

The Challenge of Branding and Brand Management: Perspectives from the Hospitality Industry

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Abstract

Branding is considered to be a key driver for success in the hospitality industry and consequently brand expansion has become a major trend in many hospitality markets worldwide. However, many hospitality firms and executives still focus on product development rather than brand development. This is often due to a lack of a consistent understanding of the essence of branding, reducing the power of a hotel or restaurant brand to a name, a logo, a specific design or to corporate communication, presenting the hospitality brand merely as a set of product and service features offering certain functional advantages. An appropriate brand strategy in the hospitality industry however necessitates a different and consistent management approach. The purpose of this article is to address what is being perceived to be a misunderstanding of the concept of the brand and discussing the essential components of branding and brand management in the hospitality industry. Furthermore, the paper examines selected brand practices of individual hotel properties and global hotel chains and gives an outlook on the major challenges the hospitality industry has to face in the near future.

1 Introduction

The high impact of brands for corporate success is undisputed, both in academia and in business practice and thus numerous contributions from very different industries and sectors support the positive relationship between brand strength and corporate success (Schultz/Schultz 2005; Esch et al. 2005; Aaker/ Joachims-thaler 2000; Berry 2000). The strategic relevance of branding as a key driver for success in the hospitality industry has been increasingly recognized in the last couple of years and brand expansion has become a major trend in many hospitality markets worldwide (Harrington/Ottenbacher 2011; O'Neill/Mattila 2010; Hanson et al. 2009; Kayaman/Arasli 2007; Cai/Hobson 2004; Forgacs 2003; Prasad/Dev 2000). Thus branding - as the following quotations from the industry prove – is an ongoing top issue on the management agenda in the hospitality industry for some time.

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- *"Although Germany represents the biggest market for hotel rooms of the zero or two- star category in Europe, reliable and qualitative brands are strongly underrepresented"*
Mark Thompson, Head of B&B Hotels Germany
 - *"Four Seasons has a great brand that drives high unit growths and high returns on invested capital",*
Isadore Sharp, CEO, Four Seasons
 - *"...our success is based on our strong brand portfolio that provides outstanding value, and a culture that celebrates change and values responsiveness"*
J.W. Marriott, Jr., Chairman & CEO
 - *"Each of our brands has tremendous heritage and great strengths and we're making them even more powerful by building greater relevance, energy and differentiation for our customers"*
Emil Brolick, President of U.S. Brand Building, Yum! Brands, Inc.
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But not only hotel or restaurant operators seem to agree that branding is an essential component of a companies' market success, also hotel investors, banks, consultants and developers emphasize the value of branding, especially referring to the ability of the brand to facilitate access to capital and the ability to support growth, as various studies amongst major industry stakeholder reveal (Dev/Whitiam 2011; O'Neill/Mattila 2010; Hanson et al. 2009; Olsen et al. 2005).

Table 1. Ranking of brand statements

<i>Brand Statements</i>	<i>Mean*</i>
▪ Brands have greater access to capital	4.14
▪ Branded hotel companies and hotels grow faster than unbranded equivalents	4.04
▪ Branded hotel companies are managed in a more rational matter than unbranded equivalents	3.57
▪ Brands perform better than unbranded equivalents	3.56
▪ The capacity of a brand to reduce costs is a function of the size of its rooms' portfolio	3.49
▪ The brand ensures longer economic life to assets	3.42
▪ The capacity of a brand to generate demand is a function of the size of its rooms' portfolio	3.33

Note: * 1=strongly disagree, 5= strongly agree

Source: Olsen et al. 2005, p.156

The relevance of branding in the hospitality industry is set to continue and the last decade has seen a massive proliferation of hospitality brands. Particularly the big European hotel markets such as Germany, France and the United Kingdom have seen a lot of change and fortification of the competitive intensity in the last ten years (Gardini 2011; Harrison/Enz 2005), as the international hotel industry, driven by increasing pressure from investors for growth, has created, introduced and reactivated numerous new brands and/or sub-brand concepts. This is especially true for the big global hotel chains that up to present have pursued the dominant industry strategy, which is based on growth through franchising and management contracts (Olsen et al. 2005). Another reason for the increasing market share of the branded hotel industry is the individual hotelier's urge for more communication presence and sales impact. To counterbalance the brand strategies in the group or chain hotel industry, numerous brand concepts in the field of hotel membership organizations can be observed. Individual hotels are more and more looking for an affiliation to hotel cooperations/consortia in order to benefit from synergy effects in sales, communication and public relations and to achieve more customer awareness in their relevant markets (Holverson/Revaz 2006). Accordingly, the market share of the branded hotel industry has been growing continuously for years. In the United States, brand penetration (ratio of branded vs. non-branded entities) is considered to be over 70 percent in the commercial lodging industry. In Canada it is just under 40

percent, in Europe about 25 percent (Forgacs 2006). Especially in Europe the hotel industry is still very heterogeneous and dominated by individually owned properties or small family owned hotel groups. In Germany for instance, the branded hotel entities only incorporate a 10.6 percent of the entire German hotel market with approx. 37.000 hotel properties, while holding a market share of more than 50 percent based on the total industry's sales (IHA 2013).

The brand expansion strategies and the globalization of large hotel operators in Europe are not only a phenomenon which is owed to competitive aspects aiming to achieve economies of scale and scope, but can also be attributed to increasingly differentiated customer needs and to the fact that hotel customers recently are showing a more distinct brand consciousness. *"Hotel guests rely on brand names to reduce the risk associated with staying at an otherwise unknown property"* (O'Neill/Mattila 2010, p.28). There is evidence in the hotel industry that indicates a rising significance of the brand as an essential criterion for the hotel customer's purchase decision (Amadeus 2007; Deloitte 2006; Tarrant 2003, Dubé/Renaghan 2000). *"The respondents mentioned brand name and reputation with the second-greatest frequency as a source of value driving their purchase"* (Dubé/Renaghan 2000, p.64). The current development of the proliferation of new brands reflects the conviction of many hotel companies that they have to occupy niches and business segments before their competitors do so. However, studies show that more brands do not necessarily bring more or different guests (Lynn 2007). Furthermore, the rapid growth and the launches of new hotel brands is often driven more by opportunistic rather than strategic reasons, as the use of brand names is often mainly being offered by hotels firms to entice hotel owners and investors to sign franchise agreements or management contracts (Olsen et al. 2005), rather than investing into long term brand strategies aiming to create and build a unique brand experience for a designated target group. These industry brand practices and the lack of differentiation of many hotel brands in fact contradicts the intended function of branding, a situation seen from a customer perspective makes a significant contribution to unease and to confuse hotel customers (Fung So/King 2010; Kim et al. 2008; Gibson 2003). This customer confusion is often being reinforced by regular changes of operator ownership, rebranding or rescaling strategies in the course of numerous take overs, mergers, joint ventures and acquisitions in the industry during the course of the restructuring of many international hotel markets. An appropriate brand strategy in the hospitality industry however, necessitates a different and consistent management approach and it is for this reason that is being suggested that brand management and brand performance within the hospitality industry can be improved through more effective brand differentiation strategies (Dev/Withiam 2011; Harrington/Ottenbacher 2011, Bailey/Ball 2006). However, many hospitality firms and executives still focus on product development rather than brand

development, seeing branding merely as a way of introducing new hotels products into the market while missing to exploit the full potential of branding as a competitive and customer driven strategy (Zhang et al. 2008; Olsen et al. 2005). For the future of many service providers in the hospitality industry a crucial issue will be therefore be if they can become or if they can stay relevant for their selected target group(s) with their brand strategy and their brands. The purpose of this article therefore is to address what is being perceived to be a misunderstanding of the concept of the brand and discussing the essential components of branding and brand management in the hospitality industry. Furthermore, the paper examines selected brand practices of independent enterprises and global hotel chains and gives an outlook on the major challenges the hospitality industry has to face in the near future.

2 The Essence of Branding in the Hospitality Industry

Both in the goods and in the service industry, the decisive dimension of a consequent brand policy consists of developing a unique and meaningful identity and personality for a brand which should be a synthesis of physical, rational, aesthetic and emotional product or service attributes. In academia there is an abundance of brand definitions to be found, generally based on certain sets of criteria: *"A brand is 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 et al. 2010, p.239). The strength of a brand is considered to be grounded on a specific competence for solving customer problems or offering a specific and unique bundle of benefits, helping products or services to achieve a unique and relevant position in their selected markets and to occupy a distinctive place in the target customers mind (Aaker 2012; Kotler et al. 2010; Kapferer 2008; Calkins 2005; Murphy 1998). In extension to the classical brand definition, the definition of the term service brand additionally needs to include the consumer's subjective perception as well as mental pictures and symbolic meanings. With this extended understanding of the term, the service brand has to be understood as an unmistakable mental vision of a service which is fixed in the customer's mind, caused by a characteristic picture reflecting customer benefits, while constituting a bond of trust between service provider and customer (Stauss/Bruhn 2008; Cai/Hobson 2004, DeChernatoy/Segal-Horn 2001). Essential behavioural scientific objectives and tasks of the brand management in the hospitality industry therefore are to create and communicate a unique and relevant brand identity (self-image of the company) which, resulting from the combination of brand philosophy, brand personality, brand name, brand pattern and brand message, is consequently perceived positively and accepted by the consumer as brand image (external image of the company). Brand image, understood as a multidimensional construct of attitude,

describes the entirety of all subjective brand imaginations and brand associations of a person concerning the perceived characteristics and the ability of specific brand to satisfy the rational and emotional needs of the individual (Keller 1993), a phenomenon being described as brand relevance (Aaker 2012). Brand relevance ideally leads to the formation of a specific brand preference with the consumer (Aaker 2012; Meffert/Burmann 2005). The German economy hotel operator Motel One for instance promotes with its budget design hotel brand the service promise "*Cheap and Chic*" in contrast to its main competitor Accor pursuing a more functional approach with its economy brand Ibis. Marriott's premium brand Ritz Carlton stands for uncompromising service quality for affluent travellers, while a recently founded small German hotel group called 25hours, strives to position itself as an urban brand for the target group of the age from 19 to 49 which brings together lifestyle, urbanity and Zeitgeist with value for money. It is therefore a basic objective of a systematic brand management approach to achieve as far as possible congruence between the identity and the image of a brand within the relevant target groups of a company (Meffert et al. 2005; Burmann/Maloney 2008). The development of such a brand identity arises out of a thorough understanding of how the own business "*works*", i.e. how product/service, customer needs, competitive strength and corporate strategy are to be integrated in a sensible way and be put together in a brand concept (Aaker/Joachimsthaler 2000).

For the hotel industry such an understanding of the essence of branding can only be noted in a limited way (Frehse 2008; Gardini 2006, Olsen et.al 2005; Cai/Hobson 2004), although the importance of the brand as a factor of success in competition has been highlighted for some time: "*Competitive Strategy in the 1990s will be based on the concept of brand loyalty. For the hotel customer of the 1990s, service quality will increasingly become synonymous with brand image.*" (Francesse/Reneghan 1990, p.60). Against the backdrop of this still valid fundamental competition paradigm in the hotel industry, it is astonishing that in the industry only few hotel companies are trying to achieve a competitive edge by executing a consequent and consistent brand policy, similar to companies in the consumer goods sector or other service industries. In an industry, in which historically seen successful companies have always been living from their good reputation, it is all the more remarkable that practitioners from the industry only hesitantly realize "...*the importance of brand management as a critical skill...*" (Dev/Whitiam 2011, p.7) and major driver for superior market performance. For too long hotel companies have relied on the signaling effect of national and international star categories as quality cues and preferred labeling or name cosmetics to a long-term and customer driven brand policy (Gardini 2009; Frehse 2008) as the following quote depicts: "*There are Porsche drivers and Armani wearers, Aldi adherents and Ikea followers. However, the faithful Sheraton sleeper, the fervent Best-Western fan or the ardent Interconti junkie does not*

exist – except for maybe in the dreams of marketing strategists. If they open their eyes they see disillusionment. The hotel guest is a comparably unfaithful creature who loves to change beds and knows only few reasons not to do so. The decisive task of the future is to give him these reasons"(Strobel y Serra 2008, p.4). Among other things this is due to a reduced understanding of the brand concept according to which the power or strength of a hospitality brand is mainly defined by a name, a logo, intense advertising or a specific design (Frehse 2006; Buer/Groß 2006). The all-too narrow understanding of what a brand really is or should deliver in the hospitality industry is frequently expressed by focusing on certain performance indicators (e.g. level of service, loyalty programs, reservations systems) or design characteristics (e.g. design and lifestyle hotels/restaurants, location, architecture etc.), which appears if a brand is only seen as a set of product or service features offering certain functional advantages. Though a brand has certain performance characteristics and product/service features, it basically is designed to offer orientation, identification and differentiation in addition to functional advantages (Meffert et al. 2005; Aaker/Joachimsthaler 2000).

Apart from a lack of a consistent understanding of the concept of the brand amongst many hospitality industry executives, another misconception in terms of brand success is to be found in the belief that strong brands need huge media budgets (Gardini 2011; Birke 2009). It shouldn't be concealed that this might be helpful in the course of developing and establishing competitive brands, but the problem of limited brand awareness and brand differentiation in the hotel industry is not merely a question of restricted financial resources. Some of the world's best known brands like Starbucks, Tupperware, Body Shop, Häagen Daz, Weight Watchers, Aldi and others show that the competitiveness of a brand is not only a question of massive advertising and communication pressure as these brands were entirely established and positioned beyond mass media in the past (Joachimsthaler/Aaker 1997). In fact the hospitality industry's brand strategies often display weaknesses in terms of creating a relevant value proposition and communicating the essence of this value to their customers (Daun/Klinger 2006). Although the hospitality industry has many brands which are relatively well known, still too many of them are inconsistent in what they provide to consumers and as such they not only suffer from poor perception of image, product and service quality but very often they are being perceived as interchangeable (Frehse 2008; Gardini 2006; Olsen et al. 1998). Single studies in the hospitality industry reveal that travellers and hotel guests are often hardly able to specify any particular associations that differentiate one hotel brand from the other. *"In many cases, it is difficult to differentiate between the levels of service offered from one sub-brand to another and pricing is now becoming blurred among and between them. The customer, unless an experienced traveller, is probably unable to differentiate among them."* (Olsen et al. 2005, p.148). Partic-

ularly global hotel chains like Steigenberger, Marriott, NH Hoteles, Hilton, Accor, Wyndham, Sheraton, Choice or Intercontinental with their different company sub-brands - the list could be continued at will – often fail to deliver a differentiating brand promise as they stay mainly vague in their brand message and do not show any clear brand identity or value proposition (Daun/Klinger 2006). This is particularly obvious in the case of the 65 hotel cooperations/membership affiliations that, at the moment, are active in Germany. This is even more remarkable because hotel cooperations/membership affiliations are established to realize brand and sales advantages through their pursued umbrella brand strategy. However, on the brand side only a few hotel membership affiliations succeed in doing so (e.g. Designhotels AG, Romantik Hotels, Familotels, Biohotels) while many hotel membership affiliations are neither well-known in Germany nor specifically marked and thus the relevant target group(s) remain quite unaware and unclear about the benefits the potential guest is to have from, for example a cooperative "brand" like Worldhotels, Select Hotels, Flair Hotels, Akzent Hotels etc. (Gardini 2011). This implies, as Bailey and Ball suggest (2006), that having a brand-name alone is not a guarantee of success within the hotel industry.

Beyond that many industry executives and academics believe that a strong hotel brand needs multiple units or as O'Neill and Attila (2010) recently suggested as a question for future research: *"How small can a brand be in terms of the number of hotels units and still be a brand?"* (O'Neill/Attila (2010, p.33). This quote reflects the inconsistencies and confusion amongst practitioners and academics about what the concept of the hotel brand or hotel branding really is and denies that a consequent brand management approach is a promising strategy for independent hotels, what is clearly expressed by various examples from the hotel practice (i.e. hotels such as the Bayerischer Hof Munich, Brenners Park Hotel & Spa Baden-Baden, Waldorf Astoria New York/Berlin; Atlantis Bahamas/Dubai). It appears that in the future developing positive and meaningful brand associations and value propositions should be more important tasks of hotel brand management, as in the cooperation and chain hotel industry there are too many brands without a soul, hotel brands without concrete message, without specific contents, without a differentiating character (Gardini 2011; Daun/Klinger 2006; Bailey/Ball 2006).

3 Brand Challenges in the Hospitality Industry

When weighing up chances and risks of brand policies in the hospitality industry it is crucial to consider the specific issues that arise in branding services. These, above all are assuring constant quality, providing information and establishing a trust based relationship (Ostrom et al. 2005; DeChernotay/Segal-Horn

2001; Berry 2000). If the actual performance of a service provider is particularly conveyed by person-to-person encounters like in many parts of the hospitality industry, the quality-related influencing factors are complex and can affect the customers' brand perception in different strengths. The integration of the customer into the process of service production therefore poses a particular challenge as to keeping a constantly high quality level. The problem of visualizing a brand label results from the intangibility of the actual service for the customer. The customer looks even more for assessment factors and quality cues when services are concerned compared to physical goods. Therefore, it is essential to physically mark services. Thus, hospitality companies increasingly have to look for 'tangibilization' opportunities in order to give the customer orientation and reassurance (Brady et al. 2005; Kayaman/Arasli 2007). A competitive brand strategy in the hospitality industry therefore "...must create the expectation, and it must offer a solution to the customer's problem. And that solution, if at all possible, should be different from and better than the competition's, especially if one of the competitors is already offering the same solution" (Shoemaker et al. 2007, p.355).

Segmentation, specialisation and differentiation are crucial for a branding strategy to succeed (Trout/Rifkin 2000). A differentiation approach in the hospitality industry can be product, customer or market specialisation. A specialisation strategy which addresses specific activities or special interests of hotel customers can result in brand concepts focussing on themes and/or attitudes like sport, ecology, art, technology, health, history, music, gambling, nature and more (Figure 1). In Bavaria for instance, an independent hotelier has focused successfully on German folk music, building the first and till today only German folk music theatre in a hotel for more than 300 persons, while organizing more than 100 concerts per year. Explorer hotels, a small German hotel group with currently three hotels, addresses the sport and health attitude of many customers and offers a combination of sport, entertainment, design and community, trying to make the Explorers hotels a popular destination for all young-at-heart active holiday-makers (snowboarders, skiers, bikers, climbers) from around the world. The Hotel Gabriel Paris Marais considers itself to be the first 'Detox Hotel' entirely devoted to well-being and regeneration. The 'Detox' concept focuses on internal ecology to purify the body, where regenerative sleep and healthy foods are essential ingredients. The Zen-like and refined atmosphere contributes to its quiet sense of relaxation. Other types of specializations can be observed in the international hotel leisure market, where concepts like the Topkapi or Kremlin Palace in Turkey, The Venetian in Las Vegas or the Atlantis in Nassau, Bahamas and its sister hotel in Dubai are protagonists of a theme based brand strategy.

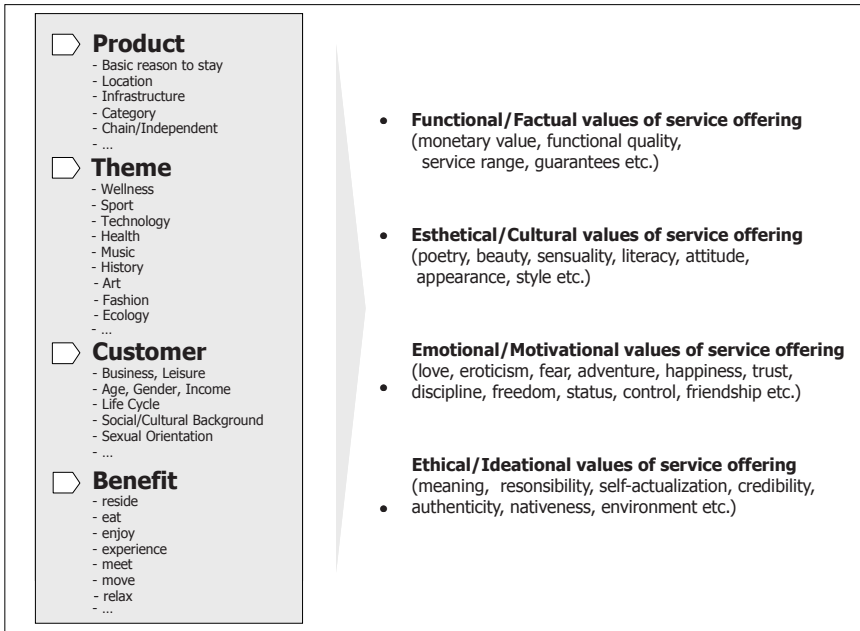


Figure 1: Selected differentiation and segmentation levers in the hospitality industry
Source: Gardini 2006, p. 3

The focus on a specific group of customers like teenagers, families, women, disabled persons, GLBT (gay, lesbian, bisexual, transsexual) or others can also be a promising differentiation strategy, if hotel and restaurant brands are able to understand the specific need configuration of the selected target group in the light of the specific customer situation (business, leisure). Axels for instance, is a small Spanish hotel chain explicitly focusing on the gay community. Another example of a customer focus strategy is Familotel, a very successful hotel co-operation in Germany and Austria, specialized on family vacations. Supported by the overall trend in tourism away from product attributes toward lifestyle or value systems (Barder/Kleiser 2002; Gonzalez/Bello 2002; Keeley 1992), the lifestyle, design and boutique hotels, which have long been seen as pure niche products, have gained importance in the hospitality industry. This profitable market segment includes various descriptions of hotel types – from the boutique hotel to designer hotels to art or concept hotels. What these concepts have in common is that, compared to the ‘*traditional*’ hotel products with standardised rooms, a counter-draft is to be created, promising an individual styling and design, an extraordinary atmosphere and an extravagant style (look), a new and

event-centred hotel experience and assuring a certain level of exclusivity (Funke 2008). International protagonists are the W Hotels, Como Hotels, Myhotels, Joie de Vivre Hospitality, The Kimpton Group, the hotel affiliation Design Hotels AG or the small German hotel group 25hours, just to name some of them.

Due to the intangibility, complexity and heterogeneity of many hospitality service offerings, which customers often consider intransparent and confusing in terms of assessing the specific price-value relationship, it is necessary in the hospitality industry to strive for a clear brand profile for the selected target group. The hospitality industry, like other industries, suffers from the general problem that basic services (basic benefits) of many brands or products have become very similar. Thus the functional '*hardware*' of a hotel to a great extent is interchangeable through the respective equipment in the individual star categories. Furthermore, due to the low differentiation potential of the hospitality industry's core services (sleeping, drinking, eating) and the slight need of explanation of hotel or restaurant services, the development of a meaningful brand profile is gaining importance in the hospitality industry. The differentiating character of a hotel brand therefore depends to a high degree on additional service components (additional benefits), such as psycho-social additional benefits (Prasad/Dev 2000; Barsky/Nash 2002). Thus, emotionally bound hotel customers are often less price-sensitive and, in addition, show a higher degree of customer or brand loyalty. This can be realized by offering emotional experiences like they are especially emphasized in the course of lifestyle approaches. Particularly in the medium and high-quality segments of the hospitality industry, there is a strong necessity for establishing a distinct profile because here, in contrast to the brand-strategic options in the economy segments, the basic profiling cannot only be done at a mere rational level (price, value for money), but the brand profile has to be created taking into account experiential and emotional aspects in order to be able to render necessary distinctions at all.

An emotional positioning strategy in the above-mentioned sense aims at developing and promoting a unique experience profile, breeding familiarity and acceptance of a brand in order to achieve an unmistakable brand identity and a positive brand image. By referring to certain social reference groups, which suggest the focused customer segment an ideal self-image, or by accentuating certain social motivations (life style, social acceptance, prestige, joie de vivre etc.) the brand is to be emotionally conditioned and, consequently, enriched with emotional experience. An experience-oriented brand strategy becomes all the more relevant, the more similar and interchangeable the corresponding functional performance associations present themselves in competition, and the more intangible, abstract and indistinct the underlying service is perceived by the

customer because of missing objective or dominating socio-emotional quality components. This reflects the growing recognition among practitioners and researchers that customer experience is more important than product, service attributes or price in determining future customer behaviour and that hospitality companies, rather than emphasising merely high quality service levels or plunge into price wars, have to place a greater emphasis on providing high quality experiences (Schmitt 2003; Pine/Gilmore 1998; Otto/Ritchie 1995) or to quote the renowned French designer Philipp Starck: "*A hotel has to be an experience engine*". An example of that approach is the Ushuaïa Ibiza Beach Hotel which considers itself an adult amusement park rather than being another simple holiday design hotel. One of the future challenges of the hospitality industry and its professionals therefore is developing a managerial framework to identify, manage and leverage the specific dimensions needed to create memorable brand experiences within the context and content of their property operation and service delivery (Xu/Chan 2010, Fung So/Knight 2010; Knutson et al. 2009; Zhang et al. 2008).

4 Brand Strategies in the Hospitality Industry

In order to profile and differentiate brands from competitive offers, an enterprise has to develop an appropriate brand strategy. The question if one or several products and services should be marketed below one brand or several brands should be marketed and controlled separately, is the central strategic brand issue in hospitality marketing (see Figure 2 and Figure 3). Important brand strategic options can basically be put down to forms of appearance like individual/mono brands, group brands, family, programme or umbrella brands (Esch/Bräutigam 2005; Calkins 2005). As the individual performance features of services are of intangible nature in many service contexts and, in addition, are often very heterogeneous, complex and thus extremely difficult to be communicated in their contents, brand strategies focusing on abilities and qualities of the total enterprise (Branded House or Corporate Brands) very often dominate in the service field (DeChernatony/Segal-Horn 2001; McDonald et al. 2001).

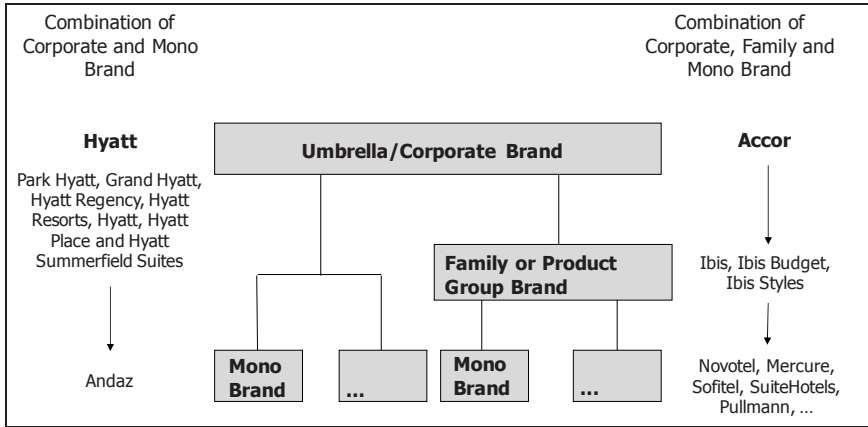


Figure 2: Examples of brand strategy options in the hospitality industry

While with an individual brand strategy (House of Brands) a company offers each product under a single brand (e.g. Starwood with the brands Sheraton, Westin, St.Regis, Luxury Collection, Four Point, W Hotels etc.), with a multi-brand strategy a company manages in the same product field at least two brands in parallel, differing in product features, price and communicative appearance (e.g. Marriott with JW Marriott and Ritz Carlton in the luxury segment). Group, family, programme or umbrella brands either combine all products of a company under a brand (Hyatt with Hyatt, Park Hyatt, Grand Hyatt, Hyatt Regency and others), or concentrate related products under a brand, however, without referring to the company's name (brand families like Ibis from Accor). Strategic prerequisite for a brand family strategy is that the products are equal in terms of the underlying quality approach. In between, there are strategies for which the sender's brand gives communicative support to the sub-brands (Endorsed Brands). In the hospitality industry different approaches coexist with hotel brands which have the company's name as a central element of the respective service brand, while other hotel operators created independent brand concepts for different quality segments and price categories (Gardini 2009).

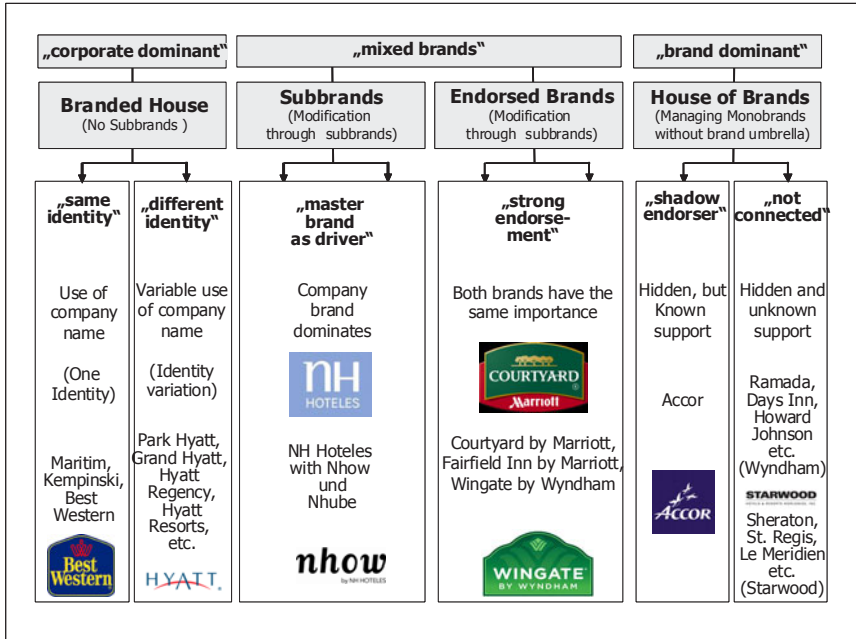


Figure 3: Applying the brand relationships spectrum by

Source: Aaker/Joachimsthaler (2000) to the hotel industry

The extensive market segmentation strategies, as well as the frequent changes of ownership, brands or names, which can be viewed in the hospitality industry in large numbers during the course of acquisitions, take overs and mergers in the last decade, has led to complex brand worlds and brand architectures in many international hotel corporations, with for instance Intercontinental owning seven, Starwood nine, Accor twelve and Marriott thirteen brands. The management of such complex brand systems (brand portfolios) and the question about the number of brands or brand types (individual/mono, group, family, programme or umbrella brands) is inseparably connected with the strategic role and status of these brands in the respective competitive context (Zehle 2011; Kapferer 2008). The fundamental field of tension, in which the management of complex brand architectures takes place, is characterized by a basic trade-off between the demand to achieve the highest possible synergy through a consistent brand portfolio, however, without losing track of the necessary independence of brands in their respective brand segments. Against the backdrop of steadily increasing costs for managing individual brands, hotel companies are forced to question their brand policy permanently as to what individual brands or the brand system

may contribute to revenue and profitability. There is no magic formula for creating a strong brand portfolio and thus the question about the ideal portfolio strategy remains one of the greatest challenges in brand management. (Calkins 2005; Esch/Bräutigam 2005)

Based on these fundamental basic conditions of the brand policy in the hospitality industry, the question of how many brands a hotel company is to hold in the market is of vital importance for the brand management. The different brand strategies (see Figure 4 and Figure 5) lead to different chances and risks (Aaker/Joachimsthaler 2000; Esch/Bräutigam 2005). The objective of an umbrella brand, family brand, brand transfer or tandem strategy centred on the company's name is to use the existing market-related interdependency potentials and, based on the core competence of the superior parent (umbrella) brand, to positively influence the customer's expectation and perception pattern for the purposes of a brand or image transfer. The use of brand synergies in the course of creating a brand leads to a faster acceptance and an establishment of new product concepts on the market. The effectiveness of such a brand strategy is, on the one side, linked to assuring a brand/segment-specific quality consistency and, on the other side, to communicating product/service-related benefit advantages of the respective brand for the customer in a differentiated way, since otherwise negative ,*spill-over*' effects in the sense of diluting the core competence or losing credibility have to be expected.

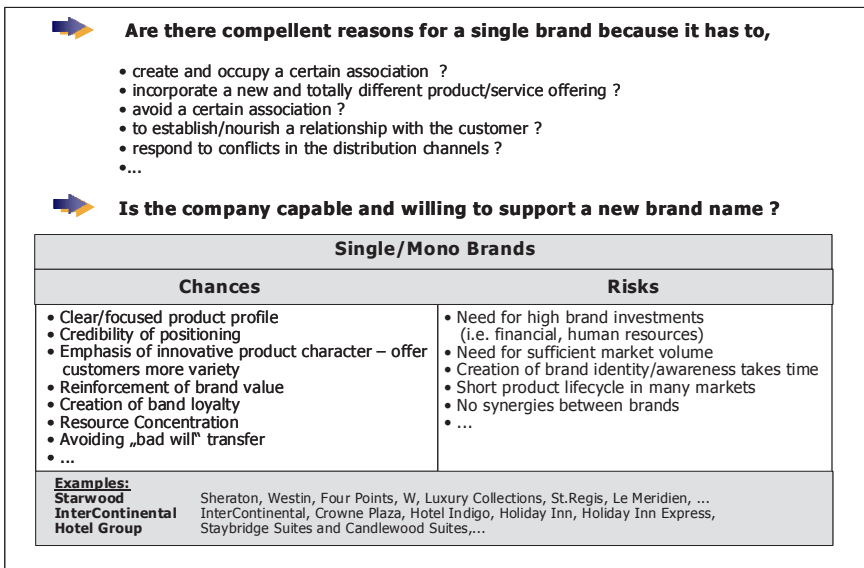




Figure 4: Chances and risks of mono brand strategies in the hotel industry

Furthermore, so-called ‘cannibalisation effects’ between the individual service brands can arise if the individual brands for specific customer/market segments are not clearly enough positioned in their promises (‘brand value’) and become interchangeable for the consumer. For individual brand strategies the opposite conclusions can be applied (O’Neill/Mattila 2010).

If the positive brand image of a successful brand should be extended to other product or service categories, marketers talk about brand extensions or brand transfer strategies. These brand extensions are termed line extensions when they are in the same product category as the parent or flagship brand (horizontal brand extensions), and they are termed category extensions when they are placed in a different category than the parent brand (vertical brand extensions) (Braig/Tybout 2005). Mövenpick for instance, a Swiss hospitality chain is appreciating the positive brand image built up in the hotel and restaurant business and franchises and uses its brand name in a variety of different fast moving consumer goods categories such as ice cream or jelly. A similar approach can be observed in many restaurants whose brand portfolio strategies can apply to multiple levels (e.g., the operation as well as individual products) to create a double benefit resulting in a dynamic combination.

 **Does the core brand contribute to the new product/service offering by**

- adding associations which extend the intended ideal ?
- conveying credibility through the connection with the company ?
- offering more presence ?
- increasing the efficiency of marketing communication ?
- ...

 **Will the core brand be strengthened by being connected with the new product/service offering ?**

Group/Umbrella brands	
Chances	Risks
<ul style="list-style-type: none"> • Positiv image transfer („Good Will“) • Brand synergies (Efficiency) • Accelerated product/brand acceptance • Joint brand investments – stretching marketing resources over several products/services • ... 	<ul style="list-style-type: none"> • Cannibalization within umbrella • Poor „fit“ of products with one another (lack of consistency) • Unfocused Positioning • Image dilution/Negative image transfer („bad will“) • Values of core brand limit innovation possibilities • ...
<p>Examples:</p> <p>Hyatt Park Hyatt, Grand Hyatt, Hyatt Regency, Hyatt Resorts, Hyatt, Hyatt Place , Hyatt Summerfield Suites, Hyatt Vacation Club,...</p> <p>Marriott Marriott Hotel & Resorts, JW Marriott Hotel & Resorts, Marriott Conference Centers, Marriott ExecuStay, Marriott Vacation Club International, Courtyard by Marriott,...</p>	

Figure 5: Chances and risks of umbrella brand strategies in the hotel industry

A crossover of a brand from foodservice to food retail would be considered an example of an extension of a brand. For restaurants, this crossover can be derived through a product brand (e.g., TGI Friday's Mudslinger mix), restaurant concept brand (e.g., Taco Bell food items), or the regional brand (e.g., Cajun/Creole cuisine, California cuisine, etc.). This crossover into food retail has been applied to a variety of restaurant segments (e.g., QSR, family dining, fine-dining) and food products (Harrington/Ottenbacher 2011).

5 Conclusion and Outlook

The increased brand activities and the growth of the branded hotel and restaurant industry in the past twenty-five years have shown that the hospitality industry is getting more and more sensitive in terms of necessary market and competition related profiling services. The market share of brands in the hospitality industry will continue to grow in future and thus also the necessity of a systematic and consequent brand management. At the same time not only the gap between independent hotel/restaurant owners and integrated chains (franchise/affiliations) will increase, but also amongst the integrated global chains (hotels/restaurants) the competitive pressure will intensify, leading to a vigorous crowding out in the near future in major hospitality markets worldwide. From this competitive point of view more than ever it has to become clear for the customer what a hotel or restaurant brand as a combination of tangible and intangible assets and resources stands for and what they do not stand for, which core values and messages the brand wants to convey and how the problem solving competence and brand advantages are to be visualized. Besides communicating a trustworthy brand image with a convincing promise of performance to the target market, for a successful strategic brand profiling in the hospitality industry it is necessary to create and secure an integral and consistent brand identity both internally and externally (internal and external branding). Strong and successful brands do not solely rely on communicative elements of brand management, but face the compelling necessity of a comprehensively designed brand identity and culture as component of a corporate or entrepreneurial strategic concept. The necessary transition from the dominating operative sales and communication orientation in the hospitality industry to an integrative and strategic brand and customer orientation, comprising all functions, processes and people involved in the brand value chain is a major change of mindset that very often still has to be carried out seriously, both in the chain and independent hospitality industry. For the future of many service providers in the hospitality industry a crucial issue will be therefore be, if they can become or if they can stay relevant for their selected target group(s) with their brand strategy and their brands.

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