convenience of the hotel's location, and the size, range and quality of the facilities. In light of a goal of this study being to develop a definition of the hotel brand that would be relevant to the majority of branded hotel types, it is suggested that any definition should reflect the issue of consistency generally, as this would address both service and physical product consistency. The brand name or logo is a standard feature of many definitions of the brand concept in all product categories (de Chernatony and Riley, 1998), due to the role it plays in aiding identification by consumers and differentiation against competitors; a basic function of all brands. Given its importance in brand management, the design of logos has become a key consideration so that, for example, it can be used in multi-media environments (from the television to the Internet), and in order for it to have resonance globally, if that is the strategy of the brand-owning company (VanAuken, 2002). This is true of the hotel industry, where hotel brands have created distinctive logos. For example, Thistle's logo during 2005 consisted of a green and red thistle above the name 'Thistle Hotels'. Immediately beneath this was the strap-line 'more than accommodating'. This logo was used consistently on all the company's promotional materials.

The case study reinforced the confusion over brand-related terminology and a need for this to be addressed to aid brand management. A key finding of this research is that all Thistle managers interviewed expressed a need to have common understandings of brand management terms. Indeed, the Chief Operating Officer claimed that the uncertainty caused by the terminology is widespread throughout the hotel industry. Similar to the management consultant research, Thistle corporate executives and hotel general managers emphasised the importance of the name or logo, promise of performance and standardisation in their interpretations of the hotel brand. Prior to commencing the case study fieldwork, the researcher considered that Thistle's managers would provide broadly similar views on key concepts, as working within the same organisation they should be communicating on a regular basis about branding and related issues. This was not found. Participants self-defined terms. This may have been due to the lack of a formal brand strategy or corporate brand management vocabulary to draw upon. Whilst there were different perspectives of what was meant by name and logo, a common denominator (as with the consultant research) was that a brand name and logo performed the function of enabling consumers to recognise a particular hotel or hotel chain against competitors, as well as provide an indication of the quality of service that is being offered. The role of the brand providing a promise of performance to consumers was also raised.

What was unclear from the case study was whether interpretations were influenced by the type of full-service hotels operated by Thistle. Indeed, the Chief Operating Officer questioned this himself, and wondered whether budget hotel operator managers would place similar prominence on this given their focus on more physical aspects of the hotel product. However, two features of the research study suggest that some weight may be placed on the themes raised during the case study. First, the management consultants that participated in this study have worked across many sectors of the hotel industry, not just full-service hotels (as this was a requirement of the purposive sampling strategy, as discussed in Chapter 4). That the Thistle managers corroborated the themes generated by the consultants indicates a similarly broad view of the topic of hotel branding. Also, certain Thistle managers had diverse backgrounds, some of which involved working in other areas within the hotel industry (including budget hotels) and other industry sectors such as tour operating and retailing.

Although this research did not specifically intend to investigate the meaning of other related terms, other observations can be made of the findings. For example, it is perhaps perplexing that a limited emphasis was placed on the concept of 'added values' by participants which appears to be emerging in contemporary definitions of the generic brand concept (as discussed in Chapter 3). Reasons for this are difficult to fathom from this research. It could possibly be that hotel brands have failed to convince the research participants that they actually add much value to the consumer over and above their functional roles of, for example, providing a place to sleep, eat and drink. Alternatively, it may be that academic and practitioner discussions and debates around the meanings and uses of branding within the hotel industry are less sophisticated than in other product categories. This could be a possible area of future research. For example, it seems that there is a need to investigate the added value concept in the context of hotel brands.

Based on the findings of the literature review and the empirical research a new definition of 'hotel brand' has been constructed. This is shown below.

A hotel brand is a name or logo used to differentiate a hotel or hotel chain against competitors. Hotel brands seek to offer consumers a consistent level of service and/or physical facilities to enable them to have an understanding of what can be expected through purchasing the brand. Hotel brands operate in all segments of the hotel industry, including the budget, mid-market, upscale and luxury hotel segments.

The above definition incorporates the components of name or logo, differentiation, consistency, and product segmentations. The virtues of this definition are numerous. The definition is sufficiently broad to encompass the diversity of types of contemporary hotel from budget hotels (such as Premier Travel Inn) through to luxury hotels (like Hyatt and Four Seasons), as well as emerging segments of the industry including boutique hotels and all-suite hotels. It includes the branding principle of using a name or logo to aid product differentiation; a feature missing from the Olsen *et al.* (1998) definition. Finally, it focuses on the function of hotel brands to offer consumers consistency.

Hotel brand functions and benefits

The need to challenge the relevance of general branding principles and applications, concepts and sub-topics when applied to the hotel industry is also important in the case of brand functions and benefits. Whilst the literature review unearthed various generic and hotel brand specific functions and benefits, the current literature can be criticised due to the limited empirically-based hotel industry research. Whilst this could be an area where hotel companies have commissioned or undertaken proprietary research (which is not in the public domain), there is a dearth of published academic research. The existing literature on functions and benefits can be split into two types according to the perspectives from which they are viewed, namely from the point of view of the consumer and the brand-owning company. The most comprehensive analysis of consumer benefits identified through the literature review was that undertaken by Kapferer (1997). He established eight functions of the brand, including its role of identifying the product, a guarantee that the product will provide the same quality no matter where or when purchased, and it is a badge that provides self-confirmation of a consumer's self-image or an image that a consumer wishes to present to others. Unfortunately, this typology can be criticised as it fails to clarify which of these, if any, are applicable to services such as hotels. However, the literature review found some evidence of the functions performed by hotel brands, although these were conceptual and not based on empirical research studies. From the consumers' point of view, it has been argued that perceived risks can be reduced through purchasing certain hotel brands, hotel brands have been found to enable consumer predict the value of their purchase in terms of price and quality, and acquiring familiar brands can reduce the time and costs incurred by consumers during their decision-making processes over which brand to purchase (Bateson and Hoffman, 1999; Williams, 2002). It has been suggested that hotel brands also provide functions and benefits to hotel property owners, including the ability to attract finance for hotel developments, and the ability of successful hotel brands to out-perform competitors operationally and financially (Forgacs, 2003). In terms of the brand-owning company, many functions and benefits have been identified through developing successful brands. For example, consumers being prepared to pay price premiums, stimulating consumer loyalty, increasing the effectiveness of marketing programmes, and increasing operating profit margins, enable brand expansion opportunities, develop strong presences through various distribution channels (e.g., travel agents, tour operators, and the Internet), act as a barrier to entry to competitors, appealing to investors (Lazer and Layton, 1999), and finally attracting and retaining high quality employees (Ravey, 2003). This is a long list of functions and benefits. However, what has been published about hotel brand functions and benefits has been based largely on conceptual analysis rather than empirical research. One piece of empirical research that investigates why consumers purchase hotel brands is that produced by BDRC (2005). According to this, there are particular risks associated with purchasing hotel accommodation in unfamiliar destinations and these risks can be mitigated through purchasing well-known brand names.

Against a backdrop of limited published research, the empirical research undertaken for this study was productive. In Table 55, the predominant themes generated by the management consultants and Thistle managers are shown. There was consensus around standardisation and brand loyalty being beneficial to consumers, and brand loyalty for the company. Brand loyalty was raised therefore as a benefit to both the consumer and the company. In terms of the consumer, the benefit created through participation in guest loyalty programmes was mentioned. In addition, it was posited that some consumers achieve personal status by having an affinity to certain brands. With regards to the company-oriented benefit of brand loyalty, it was considered that brands facilitate loyalty amongst consumers. This could affect the company's operating profits positively through reducing the need for brand communication activity.

Table 55: Functions and Benefits of Hotel Brands: Predominant Themes Generated by the Empirical Research

	Consumer themes	Company themes
Management consultants	• Standardisation • Loyalty benefits • Ease of booking	• Financial performance • Brand loyalty • Operating efficiencies
Thistle managers	• Standardisation / consistency • Association • Loyalty benefits	• Ability to differentiate • Ability to target markets • Brand loyalty • Distribution channel benefits • Operational efficiencies

Care has to be taken not to generalise by regarding customers as homogeneous groups with the same brand attitudes and behaviour. This is a characteristic recognised by BDRC (2005), who investigate the attitudes and behaviour of tourists staying at hotels for business and leisure reasons. This is because a consumer may be a business traveller on one occasion (e.g., during the working week) and then a holiday-maker on another (during his or her holiday). As such, it could be that the same person would have different sets of brand choice criteria depending on their motives for travelling. The implication of this is that the range of functions and benefits sought by tourists can be complex and variable. Whilst this study has provided an insight into this area, more research is necessary. For example, based on this study there is a need to better understand why different types of consumer (e.g., holiday makers and business travellers) purchase hotel brands (in terms of the functions and benefits they seek), and examine relationships between the various functions and benefits offered by hotel brands and brand equity.

Hotel brand equity

Now that the core brand concept has been defined and the various functions and benefits investigated, the analysis now concentrates on hotel industry brand equity. Similar to the brand concept, brand equity may be described as a complex construct with differing views on how it should be conceptualised and operationalised. A variety of definitions have emerged in the literature over the past two decades. Two findings of the literature review were that brand equity has been defined for different purposes (e.g., for marketing and financial purposes), and has been conceptualised within different theoretical mechanisms (e.g., consumer psychology and economics). In terms of business orientations (which is the focus of this research study), a common literature categorisation is between customer- and company-oriented definitions. In the case of the former, brand equity is often taken to represent the strength of consumer perceptions of and attachment with a brand which can be measured in various ways.

The literature review identified two definitions and models that have been particularly well-referenced by others, namely those developed by Aaker (1991) and Keller (1998). Aaker (1991) suggested that brand equity is a multi-faceted construct represented by five dimensions, namely brand loyalty, awareness, perceived quality, associations, and other proprietary brand assets (e.g., patents and trademarks). Keller (1998), whilst also considering brand equity to rest in the minds of consumers, developed a definition based on a concept he referred to as 'brand knowledge'. He suggested that brand knowledge comprised brand awareness and image. In addition to their focus on the consumer, the Aaker and Keller interpretations of brand equity are similar in that they include awareness and image (although Aaker took a broader view of image by splitting it into 'brand associations' and 'perceptions of quality'). These definitions are useful in the context of this study as they view brand equity as a concept that can be operationalised for brand management. This is relevant for this study with its goal of exploring the uses of brand equity in hotel industry brand management. In terms of company-oriented definitions of brand equity, these typically regard brand equity as the financial value of the brand. For example, Doyle (2002: 157) suggested that brand equity is *'the value of the additional cash flows generated for a product because of its brand equity'*. In some cases, attempts have been made to link the consumer and company perspectives into single models (e.g., Keller and Lehmann, 2003). This resumé of brand equity interpretations indicates that multiple meanings exist. However, a common thread amongst these appears to be the emphasis on 'value'; either created through the functions and benefits that a brand provides as perceived by customers and how these may influence their brand purchasing behaviour (in the case of many customer-based definitions), or the financial value that is created for the brand-owning company (as per company-oriented definitions). Brand equity supporters suggest that a goal of strategic brand management should be to optimise brand equity through investments in the brand management programme.

The empirical research enabled the literature interpretations of the brand equity concept to be challenged based on the views of hotel industry practitioners that participated in this study. The themes generated through the two stages of empirical research are shown in Table 56. This indicates starkly the limited focus of definitions proposed by practitioners.

Table 56: Hotel Brand Equity Definitions: Predominant Themes Generated by the Empirical Research

	Themes
Management consultants	• Financial value
Thistle managers	• Financial value • Consumer value

Although the literature indicated a composite concept that has been viewed from many angles, neither stage of the empirical research corroborated this. In total, 17 out of the 23 participants, in both stages, had heard of the term brand equity. Broken down, nine out of 11 management consultants, and eight out of 12 Thistle corporate executives and hotel general managers had heard of it. This suggests that brand equity has become part of the hotel industry lexicon but there are question marks over its levels of acceptance and current usage in brand management. A wide variety of definitions of brand equity were provided by participants. With regards to the management consultants, the major theme present in the definitions was financial value. Indeed, it was the only theme which was mentioned more than once. In addition to those consultants which had not heard of the term and did not offer a definition, two other consultants (who were aware of the term) expressed difficulty defining it. A slightly different situation was found with the case study. Although the financial value of the brand was the predominant theme, it was also mentioned that brand equity could be viewed from the perspective of the consumer. For example, *'hotel brand equity is the value the consumer places on the brand'*.

Comparing the literature definitions against the findings of the empirical research indicates the less intricate interpretations of brand equity provided by the practitioners. Although the empirical research supported the existence of consumer- and company-related perspectives, the definitions offered were somewhat less composite. However, similar to the literature definitions, a common aspect of the practitioner definitions was the value associated with the brand. The review of the hotel industry context and the empirical research indicated that not only consumers purchase hotel brands. In addition, hotel property owners (i.e., individuals that own hotels, as well as hotel property and investment companies) make decisions as to which hotel brand they should enter into commercial partnerships with (e.g., through either a management contract or a franchise agreement) based on their perceptions of the value the brand will provide them. Due to this, it is posited that the definition of hotel brand equity created through this study should incorporate both consumers and hotel property owners.

Based on the literature definitions of hotel brand equity and the findings of the empirical research, the following definition of hotel brand equity has been developed. This definition is based on the proposition that the functions created for the brand (i.e., through the brand management practices of the hotel company) create perceptions of value for consumers which influences their behaviour and, in turn, creates financial value for the brand-owning company.

Hotel brand equity represents the value consumers and hotel property owners perceive of a hotel brand and the impact of these perceptions on their behaviour, and subsequently the operational and financial performance of the brand (measured using indicators such as occupancy, average room rate, rooms yield and operating profit).

There are various merits of this definition of hotel brand equity. It is the first attempt, of which the researcher is aware, at a hotel industry specific definition. This study's literature review and empirical research suggest that this is necessary, as the concept is part of the industry's lexicon. A new hotel industry definition reduces the need to 'borrow' general interpretations of the concept for application in the context of the hotel industry. This is important as many general interpretations were developed for use in tangible goods' markets rather than services. By viewing brand equity holistically, from the perspective of brand owners, and making a link between perceptions, behaviour, and operational and financial performance, it will be easier to communicate the importance of building and managing brand equity throughout the different levels and operating departments of hotel companies. Linking the attitudinal and behavioural components of brand equity with financial outcomes also provides a basis for the creation of a brand equity measurement framework that will assist with the management of brand equity, rather than focusing on a single aspect of brand equity, which has been criticised as being too simplistic for effective strategic brand management (e.g., VanAuken, 2002). Integrating marketing and financial perspectives of brand equity should encourage closer cooperation between the marketing and finance functions of hotel groups, particularly in terms of developing and managing their brands in a more strategic and coordinated manner. In doing so, this is likely to raise the profile and accountability of brand-related investments to the highest levels of management within hotel companies, which has been a challenge for marketers in many companies (e.g., Ambler, 2003). Finally, the definition provides a framework for necessary future empirical research that will need to examine the nature of any relationships between what consumers and property owners think about hotel brands, how this influences their behaviour, and the impact of this on the brand's financial performance.

Hotel brand equity measures

Although achieving greater precision over the meaning of brand equity is paramount for this study, for the concept to be of use in strategic brand management it needs to be operationalised, in which case it should be measurable. Various approaches to the measurement of brand equity have been proposed and assessed in the literature. These approaches can be grouped into consumer- and company-based approaches, as well as those that combine both perspectives. According to the literature, the consumer measures typically seek to investigate consumer perceptions and attitudes towards brands (e.g., what people think about a particular brand), and consumer behaviour (e.g., how perceptions and attitudes may influence brand choice).

Based on the available literature it appears that Aaker's (1991) model of brand equity offers a sound starting point for the conceptualisation of the consumer perspective of hotel brand equity as it incorporates attitudinal and behavioural aspects, and, importantly, it has been subjected to empirical analysis with some success. Financial approaches usually seek to quantify the financial outcomes of brand equity either in terms of short-term measures such as income generated, or the overall financial value of the brand (e.g., if the brand is being bought or sold). As mentioned, combined brand equity measurement approaches often seek to capture information from both the consumer and company perspectives in single brand equity measurement frameworks (e.g., Keller and Lehmann, 2003).

Although the literature indicates a plethora of ways of measuring brand equity (including academically-developed approaches and those created by commercial organisations), the empirical research undertaken during this study illustrates a more simplistic approach. For example, the case study suggests that measures should relate to financial performance and consumer perception. Not surprisingly, the financial measures put forward related to the common hotel industry indicators of average achieved room rate and rooms yield, as well as operational indicators such as bedroom occupancy. In terms of consumer perceptions, there seemed to be a difference between the basic awareness of the hotel brand and the perceptions and attitudes consumers have of the brand. For example, Thistle's Brand Manager considered brand equity to be more than just the awareness of the brand in the marketplace. Given this, he felt that brand equity measurement, from the consumer perspective, should involve investigating consumer perceptions (possibly through the use of focus groups to capture such information), in addition to awareness. The Director of Distribution agreed with the view that consumer measures should include both awareness and perception measures as *'awareness can be high, but perception may not be good'*. It is important to reiterate that the question on brand equity measures was asked of the Thistle managers and not the management consultants (for the reasons discussed previously in Chapter 6).

The literature review and empirical research illustrated a challenge for the brand equity concept in terms of how it should be measured. For the concept to become more widely-accepted at the higher echelons of hotel companies, it needs to be more accountable. In this regard, the Chief Operating Officer of Thistle Hotels questioned the accuracy of financial measures of brand equity. If this is the view of such hotel industry luminaries, it seems that more needs to be done around the accountability of the concept and, as such, should be a focus of future research.

Additional research findings

The empirical research generated other findings that appear useful for hotel industry brand management. These included the overall purpose of brand management with regards to what a successful brand is and how success should be measured. This, it is argued, is necessary as the goal of brand management must be to achieve success. Clearly, organisational context is important. For example, one company may have a different corporate view of success than another. However, what the management consultant research and the case study provide is an insight into practitioner views of success in terms of brand management. With regards to what makes a successful hotel brand, the views of management consultants focused on financial performance, the delivery of expectations and brand values, and the brand achieving a high recognition. The Thistle managers consider success to also be based on financial performance and high recognition. However, they also felt positive brand associations and loyalty to be particularly important. When the practitioners were asked how they would measure success, there was consensus around the use of financial measures (such as average achieved room rate and rooms yield), perceptions of value, and loyalty levels. The empirical research shed an insight into this area as the available literature provides little and what is provided focuses on financial performance as opposed to the broader picture that includes consumer measures such as perceptions of quality and loyalty levels. Clearly, such measures are also regarded as features of brand equity. This illustrates the potentially important role that the brand equity concept could play in strategic brand management as a focus on brand equity (as defined and operationalised earlier in this chapter) would, based on the empirical research findings, provide a focus by which hotel companies could achieve success.

The literature and the empirical research indicated that hotel industry brand management is complicated. The literature was valuable in this area as it highlighted the operational challenges faced by hotel companies managing their brands. According to this, many challenges result from the intangible nature of the hotel product, and the reliance of people to deliver the service. There are also demand characteristics which present management problems such as the seasonality of demand. The empirical research illustrated additional operational challenges. The management consultants felt that the major challenge is how hotel companies can actually deliver the experience that the consumer is expecting, an experience that has often been promoted to consumers via brand advertising and other marketing activity. The Thistle managers believed the achievement of consistency to be the overriding challenge. Allied to this, they raised the issue of how hotel companies can recruit and retain qualified staff. The latter appeared to be particularly relevant in the case of Thistle with many of its hotels located in London (as discussed in Section 6.2), the issue of staff turnover seemed to be particularly acute in London.

.4 Preliminary conceptual framework relationships

Not much has been published in the literature to assist hotel managers in using brand equity as part of their brand management practice. Although there are some useful studies, overall the hotel industry research effort to date has been piecemeal and suffers from various methodological limitations (discussed in Chapter 3) which may reduce their usefulness. In addition to the imprecision of core concept definitions, the limited empirically-informed explanation of different aspects of hotel branding and brand equity indicates a theory in an evolutionary stage of development; according to metatheoretical criteria for theory evaluation (Zaltman *et al.* 1973; Sheth *et al.* 1988). Also, what has been published focused on specific aspects of brand equity only, which may be helpful to brand managers looking for guidance in certain areas of brand equity but is insufficient for the strategic and holistic view to brand management posited in this thesis. Below, each of the available studies is critiqued against the empirical research findings. As mentioned previously, even though this study did not seek explicitly to examine the nature of any relationships between the various stages of the preliminary conceptual framework during the empirical research, some insights have been possible, particularly through the in-depth interviews with Thistle management, as these enabled various issues to be evaluated in detail.

Using the perceptual dimensions of Aaker's (1991) conceptualisation of brand equity, Cobb-Walgren *et al.* (1995) suggested a positive correlation between the size of brands' advertising budget and the strength of brand equity. The premise that brand advertising is an important source of brand equity has been put forward by others such as Aaker and Joachamsthaler (2000) who suggested that advertising can be used to raise awareness and help create a positive image of the brand in the minds of target consumers. Clearly, building brand equity through advertising is not sufficient unless this translates into influencing consumer choice and behaviour, which according to Cobb-Walgren *et al.* (1995) it can, as their research also identified a link between brand equity and brand preference and purchase intentions. However, during the interview with Thistle's Chief Operating Officer, a brand equity management dilemma emerged. He mentioned that whilst he could authorise significant expenditure on raising the awareness of Thistle's brand and generating short-term sales through advertising, he has to balance this against the additional cost of undertaking such an exercise. The risk of getting the cost/benefit balance wrong, he feels, is that *'profitability is shot'*. Unfortunately, the empirical research did not identify the range of objectives that could be set for hotel brand advertising. For example, according to the available literature (e.g., VanAuken, 2002) advertising can be used to both raise awareness and communicate important messages about the brand benefits being offered (i.e., the functional and emotional points of difference between Thistle and its competitors). This means that advertising effectiveness can be evaluated using a wider perspective than merely raising awareness. However, as this study is unclear about the role of advertising and other marketing communications activity in building and maintaining brand equity, there is a requirement for future research to examine this.

Also using Aaker's (1991) conceptualisation of brand equity, Kim *et al.* (2003) and Kim and Kim (2004) identified a positive correlation between brand equity and revenue per available bedroom. Whilst there are some studies that express causal relationships between various aspects of brand equity, others are far less conclusive. The research undertaken by Damonte *et al.* (1997) found little support for a basic claim within the hotel industry (such as that proposed by Lazer and Layton, 1999) that branded hotels out-perform un-branded hotels on measures such as bedroom occupancy and average achieved room rate. In the researcher's experience, this claim seems to have become received wisdom to a certain extent within the hotel industry, so care needs to be taken when drawing major conclusions from a single US-based study. Conversely, it must not be ignored, being as it is the only published study of its type. The researcher is aware that there are some hotel companies which undertake proprietary research to investigate how their brand performs against competitors. The empirical research undertaken for this study does provide some insight into this area. For example, it suggests a propensity for consumers to be prepared to pay a price premium for hotel brands. The management consultant research in particular appeared to advocate the financial benefits of branding within the hotel industry. Indeed, it was the predominant theme in response to the question on the benefits of brands to hotel companies. By way of comparison, the case study was less conclusive. Only on a small number of occasions was the ability of branded hotels to out-perform un-branded hotels mentioned by research participants. However, what is not evident is whether this is a reflection of the subject of the case study alone, or a more common feature of the hotel industry. For example, this may be a reflection of the Thistle hotel brand failing to out-perform un-branded competitors in certain areas, rather than branded hotels generally.

.5 Reviewing and revising the conceptual framework

Given the discussion in the previous section, it is important to review and, where necessary, revise the preliminary conceptual framework. There are areas where the findings of the empirical research reinforce the preliminary framework and areas where additional components can be added, as follows:

- The link between the corporate mission and strategy, and a hotel company's approach to branding was corroborated by the case study. Thistle Hotels had a mission statement and set of values that provided the strategic framework for the company's approach to the management of its brands. For example, the mission statement mentions a focus on 'transforming profitability' through 'defined and differentiated customer service and products'. To this end, Thistle Hotels operated two hotel brands during 2005, namely its four-star, full-service Thistle brand and its design-led Guoman brand;
- The new definition of the hotel brand concept created by this study has been added to the framework;

- Although this study did not specifically investigate the different marketing tools and techniques available to hotel companies and how these affect brand equity, the findings of the empirical research do not warrant a change to the commonly-accepted framework for marketing activity provided by the marketing mix. Various comments were made by participants about the roles of the product, pricing policies, promotional strategies, and product distribution in relation to brand management. This supports the use of the marketing mix as a framework for brand management activity. However, what was evident, particularly through the case study, was the important role played by both people in delivering the service, and operational procedures (such as Thistle's Brand Standard Manual) in providing guidance for operational aspects of brand delivery. In light of this, the use of the extended marketing mix comprising the traditional '4Ps' (of product, price, place and promotion) and 'people' and 'processes' proposed in the preliminary conceptual framework appears to be appropriate, and has been retained;

- With regards to the functions and benefits of hotel brands, the benefits created through guest loyalty programmes has been added to the framework given the importance attributed to them by both samples of practitioners. Other functions and benefits identified through the literature review, such as the hotel brand being a differentiator against competitors, and the benefits associated with the brand offering a consistent quality of physical product and/or service quality levels, were reinforced by the empirical research and have therefore been retained;

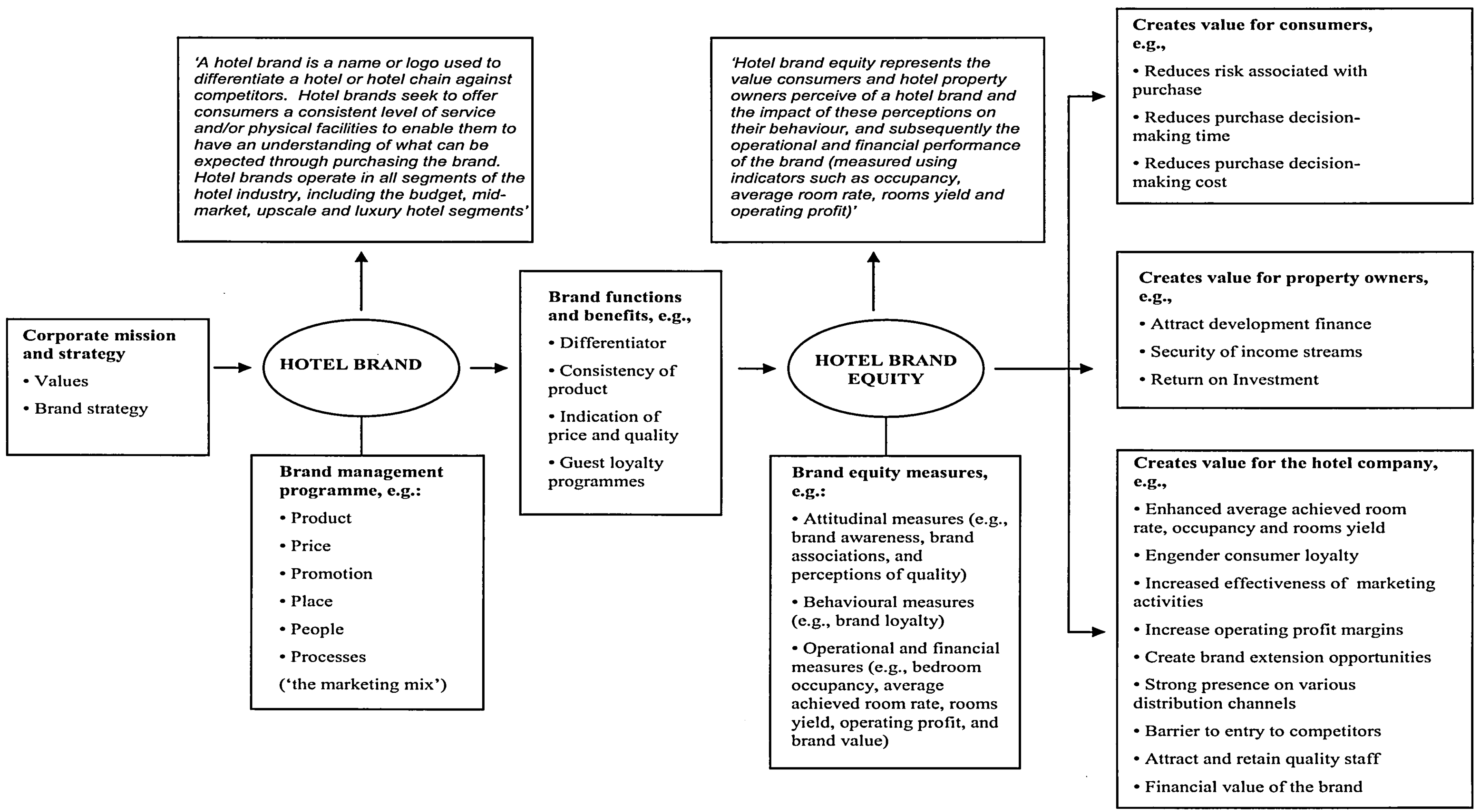
- The new definition of the hotel brand equity concept developed by this study has been added;

- The use of consumer- and company-based measures of brand equity was corroborated by the empirical research. In terms of the consumer measures, Aaker's (1991) dimensions of brand equity have been retained as they provide a broad perspective of consumer attitudes and behaviour. They have also been subjected to empirical research set within the hotel industry with some success. With regards to the financial outcomes of brand equity, both the management consultants and the Thistle managers reinforced the use of the common hotel industry metrics of bedroom occupancy, average achieved room rate, rooms yield and operating profit. There was also support for providing an overall value for hotel brands.

Although the empirical research supported the findings of the literature review in various areas, there are parts of the framework, as mentioned above, which need to be subjected to additional investigation through future research. For example, the ways that brand management programmes can be used to create the types of benefits necessary to build and maintain strong brand equity needs to be examined in greater detail. Another part of the conceptual framework that requires development is how brand equity can create value for different hotel brand stakeholders such as the brand owner, consumers, and property owners. So far the research has focused on the interpretations of a hotel brand operator and management consultants. This focus needs to be widened to incorporate the views of consumers and property owners so that a more comprehensive perspective of the value created by hotel brands can be captured.

Figure 7 shows the revised brand equity conceptual framework.

Figure 7: Revised Hotel Brand Equity Conceptual Framework



.6 Chapter summary

In this chapter, the findings of the literature review (Chapter 3) and the hotel industry context (Chapter 2) were analysed against the findings of the empirical research undertaken for this study (Chapters 5 and 6). This included testing the preliminary hotel brand equity conceptual framework against the findings of the research with management consultants and the Thistle case study. This has resulted in a revised hotel industry conceptual framework that has been developed for two main reasons, as follows: (1) to provide a framework for the strategic management of hotel brands and the measurement of brand equity; and (2) to provide an agenda for future academic research activity.

The next chapter presents the overall research findings and conclusions and provides recommendations for hotel companies and further research.

8 CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

.1 Introduction

This study sought to develop a deeper understanding of hotel brand equity, and related concepts, by evaluating critically the meanings and practical uses of the brand equity concept within UK hotel industry brand management. This chapter concludes the thesis by providing an overall summary of the progress made by this research study towards achieving its aim and objectives. First, the chapter revisits the study aim and objectives, and provides some concluding remarks about the methodology adopted to achieve these. After this, the chapter summarises the key findings and conclusions. It then highlights the various areas where this research provides an original contribution to knowledge. Following this, operational recommendations are made for brand-owning hotel companies and for Thistle Hotels (as the organisation that collaborated with this study). The study's methodological limitations are then discussed prior to the identification of areas for future research necessary to develop further the findings and conclusions of this study. Finally, as an interpretive study, the researcher reflects on the research process and outcomes.

.2 Revisiting the study aim and objectives

In concluding this thesis it is considered useful to revisit the research aim and objectives (originally stated and explained in Section 1.4). The aim was to evaluate critically the meanings and practical uses of the brand equity concept within UK hotel industry brand management. To address this aim, the following objectives were set: to assess the meanings, prevalence and roles of branding in the hotel industry as outlined in the literature; to analyse the meanings and uses of brand equity within the hotel industry as attributed by the literature; to examine critically hotel industry practitioners' views of the meanings and uses of branding and brand equity; to compare the literature-based meanings and uses of the hotel brand and brand equity concepts with practitioner interpretations; to develop bespoke definitions of hotel brand and hotel brand equity; to create a conceptual 'hotel brand equity management framework' to assist hotel companies to better manage their brands, and guide future academic research activity; and to generate ideas for future hotel brand equity research. These objectives were developed to address the research problem discussed in Section 1.3, and have been addressed at various points throughout this thesis, as illustrated in Table 57. The choice of the thesis structure was explained in Section 1.7.

Table 57: Relationship between the Study Objectives and the Thesis Structure

No.	Objectives	Chapter where objective addressed
1.	To assess the meanings, prevalence and roles of 'branding' in the hotel industry as outlined in the literature.	Chapter 2 ('Branding in the Hotel Industry')
2.	To analyse the meanings and uses of 'brand equity' within the hotel industry as attributed by the literature.	Chapter 3 ('The Brand Equity Literature')
3.	To examine critically hotel industry practitioners' interpretations of the meanings and uses of 'branding' and 'brand equity'.	Chapter 5 ('Management Consultant Research Findings') and Chapter 6 ('Case Study Findings')
4.	To compare the literature-based meanings and uses of the hotel brand and brand equity concepts with practitioner interpretations.	Chapter 7 ('Discussion')
5.	To develop bespoke definitions of 'hotel brand' and 'hotel brand equity'.	Chapter 7 ('Discussion')
6.	To create a conceptual 'hotel brand equity management framework' to assist hotel companies to better manage their brands, and to guide future academic research activity.	Chapter 3 ('The Brand Equity Literature') and Chapter 7 ('Discussion').
7.	To generate ideas for future hotel brand equity research.	Chapter 7 ('Discussion') and this concluding chapter.

The aim and objectives were achieved using a methodology that involved the researcher adopting an interpretive stance and a multi-method qualitative research design. In conclusion, the qualitative methodology used enabled the researcher to gain the necessary depth of investigation to uncover the meaning and uses of the brand equity concept. The geographical source of empirical data has been the UK (as all research participants were based in the UK during the periods of the field work). The period of the research was 2001 to 2006. Whilst the purpose of this study was exploratory, some explanatory insight has been possible; for example, by shedding light on the possible relationships between different stages of brand management.

A research design involving two elements was constructed: (1) a critical examination of the context to the study and the available branding and brand equity literature; and (2) two stages of empirical research. The literature interrogated included general branding and brand equity literatures (e.g., international academic journals that investigated the brand and brand equity concepts from marketing, financial and other perspectives), and the hotel industry-specific literature. The literature review was successful in establishing a detailed understanding of the state of current branding and brand equity knowledge, identifying major theories and models, highlighting areas of consensus and tension amongst researchers, and determining particular knowledge gaps that this study could address. A large body of literature, that provided many avenues for this study to travel down, was investigated. This meant that the researcher had to be careful to keep the study focused and the scope of work achievable. To this end, during the literature review the study aim and objectives were revised to become more focused and manageable.

The first stage of the empirical research involved an investigation of the interpretations of different aspects of hotel industry branding and brand equity given by 11 senior hotel industry management consultants. The methods used were an open-ended questionnaire and follow-up discussions. This sample consisted of highly experienced consultants with many years' experience between them, ten of whom had also worked in management positions within hotel companies prior to becoming management consultants. The management consultant research was undertaken between November 2003 and February 2004.

The second stage of empirical research was the Thistle Hotels' case study. For the case study, data was collected using multiple methods, namely in-depth interviews with 12 senior corporate executives (including the Chief Operating Officer and senior executives from marketing, finance, human resources, and distribution departments, as well hotel general managers), and an examination of corporate documents and other pertinent information (such as hospitality trade press articles that featured Thistle Hotels). Because of the seniority of research participants and the access Thistle gave the researcher to relevant corporate documents, as well as the opportunity to research in collaboration with one of the UK's largest brand-owning hotel companies (with 50 hotels in June 2005), it was argued that this case study represents a revelatory case (Yin, 2003). The case study field work was completed between January and December 2005.

The overall research methodology was detailed and justified in Chapter 4 of this thesis. Although it was not a motive of this study to generate representative findings, as discussed in Section 8.8 (later in this chapter) there are reasons to suggest that because of the depth and breadth of the research participants' experience, the findings may be transferable to other contexts.

.3 Conclusions

This thesis argued that brand equity can be defined and operationalised in the context of the hotel industry. This study forged a new multi-faceted conceptualisation of brand equity that can be used by hotel companies to reflect the value they can build and manage in their brands by using the marketing mix as a framework for brand management activity. It is posited that hotel brand value can be measured using a range of attitudinal and behaviour measures that seek to investigate consumer perceptions and behaviour towards brands, and company-based measures that will capture the operational and financial performance of the brand. Guiding principles behind this approach to brand equity management are: (1) to regard the brand as an important intangible asset that is central to the mission of the company; (2) brand equity management requires the active involvement of the Chief Executive Officer, and other senior managers, in strategic brand management decisions; and (3) brand equity management involves careful stewardship and investment of the brand over the long-term. Because of this, it is argued that brand equity can be a useful brand management concept in assisting hotel companies to achieve competitive advantage. This is due to the following reasons: (1) the brand equity concept provides a guiding focus for hotel companies to concentrate on enhancing the value of the brand to consumers, property owners and, ultimately, to themselves; and (2) brand equity provides a focus for specific brand management activity. There is sufficient empirical evidence of a positive relationship between brand equity, and the operational and financial performance of hotels to posit that brand management activity should seek, as a primary objective, to build and maintain strong brand equity based on out-performing competitors in terms of levels of awareness, associations, perceptions of quality and loyalty. Now that the over-arching conclusion to this study has been outlined, it is necessary to take the study objectives in turn and summarise the key findings and conclusions in each case.

The first objective of this study was to assess the meanings, prevalence and roles of 'branding' in the hotel industry as outlined in the literature. As highlighted in Table 57, this objective was addressed primarily during the review of the hotel industry context (Chapter 2), although some further insight was gained from the review of the brand equity literature (Chapter 3). The examination of the meanings, prevalence and roles of hotel brands was required to give the study the necessary context, and highlight areas that needed to be addressed by this study during the empirical research.

A key finding of this study was that although branding is a major feature of the UK and international hotel industry, critical academic attention afforded to the topic has been limited. This study has developed knowledge in this under-researched area. Not only have there been few attempts to define what is meant by the brand concept in the context of the hotel industry (e.g., Olsen *et al.,* 1998), there is currently little understanding of why consumers purchase hotel brands. Much of what has been published to date has been conceptual, and not based on empirical research. As it has been suggested there is a relationship between the added value created in brands by their owners and the concept of brand equity, a better understanding of this area was necessary for this study. A central tenet of this thesis has been a need to examine branding within the specific context of the hotel industry. Reasons for this position included the special characteristics of the hotel industry that set it apart from other product categories such as those involving manufactured consumer brands (as discussed in Section 2.4). It has been argued that these characteristics present operational challenges to hotel companies, including brand management, which may not be faced in other industries. The lack of clarity over what is meant by the hotel brand concept, the limited understanding of why consumers purchase hotel brands, and the challenges created for brand management due to the characteristics of the hotel industry provided a knowledge gap that needed to be addressed by this research.

Although previous research can be criticised for the limited attention paid to defining and explaining hotel branding, effort has been given to investigating the prevalence of branding in the UK and other countries. The first study objective involved assessing the prevalence and roles of branding in the hotel industry. It was possible to determine the prevalence of branding through the use of estimations undertaken by industry observers who have developed a measure based on the proportion of branded hotels compared to the total number of hotels. There is, however, a caveat to the interpretation of such statistics, as this study found a lack of agreement over basic terminology such as 'hotel'. Against this backdrop, in the UK it was estimated that 35 per cent of hotel bedrooms were 'branded' in 2004 (Mintel International Group, 2004). This study also found agreement amongst observers that this proportion will grow, possibly to 55 per cent by 2011 (Slattery, 2003), because of reasons such as continued industry consolidation (with certain hotel companies acquiring other brands to grow their market share) and the introduction of new brands into the industry. Whilst useful in giving an estimate of the overall scale of branding in the hotel industry, brand prevalence measures mask the different applications of branding. This study found that branding has been used in many different ways in the hotel industry. For example, there are brands that are marketed in terms of their standardised products and pricing (e.g., budget hotels) and others that focus more on intangible service features (e.g., upscale hotels). This presented a number of implications for this study. The research needed to investigate whether it was possible to determine a definition of hotel brand that encompassed the breadth of branding applications as this would enable the more accurate quantification of the scale of hotel industry branding. Also, the selection of the subject of the case study had to be based on clearly-defined purposive sampling criteria to ensure that the case study was relevant and reflected a standard application of branding (and not a limited or obscure application). Otherwise this study would risk being of limited wider value to the hotel industry. Once the relevant industry context for this study had been established in Chapter 2, the thesis moved onto a detailed evaluation of the meanings and uses of brand equity (in Chapter 3), with a particular focus on available hotel industry-specific literature.

Once the hotel industry context had been established, the thesis focused on the core subject of the study, namely brand equity. **This study's second objective was to analyse the meanings and uses of brand equity within the hotel industry as attributed by the literature**. This objective was achieved in Chapter 3.

It can be concluded that, based on the literature review, brand equity reflects an attempt to conceptualise both the value created in a product through branding, and the value that can be exploited from the brand. Unfortunately, even though there is some agreement at an abstract level over the meaning of brand equity within the literature, there is much disagreement and confusion about operational definitions and how it can be measured. Regardless, this study found evidence that certain hotel companies regard the brand equity concept as useful (e.g., Hilton, Holiday Inn, and Marriott). Although many different definitions of brand equity have been constructed (often following research focusing on branded manufactured goods), the study found no hotel industry specific definitions. The researcher found this surprising given the growth of general brand equity research, the prevalence of branding within the hotel industry (and the requirement for hotel companies to enhance the performance of their brands in the face of increasing competition), the apparent use of the brand equity concept by some of the world's largest hotel companies, and the small but burgeoning body of hotel industry brand equity research. The definitions that have been used in hotel industry empirical studies of brand equity have been borrowed from other contexts with limited or no critique as to their appropriateness for the hotel industry, including most notably the seminal conceptualisation developed by Aaker (1991).

Even though hotel industry examination of brand equity definitions and uses has been limited to date, there is a growing body of general research that focuses on different aspects of brand equity. Different definitions have been developed depending on purpose. For example, brand equity has been defined within different theoretical (e.g., consumer psychology, economics and sociology) and business contexts (e.g., marketing and finance) for different reasons. The focus of this research study was on investigating what hotel brand equity is and how it might be useful in business contexts, so the literature review drilled down in this area.

Whilst there is confusion that surrounds the brand equity concept, this study found some consensus around the general principles of branding and brand equity. The literature review suggested that the brand can be valuable to both consumers and the brand owning company. A commonly-cited literature classification of brand equity involves viewing the concept from the perspective of either the consumer (referred to as customer- or consumer-based brand equity by some researchers), or the brand owning company (Franzen, 1999; Feldwick, 2002). In terms of the consumer, it has been argued in the literature that strong brands offer such desirable benefits which are so valued that they can influence consumer attitudes and behaviour positively. The value created for companies that own strong brands includes the benefits of having loyal customers (e.g., reduced marketing costs), and other positive operational and financial outcomes (which in the case of the hotel industry can be reflected in the brand out-performing competitors with regards to bedroom occupancy levels, average achieved room rates, rooms yield, operating profit margins). In addition to consumers and the brand-owning hotel company, this study suggested that brand equity could be important to hotel property owners given that they typically seek to partner (e.g., through management contracts, franchise agreements, or marketing affiliations) with the brands most likely to generate the greatest returns on investment for them. The implications of this on this study included a requirement to investigate brand equity from the point of view of consumers, hotel property owners and brand-owning companies.

Much of the existing brand equity evidence base has been built from studies set in the context of manufactured brands rather than services (such as hotels). This meant that whilst it was important to analyse the complete body of brand equity research (regardless of the contexts within which the studies were undertaken), they needed to be challenged with respect to their relevance to the hotel industry. Two particularly well-cited consumer-based conceptualisations of brand equity are those developed by Aaker (1991; 1996) and Keller (1998; 2003). Aaker (1991; 1996) suggests that brand equity is a composite construct made up of brand awareness, brand loyalty, perceived quality and brand associations. Keller (2003: 60) defined customer-based brand equity as *'the differential effect that brand knowledge has on consumer response to the marketing of the brand'*. He suggested that brand knowledge is determined by brand awareness and brand image (i.e., what a consumer thinks they know about the brand).

It can be concluded that there is a general requirement for future brand equity research to re-dress the balance between the knowledge of brand equity in manufactured good industries and services. In Section 8.7, this thesis outlines how this could be achieved within the hotel industry with an agenda for future research. However, there are many other service industries where knowledge also needs to be developed, including, for example, retailing, financial services, and airlines.

This study argued that for brand equity to become more widely-accepted as a useful brand management concept, it needs to become more accountable. A starting point for this is to get greater agreement of the meaning of the concept. There is also a need to better understand how brand equity can be operationalised and measured. After all, if brand equity can not be measured with confidence, how can it be managed and invested in? Various ways of measuring brand equity have been developed in the literature, including attempts to measure consumer brand awareness, attitudes and behaviour (e.g., Aaker, 1991; Srivastava and Shocker, 1991; and Keller; 1998), and approaches to reflect the financial value created for companies (Simon and Sullivan, 1993). There have also been approaches to develop comprehensive measurement models that encompass both the consumer and company perspectives (e.g., Keller and Lehmann, 2003).

Even though brand equity has become an important marketing concept in both academia and practice, much criticism has been pointed in the direction of the concept. Criticism has included the lack of agreed definitions (Mackay, 2001a), the limited investigations of relationships with theoretical mechanisms such as consumer psychology (Shaw and Merrick, 2005), the lack of critical testing of existing models (Feldwick, 2002), and the insufficient body of evidence to assist practitioners with their brand management practices (Barwise, 1993). It has also been suggested that the marketing metrics that existed prior to the existence of the brand equity concept, such as market share or financial valuation of the brand, provided a sufficient indication of the strength of brands. However, brand equity protagonists argue that such individual measures fail to capture the full picture of brand performance, and are focused only on the outcomes of brand equity. A central tenet of consumer-based brand equity is that it represents what people think and feel about brands, and this will influence their brand choice decisions. This thesis agrees with the proposition that there is a difference between consumer-based brand equity measures that focus on thoughts, feelings and behaviour of consumers, and measures that focus on the outcomes of brand equity such as market share and financial valuation.

A limited body of hotel industry brand equity research has developed. The literature review discovered four empirical research studies (Cobb-Walgren *et al.* 1995; Damonte *et al.* 1997;

Kim *et al.* 2003; Kim and Kim, 2004), and three conceptual studies (Mahajan *et al.* 1993; Prasad and Dev, 2000; Schultz, 2001). The specific methodological limitations of each study were discussed in Chapter 3. In conclusion, it is worthwhile reiterating that none were undertaken in the UK. However, this body of knowledge can also be criticised in terms of their overall limited contribution to the development of brand equity theory, due to the different definitions used, which makes the comparability of findings problematic. These studies do, however, provide an insight into some suggested principles of hotel industry branding and brand equity, and potential areas for future research. Possibly the most interesting findings given the focus of this research study were as follows: (1) a positive correlation between the scale of advertising expenditure and consumer-based brand equity (based on the perceptual dimensions of Aaker's (1991) conceptualisation of brand awareness, brand associations and perceived quality), and that brand equity can influence consumer brand preferences and purchase intentions (Cobb-Walgren *et al.* 1995); and (2) a link between consumer-based brand equity (also using brand awareness, brand associations and perceived quality to represent brand equity) and revenue per available bedroom in the luxury hotel segment (Kim *et al.* 2003; Kim and Kim, 2004). A common denominator of these two findings was that they both drew on Aaker's (1991) interpretation of brand equity. Given this, whilst the literature review suggested that brand equity is a confusing concept and has been the subject of some criticism, it also seems to have uses in hotel industry brand management. Implications for this study included that the available hotel industry brand equity research suggested sufficient evidence for hotel companies to focus on brand equity as part of their brand management, and that Aaker's (1991) conceptualisation of brand equity offers a comprehensive approach to reflect consumer-based brand equity. The existing hotel industry brand equity research also supported the requirement for further research to probe more deeply into, and build upon, this developing area of knowledge, which was a key motivation of this study.

As discussed in Chapter 1, this thesis identified a variety of practical and theoretical reasons for gaining a better understanding of the meanings of hotel industry branding and brand equity. Practically, greater clarity over brand management terminology would aid the implementation of corporate and brand strategies by companies, and make general communication within organisations more effective (Wood, 2000; VanAuken, 2002; Mankins and Steele, 2005). Using metatheoretical criteria for theory evaluation developed to test the robustness of marketing theories (Zaltman *et al.* 1973; Sheth *et al.* 1988), whilst hotel brand equity theory is in its infancy (because of the range of different definitions used in empirical brand equity studies, and the limited empirical verification of the uses and effects of brand equity), there is great potential to develop it. To assist with the development of a theory of hotel brand equity, this study addressed the requirement (through empirical research) to forge more precise definitions of hotel brand equity and other theoretical concepts, including the core brand concept. Without this necessary clarity, there is a risk that the study of hotel industry brand equity is likely to continue to be fragmented, and the development of hotel brand equity theory will remain weak.

An outcome of the literature review was the development of a preliminary hotel brand equity conceptual framework (see Section 3.9). This represented an initial attempt to illustrate the key concepts and possible relationships between the stages of brand management. It also provided a framework to guide activity within the empirical stages of this study, including the focus of the questions being asked of practitioners.

The third and fourth objectives of this study can be grouped together for the purposes of this concluding chapter. **The third objective was to examine critically hotel industry practitioners' views of the meanings and uses of branding and brand equity. The fourth objective was to compare the literature-based meanings and uses of the hotel brand and brand equity concepts with practitioner interpretations.** These objectives were addressed in Chapters 5 and 6, which presented the findings of the empirical research, and then Chapter 7, which examined the findings of the empirical research against the available literature. As mentioned previously, for the purposes of this study 'practitioners' were senior UK-based hotel industry management consultants and senior management from Thistle Hotels. The research participants yielded a wealth of data to address the third objective. The researcher was able to empirically investigate, and, in turn, develop knowledge of the following areas: meanings of the core brand concept; reasons attributed to the uses of branding in the hotel industry; the benefits of hotel brands to consumers and brand-owning companies; what is meant by a successful hotel brand and how success can be measured; brand management challenges; levels of awareness of the brand equity concept; meanings of brand equity; the usefulness of brand equity to hotel companies; and the ways brand equity can be measured. A summary of the findings from the management consultant research was provided in Section 5.12, and the Thistle managers in Section 6.5.

A key finding of the empirical research (which corroborated the finding of the literature review) was that there is much confusion over the meaning of certain brand management terms, including hotel brand and brand equity. For example, all Thistle managers expressed a need to have commonly-agreed terminology due to the misunderstandings that exist currently. It is against this context that the different interpretations of terms were provided by respondents. A conclusion that can be drawn from this is that greater clarity is required before brand equity is likely to become more widely-accepted within the hotel industry. In terms of practitioner views of the meaning of the hotel brand concept, a number of key themes were mentioned. Those that were mentioned by both the management consultants and the Thistle managers were the brand being shorthand for a promise of performance, the brand representing a standardised product, and the brand being a logo or name. Both samples reinforced the literature finding that the hotel brand concept is a multi-dimensional construct, as many of the definitions offered by practitioners included more than one element. With regards to brand equity, there was a focus on the financial value associated with brands across both the management consultants and the Thistle management. However, certain Thistle managers also suggested the ability of brands to create value for consumers. It was interesting to find that although there are differences of opinion over what is meant by brand equity across the practitioners that participated in this study, 17 out of the 23 participants across both samples of practitioners had heard of brand equity. It may be concluded that brand equity has entered hotel industry common vocabulary, but the awareness of its meaning and uses seems to reflect that the concept is only just emerging in terms of being considered a useful part of hotel industry brand management.

Unlike the literature, the ways put forward by the practitioners for measuring hotel brand equity were somewhat more limited. Unsurprisingly, given the financially-oriented definitions of brand equity put forward by the practitioners, a large number of financial indicators were proposed for measuring brand equity, such as average achieved room rate and rooms yield. It was suggested that consumer-based brand equity should be operationalised through the use of awareness, attitudinal and behaviour measures that would seek to quantify and qualify the strength of the brand in terms of consumers' knowledge (i.e., how this changes over time, and how it performs relative to competitor brands), and the impact of this knowledge on their brand choice decisions.

The fifth objective was to develop bespoke definitions of hotel brand and hotel brand equity. This objective was addressed in Chapter 7. Based on evaluating the study findings, two new definitions have been created. The new definition for the hotel brand concept was built on the following themes (which were raised during the literature review and both stages of empirical research): the brand being a name or logo to differentiate against competition; the brand offering a consistent quality of service and/or physical product (which will depend on the market position of the brand), and the role this plays in providing consumers with an indication of what they will get should they purchase the brand; and, finally, the breadth of applications of branding within the hotel industry from budget up to luxury hotels. Based on this, the following new definition was developed:

A hotel brand is a name or logo used to differentiate a hotel or hotel chain against competitors. Hotel brands seek to offer consumers a consistent level of service and/or physical facilities to enable them to have an understanding of what can be expected through purchasing the brand. Hotel brands operate in all segments of the hotel industry, including the budget, mid-market, upscale and luxury hotel segments.

There are many virtues of this new definition, as follows: (1) the definition is sufficiently broad to encompass the diversity of types of contemporary hotel from budget hotels (such as Premier Travel Inn) through to luxury hotels (like Hyatt and Four Seasons), as well as emerging segments of the industry including boutique hotels and all-suite hotels; (2) it includes the branding principle of using a name or logo to aid product differentiation; a feature missing from the Olsen *et al.* (1998) definition; and finally (3) it focuses on the function of hotel brands to offer consumers physical product and/or service consistency. There are operational implications of this new definition. For example, brand management should focus on ensuring that hotel brands (1) differentiate themselves clearly in the minds of target consumers, and (2) provide a consistent level of service and/or physical product. Critical to this is: (1) making sure that a product and service is developed that can be delivered to the same standard across a chain of hotels; and (2) ensuring the product differs in various meaningful functional and emotional ways against competitors. Once this has been achieved, advertising and, other marketing communication activity, can be used to raise awareness of the brand and motivate consumers to buy the brand through emphasising the various benefits being offered.

Due to the lack of clarity of what is meant by the hotel brand equity concept, a new definition was developed as a consequence of this study. This is based on the principle that value is created for consumers, property owners and the brand-owning hotel company. The definition is as follows:

Hotel brand equity represents the value consumers and hotel property owners perceive of a hotel brand and the impact of these perceptions on their behaviour, and subsequently the operational and financial performance of the brand (measured using indicators such as occupancy, average room rate, rooms yield and operating profit).

There are various reasons why this new definition is ground-breaking. These are as follows: (1) it is the first attempt, of which the researcher is aware, at a hotel industry specific definition of brand equity. This study's literature review and empirical research suggest that this is necessary, as the concept is part of the industry's lexicon. A new hotel industry definition reduces the need to borrow general interpretations of the concept for application in the context of the hotel industry. This is important as many general interpretations were developed for use in tangible goods' markets rather than services; (2) by viewing brand equity holistically, from the perspective of brand owners, and making a link between perceptions, behaviour, and operational and financial performance, it will be easier to communicate the importance of building and managing brand equity throughout the different levels and operating departments of hotel companies; (3) linking the attitudinal and behavioural components of brand equity with financial outcomes provides a basis for the creation of a brand equity measurement framework that will assist with the management of brand equity, rather than focusing on a single aspect of brand equity, which has been criticised as being too simplistic for effective strategic brand management (e.g., VanAuken, 2002); (4) integrating marketing and financial perspectives of brand equity should encourage closer cooperation between the marketing and finance functions of hotel groups, particularly in terms of developing and managing their brands in a more strategic and coordinated manner. In doing so, this is likely to raise the profile and accountability of brand-related investments to the highest levels of management within hotel companies, which has been a challenge for marketers in many companies (e.g., Ambler, 2003); and finally (5) the definition provides a framework for necessary future empirical research that will need to examine the nature of any relationships between what consumers and property owners think about hotel brands, how this influences their behaviour, and the impact of this on the brand's financial performance.

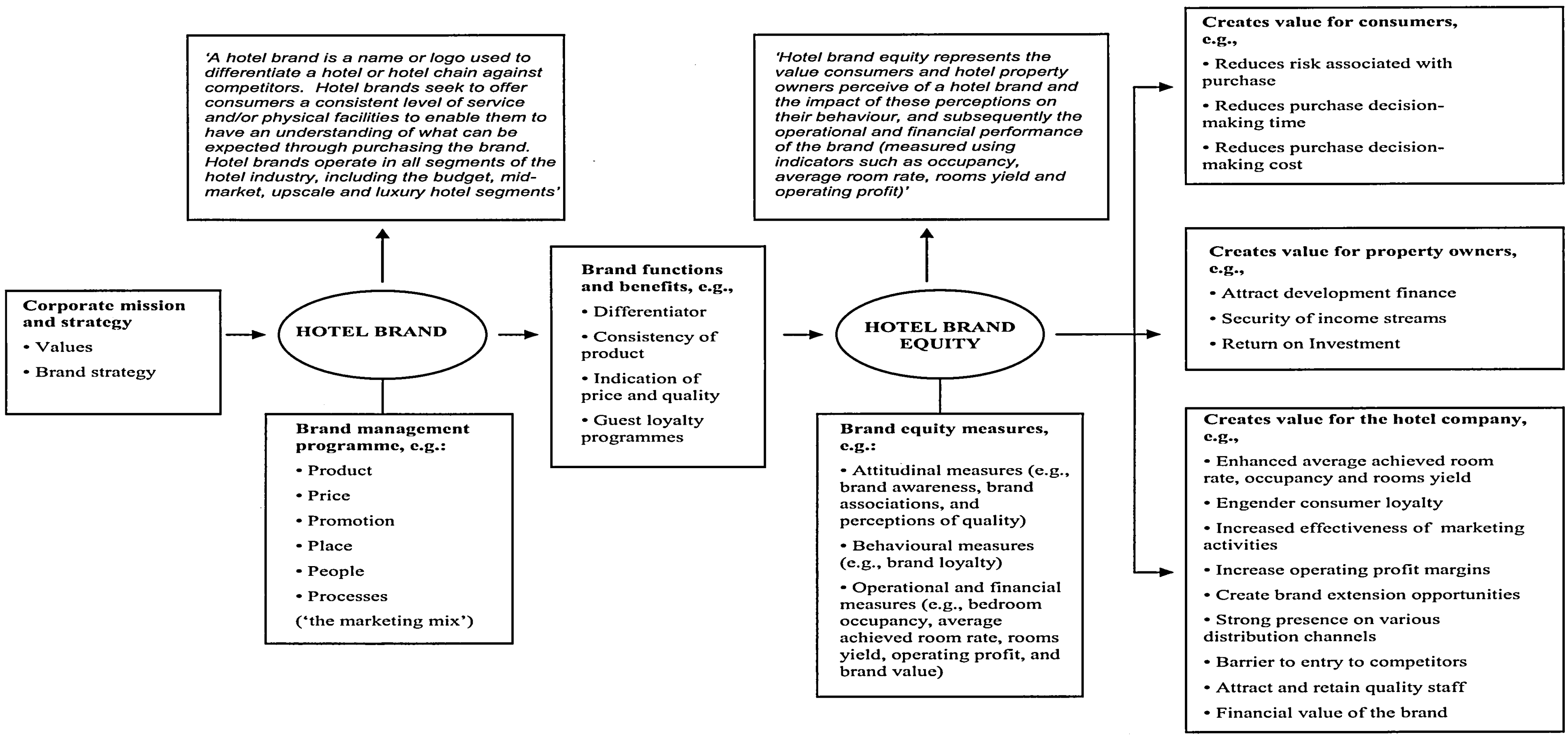
This definition of hotel brand equity can be operationalised through the use of three sets of measures: (1) attitudinal measures which will investigate levels of awareness, associations and perceived quality; (2) behaviour measures that will monitor loyalty; and (3) operational and financial measures to track bedroom occupancy, average achieved room rate, rooms yield, operating profit, and, if required, the overall financial value of the brand. This thesis argued that by adopting a holistic approach to brand equity measurement, it will be possible to get a fuller perspective of the strength of hotel brands both over time and relative to competitor brands. This will be more useful for brand management practice.

Chapter 7 also uncovered many other concepts and issues involved in UK hotel industry brand management such as the meaning of the term successful hotel brand, the ways that success can be measured, and the operational challenges faced by UK hotel companies in seeking to achieve success. It can be concluded from the analysis of operational challenges that unlike with branded manufactured goods, hotel brands are difficult to manage successfully, particularly in terms of achieving consistent levels of service due to the reliance on staff to deliver the service. There are also challenges associated with the levels of on-going capital investment (which can be substantial) required to keep the physical product at the required brand standard (e.g., décor and facilities up-to-date). If service and physical quality levels do not match consumer expectations, brand performance is likely to suffer.

The penultimate study objective was to create a conceptual 'hotel brand equity management framework' to assist hotel companies to better manage their brands, and to guide future academic research activity. This was achieved in two main phases. Initially, a preliminary framework was prepared based on the findings of the review of the hotel industry context and the literature review. This was then tested through the empirical research in order to forge a revised framework (in Chapter 7). The over-riding goal of this framework is to create and maintain the value of the brand for consumers, property owners and, ultimately, the brand-owning hotel company. It is argued that this principle should guide all brand management activities, and that such an approach will assist the hotel company achieve competitive advantage.

The hotel brand equity management framework, shown as Figure 8, is intended to provide a framework for the strategic brand management of hotel companies' brands, and be a first step towards developing a theory of hotel brand equity. It is argued that the framework is novel because of the following reasons: (1) as far as the researcher is aware, this is the first conceptual framework that focuses on hotel industry brand equity; (2) the framework provides an initial hypothesis of the relationships between the different elements of hotel industry brand management; (3) it incorporates the new definitions of 'hotel brand' and 'hotel brand equity' developed by this study; and (4) it suggests that brand equity can be an accountable concept operationalised through the use of various measures which can be grouped into the consumer-based attitudinal and behavioural measures, and company-based operational and financial measures. The purpose of the brand management programme therefore should be to generate high awareness within target markets, strong associations of what the brand offers, positive perceptions of quality, and embedded brand loyalty. If this is the case, it is posited that attractive operational and financial results will ensue. For such an approach to be implemented effectively within hotel companies there is a requirement for brand equity to be accepted across the different functions (including marketing and finance) and for the concept to be embraced by the senior management team.

Figure 8: Hotel Brand Equity Management Framework



The final objective of this study was to generate ideas for future hotel brand equity research. A conclusion of this study is that whilst a major step forward has been taken into the understanding of hotel industry brand equity, it is necessary to build upon the findings through further investigation. The hotel brand equity management framework provides guidance for future research. This particular objective is addressed in Section 8.7 which puts forward questions that would strengthen further the body of knowledge created through this study. These questions would also enable the limitations raised in Section 8.6 to be addressed.

.4 Original contribution to knowledge

The study has created new knowledge in a number of important areas which, it is posited, has moved forwards the understanding of hotel branding and brand equity. In particular, this study makes an original contribution to knowledge in the following areas:

- This was the first in-depth, critical study of brand equity management for the UK hotel industry. This is an important contribution given that other empirical research into hotel brand equity emanated from North America and Asia;
- This study overcame the weaknesses of the extant branding and brand equity literature by drawing together the various perspectives into a single multi-faceted conceptualisation of hotel brand equity;
- A new 'hotel brand equity management framework' was created. This was the first attempt at investigating how brand equity can be built and maintained in the hotel industry. It also sets out an agenda for necessary future research that will enable the theory of hotel brand equity to be developed further. For example, as this study was essentially exploratory and used a qualitative methodology to gain an in-depth insight into hotel branding and brand equity, future research should focus on utilising methodologies to undertake a more representative examination of the topic, so more generalisable findings can be generated;

- As part of the development of the hotel brand equity conceptual framework, new definitions of the 'hotel brand' and 'hotel brand equity' concepts have been created using both the available literature and empirical research;
- The study also makes a valuable contribution to the existing hospitality management research literature in a number of ways. This study found that the hospitality management research literature suffers from poorly defined terminology and a lack of critical empirical analysis of certain hotel industry concepts, including branding. Against this backdrop, this study provided the following:
  - A critical examination of how the hospitality management literature has defined and researched branding and brand equity
  - The identification of branding research gaps that need to be addressed through further research
  - The establishment of a lack of published academic research involving hotel brand owners. This study addressed this weakness. The involvement of Thistle Hotels in this study provides an illustration of how the hotel industry could benefit from partaking in future academic research. It is the view of this researcher that, similar to this study, future research into branding and brand equity should involve hotel brand owners to ensure that the findings are relevant to the hotel industry, as well as being academically rigorous

.5 Recommendations for brand owning hotel companies

Now that the research findings and conclusions have been discussed, this section provides recommendations for hotel companies. Two sets of practical recommendations have been developed, namely general ones for brand-owning hotel companies and specific recommendations for Thistle Hotels as the organisation which collaborated with this research. This thesis suggests that there is sufficient evidence, identified by this study, for hotel companies to incorporate brand equity into their corporate and marketing strategic planning.

The following recommendations seek therefore to raise the importance of the brand equity concept within hotel companies:

- The overarching recommendation is for more hotel companies to become committed to treating their brands as important, potentially valuable, corporate assets. This requires more Chief Executives to become the strategic custodians of brands. If such a perspective is adopted and brands become central to the company's mission, most, if not all, corporate decisions should at least reflect upon likely impacts on brand equity (that is the long-term value of the brand as perceived by its consumers and property owners);
- As the brand equity concept provides the focus to enable hotel companies to prioritise brand management investments and activities, hotel companies should develop a brand measurement framework that will collect relevant, reliable and timely information that can be used actively to guide future branding activity. For example, if research illustrates awareness levels below that of competitors, this could be addressed by future advertising that has the objective of increasing brand recognition amongst target markets, or if perceptions of quality are below competitor levels, there may be a need to invest in necessary product development, or consider revising the brand's pricing policy in line with current consumer perceptions. It is argued that such a framework should adopt a holistic view of brand equity by including the range of consumer and company measures included in the hotel brand equity conceptual framework developed during this study;
- To ensure that the brand measurement framework has the active engagement of senior management, the framework should be developed by senior marketing, finance and other managers, and then approved by the Chief Executive prior to implementation. The outputs of brand measurement frameworks should be discussed regularly at Board meetings and senior management meetings so that key decision-makers are aware of the competitive performance of the relevant aspects of their brands, and then use this intelligence to influence their decisions;

- The imprecise nature of hotel industry branding terminology suggests a need for hotel companies to develop formal brand vocabularies. In addition to being an essential part of marketing and brand strategies, these could be used during new staff induction sessions and ongoing training sessions. The purpose of this is to reduce potential misunderstandings that could be created through the use of ambiguous terminology.

.6 Recommendations for Thistle Hotels

Although this study did not seek to critique the brand management practices of Thistle Hotels, a number of recommendations can be made to Thistle based on the findings generated by this study. The recommendations outlined above are relevant to Thistle Hotels. However, there is a particular opportunity for Thistle to build upon its existing clear commitment to brand management and strong brand performance (as evidenced by the BDRC research), and the fact that it already monitors aspects of the equity of its brand (i.e., awareness). The literature review and empirical research findings generated by this study can be used to make some operational recommendations for Thistle. These are as follows:

- The new definitions of hotel brand and hotel brand equity created by this study could be incorporated into Thistle's corporate strategies and business plans, induction and training manuals, and other relevant corporate documents so that there is commonly-agreed terminology across the company;

- The prominence given to the role of hotel brands being differentiators by the practitioners suggests that Thistle should do all it can to ensure its brands are clearly differentiated against their competitors. In addition to seeking to increase the awareness of its brands, Thistle's marketing communication activity should emphasise the functional and emotional benefits offered;

- Whilst they do not have one currently, Thistle could consider introducing a guest loyalty programme. As there are costs associated with developing and maintaining such a programme, cost/benefit analysis could be undertaken to ensure that the benefits outweigh the costs prior to any implementation of such a programme;

- The scope of current brand performance measurement within Thistle could be widened to encompass the multi-faceted view of brand equity posited by this thesis (i.e., attitudinal, behavioural, operational and financial measures).

A way to integrate the brand equity concept formally within Thistle could be through the development of a Brand Equity Measurement System such as that proposed by Keller (2003); as discussed in Section 3.5. The Brand Equity Measurement System is a comprehensive, integrated system that would define Thistle's approach to branding and brand equity management. Through adopting this approach effectively the benefits to Thistle would be as follows: (1) it would raise the importance of brand equity within Thistle as it would be a formalised statement of the company's approach to branding and brand equity management; (2) it will include an explanation of Thistle's interpretation of the brand equity concept in terms of what it is (including an operational definition) and would provide guidance over the use of terminology and logos to company marketing managers and external marketing partners such as advertising agencies; (3) it would provide a central source of brand equity measurement information that could be distributed amongst staff on a regular basis; and (4) it will define the roles and responsibilities of different staff to ensure a coordinated approach to brand equity management. Even though Thistle clearly regards its brands as important and manages them carefully, the production of a Brand Equity Measurement System would, as defined by Keller (2003), provide a single document that outlines the organisational procedures necessary to improve Thistle's understanding and use of brand equity. Adopting such an approach would require the acceptance of the potential that brand equity management offers Thistle.

.7 Limitations

As with any research study, there are a number of limitations associated with this study. These are as follows:

- Although the study can make a claim that the conclusions are based on in-depth analyses of the views of UK hotel industry practitioners (and examination of many relevant documents), the limited sample of participants is such that what may have been achieved through the quality of data generated may be lacking in terms of the breadth necessary for comparability across a broad range of other contexts, including other hotel companies;
- Even though the study does not claim to be generalisable, the use of one subject for the case study should be regarded as a limitation. Chapter 4 outlined the rationale for the single-case study approach, which it is argued is reasonable in the context of this study's aim and objectives. However, if a multiple-case study was adopted, additional insights into the concepts of branding and brand equity may have been gleaned;
- The findings generated through this research were based on samples of UK-based hotel industry practitioners only (although many had experience of working in other countries). Whilst this was a purpose of this study (given the study's delimitations), different views of hotel branding and brand equity may be found if practitioners based in other countries were investigated;
- The study focused on the views of senior practitioners only. Whilst this is regarded a quality of the study, alternative opinions may have been identified if more junior practitioners were included in the sample (e.g., junior staff within Thistle);
- It must be noted that the Hotel Brand Equity Management Framework was based on hotel industry management perspectives and on management views of consumers rather than on consumers themselves.

The above limitations will be addressed through research that will follow this study, as will be discussed in the next section.

.8 Recommendations for future research

This research study built on available research, but also acknowledges that further research is necessary to develop the study of hotel branding and brand equity. As mentioned previously, in addition to providing a framework for strategic hotel brand management, the hotel brand equity management framework developed by this study provides an agenda for future research. There are a variety of questions that could be addressed through future research. This study found sufficient evidence to suggest that a number of hotel companies use brand equity as part of their brand management. However, there is a need to investigate this in more detail through further research questions utilising different methodologies. This will also address the limitations of this study, including the UK-only focus to date. Future research could address the following questions:

- Which UK and international hotel companies currently use brand equity to guide their brand management activities?
- How do they define brand equity?
- Are there cross-cultural differences in definitions and usage of brand equity?

The above two questions could be addressed through using a questionnaire survey of the world's leading brand owning hotel companies (e.g., using sources such as MKG Consulting, as per Table 11, and Martin Information, as per Table 14). If used appropriately across a large sample of hotel companies, the questionnaire method would enable the necessary coverage to gain a more representative appraisal of the meaning and usage of brand equity. The information that would be generated by this research could then be used as the basis of further research questions. For example, once an understanding of those hotel companies that do use brand equity has been established, these companies could be subjected to further investigation involving the following type of questions:

- What are the reasons for their use of brand equity?
- How may hotel brand equity be measured?
- How do different elements of the marketing mix (i.e., product, price, promotion, place, people, and processes) influence brand equity?
- How is brand equity information used to inform corporate and marketing decision-making?
- When budgeting for marketing spending, what consideration is given to building and maintaining brand equity over the long-term in relation to more tactical, short-term marketing investments (e.g., sales promotion and advertising)?

The use of multiple case studies would enable the necessary in-depth analysis to answer the above questions. It is suggested that the use of qualitative research methods would provide the required depth. The case studies could involve a cross-section of types of hotel company reflecting different quality levels and geographic location, to investigate whether there are differences in use, measurement, corporate decision-making, and financial budgeting, and, if so, why.

This study posits that the perceived value consumers place on hotel brands is a critical component of hotel brand equity. In light of this, there is a requirement to examine consumer views on hotel branding through the following questions:

- What functions and benefits do different consumers (e.g., leisure tourists and business tourists) seek of hotel brands?
- How do the perceptions that consumers have of hotel brands affect their behaviour in terms of brand choice?

The above questions could be addressed through the use of a consumer survey using the questionnaire method. Depending on available resources, this could involve either a household or a street-based questionnaire survey.

As argued throughout this thesis, it is important for brand equity research to incorporate the views of hotel property owners. Given this, future research could focus on the following:

- What functions and benefits do hotel property owners want from hotel brands?
- How do property owner's perceptions of hotel brands affect their selection of brands to partner with?
- How useful do property owners regard the concept of hotel brand equity?

The above questions could be addressed through the use of in-depth interviews with representatives of hotel property owners, such as the type of property and investment companies discussed in Section 2.3. In addition to these companies, the views of individual property owners could be garnered via in-depth interviews to investigate any differences of opinion.

.9 Reflections on the research approach and outcomes

Now that the study's findings and conclusions, limitations and implications for hotel companies and future research have been discussed, it is necessary to reflect upon the research approach and outcomes.

The researcher has found his knowledge of different research methodologies enhanced significantly through the completion of this study. As discussed in Chapter 1, he began this study with experience of completing studies using both positivist and non-positivist approaches. However, during the early stages of this study it became apparent that a qualitative approach would be the most appropriate. Whilst determining the research design, the researcher's awareness of the strengths and weaknesses of different qualitative data collection and analysis methods was enhanced greatly. The researcher found this experience highly valuable, and the knowledge gained will be beneficial when he addresses the questions posed in Section 8.7.

As argued previously in this chapter, this research study achieved its central goal of developing a deeper understanding of the meanings of branding and brand equity within the context of the UK hotel industry, and the uses of brand equity in brand management. It was acknowledged in Section 4.5 that representation generalisation was not sought by the study. However, whilst the findings are unlikely to be representative of hotel companies in general, there are various reasons to conjecture that they can be transferred to other contexts and theoretical generalisation may be possible (e.g., transferable to hotel companies of a similar market position, size and geographical focus as Thistle Hotels). Reasons for this include the following:

- The empirical findings were generated through two stages of empirical research with two different samples;
- The first stage of empirical research included a sample of management consultants with a broad-ranging background in the UK and international hotel industry;
- The backgrounds of the sample of Thistle managers was also extensive, including participants who had worked previously in other hotel companies, as well as certain participants who had experience of working within different industry sectors such as tour operations and retailing, both of which are sectors that branding has been applied.

The UK context to this study stemmed from the empirical data being generated from UK-based hotel industry practitioners. Whilst the combination of the literature review and the experience of the research participants suggest that the study findings may have resonance outside of the UK, it is acknowledged that future research should have a more international focus to investigate potential cross-cultural differences.

Various outputs have been produced during the course of this study and disseminated via academic conferences, in hospitality management trade journals, and academic journals (see Appendix 1). In the case of each of these outputs, the researcher has encouraged feedback from and dialogue with peers. The researcher's flexibility to reflect upon peer group critique (e.g., in order to consider whether amendments to the research programme are necessary or not) has been enhanced. For example, during the early stages of this study's research programme, the researcher developed an initial set of objectives, and a preliminary methodology. He presented these at an academic conference and encouraged feedback from the audience. [31] One comment, which seemed to get agreement from other members of the audience, was that the objectives were too broad and potentially unachievable. This started a process of revisiting and clarifying the aim and objectives during the course of the research programme.

In terms of the methodology adopted for the study, it is posited that it was reasonable to achieve the study's aim and objectives. However, there are certain areas that could have been enhanced. For example, the study would have benefited from the opportunity to conduct in-depth interviews with the management consultants rather than the use of open-ended questionnaires. Although the questionnaires generated a wealth of data, this method did not allow the type of detailed probing and investigation possible through the use of in-depth interviewing. However, the researcher had to balance the available time and resources he had available to conduct this stage of empirical research with a need to gather the views of management consultants spread across the UK. Given this, he considered an appropriate compromise to use an open-ended questionnaire and undertake follow-up questions to discuss issues raised further.

Given the difficulties that other researchers had faced in gaining access to senior management staff within major hotel companies, the researcher was happy with the access he gained within

[31] This conference was the Council for Hospitality Management Education Hospitality Research

Thistle and the engagement he developed with the senior management team. It is argued that the open and active involvement of Thistle in this research is a major attribute of this study. The various senior managers participated fully. They also made themselves available for follow-up questions, and provided various documents.

.10 Final comment

This study developed a deeper understanding of the meaning and practical uses of the previously elusive hotel industry brand equity concept. However, as discussed during this concluding chapter, the study has raised a number of issues that deserve the attention of the academic and business communities to continue the progress made through this study. An output of this study has been an agenda for future research that will further develop this important, but evolving, area of hotel industry brand management.

Conference (April 22-24, 2003).

BIBLIOGRAPHY

Aaker, D. A. (1991) *Managing Brand Equity.* New York, NY, USA: The Free Press.

Aaker, D. A. (1996) *Building Strong Brands.* New York, NY, USA: The Free Press.

Aaker, D. A., and Joachimsthaler, E. (2000) *Brand Leadership.* London, UK: Simon & Schuster.

Agarwal, M., and Rao, V. (1996) 'An Empirical Comparison of Consumer-based Measures of Brand Equity', *Marketing Letters,* Vol. 7, No. 3, pp. 237-47.

Agrawal, D. (1996) 'Effect of Brand Loyalty on Advertising and Trade Promotions: A Game Theoretic Analysis with Empirical Evidence', *Marketing Science,* Vol. 15, No. 1, pp. 86-108.

Ahluwalia, R., Burnkrant, R. E., and Unnava, H. R. (2000) 'Consumer Response to Negative Publicity: The Moderating Role of Commitment', *Journal of Marketing Research,* Vol. 37 (May), pp. 203-14.

Ailawadi, K. L., Lehmann, D. R., and Neslin, S. A. (2003) 'Revenue Premium as an Outcome Measure of Brand Equity'. *Journal of Marketing,* Vol. 67 (October), pp. 1-17.

Allenby, G. M., and Rossi, P. E. (1991) 'Quality Perceptions and Asymetric Switching Between Brands', *Marketing Science,* Vol. 10, No. 3, pp. 185-204.

Ambler, T. (2003) *Marketing and the Bottom Line* (2nd Ed). Harlow, UK: Pearson Education.

Anheier, H. K. (2005) *Nonprofit Organizations – Theory, management, policy.* London, UK: Routledge.

Arthur, S., and Nazroo, J. (2003) 'Designing Fieldwork Strategies and Materials', in Ritchie, J., and Lewis, J. (Eds.) *Qualitative Research Practice - A Guide for Social Science Students and Researchers.* London, UK: Sage Publications.

Athiyaman, A., and Go, F. (2003) 'Strategic choices in the international hospitality industry', in Brotherton, B. (Ed.) *The International Hospitality Industry – Structure, Characteristics and Issues.* Oxford, UK: Butterworth-Heinemann.

Bailey, R., and Ball, S. (2004) 'What is meant by hotel brand equity?', *Proceedings of the First Combined CHME Hospitality Research and CHME Learning and Teaching Conference, April 14-16,* pp. 5-25. University of Wales Institute, Cardiff: Cardiff, UK.

Bailey, R., and Ball, S. (2005) 'Making sense of hotel brand equity', *The Hospitality Review,* Vol. 7, No. 1, pp. 40-47.

Bailey, R., and Ball, S. (2006) 'An Exploration of the Meanings of Hotel Brand Equity', *Services Industries Journal,* Vol. 26, No. 1, pp 15-38.

Bailey, R., Ball, S., and Nield, K. (2003) 'The Development and Management of Hotel Brand Equity', *in Trends and Developments in Hospitality Research - Proceedings of the 12th Annual CHME Hospitality Research Conference, April 22-24 2003,* pp. 104-110. Sheffield Hallam University: Sheffield, UK.

Baldinger, A. L. (1991) 'Marketing, finance must work together to measure brand equity'. *Marketing News,* Vol. 25, Issue 18, p. 36.

Bardi, J. A. (2003) *Hotel Front Office Management* (3rd Ed.). Hoboken, New Jersey, USA: John Wiley & Sons.

Barwise, P. (1993) 'Brand equity snark or boojum?', *International Journal of Research in Marketing.* Vol. 10, pp. 93-104.

Bateson, J. E. G., and Hoffman, K. D. (1999) *Managing Services Marketing.* Fort Worth, USA: The Dryden Press.

BDRC (2005) *British Hotel Survey.* London, UK: Business Development Research Consultants.

Berry, L. (1999) *Discovering the Soul of Service.* New York, NY, USA: The Free Press.

Best Western (2004) 'Best Western Mission Statement'. www.bestwestern.com (accessed on 1st May 2004)

Blackston, M. (1995) 'The qualitative dimension of brand equity', *Journal of Advertising Research,* Vol. 35, No. 4, RC2-RC7.

Blackwell, R. D., Miniard, P. W., and Engel, J. F. (2001) *Consumer Behavior,* 9th Edition. Orlando, FL, USA: Harcourt.

Blankson, C., and Kalafatis, S. P. (1999) 'Issues and challenges in the positioning of service brands: a review', *Journal of Product and Brand Management,* Vol. 8, No. 2, pp. 106-118.

Boella, M., and Pannett, A. (1999) *Principles of Hospitality Law* (2nd Ed.). London, UK: Continuum

Boone, J. M. (1997) 'Hotel-Restaurant Co-Branding – A Preliminary Study', *Hotel and Restaurant Administration Quarterly,* October 1997.

Boulding, W., Lee, E., and Staelin, R. (1994) 'Mastering the Marketing Mix: Do Advertising, Promotion, and Sales Force Activities Lead to Differentiation?', *Journal of Marketing Research,* Vol. 31 (May), pp. 159-72.

Bowen, J. T., and Sparks, B. A. (1998) 'Hospitality marketing research: A content analysis and implications for future research', *Hospitality Management,* Vol. 17, pp. 125-44.

Bowie, D., and Buttle, F. (2004) *Hospitality Marketing – An Introduction.* Elsevier Oxford, UK: Butterworth-Heinemann.

Brown, S. P., and Stayman, D. M. (1992) 'Antecedents and Consequences of Attitude toward the Ad: A Meta-analysis', *Journal of Consumer Research,* Vol. 19, No. 1, pp. 34-51.

Brown, T. J., and Dacin, P. (1997) 'The Company and the Product: Corporate Associations and Consumer Product Responses', *Journal of Marketing,* Vol. 61, No. 1, pp. 68-84.

Bryman, A., and Bell, E. (2003) *Business Research Methods.* Oxford University Press: Oxford, UK.

Bucklin, R. E., Gupta, S., and Han, S. (1995) 'Brand's Eye View of Response Segmentation in Consumer Brand Choice Behavior', *Journal of Marketing Research,* Vol. 32 (February), pp. 66-74.

Calder, B. J., and Sternthal, B. (1980) 'Television Commercial Wearout: An Information Processing View', *Journal of Marketing Research,* Vol. 27 (May), pp. 173-86.

Capon, N., Berthon, P., Hulbert, J. M., and Pitt, L. F. (2001) 'Brand Custodianship: A New Primer for Senior Managers', *European Management Journal,* Vol. 19, No. 3, pp. 215-27.

Cendant Corporation (2003) *2003 Annual Review.* New York, USA: Cendant Corporation.
Chattopadhay, A., and Basu, K. (1990) 'Humor in Advertising: The Moderating Role of Prior Brand Evaluation', *Journal of Marketing Research,* Vol. 27 (November), pp. 466-76.

Choice Hotels International (2003) *2003 Annual Report.* Silver Spring, USA: Choice Hotels International.

Clifton, W. J., and Shah, N. (1999) 'Who's biggest? Who's best? Consolidation and concentration in the UK hotel industry', *The Hospitality Review,* July 1999.

Cobb-Walgren, C. J., Ruble, C. A., and Donthu, N. (1995) 'Brand Equity, Brand Preference, and Purchase Intent'. *Journal of Advertising,* Vol. 24, No. 3, pp. 25-40.

Connell, J. (1992) 'Branding Hotel Portfolios'. *International Journal of Contemporary Hospitality Management.* Vol. 4, No. 1, pp.26-32.

Creswell, J. W. (2003) Research Design - Qualitative, Quantitative and Mixed Methods Approaches. Thousand Oaks, CA, USA: Sage Publications.

Cunill, O. M. (2006) *The Growth Strategies of Hotel Chains – Best Business Practices by Leading Companies.* New York, USA: The Haworth Hospitality Press.

Damonte, L., Rompf, P. D., Bahl, R., and Domke, D. J. (1997) 'Brand affiliation and property size effects on measure of performance in lodging properties'. *Hospitality Research Journal,* Vol. 20, No. 3, pp. 1-16.

Davis, S. M. (2002) *Brand Assessment Management - Driving Profitable Growth Through Your Brands.* San Francisco, USA: John Wiley & Sons.

Dawar, N., and Pillutla, M. M. (2000) 'Impact of Product-Harm Crises on Brand Equity: The Moderating Role of Consumer Expectations', *Journal of Marketing Research,* Vol. 37 (May), pp. 215-26.

Day, G. S., and Deutscher, T. (1982) 'Attitudinal Predications of Choices of Major Appliance Brands', *Journal of Marketing Research,* Vol. 19 (May), pp. 192-8.

de Chernatony, L. (2001) *From Brand Vision to Brand Evaluation – Strategically Building and Sustaining Brands.* Oxford, UK: Butterworth-Heinemann.

De Chernatony, L., Drury, S., and Segal-Horn, S. (2005) 'Using Triangulation to Assess and Identify Successful Service Brands', *The Services Industries Journal,* Vol. 25, No. 1, pp. 5-21.

de Chernatony, L., and McDonald, M. (2003) *Creating Powerful Brands in Consumer, Service and Industrial Markets*, 3rd Edition. Oxford, UK: Butterworth-Heinemann.

de Chernatony, L., and Riley, F. D. (1998) 'Defining a 'Brand': Beyond The Literature with Expert's Interpretations'. *Journal of Marketing Management,* Vol. 14, No. 5, pp. 417-43.

de Chernatony, L., and Segal-Horn, S. (2001) 'Building on Services' Characteristics to Develop Successful Services Brands'. *Journal of Marketing Management,* Vol. 17. No. 7-8, pp. 645-69.

Deloitte & Touche (2004) *UK Budget Hotel Survey, 2004.* London, UK: Deloitte & Touche LLP.

Dicke, T. S. (1992) *Franchising in America.* The University of North Carolina Press: USA.

Dodds, W. B., Monroe, K. B., and Grewal, D. (1991) 'Effects of Price, Brand, and Store Information on Buyers' Product Evaluation', *Journal of Marketing Research,* Vol. 28 (August), pp. 307-19.

Dowling, G. (2004) *The Art & Science of Marketing - Marketing for Marketing Managers.* Oxford, UK: Oxford University Press.

Doyle, P. (2002) *Marketing Management and Strategy,* 3rd Edition. Harlow, UK: Pearson Education.

Du Plessis, E. (2005) *The Advertised Mind – Ground-breaking Insights Into How Our Brains Respond to Advertising.* London, UK: Kogan Page.

Dyson, P., Farr, A., and Hollis, N. S. (1996) 'Understanding, measuring and using brand equity', *Journal of Advertising Research,* Vol. 36, No. 6, pp. 9-21.

Easterby-Smith, M., Thorpe, R., and Lowe, A. (2002) *Management Research - An Introduction.* London, UK: Sage Publications.

Evans, N., Campbell, D., and Stonehouse, G. (2003) *Strategic Management for Travel and Tourism.* Oxford, UK: Butterworth- Heinemann.

Farquhar, P. (1989) 'Managing Brand Equity', *Marketing Research,* Vol. 1, No. 1 (September), pp. 24-33.

Farquhar, P. H., and Rao, V. R. (1976) 'A Balance Model for Evaluating Subsets of Multi-attributed Items', *Management Science,* Vol. 22, pp. 528-39.

Feinberg, F. M., Kahn, B. E., and McAlister, L. (1992) 'Market Share Response When Consumers Seek Variety', *Journal of Marketing Research,* Vol. 29 (May), pp. 227-37.

Feldwick, P. (2002) *What is Brand Equity, Anyway?* Henley-on-Thames, UK: World Advertising Research Center.

Fogg, J. (1998) 'Brands as Intellectual Property', in Hart, S. and Murphy, J. (Eds.) *Brands – The New Wealth Creators.* Palgrave: Basingstoke, UK.

Ford, K. (2005) *Brands Laid Bare.* Chichester, UK: John Wiley & Sons.

Forgacs, G. (2003) 'Brand asset equilibrium in hotel management', *International Journal of Contemporary Hospitality Management,* Vol. 15, No. 6, pp. 340-2.

Foxall, G. R., Goldsmith, R. E., and Brown, S. (1998) *Consumer Psychology for Marketing* (2nd Ed.). London, UK: Thomson.

Francois, P., and MacLachlan, D. L. (1995) 'Ecological validation of alternative consumer-based brand strength measures', *International Journal of Research in Marketing,* Vol. 12, No. 4, pp. 321-32.

Franzen, G. (1999) 'Brand equity: concept and research', in Franzen, G. (Ed.) *Brands and Advertising - How Advertising Effectiveness Influences Brand Equity.* Henley-on-Thames, UK: Admap Publications.

Garrahan, M. (2005) 'IHG copes with hurricane and bombings', *Financial Times, Friday September 9th 2005,* p. 22.

Ghauri, P., and Grønhaug, K. (2002) *Research Methods in Business Studies - A Practical Guide* (2nd Ed.). Harlow, UK: Financial Times Prentice Hall.

Gibson, A. (2003) 'Marketing options', in Brotherton, B. (Ed.) *The International Hospitality Industry – Structure, Characteristics and Issues.* Oxford, UK: Butterworth-Heinemann.

Gilham, B. (2000) *Case Study Research Methods.* London, UK: Continuum.

Gilmore, A. (2003) *Services Marketing and Management.* London, UK: Sage Publications.

Go, F. M., and Pine, R. (1995) *Globalization Strategy in the Hotel Industry.* London, UK: Routledge.

Goodchild, J., and Callow, C. (2001) 'Introduction', in Goodchild, J. and Callow, C. (Eds.) *Brands, Visions & Values.* Chichester, UK: John Wiley & Sons.

Gregory, J. R., and Wiechmann, J. G. (2002) *Branding Across Borders.* Chicago, IL, USA: McGraw-Hill.

Grover, R., and Srinivasan, V. (1992) 'Evaluating the Multiple Effects of Retail Promotions on Brand Loyal and Brand Switching Segments', *Journal of Marketing Research,* Vol. 29 (February), pp. 76-89.

Gupta, A., K., and Govindarajan, V. (1999) 'How to build a global presence', in Dickson, T. and Bickerstaffe (Eds.) *Mastering Global Business.* Pearson Education: Harlow, UK.

Hackley, C. (2003) *Doing Research Projects in Marketing, Management and Consumer Research.* London, UK: Routledge.

Higgins, K. T. (1996) 'Room for Improvement – America's innkeeper polishes its image to compete in the '90s', *Marketing Management,* Vol. 5, No. 2, pp. 5-9.

Hilton Group plc (2004) *Annual Report and Accounts 2004.* London, UK: Hilton Group plc.

Hilton International (2003) 'Hilton and EIH Limited Sign Strategic Alliance – Hilton's First Hotels in India', press release from Hilton International's website, www.hilton.com (extracted on 12th December 2003).

Holloway, J., C. (2004) Marketing for Tourism (4th Ed.). Harlow, UK: Pearson Education.

Holt, D. B. (2004) *How Brands Become Icons.* Boston, USA: Harvard Business School Press.

Hotels (1995) 'Thistle Launches New Brand', *April,* p. 16.

Hussey, J., and Hussey, R. (1997) *Business Research.* Basingstoke, UK: Palgrave.

HVS International (2001) *Hotel Franchise Fees Analysis Guide, 2001.* Mineola, NY, US: HVS International.

Ingram, P. L. (1996) *The Rise of Hotel Chains in the United States, 1896-1980.* New York, USA: Garland Publishing.

InterContinental Hotels Group (2003) *Annual Report and Financial Statements.* Windsor, UK: InterContinental Hotels Group.

Jiang, W., Dev, C. S., and Rao, V. R. (2002) 'Brand Extension and Customer Loyalty – Evidence from the Lodging Industry'. *Cornell Hotel and Restaurant Quarterly,* Vol. 43, No. 4, pp. 5-16.

Johns, N., and Lee-Ross, D. (1998) *Research Methods in Service Industry Management.* London, UK: Cassell.

Johnson, C. (1999) 'The supply of accommodation', in Verginis, S. and Wood, R., C. (Eds.) *Accommodation Management - Perspectives for the International Hotel Industry.* International Thomson Business Press: London, UK.

Jones, J., and Slater, J. S. (2003) *What's in a Name? – Advertising and the Concept of Brands* (2nd Ed.). New York, NY, USA: M. E. Sharpe.

Jones, P. (2002) *Introduction to Hospitality Operations.* London, UK: Continuum.

Jones, P., and Lockwood, A. (1989) *The Management of Hotels Operations.* London, UK: Thomson.

Kamakura, W. A., and Russell, G. J. (1993) 'Measuring brand value with scanner data', *International Journal of Research in Marketing,* Vol. 10, No. 1, pp. 9-22.

Kanetkar, V., Weinberg, C. B., and Weiss, D. L. (1992) 'Price Sensitivity and Television Advertising Exposures: Some Empirical Findings', *Marketing Science,* Vol. 11, No. 4, pp. 359-71.

Kapferer, J-N. (1997) *Strategic Brand Management – Creating and Sustaining Brand Equity London Term* (2nd Ed.). London, UK: Kogan Page.

Keller, K. L. (1998) *Strategic Brand Management: Building, Measuring and Managing Brand Equity.* Upper Saddle River, NJ, USA: Prentice Hall.

Keller, K. L. (1999) 'Managing Brands for the Long Run: Brand Reinforcement and Revitalization Strategies', *California Management Review,* Vol. 41, No. 3, pp. 102-24.

Keller, K. L. (2002) *Branding and Brand Equity.* Cambridge, MA, USA: Marketing Science Institute.

Keller, K. L. (2003) *Strategic Brand Management: Building, Measuring and Managing Brand Equity* (2nd Ed.). Upper Saddle River, NJ, USA: Prentice Hall.

Keller, K. L., and Lehmann, D. R. (2003) 'How Do Brands Create Value?' *Marketing Management,* May / June 2003, pp. 26-31.

Kent, R. J., and Allen, C. T. (1994) 'Competitive Interference Effects in Consumer Memory for Advertising: The Role of Brand Familiarity', *Journal of Marketing,* Vol. 58, No. 3, pp. 97-105.

Kim, H., and Kim, W. G. (2004) 'The relationship between brand equity and firms' performance in luxury hotels and chain restaurants', *Tourism Management,* Vol. 26, No. 4, pp. 549-60.

Kim, H., Kim, W. G., and An, J. A. (2003) 'The effect of consumer-based brand equity on firms' financial performance'. *Journal of Consumer Marketing,* Vol. 20, No. 4, pp. 335-51.

Kish, P., Riskey, D., R., and Kerin, R., A. (2001) 'Measurement and tracking of brand equity in the global marketplace', *International Marketing Review,* Vol. 18, No. 1, pp. 91-6.

Knowles, T. (1996) *Corporate Strategy.* Harlow, UK: Longman.

Knowles, T. (1999) 'Strategic Marketing in the Hospitality Sector', in Vellas, F. and Bécherel L. (Eds.) *The International Marketing of Travel and Tourism.* Macmillan Press: Basingstoke, UK.

Kotler, P. (2000) *Marketing Management* (The Millennium Edition). Upper Saddle River, NJ, USA: Prentice Hall.

Kotler, P., Bowen, J., and Makens, J. (2003) *Marketing for Hospitality and Tourism* (3rd Ed.). Upper Saddle River, NJ, USA: Pearson Education.

KPMG (2002) *The Performance of Management Agreements and Franchise Contracts in the European Hotel Industry.* London, UK: KPMG LLP.

Krishnamurthi, L., and Raj, S. P. (1991) 'An Empirical Analysis of the Relationship Between Brand Loyalty and Consumer Price Elasticity', *Marketing Science,* Vol. 10, No. 2, pp. 172-83.

Krishnan, B. C., and Hartline, M., D. (2001) 'Brand equity: is it more important in services?', *Journal of Services Marketing,* Vol. 15, No. 5, pp. 328-42.

Laroche, M., Kim, C., and Zhou, L. (1996) 'Brand Familiarity and Confidence as Determinants of Purchase Intentions: An Empirical Test in a Multiple Brand Context', *Journal of Business Research,* Vol. 37, No. 2, pp. 115-20.

Lassar, W., Mittal, B., and Sharma, A. (1995) 'Measuring customer-based brand equity', *Journal of Consumer Marketing,* Vol. 12, No. 4, pp. 11-9.

Lazer, W. (2000) 'Marketing Education and the Lexicon of Marketing', *Marketing Education Review,* Vol. 10, No. 1, pp. 17-24.

Lazer, W., and Layton, R., A. (1999) *Contemporary Hospitality Marketing – A Service Management Approach.* Michigan, USA: The American Hotel & Motel Association.

Leclerc, F., Schmitt, B. H., and Dubé, L. (1994) 'Foreign Branding and its Effects on Product Perceptions and Attitudes', *Journal of Marketing Research,* Vol. 31, No. 5, pp. 263-70.

Lee, D. R. (1985) 'How They Started: The Growth of Four Hotel Giants'. *The Cornell Hotel and Restaurant Quarterly.* May 1985, pp. 22-32.

Lewis, J., and Ritchie, J. (2003) 'Generalising from Qualitative Research', in Ritchie, J. and Lewis, J. (Eds.) *Qualitative Research Practice - A Guide for Social Science Students and Researchers.* London, UK: Sage Publications.

Litteljohn, D. (2003) 'Hotels', in Brotherton, B. (Ed.) *The International Hospitality Industry - Structure, Characteristics and Issues.* Oxford, UK: Butterworth-Heinemann.

Locke, L. F., Silverman, S. J., and Spirduso, W. W. (1998) *Reading and Understanding Research.* Thousand Oaks, CA, USA: Sage Publications.

Lovelock, C. H. (1983) 'Classifying Services to Gain Strategic Market Insights', *Journal of Marketing,* Vol. 47, Summer, pp. 9-20.

Lury, G. (2001) *Brandwatching – Lifting the lid on branding* (2nd Ed.). Stillorgan, Ireland: Blackhall Publishing.

Mackay, M. M. (2001a) 'Evaluation of brand equity measures: further empirical results', *Journal of Product & Brand Management,* Vol. 10, No. 1, pp. 38-51.

Mackay, M. M. (2001b) 'Application of brand equity measures in services markets', *Journal of Services Marketing,* Vol. 15, No. 3, pp. 210-21.

Mahajan, V., Rao, V. R., and Srivastava, R. K. (1993) 'An approach to assess the performance of brand equity in acquisition decisions', *Marketing Science Institute Working Paper,* Report No. 93-124, December.

Mankins, C. M., and Steele, R. (2005) 'Turning great strategy into great performance', *Harvard Business Review,* Vol. 83, No. 7, pp. 64- 72.

Manson, E. (2005) 'Cosslett: We must sharpen our brands', *Caterer & Hotelkeeper,* 29th September 2005.

Marketing Science Institute (1998) *Defining, Measuring and Managing Brand Equity.* Conference Papers, Report No. 88-104 (May). Cambridge, MA, USA: Marketing Science Institute.

Marriott, J., W., and Brown, K., A. (1997) *The Spirit to Serve – Marriott's Way.* New York, USA: Harper Business.

Marriott International (2003) *2003 Annual Report.* Washington D.C., USA: Marriott International Inc.

Martin Information (2005) *Guide to UK Hotels Brands 2005.* Crawley, UK: Martin Information.

Mattila, A. S. (2006) 'How Affective Commitment Boosts Guest Loyalty (and Promotes Frequent-guest Programs)', *Cornell Hotel and Restaurant Administration Quarterly,* Vol. 47, No. 2, pp. 174-81.

McDonald, M., and Payne, A. (2006) *Marketing Plans for Service Businesses.* Oxford, UK: Butterworth-Heinemann.

McMullen, S. (2005) 'Hoteliers bank on smart marketing', *Hotel & Motel Management,* February 21st 2005.

Medlik, S., and Ingram, H. (2000) *The Business of Hotels* (4th Ed.). Oxford, UK: Butterworth-Heinemann.

Melanson, J. (2002) 'Brand Equity: A Look at the Customer's Role', *Lodging Hospitality,* May 1st 2002.

Miller, J., and Muir, D. (2004) *The Business of Brands.* Chichester, UK: John Wiley & Sons.

Mintel International Group (2003) *UK Group Hotels.* London, UK: Mintel International Group Limited.

Mintel International Group (2004) *Hotel Grading Schemes - Europe.* London, UK: Mintel International Group Limited.

Mintel International Group (2005) *International Hotel Industry.* London, UK: Mintel International Group Limited.

MKG Consulting (2003) 'Worldwide Ranking of Hotel Groups, 2003'. Paris, France: MKG Consulting.

Moorthi, Y. L. R. (2002) 'An approach to branding services', *Journal of Services Marketing,* Vol. 16, No. 3, pp. 259-74.

Motameni, R., and Shahrokhi, M. (1998) 'Brand equity valuation: A global perspective', *Journal of Product and Brand Management,* Vol. 7, No. 4, pp. 275-90.

Murphy, J. (1998) 'What is branding?', in Hart, S. and Murphy, J. (Eds.) *Brands – The New Wealth Creators.* Basingstoke, UK: Palgrave.

Myers, C. A. (2003) 'Managing brand equity: a look at the impact of attributes', *Journal of Product & Brand Management,* Vol. 12, No. 1, pp. 39-51.

Nebel, E. C. (2002) 'Organizational Design', in Rutherford, D., G. (Ed.) *Hotel Management and Operations* (3rd e.). New York, US: John Wiley & Sons..

Okumus, F. (1999) *Strategy Implementation: A Study of International Hotel Groups.* Unpublished PhD thesis. Oxford Brookes University, UK.

Olsen, M. D., Chung, Y., Graf, N., Lee, K., and Madanoglu, M. (2005) 'Branding: Myth and reality in the hotel industry', *Journal of Retail & Leisure Property,* Vol. 4, No. 2, pp. 146-62.

Olsen, M. D., West, J., and Tse, E. (1998) *Strategic Management in the Hospitality Industry,* (2nd Ed.). New York, NY, USA: John Wiley & Sons.

Palmer, A. (2005) *Principle of Services Marketing* (4th Ed.). London, UK: McGraw-Hill.

Palmer, A., McMahon-Beattie, U., and Beggs, R. (2000) 'A structural analysis of hotel sector loyalty programmes', *International Journal of Contemporary Hospitality Management,* Vol. 12, no. 1, pp. 54-60.

Park, C. S., and Srinivasan, V. (1994) 'A Survey-based Method for Measuring and Understanding Brand Equity and its Extendibility', *Journal of Marketing Research,* Vol. 31 (May), pp. 271-88.

People 1st (2005) *The Hotel Industry',* London, UK: People 1st.

Porter, M. E. (1985) *Competitive Strategy: Techniques for Analyzing Industries and Competitors.* New York, USA: Free Press.

Poulter, A. (2003) 'Brand protection', in Clifton, R. and Simmons, J. (Eds.) *Brands and Branding.* London, UK: The Economist.

Prasad, K., and Dev, C. S. (2000) 'Managing Brand Equity – A Customer-centric Framework for Assessing Performance', *Cornell Hotel and Restaurant Quarterly,* Vol. 41, No. 3, pp. 22-31.

PriceWaterhouseCoopers (2000) 'Branding in the European Hotel Market: A Framework for Strategic Brand Assessment', *Hospitality Directions – Europe Edition.* July, pp. 2-9. London, UK: PriceWaterhouseCoopers.

PriceWaterhouseCoopers (2001) *New Europe and the Hotel Industry.* London, UK: PriceWaterhouseCoopers.

Randall, G. (2000) *Branding,* (2nd Ed.). London, UK: Kogan Page:.

Rao, A. R., and Monroe, K. B. (1989) 'The Effects of Price, Brand Name, and Store Name on Buyers' Perceptions of Product Quality: An Integrative Review', *Journal of Marketing Research,* Vol. 26 (August), pp. 351-7.

Ravey, A. (2003) 'How employees differentiate the Marriott brand', *Strategic HR Review,* Vol. 2, Issue 6, pp. 10-11.

Remenyi, D., Williams, B., Money, A., and Swartz, E. (1998) *Doing Research in Business and Management – An Introduction to Process and Method.* London, UK: Sage Publications.

Riezebos, R. (2003) *Brand Management – A Theoretical and Practical Approach.* Harlow, UK: Pearson Education.

Ritchie, J., and Lewis, J. (Eds.) (2003) *Qualitative Research Practice - A Guide for Social Science Students and Researchers.* London, UK: Sage Publications.

Ritchie, J., Spencer, L., and O'Connor, W. (2003) 'Carrying out Qualitative Research', in Ritchie, J., and Lewis, J. (Eds.) *Qualitative Research Practice - A Guide for Social Science Students and Researchers.* London, UK: Sage Publications.

Robson, C. (2002) *Real World Research,* (2nd Ed.). Malden, MA, USA: Blackwell Publishing.

Rooney, J. A. (1995) 'Branding: a trend for today and tomorrow', *Journal of Product & Brand Management,* Vol. 4, No. 4, pp. 48-55.

Russell, G. J., and Kamakura, W. A. (1994) 'Understanding Brand Competition Using Micro and Macro Scanner Data', *Journal of Marketing Research,* Vol. 31 (May), pp. 289-303.

Rutherford, D. G. (2002) *Hotel Management and Operations* (3rd Ed.). New York, USA: John Wiley & Sons.

Saunders, M., Lewis, P., and Thornhill, A. (2000) *Research Methods for Business Students* (2nd Ed.). Harlow, UK: Financial Times Prentice Hall.

Schlup, R. (2004) 'Hotel management agreements: Balancing the interests of owners and operators', *Journal of Retail & Leisure Property.* Vol. 3, No. 4, pp. 331-42.

Schultz, D. E. (2001) 'Determining and Monitoring Brand Equity', in *Hotel Topics – Global Investment in Hotel Branding,* Issue No. 8, September 2001. Jones Lang LaSalle Hotels: London, UK.

Seetharaman, A., Nadzir, Z. A. B. M., and Gunalan, S. (2001) 'A conceptual study on brand valuation', *Journal of Product and Brand Management,* Vol. 10, No. 4, pp.243-56.

Segal-Horn, S., and Faulkner, D. (1999) *The Dynamics of International Strategy.* London, UK: International Thomson Business Press.

Sethuraman, R. (1996) 'A Model of How Discounting High-priced Brands Affects Sales of Low-priced Brands', *Journal of Marketing Research,* Vol. 33 (November), pp. 399-409.

Shaw, R., and Merrick, D. (2005) *Marketing Payback - Is Your Marketing Profitable.* Harlow, UK: Prentice Hall.

Sheth, J. N., Gardner, D. M., and Garrett, D. E. (1988) *Marketing Theory: Evolution and Evaluation.* USA: John Wiley & Sons.

Shoemaker, S., and Lewis, R. C. (1999) 'Customer loyalty: the future of hospitality marketing', *Hospitality Management,* Vol. 18, pp. 345-70.

Silverman, D. (2005) *Doing Qualitative Research* (2nd Ed.). London, UK: Sage Publications.

Simon, H. (1979) 'Dynamics of Price Elasticity and Brand Life Cycles: An Empirical Study', *Journal of Marketing Research,* Vol. 16 (November), pp. 439-52.

Simon, C. J., and Sullivan, M. W. (1993) 'The Measurement and Determinants of Brand Equity: A Financial Approach', *Marketing Science,* Vol. 12, No. 1, pp. 28-52.

Sivakumar, K., and Raj, S. P. (1997) 'Quality Tier Competition: How Price Change Influences Brand Choice and Category Choice', *Journal of Marketing,* Vol. 61, No. 3, pp. 71-84.

Slattery, P. (2003) 'Hotel Chain Growth and the Development Process'. London, UK: Otus & Company.

Smith, R. E. (1993) 'Integrating Information from Advertising and Trial: Processes and Effects on Consumer Response to Product Information', *Journal of Marketing Research,* Vol. 30 (May), pp. 204-19.

Spencer, L., Ritchie, J., and O'Connor, W. (2003) 'Analysis: Practices, Principles and Processes', in Ritchie, J., and Lewis, J. (Eds.) *Qualitative Research Practice - A Guide for Social Science Students and Researchers.* London, UK: Sage Publications.

Spicer, L., and Woodward, C. (2001) 'Accounting for Intangible Assets', in Goodchild, J., and Callow, C. (Eds.) *Brands - Visions and Values.* Chichester, UK: John Wiley & Sons.

Srivastava, R. K., and Shocker, A. D. (1991) *Brand Equity: A Perspective on its Meaning and Measurement.* Cambridge, MA, USA: Marketing Science Institute.

Statt, D. A. (1997) *Understanding the Consumer.* London, UK: Macmillan.

Stewart, D. W., and Furse, D. H. (1986) *Effective Television Advertising: A Study of 1000 Commercials.* Lexington, Mass, USA: Lexington Books.

Stewart, D. W., and Kamins, M. A. (2002) 'Marketing Communications', in Weitz, B., and Wensley, R. (Eds.) *Handbook of Marketing.* London, UK: Sage Publications.

Strauss, K., and Scoviak, M.(2005) *Giants,* Hotels – The Magazine of the Worldwide Hotel Industry, Vol. 39, No. 7, July, pp. 32-53.

Swait, J., Erdem, T., Louviere, J., and Dubelaar, C. (1993) 'The equalization price: A measure of consumer-perceived brand equity', *International Journal of Research in Marketing',* Vol. 10, No. 1, pp. 23-45.

Tarrant, C. (2003) 'Brands in the Hotel Industry', *Conference Presentation at the 3rd Annual European Hotel Investment Summit, 24th to 25th September 2003.*

Teas, R. K., and Grapentine, T. H. (1996) 'Demystifying Brand Equity – Framework guides research on the role brands play in purchase decisions', *Marketing Research,* Vol. 8, No. 2, pp. 25-9.

Teas, R. K., and Palan, K. M. (1997) 'The Realms of Scientific Meaning Framework for Constructing Theoretically Meaningful Nominal Definitions of Marketing Concepts', *Journal of Marketing,* April 1997, pp. 52-67.

Temporal, P. (2002) *Advanced Brand Management - From Vision to Valuation.* Singapore: John Wiley & Sons.

Thistle Hotels (2002) *Annual Report and Accounts 2002.* London, UK: Thistle Hotels.

Thistle Hotels (2005) *Annual Report and Accounts 2005.* London, UK: Thistle Hotels.

Tollington, T. (2002) *Brand Assets.* Chichester, UK: John Wiley & Sons.

Travel & Tourism Intelligence (2001) *The International Hotel Industry – Corporate Strategies and Global Opportunities.* London, UK: Travel & Tourism Intelligence.

TRI Hospitality Consulting (2004) *United Kingdom Hotel Industry Report, 2004.* London, UK: TRI Hospitality Consulting.

Turley, L. W., and Moore, P. A. (1995) 'Brand name strategies in the services sector', *Journal of Consumer Marketing,* Vol. 12, No. 4, pp. 42-50.

VanAuken, B. (2002) *The Brand Management Checklist.* London, UK: Kogan Page.

Veal, A. J. (2006) *Research Methods for Leisure and Tourism,* (3rd Ed.). Harlow, UK: Prentice Hall.

Vella, F., and Bécherel, L. (1999) *The International Marketing of Travel and Tourism - A Strategic Approach.* Basingstoke, UK: Macmillan Press.

Wagner, G. (2002) 'Holiday Inn at 50', *Lodging Hospitality.* August 2002, pp. 21- 36.

Walliman, N. (2006) *Social Research Methods.* London, UK: Sage Publications.

Weinburger, M. G., and Gulas, C. (1992) 'The Impact of Humor in Advertising: A Review', *Journal of Advertising,* Vol. 21, No. 4, pp. 35-60.

Williams, A. (2002) *Understanding the Hospitality Consumer.* Oxford, UK: Butterworth-Heinemann.

Wind, J., Green, P. E., Shifflet, D., and Scarbrough, M. (1989) 'Courtyard by Marriott: Designing a Hotel Facility with Consumer-based Marketing Models. *Interfaces.* Vol. 19, pp. 25-47.

Wood, L. (2000) 'Brands and brand equity: definitions and management', *Management Decision,* Vol. 38, No. 8/9, pp. 662-9.

Woodward. T. (2000) 'Using Brand Awareness and Brand Image in Tourism Channels of Distribution, *Journal of Vacation Marketing,* Vol. 6, Issue 2, pp. 119-30.

Yin, R. K. (2003) *Case Study Research – Design and Methods.* (3rd Ed.). Thousand Oaks, CA, USA: Sage Publications.

Yoo, B., and Donthu, N. (2001) 'Developing and validating a multidimensional consumer-based brand equity scale', *Journal of Business Research,* Vol. 52, No. 1, pp. 1-14.

Yu, L. (1999) *The International Hospitality Business: Management and Operations.* New York, NY, USA: Haworth Press.

Zaltman, G., Pinson, C. R. A., and Angelmar, R. (1973) *Metatheory and Consumer Rseearch.* New York, NY, USA: Holt, Rinehart and Winston.

10 APPENDICES

10.1 Appendix 1: Study Research Outputs

During the completion of this thesis, the following outputs have been generated:

- Bailey, R., Ball, S., and Nield, K. (2003) 'The Development and Management of Hotel Brand Equity', *in Trends and Developments in Hospitality Research - Proceedings of the 12th Annual CHME Hospitality Research Conference*, April 22-24 2003, pp. 104-110. Sheffield Hallam University: Sheffield, UK. *This paper was presented at the Council for Hospitality Management Education Conference in 2003.*
- Bailey, R., and Ball, S. (2004) 'What is meant by hotel brand equity?', *Proceedings of the First Combined CHME Hospitality Research and CHME Learning and Teaching Conference, April 14-16,* pp. 5-25. University of Wales Institute, Cardiff: Cardiff, UK. *This paper was presented at the Council for Hospitality Management Education Conference in 2004.*
- Bailey, R., and Ball, S. (2005) 'Making sense of hotel brand equity', *The Hospitality Review,* Vol. 7, No. 1, pp. 40-7.
- Bailey, R., and Ball, S. (2006) 'An Exploration of the Meanings of Hotel Brand Equity', *Services Industries Journal,* Vol. 26, No. 1, pp. 15-38.

In addition to the above, the case study findings were also shared with the Chief Operating Officer of Thistle Hotels in the form of updates, confidential reports and meetings.

10.2 Appendix 2: UK Brand Accounting Regulations

Over the past twenty years, there has been much debate within the UK accounting profession as to whether brands, and other intangible assets (such as patents, copyright and software), should be included in a company's balance sheet (Spicer and Woodward, 2001). The debate was most vigorous during the 1980s which included a period of significant activity in the area of corporate mergers and acquisitions, when many multi-national companies were expanding through acquisition, often paying premiums over the balance sheet reported values of the net tangible assets acquired (Spicer and Woodward, 2001).

Financial Reporting Standard 10 'Goodwill and Intangible Assets' applies to goodwill and all other intangible assets, with the exception of oil and gas exploration and development costs, research and development costs, and any other intangible assets specifically covered by other accounting standards. Purchased goodwill is the difference between the fair value of the price paid for a business and the aggregate of the fair values of the separate assets. FRS 10 states that internally developed intangible assets may only be capitalised on the balance sheet if it has a readily ascertainable market value (i.e., an asset belonging to a homogenous population of assets that are equivalent in all respects and where there is an active market in those assets, evidenced by frequent transactions). In practice, few intangible assets have a readily identifiable market value, so may not be capitalised. FRS 10 also states that an intangible asset acquired as part of the acquisition of a business should be capitalised separately from goodwill if its value can be measured reliably on initial recognition. The objective of FRS 10 is to ensure that capitalised intangible assets are written-off to the profit and loss account over the period that their value is depleted. Intangible assets should are required to be written off systematically over their useful economic life, which is defined as *'the period which the entity expects to derive economic benefits from that asset'*. The useful economic life is presumed by FRS 10 not to exceed 20 years. However, a longer life may be used where an asset can be demonstrated to be more durable. Intangible assets that are amortised over a period of 20 years or less should be reviewed for impairment at the end of the first full financial year following acquisition. In subsequent years, an impairment review is only required if adverse events indicate that the carrying value may be overstated and thus a write-down may be appropriate. An economic life in excess of 20 years, of even an indefinite life, may be chosen only if the following two conditions are met: the durability of the intangible asset for the longer, or indefinite, period can be demonstrated; and the intangible asset is capable of continued measurement. FRS 10 gives examples of the factors that contribute to the durability of a brand or other intangible asset, including the nature of the business, the stability of the industry, the effect of future competition, the typical lifespan of the products involved ,and the extent to which business acquisitions overcome any market entry barriers.

The procedures for impairment reviews are set-out in a separate Financial Reporting Standard, namely FRS 11 'Impairment of Fixed Assets and Goodwill'. Within the hotel industry, in accordance with FRS 10 and FRS 11, Hilton Group plc has retained the value of the Hilton International brand name (£276.7 million) on its balance sheet since the brand was acquired in 1987 (Tollington, 2002).

10.3 Appendix 3: Management Consultant Cover Letter and Questionnaire

On the following page, the questionnaire distributed to management consultants and the associated cover letter is provided.

Rob Bailey
79 Folds Crescent
Beauchief
Sheffield
S8 0EP

Home telephone: 0114 2620 779
Rob.Bailey@kpmg.co.uk

15th September 2003

Dear

Re: Hotel Brand Development and Management

Thank you for agreeing to assist with my research. As discussed previously, the aim of the research is to explore the development and management of hotel brands. As you know, this is part of a PhD research programme I am undertaking at Sheffield Hallam University.

The objective of this particular piece of research is to explore the meanings of terms like 'hotel brand', 'successful hotel brands' and 'hotel brand equity'. This stems from initial research undertaken that indicates a lack of consensus within the hotel industry of key terms such as these. I am keen to understand any implications of this on hotel brand development and management.

This piece of research will serve two purposes, namely (1) to use the findings as the basis for an article in an academic hospitality journal, and (2) to enable me to pilot-test some questions that will be used as part of a case study of a hotel company next year.

I would be grateful if you could complete the enclosed short questionnaire. Hopefully, this will take no longer than 15 to 20 minutes. As you will see, in general, the questions are 'open-ended', so please answer each question, electronically directly into the document, as fully as possible (writing as much or as little as you wish - please don't be constrained by the size of the box). I'd be grateful if you could return your completed questionnaire to me via e-mail by Friday 3rd October 2003.

To re-confirm, the research is for academic purposes only. All responses will be confidential. Anonymity will be assured, as your name will not be used in any way.

As a way of reflecting my gratitude, all respondents will be offered a summary of key findings.

If you have any queries or would like further information about this research, please call me on the above telephone number of via my mobile (07887 631978). Thank you again for your help.

Kind regards

Rob Bailey

Enclosed: Hotel Branding Questionnaire

HOTEL BRANDING - QUESTIONNAIRE

Thank you for agreeing to complete this questionnaire.

Please complete the following questions as fully as possible electronically directly into this document. Please write as much or as little as you wish. When complete, please return by e-mail to Rob Bailey at Rob.Bailey@kpmg.co.uk.

General details

Name: ____________________

Company: ____________________

Position: ____________________

Years worked within the hospitality industry: ________

---

1) What do you understand by the term 'hotel brand'?

2) Why do you think so many hotel companies 'brand' their hotels?

3) How would you define a 'successful hotel brand'?

4) What are the benefits for hotel companies having 'successful brands'?

5) In what ways can 'successful hotel brands' benefit consumers?

6) How would you measure the 'success' of a hotel brand?

7) With regards to the answer you gave in response to Question 6, why do you consider this an appropriate way to measure the 'success' of hotel brand?

8) What challenges do you think hotel companies face when trying to develop and manage 'successful hotel brands'?

9) Have you heard of the term 'hotel brand equity'? *(Please tick relevant box)*

Yes: ___ No: ___

(If 'yes', please go to Question 10. If 'no', please go to Question 12)

10) What do you understand by the term 'hotel brand equity'?

11) Do you think the 'hotel brand equity' concept is useful? If so, please explain why.

12) Are there any other points you would like to make about hotel branding?

13) Would you be prepared to participate in an in-depth, face-to-face interview (between November 2003 and January 2004) to discuss the issues and themes raised through this piece of research in more detail? *(Please tick relevant box)*

Yes: ___ No: ___

Thank you again for your time and assistance.

10.4 Appendix 4: Research Proposal Sent to Thistle Hotels

On the following pages, the email sent to the Chief Operating Officer of Thistle Hotels requesting his participation in this research study is provided. In line with the non-attributable nature of this study, the name of the Chief Operating Officer has been hidden.

From: Bailey, Rob J
Sent: 07 October 2004 12:32
To:
Subject: Rob Bailey Brand Equity Research

As promised, please find outlined below my research proposal, which outlines the overall aims and objectives of my research study, what assistance I am requesting of from Thistle, timescales, and the benefits to Thistle from participating.

Aim and Objectives

The overall aim and objectives of my PhD research programme are as follows:

Aim

- To analyse the role played by brand equity within the context of hotel brand management

Objectives

1) Explore why and how the use of branding has evolved within the hotel industry.
2) Investigate approaches to hotel industry brand management.
3) Identify what is meant by brand equity within the context of the hotel industry.
4) Examine how brand equity is used operationally within hotel industry brand management.
5) Evaluate critically the challenges faced when developing and managing brand equity within the hotel industry.
6) Propose a strategic hotel brand equity management framework to assist hotel brand owners with the management of their brands.

Assistance being requested of Thistle

As discussed, I was wondering whether you would allow me to use Thistle as the subject of a case study please? This will allow me to inform the answers to some of the above questions in a 'real life' context.

In order to complete the case study, I would hopefully be able to (1) conducted in-depth interviews with a cross-section of senior managers, and (2) review relevant marketing / brand strategies.

Ideally, I would hope to have access to senior representatives of the major corporate level business functions (e.g., marketing, finance, HR, etc.) to discuss their interpretations of what is meant by hotel brand equity, to discuss its role in brand management, and to explore the challenges faced in hotel brand equity development and management. Please note that to minimise any disruption, each meeting will last no longer than 45 minutes.

As discussed, please note the following:

- The research is for academic purposes only. No information provided will be used for any other purposes. No information will be made available to anyone else within KPMG, or any other organizations. All information provided during the course of the management interviews will be non-attributable - the purpose is to explore meanings, and to identify general issues and themes only. If required, I can sign a confidentiality agreement to this effect.

- The research will not seek to appraise or critique specific brand management practices and performances within Thistle (or any other organization). The goal is to explore meanings and the usefulness of the brand equity concept within the context of the hotel industry only.

<u>Timescales</u>

I would hope to undertake the research between January and June 2005.

<u>Benefits to Thistle</u>

I would suggest that the key benefits to Thistle from participating are as follows:

- Given that I will be examining how brand equity is defined and used operationally (i.e., developed, managed and measured) as part of the management of brands in other industries and sectors (including fast moving consumer goods and other service sectors), there might be some useful lessons that Thistle could benefit from and possibly incorporate in their future brand management thinking and practices; and
- A copy of the final thesis will be provided to Thistle, along with a (user friendly) Management Summary of key findings.

I hope that this proposal is of interest to Thistle, and that you would be willing for the company to act as the subject of a case study.

Please do not hesitate in contacting me should you have any questions on this proposal.

I look forward to hearing from you.

Thank you again for your consideration of this.

Kind regards.

Rob Bailey

10.5 Appendix 5: Thistle Hotels' Pre-interview Briefing Note

The pre-interview briefing note sent to Thistle corporate executives and hotel general managers is supplied over the following pages.

ROB BAILEY'S HOTEL BRAND EQUITY RESEARCH – BRIEFING NOTE

(March 2005)

Thank you again for agreeing to participate with an interview as part of my research into hotel industry brand equity.

Introduction

In this briefing note, I outline the purpose of my research, the rationale for the research, the themes around which I would like to ask you questions during the interview, and the assurances I give about the collection of information and how I will use this subsequently.

Purpose of the Research

The purpose of this research is to explore the role played by brand equity within hotel industry brand management, and whether a better understanding of what constitutes 'hotel brand equity' could assist hotel companies to manage their brands more effectively.

This is part of an on-going programme of research that is being undertaken in pursuit of a PhD. This is being undertaken (part-time) at Sheffield Hallam University.

As mentioned in previous correspondence to Bev King, my research is not seeking to appraise or critique specific brand management practices and performances within Thistle (or any other organization). The goal is to explore meanings and the usefulness of the brand equity concept within the context of the hotel industry only.

Rationale of the Research

Research has shown that brands are capable of providing consumers with a variety of functional and emotional benefits that, because they are valued by consumers, influence positively their perceptions and brand choice behaviour. These brands have a demonstrable financial value.

The value that brands provide to both consumers and the firms that own them – commonly referred to as 'brand equity' - is increasingly regarded as a key corporate asset that requires careful strategic development and management.

Whilst there is a significant amount of research in the context of tangible consumer goods (such as many 'fast moving consumer good' product categories), academic attention paid to brand equity within the context of the hotel industry is limited to a small number of empirical and conceptual research studies. This limited body of research does little to assist hotel chains with the management of their brands.

My research seeks to address this knowledge gap by investigating what hotel brand equity is, and whether it is a useful concept within the context of hotel brand management.

The Interview

As per my previous correspondence, the interview is planned to last 45 minutes.

The objective of the interview is to ascertain your personal opinions and views of hotel branding and hotel brand equity.

The interview will be divided into three sections, each with a different theme and a different set of questions.

The sections will be as follows:

- Background details about yourself;

- What you understand is meant by 'hotel brand', and your views on why you think branding is used within the hotel industry, the challenges faced by hotel companies when managing their brands, and what you think makes a 'successful' hotel brand; and

- How you define 'hotel brand equity', your opinions on the usefulness of the hotel brand equity concept within hotel brand management, and what you think the practical benefits are of developing and managing strong brand equity.

In the first section, the questions will be fairly short and specific. Beyond that, the questions are mainly aimed at facilitating a general discussion about the key themes. I would welcome as full a response as you are able to provide. I would also like to say that there is no problem should you prefer not to answer particular questions, and that the interview can be stopped at any point should you wish.

At any point during the interview feel perfectly free to interrupt, seek clarification or criticise any line of enquiry.

Assurances

Please note that the information collected via the interviews, its analysis, and future use will be undertaken within strict academic principles. In particular, please note the following:

- The data collected from interviews will only be used for academic purposes. The information generated by this and other interviews will be synthesised and analysed, and the findings 'written up' as part of my doctoral thesis and academic journal papers. As agreed with Bev King, copies of my thesis and an Executive Summary document will be provided to Thistle in return for your assistance with my research.

- I can assure you that I am not seeking information which you consider of a confidential nature and that you will remain completely anonymous in any written work growing out of the research.

- Your responses will be treated in the strictest confidence. I will not attribute anything in the writing up of my research to you by name without seeking and obtaining your (and Thistle's) permission. This is in the instance that I may wish to attribute your job title/role to a particular statement/verbatim quotation which you have made in this interview. Before I commence the interview I would like to confirm that this is acceptable to you.

- With your permission, I would like to record the interview on audio tape to capture your words and ideas accurately. I may also make some notes during the interview to enable me to keep track of the interview as it progresses. I can assure you that the tapes, and any transcripts, will only be used for my research, and for no other purpose. They will be destroyed once I have completed my research. I would like to ask your permission to use the recorder during our interview and draw upon and use your responses in my thesis.

I very much look forward to meeting you. Should you have any questions prior to our meeting, please do not hesitate in contacting me on 07887 631978, or by email at Rob.Bailey@kpmg.co.uk.

Thank you again for your help and co-operation.

10.6 Appendix 6: Thistle Hotels' Case Study Interview Guide

On the following pages, the interview guide used for the interviews with Thistle corporate executives and hotel general managers is included.

THISTLE INTERVIEW GUIDE

[March 2005]

Introduction

Thank you again for agreeing to participate in my research.

As mentioned in the pre-interview Briefing Note, my research involves an exploration of the role played by brand equity within hotel industry brand management.

This interview is part of a wider programme of interviews with representatives of Thistle, including General Managers and head office functions.

Questions

I would like to begin by asking whether you received the notes I sent to you about the purpose and conduct of the interview.

Were these clear, or would you like me to go through them again?

I would like to remind you that I shall preserve your anonymity and that I am not seeking information that you consider confidential.

Are there any questions you would like to ask me before we get started?

Then can I confirm that it is alright for me to tape record the interview.

Section A – About You [2-3 minutes]

This section relates to you and it should not take us long to go through. Most of the questions are specific and only require short answers.

A.1. *What is your current job title?*

A.2. *How long have you been in this current post?*

A.3. *How long have you worked with Thistle?*

A.4. *How long have you been working within the hotel industry?*

Section B – Hotel Industry Branding [20 minutes]

B.1. *Please tell me what you understand by the term 'hotel brand'?*

B.2. *Please tell me whether you think this is a commonly understood term?*

B.3. *Please tell me whether you think it is important to have common understandings of key terms like 'hotel brand'?*

B.4. *Please tell me why you think so many hotel companies 'brand' their hotels?*

B.5. *In what ways can hotel brands benefit consumers?*

B.6. *What are the benefits for hotel companies having brands?*

B.7. *How you define a 'successful hotel brand'?*

B.8 *How would you measure success?*

B.9. *What challenges do you think hotel companies face when trying to develop and manage 'successful hotel brands'?*

Section C – Hotel Industry Brand Equity [20 minutes]

C.1 *Prior to any contact with me, had you heard of the term 'hotel brand equity'?* ***[Interviewer tick relevant box]***

Yes: _____ *No:* _____

(If 'yes', go to Question ***C.2.*** *If 'no', go to Question* ***C.4.****)*

C.2. *Please tell me what do you understand by the term 'hotel brand equity'?*

C.3. *Please tell me whether you think this is a commonly understood term?*

C.4. *What do you think the term 'hotel brand equity' might mean?*

C.5. *Do you think the 'hotel brand equity' concept is useful? If so, please explain why. If not, why not?*

C.6. *Please tell me what you think the benefits practical are to having strong brand equity?*

C.7. *Please tell me whether you think it is important to measure hotel brand equity?*

C.8. *Please tell me how you would measure hotel brand equity?*

C.9 *Who within the organisation should be ultimately responsible for monitoring brand equity research?*

C.10. *Is there anything else you would like to say about either hotel branding or hotel brand equity?*

Final Questions [2-3 minutes]

May I ask into which of the following age categories you fit? ***[Show card and circle]****:*

< 21 21-25 26-30 31-35 36-40 41-45 46-50 51-55 56-60 61-65 >65

Gender of respondent ***[interviewer circle]****:* F M

Concluding Comments [2-3 minutes]

Before I finish, I would like to ask you if you have any questions, or would like to raise anything, about my research or the conduct of this interview?

I would like to reconfirm the assurances which I have previously made.

Should I wish to explore anything further as a result of today may I contact you in the future?

You have given me a lot of useful material here. I am very grateful for this and thank you for your help with my research. I mentioned in the background information that I may wish to attach your job title/role to a particular statement/verbatim quotation when writing up. Would this be acceptable to you?

Should you wish to contact me in the future about this interview or my research, please do not hesitate in contacting me ***[hand over my contact details].***