

Is Your Hotel the New Apple? Branding strategies for customer recognition

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A brand is a powerful thing. For the hotel industry, this is particularly true, as many of its customers make their purchasing decision well in advance of interacting with the product. Potential guests do not typically visit a property, eat in the restaurant, or lay in the bed before making a reservation. In past years, a hotel's brand image was one of the only things under the hotel's control that influenced consumers' decision-making process.

But of course, today this is not quite as true as it used to be. In fact, today's consumers can access a wealth of objective and subjective information about a property before committing to a reservation, thanks (of course) to the internet. Price is also a major consideration for some buyers, as is location, neither of which is truly a function of brand. Many aspects of branding, though, are well within a hotel's control, and can be crucial to driving sales and maintaining a high average daily rate (ADR).

So if branding is so important, why aren't more hotels emulating branding superstars like Apple? First off, branding is indeed a high priority for many hotels, most visibly the major chains. Maintaining the Hilton or Hyatt brand is the responsibility of a small army of high caliber marketing executives, and these chains expend significant resources to keep their brands strong. Many independent hotels don't have the resources or the time to dedicate to that level of brand development but that doesn't mean that branding should be ignored altogether.

Secondly, branding a hotel is substantially different from branding a line of consumer products. Hotels, at their core, offer a naturally undifferentiated product: a room night. It would be difficult for a hotel or hotel chain to simply create a whole new category of products, like Apple did with the iPod. Also, there is far less opportunity for pre-purchase interaction, as mentioned. Hotels cannot create "Hotel Brand" specific stores, as Apple has to great success (the Apple store is considered one of Apple's major branding successes). To compound this, the trend in hotel room sales has been away from brand-specific sales channels like global distribution systems or central reservations, and toward third-party channels like online travel agencies. To be sure, hotels do what they can to steer sales toward those channels that they can control from a branding perspective, including a hotel's proprietary website, but the overwhelming trend is in the opposite direction.

Hotels are by no means restricted in their branding efforts. The prior points notwithstanding, successful hotel branding is entirely attainable, even on the level of individual boutique properties. Research has shown that successful hotel branding - successful defined as resulting in higher occupancy and ADR - is due largely to guest satisfaction. Those hotels with high levels of guest satisfaction enjoy a higher level of occupancy over time. Moreover, a one point increase in guest satisfaction level correlates to a \$0.61 increase in ADR over a period of time(1).

Other branding factors influencing occupancy include brand size, measured in total rooms, and percentage of franchised properties. Larger hotel brands experience higher occupancy, as consumers seem to take brand size as an indicator of quality, while those brands with a high percentage of franchised properties see a decrease in occupancy over time(2).



Guest Satisfaction

This research indicates that managing satisfaction levels is the single most important aspect of creating a strong hotel brand. This should be the baseline starting point for any discussion of hotel branding. This does not mean, however, that immediate occupancy advantage is conferred on luxury brands like Ritz Carlton (though an advantage in ADR is clear for this category); some of the most effective hotel brands are those that convey value for service. This is well evidenced by large budget brands like Hampton Inn and Quality Inn, both of which score highly on guest satisfaction levels (and thus maintain high occupancy levels) while serving a down-market segment.

At whatever traditional service level a hotel finds or positions itself, the maintenance of guest satisfaction must be the ultimate priority for developing a strong brand.

Supporting the brand

The key difference between most hotel branding efforts and that of major branding successes in other industries is the amount of support marketing and branding efforts receive. To return to the Apple example, the resources dedicated to defining the i-line of products as hip, aspirational items were immense. Large-scale television advertisements, viral campaigns, image-based positioning, the list goes on. Apple used the entire spectrum of marketing and branding techniques to support a revolutionary product. Many hotels, particularly independent properties, do not dedicate adequate resources to develop and support their brand.

Therefore, in order to develop a brand rivaling Apple's, a hotel must be prepared to allocate sufficient labor, resources and time to achieving this goal.

Extending a hotel's product offering

Continuing with the Apple example for the moment, the company managed to expand their product line and their brand at the same time, with the resulting effect of drawing new customers to the brand. Individuals that were not inclined to buy a Mac were more receptive to purchasing an iPod or iPhone. This created additional experiences with Apple products - more consumer touchpoints - which created converts to other product offerings.

While some anecdotal evidence might suggest that hotels engaging in a similar concept (that of multiple brands under one corporate flag, as in the case of Starwood) does not result in stronger brand image, extending the hotel brand to different products or service offerings can have a positive effect on brand awareness. Ultimately, this can lead to higher occupancy.

A recommendation to extend a hotel brand willy-nilly is foolish; no one would stay at a Westin just because Westin decided to produce and market a toothbrush, for instance. But a strategic line of products or services rolled out under a hotel's brand - and at the appropriate quality - may entice consumers to choose to experience the brand's core product over a competitor's.

Visibility

This area in particular may seem like common sense, but the most successful brands are those that aggressively raise awareness of themselves. For a company like Apple, this means courting media favor by leaking product launches, holding its own product expo and creating news stories. Hotels have at once an advantage and a liability in this area; they have a readymade platform for publicity with public space and events, but rarely a pipeline of innovations with which to entice media coverage.

Nonetheless, at both the individual property level and the umbrella brand level there is much opportunity for creating visibility.

Visibility is the product of good public relations, which is in turn a product of compelling stories. Every hotel has a story, and the effectiveness of its telling will determine visibility. A highly visible hotel will have a successful brand image, and high brand awareness.

The few tips contained in this article are nowhere near comprehensive, but they represent a good foundation for a brand-building strategy. To an extent, brand image and awareness are functions of static or slow-to-change aspects of a hotel - how many properties in a chain, rate classification—but much of it is controllable by a hotel. Tending to guest satisfaction first and foremost, and then by cultivating visibility, exploring an extended but relevant product line, and supporting the brand efforts with appropriate resources are key steps for a hotel to develop a strong, occupancy-driving brand.

It may not be enough to transform a hotel into the new Apple, but it's a good start.

References:

(1) <http://www.personal.psu.edu/jwo3/Hotel%20Branding%20Strategy%20Article.pdf>

(2) *ibid*

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