BRANDING AND DIFFERENTIATION IN THE U.K. HOTEL INDUSTRY

by

Wendy M. Cooper

Thesis submitted for the degree of Master of Philosophy at The Scottish Hotel School, University of Strathclyde.

Glasgow, 1993.

ACKNOWLEDGEMENTS

The author wishes to thank the staff of The Scottish Hotel School for their assistance in the writing of this thesis and conduct of the primary research. Special gratitude is expressed to Mr Roy C. Wood, Professor Udo Schlentrich, and Mrs Jenny Cockill.

Thanks are also extended to the staff of the nine Glasgow hotels which participated in the primary research: The Carrick; Forte Posthouse (Erskine); Forte Crest; Travel Inn (Motherwell); The Town House; Stakis Ingram; Stakis Grosvenor; The Central; and The Moat House International.

ABSTRACT

During the past decade, players within the U.K. hotel industry have made increasing use of the marketing tool of branding. The reasons for this trend, and the various ways in which companies have used, and currently are using branding, are investigated.

Branding is viewed as a tool used in positioning a product to appeal to its target market, and a key purpose of branding is identified as being the creation of perceived differentiation. The role of branding in the process of target marketing, and its use in alternative generic marketing strategies are discussed.

Branding is a concept which has only relatively recently been transferred from its traditional domain of consumer goods to the service sector. Special features of service brands in general, and then hotel brands in particular, are thus considered. Four main types of brand are identified within the hotel industry: (1) the soft chain brand; (2) the hard chain brand; (3) the 'product' brand; and (4) the corporate brand. Discussion on the emergence of branding in the U.K. hotel industry is followed by case studies. These illustrate the uses of branding by certain companies operating in the U.K.

The primary research (1) measures the brand awareness of thirteen hotel chains, (2) assesses the extent of perceived differentiation between eight chain brands; and (3) identifies the dimension(s) which differentiate between chain brands. Business travellers constituted the sample. Key findings were: (1) hard brands achieved significantly higher levels of brand awareness than soft brands; (2) differentiation is perceived between chain brands, and suggests clusters of similar brands might be perceived to exist within the market; and (3) one dominant dimension - that of 'market level' - is used to differentiate between brands.

CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF APPENDICES

CHAPTER ONE: INTRODUCTION

This thesis is concerned with the manner in which hotel companies operating in the U.K. are using branding within their marketing strategies; that is, how and why they are doing so. The topic is considered to merit attention because a stage had been reached in the development of the U.K. hotel industry where branding is claimed by many writers and practitioners to be critical to the competitiveness of hotel chains.

The primary research which represents the culmination of the thesis is intended to have some practical value to the industry. There are three objectives of the primary research. Although there were found to be many, often linked reasons why branding should have attained its present significance, that which is considered by the author to be a central objective of branding is the creation of perceived differentiation between hotel chains. The main objective of the primary research is thus (a) to assess the extent of differentiation perceived to exist by the business traveller between hotel chains operating in the U.K. The related objectives are (b) to assess the extent to which the three product features of price, range of facilities, and quality are utilised by the business traveller in differentiating between hotel brands (should differentiation indeed be perceived), and (c) to measure the extent of brand awareness amongst business travellers (regarding selected U.K. chains).

Initial investigation into the topic comprised mainly a review of mainstream branding literature, and that on hotel branding. This highlighted several points, the key ones being as follows.

1. Branding is a topic of considerable breadth, involving, for example, consumer behaviour, advertising and corporate identity. It is thus not a discrete part of marketing. As Arnold (1992: 17) has stated, "Branding, properly understood, is virtually synonymous with marketing".

2. Branding is a tool used in implementing marketing strategy, and is not, in itself, a strategy. Within the literature on hotel branding, it is, however, occasionally

implied that 'branding' carries the same meaning as one particular strategy, that of 'differentiated marketing' (see Chapter Two). Branding being a tool used in execution of marketing strategy, the manner in which it is used is dependent upon the nature of a company's strategy. Consequently, the increased use of branding within the hotel industry is due largely to changes in marketing strategies, which, in turn, are reactions to the prevailing environment. A full understanding of branding thus requires an understanding of the context of strategy; to again quote Arnold, "Branding is a strategic issue" (1992:95).

3. The majority of the literature on branding pertains, either explicitly or implicitly, and quite understandably, to consumer goods. It is in this sector that the concept of a brand, as it is understood today, was developed a century ago. Now it is proposed that brands may be, "not only consumer products, but a whole host of offerings, which include people (such as politicians and pop stars), places (such as Bangkok), ships (such as the Queen Elizabeth), companies, industrial products, service products, and so on" (De Chernatoney and McDonald, 1992:8). Because it is only relatively recently that the last of these entities, service products, have been considered as 'brandable', little in-depth writing exists on how a consumer goods concept transfers to services. In the hotel industry, only a seminal piece by Slattery (1991) has addressed this point to any extent.

In response to these points, the following topics were researched in greater depth.

1. specific topics within marketing which are of relevance to branding: consumer behaviour (cognitive processes; brand loyalty); advertising; corporate image.

2. marketing strategy: strategy implementation; influences on strategy; strategic typologies.

3. services marketing: characteristics of services; marketing strategy and branding in service industries other than hotels.

Those subject areas finally considered of relevance to branding within the U.K. hotel industry form the thesis structure shown in Figure 1.1. It can be seen from this figure that attention is progressively focused onto the hotel industry. First, the general theory of target marketing (a process described by Kotler, 1991) and the role of branding in that process are discussed. Second, target marketing and branding within the service sector are considered. Third, the applications of target marketing and branding within the specific service industry of concern, the hotel industry, are discussed. The weight of the evidence suggests the key purpose of branding is to achieve product differentiation. The main objective of the primary research, reported in Chapters Six and Seven, is therefore to test the extent of differentiation perceived by the chosen sample (business travellers). The thesis was structured in this manner because it was considered an understanding of developments in the hotel industry required prior comprehension of marketing strategy and branding theory.

The content of each of the chapters is as follows. Chapters Two and Three are concerned with target marketing as a concept and process which dominates modern marketing thought. Chapter Two begins with discussion of the rationale behind target marketing. The three main stages of target marketing are then outlined, and the first two stages - market segmentation and market targeting - are described in greater detail. Chapter Two concludes with discussion on the alternative generic marketing strategies which might arise from market segmentation and market targeting. Chapter Three is concerned with the third stage of target marketing, namely product positioning. This merits a discrete chapter because it is primarily in this stage of the process that the tool of branding is used. Indeed, it is argued that branding is almost synonymous with product positioning. Chapter Three also contains a discussion on branding terminology, and concludes with comments on the roles of branding in each of the generic marketing strategies described in Chapter Two.

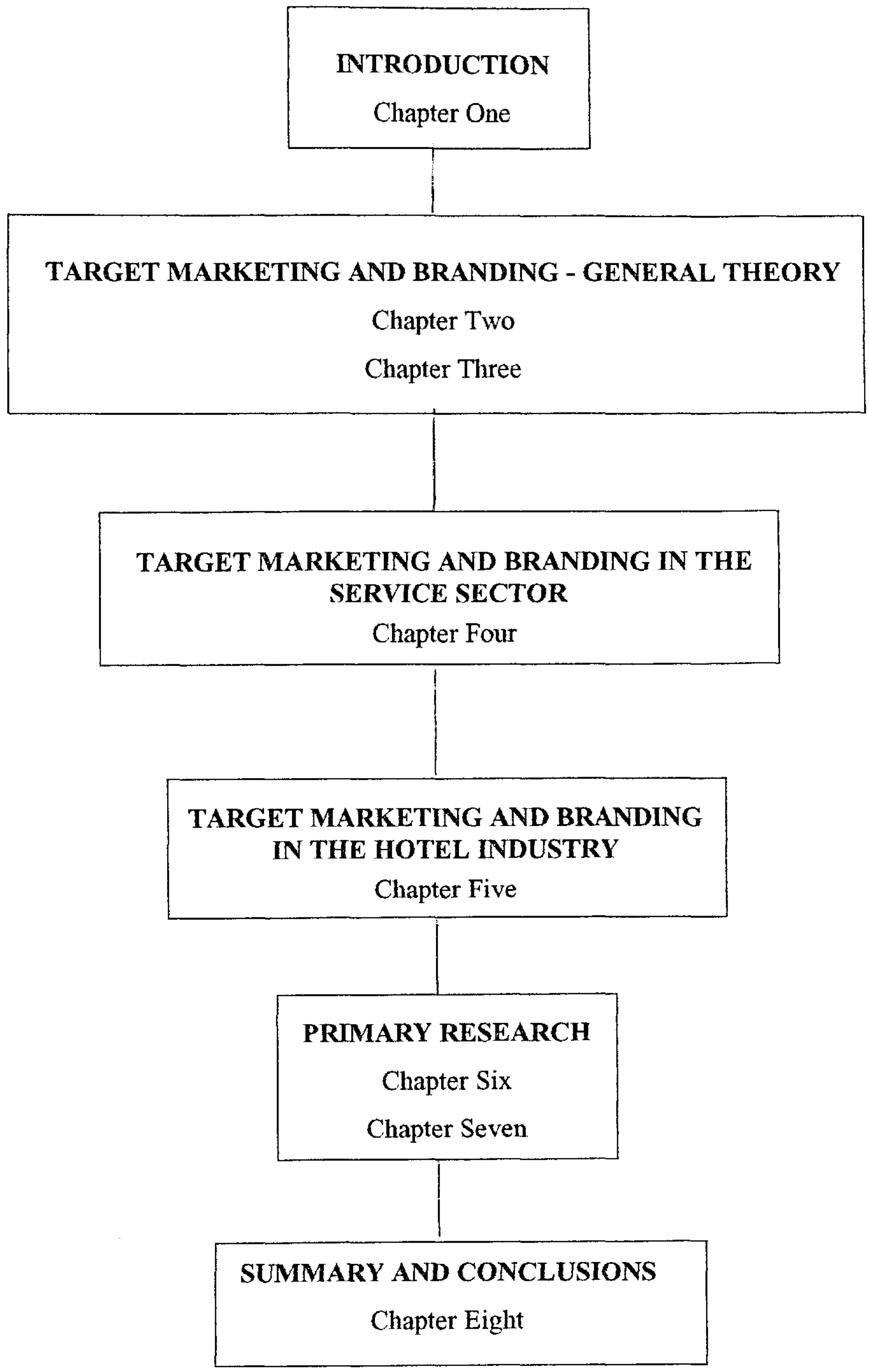


Figure 1.1: Thesis structure.

Chapter Four is concerned with target marketing and branding within service industries. As it is less easy to define a brand in such industries than in the brand's traditional domain of consumer goods, a review is made of the different types of brand referred to in the literature on services. Each of these is discussed in turn, and the relationships between them are considered. Following this, the impact that each of the four characteristics of services (which are generally accepted as distinguishing them from physical goods) have on branding are investigated. These characteristics are intangibility, inseparability of production and consumption, heterogeneity, and perishability.

Chapter Five discusses target marketing and branding within the U.K. hotel industry. First, the hotel product is considered at a conceptual level. This involves identification of the forms a brand may take in the hotel industry. Taking into account unique features of the hotel product, this produces a typology of brands, the key ones being 'soft' chain brands (non-standardised chains), 'hard' chain brands (standardised chains), and 'product' or 'service' brands (inclusive, organised services such as short breaks or conference packages). Second, actual developments in the hotel industry of relevance to branding are discussed. A chronological approach is adopted, which initially provides accounts of how both the U.S. and U.K. industries have evolved since World War II. The U.S. is referred to because it was in this country that hotel branding first emerged, and there that branding is most extensively used today. It thus provides a useful comparison to the U.K. market, and perhaps provides some insight into how the industry will develop in this country. The context is then set for discussion on the current U.K. industry. The marketing strategies of major chains, and their uses of branding are described and analysed using case studies. Although branding is primarily a tool employed by chains, it is also suggested how independent establishments may make use of the principles of branding in order to counteract the growing power of their corporate-owned counterparts.

The primary research objectives listed above were drawn from Chapters Two to Five. Chapter Six firstly serves to remind the reader of these objectives and to explain fully how these relate to the four preceding chapters. Chapter Six then goes on to discuss the methodology used in meeting these objectives; i.e. the sampling procedure, design of the research instrument (a self-completion questionnaire), and methods of data analysis (which include multidimensional scaling). The results of the research are reported and discussed in Chapter Seven. Also pointed out in this penultimate Chapter are the limitations of the research, the principle constraint being the small sample size (41). Small samples are, however, not uncommon in hospitality research, and results obtained from them can constitute useful bases for future research. Chapter Eight concludes and summarises the thesis, and provides suggestions for future research.

CHAPTER TWO: TARGET MARKETING

Target marketing is a process or concept which dominates modern day marketing theory and practice. This chapter introduces the basic principles of target marketing which are considered necessary to a full understanding of branding and why it has become such a prevalent feature of many of today's markets. Kotler's (1991) definition of target marketing has been chosen as a framework for this discussion. Kotler identifies three stages within target marketing, the first two of which are considered in this chapter. The outcome of the second stage of the process is effectively a company's marketing strategy, which, adopting Kotler's typology, will take the form of one of three alternative generic marketing strategies. Each of these three generic strategies are discussed in this chapter, and the factors which influence a company's choice of strategy are considered. Attention is also given to generic strategy typologies produced by writers other than Kotler. The final stage of target marketing is that which involves branding. This being the main subject of this thesis, it merits a separate chapter (Chapter Three).

THE CONCEPT OF TARGET MARKETING

Properly understood, target marketing is an intrinsically demand-led or 'consumer-orientated' approach to marketing. It revolves around a recognition that any macro market of buyers will contain groups of customers who need or desire different forms of a generic product. By proactively identifying these groups and their particular needs, a company is in a position to develop for each a marketing mix (product, price, promotion and distribution) which has considerable depth of appeal not possible with one broadly aimed product. This essentially means that scarce company resources can be channelled to where they are most likely to gain return.

The consumer-orientation of target marketing is what sets it apart from it antecedents of mass marketing and product-variety marketing. Mass marketing emphasised the low-cost, efficient production, promotion and distribution of one product aimed at an entire market. Product-variety marketing involved offering several different products to the whole market in the belief that buyers seek change and variety for its own sake. These strategies differ from those which arise during target marketing because they are product-orientated rather than consumer-orientated. That is, no consideration is given to the needs and wants of the market in design of the product. Target marketing is the antithesis of these introspective strategies, for it involves not only analysis of buyers, but also of competitors.

THE PROCESS OF TARGET MARKETING

Target marketing is composed of the following three stages (Kotler, 1991):

1. market segmentation - division of the market into groups, and analysis of those groups;
2. market targeting - choice of which identified segments to serve; and
3. product positioning - selection and use of an entire marketing mix designed to appeal to the target segment(s).

Because branding plays an overt role in the final stage, that of product positioning, this will be discussed in depth in Chapter Three. The way in which steps one and two are conducted will be considered here.

Market segmentation

Market segmentation is the disaggregation of a total market of buyers into groups with similar characteristics. Subdivision of segments into yet smaller, more tightly defined groups creates market niches (Kotler, 1991). Since every buyer is, from the behavioural scientist's point of view, unique, it is theoretically possible to continue dividing niches until the individual is isolated. It would clearly be unprofitable for most sellers to attempt to customise the marketing mix for each buyer, and so a point must be identified where discontinuities in demand are no longer sought. At this point, a segment will be substantial enough to be profitable, yet sufficiently 'unique' in its needs. The other criteria defining a viable segment are accessibility (e.g., using advertising) and measurability (in order that demand may be estimated) (Baker, 1991).

The variables used to segment a market may be categorised as either consumer characteristics or product-related behavioural characteristics (Kotler, 1991). Examples of each are:

CONSUMER CHARACTERISTICS
Age
Sex
Income
Socio-economic group
Lifestyle
Personality
Geographic area

BEHAVIOURAL
Usage rate
Attitude towards product
Benefit sought from product
Loyalty status
Price sensitivity

These variables can be seen as falling on a continuum between descriptive and causal (Arnold, 1992). At the latter extreme are factors which motivate the purchase; at the former, variables which only describe the purchaser. Whilst it may not be possible in absolute terms to uncover why a product is bought, causal factors must be isolated in order to make the segmentation effort effective (Engel, Blackwell and Miniard, 1989). Doing so will enable a company to develop a marketing mix which best satisfies true needs and wants. It has been argued that the only truly causal basis of segmentation is that of 'benefits sought' (Haley, 1963). This is predicated on the notion that consumers actually seek problem-solving or need-satisfying benefits when they purchase a product. Whilst theoretically appealing, benefit segmentation is only practical when benefits can be linked to the descriptive factors which make a segment measurable and accessible (Schnaars, 1991).

Terms found in the literature which are related to market segmentation, and often used interchangeably with it and with each other are 'product segmentation' and 'product differentiation'. The former is distinguished from market segmentation by Barnett (1969) on the grounds that market segmentation concentrates on differences in users, whereas product segmentation focuses on the differences in products which explain preferences. The difference between this and market segmentation would, however, appear to be one of emphasis, for should a causal variable be used in market segmentation, this should also explicate preferences. 'Product differentiation' is, unfortunately, often found to have two meanings. Most commonly it is used in a general sense to mean creating a perceived difference between any single product and any other. Some writers, however, use the term as a label for a specific marketing strategy (a point elaborated below; see page 15). To confuse the issue still further, market segmentation itself is often used to refer to the entire process of target marketing, rather than only the division of the market.

Whatever the terminological debates, the key point of market segmentation is its recognition that within the majority of today's markets, clusters of similar demand exist. It is the marketer's task to profile these both descriptively and causally in order that a need and want-satisfying marketing mix may as far as possible be proactively developed. Segmentation is thus critically important because it provides information that can be built on in the subsequent stages of target marketing. Segmentation is also crucial because, creatively done, it may be the only means of market entry for many companies; by dividing up the market in a manner not considered by industry incumbents, a seller can potentially identify a new niche (Kotler, 1991).

Market targeting

Whilst segmentation identified the opportunities facing a firm, market targeting involves a decision on which of these to serve. The outcome of this process is effectively a company's marketing strategy, and it would be impossible here to explore in depth the vast amount of literature which exists on strategy evaluation. However, an outline of the basic influences on strategic choice is required in order that it can subsequently be understood why branding has become a feature of the hotel industry.

A firm's marketing objectives (i.e., its products and target markets) should ideally be determined following a comprehensive analysis of the internal and external environments. Opportunities identified in segmentation, which is itself part of the external audit, can then be selected by matching them to company resources. A 'strategic window' is said to open when a good fit between corporate competencies and market opportunities arises (Abell, 1978). As the factors critical to success in a market or segment are unlikely to be static, it is necessary to continually monitor the environment.

A popular means of assessing the likely profitability of an entire industry is in terms of Porter's 'five forces' (1980). These are:

1. the threat of new market entrants - an industry is unattractive should it be easy for competitors to enter;

2. the bargaining power of suppliers - industry appeal may be low should suppliers have control over a company's input prices or quality;

3. the bargaining power of customers - should buyers have the power to force prices down by setting competitors against each other, an industry is unlikely to be attractive;

4. the threat of substitute products - an industry is unattractive should buyers have the means and desire to satisfy their needs with another product form (or produce it themselves); and

5. the rivalry amongst existing sellers in an industry - should an industry have many highly competitive incumbents striving to steal market share, a segment is unlikely to be attractive.

Porter sees strategy as a means of coping with these forces; hence should a company be operating in an industry, it can be seen as deploying its resources to counter these threats. An incumbent may be protected to some degree from new market entrants by an industry's inherent 'barriers to entry'. Alternatively, or in addition, it can seek to increase the height of these deterrent obstacles in order to strengthen its competitive position. Eight key barriers to market entry are (Schnaars, 1991):

1. product differentiation;
2. access to distribution;
3. favourable locations;
4. brand switching costs (whereby buyers are tied to a particular seller's product);
5. patents;
6. economies of scale (in production, marketing, or distribution);
7. experience effects (advantage brought about by cumulative production); and
8. capital investment required.

Whilst Porter's forces were conceived as a means of analysing an entire industry, they can also be applied to segments within an industry. Here, a company which already operates in a generic product-market and is considering other segments within it is said to face 'mobility barriers' rather than entry barriers. The barriers are, however, essentially the same. The extent of such entry or mobility barriers, when coupled with the ease of leaving a market (i.e. 'exit barriers'), suggests the profitability of that market; the higher the entry barriers, the higher profits are likely to be for those who can gain access, but the negative side is that high exit barriers increase the associated risk. Whilst multiple barriers to entry may exist in an industry or segment, it is normally the case that a dominant one can be identified. The wine industry, for example, is controlled by economies of scale and access to distribution channels (Kerin, Mahajan and Varadarajan, 1990). A key feature such as this means that even should a company have the resources to create a product with potentially high appeal to the consumer, the actual success of that product may be entirely independent of the consumer. In fact, the only entry barrier listed above which is overtly generated by demand is that of product differentiation; the remainder are outwith the control of the consumer and effectively dictate which products can reach him or her. Once access to a market *is* gained, the emphasis must of course shift upstream to the consumer who, through purchase, ultimately determines whether a product is successful.

The evaluation of a market opportunity must take account not only of the external environment, which may be described in terms of Porter's five forces, but also of the internal objectives and resources of a company. A segment may be structurally attractive and have positive size and growth, but unless a company possesses the necessary skills and resources to develop some superior advantage in that segment, entry is likely to be fruitless. Resources can therefore in themselves be viewed as entry or mobility barriers; McGee and Thomas (1986), for example, believe characteristics of the firm to be a category of mobility barriers. The nature of the resources required will, of course, depend very much upon the entry or mobility barriers peculiar to the segment under assessment. For example, an industry characterised by high capital investment will need considerable financial resources, whereas that typified by product differentiation may place emphasis on marketing skills. A company does not, therefore, have a 'free choice' of segments, but must take into account its legacy of accumulated skills and weaknesses.

The key point in evaluation and selection of market segments is therefore that a good match must be obtained between internal capabilities and external opportunities. The fact that the environment is dynamic means that a company is both exposed to new opportunities, and faces threats to its existing position. Because the factors critical to success in a segment may change due to, for example, moves by competitors or shifts in consumer needs and wants, it is necessary to re-evaluate segments continually. This market dynamism explains why a competitive tool such as branding should not always have been considered as important as it is today.

GENERIC MARKETING STRATEGIES

The outcome of market targeting will be not only the choice of which segments to serve, but also how many and what nature of products to do so with. By following the process of target marketing, a company's marketing strategy is thus determined. Numerous ways of defining generic marketing strategies have been proposed, but that which will be examined here as a logical extension of segmentation is the relationship between market segments and products used to serve them. These criteria form Kotler's (1991) typology of generic marketing strategies. This typology contains the following three generic marketing strategies:

1. undifferentiated marketing - one marketing mix aimed at all segments;
2. concentrated marketing - one marketing mix aimed at one segment; and
3. differentiated marketing - separate marketing mixes for each segment.

Various alternative patterns of market coverage exist within these broad categories, and dependent upon how a segment is delineated, it is indeed possible to classify a company's strategy into more than one typology. Such issues will be discussed here using Kotler's generic framework.

Undifferentiated marketing

Undifferentiated marketing concentrates on what is common in the needs of an entire market of buyers rather than what is common and unique to a specific segment. The intention is to gain as wide an appeal as possible using a standardised marketing mix which brings cost economies. Whilst this may appear akin to mass marketing, it is arguably distinguished by its consumer-orientation; although only one product is being offered to the entire market, the marketer *does* recognise that differences between consumers exist. Nevertheless, a conscious choice has been made during the process of target marketing not to treat each segment separately. Mass marketing implies no recognition that consumers differ.

Kotler (1991) states that undifferentiated marketing normally allows a company to convert lower costs into lower prices, hence winning a large share of the price-sensitive segment of a market. Furthermore, he adds that a firm practising undifferentiated marketing typically develops an offer aimed at the largest segments of a market. In a sense, therefore, undifferentiated marketing is not the antithesis of the other generic strategies, but simply defines its segments in a different manner.

It is possible to subdivide undifferentiated marketing further, dependent upon whether the breadth of appeal it seeks is due to low price or non-price factors. Porter (1980) identifies two alternative generic strategies which are both based upon a product having wide market coverage: 'cost leadership' and 'differentiation'. The former is perhaps more similar to Kotler's meaning of undifferentiated marketing, for its competitive advantage is due to low unit cost incurred by product standardisation. This in turn facilitates low price, which is of course intended to attract price-sensitive buyers. Because margins are likely to be low, success of such a strategy relies upon building high market share. The strategy of differentiation, whilst also seeking broad appeal, builds this upon a non-price factor such as quality or design. The rationale is that the unique appeal reduces price sensitivity and generates brand loyalty because there are no directly comparable alternatives. The essential difference between this strategy and those discussed subsequently is that differentiation does not preclude serving a mass market (Schnaars, 1991). Products which might be said to fall within Porter's strategy of differentiation are Coke or Nescafé; they are perceived as in some way unique and have broad appeal which is not based upon low price. The argument that low price (i.e., cost leadership) is in itself a form of differentiation is logically sound, but it merits treatment as a separate strategy because price competition requires special corporate skills and so directly and drastically affects margins (Schnaars, 1991).

Concentrated marketing

Concentrated marketing is the conceptually simplest outcome of the market targeting decision (Kotler, 1991). Here, one marketing mix is tailored specifically to one identified segment, with the aim being to gain depth of appeal in that target group by designing a product which closely meets its unique needs and wants. Whilst it is possible for a segment to be defined in such a way that it is a large portion of the entire market, concentrated marketing is normally used in reference to the serving of a relatively small segment or a niche. Abell (1980) and Porter (1980) both refer to this as a 'focus' strategy. Within the segment, Porter believes that cost leadership may still be used, but by definition a focus strategy means the product should be highly differentiated from others in the generic product-market. Abell sums up the essence of this strategy as being effectiveness, not efficiency. The risks inherent in this approach are that the specialisation in skills needed to best serve the niche may limit adaptation should the needs or boundaries of the segment change, and that competitors may 'outfocus' the incumbent by finding a smaller niche (Porter, 1980).

The major consideration in concentrated marketing is maintaining awareness of the buyer behaviour of the niche, or being alert to any changes in its idiosyncratic needs and wants. These skills are quite different from those needed in undifferentiated marketing, where efficient use of resources is emphasised (Abell, 1980). The common feature of the these two strategies is, however, that they both involve the marketing of a single product. This sets them apart from the third generic strategy of differentiated marketing.

Differentiated marketing

Differentiated marketing, as defined by Kotler, involves a wide market coverage, but does so by offering separate products to each of several segments. It can thus be seen as a multiple focus strategy, not to be confused with Porter's similarly entitled 'differentiation'. Within differentiated marketing, a range of market coverages might exist, extending from a minimum of two segments to full market coverage. Such a strategy is based upon the same rationale as concentrated marketing; a depth of appeal is sought within each segment which would not be possible with one broadly aimed marketing mix. Whilst this may mean higher overall sales than undifferentiated marketing, it also incurs higher costs, as economies of scale in production, administration, stock control and promotion are sacrificed (Kotler, 1991). In order to maximise the profitability of differentiated marketing, it is therefore necessary to identify synergetic segments which can be grouped for certain purposes to form 'supersegments' (Kotler, 1991). For example, the same distribution channels may be used for more than one product. Countersegmentation may also be required should the differences between niches diminish such that it is unnecessary to provide each with separate mixes, or because the market has been unprofitably oversegmented (Schnaars, 1991).

THE IMPLICATIONS OF GENERIC STRATEGIES

Authors who create strategic typologies ultimately do so for prescriptive purposes. That is, recommendations can be made as to particular courses of action companies following each strategy should take. The criteria used in distinguishing between generic strategies can differ slightly between writers because each wishes to make recommendations on a different aspect of strategy. It can be seen from the above discussion that Kotler's generic strategies, based on number of products and segments, are not congruent with those of Porter, who uses a more complex array of variables. This means, for example, that Porter has no equivalent of Kotler's differentiated marketing. Whilst the models of Kotler and Porter are perhaps the most widely used, other writers have proposed different typologies. Lewis (1982), for example, suggests four generic strategies exist, based upon the variables of (1) customer price-sensitivity and (2) 'product mystique' (the real or perceived differences between competing products). Yet others classify strategies in an entirely different manner, not in terms of a company's position at any one point in time, but longitudinally. Thus strategies can be defined in terms of whether they are static, or encompass growth or contraction. Growth in turn might be achieved through the alternative strategies of 'market penetration' (existing product[s] sold to greater numbers in existing segment[s]), 'market development' (existing products to new segments), 'product development' (new products to existing segments), or 'diversification' (new products to new markets) (Ansoff, 1957).

Due to these myriad perspectives on strategy, it is possible to define any particular firm's strategy in a number of ways, each of which might give a slightly different perspective on the variable of interest (this here being branding). Kotler's typologies were chosen here as the primary vehicle to discuss strategy because the number of products a company's portfolio contains has direct implications for branding. Other models do not explicitly use number of products as a criterion to distinguish between generic strategies, but instead refer to the strategy followed by any *one* product. Using, for example, Porter's classifications, a company might be using a focus strategy for one product within its portfolio, yet a differentiation strategy for another product. In itself, the *company* is following neither, but in Kotler's terms is actually practising differentiated marketing. Whilst Kotler's model has considerable relevance to branding, other perspectives on strategy were also referred to because they too, as discussed in Chapter Three, will influence any branding exercise. Kotler's model of generic strategies is also preferred because it is a logical means of describing the possible outcomes of the first two stages of target marketing. This process of target marketing is in itself extremely pertinent to branding because its final stage, product positioning, is that with which branding has become almost synonymous. An understanding of segmentation and market targeting is necessary because the branding exercise emanates from these.

CHAPTER SUMMARY

Target marketing is a today accepted as the most theoretically and practically sound means of offering products to the market. Its key feature which dictates that this should be the case is its consumer-orientation; that is, its first stage is analysing the needs and wants of a market of buyers. By definition, this involves segmentation of the market, for needs are likely to differ between certain customer groups. Following segmentation, a company chooses which segments to target based upon its abilities to satisfy the identified needs of each segment. The final decision also involves analysis of competitors and other external influences which impinge on a company's chances of success. The outcome of this 'market targeting' is a company's marketing strategy, or its range of products and the customer segments at which they are targeted. The final stage in target marketing, or rather the third link in what should be an ongoing cyclical process, is product positioning. It is at this point that branding becomes a consideration. Product positioning will therefore be discussed in depth alongside branding in the following chapter.

CHAPTER THREE: POSITIONING AND BRANDING

A company's use of branding is a manifestation of its underlying marketing strategy. That is, an understanding of branding requires an overview of how it fits into the overall marketing process. The first two stages of this process - market segmentation and market targeting - were discussed in the previous chapter; it is during these stages that the foundations upon which branding is built are laid. The final step in target marketing, that of product positioning, merits a discrete chapter because it is here that branding becomes instrumental. This chapter therefore explains firstly the concept of positioning and the general principles of how any product, within any marketing strategy, may be positioned in the market. The role of branding in this process is then discussed, and finally the branding issues specific to each of the alternative generic strategies which may arise from target marketing are explored. The objective is to set branding in its context of strategy in order that it be fully understood how it is used in different competitive situations during the evolution of an industry.

THE CONCEPT OF PRODUCT POSITIONING

Product positioning is that part of marketing which is visible to the customer; it is, "the act of designing the company's offer so that is occupies a distinct and valued place in the target customer's mind" (Kotler, 1991: 302). This succinct definition embodies a number of key points. First, the offer is directed towards a *target* audience, demonstrating the importance of prior segmentation. Second, the market position of a product which matters is that which exists in the perception of that target customer, not the company offering the product. Positioning thus involves human cognition. Third, it is implicit that the consumer has some knowledge of the structure and parameters of the entire market in order to be able to position a product. Since the total market is simply a composition of products, a position is such *relative* to other products; positioning is therefore competitor-orientated as well as consumer-orientated. Related to this is the final key point, that a market position should not only be clear, but in order to be 'valued', should be unique. Positioning thus involves the differentiation of a product. In summary, positioning communicates the nature of a product - both its basic form and any unique feature - to the group(s) of customers for whom it was conceived. It is thus a logical extension of segmentation and targeting.

THE PROCESS OF POSITIONING

Kotler (1991) sees the process of positioning as comprising two stages:

1. identification of possible positioning concepts for each target market; and
2. selection, development and communication of the chosen positioning concept.

The key feature in selection and development of the concept is that the position should be differentiated. Communication of the chosen position determines how distinctly perceived the differentiated concept is. Both conceptualisation of the desired market position and its communication are requisite to the success of a product.

Selection of a market position

The general market position a product will occupy will have been determined at an early stage of target marketing. In segmenting the market, a firm should have identified basic differences between consumer groups which should then be reflected in basic differences between groups of products. At the macro level, a product is thus firstly positioned *alongside* relatively similar products which seek to serve the same target market. Within this group of competing products - i.e., at the micro level - a product must be positioned *apart* from others. The differentiation referred to in the literature on positioning is this difference between any one product and its competitors. Differentiation can, however, also be interpreted as a characteristic of an entire generic product-market, some markets being typified by a higher degree of heterogeneity than others. Any one seller cannot influence the latter to any significant extent by differentiating his or her own product(s). The differentiation discussed here is that which is under the control of the marketer, i.e., that which a firm seeks relative to its own competitors.

Choosing a final positioning concept which can lead to competitive advantage effectively means finding a differentiated market position; unless a product has some perceived distinguishing feature, there is no logical reason why it should be selected from among others. Purchases are then likely to be based upon price alone (Arnold, 1992). Although discrimination between products solely on this basis of price is in itself a form of differentiation (as noted in Chapter Two) such differentiation is so radically dissimilar from other types that it must be treated as a special form of competitive strategy. Differentiation is, in fact, normally used to counteract the threat of price competition.

To adhere to the principles of target marketing rather than product-variety marketing, a firm must seek not a market position which is differentiated *per se*, but one which is differentiated on some product feature which satisfies an identified need or want of the target customer. That is, the difference must matter to the customer in the purchase decision. Basic customer needs are identified during segmentation, for these should actually serve as segmentation variables. To achieve differentiation from competing products which can equally well satisfy basic needs requires consideration of a further criterion which figures in the purchase decision. Should this still fail to differentiate a product from all others, yet another product dimension must be considered. Each of these successive features serves to whittle down the set of products from which final choice will be made; that is, the 'evoked set' is narrowed. As successively finer points of differentiation are introduced, this choice set divides into smaller and smaller sub-groups of products. Absolute differentiation is only achieved should a product truly be unique. Whilst this is what the marketer should logically strive for in order to set the company's product apart from others, the problem lies in finding a point of differentiation which remains meaningful enough to the customer to actually motivate purchase. Both Arnold

(1992) and Kotler (1991) stress the need that a point of differentiation be meaningful to the customer; it would, for example, seem pointless to emphasise a hotel's height as a point of differentiation.

The above process of product elimination from the evoked set is a determinant model of purchase choice (Engel, Blackwell and Miniard, 1990). It dictates that the product feature most important to the consumer is that used to first narrow the evoked set (Engel *et al,* 1990). Should this most salient purchase criterion fail to isolate a product to buy, the remaining alternatives are then compared on the next most salient feature. Each successive stage uses a *less* salient, *more* trivial product feature. The key point in selecting a positioning concept is therefore that differentiation in itself may be fruitless. Basic consumer needs and wants must be satisfied initially and, should the determinant model apply, differentiation should be sought on the most salient product feature possible.

The appropriate point of differentiation for a company to pursue will vary according to the inherent nature of the product-market (shaped by the forces discussed in Chapter Two, pp.11-12) and, more specifically, according to the needs of the buyers in its target segment. It is thus impossible to generalise as to what might be either a salient or a determinant product feature on which to position a product. Kotler (1991) has, however, identified the following comprehensive list of alternatives, grouped into four categories.

Product differentiation

1. Features: characteristics which supplement the product's basic functioning.
2. Performance: the level at which the product's primary characteristics operate.
3. Conformance: the degree to which a product's operating characteristics attain their target standard.
4. Durability: a measure of the product's expected operating life.
5. Reliability: the probability that a product will not malfunction within a specified time period.

6. Repairability: the ease of fixing a product which malfunctions.
7. Style: how well the product looks and feels to the buyer.
8. Design: an integration of the above factors.

Services differentiation

1. Delivery: the speed, accuracy and care involved in delivery of a product.
2. Installation: the work required to make the product operational in its planned location.
3. Customer training: the training given by the seller in use of its product to the buyer's employees (includes training given to franchisees).
4. Consulting service: data, information or advice given free, or at a price, by the seller to the buyer.
5. Repair: the quality of repair service.
6. Miscellaneous: any other service.

Personnel differentiation

Any advantage gained over competitors due to better hiring and training of staff, resulting in their greater competence, courtesy, credibility, reliability, responsiveness, and communication skills.

Image differentiation

1. Symbols: any logo, object, famous person, colour, or sound associated with the brand name.
2. Written and audio-visual media: for example, advertisements, publications and stationery.
3. Atmosphere: the physical space in which the product is sold.
4. Events: any sponsored event such as a sports tournament.

It can be seen from this list that a point of differentiation may be as mundane as product safety or reliability. Positioning is not, therefore, simply involved with manipulation of a product's 'image,' a concept which undeniably exists and is important in many consumer goods markets, but which is not universally significant.

Despite the fact that the appropriate point of differentiation to stress in the positioning concept is very much contingent upon a company's own environment, some authors have identified either general stages that any product-market will pass through, or trends in all industries as a whole. Kotler (1991) believes that product features (from his above list) are most salient in the purchase decision of products in general, and when these fail to discriminate between alternatives, the emphasis shifts to services differentiation, then to image. Other writers choose to categorise product features in terms of whether they are tangible or intangible, and then generalise from this. Schnaars (1991), for example, presents the matrix shown in Figure 3.1.

		Intangible product attributes	
		No differentiation	Differentiation
Tangible product attributes	No differentiation	Pure commodities	Physically identical products differentiated on intangibles
	Differentiation	Differentiation only on tangible attributes	Differentiation on tangible and intangible attributes

Figure 3.1: Alternative forms of differentiation.
Adapted from Schnaars (1991).

Intangibles refer to those aspects of the total product offering which do not physically exist; such features might be found in Kotler's categories of service, personnel or image. Early economists referred to differences on intangibles alone as 'pseudo-differentiation', as they believed mere perceptions of difference to be unimportant. The intangible characteristics of a product are today recognised as being critical in achieving a differentiated position leading to sustainable competitive advantage (Murphy, 1987; Schnaars, 1991; Arnold, 1992). Murphy (1987) is one author who identifies a trend towards the use of intangibles as points of differentiation. This is attributable to the fact that physical product superiority is increasingly difficult to achieve in an environment where technological advantage is difficult to sustain and consistent quality is within the grasp of most sellers (Griffiths, 1992). Other writers, whilst not denying the importance of intangibles, prefer not to identify general trends and instead emphasise that the salience of these product attributes is very much contingent upon the nature of the product-market. De Chernatoney and McWilliams (1989), for example, suggest all products have both functional qualities imparted by their tangible features, and intangible or 'representational' qualities. The importance of each to the customer will vary both between and within generic product-markets (Park, Jaworski and MacInnis, 1986).

A final point of differentiation which has received recent attention in the literature, but which is not explicitly mentioned in Kotler's list, is the image of the company behind a product. This differs significantly from the differentiating features discussed above because it is not a characteristic of the product itself. However, should a company choose to associate itself with its products (i.e., make it known to buyers which products it manufactures), any perceptions the consumer has of the company may affect how the product itself is assessed (Foxall, 1984). Several writers (e.g.: Griffiths, 1992; Goodyear, 1992; King, 1991) identify a trend towards using characteristics of the company to differentiate products, both because products are otherwise increasingly difficult to differentiate, and because consumers are themselves taking greater interest in the activities of corporate bodies. The implications of any such trend are that companies must see themselves as entities to be positioned and differentiated in exactly the same manner as their products.

The fact that differentiation can exist on intangible product features, and even the company behind a product, means that even commodities - defined as such by their inherent physical homogeneity - can be differentiated in some way (Levitt, 1983). Although at the macro level differentiation is low compared to that in other markets, each seller within a commodity market can nevertheless attempt to achieve some differentiation relative to its competitors. The key remains to identify a point of differentiation which is salient to the customer.

The need for a differentiated market position extends to those situations in which competitive advantage does not rely on the actual end user perceiving differentiation. Should a manufacturer sell to an intermediary who controls the products available to the end user, then the product can be positioned to appeal to that critical intermediary (Levitt, 1969). A hotel chain might, for example, differentiate itself to a wholesale travel agent on the basis of its widespread geographical coverage. This point is not salient to the end user, but may nevertheless be a vital source of competitive advantage.

Selecting a market position which is differentiated on the most salient product feature possible is therefore universally important (the only exception would be the rare situation in which no competition exists). Identifying this distinctive, potentially successful positioning concept is, however, only the first stage in the entire positioning process. As the position which matters is that perceived by the consumer, it is still necessary to communicate the chosen concept to the target market.

Communication of the positioning concept

The market position a consumer perceives a product to have is simply a composite of information on that product. This information may be obtained from various sources, which can be classified as either within or outwith the control of the marketer. Those which are unmanageable include any word-of-mouth communications and unsponsored media coverage. The controllable sources are the elements of the marketing mix popularly referred to as the 'Four P's': product, price, promotion, and place (distribution channels). The role of each of these in positioning a product is discussed below.

Promotion

Promotion includes advertising, sales promotions, sponsorship, direct marketing and public relations. These - especially advertising - are the most obvious and active means by which a company can communicate an intended product position to a market of buyers. Whilst the other elements of the marketing mix in themselves provide the consumer with information, promotional activities such as advertising are designed to increase the chance that their message will reach the target audience; Arnold refers to promotion as, "a gateway for the customer into the total offer" (1992: 166). However, the communicatory vehicle itself, as well as the message it carries, can also influence perceptions of a product. The 'executional elements' of a communication - visuals, sounds, colours and speed - can play critical roles in positioning a product (Engel, Blackwell and Miniard, 1990).

Although promotion can be seen as an active way of communicating with a target market, it is not necessarily the case that its message will be fully perceived and processed by its intended audience, resulting in the intended perceived market position. Consumer motivation to attend to promotions, their existing knowledge and attitudes towards a product can all act as initial barriers to receipt of the message. Even when information *is* received, the means by which consumers interpret, process and store data is difficult to assess; hence the human mind is often referred to as a 'black box', into which the marketer can only input what is believed to create the desired position. Whatever the precise role of promotions in shaping perceptions, it is logical to suggest that without attempts to communicate with the target market, there is even less chance that the sought position will be perceived. It is therefore sufficient here to state that promotions, being active communicatory tools which can be directed at a specific audience, are a valuable means of positioning a product.

Product

The basic functional form of a product, determined through segmentation of the market, in itself positions that product in a general area of the market. However, the actual presentation of this functional entity can give powerful cues as to the market position of a product. Presentation involves those physical aspects of a product which are discrete from its functioning, and which can thus be manipulated by the seller without affecting the core product. Included here are a product's design (i.e., its shape, colour and size), packaging, name, any logo or symbol, and typeface used on the product or packaging. Although these may only be superficial aspects of a product, they can nevertheless both be indicative of its basic market position, and help to differentiate it from competing products within a broad evoked set. Indeed, competing core products in markets such as coffee, toothpaste or soap powder are arguably distinguishable only by their packaging.

Several fields of study are involved in the presentation of a product, each of which has its own extensive body of literature. The study of the connotations derived from visual or spoken signs, such as logos, colours, or accents, is known as semiotics, and the symbolic meaning of words is studied in phonetics and psycholinguistics. Due to the nature of human perception, such apparently inconsequential product features do in themselves carry meanings. For example, when heard for the first time, an unknown brand name inevitably leaves the consumer with some positive or negative impression of the product (Kotler, 1991), and the colour of a product or its packaging can give cues as to its quality (Tom, Barnett, Lew and Selmants, 1987). Even the smallest piece of product knowledge can therefore begin to position a product. This explains why considerable corporate resources are today invested in searching for and developing those features of a product which do not impinge upon its functional performance.

Price

Price would appear to be one of the most basic positioning tools because it delineates broad areas of the market and is a very tangible indicator of the range of features a product is likely to offer. A higher price is interpreted by the consumer as meaning a product is more 'up market' or of higher quality (Rao and Monroe, 1989). Whilst sellers must of course consider the economics of pricing in order to ensure a profit is achieved, under a truly marketing-orientated philosophy the final price must take account of how a company wishes the target customer to perceive its products (Kotler, 1991). Deviation from the expected relationship between price and range of features allows a product to be explicitly positioned on the basis of 'value for money'. Here, a product either costs less to buy than alternatives which offer similar features, or provides more or higher quality features for the same price. The converse is to emphasise high price in order to position a product on the basis of prestige or high quality, i.e. to follow a 'premium' strategy (Kotler, 1991). These are the extremes in which price is deliberately used as a positioning device. In most situations, however, price is not actively promoted as a final point of differentiation, because other product features are more salient. Furthermore, should all sellers attempt to differentiate on low price, a price war would be the probable outcome. This would be damaging to the entire industry. Other differentiating features of a product have the very purpose of reducing the impact of price in the purchase decision (Schnaars, 1991). Nevertheless, in the absence of product knowledge other than price, the manner in which the human mind uses price as a surrogate for product quality and basic market level means that it can be a powerful positioning tool.

Place

'Place' refers to a product's distribution channels, or its, "sets of interdependent organisations involved in the process of making a product or service available for use or consumption" (Kotler, 1991: 508). Of concern in positioning is the effect that the source of a product or its purchase environment can have on consumers' perceptions of that product. Some producers do, of course, still sell their goods directly to the final users - examples being mail-order, home parties or manufacturer-owned stores - but more often today, at least one intermediary such as a retailer will be involved. The intermediary from which the product is purchased will have its own perceived market position, formed from its own marketing mix, which may influence the consumer's perception of the product purchased. A product can thus benefit from the endorsement of an attractive and synergetic intermediary (de Chernatoney and McDonald, 1992). Choice of distribution channel can also influence the control a manufacturer has over the other elements of the marketing mix which help to position a product (Tull and Kahle, 1990). For example, producers cannot legally compel intermediaries to sell their products at stipulated prices, or to advertise their goods in a desired manner. Distribution therefore has influence in product positioning.

OUTCOME OF THE POSITIONING PROCESS

The elements of the marketing mix described above are the tools which the marketer can utilise in attempting to create or influence consumer perceptions of products, i.e. position the product. To achieve a distinctly perceived market position, each of the elements of the mix must be compatible and stress the same key point of differentiation (Arnold, 1992). The communicatory part of the positioning process can be said to have been well executed should the intended position be congruent with that which is actually perceived. However, because product purchase is dependent upon both effective communication *and* prior conceptualisation of an appealing positioning concept, the entire positioning process can only be said to be successful should both parts have received attention. Failure at some stage in the process may manifest itself in one of the following ways (Kotler, 1991):

1. underpositioning: buyers have limited product knowledge;
2. overpositioning: buyers have too narrow a perception of the product;
3. confused positioning: buyers have conflicting perceptions of the product; and
4. doubtful positioning: buyers find it hard to believe the projected perception.

Considering the numerous possible sources of information on a product, and the complexities of human perception and data processing, it may be difficult to precisely explain why any of these undesirable scenarios should arise. However, there would appear to be certain generalisations that can logically explain each outcome. Underpositioning suggests fault in the process; that is, failure to direct the marketing effort towards the target customer. Overpositioning implies clear receipt and processing of the positioning information, but perhaps indicates that an inappropriate positioning concept has been chosen. Conflicting perceptions may result from the consumer having received conflicting cues from different elements of the marketing mix - for example, a price which appears incompatible with the package design. Doubtful positioning implies a similar incongruity between information, but more specifically suggests that an articulated claim has been made for a product (e.g., in an advertisement) which is in itself rather ludicrous.

The importance of the perceived position of a product is that, as far as the consumer is concerned, perception is reality. This reality then dictates purchase choice. In the absence of more concrete evidence on a product gained via actual consumption or use, the information cues obtained from the sources discussed above are the only means the consumer has of assessing a product. The intention is therefore to initially position the product using the marketing mix in such a way that it will initiate purchase. However, the product perceptions gained from indirect sources are weaker than those formed from direct experience (Fazio and Zanna, 1978), meaning that crucial repeat purchase is dependent upon the outcome of past purchases rather than perceptions built by marketing communications (Ehrenberg, 1988). There is therefore a certain fragility inherent in any market position which is not reinforced by experience. This strong influence of actual product usage explicates why promotions are thought mainly to strengthen existing perceptions and behaviour, and rarely to motivate changes in action (Arnold, 1992; Foxall, 1983). It also suggests why certain products can overcome negative publicity or even a one-off unsatisfactory usage experience; strength and resilience is gained from past positive experiences. It is thus rather a tautology to state that a strong product or brand is one which can survive in adversity, or one which has high perceived quality.

The actual reason for a product's sustained success therefore goes back once again to a product's ability to meet true needs and wants. The process of positioning may itself be well executed, but it has limited abilities to compensate for any fundamental product failing incurred at a prior stage of the marketing process. However, should competing products have very similar abilities to satisfy the consumer's most salient needs, then positioning may be used to gain a competitive edge by clearly communicating to the target customer exactly what differentiates a product.

THE ROLE OF BRANDING

A brand is, "A product - a good or service - with a set of characteristics which clearly and readily differentiates it from all other products" (Baker, 1990: 33). This differentiated product is, quite logically, the output of the process of branding, which in turn is defined as, "The practice of creating a unique name for a product and giving marketing support to that name" (Baker, 1990: 33). It is clear, therefore, that a brand is not simply a product with a name, and that branding is not only concerned with choosing and applying that name. Rather, the process of branding extends to developing a distinct, differentiated perception of a product, a task the name itself cannot carry out in isolation (de Chernatoney and McWilliams, 1989). Instead, this is done by the 'marketing support' Baker refers to, i.e. the elements of the marketing mix. Branding is, therefore, essentially the positioning of a product which has been given a unique name.

By far the more important part of the branding process is not the application of the brand name (which is a one-off decision), but the subsequent, ongoing, use of the marketing mix to achieve and maintain the desired perceived position. Indeed, definitions of branding often even omit the naming of the product; Murphy, for example, describes it as, "assembling together and maintaining a mix of values, both tangible and intangible, which are relevant to consumers and which meaningfully and appropriately distinguish one supplier's brand from that of another" (1987: 1).

Because branding is virtually synonymous with positioning, how and why it is practised have already been discussed at length in this chapter. Such a theory of positioning may be found in mainstream marketing texts which do not explicitly pertain to branding. Texts which are devoted to branding take, by definition, a different perpective, but are essentially reiterating what may be found elsewhere (a number of such texts have recently been published; e.g., Arnold, 1992; de Chernatoney and McDonald, 1992; Aaker, 1991). These publications do, however, tend to employ different terminology in placing emphasis on the 'brand' rather than the 'product'. The key branding terms used, and their equivalent 'non-brand' definitions are as follows.

1. 'Brand image' - Baker defines this as the, "overall impression created in the market place by any one brand" (1990: 33). It is thus equivalent to a perceived market position. Baker goes on to state that it is composed of all characteristics of a product, whether real or imaginary, i.e. both the tangible and intangible product features previously mentioned. Arnold (1992) and Murphy (1990) also emphasise the fact that a brand has both tangible and intangible attributes. That a brand has one, overall image composed of information from various sources is stressed by Murphy's (1987) reference to a brand's 'gestalt'.

2. 'Brand loyalty' - this is defined as, "For any one brand, the extent to which users of that brand re-purchase it, and, in any one market, the extent of loyalty that obtains across the spread of brands" (Baker, 1990: 33). The influences of a company's positioning efforts and the consumer's direct experience on repeat purchase have already been discussed. Any brand loyalty displayed by a customer is not irrational, but based upon satisfaction with the product and appeal of its differentiating feature. This differentiation *may* be on image rather than a more tangible attribute, but nevertheless it still logically explicates loyalty.

3. 'Company brand'/'corporate brand' - this appears to refer to a company which has been branded and 'packaged' using the same principles that govern the positioning or branding of a product (Murphy, 1990). That is, it is presented in a distinct,

coherent, differentiated manner. 'Corporate identity' is closely related to the corporate brand. Ollins (1989) believes that everything the organisation does or sells, from its products, buildings, and communication materials, to the way its staff behaves, is an affirmation of its corporate identity. Just as perceptions of a product can be influenced by the corporate brand image, so the image of a company is influenced reciprocally by perceptions of its products (Park , Jaworski and MacInnis, 1986).

4. 'Added values' - a term used by, for example, Jones (1986) and de Chernatoney and McDonald (1992), to represent those characteristics of a product responsible for its differentiation, which thus provide the motivation for its purchase. These added values might derive from any of the previously discussed sources of differentiation - the product itself, services, personnel, or image (Kotler, 1991).

The fact that many of the texts and articles concerned with branding (e.g.: Jones, 1986) are written from an advertising perspective and explicitly or implicitly deal with image differentiation of consumer goods, may explain why some unwarranted mystique is associated with branding (Griffiths, 1992). In reality, branding is a rational, planned process which attempts to create perceptions of a product which will lead to its purchase.

Frequent reference is found in the literature to the importance of a brand name as a shorthand for all properties and attributes associated with a product (e.g., Baker, 1991). Although the brand name in isolation cannot achieve the aim of meaningfully differentiating a product, it does thus play an important part in positioning. The brand name serves as a shorthand because of the manner in which the human mind processes and organises product information received from the marketing mix or elsewhere. It is believed that knowledge is structured into a schema or associative network, in which nodes of product information are connected to the name of that product (Engel, Blackwell and Miniard, 1990). Simply by encountering a brand name, the consumer can therefore recall from memory the entire image they have of that product. The spur for recall need not be the brand name, but might be some other distinct product feature such as its design, logo or colour; hence the importance of also making these unique. However, it is suggested that the brand name is the most powerful aid to recall (Aaker, 1991; de Chernatoney and McDonald, 1992), perhaps accounting for the attention this product feature receives in the literature. This representational or symbolic function of a brand name is quite distinct from its previously discussed ability to generate phonetic associations.

Although a product could be positioned without bearing a brand name, the manner in which a name takes advantage of consumer information processing simplifies the task greatly. For example, from the seller's perspective, promotion is facilitated by the presence of a brand name. Should no name exist, any advertising would be on behalf of all products because the consumer would be unable to link the promotion to a specific brand name (Schewe and Smith, 1983). From the consumer's viewpoint, a brand's image or market position is simpler to create and store in memory when the 'hook' of a brand name exists. Should a clear image be perceived, then decision-making is simplified because the consumer is not required to engage in an extensive information search on each purchase occasion (Dibb, Simkin, Pride and Ferrell, 1991). Simply by spotting the brand name, a host of product information can be instantly retrieved from memory.

Whilst branding facilitates positioning in this way, the principles of identifying an appropriate positioning concept to communicate still apply. Branding is not, therefore, a panacea; its role in target marketing is in efficiently communicating the distinct nature of a product to its target customer.

POSITIONING AND BRANDING IN THE GENERIC MARKETING STRATEGIES

Thus far, the general principles of branding and positioning which apply to any product have been discussed. That is, any product can be positioned somewhere in a market using the marketing mix, and should be differentiated on some product attribute important to the buyer (whether the end user or an intermediary). There are, however, more specific issues regarding positioning and branding which arise within alternative generic marketing strategies.

Kotler's strategic typologies outlined in Chapter Two were distinguished by the number of products and target segments a company was concerned with. Undifferentiated marketing and concentrated marketing both involve the offering of a single product to a market. Differentiated marketing, on the other hand, involves more than one product. In itself, this difference in the size of a company's portfolio impacts on choice of brand name. There are also, however, other differences between generic strategies which influence some part of the branding process.

Undifferentiated marketing

Undifferentiated marketing is an attempt to serve each segment of a market with the same product and marketing mix. This broad appeal does not preclude differentiation, because the product must still be set apart from others seeking to serve the entire market. Brands which fall within Porter's strategy of differentiated marketing might commonly be termed 'mass market' brands, and include the likes of Nescafé or Coca-Cola. These clearly make use of branding in order to create differentiation or added values which are desirable to many consumers. Strictly speaking, these examples do not fall within Kotler's definition of undifferentiated marketing, for these companies now also offer more specialised brands (e.g.: Nescafé Gold Blend; Diet Coke). Nevertheless, they demonstrate that branding can be an extremely important tool to firms who target a wide market.

Firms who follow Porter's strategy of overall cost leadership rather than one of differentiation, may, however, have lesser need to apply a brand name to their product. The criteria defining situations in which a brand name may be unnecessary include where products are of the commodity type, and low-cost production is a strength (Tull and Kahle, 1990). Nevertheless, a failure to attempt to differentiate such products may leave a firm vulnerable to attack from competitors who *do* differentiate. Whilst such differentiation may be introduced without a brand name, the benefits of applying a name have already been discussed. The branding need not, indeed, be exercised on the product, but might be used to discriminate the supplier by developing the corporate brand. The point to emphasise regarding branding within undifferentiated marketing is that whatever the source of competitive advantage a firm possesses, branding can be used at some level to communicate with the broad target market.

Concentrated marketing

Concentrated marketing involves targeting one segment of the total market (or an even smaller niche) with a marketing mix designed specifically to satisfy its unique needs and wants. Such a strategy would appear ideally suited to branding, because the product must be highly differentiated and possess a very precise, narrow image. In products seeking a broader appeal, this would be seen as overpositioning.

Branding may, in theory, be utilised by any size of firm practising concentrated marketing. Small companies - possibly serving only a niche or local market - for whom concentrated marketing is the only viable strategic option (Wright, 1987) may employ the principles of branding despite having limited resources. By definition, concentrated marketing involves efficient use of marketing resources because the target audience is well defined; the expensive national advertising and distribution needed to build a mass brand with broader appeal is unnecessary. Furthermore, positioning involves all elements of the marketing mix, and not simply advertising. Examples of companies who utilise branding within concentrated marketing on a national scale are, in retailing, The Sock Shop, and in the car industry, Porche. Smaller regional companies, and even single outlets such as independent shops or restaurants can also position themselves to appeal to their specific target markets by giving themselves unique names and consistently using the marketing mix to reinforce their distinct images. In each case of concentrated marketing, the pressing need for differentiation can make branding a fruitful tool to employ.

Differentiated marketing

The key feature of differentiated marketing which sets it apart from the other two generic strategies and which influences branding, is that it involves the offer of more than one product to a market. Each product targets a specific segment in the same manner that a product within a concentrated marketing strategy does; that is, the product is given a precise, narrowly focused image. However, the fact that this product exists within a portfolio of others means that consideration must be given to the relative positions of brands *within* that portfolio. This can be at least partly controlled through choice of brand name strategy, or how products are grouped by virtue of similarities in their brand names.

A company which practises differentiated marketing, and which opts to brand its products, will employ one of the following brand name strategies (Tull and Kahle, 1990).

1. Individual product branding - each product has its own unique name which is unrelated to those of other products in the portfolio. Proctor & Gamble, for example, use individual brand names (which include Tide, Bold and Pampers), as do Accor in their portfolio of hotel brands (e.g.: Formule 1; Mercure; Novotel).

2. Product line branding - brands within the same product line are given the same name, which is unrelated to that of other product lines. A product line is defined as, "a group of products that are closely related because they perform a similar function, are sold to the same customer groups, are marketed through the same channels, or make up a particular price range" (Kotler, 1991: 436).

3. Family branding - the corporate name (or some other name) is used in conjunction with an identifying product name. Examples of companies following such a strategy are Ford (Ford Fiesta; Ford Escort; Ford Granada) and Forte (Forte Travelodge; Forte Posthouse; Forte Crest). Murphy (1990) labels this the 'endorsed approach'.

4. Combinations - combinations of two or more of the above.

Choice of brand name strategy affects consumer perceptions of products, marketing costs, and ease of new product introduction. Each of these is influenced ultimately because of the manner in which the consumer links product attributes to a brand name. Should individual brand names be employed, a firm has the opportunity to build discrete brand images for each of its products, and to position them freely as desired in the market (Cravens, 1987). Here, the consumer has no means by which to transfer the attributes of one brand to that of another. Should either family line branding or product line branding be used the consumer can, however, associate either one product brand with another, or product brands with the corporate brand. This reduces the ability to differentiate products (Tull and Kahle, 1990). Within the family brand strategy, the extent to which this is so would appear dependent upon the prominence of the corporate name. Murphy (1990) for example, suggests in his definition of the 'endorsed approach' that a considerable degree of freedom in building an independent brand image still exists.

The decision on whether to associate brands by name will depend largely upon the similarity between products; a family name cannot be applied to quite different types of product such as might exist within a diversified portfolio (Kotler, 1991). Where differences are more subtle, however, the choice of whether to use individual brand names or to use an endorsed approach may be more problematic. Marketers normally discuss this issue in the context of introducing a new product to a market, for this would usually be the situation in which brand name would have to be considered. Here, the decision is on whether or not to 'extend' an existing brand. Brand extension means, "transferring the name of a successful brand to additional products possessed by the company" (Doyle, 1989: 93); i.e., adopting either a family or product line brand name strategy. An extension is appropriate should the new product have a similar differentiating characteristic (Aaker, 1991; Arnold, 1992). For example, a representational or prestige brand name such as Rolex (the watch manufacturer) might be extended to other allied prestige products such as grandfather clocks, but less successfully to functional items such as stopwatches (de Chernatoney and McDonald, 1992).

A further consideration in brand extension is the relative perceived qualities of the new and existing products. (Aaker, 1990; 1991) This is quite independent of the 'fit' between product attributes described above. Research has suggested that the quality perceptions held of an existing brand can be transferred to an extension (Aaker and Keller, 1990). It would thus clearly be pointless to extend poor quality into even a closely allied product area.

The key motivation to employ a brand extension strategy, and which has perhaps lead to its over-use in many markets in the past decade, is an economic one (Arnold, 1992; Sharp, 1991). Promotional costs needed to build awareness and brand image of a new product are lessened should the brand name already be familiar to consumers, and distribution will be easier to gain should the new product carry a name which has been proven successful (Kotler, 1991). Transferral of positive associations can therefore reduce the perceived risk for both the consumer and the intermediary. Furthermore, promotional support for any one of a family of brands should indirectly promote all others, thus creating economies of scale (Morein, 1975).

The risks incurred in following a family brand name strategy are that should any one product fail or receive negative publicity, perceptions of allied products can be detrimentally affected (Sullivan, 1990). Also, the similarity in brand names may reduce the differentiation between products such that market segments cannot identify which products are targeted at them. Instead of each segment perceiving one brand to be suited to its needs - as is the rationale of differentiated marketing - several others might also be perceived as targeted at that segment instead of their intended customer groups. This would result in a situation more akin to product-variety marketing, and would be likely to reduce overall sales because one firm's brands would compete with each other for the same custom. Such a 'cannibalisation' scenario is a danger should positioning be unclear (Traylor, 1986), and the brand name strategy is one possible contributor to this confusion.

Branding within differentiated marketing has, therefore, to take account of a number of factors which do not arise within either concentrated or undifferentiated marketing strategies (but which would come under consideration should expansion take the form of new product introduction). The ability to clearly position each product in the mind of its target segment may be tempered or enhanced by choice of brand name strategy.

CHAPTER SUMMARY

Product positioning is the vital final step of target marketing which communicates the nature of a product to its target market. The intention is to create a clear, distinct and coherent image of a product in the consumer's mind. The positioning concept chosen to project to the consumer should stress a point of differentiation which not only sets the product apart from competing products, but distinguishes it in a manner which is important enough to the target buyer to motivate purchase. Communication of the chosen market position to the consumer is attempted using each of the elements of the marketing mix; however, the desired perception may not be sustained - or even initially achieved - because product information can be gained from other sources. The most powerful influence on attitudes towards a product is actual product usage.

Branding can play an important role in positioning any product which must be differentiated from its competitors. The brand name acts in a symbolic manner as a shorthand for all attributes associated with a product, including its key point of differentiation or 'added values'. The process of branding includes not only the choice and application of this unique brand name, but also the vital positioning of the brand in the consumer's mind. Contemporarily, these techniques are often applied to companies as well as their products. Companies which offer more than one product to a market (i.e., practise differentiated marketing) must carefully consider brand name strategy, for consumer perceptions of a product can be influenced by attitudes towards other brands which share the same name. This transfer of associations can be used beneficially in extending a successful brand, but is not appropriate in every situation. The key point within all generic marketing strategies is that a suitable point of differentiation should be sought, and that branding is often an effective means of generating consumer awareness of this distinct nature of a product.

CHAPTER FOUR: BRANDING IN SERVICE INDUSTRIES

The processes of target marketing and branding have thus far been discussed without discrimination between physical goods and service products. It is accepted today, however, that marketing within service-based industries differs significantly enough from that within goods industries to warrant special attention. As it is now two decades since the initial flourishing of interest in services marketing, a substantial body of literature has accumulated on the topic (e.g.: Zeithaml, Parasuraman and Berry, 1985), pointing out how the key differences between goods and services influence particular functions of marketing. The large companies which have emerged during this rapid growth phase of the service sector have adopted increasingly sophisticated marketing methods. Branding is, however, a relatively recent addition to such techniques (Murphy, 1987). Little has thus been written on this subject (King, 1991), although its use within industry has accelerated dramatically (Arnold, 1992). The aim of this chapter is to explore how the theoretical perspective discussed in the preceding chapters applies more specifically to service-based companies. The rationale of branding within the service sector and the concept of the service brand are discussed first. Following this, the alternative means of conceptualising a service brand are explored, and finally, the impact that each of the inherent major differences between goods and services has on the positioning and branding of service products is considered.

THE NATURE OF THE SERVICE PRODUCT

Although products are normally classified discretely as either goods or services, virtually every offer made to a market would appear to contain some element of both. All products therefore fall into a continuum in which the service element ranges from being a minor to a major part of the total product offering. For the purposes of convenience, this continuum can be divided into the following categories (Kotler, 1991):

1. pure tangible goods - the offer consists almost entirely of a tangible good; e.g., packaged foods, soap;

2. tangible goods with accompanying services - the physical product is enhanced with services; e.g., a car might be accompanied by delivery and a maintenance programme;

3. major services with accompanying minor goods and services - the service forms the core of the offer, but a physical goods may be required for its rendering; e.g., the provision of an accommodation service requires the existence of a hotel building, furnishings, and food (the accompanying good may be referred to logically as the 'facilitating good')(Sasser, Olsen & Wyckoff, 1978); and

4. a pure service - the offer consists primarily of a service; e.g., massage, legal advice.

The subjects of this chapter are those total product offerings dominated by the service element (categories 3 and 4). Because the word 'services' technically refers to the service element of any total product offering - be it the significant part of that total offering or only an accompaniment to a physical good - 'service brands' can exist both in goods-dominant and service-dominant industries. Ford, for example, provide a service brand entitled 'Options' which assists consumers in their purchase of Ford's goods brands. The focus here is those industries which exist for the very purpose of providing a service; 'services branding' is therefore used in a general way to mean any use of branding within such industries.

RATIONALE OF SERVICES BRANDING

Target marketing is as appropriate to service-based companies as it is to firms operating in the goods sector. The pressure to segment the market, accurately identify the needs of each segment, and tailor the total product offering to meet these needs, is today felt by service companies just as it long has been by goods firms. Until recently, however, deliberate strategies of concentrated or differentiated marketing have been surprisingly rarely followed (Norman, 1991). Because products were not distinctively positioned to appeal to particular customer groups, branding was not actively used. Today, differentiated marketing is increasingly being used by larger companies in industries such as financial services, transport, tourism, hotels, and catering. Concentrated marketing is also used by large and small firms alike. The distinctive positioning required within such strategies has naturally meant espousal of the techniques of branding; that is, all the elements of the marketing mix are co-ordinated to clearly communicate what a total service product offers. The aim is also, as in goods branding, to in some way differentiate the distinctively packaged service brand from those of competitors.

Branding within the service sector is perhaps commonly thought to be limited to use by large companies with national presence. British Airways, for example, offers seven distinct travel brands (Concorde, First Class, Club World, Long-haul Economy, Club Europe, EuropEconomy, and Super Shuttle), and Forte now have a portfolio of hotel brands (including Travelodge, Posthouse and Crest). Large, standardised chains are also often strongly associated with branding. The fast food industry is replete with examples such as McDonald's, Wimpy, Pizza Hut and Burger King. Branding does, however, have a much wider application, its principles being pertinent to small, independent service providers who hope to compete using a concentrated or niche strategy. In the context of retailing, for example, successful small firms have often had to create distinct, coherent images in order to combat the power of large multiples (Davies and Brooks, 1989). It is also undeniable that a single hotel such as Gleneagles has a unique, differentiated image, summed up by what is effectively a brand name. The basic rationale of branding within the service sector is therefore identical to that within goods industries. Market evolution has compelled strategies of concentrated or differentiated marketing, within which branding becomes a particularly potent tool for creating distinct, differentiated product images.

THE CONCEPT OF THE SERVICE BRAND

Whilst the principles of branding are appropriate to any size of company, the literature on services branding does tend to implicitly define a brand as a standardised entity provided on a widespread geographic basis by a larger company. The actual form of this entity referred to as a 'service brand' varies within the literature, and might be any of the following:

1. a branded service provided by a firm;
2. a chain of standardised service outlets; or
3. a company (i.e., a corporate brand).

Due to the diversity of the service sector, not all of these different conceptual forms of brand exist in all industries. In discussing each type of brand, the industries to which it is pertinent will be considered.

The branded service

A brand defined in this way is a service package provided by a business unit. It has a clearly defined content, developed to meet the needs of a particular market segment. Examples are financial accounts such as Nationwide's 'Flexaccount', types of air travel (e.g., British Airways' brands), and service packages offered by hotel chains (e.g., Hilton's 'Meetings 2000' conference service). The creation of these products is often referred to as the 'bundling' of services; a number of separate services are linked together into an entity which is easy to identify and purchase. The company has removed the need for the consumer to inconveniently piece together his or her own product: essentially, the service offering has been simplified. A more extreme example of bundling than those given above is the package holiday. Due to their clearly defined content, these service bundles are very amenable to branding. They can be given unique names which come to act as a shorthand for the bundle's content, and the elements of the marketing mix can be consistently used to reinforce the image of the brand.

A branded service bundle is inseparable from the entity perceived to offer it. A brand such as a hotel conference package cannot, for example, meaningfully be dissociated from the name of the hotel which provides it, nor can a financial service be separated from the bank which operates it. Because the consumer focuses on the name of the service provider, the name of that provider can be said to heavily endorse each service bundle. In the goods sector, the product brand is not inextricably linked to its 'provider' - the manufacturer - in the same way. The goods brand can always be seen as an entity discrete from the company responsible for its production, although where a firm follows an endorsed brand name strategy, the association between product and company is clearly greater. The key point is that the goods provider has the *choice* of endorsing the brands it offers, an option not available to the provider of a branded service bundle.

Dependent upon the scope of a service provider's business activities, and how it has segmented and targeted the market within this range, a number of branded service bundles may be offered. A single hotel chain, for example, can offer several service brands (e.g., a conference package and a weekend break package). A financial institution has a similarly wide range of customer groups with different needs, a basic distinction being between corporate and individual clients. These might in turn be segmented into many more groups requiring different services (mortgages, investment accounts, current accounts, and so on). The business domain of companies which practise concentrated, rather than differentiated marketing is, by definition, much smaller. This in turn reduces both the ability to create, and necessity for, branded service bundles. The services provided by many fast food companies are examples of such narrowly targeted offerings. Here, each consumer purchases virtually the same total meal experience from the renderer of the service, even though various different food items may be selected within this holistic experience. An alternative way of viewing this situation is to interpret the services not as being inseparable into bundles, but as themselves forming one branded bundle. Rather than the service provider endorsing each branded service bundle, the provider and the bundle are actually *synonymous*. For example, whilst McDonald's is a company providing a service package (the meal experience), its name is used as a surrogate for any such meal within one of its outlets. The consumer thus "has a McDonald's".

The two possible relationships between branded bundles of services and the entity providing them are represented diagramatically in Figures 4.1 and 4.2, where n = number of branded service bundles.

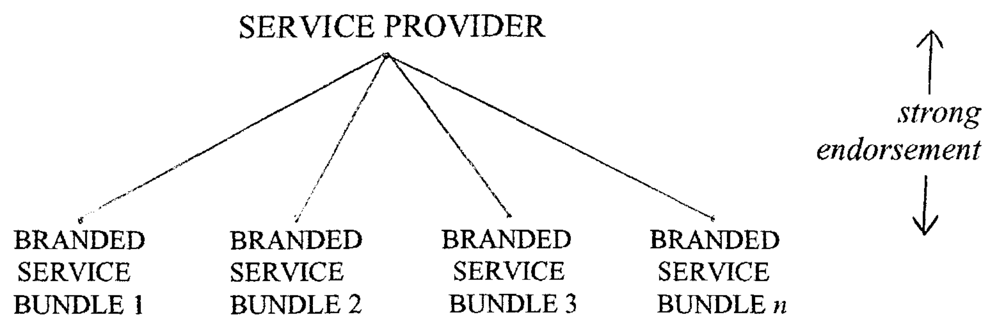


Figure 4.1: Service provider offering multiple branded service bundles.

Due to the inseparability of any branded service bundle and its provider, the consumer's perceptions of the provider are of great salience. It therefore becomes necessary not only to brand and position the service bundle, but also to carefully present the image of the service provider. In effect, this means treating the renderer itself as a brand. This explicates the fact that a 'service brand' can also be conceptualised as a chain or as a company. In goods industries, the value of the corporate brand as a point of differentiation between otherwise very similar goods is increasingly being recognised (King, 1991). It is rather ironic that goods marketers should be adopting practises which have always inherently pertained to services, for normally services marketing is seen to draw on the wisdom of its longer-established goods counterpart.

Figure 4.2: Concentrated marketing strategy in which services form one bundle synonymous with service provider.

The chain brand

The brand conceived of as a chain of outlets exists only in certain service industries. These industries are those in which the service is rendered on the premises of the service provider. That is, a major facilitating good, a physical outlet, is required. The chain brand is essentially only a distribution channel for services, but in industries such as hotels, restaurants, retailing, hairdressing, and many leisure activities (such as ten-pin bowling), it is such a significant part of the total product offering, and so qualitatively different from the distribution channels of other services, that it merits treatment as a brand in its own right. Banking does not truly meet the criterion of an industry in which the chain of outlets can be conceived of as a brand, for although a network of branches might exist which the consumer can visit from time to time to make particular transactions, the actual service is provided on a continual basis without the presence of the consumer on the premises. Indeed, many financial services (e.g., those offered to corporate clients) can theoretically be provided from a central unit without the need for a chain of outlets. Industries which do not support the concept of a chain brand include travel, and any services provided on the customer's premises (e.g., window cleaning, decorating, garden maintenance). Lovelock (1991) provides the classification of services shown in Table 4.1, which demonstrates the two criteria of a chain brand: multiple outlets, and the consumer's presence on the service provider's premises.

NATURE OF CUSTOMER/ORGANISATION INTERACTION	NUMBER OF SERVICE OUTLETS Single Site	 Multiple Sites
Customer goes to service organisation	Theatre	Bus service Fast-food chain
Service organisation goes to customer	Pest control Taxi	Mail delivery AA emergency repairs
Customer and service organisation do not interact	Credit card company Local TV station	Broadcast network Telephone company

Table 4.1: A classification of service delivery methods.
Adapted from Lovelock, 1991.

A chain brand is normally defined as such when the outlets are standardised in some way which extends beyond the sharing of a name. Logically, the services provided by each outlet should be standardised, for these are what the consumer actually purchases and consumes. In order to reproduce these services consistently across the chain, many of the facilitating goods must be standardised. Each restaurant in a chain brand would, for example, be expected to offer similar types of food, and each hotel in a chain brand is likely to have similar leisure, catering and business facilities. The extreme to which this standardisation can be carried is not simply to offer facilitating goods which are similar in their functions, but also consistent in their design. Those chains which most readily spring to mind as being brands are standardised to this extent; examples proliferate in the fast food industry. McDonald's, for example, offers the same menu in most outlets, and employs very similar decor and furnishings across the brand. Here, every element of the total product offering (i.e., services *and* facilitating goods) is replicated.

The name of a chain brand acts as a shorthand for the services offered within each outlet, just as the brand name of a service bundle is intended to summarise the content of that package. As noted above, the chain brand may be synonymous with the services it provides, or a number of separately branded service bundles might be offered by one chain. These relationships between a standardised chain and its services are represented in Figures 4.3 and 4.4, where O = outlet, SB = service bundle, and n = number of service bundles.

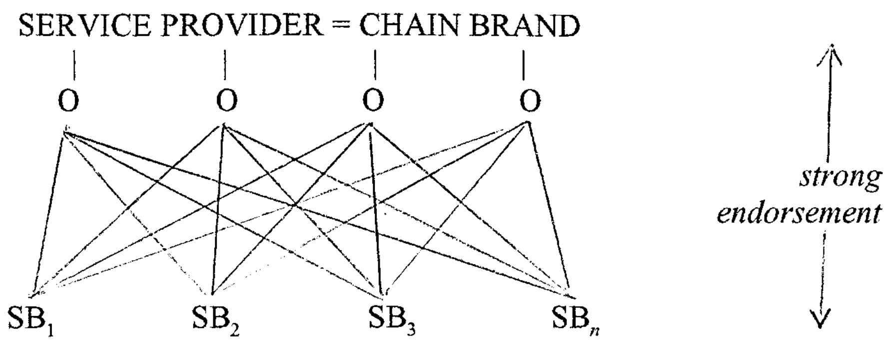


Figure 4.3: Chain brand providing same branded service bundles from each outlet.

The name of a chain brand may or may not be that of the company which operates the chain. Should a company operate only one chain, it is probable that the corporate name will be synonymous with the chain. Examples are McDonald's, Tesco, Marks & Spencer, and Hilton. A company might, however, operate more than one chain in the same generic product-market. Examples of firm's following this strategy are, in the hotel industry, Forte and Accor, and in retailing, The Burton Group and Storehouse. In industries within which the concept of the chain brand exists, there can thus be a complex hierarchy of brands.

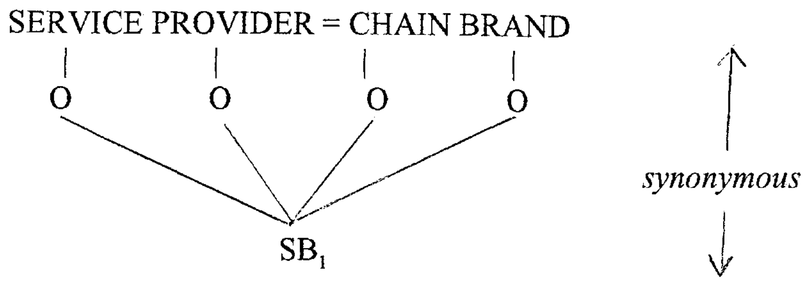


Figure 4.4: Chain brand following concentrated marketing strategy.

The corporate brand

As noted in the previous chapter, the principles of branding can be used to 'package' and promote a company as well as the goods or services it provides. In industries where a chain brand can exist, and the firm operates only one chain which carries its name, the corporate brand is dominant because the consumer directly perceives the company to be the renderer of the service. Should more than one chain exist within a company's product portfolio, the firm does have, however, the choice of endorsing each chain brand (and hence any branded service bundles the chain provides) with the corporate name. At this level of abstraction, the situation facing a service company is congruent with that facing any goods manufacturer. The service firm's decision on whether or not to adopt an endorsed brand name strategy, or to use brand extensions, is based upon the same criteria outlined in the previous chapter. The two basic alternatives in a multiple chain differentiated marketing strategy are represented by Figures 4.5 and 4.6. Between these extremes, a company might choose to endorse certain chains only (if it has expanded beyond a single chain, the first chain is likely to carry the corporate name). Beneath each chain brand there might also exist several branded service bundles, as in Figure 4.3.

It is evident that maximum differentiation between chain brands is possible in Figure 4.5. Here, because the consumer is unaware of the corporate entity behind any chain, it might appear pointless to brand the company. However, the corporate brand might be salient in communicating with other audiences, such as suppliers, investors, or employees (Murphy, 1990).

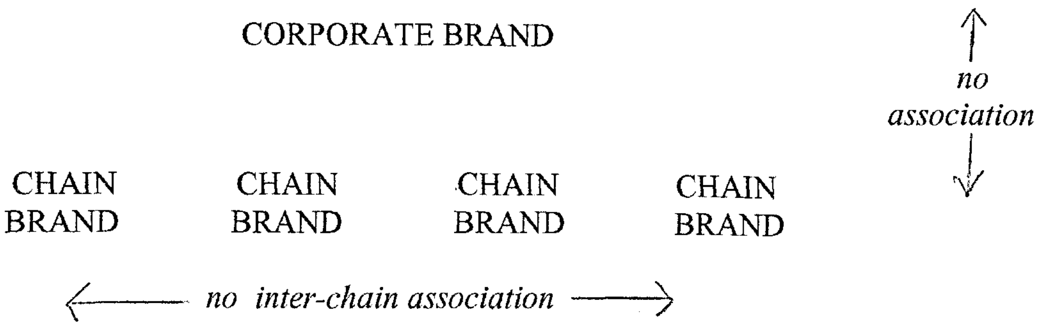


Figure 4.5: Multiple chain, individual brand name strategy.

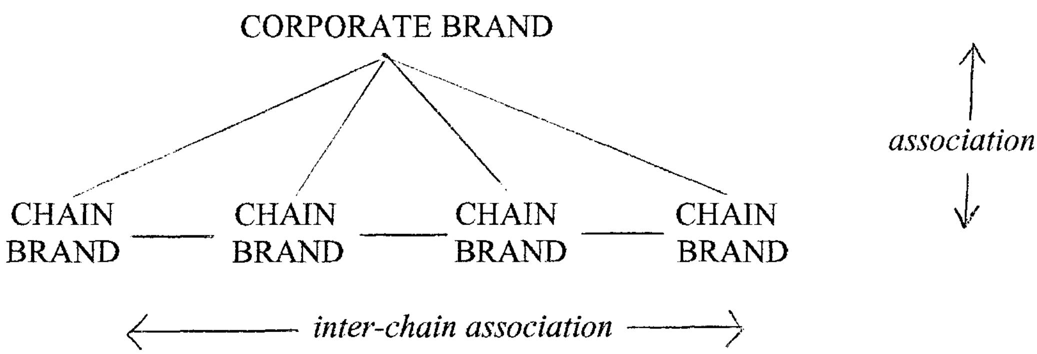


Figure 4.6: Multiple chain, endorsed brand name strategy.

In industries where the concept of the chain brand does not apply, it would appear considerably more difficult to avoid corporate endorsement of any branded service bundle. This is because the company is more likely to be perceived directly as the renderer of the service (i.e., the 'service provider' in Figures 4.1 or 4.2), and cannot use unendorsed chain outlets to 'screen' the company in the way that those firms in other industries can. Should such a firm wish to remove the strong corporate endorsement from its branded service bundles, it must somehow elevate the company name to a level higher than that of the perceived service provider. In effect, it must create the perception that the service is provided by a separate company. In the hotel, restaurant and retail industries, this is done by creating individually named chain brands. Speed (1990) also suggests that in banking, the logical extreme would be to provide each branded account, or family of allied accounts, through its own branch network. Where this method does not exist, distribution channels may still be separated, but perhaps with more difficulty. The 'Concorde' brand is, for example, a mode of air travel discrete from British Airways' other brands, but it would seem very difficult to completely separate it from these other brands and the corporate name at all points of customer contact (e.g.: booking; check-in). Complete dissociation for the purposes of differentiated positioning may thus have to be compromised for the sake of efficiency in both distribution and promotion. Removal of the inherent endorsement may not, of course, be sought in many instances. Should the corporate brand possess positive qualities, it may have a beneficial effect on the consumer's perception of its services.

The fact that in many instances - both in chain and non-chain industries - the corporate brand is perceived to be the service provider, explains why the corporate brand is said to be inherently more salient in services marketing than in goods marketing (Arnold, 1992; Berry, Lefkowith and Clark, 1988). Management of the corporate image is also important in the services sector due to the ease with which branded services bundles can be copied (King, 1991). Just as in goods branding, if the actual contents of competing products are very similar, the point of differentiation can shift to the corporate brand image. Whilst the name of a service provider (e.g.: Holiday Inn, McDonald's) can be protected against fraudulent use through its registration as a trademark, a service bundle cannot be patented in the same way that the design of a physical good might. Competitors could, for example, quite easily and legitimately copy the format of a weekend break, insurance service, or an entire fast food concept.

The corporate and chain brands discussed above are not the actual entities which are purchased and consumed. Rather, they are providers of a service which satisfies needs and wants, in the same way that a goods manufacturer is the provider of a physical product. Often, however, the literature on branding does not discriminate between the alternative conceptual forms of service brand in the way that is does between the product and corporate brands of the goods sector. This is not surprising when the often inextricable links between the alternative types of service brand are considered. These links clearly have impact on how the actual service bundle the consumer purchases is positioned. In order to more fully explore why the service provider should be so important, and to identify the practical implications of its salience, the nature of the service product is discussed further below.

CHARACTERISTICS OF SERVICE BRANDS

The total service product offering has been identified as consisting of some combination of services and facilitating goods. The service which the customer actually purchases and receives benefit from can only be provided in conjunction with its accompanying physical products. A company thus renders a branded service bundle utilising certain goods, these in some instances being the outlets of a chain brand. The service element itself is widely accepted as being characterised by four features (Kotler, 1991; Zeithaml, 1981):

1. intangibility;
2. heterogeneity;
3. inseparability; and
4. perishability.

These characteristics distinguish services from goods, and each has some impact on either the nature of the service brand *vis-à-vis* the goods brand, or how it is positioned.

Intangibility

The intangibility of a service means it has no physical form, and can be perceived by none of the senses prior to purchase (Zeithaml, 1981). This is a key problem in branding, for there is nothing on which to attach a brand name (Murphy, 1990; Stanton, Etzel and Walker, 1991), and the service can be given no distinctive design or colour. These are what makes a goods brand instantly recognisable, and provide the consumer with valuable positioning information cues. In the absence of an assessable physical entity, the consumer relies on evidence from other, more tangible sources (Berry, 1980; Shostack, 1977). Lovelock (1991) identifies these to be:

1. service personnel;
2. service facilities and equipment (e.g.: buildings; equipment);
3. non-personal communications (e.g.: advertising; signage; the media); and
4. other people (e.g.: other customers; word-of-mouth communication).

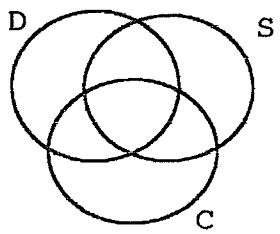
It can be seen that many of these sources also apply to consumer evaluation of goods. However, intangibility suggests that these factors are relied upon more heavily in assessment of service products. Price, too, is used as a source of product information for both goods and services (Zeithaml, 1981), and Berry, Lefkowith and Clark, (1988) stress the importance of the phonetic qualities of a service brand name.

The fact that all tangible elements surrounding the service are used as surrogates for that service's quality goes some way towards explaining why service brand standardisation extends beyond the content of the service bundle actually consumed. Where the service is rendered outwith the company's premises, the consumer will come into contact with staff, and facilitating goods such as vehicles or equipment. If the service is conducted - either wholly or partly - on the organisation's premises, then this physical environment is also an important tangible part of the total product offering (Bitner, 1990; Kotler, 1973). Each of these visual contact points can be consciously designed to communicate to the customer what a brand's market position is (Booms and Bitner, 1982) and can be consistently reproduced across the brand to reinforce its image. Deliberately stressing such tangible cues is often referred to as a means of dealing with the intangibility of the service element (Grore and Fisk, 1991; Bessom and Jackson, 1975).

As many services involve face-to-face interaction between company staff and the customer, uniforms are an important aspect of a service provider which can be standardised (Solomon, 1985). Although uniforms are in themselves useful simply for identifying members of staff, and need not be unique to that organisation in order to do so (e.g., a waiter conventionally wears 'black and white'), a distinctive uniform can help to differentiate a company. Solomon (1985) also believes that a uniform can help to minimise variations in the manner in which staff render services, for when wearing their company's 'livery', employees subconsciously feel a greater responsibility to perform consistently and well.

Up to a point, standardisation in the physical environment of a chain of service outlets is also possible. Although in order to provide the same branded service bundle across the brand, facilitating goods with similar functional abilities will be required (e.g., each hotel in a chain might have the same leisure facilities and standard of furnishings), the design and aesthetics of these may also be reproduced. Kotler (1973) stresses the importance of the design of the total sensory environment, and not only its visual components. 'Atmospherics' thus has aural, olfactory and tactile dimensions. Kotler goes on to indicate the importance of atmosphere in positioning: "atmosphere may serve as a *message-creating medium* by which the vendor expresses various things about his establishment to potential and actual customers. The atmosphere communicates the store's intended audience , its level of concern for customers, and so on" (1973: 54). In a chain situation, absolute standardisation in each and every aspect of the service environment is impossible. In the hotel context, local planning constraints, different levels of demand for certain services in each outlet, rolling (as opposed to simultaneous) refurbishment, and updating of the furnishing supplier's product lines, all limit physical consistency (Slattery, 1991). Dependent upon the nature of a brand's target market, the feasible extreme of environmental standardisation may, indeed, be undesirable. A chain of hotels or restaurants might, for example, have quite architecturally varied outlets which appeals to its customers. This does not preclude the chain having a very distinct brand image, or consistency being achieved in the content of service bundles and the quality of how they are rendered.

It is clear that the physical standardisation possible in a chain falls on a continuum. It is debatable if any cut-off point exists at which a chain can no longer be defined as a brand, for standardisation (and hence a distinct image) can be achieved in other parts of the total product offering. However, those firms which seek consistency in as many elements of their product as possible, including the important tangible surrogates for service quality, would logically be expected to build a more precise image. As each outlet is potentially a brand in its own right, the greater the heterogeneity in the tangible elements between outlets, the more diverse the individual brand images are likely to be. This in turn suggests a diffuse chain brand image. In the context of retailing, Linquist (1974) represents this as in Figure 4.7.



S = store image
C = chain image
D = image of department within store

Figure 4.7: Relationship between chain, chain outlet, and outlet department images.

The ideal situation for a chain wishing to create a distinct and coherent image would be for complete convergence between the three images of chain, store, and department.

Although the degree of physical standardisation in a brand can vary through imposition or choice, it is undeniable that the intangibility of services means that their positioning must involve consideration of the tangible facilitating goods. The physical environment in particular can significantly affect customer satisfaction where the service is provided on the seller's premises. As positioning involves all elements of the marketing mix, tangibles such as this physical environment can be regarded as important elements in the services marketing mix (Bitner, 1990).

Heterogeneity

The heterogeneity of services refers to variations in their manner of provision which arise because of human involvement. This is quite distinct from variations in any facilitating goods, discussed above. The fact that human attitudes and behaviour cannot be precisely controlled is said to be a distinct problem in the branding of services (Murphy 1990), for consistent quality is traditionally seen as a responsibility of brand ownership (Stanton, Etzel and Walker, 1991).

Inconsistencies in the service itself might occur in either the service delivery process, or in the nature of personal interactions between staff and customers (Martin, 1986; Kotler, 1991). Thus, although the intended content of a branded service bundle is relatively simple to define (e.g., a weekend break package gives use of certain facilities and contains a defined number of meals), the quality of its provision is harder to control (a booking might be lost, or a meal badly served). Such heterogeneity in service quality might arise both over time in a single outlet brand, and/or between outlets in a chain brand. Whilst any such variations in how a service is rendered does not disqualify that service or its provider from being labelled a brand, to be perceived positively, a brand should, of course, aim for consistent high quality. It is arguable, therefore, that invariant quality is not a 'responsibility' of brand ownership, but is rather one of many attributes which form any brand's image.

Undesirable heterogeneity arising from the both the service delivery process and the staff-customer encounter can be minimised. A large part of the process is likely to be conducted behind the consumer's 'line of visibility' (Shostack, 1987), that is, the customer cannot observe it, and may be entirely unaware of its existence. This can be standardised through adherence to specified operating procedures. An example of such guidelines is the setting out of how a hotel booking is recorded, confirmed, and relayed to other departments. The extreme of process standardisation would be the complete removal of human participation and its replacement with equipment, i.e., automation (Lovelock, 1991). It would be expected, and indeed is normal, that chain brands have detailed operating procedures as part of the total product specification. The intention is to minimise the need for employees to exercise their own judgements on how to render the service, meaning the service can be consistently reproduced regardless of which individuals are involved. Standardising the service delivery process in this way suggests little leeway to accommodate the idiosyncratic needs of specific customers. However, flexibility can be *inbuilt* into a process (Martin, 1986). This means that personal requests can to some extent be accommodated in a standardised service brand, without, still, the need for individual employee judgement. The independence of customisation and personal judgement are demonstrated in Table 4.2.

EXTENT TO WHICH CONTACT STAFF USE JUDGEMENT IN MEETING INDIVIDUAL CUSTOMER NEEDS	EXTENT TO WHICH SERVICE CHARACTERISTICS ARE CUSTOMISED High	 Low
High	Taxi service Surgery Beautician	Education (large class) Preventive health programme
Low	Hotel Restaurant	Fast food Public transport

Table 4.2: Customisation and judgement in service delivery.
Adapted from Lovelock (1991)

It is thus the case that a branded service bundle, which by definition has a clearly defined content, can nevertheless provide some latitude for the customisation often suggested as a means of dealing with the heterogeneity of services (Bell, 1981;

Berry, 1980). For example, the fast food chain, Burger King, which offers a very standardised total meal experience, nevertheless attempts to differentiate itself by providing the diner with the opportunity to customise his or her own burger. Here, dealing with such requests is an integral part of standard operating procedures. The extent of customisation in the fast food sector, is nevertheless, very low in absolute terms. Levitt (1972; 1976) refers to this degree of standardisation as the 'industrialisation' of services. It is feasible where consumers value the speed, consistency and price savings possible through routinised procedure and narrow service bundle content (Lovelock, 1991). In selecting the degree of customisation possible in a branded service bundle, it would appear a balance must be sought between accommodating the ultimately unique needs of individuals within a target segment, and maintaining the specificity of the service's specification at such a level that it can actually be defined as a brand.

The second source of service heterogeneity arises in the personal interaction between customer and employee. In services reliant upon a high degree of personal interaction, such as those within the hospitality industry, the attitudes and skills of contact staff are extremely salient in determining customer satisfaction with the overall product offering (Saleh and Ryan, 1991; Sparks and Callan, 1992). This does not, of course, negate the need for satisfactory tangible facilitating goods (Saleh and Ryan, 1992); e.g., poor quality food cannot be fully compensated for by the friendly service of restaurant staff. The importance of the 'conviviality' of the service encounter implies that, in order for a service brand to be positively perceived, standardisation across a brand in this product feature should be sought. It also suggests that this might be an important point of differentiation for a brand should the actual content of its service bundle be very similar to that of competitive offerings. The key dimensions of contact employees' attitudes have been identified as (Parasuraman, Zeithaml and Berry, 1985; 1988):

1. reliability (consistency of performance);
2. responsiveness (willingness and readiness to provide the service);

3. assurance (credibility, competence, courtesy, and keeping customer informed); and
4. empathy (approachability, eye contact, and the making of an effort to understand the customer's needs).

Variations in such service features can be minimised through considered recruitment and investment in appropriate staff training (Kotler, 1991).

Whilst the heterogeneity in the quality of a service's provision can be controlled by the means discussed above, it will always be the case that a service brand differs inherently from a goods brand regarding standardisation. The consumer can never be assured that a service will be exactly reproduced, as can a physical product. Nevertheless, relative to *competing services,* rather than goods, a greater consistency in quality can be a service brand attribute potent in positioning.

Inseparability

Whereas physical goods can be stored between production and consumption, services are typically produced and consumed simultaneously (Regan, 1963). This can affect both the heterogeneity of the service, and the importance of tangible facilitating goods.

In situations where the service is performed on the consumer, rather than on their goods or other physical possessions, that consumer actually participates in the production of the service (Zeithaml, 1981; Booms and Nyquist, 1981). The quality of the service encounter therefore depends not only on the employee, but also on the recipient of the service. Potential heterogeneity is thus greater than if only trained personnel were involved. The opportunity to control quality through centralised mass production is also largely unavailable to the service organisation because of inseparability. (Upah, 1980). A wide geographical area cannot be covered from a single outlet should the consumer's presence on the service organisation's premises be required. It would also be inconvenient to send personnel far afield from a central point to provide those services which necessitate the organisation going to the customer. It is clearly for this reason that chain brands exist. The only means to increase geographical coverage for companies in, for example, the hotel and catering industries, is to use multisite locations (Carman and Langeard, 1980).

Inseparability lies at the heart of why a service cannot be dissociated from its provider, and the consequent importance of treating that provider, as well as its service bundle, as a brand. The fact that the subject of the service - often the consumer - must frequently be present on the service provider's premises, or at least come into contact with its personnel, explains why such emphasis should be placed on the presentation of these tangible facilitating goods. Non-contact staff, or company premises which are not visited by the consumer, are less important as far as positioning the brand in the eyes of the consumer is concerned. Inseparability thus affects both the nature of the service brand (by contributing to its heterogeneity), and how it is positioned (by forcing the consumer into contact with tangible product cues).

Perishability

Perishability is closely linked to inseparability, and hence has a similar impact on services branding. Because production and consumption of a service occur simultaneously, it is impossible to store service-based products for future consumption (Bessom and Jackson, 1975). This has the potential to increase fluctuations in service quality (Zeithaml, 1981), for at times of peak demand, an inventory of services cannot be called upon. Service personnel may therefore be under pressure which causes deviation from standard operating procedures, or reduces the quality of the personal encounter with the customer. One common strategy used to cope with peak demand is the employment of supplementary part-time or seasonal staff (Sasser, 1976). The risk here is that a lack of training given to such employees can also have a detrimental effect on the consistency of quality. Another means of dealing with perishability suggested by Sasser is to employ differential pricing. This involves filling off-peak troughs in demand (possibly by shifting some of peak demand) by offering special discounts. This concept is taken to its extreme by American motels who continually update their prices to reflect demand, and electronically display these constantly changing tariffs on the highway. Such variation in an important element of the marketing mix does, however, suggest that the brand might develop an imprecisely perceived market position. That is, the consumer may be unsure as to what the brand offers because varying prices provide conflicting product information.

Perishability does also provide opportunities for branded service bundles. Indeed, many such packages were developed to stimulate off-peak demand or to utilise facilities operating below capacity. A typical example is the hotel weekend leisure break, which is intended to maximise occupancy at a time when business demand is low.

The combined effects of intangibility, heterogeneity, inseparability and perishability are that the consumer perceives greater risk when purchasing services than when purchasing a physical good (Eigler, Langeard, Lovelock, Bateson and Young, 1977). The services buyer has no tangible entity, other than facilitating goods, to evaluate prior to purchase. A service cannot be 'tried on' or tested to provide reassurance that the product will satisfy needs. It is also unlikely that a service will be sold with any form of warranty or guarantee, and any service which fails to satisfy cannot be 'returned' as a physical good might be. Furthermore, the technical nature of many services (e.g.: financial services; health care) makes them difficult for many consumers to evaluate both prior to purchase and after consumption (Zeithaml, 1981). The difficulty in describing services, which arises from their intangibility (Berkowitz, Kerin and Rudelius, 1986), is thus added to in such instances. Quite apart from inherent heterogeneity, there are thus a number of characteristics of services which potentially cause the consumer to be less confident in their purchase than those of goods.

It is perceived risk that a branded service is designed to minimise. Once the consumer knows what a brand name stands for, he or she can be assured to some extent that any service bearing the brand name will have the same content and quality. Initially communicating the nature of the service to the consumer is facilitated by branding for reason discussed in the previous chapter. In complex technical services, branding and simplifying each service bundle would appear particularly important. The intention should trial purchase be induced, is then clearly to generate repeat purchase. The risk associated with services would logically suggest that, should consumers seek to avoid risk, brand loyalty to a service which has proven to be satisfactory should be strong (Zeithaml, 1981). Research has indeed suggested that brand loyalty is an important means of reducing the risk associated with the purchase of certain services (including fast food, banking and restaurants), although not in choice of hotels (Mitchell and Greatorex, 1992). The inherent nature of services would suggest that even a chain brand which is highly standardised in all elements of the marketing mix cannot be free of unpredictability and risk. Despite the unifying power of the brand name, the consumer may, therefore, judge each chain outlet independently. A service brand is thus more of a collection of individual experiences than is its goods counterpart; whereas the goods brand is assumed to be perfectly replicated unless proved otherwise (Jones, 1986), the service brand must strive to overcome inherent non-standardisation and form a distinct, coherent image.

CHAPTER SUMMARY

Branding in service-based industries has come to recent prominence due to the adoption of concentrated and differentiated marketing strategies. These have brought a need for brand images which are both distinct enough to communicate the nature of the brand to its target consumer, and to differentiate the brand from those of competitors. The service brand actually purchased and consumed is a bundle of individual services which have been packaged together into a convenient entity which is simpler for the buyer to comprehend, and easier for the firm to promote. This service bundle is provided by a company, either directly, or through a chain of outlets. Due to the inseparability of the branded service bundle from its provider, both the company and, where appropriate, the chain, can be regarded as a brand.

The characteristics of services cause both the nature of the service brand, and how it is positioned, to differ from that of physical goods. Inseparability forces the consumer into contact with the service provider and any facilitating goods; these tangible product features are in turn used as valuable sources of information on the intangible service, and are thus powerful positioning tools. The heterogeneity of services - contributed to by their inseparability and perishability - is a characteristic which distinguishes any service brand from its goods counterpart. For a service brand to be positively perceived, these variations in the quality of a service's provision must be minimised. The extent of standardisation employed in other aspects of the total product offering can vary through choice or imposition, but a lesser degree of uniformity in, for example, interior design of chain outlets, does not preclude that entity from being defined as a brand. Extensive standardisation in all elements of the marketing mix does, however, suggest a precise brand image is easier to build.

CHAPTER FIVE: BRANDING IN THE HOTEL INDUSTRY

This chapter, and those subsequent to it, focus on the use of target marketing and branding within one specific U.K. service industry, that of hotels. The empirical research documented in Chapters Six and Seven aims to assess to what extent the key objectives of branding in this particular product-market have been met, and whilst the rationales of goods and services branding have already been discussed, it is nevertheless necessary to give here a more detailed account of why branding should today have become so important to hotel companies. This chapter firstly defines the concept of a brand in the hotel industry, and then sets the context to contemporary brand strategies by documenting the evolution of hotel marketing strategy and branding. The current structure of the U.K. industry and present day marketing strategies are then discussed. Case studies are used to demonstrate how target marketing and branding have been employed by major companies operating in the U.K. Consideration is then given to how independents have used the principles of branding to remain competitive with the more powerful chains.

THE CONCEPT OF THE BRAND IN THE HOTEL INDUSTRY

The previous chapters have identified that a brand is a named product which is perceived by the customer as having a clear, differentiated image. A service brand may be defined as a bundle of services, a chain of outlets, a company, or, the author has postulated, a single service outlet. Each of these forms of brand exists in the hotel industry. Examples are:

1. branded service bundle: a conference package, such as Hilton's 'Meeting 2000,' or a themed short break, such as Forte's 'Leisure Break';

2. chain brand: Forte Posthouse, Novotel, or Holiday Inn;

3. corporate brand: Forte, Mount Charlotte Thistle, or Accor; and

4. single outlet brand: Gleneagles Hotel.

This chapter is mainly concerned with the chain brand, for these are growing in significance within the industry. The aim is to highlight how and why these have emerged, and to identify in what ways branding has been used in their positioning. Before doing so, it is necessary to discuss in greater detail what forms the hotel chain brand may take.

The nature of the hotel product means that it is possible to identify different types of chain brand. The distinctions between these are important because they affect positioning. The basis for classification is the degree of product standardisation across the chain. The greater the consistency, the simpler it is to clearly position the chain and generate a distinct brand image (Slattery, 1991).

The aspects of a chain brand which may be standardised were discussed in Chapter Four. More specific to the hotel product, Slattery (1991) identifies the following product features which may be replicated across a chain:

1. internal physical features: types, qualities, styles and layouts of furniture, soft furnishings, electrical equipment and occasional equipment, in all parts of the hotel;

2. range of customer services: room service; lobby service; restaurant and bar services; other services (e.g., conference organising, sports monitoring, parking); and

3. technical and social skills of staff (detailed in job descriptions).

The inherent nature of the hotel product, does, however, limit the standardisation which can be achieved. The following constraints on brand consistency have been identified by the same author.

1. The large number of facilitating goods within the hotel. Items such as beds, radios, and telephones are normally purchased from manufacturers who may change their own brand specifications over time.

2. Rolling refurbishment. When a chain brand's specification is updated, the internal specifications of each hotel in the chain cannot be instantaneously and simultaneously altered. Rather, the old specifications must co-exist with the new for a period.

3. Local demand patterns. Each hotel in a chain has a unique pattern of demand for its services and facilities. There may, for example, be wide variations in demand for conference facilities or restaurant services between hotels in a chain, caused simply by their different locations. Each individual hotel must therefore be sensitive to its own environment, and forego some standardisation.

4. Heterogeneity in external specifications and architecture. Many U.K. chains are collections of architecturally diverse properties, perhaps including historic listed buildings which cannot be significantly adapted either externally or internally. The greatest opportunity for replication clearly exists in 'new build' chains. In the U.K., scope for such construction is widest in the budget lodge sector. Even here, however, local planning constraints and nature of the site are likely to deny absolute standardisation.

In addition, Slattery points out that the nature of the hotel product means distinctly different customer groups (e.g., business and leisure guests) may be brought together. Even within these segments, considerable heterogeneity can exist in ages, socio-economic profiles, cultures, occupations and lifestyles. Since other customers effectively form part of the overall tangible product used in assessing a hotel and gaining an indication of its market position, they too restrict product standardisation.

The factors discussed above mean that hotel chain brands fall on a continuum of standardisation. Kleinwort Benson (1990) label those towards the extreme of high standardisation, 'hard' brands, and those characterised by heterogeneity, 'soft' brands. The latter meet only the minimum criterion required to be classified as a brand, that of each hotel carrying the same name. Any chain comprised of hotels which do not share the same name cannot be defined as either a hard or soft brand. Connell (1992a) identifies hard brands as having greater consistency than their soft counterparts in the physical product, service range, price, and types of location. In addition, he considers hard brands to have a greater geographical coverage of the U.K., and to place greater emphasis on product planning and development and on national promotion than soft brands.

This classification of chains as either soft brands, hard brands, or unbranded chains provides a useful language for discussing developments in the industry.

THE EVOLUTION OF HOTEL MARKETING STRATEGY

Chain brand development in the U.S. market

The origins of branding within the hotel industry are to be found in the U.S.A., and it is also in this geographical market that the greatest number of chain brands are currently to be found. It is therefore useful to precede a discussion of hotel branding in the U.K. with a relatively brief account of the evolution of the U.S. market.

The post-war era saw a period of rapid growth in the supply of accommodation in the United States, much of this through chain expansion (Pannell Kerr Forster, 1990). Prior to the 1950's, the only sizeable chain was Hilton, which was located in large urban centres, and primarily served the business traveller (Nykiel, 1989). In 1952, the first hotel in what was to become the country's second major chain, Holiday Inn, opened. The opportunity for a network of hotels providing consistent quality of accommodation was identified by the chain's founder, Kemmons Wilson. Dissatisfied with the unpredictable quality and price of independent roadside hotels, he created a chain of motels specifically suited to the needs of the road-using leisure market. Wilson's primary objective was to replicate a hotel's range and quality of facilities throughout the chain, thus providing the customer for the first time with predictable, high quality accommodation. Demand for this revolutionary concept meant personal resources were insufficient to take full advantage of the opportunity for rapid expansion. Holiday Inn's response was to adopt franchising, a system whereby the capital for each chain outlet is not provided by the creator of the original concept (the franchisor), but by a separate company or individual (the franchisee). In order to retain control over product specifications and quality standards, the franchisor provides each franchisee with the same physical product package and marketing support. Staff training is also often given, and the franchisee may have to use centrally purchased consumables. A high degree of product standardisation - i.e., a hard brand - is the outcome.

Holiday Inn was not the only chain to both stimulate and take advantage of the rapid growth in demand for accommodation in the post-war era. Other well known names of today also expanded rapidly: ITT Sheraton grew initially in the 1940's and 1950's by purchasing run-down or under-performing properties and then turning them around. Upon exhaustion of this source, it later began to build its own hotels, and then was forced to turn to franchising and management contracting (whereby the hotel company operates a premises it does not own). Marriott, which diversified from catering into accommodation in 1957, quadrupled its hotel stock between 1964 and 1970 (Hast, 1991). Remarkably, this growth was achieved through either acquisition of existing hotels, or the building of new properties; i.e., unlike Holiday Inn or Sheraton, ownership was maintained. Hilton, too, had expanded through management contracting and franchising.

These earliest chains, built during the 1950's, 1960's and 1970's, can be seen as the first examples of chain brands in the hotel industry. All were relatively hard: hotels within the same chain shared a brand name, and offered similar facilities and services. Holiday Inn was particularly standardised due to its use of franchising. These companies, and others such as Hyatt and Inter-Continental, practised concentrated marketing during this period; that is, each company offered only one chain brand which operated at a distinct market level. Most of these brands consisted of full service hotels situated in the middle or luxury sectors of the market (Pannell Kerr Forster, 1990).

It was in the 1980's that marketing strategies began to change significantly, resulting in a quite dramatic increase in the number of chain brands in the U.S. market. Companies began to shift from single chain brand strategies (concentrated marketing), to dual or multiple brand strategies (differentiated marketing). The new hard brands were targeted at market segments not served by the company's core brand. Quality International was the pioneer of this strategy. In 1981, the company's portfolio of rather diverse franchised hotels was restructured into three chains: Quality Royale (full service luxury hotels); Quality Inns (mid market); and Comfort Inns (towards the top end of the budget market). In 1984, two new chain brands were added, and in 1987 a further two. Quality International has since changed its name to Choice Hotels International, and has purchased additional budget brands. Many other companies were to develop several different accommodation concepts during the 1980's, notable examples being Holiday Inn and Marriott. The key brands within the current portfolios of Choice International, Holiday Inn (now known as Holiday Inn Worldwide) and Marriott are shown in Table 5.1.

It can be seen from these example portfolios that product lines have been extended both upwards and downwards from core brands, although the most rapid growth in the U.S. has been towards the lower end of the market in which companies did not originally trade. The key development in all tiers of the market has, perhaps, been the introduction of limited service properties. These are designed to meet the needs of the 'room-focused' guest who has no requirement for extensive catering, leisure or business facilities.

The development of multiple brand portfolios in the United States has largely occurred through what Pannell Kerr Forster (1990) label 'product segmentation.'

This is the creation of a new product concept which meets the proactively identified needs of a particular market segment; i.e., it is a consumer-orientated strategy which follows the process of target marketing. Defined in this way, product segmentation ironically excludes Quality International's landmark portfolio structuring of 1981. Quality grouped its diverse properties into three brands on the basis of product similarities, not upon identified differences in the needs of the market (Lewis and Chambers, 1989). Differentiation between brands was certainly perceived, but this created, rather than reflected, segmentation. Such a product-orientated strategy was, however, replaced by a more consumer-orientated approach as Quality International expanded its brand portfolio further. The brands introduced by the likes of Holiday Inn and Marriott were also based upon thorough consumer research. For example, sophisticated multi-attribute techniques were used to determine the smallest detail of the Courtyard by Marriott concept (Wind, Green, Shifflet and Scarborough, 1989).

The phenomenal growth of chain brands in the U.S. market, facilitated largely by franchising and management contracting, means that at the time of writing, approximately 75 per cent of hotels are affiliated to some sort of chain (Slattery, 1992). As demonstrated by the Choice International portfolio, some companies have taken segmentation so far that they now operate more than one brand within a tier of the market; that is, they are serving niches. This proliferation of highly standardised chains marks the maturity of the U.S. hotel industry; indeed, rooms are now in oversupply (Slattery, 1991).

Changes in the U.S. industry discussed above are in marketing strategy; that is, they pertain to products and markets. The shift towards differentiated marketing clearly sets up the conditions in which branding becomes important as a positioning tool. As products are targeted at specific customer groups, it is important both to communicate at what market level a brand operates, and to differentiate it from competing brands within that market level.

Market segment	*Holiday Inn Worldwide*	*Marriott*	*Choice International*
All suite hotels Luxury Mid-market Budget Extended stay		Marriott Suites Residence Inn by Marriott	Clarion Suites Hotels Quality Suites Comfort Suites Clarion Suites Inn
Luxury Full service	Holiday Inn Crowne Plaza	Marriott*	Clarion
Middle market Full service Limited service	Holiday Inn* Holiday Inn Garden Court	Courtyard by Marriott	Quality Inn*
Budget Upper Middle Lower	Holiday Inn Express	Fairfield Inn by Marriott	Comfort Inn Sleep Inn Rodeway Inns Econolodge Friendship Inns
Other	Holiday Inn Crowne Plaza Resorts Holiday Inn Sunspree Resorts		

*Core brand

Table 5.1: Example brand portfolios.

Sources: *Lodging Hospitality (U.S.A.)*, July 1992; Pannell Kerr Forster, 1990

Chain brand development in the U.K. market

The U.K., unlike the U.S.A. and other European countries, began the post-war period with some well established chains: Trust Houses, British Transport Hotels, Lyon's 'Strand Hotels' and a number of small brewery chains (Pannell Kerr Forster, 1990). With the exception of the regional 'pubs with rooms' chains, most of this accommodation was towards the top end of the market, and was located in city centres (due to development of the rail transport system). The hotels within these luxury chains tended to be heterogeneous in style due to the value placed on individuality. They could not be classified as soft chains, for hotels within each did not necessarily share the company name. Despite the presence of these chains, the market was predominantly composed of small unaffiliated hotels operating at the lower extremity of the market. The seaside boarding house which had flourished when vacations ceased to be sole right of the upper classes was a major contributor to such a situation.

In the two decades following the War, growth in supply was generally slow, with an estimated increase of 2000 rooms per annum in the mid 1960's (Medlik and Airey, 1978). In recognition that this was insufficient to meet growing demand, the Government introduced the Hotel Development Incentive scheme (HDI) in 1969. This created development zones, and provided development grants and loan assistance for the building of new hotels or the major extension of existing properties. During its five-year life span, the HDI scheme prompted the building of 60,000 new rooms, a six-fold increase in the annual rate of construction. The scheme was designed to favour mid-priced hotels thus filling the market gap between the traditional grand hotels and the often poor quality small independents, and it did indeed catalyse the inception and growth of chains such as Posthouse, Crest, Centre Hotels and Golden Egg (Pannell Kerr Forster, 1990). The original generation of Posthouses, built in the 1960's and 1970's by Trust Houses, was the first hard national chain developed by a U.K. company (Connell, 1992a). The premises were mostly 'new build', meaning facilities and services could be replicated throughout the chain. The aim of the Posthouse concept was to target a modern, functional product at the business or leisure traveller who sought value for money (Connell, 1992b).

The phenomenal rate of hotel construction came to an end in 1973 with the termination of the HDI scheme. Little new hotel building took place over the subsequent two decades, although some revival occurred in the early 1980's. As had been the case prior to the incentive scheme, 'new build' was restricted by the high price of land, planning constraints, and construction costs (Pannell Kerr Forster, 1990). Many chains did, nevertheless, grow rapidly in the decade from 1973, through acquisition of smaller groups or independent hotels. Notable examples were the companies now known as Forte, Mount Charlotte Thistle and Queens Moat Houses. Rapid expansion with retention of ownership was more viable than in the United States because of the unique U.K. accounting convention which permits revaluation - rather than depreciation - of freehold assets (Kleinwort Benson, 1990). Indeed, before 1977, there were no franchise systems in the U.K. operated by British companies (Medlik and Airey, 1978).

The first five years of the 1980's saw continued growth through acquisition. At this time, poorly managed independent hotels in prime locations were still available for inexpensive acquisition, but by the latter half of the decade, this supply neared depletion (Kleinwort Benson, 1990; Slattery and Roper, 1986). This, and continuing demand for the more profitable upper middle and first class accommodation, motivated many chains, such as Crest and Swallow, to upgrade their properties by adding leisure facilities, or to create higher tariff executive rooms within each hotel (Connell, 1992; Pannell Kerr Forster, 1990). Consequently, a marked gap between the economy and mid/upper ends of the market opened (Senior and Morphew, 1991). Although in terms of hotel numbers, the industry was still dominated by the small, independent establishment typically operating at the lower end of the market, companies had a disproportionate share of the 'prime location' large hotels and the upper half of the market. In 1986 for example, hotel companies accounted for only 7.8% of hotels, but 25.8% of rooms (Slattery and Roper, 1986). This imbalance still exists today, with 78% of unaffiliated rooms belonging to small, lower market establishments in provincial locations. Less than half of corporate rooms are of this type (Harrison and Johnson, 1992). The opportunity for reasonably priced, but high quality accommodation has, nevertheless, been recognised both by established U.K. companies, and firms based overseas. As a result, the U.K. market is beginning to mirror that of the United States: specific products are being developed to satisfy the needs of different segments, not only in the mid and upper tiers of the market, but across its full span. Much of the development in the budget sector has been 'new build': e.g., Forte Travelodges, Whitbread Travel Inn, and Granada Lodges have sprung up alongside major roads, often on sites already owned by the companies. This growing corporate interest in the lower half of the market can be detected in industry statistics. Kleinwort Benson (1990), for example, report that the greatest 1989 growth for publicly quoted companies to be in provincially located hotels of less than 100 rooms, which trade in the lower levels of the market.

Consistent with corporate penetration into the lower reaches of the market, has been a decrease in the room stock operated by unaffiliated independents. During the period 1988 to 1991, their share of total rooms fell from 65.8% to 60.2%. Public and private companies have, over the same three years, increased their room stocks by 11.8% and 10.9% respectively (Slattery, 1992). These figures are not wholly accounted for by chain acquisition of independent establishments, for companies have also grown through 'new build', many independents have ceased trading due to bankruptcy, and numerous others have chosen to affiliate with consortia (consortia membership increased by 29.2% between 1988 and 1991). However, these statistics are indicative of growing corporate power and chain expansion in the U.K.

In the U.K. market, the key strategic trend of the 1980's and early 1990's can therefore be identified as the emergence of tightly defined chain brands designed to meet the needs of identified segments. For companies operating only one chain, this has resulted in a strategy of concentrated marketing, and for those with a wider market span involving multiple chain brands, differentiated marketing. Although the result is a U.K. market which bears an increasing resemblance to its U.S. counterpart, the historical development of the U.K. industry has meant a lesser number of highly standardised chains exist here. Acquisition historically being the primary growth route taken by U.K. companies, portfolios have emerged as collections of diverse properties, often spread over a range of market levels. Traditionally, unbranded chains or soft brands have thus been the norm. Any move to concentrated marketing or explicitly differentiated marketing by companies with such loose inherited portfolios must involve *re*structuring into distinct chain(s). Often, this has meant the disposal or upgrading of properties which did not meet a brand specification. The U.K.'s largest hotel operator, Forte, has recently made this move to differentiated marketing. This portfolio restructuring cannot be labelled product segmentation, for the targeted chains it creates have not been proactively developed. Rather, Pannell Kerr Forster (1990) choose to entitle this 'rebranding'.

Both product segmentation and rebranding can result in strategies of explicitly differentiated marketing. The reactive nature of rebranding means, however, that brands created in this way cannot be as hard as those developed via product segmentation. Given the different growth routes taken by companies in the U.S. and U.K., it is unlikely that the U.K. market will ever be marked by such hard brand proliferation as exists in the U.S. Indeed, at the time of writing, many U.K. chains remain essentially unbranded. Branded chains have, nevertheless grown in numbers, both due to product segmentation and rebranding by existing U.K. companies, and expansion into this country by overseas firms who operate hard brands (e.g., Accor; Marriott).

Marketing strategy in the U.K. industry has therefore evolved through two key stages. The transition between these has not, of course, been instant, but the discernible phases are:

Stage 1: the period of rapid growth in which the industry gained mass and professionalism; new properties were built, adding to existing diverse hotel stock; large companies expanded by acquisition, resulting in mainly mid/upper market heterogeneous portfolios; and

Stage 2: the period of standardised chain brand emergence, notably involving the appearance of hard brands in the lower half of the market. This has occurred through product segmentation, rebranding, and market entrance of overseas based chains. Hard brands, soft brands, and unbranded chains now compose the corporate hotel market.

The increase in demand which fuelled Stage 1 was due to a number of factors. With reference to the U.S. market, but equally appropriate to that of the U.K., Nykiel (1989), identifies the following reasons for growth in demand:

1. population trends (growth, mix and movement);
2. growth of affluence;
3. emergence of social classes;
4. development of transportation systems;
5. segmentation of values, tastes and psychographics; and
6. internationalisation of commerce.

During this stage, gaining the national presence and mass of room stock to exploit demand were the key success factors for hotel chains in this country. This meant rapid expansion through acquisition. Hard chain brands and explicitly differentiated marketing strategies were, in this environment and stage of industry evolution, unnecessary to prosperous growth and profitability. The U.S. market responded to increase in demand rather differently. The response there was to employ franchising, management contracting, and to 'new build' properties, rather than to acquire room stock. This was the most appropriate rapid growth route for U.S. companies, just as acquisition was for U.K. firms, and the outcome was the highly structured, hard brand dominated U.S. market of today. Although the trend in this country is now towards targeted chain brands, the post-war flourishing of the U.K. industry without such chains has demonstrated that corporate success depends upon suitable reaction to prevailing environmental conditions.

Stage 2 in the evolution of the U.K. market - the move towards explicitly differentiated or concentrated marketing strategies - has occurred for a number of reasons. Certain companies which have undergone rebranding or product segmentation have given specific reasons for their actions. These are elaborated upon later in this chapter within the case studies. The following general reasons for the progression from Stage 1 to Stage 2 have, however, been identified.

1. As a strategy, product segmentation (i.e., diversification into previously unserved segments) has occurred because it offers a means of maintaining corporate growth within the generic product-market. A larger share of the total accommodation market can be captured by providing a range of accommodation concepts with different tariffs, services, and types of location (Pannell Kerr Forster, 1990). This has been the main reason for product segmentation in the U.S..

2. Chain standardisation, an inherent part of rebranding or product segmentation, can introduce scale economies in development, construction, and purchase of fittings, equipment and consumables (Schlentrich, 1990).

3. Tighter brand specifications may help management focus attention on service production and delivery, allow the quality of these services to be more accurately measured, and assist in budgetary control within and between hotels (Connell, 1992a).

4. A standardised chain may act as a risk-reducer for buyers, for they have some assurance that an experience in one hotel will be repeated in any other within the same chain (Connell, 1992; Crawford-Welch, 1991; Okoroafo, 1989). This assurance of consistent high quality would appear to be a key reason for the success of Wilson's Holiday Inn chain in the 1950's. As discussed in previous chapters, it is, however, important that consistency be demonstrated through actual experience. Ananth, Demonico, Moreo and Howey (1992) suggest, for example, that each property in a chain is assessed independently by the customer,

with the presence of a positively perceived brand name not compensating for product failings, and Atkinson (1988) reports that individual hotel attributes, such as location and free parking, are more important in guest satisfaction than chain consistency, chain reputation, or previous positive experiences elsewhere in the chain. Through standardisation, it does seem more likely that the guest will experience this important consistency.

5. For the consumer, the emergence of a structured market, offering clearly defined products at all levels, has improved the price/quality relationship. Product segmentation and rebranding have created a situation in which there is a greater possibility that a hotel can be chosen which provides only the desired facilities; the customer is thus not required to pay for 'extras' he or she perceives to be superfluous. For example, leisure facilities are unnecessary to the transient motorway lodge user.

6. the creation of targeted brands reduces the likelihood that incompatible market segments will share the same hotel. Although some diversity in customer groups within a hotel or chain will always exist, as pointed out by Slattery (1991) (see page 70), explicitly differentiated marketing should reduce this. Theoretically, it is possible to have a highly standardised chain which serves multiple markets, i.e., to have a wide brand specification. However, one of the very purposes of brand targeting is to separate the more incompatible segments by serving each with a different chain. The brand is thus not only standardised, but also has a narrow specification. Standardisation therefore brings about the situation represented by Figure 4.3 (page 52); each chain outlet has a similar specification, and offers a narrow range of services appropriate to its target segment(s)' needs. This is in contrast to the 'multi purpose' hotel which might try and accommodate several segments by providing, for example, an extensive choice of room types (e.g., standard rooms, executive rooms, suites, and luxury suites).

Whilst the trend towards more uniform brands can bring the above benefits to both the customer and the operator, the product features which are *desirable* to standardise (rather than simply *possible* to replicate) may vary across market levels. The further upmarket a chain, the less standardisation exists (Nailon, 1982; Slattery, 1991). As well as considerable heterogeneity being imposed upon more upmarket chains by their 'inheritance' of diverse historical properties, it may also be that the buyer of such a product desires a certain individuality in the internal design, external features, and overall atmosphere of each hotel. What may be replicated are not the tangible aspects of the total product offering, but the intangibles of luxurious ambience and service quality standards.

The initial section of this chapter has given an account of the evolution of the U.K. hotel industry in terms of corporate marketing strategy. With reference to the theory discussed in Chapters Two to Four, the key points to emerge are as follows:

- many of the chains operating in the U.K. are now evidently the outcome of the process of target marketing (market segmentation; market targeting; product positioning): that is, they are designed to meet the needs of specific segments;

- clear examples of differentiated marketing and concentrated marketing are now identifiable in the U.K. market; and

- the conceptual similarity between the hotel chain brand and the goods brand has increased over the documented period as hotel brand specifications have generally tightened: the hotel brand cannot, however, reach the same degree of standardisation as a goods brand; the constraints are the inherent complexity of the hotel product, and the historical development of the U.K. industry.

These points clearly indicate that conditions in the U.K. are conducive to branding, so much so that the literature often describes the structuring of the industry - which reflects fundamental changes in strategy - as branding. The role that branding plays, as discussed in Chapter Three, is actually in positioning these brands within their tier of the market, and differentiating them from competitors within that sector. Nykiel (1989) makes this distinction between strategy and branding by labelling the former, 'product tiering' and the latter 'product branding'. Thus far, product positioning has not been explicitly mentioned, the above section being concerned with how the structure of the industry has evolved to such a stage where branding takes on significance. Rather than attempt to generalise as to the use of branding across the industry, specific examples will be given in the case studies which follow.

CURRENT U.K. MARKETING STRATEGIES AND BRANDING

The above account of the evolution of the U.K. industry has highlighted why and how chain brands have emerged, and the forms that these chain brands can take. This has set the context for discussion of present day strategies, and the use of branding in their execution. This section therefore looks in greater detail at specific companies and how they have responded to the forces compelling product segmentation and rebranding.

For the reasons given above, today's market is a composite of hard and soft brands, and unbranded chains. Although brand specifications are often such that it is difficult to classify brands neatly into discrete market levels, a summary of market structure is given in Table 5.2. Bracketed figures refer to the number of hotels in each chain, as published in the indicated data sources.

The case studies which ensue have been chosen to demonstrate the trends highlighted in the first section of this chapter. Forte, Accor, Hilton, Whitbread, Bass, and Stakis are companies which have used product segmentation or rebranding, and have used branding to position their chain and/or 'product' brands. The final two case studies (Mount Charlotte Thistle and Queens Moat Houses) are included as evidence that chain branding was of less importance in the past than it now is, and that the U.K. industry is still far from being dominated by clearly targeted, standardised chain brands.

Chain case studies

Forte

The Forte case study will be discussed at considerable length for the following reasons:

1. Forte plc is the U.K.'s largest hotel and catering company. It operates 29,626 rooms in its domicile country, and 44,923 overseas (Kleinwort Benson, 1992); and

2. in spring 1991, Forte underwent the most comprehensive rebranding exercise ever seen in the hotel industry, a restructuring which has been copiously documented in the hotel marketing literature, and which has truly highlighted the trend towards explicitly differentiated marketing: the case study is also rich in examples of uses of the marketing mix in brand positioning.

Trusthouse Forte (renamed Forte in 1991as part of the rebranding exercise) was formed in May 1970 by the merger of Forte Holdings Limited and Trust Houses. At the time, Forte Holdings operated 40 hotels, and Trust Houses, 200 hotels and traditional inns in the U.K. (Connell, 1992a). Trust Houses' pre-merger portfolio included the first Posthouses to be built, and the company had a financial interest in the U.S. Travelodge chain. Both firms were also involved in restaurants and catering. Whilst the merger itself gave Trusthouse Forte (THF) considerable mass, the company has continued to extend its portfolio and geographical coverage throughout the past two decades. This has mainly occurred through acquisition, although existing properties have been extended, new hotels built, and some units disposed of. Significant acquisitions include 35 hotels from J. Lyons in 1977, Imperial Catering and Hotels from Hanson Trust in 1986 (30 hotels), Kennedy Brookes in 1988 (24 hotels), and, in May 1990, 43 Crest Hotels from Bass plc. Growth in the budget sector, initially with Little Chef Lodges, and later with their supercedants, U.K. Travelodges, has occurred through 'new build'. Overseas

COMPANY	LUXURY
Forte	Forte Exclusive (4) Forte Grand (19)
Ladbroke	Hilton International (12)
Bass	Holiday Inn Crowne Plaza (1)
Marriott*	
Accor	
Stakis	
BIL	
Queens Moat Houses	
Vaux	

Table continued overleaf.

MARKET LEVEL		
UPPER	MID	ECONOMY
Forte Crest (46)	Forte Posthouse (58) Forte Heritage (95)	Forte Travelodge (93)
Hilton National (23)		
Holiday Inn core brand (14)	Holiday Inn Garden Court (4)	Toby Hotels (45)
Marriott (13)	Courtyard by Marriott (4)	
Pullman (2)	Novotel (17)	Ibis (2-star) (9) Formule One (1-star) (5)
Stakis Country Court (6)†	Stakis (24)†	
Mount Charlotte Thistle (108)		
Moat Houses and other (105)		
Swallow (34)		

COMPANY	MARKET LEVEL			
	LUXURY	UPPER	MID	ECONOMY
Whitbread		Country Club Hotels (10)	Lansbury Hotels (40)	Travel Inn (31)
Resort Hotels			Resort Hotels (27)	Fine Inns (12)
Greenalls Group	De Vere Hotels (26)			County Inns (23)
Rank Organisation			Rank Hotels (22) Rank Coast & Country (31) Butlins (5)	
Friendly Hotels			Friendly Hotels (22)	
Copthorne		Copthorne (11)		
Jarvis (private co.)		Jarvis Hotels (33)		
Société du Louvre				Campanile (15)
Granada			Granada Hotels (4)	Granada Lodges (24)

Table 5.2: Main hotel chains operating in the U.K.
Sources: 1992 hotel directories; Kleinwort Benson, 1992; Harrison & Johnson, 1992.

Notes to Table 5.2:

* In July 1992, Scott's Hospitality terminated their franchise agreement with Holiday Inn and obtained the U.K. master franchise for Marriott hotels. Those Holiday Inns operated by Scott's changed name accordingly.

† Stakis Country Courts are undergoing integration into the Stakis core brand.

expansion has also continued: the U.S. Travelodge chain was purchased in the 1970's, and a number of prestige hotels have been acquired throughout Europe, North America, the Caribbean, the Middle East, and the Pacific.

Growth through acquisition resulted in THF's portfolio being a heterogeneous mix of hotels. In 1986, for example, the company operated the range of properties listed in Table 5.3.

Within this portfolio were 35 Posthouses, the initial generation of which was the first national and relatively standardised chain to be offered by a U.K. based company (Connell, 1992a). A second generation of Posthouses, positioned at a higher market level, was built in the 1980's. Posthouse and Travelodge were, however, the only harder brands in THF's unstructured portfolio at a time when most other major hotel companies were operating targeted chains. In the late 1970's, an attempt to structure the portfolio had been made, but the brand names of 'Forte', 'Family', 'Inns', 'Airport', and 'Westminster' were, in the end, used only for internal purposes. The same outcome befell a 1987 branding initiative, in which it was proposed to gather all mid-market U.K. hotels (including Posthouses, City Centre Hotels, and Little Chef Lodges) into one brand, and to unite the 5-star landmark establishments under the banner 'Exclusive Hotels'.

MARKET LEVEL	NO. OF HOTELS
5-star	3
4-star	40
3-star	103
2-star	38
Unclassified	6
Total	193

Table 5.3: THF portfolio, 1986.
Source: Slattery and Roper, 1986

THF's 1988 advertising campaign continued to reflect the diversity of its hotels, describing them as, "The finest collection of hotels in the world" (Gilbert, 1990). It was stressed that the individualistic properties formed a group rather than a standardised chain (Feiler, 1985). Company research conducted in the late 1980's did indicate this individuality to be appropriate in two sectors: the 5-star prestige sector, epitomised by THF's Brown's Hotel, London, and the English country house sector (Connell, 1992b). However, such lack of consistency was felt to be a weakness in the 4-star business sector. To address this, THF proposed the Forte brand, which was to include continental and American properties. This initiative was postponed until 1989.

In the 1980's, THF's progress towards a structured portfolio of targeted chains was thus piecemeal and slow. Environmental and internal forces were, however, increasing the need for a clearly delineated range of product offerings. The company's response was a comprehensive rebranding exercises, instigated in 1989, and finally implemented in spring 1991. During the two year interim, the nature of the structuring changed somewhat. The initial intention was to create the six chains shown in Table 5.4. Those labelled 'collections' were to be less standardised than those entitled 'brands'; i.e., the former were softer brands, and the latter harder brands. The fact that each hotel in a collection was to retain its individual character and identity was both an imposition (due to the heterogeneity in acquired architecture) and, as shown by THF's research, a desirable quality in certain sectors.

BRAND NAME	CHAIN TYPE	CHARACTERISTICS
Travelodge	Brand	Budget hotels
Forte Hotels	Brand	Modern 4-star
Posthouse Hotels	Brand	Modern 3-star
Forte Classic	Collection	Older 4-star
THF Heritage Inns	Collection	Older 3-star
THF Exclusive Hotels	Collection	5-star

Table 5.4: THF proposed brand structure, 1989.

The brand structure announced in 1989 did not materialise; problems arose from the heterogeneity of the portfolio (Baum, 1989), and it was felt the company did not have the critical mass necessary to provide four separate brands in the 3 and 4-star sectors (Darwent, 1989). THF decided to delay restructuring until this latter barrier was overcome (Connell, 1992b). This was achieved in 1990 by the purchase of 43 Crest Hotels from Bass, an acquisition which provided THF with a high quality 4-star chain. Crest was a harder brand, consisting mainly of modern, purpose built properties, and its recent presence on the continent meant the brand name was internationally recognised. The final restructuring, carried out in 1991, retained this positively perceived Crest name. Table 5.5 presents the resultant portfolio of chains.

The decision was also made to shorten the corporate name to a less cumbersome, 'snappier', Forte.

BRAND NAME	CHAIN TYPE	KEY CHARACTERISTICS
Forte Travelodge	Brand	Budget roadside lodges
Forte Posthouse	Brand	Modern mid-market hotels
Forte Crest	Brand	Modern 4-star business hotels
Forte Heritage	Collection	Traditional British inns
Forte Grand	Collection	First-class international hotels
Forte Exclusive	Collection	Luxury international hotels

Table 5.5: Forte brand structure, 1991.

Each brand has a clearly defined specification which covers all aspects of the product: physical design, facilities, amenities, and service standards (Forte and Teare, 1992). Groupings are based on physical characteristics (modern/traditional), service style (formal/informal), location (city centre/out of town), and principal use (business/leisure) (Connell, 1992b). Thus, although hotels in the softer brands share fewer characteristics than those in the harder brands, each chain is marked by a certain consistency. More comprehensive brand specifications are provided in Appendix 1. Certain hotels, whilst carrying the Forte name, were placed outside the brand structure because they did not meet a brand specification. An example is The Carrick in Glasgow. Forty-one such U.K. properties are listed in the 1992 Forte Directory. Others which did not meet a specification, or would have caused duplication of a brand in a certain location, were put up for sale at the time of the rebranding. In 1992, 31 properties were held for disposal for these reasons (Harrison and Johnson, 1992).

In addition to the chain brands created in its 1991 restructuring, Forte introduced four 'product brands'. These are essentially branded service bundles which are available in most hotels, with the price of the service dependent upon the hotel's brand. A brief description of each is given below.

1. Forte Business Guarantee: this offers priority room reservation, express check-out, free morning newspaper, and limited free fax or telex. The service is available on standard published room only rates, and there are no membership fees.

2. Forte Incentive Guarantee: a service providing leisure incentives for the sales promotion and motivation market. Within the brand, four products are available; Leisure Cheques; Leisure Bonds; Successful Performers; and Successful Destinations.

3. Forte Venue Guarantee: a meeting and conference service, which includes a 'quality charter' (no charge for any unsatisfactory part of the service) and provides a dedicated meetings manager.

4. Forte Leisure Breaks: a comprehensive range of inclusive short break packages in the U.K. and Europe. There are no seasonal or single room supplements. Packages are themed; e.g., 'The Great British Holiday', 'London Theatre Breaks', 'Music at Leisure', and 'A Break for Murder'.

In both restructuring its portfolio and creating its 'product brands', Forte can be seen to have followed the process of target marketing discussed in Chapters Two and Three. That is, it identified market segments and their needs, targeted those it had the capabilities to serve, developed product specifications to satisfy the identified needs, and positioned the resultant products using the tools of branding. The first of these stages involved extensive research. N.O.P. Surveys, academic research, marketing research, and communications research were employed to define market segments (Connell, 1992b). Unit management, headquarters specialists, and outside consultants then translated this information into brand specifications. An example of this use of data was the decision to apply a fixed price to the Posthouse brand. Research had shown that value for money was of importance, and by standardising the room price and clearly defining what the brand offered, the relationship between the product and its cost became clearer.

The second stage in target marketing, that of selecting which segments to serve, had, of course, to take account of the nature of the company's existing portfolio. After the purchase of Crest, Forte considered it had sufficient critical mass and diversity to provide national brands at all main market levels. Positioning of the brands involved use of the marketing mix, as discussed in Chapter Three. The tangible good itself being an important indicator of the nature of the product offering, similarities in the interior and/or exterior design of hotels in a brand were a consideration. The brand images of the more upmarket chains had to emphasise heterogeneity, and promote this as a positive feature of the brands. The standardised Travelodges are small scale, low rise brick buildings with pitched roofs, giving them an air of approachability and domesticity. Posthouses cannot converge in design to the same extent as the 'new build' Travelodges due to variations in their age, but all are relatively modern and share standards in bedroom decor, fixtures and fittings (Forte and Teare, 1992). The Posthouse Directory gives an indication that lighter, informal colours predominate in the decor, as appropriate to the brand's mid-market position and intended family appeal.

Each brand, including the corporate brand, has been given its own typeface and colour which are used consistently in all publications and hotel signage. In print, the typically dark blue 'Forte' corporate name and logo is intended to be bolder and clearer than its predecessor (Forte and Teare, 1992). Posthouse is now associated with the colour red, Crest with the more 'serious' and businesslike dark turquoise, and Heritage and Grand with the traditional dark green and burgundy respectively. Each of the four 'product brands' also has its own logo.

Positioning is also carried out using price, an element of the marketing mix which Forte chose to standardise and promote for the competitively priced Travelodge and Posthouse brands. Adoption of the American convention of charging per room rather than per person, and a policy of no discounting within these harder brands, was also intended to reduce customer confusion (Connell, 1992b) and help overcome the perceived risk and fear of embarrassment which may discourage inexperienced hotel users. In order to clearly position Posthouse apart from Crest, Posthouse tariffs were lowered following the rebranding in accordance with the elimination of, or reduction in, certain services which research had shown to be superfluous to the target market's needs (Forte and Teare, 1992).

In standardising the types of locations hotels within each brand were to be found in, Forte could also be said to be utilising the distribution (i.e., 'place') element of the marketing mix in product positioning (although being fixed, location is, of course, a far less manipulable positioning tool than other product features). Distribution of the hospitality product also includes, however, means of booking, and Forte publish their own Leisure Breaks brochure which enables them to control the presentation of their chain and 'product' brands. The last of the marketing mix elements, promotion, has also been extensively used by Forte to communicate the market positions of their new brands. Press advertisements used since the rebranding have promoted individual chain brands rather than the Forte corporate brand. The individuality of hotels in the soft Heritage brand has been emphasised in each of the separate series of advertisements targeted at business travellers, conference or meeting planners, and the leisure segment. Slogans used have included, "As individual as you are", and "Stay in character". One full page advertisement featured illustrations of each of the 118 hotels. Press advertisements for the Posthouse brand have targeted both the business and leisure markets, and have emphasised the brand's key characteristics of accessibility, informality and competitive pricing. "Britain's Warmest Welcome" has been Posthouse's slogan. Forte Crest advertisements have concentrated on the provision of assurance to the business traveller; the Forte Business Guarantee 'product brand' and the slogan, "In a business class of its own" have been featured. Whilst these separate advertisements have been used to position each chain brand, the bulk of Forte's press promotion has been on behalf of its short breaks (Kleinwort Benson, 1992). Forte has the largest share of this market, and its direct-to-user press campaign is reported to have increased short break market volume by 40% (Barrett, 1992). Since Forte's 'product brands' are available in different chain brands, the short break press advertisements feature the umbrella 'Forte Hotels' name rather than chain brand names. Whilst press is the traditional advertising medium used by hotel companies, Forte has also been able, by virtue of its size and resources, to utilise television. Its advertisements here have also been on behalf of the Forte Hotels corporate brand rather than the individual chain brands.

A final key point regarding positioning was the company's choice of brand name strategy. In moving to explicitly differentiated marketing, Forte was in the situation to adopt either an individual or an endorsed brand name strategy. These alternatives are represented by Figures 4.5 and 4.6 respectively (page 54). The endorsed strategy was chosen, resulting in the structure shown in Figure 5.1. In accordance with the strength of individuality at the luxury end of the market, endorsement is more subtle in the Grand and Exclusive brands. An obvious indicator of this is that each property in the soft brands retains its own name (e.g., 'The Excelsior'). This is in contrast to those hotels in the hard brands, which are identified by a brand name and a location (e.g., 'Forte Crest Heathrow').

As noted in previous chapters, endorsement can have both advantages and disadvantages. By linking separate brands, the common corporate name potentially reduces differentiation; at the same time, it introduces economies of scale in promotion. Forte's television advertisement, which uses the corporate name, would appear, for example, to make more efficient use of an expensive medium than would separate advertisements for each chain brand. The ultimate reason given for the use of endorsement was that it would, "unify the separate and distinctive hotel brand types in the portfolio". (Forte and Teare, 1992: 164). The endorsed approach was also in accordance with the offering of 'product brands' within different chain brands. Figure 5.2 adds these branded service bundles to the structure represented by Figure 5.2.

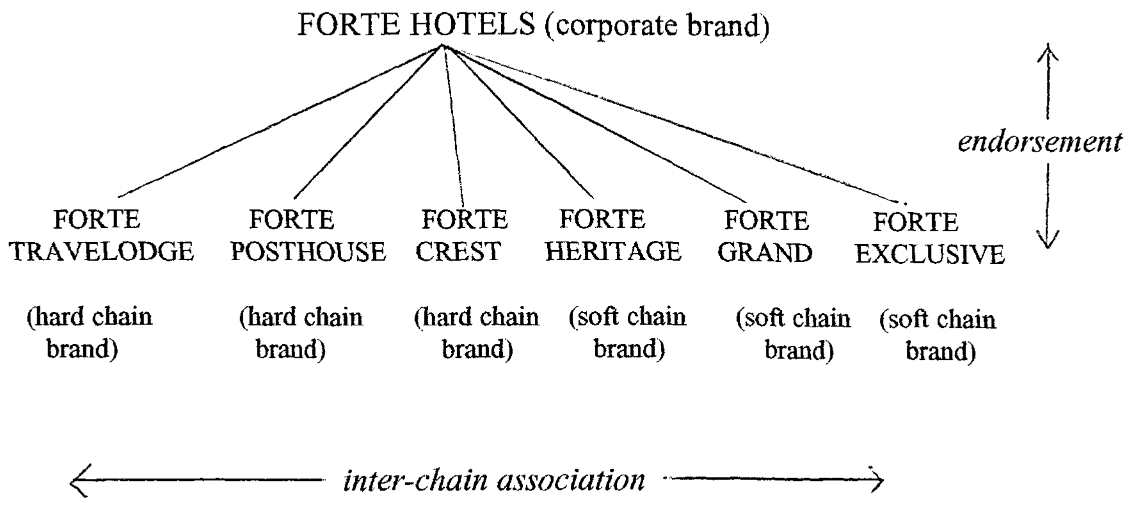


Figure 5.1: Forte endorsed brand name strategy.

This structured portfolio which Forte now offers is a marked contrast to its previously amorphous hotel mass. Involving as it did definition of products and targeting of market segments, the 1991 exercise was a shift in fundamental marketing strategy, and not only a matter of product positioning. Positioning and branding have, of course, been extremely important stages in the restructuring process, but it is still imperative to the long term success of each brand that it satisfies a true need. It is perhaps, therefore, rather unfortunate that the term 'rebranding' has been employed to describe such a deep-rooted strategic move.

Several reasons have been given for the restructuring. They include the following: (Forte and Teare, 1992):

1. to capitalise on what the company sees as its key strength: its wealth of product choice and diversity (customers may previously have been unaware of the extent of Forte's hotel activities);

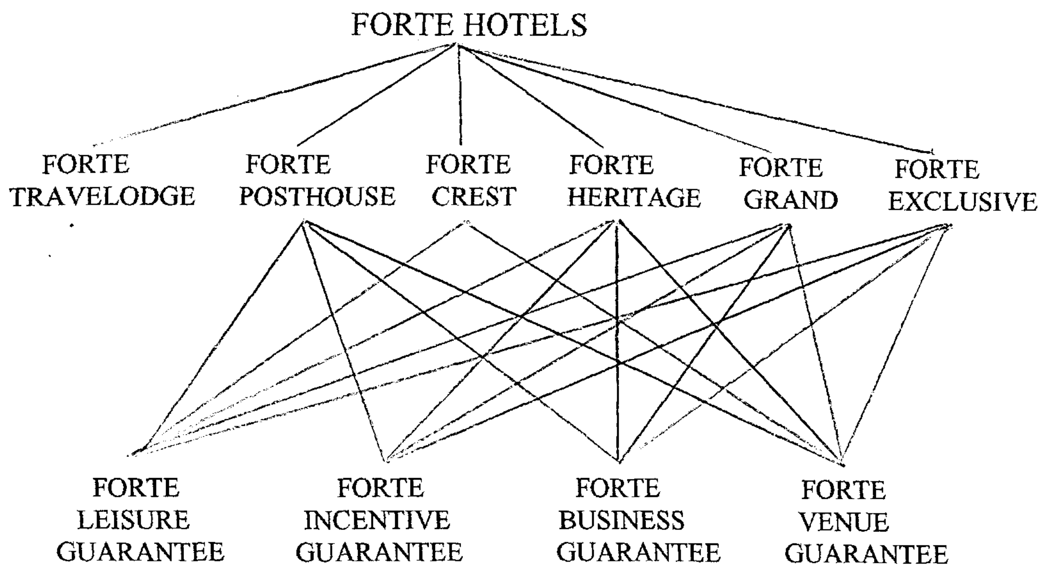


Figure 5.2: Forte chain brand and 'product brand' relationships.

2. to help the group establish a clear position in expanding international markets; THF was considered a weak international player because it did not possess a distinct global brand image to match that of, for example, Hilton or Sheraton (Stewart, 1991);

3. to halt the erosion in Forte's domestic market share which had been caused by competitors' more precise segment targeting;

4. to create opportunities for cross-selling and more effective marketing (made possible by the endorsed brand name strategy); and

5. to make it easier for all staff to understand and demonstrate the contribution they could make to the business.

Connell (1992b) adds that the very size of the company necessitated devolution of managerial responsibility.

The 'product brands' were created in accordance with the rationale of service bundling discussed in Chapter Four. The key concerns were to make what might be perceived as complex services easier to understand, and simpler to purchase.

The reasons Forte has given for its restructuring can be seen to fall into two categories; internal motives (improvements in aspects of operational efficiency) and external motives (responses to customer needs, competitive forces, and other environmental factors). Of these, Forte claim - as would indicate a true marketing orientation - that customer needs were the ultimate compulsion; the branding of the newly formed chains was intended to define clearly what each product offered, to communicate the key benefits of each brand so that customers fully appreciated differences, and to assure consistency of the offer across each brand (Forte and Teare, 1992). Essentially, branding was used for exactly those purposes discussed outwith the hotel context in Chapter Three: to clearly position each product, and to create perceived differentiation between the company's chain brands. Although no direct reference is made in the literature on Forte's restructuring to competitive positioning (its primary concern perhaps being to differentiate between its *own* brands) it is implicit in the third reason listed above that differentiation was also sought between the company's brands and those of competitors. Forte claim that benefits have already arisen from the restructuring, some being improvements in internal operational efficiency, and others, such as ease of product choice, being benefits felt by the customer (these are not mutually exclusive, for improved operations should ultimately result in an enhanced experience for the customer). One aim of the primary research reported in subsequent chapters is to assess how successful Forte has been in creating perceived differentiation between its chain brands.

Accor

The world's largest owner and manager of hotels, the French company, Accor, provides an interesting contrast and comparison to Forte. Involved in restaurants, institutional catering and tourism, as well as hotels, it perhaps makes the most extensive and explicit use of branding of any hospitality firm. Accor has a portfolio of ten chain brands in its hotel division, four of which operate in the U.K. The entire portfolio is shown in Table 5.6.

BRAND	CHARACTERISTICS
Pullman/Sofitel	4-star hotels located in major international cities
Novotel*	Upper mid-market hotels located in/around larger towns and cities, or on major travel routes. Targets the business and leisure markets. Conference, meeting and leisure facilities.
Mercure/Altea	Lower mid-market hotels with fewer facilities than Novotel.
Ibis*/Urbis	2-star chain. Ibis is a 'new build' concept located in town centres or suburbs; Urbis hotels are renovated town centre buildings, and have no restaurants.
Formule 1*	1-star functional budget hotels, with a fixed rate for rooms sleeping up to 3 people. Self-cleaning bathrooms are shared between 4 rooms, and hotels have, other than a buffet breakfast service, no catering, business or leisure facilities.
Motel 6	U.S. budget chain acquired in 1990.
Hotelia	Short stay or permanent residence homes for the elderly.
Parthénon	Upper market all-suite hotels.

Table 5.6: Accor hotel chain brands.

Source: Accor directories, 1992. *Operates in U.K.

In addition to the brands listed above, Accor operates Atria and Thalassa International. Atria is a chain of purpose built business centres which combine a branded hotel (Novotel or Mercure), conference centre, temporary office suites, and comprehensive business services. Thalassa centres provide 'sea cures' (including hydrotherapy and physiotherapy), and are attached to a branded hotel (Sofitel, Novotel, Mercure, or Ibis). Accor has also recently acquired Wagon-Lits, which has an extensive continental European hotel network.

Like Forte, Accor provides a range of chain brands which spans the entire market. There are, however, two key differences between the two companies regarding positioning and differentiation. Firstly, Accor's brands are of a harder nature than those of Forte. This is due to the fact that Accor's growth has been largely through 'new build'. The company's first hotel opened in 1967, at a time when France had little existing high quality hotel stock. Accor thus had little option but to build its hotels. Similarities can thus be seen in the developments of Accor and those of many U.S. firms. 'New build' growth has permitted considerable standardisation, the extreme of which is seen in the prefabricated Formule 1 buildings. Novotel has a standardised room design which maximises use of space, and hence optimises return on capital investment, and the restaurants and bars in all Ibis hotels carry the same names. Furnishings and decor in the lower market brands also appear to be somewhat standardised. This degree of standardisation permits each chain to have a clear and consistent brand image, built and reinforced by every outlet (Slattery, 1991).

The second key difference between Accor and Forte is that the former has chosen an individual brand name strategy, as represented by Figure 4.5 (page 54). The corporate name, Accor, endorses none of the brands, facilitating maximum inter-chain differentiation. Accor is thus not perceived by the customer to be the service provider, although the corporate brand is used in communications with employees and investors where the size and strength of the parent company is important. This choice of brand name strategy means that Accor does not offer branded service bundles across chain brands in the same manner as Forte does with its four 'product brands'. Weekend breaks in the different chain brands are offered under the 'Episodes' banner, but as neither this nor the chains are endorsed, there is little to distinguish this service from that provided by any tour operator which does not own its own hotels. In accordance with the independence of each of its brands, Accor's branded service bundles tends to be more chain specific; an example is the 'Les Hôtel de Loisirs' holiday brochure offering packages in Pullman hotels. The developments of the Atria and Thalassa concepts are perhaps the ultimate in branded service bundles. Here, rather than these services being considered as offerings of the hotel, the hotel is seen almost as an accessory to the service which the customer actually buys and consumes.

Accor of course utilises elements of the marketing mix other than the product in positioning and branding its products. Pricing, promotion and distribution consistently communicate the key characteristics of each brand, with each chain having its own distinctive typeface, colour and logo. Considering Accor's current use of branding, and the fact that it had the opportunity to 'new build' many of its properties, it would be expected that greater differentiation is perceived between Accor's chain brands than those of Forte.

Hilton

The Hilton case study demonstrates both the structuring of an existing portfolio of hotels into targeted chains, and the positioning of those chains using the tools of branding.

Hilton International was formed in 1949 as a subsidiary of Hilton Hotels Corporation, whose U.S. origins have been outlined previously in this chapter. In 1964, Hilton International was spun off as an independent company with the exclusive right to use the Hilton name outside the U.S. In October 1987, it was purchased by the British company, Ladbroke. The acquisition brought together 91 Hilton International properties, spread across 44 countries, and 63 Ladbroke hotels, mainly in the U.K. (Laws, 1991). This existing Ladbroke portfolio consisted mostly of 4-star city centre properties which had been upgraded on acquisition.

Regarding the U.K. market, the key challenge for Ladbroke was to integrate its domestic properties with the newly acquired Hilton chain. This is did by divesting of all but 26 of the Ladbroke hotels, and refurbishing the retained establishments to fit into a new brand structure. Seven of the U.K. properties were brought into line with the acquired Hilton International brand specification, and the others formed a second brand, Hilton National. The latter chain was designed primarily to meet domestic demand, whereas Hilton International was to continue to target the international business traveller. Hilton Nationals were consequently of a lower price, and to be found in key regional locations, rather than only the largest cities. Following the 1992 signing of management contracts for two London airport hotels previously operated by BAA, Hilton currently has 23 Hilton National properties, and 12 Hilton International properties in the U.K.

The purchase of Hilton International instantly transformed Ladbroke from a domestic hotel operator - albeit the second largest in the U.K. market - into the owner of what research has proved to be the world's best known first class hotel brand (Laws, 1991). The company's room stock increased nearly tenfold in the decade from 1980 (Kleinwort Benson, 1992). Transferral of the Ladbroke hotels to the Hilton brands demonstrates effective exploitation of existing brand equity; that is, the positive perceptions of efficiency, prestige and reliability associated with Hilton were bestowed upon the U.K. hotels through application of the Hilton brand name. Essentially, the creation of the Hilton National chain was an example of astute brand extension.

In October 1989, Hilton International announced its strategy for the 1990's. This was to involve clearer positioning of the Hilton International chain; i.e., use of branding. The objective of the exercise was to increase brand awareness amongst frequent business travellers, the aim, of course, being to attract and retain their custom (Laws, 1991). Extensive consumer research was used to assess the perceived strengths and weaknesses of the Hilton brand (Bould, Breeze and Teare, 1992). The results were used both in positioning, and in the development of new branded service bundles (Hilton chose to entitle these, 'service brands', in contrast to Forte's corresponding label, 'product brands'). As with Forte, a comprehensive corporate identity programme was used in the positioning of the brand; a new typeface/logo was developed, and publications were given a distinctive graphic style in keeping with the desired serious, businesslike, brand image.

Other notable positioning tools for the chain brands were promotions and brand name strategy. Advertising consistently featured the slogan, "Take me to the Hilton", aiming to give the impression that Hilton was the choice of the most discerning and seasoned travellers (Laws, 1991). To reflect the importance of location to the international business traveller, the name of each hotel in the Hilton International chain was a composite of its geographical situation and the brand name (e.g., 'Glasgow Hilton'). Hilton National properties were differentiated by a reversed word ordering; e.g., 'Hilton National Wembley'.

Hilton International's branded service bundles include Hilton Meeting 2000, a service which organises all aspects of business meetings for up to 50 people, and 'Wa No Kutsurogi,' the world's first service product for the Japanese traveller (a rough translation is, "Comfort and Service, the Japanese way"). This cultural brand has its own logo, and features, for example, Japanese speaking staff, oriental food, and a dedicated Japanese assistance telephone line. These branded service products are available within most Hilton Internationals, creating a chain and 'product brand' structure comparable to that represented by Figure 4.3 (page 52).

Although Hilton's structuring and branding has received less attention in the literature than that of Forte, Ladbroke has clearly followed the same process of target marketing, and has employed the same principles of branding, as companies which have greater numbers of brands within their portfolios. In the global market, Hilton International has been clearly targeted at a specific market segment, and hence positioned relative to competitors for the custom of that international business segment. Here, differentiation between the two Hilton brands is not an important issue, simply because the secondary brand, Hilton National, is not a player in the same, international, market. In the U.K. market, however, branding has also been required to differentiate between the two brands.

Bass

The origins of Holiday Inn Worldwide - the world's largest hotel chain - were outlined earlier in this chapter. The company was acquired by Bass PLC in May 1988. Ninety per cent of its hotels are franchised. It is an excellent example of a company practising explicit differentiated marketing, and using the principles of branding to position and differentiate its brands. Of its world-wide portfolio shown in Table 5.1, only the Holiday Inn core brand, Holiday Inn Crowne Plaza, and Holiday Inn Garden Court operate in the U.K.

Like Accor, and in contrast to Forte, Holiday Inn has followed the strategy of 'product segmentation', as defined by Pannell Kerr Forster (1990); i.e. differentiated marketing has come about through the addition of newly created chains, rather than portfolio restructuring. Consequently, Holiday Inn Worldwide's brands are towards the hard end of the continuum of standardisation, with the Garden Court and Express brands being entirely 'new build'. Each of the distinct and detailed brand specifications has been derived from research into consumer needs, and aims to offer an appropriate and consistent level of service and facilities to its target segment (Parker and Teare, 1992). The Garden Court specification includes, for example, an informal bistro restaurant, 100 parking spaces, 2 room sizes, and an external elevation which permits adaptation to the local environment. This high degree of standardisation which marks each of Holiday Inn's brands suggests they should be simpler to clearly position than many of their softer competitors in the U.K.

Holiday Inn Worldwide had chosen, as has Forte, an endorsed brand name strategy. In developing new brands, it has thus demonstrated brand extension. The rationale behind endorsement is to "ensure that the Holiday Inn brands are closely positioned in the mid-priced lodging market - which has the best growth potential - under one internationally recognised identity" (Parker and Teare, 1992: 113). A corporate publication adds that endorsement allows the company to retain customers who may desire to trade up or down from another brand.

In addition to its chain brands, Holiday Inn offers two main branded service bundles: Holiday Inn Conference Network and Holiday Inn Weekender Plus (short breaks). The names of both these and the chain brands are registered trade marks, and each has its own logo and typeface. The Holiday Inn name is, however, very prominent on the signage and in the literature of every brand. The fact that Crowne Plaza and Garden Court have minimal presence in the U.K. means that it is too early to assess whether the heavy endorsement they receive from the core brand has inhibited perceived differentiation.

Whitbread

Whitbread is the operator of several well known branded restaurant chains, and has a growing interest in the hotel sector. For example, during 1991 its room stock increased by 28% (Kleinwort Benson, 1992). The company's rather diverse portfolio of hotels are now grouped into three chains. The 'new build' hard brand, Travel Inn, is a standardised chain of budget lodges, situated alongside Beefeater, Brewers Fayre or Roast Inn restaurants on main travel routes. As is now the convention in this sector, a national, room only price is charged, and facilities are minimal. Signage, decor, architectural style, and staff uniforms are all standardised. Since 1989, the number of brand outlets has tripled to today's total of 83 (Harrison and Johnson, 1992).

The remainder of Whitbread's portfolio is responsible for its considerable overall heterogeneity. Consequently, it is here that Whitbread, in seeking to elevate itself to a major player in the U.K. hotel market, has attempted to instil greater structure, and has used branding to position its chains. The two very soft brands which stand alongside Travel Inn in Whitbread's portfolio are Lansbury Hotels and Country Club Hotels. The former operates at the 3-star market level, in secondary locations across England and Wales. The brand is essentially a repositioned chain of small coaching inns, which had been built upon the accommodation interests of Whitbread's regional breweries. The upgraded chain is now positioned as a professionally run, national network of high quality hotels, suited to the individual business traveller, meetings, and smaller conferences. Part of the repositioning involved a change in name from Whitbread Coaching Inns to the present Lansbury Hotels. Eighteen months of research had shown the former to be negatively associated with public houses and poor quality accommodation. The new name was intended to suggest greater professionalism, and was said to be perceived as friendly and personal, indicative of the hotels' rich wealth of character, and yet businesslike, with special appeal to the female executive (Anon., 1989). It is also in accordance with the new brand image that the 'inns' label has been replaced with that of 'hotels'. Also in keeping with its aim to serve the domestic business segment, Lansbury Hotels have been upgraded and, in terms of facilities and service standards, somewhat standardised. The fact that each hotel retains its own name and is architecturally idiosyncratic, does, however, appear to inhibit the chain's move towards the brand status which is perhaps more appropriate to its objectives than its present 'collection' posture.

The ten Country Club Hotels are situated towards the top end of the market, possessing extensive leisure and conference facilities (eight have their own golf courses). They share the brand name, but, like the Forte Grand hotels, tend to stand alone as prestige individual properties. The softness of the brand appears more concordant with its market position than that of Lansbury Hotels.

Whitbread has adopted an unendorsed brand name strategy. Although the sales forces and reservations systems of the three brands were centralised in 1991, bringing economies of scale in marketing and personnel (Harrison and Johnson, 1992), the Whitbread name does not link the brands. This is perhaps appropriate considering the distinct differences in market level of the three chains.

Stakis

Stakis merits brief attention here due to its recent attempt at brand extension, which involved the construction of six Stakis Country Court Hotels. The high standardisation of this 'new build' brand is a contrast to the softness of the Stakis core brand; the twenty-four U.K. hotels in the latter chain share the Stakis name, but vary in terms of size, facilities, architecture, and type of location. Country Courts were targeted primarily at the upper market business traveller, and featured extensive leisure as well as conference facilities. Each was located on a main trunk road, close to a major urban centre. Physical design, facilities, hotel size, and price were all standardised, creating a chain brand which could presumably achieve a more precise market position than the Stakis core brand. However, differentiation between the two brands is no longer an objective, for in 1991, the 6 Country Courts began integration into the core brand. Interestingly, this can be viewed as the *opposite* of the trend towards explicitly differentiated marketing. The reason for the 'failure' of the new brand is considered to be that its launch was over ambitious at a time when profits were suffering due to a poor trading environment and loose cost control (Kleinwort Benson, 1992). Consolidation, rather than the support of a new brand, thus became the priority.

Mount Charlotte Thistle

Mount Charlotte Thistle, owned since mid 1991 by the New Zealand firm, Brierly Investments Limited, is the U.K.'s second largest hotel group. Its portfolio of 108 hotels has been created exclusively by acquisition. As previously discussed, this mode of expansion was made possible by low hotel prices in the early 1980's. These allowed the company to grow rapidly, thus taking advantage of this period's corresponding growth in demand (Kleinwort Benson, 1990). Mount Charlotte Thistle (MCT) took its present name following Mount Charlotte Investments' purchase of the Thistle chain from Scottish and Newcastle in 1989, a deal which alone increased Mount Charlotte's room stock by 826%. Table 5.7 demonstrates the company's rapid growth (figures indicate number of hotels).

CHAIN	YEAR		
	1981	1986	1992
Mount Charlotte	32	51	-
Thistle	38	30	-
Mount Charlotte Thistle	-		108

Table 5.7: Mount Charlotte /Thistle chain sizes 1981-1992.
Sources: Euromonitor, 1982; Slattery and Roper, 1986; Harrison and Johnson, 1992.

MCT's acquisitive growth strategy has given it a diverse portfolio, which has almost no brand structure other than that imparted by the Thistle chain. Like Forte, MCT 's hotels span most market levels, but in distinct contrast to its larger competitor, MCT does not practise explicitly differentiated marketing. In January 1992, for example, the portfolio consisted of 7 'de luxe' properties, 48 4-star hotels, and 45 3-star establishments. These are classified as London, provincial city, country house, and town and resort hotels. The company's policy of acquiring small chains means that within this structure, four 'sub-brands' exist, the largest of which is Thistle itself (35 hotels in January 1992). Two of the others are very small regional Scottish chains: Mercury (4 hotels), and Skean Dhu (3 hotels). The final brand, which has national presence, is the 4-star Hospitality Inn chain (11 hotels). In 1991, MCT also purchased the contract to manage 7 Beaufort Palace Hotels which had gone into receivership (Kleinwort Benson, 1992). The portfolio is thus so greatly marked by diversity that it is perhaps more accurate to classify MCT as a collection of softer brands, rather than a brand itself.

The largest brand, Thistle, did undergo some standardisation prior to its acquisition. In the three years to 1986, it disposed of approximately 1,000 rooms in order to tighten the brand, and at the same time formed two discrete chains: 4-star city centre hotels and country house hotels (Slattery and Roper, 1986). Again, the latter received no endorsement from the Thistle name, and did not themselves share a brand name, for the company considered individuality to be a strength in the country house sector (Quest, 1987).

Despite the absence of systematic brand structure in MCT's portfolio, the company has been one of the most successful hotel operators of the past decade. Its national geographic coverage and large room capacity enabled it to penetrate the wholesale market, selling through intermediaries who valued the company's critical mass above any brand name (Kleinwort Benson, 1990). MCT thus responded well to the environment which faced it during the 1980's. It is now believed, however, that environmental conditions have altered such that explicitly differentiated marketing, and its attendant tool of branding, is a more appropriate long term strategy. It has been suggested that as MCT's acquisitive growth is unsustainable, and because it is locked into the U.K. market, that it must develop a structured brand portfolio in order to maximise use of its existing assets (Kleinwort Benson, 1990). MCT's response appears to be development of its hardest brand, Thistle. This has brought some previously unbranded Mount Charlotte hotels under the Thistle banner. A corporate identity programme, which standardises the style of MCT publications, has also been implemented. Perhaps the most significant step MCT has taken towards exploitation of its existing assets has been its short breaks joint venture with Queens Moat Houses, a move which is more concerned with service bundle branding than chain branding. The only 'product brand' which MCT offers in addition to its 'Highlife Breaks' is its 'Conferenceplan' meetings service, available across the chain. Regarding the more fundamental chain structuring, it remains to be seen whether Mount Charlotte Thistle can sustain its performance with its current loose portfolio.

Queens Moat Houses

Queens Moat Houses (QMH) is the third largest hotel operator in the U.K. Since its founding in 1968, it has taken a rapid acquisitive growth path similar to that of Mount Charlotte Thistle. This is shown in Table 5.8. QMH's strategy has been to gain critical mass in its domicile country, and then to penetrate continental European countries using chains which have their own national identities (Kleinwort Benson, 1992). The company thus now operates Bilderberg Hotels in Holland, Queens Hotels in Germany, and, in the U.K., Queens Moat Houses. As would be expected as a consequence of its acquisitive growth, QMH's U.K. portfolio is marked by heterogeneity in architecture, types of location, facilities, size, and, to a certain

YEAR	NO. OF U.K. HOTELS
1981	23
1986	68
1992	102

Table 5.8: Queens Moat Houses U.K. portfolio, 1981-1992.
Sources: Euromonitor, 1982; Slattery and Roper, 1986; Harrison and Johnson, 1992.

market level (79% of hotels operate in the mid-market, Kleinwort Benson, 1992). Of the 102 hotels, 63 bear the Moat House name, and thus themselves form a soft brand. Although many of these Moat Houses are modern, and are mainly located in larger towns and cities, a high degree of standardisation is not evident. The unbranded hotels tend to be the more individualistic traditional inns and country houses with a more domestic market.

The strong performance of Queens Moat Houses over the past decade is again evidence that hard brands and an explicit differentiated marketing strategy were not requisite to success in that period.

The fact that QMH has in the past operated only one branded chain in each country of activity means that branding has been concerned only with positioning each chain relative to its competitors. Unlike Forte or Hilton, extensive use of branding has not been required in order to differentiate between brands which co-exist in the same geographic market. Recently, the acquisition of continental European hotels franchised to Holiday Inn has created the interesting situation in which, to avoid cannibalisation, differentiation between QMH's proprietary brand and Holiday Inn must be achieved. Kleinwort Benson (1992) believes that this may prompt the transferral of some of QMH's own brand hotels to the Holiday Inn brand, should they satisfy the brand specification.

Other U.K. chains

The remainder of the chains in Table 5.2 range from hard and soft brands, to unbranded chains. The hardest of brands are the 'new build' budget lodge chains, Campanile and Granada Lodges, which serve the same market segment as Forte Travelodge and Whitbread's Travel Inn; i.e., the price sensitive, transient, 'rooms orientated' customer. It is within this category that branding is most in evidence. Also at the lower end of the market, but at the other extremity of the continuum of standardisation, are the unbranded chains of small, traditional inns, such as Resort Hotels' 'Fine Inns', and Greenalls' 'County Inns'. These are essentially unbranded, despite being grouped under their respective banners. Their chain names do allow them, nevertheless, to be differentiated from their operators' more up-market brands (Resort Hotels and De Vere Hotels) within directories and brochures. Other chains listed in Table 5.2 which cannot accurately be defined as brands because they do not share a name are Rank Hotels, Coast & County Hotels, and Jarvis Hotels (and numerous other smaller chains which are not listed). Hotels within the remainder of the chains - Friendly Hotels, Marriott, Swallow, and Copthorne - show greater standardisation, and carry their brand's name, i.e., are soft brands. Marriott Hotels, being franchised, perhaps possess the least diversity. These single brand companies can be considered to practise concentrated marketing.

The case studies discussed above demonstrate the key points regarding hotel marketing strategy listed on pages 83 and 84. In addition, they show examples of:

- use of elements of the marketing mix in product positioning: product, price, promotion, and distribution;

- use of brand name strategy in product positioning: as in goods marketing, both endorsed and individual brand name strategies are used by those companies practising differentiated marketing; and

- use of branded service bundles in simplifying complex services.

The use of branding by independent hotels

The first section of this chapter indicated the increasing concentration of the U.K. hotel industry; i.e., the growth in the percentage of rooms operated by companies (public and private), and decrease in that held by independents. This trend is shown in Table 5.9.

	percentage of U.K. rooms	
	1988	1991
Public companies	21.6	24.6
Private companies	7.4	8.3
Hotel consortia	5.2	6.9
Unaffiliated hotels	65.8	60.2

Table 5.9: U.K. market structure, 1988 and 1991.
Source: Slattery, 1992

The fall in the percentage of unaffiliated hotels (which is also a decrease in their absolute numbers) has been attributed to corporate acquisition of independent hotels, affiliation of independents to consortia, and the closure of many independent hotels due to the effects of the recession (Slattery, 1992). Unaffiliated hotels are finding it increasingly difficult to compete with their corporate counterparts for several reasons. First, independents lack the economies of scale in marketing, purchasing and personnel which are available to chains. In particular, they cannot penetrate the wholesale markets which require a large room stock and widespread distribution. Second, it is generally the case that the size, market level, and locations of independent hotels make them inherently less profitable than corporate hotels; independents tend to be smaller, at a lower market level, and in more seasonal locations than those within chains. Finally, small independent hotels have greater difficulty than large companies in gaining access to capital.

The threat to independent hotels is compounded by the growing interest of chains in the independent's traditional domain, the budget sector. At present, hard brand budget lodges are mainly located alongside major trunk roads, but should they expand into smaller provincial towns and seaside resorts, they may prove an attractive alternative to existing budget accommodation. Being purpose built and possessing corporate scale economies, chains such as Travelodge and Travel Inn can potentially provide more extensive and higher quality facilities than the similarly priced independent hotel.

As was noted in Chapter Four, the principles of branding can theoretically be applied to a single outlet, such as an independent hotel, as well as to a chain. Thus, should a hotel possess a distinct image, it can be considered a brand. As individuality is perhaps the strength of the independent hotel, branding can be interpreted as a tool employable by the independent in counteracting the threat of the more powerful chains. Gleneagles Hotel is an example of a clearly positioned product which has its own unique character (Gleneagles is not independent, being owned by Guinness. However, it is not part of a chain). Indeed, many luxury hotels which *are* members of a chain are deliberately unendorsed so as not to reduce their important perceived uniqueness.

Although the perception of uniqueness may be important to the independent hotel, this is not necessarily sufficient for survival. Amongst the options available to the independent hotelier are the following (Slattery,1992):

1. joining a consortium: this provides centralised marketing, and perhaps a central reservations system and purchasing scheme. Table 5.9 indicates the popularity of this option (although chain hotels may also join some consortia); or

2. franchising the hotel: this involves adopting the name of the franchised brand, and conforming to the brand specification. Services obtained are normally more extensive than those gained from consortation. The popularity of franchising in the U.K. is expected to grow from its current limited use due to the pressures facing independent hoteliers.

The relevance of branding to these options is that consortation and more so, franchising, make the independent hotel somewhat akin to the hotel within a chain brand. This brings the following benefits:

- important scale economies can be obtained through the pooled arrangements;

- valuable access to distribution channels can be gained; and

- regarding positioning, endorsement from a well known brand name can be gained. The hotel within a consortium has only slight endorsement from that consortium's brand name. A consortium is thus comparable to an unbranded chain, with the properties retaining their individuality and having to conform only to loose membership criteria. The independent hotel which chooses to franchise receives, by contrast, strong endorsement. It takes not only the brand name of the chain, but must conform to a strict specification. Chains composed wholly or in part of franchised hotels thus tend to be hard, a notable example being Holiday Inn. The adoption of a well known brand name brings a transfer of the attributes associated with that name; the independent hotel thus gains not only scale economies, but also an immediate brand image and reputation.

CHAPTER SUMMARY

This chapter has documented the evolution of the U.K. hotel industry, highlighting the types of brand which have emerged, and the uses of the tools of branding in the positioning of chains.

The key trends in the post-War period have been the growth of chains, and then the structuring of the corporate market into distinct, targeted chain brands. This situation has come about through rebranding, which results in soft brands, and product segmentation, which creates hard, standardised brands. The most significant rebranding exercise has been that undertaken in 1991 by Forte. Despite the trend, not all U.K. corporate portfolios have, at the time of writing, been clearly structured into homogenous chains.

The growth in the number of chains, and the fact that they operate at distinct market levels, has created the conditions conducive to branding. The branding of chains is intended to clearly communicate to the customer what a chain offers; this may encourage the 80% of the U.K. population who are inexperienced hotel users (Slattery, 1992) to increase their patronage of hotels.

The principles of branding are also being used to help communicate to the customer the content of the growing number of service bundles offered by chains (e.g., themed short breaks). Independent hotels, too, can be conceived of as brands, for they can possess distinct images. Should the independent choose to join a consortium or become a franchise as a method of survival in the face of growing chain power, it can be seen as receiving brand endorsement from the group it has joined.

The use of branding in the U.K. hotel industry is thus widespread and on the increase. Although its most evident and topical application is in the positioning of chains (largely due to Forte), other forms of product within the industry are the subject of branding.

CHAPTER SIX: RESEARCH METHODOLOGY

Chapters Two to Five have provided the theory of marketing strategy and branding, and the information on the hotel industry considered necessary to an understanding of the author's primary research. Chapters Six and Seven are concerned with the design and findings of that primary research. Chapter Six serves to remind the reader of the research objectives, discusses the relevance of the preceding chapters to these objectives, and describes and justifies the methodology employed; Chapter Seven goes on to report and discuss the findings of the research.

SUMMARY OF PRECEDING CHAPTERS

The thesis is concerned with the uses of branding in the U.K. hotel industry. Thus far, the following topics have been discussed:

1. target marketing: its three constituent stages, the generic marketing strategies which may arise from the process, and the role of branding in the process (Chapters Two and Three);

2. target marketing and branding in service industries (Chapter Four); and

3. target marketing and branding in the hotel industry (Chapter Five).

It can be seen that attention has focused onto the specific industry of concern; the progression has been from general theory (applicable to any industry), to a specific sector (services), to a constituent of that sector (the U.K. hotel industry). This structure was indicated at the beginning of the thesis in Figure 1.1 (page 4).

The primary research was intended to address the key issues arising from Chapters Two to Five. The main objective of the author's primary research was:

Objective 1: to assess the extent of differentiation perceived to exist by business travellers between selected hotel chain brands operating in the U.K.

Related objectives were:

Objective 2: to assess the extent to which the three brand features of price, range of facilities, and quality are utilised by the business traveller in differentiating between hotel brands (should differentiation be perceived); and

Objective 3: to assess the extent of brand awareness amongst business travellers (regarding selected U.K. chain brands).

These objectives relate to the previous chapters in the manner shown in Figure 6.1; this figure is a copy of Figure 1.1 to which have been added the key points of each chapter. The relationships between the primary research's objectives and the preceding theory are discussed in greater detail below.

RESEARCH OBJECTIVES

Objective 1

Figure 6.1 shows that the desired outcome of the process of target marketing is the creation of a differentiated market position. This results in the target customer perceiving a product to possess some unique and valued attribute which reduces the importance of price in the purchase decision. During the evolution of a market, it is typically the case that the total number of products increases, and competition forces companies to identify and target smaller segments (Kotler, 1991), i.e., follow strategies of concentrated or differentiated marketing. In such a market - composed of a large number of products - differentiation is of importance. For example,

TARGET MARKETING AND BRANDING - GENERAL THEORY

Chapter Two: target marketing, stage 1 - market segmentation;
target marketing, stage 2 - market targeting.

Alternative resultant strategies: (i) undifferentiated marketing;
(ii) concentrated marketing;
(iii) differentiated marketing.

Chapter Three: target marketing, stage 3 - product positioning.

The role of branding in positioning: (i) creation of clear brand image
(ii) differentiation.

TARGET MARKETING AND BRANDING IN THE SERVICE SECTOR

Chapter Four: application of the theory discussed in Chapters Two and Three to service-based products.

Key points: (i) creation of typology of service brands;
(ii) how the nature of services affects positioning of service brands.

TARGET MARKETING AND BRANDING IN THE (U.K.) HOTEL INDUSTRY

Chapter Five: application of the theory discussed in Chapters Two, Three and Four to the hotel product and the U.K. hotel industry.

Key points: (i) strategic trend towards concentrated/ differentiated marketing;
(ii) use of branding to create clear market positions and perceived differentiation.

PRIMARY RESEARCH

Chapters Six & Seven: main objective - to assess extent of perceived differentiation between major U.K. hotel chain brands.

Figure 6.1: Thesis structure.

Crawford-Welch (1991) believes that inappropriate segmentation and a lack of differentiation can result in price discounting which is detrimental to the profits of the industry as a whole. The U.K. hotel industry has, as documented in Chapter Five, evolved to a mature state; hence the main research objective of assessing perceived differentiation.

It was chosen to assess the differentiation perceived by one segment of hotel users, rather than to attempt an inter-group comparison. The business traveller segment was selected for the study because of its importance to the hotel industry (providing, for example, 70% of Hilton International's custom, Hilton press release, 1992).

Objective 2

Should differentiation indeed be perceived, it would appear pertinent to enquire along which dimensions brands are considered to differ. Objective 2 partly addresses this issue by seeking to assess the salience of three pre-selected product features in differentiating between brands. These features are price, range of facilities/services, and quality. In choosing these, it is hypothesised that they are salient differentiators; the former two in particular would appear to mark basic distinctions between the market levels formed in structuring of the U.K. industry. Price and range of facilities are often likely to be important initial considerations in the choice of a hotel (just as they are in the purchase of other products, such as cars or houses), and hence consumers should be more aware of these basic product attributes than features which are of less importance. It is also hypothesised that price and range of facilities will be *perceived* to be highly correlated, as these are, of course, related *in reality* (in general, the more expensive a hotel, the more extensive its facilities). Theoretically, quality is independent of price and range of facilities. Nevertheless, it is hypothesised that product quality will be related to these other two product attributes. This is despite the recent corporate activity in the lower end of the market which has demonstrated that high quality accommodation can be provided at budget prices.

In a study *primarily* concerned with identifying dimensions of differentiation, product features would not, ideally, be pre-selected; rather they would emerge from the research. However, this study's main objective is the identification of differentiation *per se*, not its facets. The hypothesis that the three selected product features are salient dimensions of differentiation may, of course, be refuted. A further study - outwith the scope of this thesis - would then be required to assess which criteria are used to distinguish between the brands (or, indeed, which supplement price, range of facilities and/or quality).

Objective 3

Brand awareness is a subject's familiarity with a brand name. Positive brand awareness does not necessarily indicate that a brand is favourably perceived or likely to be purchased in preference to a brand which has an unfamiliar name (Engel, Blackwell and Miniard, 1990). Should an intermediary be used, the purchaser and user of the hotel product may not, in fact, be the decision maker. However, if a hotel chain brand wishes to clearly position itself in the mind of the end user, then awareness of the brand name must be an initial step. Associations can then be built onto the brand name.

METHODOLOGY

Sampling procedure

The design of the sampling plan was influenced by several practicalities: time, resources, and the need to minimise inconvenience to the respondent. This resulted in a nonprobability sample. By definition, this means the findings of the research cannot be generalised to a population with a known degree of confidence. It would also seem almost impossible to quantify the population of business travellers in any geographic location. Hence it cannot be stated what proportion of the population of business travellers using hotels in Glasgow was sampled. The representativeness of the sample is also difficult to assess because the characteristics of the total population of business travellers using Glasgow hotels is not known.

It was decided to access the business traveller through hotels. The first stage in the sampling process was therefore selection of hotels. Those chosen were all in the Glasgow area, thus enabling the author to make personal visits to participating establishments. Hotels which belonged to major chains were selected in preference to independent establishments because of their generally larger size, and hence greater number of business travellers. The exception to this was The Town House, an independent hotel. The final sample of nine hotels was ultimately determined by willingness to participate. The nine hotels, located in central Glasgow unless otherwise indicated were:

1. The Town House (independent);
2. Forte Posthouse (Erskine);
3. The Carrick (a Forte hotel);
4. Travel Inn, Motherwell;
5. The Central (a Friendly Hotel);
6. Stakis Grosvenor;
7. Stakis Ingram;
8. Forte Crest; and
9. Moat House International.

Within each hotel, questionnaires were distributed to business travellers by hotel staff, and those completed were returned to reception. This method was chosen as causing minimum disruption to both staff and guest (questionnaires could be completed at a time most convenient to the guest during his or her stay). What amounted to convenience sampling was, in most instances, used to select the business travellers who were asked to complete a questionnaire. In some hotels, staff did judgementally target regular customers who were considered more likely to return a questionnaire.

A pilot study was conducted prior to the main study in order to test the questionnaire design. This involved the first five hotels listed above. Very minor alterations were made to the questionnaire as a result.

The main study involved the distribution of 25 questionnaires to each of the nine hotels listed above. After a period of three weeks, 18 usable responses had been obtained (8.0%). To increase the total number of responses, a further period of four weeks was permitted. Reminder telephone calls or personal visits were also made to the hotels at approximately weekly intervals throughout the seven weeks. This increased the total number of usable responses to 34 (15.1%). A greater number of responses was desired to increase the reliability of the results, and hence thirty-five further questionnaires were distributed between the three most responsive hotels. This brought the total number of questionnaires distributed to hotels to 260. Despite repeated telephone calls and personal visits to the hotels, the final number of responses which could be obtained in the available time was forty-one (15.8%). This total did, however, exceed the minimum of thirty generally accepted as the threshold for use of parametric statistics. Parametric tests are more powerful than nonparametric tests given the same sample size, and assume the variable(s) being measured is/are normally distributed among the population. Criteria other than sample size must, of course, be met before parametric statistics can be used, and so despite the sample size threshold having been exceeded, the tests used in the data analysis are not exclusively parametric. The low response percentage was considered to be primarily due to three factors: (1) the business traveller's lack of time during what might often be a one night hotel stay; (2) the business traveller's lack of interest in the questionnaire, which might be supplementary to a hotel's own comment card; and (3) lack of commitment on the part of hotels regarding the administration and collection of questionnaires.

The questionnaire

The self-completion questionnaire used in the study is shown in Appendix 2. It consists of a covering letter, and four sections of questions. The design of each section is discussed below.

Section A

Objective: to gather data on 'brand awareness' of thirteen chains.

The number of chains was limited to avoid respondent fatigue. Those included were chosen as providing a range of chain types: hard brands, soft brands, and unbranded chains. The five Forte brands were of particular interest because of the extensive press and television advertising used to communicate Forte's new branded structure. It might be expected, *ceteris paribus,* that the more heavily endorsed brands, which share the same name (Forte Crest; Posthouse; Travelodge; Hilton; Holiday Inn; Novotel; Travel Inn; Swallow; Stakis), would achieve a greater level of awareness than the soft brands/unbranded chains (Forte Grand; Forte Heritage; Queens Moat Houses; Mount Charlotte Thistle). However, it is obviously the case that many variables other than a company's use of branding can influence awareness; e.g., the age of a chain, and the locations of its hotels. In order to eliminate the influence of the guest having stayed in a hotel within the chain (perhaps the most evident way in which the subject would become aware of a chain's name), data was gathered on which chains the subject had used; a comparison could then be made between those which the guest had not used. Nevertheless, it remains impossible to state with any certainty why differences in awareness, if any, exist.

Section B

Objective: to gather data used in assessing overall perceived differentiation between eight brands.

Respondents were asked to rate pairs of brands on a scale of overall similarity. A score of 1 would indicate that two brands were perceived to be 'not at all similar,' and at the other extreme, a score of 9 would indicate two brands to be perceived as 'very similar'. Each respondent's ratings, or an aggregate of all ratings, can be summarised in a table, as demonstrated in Table 6.1. The number in each cell indicates how similar that cell's column and row brands are perceived to be; Hilton and Travel Inn are, for example, considered to be 'not at all similar' (having a score of 1). The shaded cells are redundant because they would merely provide duplication of the scores in the lower section of the table; i.e., comparing brand A to Brand B is the same as comparing Brand B to Brand A.

	Holiday Inn	Hilton	Forte Crest	Forte P'house	Forte T'lodge	Novotel	Stakis	Travel Inn
Holiday Inn								
Hilton	7							
Forte Crest	5	6						
Forte Posthouse	3	4	7					
Forte Travelodge	2	1	3	3				
Novotel	4	4	6	6	3			
Stakis	4	3	5	6	4	6		
Travel Inn	2	1	2	4	8	3	4	

Table 6.1: Hypothetical brand similarity ratings.

It can be seen from Table 6.1 that the total number of ratings possible is given by the formula $n(n-1)/2$, where n represents the number of brands under consideration. Using eight brands, respondents therefore had a total of 28 pairs of brands to compare. As the number of ratings increases by n-1 for every additional brand that is included in the study, the total number of chains had again to be limited to avoid respondent fatigue.

The eight chains included in this part of the survey were chosen for two reasons: (1) they cover a wide range of market levels, from budget lodges to luxury brands, and (2) each displays the standardisation considered necessary by the author to allow repondents to assess the brand as a whole. Soft brands such as Mount Charlotte Thistle could not be included because a respondent may have stayed in several, distinctly different hotels in the chain, and might as a consequence have developed conflicting perceptions of the brand. Should this be the case, the respondent would be confused as to which brand perception to use when making comparisons with other chains.

Section C

Objective: to gather data on perceptions of the three product attributes of price, range of facilities, and quality (these attributes being those tested for salience as differentiators).

Respondents were asked to rate each of the 8 chains on 3 bipolar scales. Also known as 'semantic differential scales', these most commonly consist of seven points or segments (Chisnall, 1986). Each extreme of the scale is defined by an adjective or phrase which describes the concept under measurement (e.g., low price — — — — — — — high price). This technique was chosen because it is a convenient and easily understood method of expressing perceptions, and has been used successfully for marketing research investigations into consumer attitudes towards, for example, corporate images and brand images (Chisnall, 1986).

Section D

Objective: to gather demographic data on the sample.

Data analysis: section A

Data from Section A were collated into contingency tables. These show the actual frequencies of response in each category of the variables of interest. From them, it can be calculated whether the variables are related. The categories of brand awareness used were as follows.

1. negative brand awareness - the respondent has not heard of the brand;

2. positive brand awareness combined with previous use of brand - the respondent has heard of the brand and is aware of having stayed in at least one hotel in the brand; and

3. positive brand awareness without previous use of brand - the respondent has heard of the brand and has, to his or her knowledge, not stayed in a hotel in the chain.

These categories are shown in Figure 6.2.

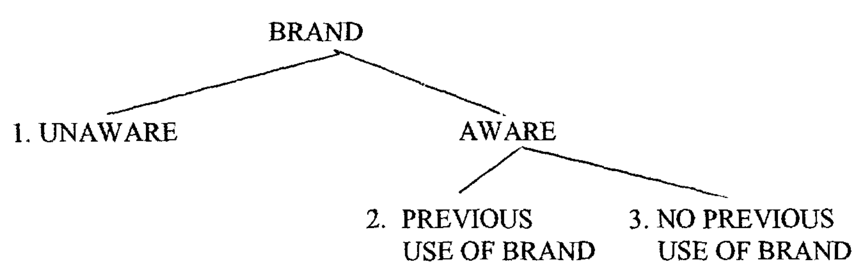


Figure 6.2: Categories of brand awareness.

Data analysis: section B

Data from Section B were analysed using multidimensional scaling (MDS). This technique attempts to represent psychological distance as some type of geometric distance (Green and Wind, 1973). Objects, which might be brands, people, or any other entity, are given coordinates in a geometric space which, when graphically displayed, is often referred to as a 'perceptual map' (Chisnall, 1986), or a 'product positioning map' (Kotler, 1991). A hypothetical example is shown in Figure 6.3.

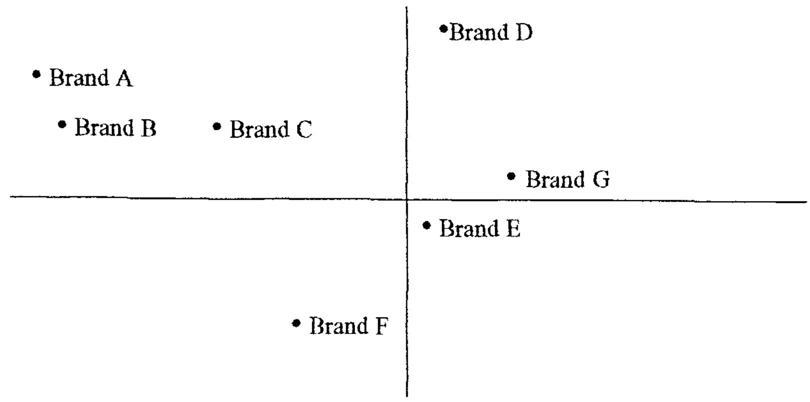


Figure 6.3: A two-dimensional perceptual map.

Essentially, the greater the perceived dissimilarity between objects, the greater the distance between their plots on the map. The number of ways in which objects are perceived to vary is termed their 'dimensionality' (Jacoby, 1991), and each conceptual dimension has a corresponding dimension in the geometric model. The axes can thus be viewed as representations of the dimensions of differentiation. Hence, if objects are perceived to differ in only one way (such as price), the perceptual map is one-dimensional; i.e., objects will fall on a straight line. One set of coordinates would thus be sufficient to describe differences between brands. If two sources of differentiation exist, then the brands will also be scattered in a second dimension, as in the example above. Each brand here has two coordinates. Although only three dimensions can be graphically displayed at once, objects may differ significantly in four dimensions or more; this is simply reflected in the number of coordinates each object possesses. A graphic model of three dimensions or less is, however, useful because of its visual power, and the researcher is, anyhow, likely to be most interested in the major dimensions. In general, the lower the number of dimensions imposed upon the model, the greater will be the amount of variation which remains unaccounted for.

MDS techniques can be broadly classified as either metric or nonmetric; the choice of which to utilise is governed by the assumptions made regarding the input data. Metric models assume the input data to be either interval or ratio scaled, i.e., parametric statistics are used in the algorithm. The scaled distances found by the computer algorithm are thus metrically related to the input data; i.e., input and output are proportionally related in the case of ratio input data, and linearly related in the case of interval input data. Nonmetric models require input data to be only ordinal or nominal, i.e., the algorithm uses non-parametric statistics. Rankings of dissimilarity can thus be used. Regardless of whether the *input data* are nominal, ordinal, interval or ratio data, the MDS *output* is always metric; that is, distances between pairs of points are ratio level, and their coordinates in space are interval level.

Data gathered in Section B of the questionnaire were used to generate a perceptual map which indicates perceived differentiation between the 8 selected brands. The computer software used was KYST (Kruskal, Young, Shepard and Torgerson). The required input is based upon measures of (dis)similarity between pairs of objects (brands), and can take two forms:

1. a rank of pairs of brands in terms of the similarity between objects in each pair; these data are non-parametric; or

2. actual ratings or evaluations of pairs of brands in terms of similarity; if a numerical scale is used, the data *may* be treated as parametric.

Clearly, data of the second form can be simply transformed into that of the first form simply by ranking the actual ratings. The reverse transformation - from nonmetric to metric - cannot, however, take place. Which option is chosen depends upon the techniques used to gather the similarity data. Most commonly, direct methods, are employed (Green, Carmone and Smith, 1989), which involve the subject making a comparison between brands. These include:

(a) ranking all possible pairs in terms of their dissimilarity;
(b) rating all pairs on a numeric scale of dissimilarity, either overall or on a specified attribute;

(c) choosing from each triple set the most similar and least similar pairs; and

(d) choosing objects which are most similar to a reference object on a specified attribute.

Indirect methods do not entail the subject making comparisons; rather, each brand is evaluated individually. An example would be the subject rating each object on several attribute scales, these ratings then being 'summed' in some way to gain an overall score for each object. These scores could then be ranked, if desired. The problem with such a technique is that the researcher may not have chosen all the relevant dimensional attributes, and can only arbitrarily attach weights to each attribute in obtaining an object's total score (Green, Carmone and Smith, 1989). Similar problems arise in direct methods if pre-selected attributes are used to compare objects.

Those techniques which do not use scales [(a), (c) and (d) above] cannot, realistically, use the parametric data analysis option in KYST (although rank data treated as parametric can produce results similar to those obtained non-parametrically [Green and Wind, 1973]). Similarity judgements obtained using numeric scales [e.g., (b)] can be treated parametrically, but the choice of whether or not to do so is dependent upon the nature of the scale and the concept under measurement. Likert scales and semantic differential scales cannot, for example, be treated as interval with any confidence (Chisnall, 1986). Nevertheless, should the researcher bear in mind the assumptions made in doing so, scores can be assigned to segments of scales used in gathering subjective data.

In order to avoid the problems associated with pre-selection of attributes in obtaining similarity data, it was chosen not to specify dimensions. Rather, subjects were asked to rate each of the 28 possible pairs on a scale of overall dissimilarity. Each pair's final score was calculated as the mean of all respondents' ratings. Of the 'attribute free' methods listed above, this was considered the most appropriate to a self-completion questionnaire (it would, for example, be unrealistic to expect subjects to themselves directly rank 28 pairs of hotel chains).

As it could not be assumed that the scale of one to nine used to obtain similarities was interval, the nonmetric option of KYST was firstly chosen; that is, each pair's final score of between one and nine was used to place it in a rank. Other parameters required by the program were set as listed in Appendix 3. Using this information, KYST generated a set of geometric distances between brands such that the distances most closely represented the ranking of pairs. As a comparison to this non-parametric analysis, a parametric analysis was also conducted using the absolute numeric scores; because of the assumptions this makes of the data, this parametric analysis is, however, of secondary importance.

The key statistic generated by KYST, which indicates how much differentiation remains unrepresented in a map, is that of STRESS (STandardised REsidual Sum of Squares). This is essentially a measure of how well the input rank of perceived dissimilarity is preserved in the perceptual map. A STRESS of zero indicates that the smallest inter-point distance on the map is between the two brands which are perceived as most similar, that the next smallest inter-point distance is between the next two most similarly perceived brands, and so on. Such a perfect monotonic relationship between input perceived 'distances', and output geometric distances is shown in Figure 6.4. Where STRESS is zero, the perceptual map captures all the perceived differentiation between brands. A non-monotonic relationship, in which STRESS is greater than zero, is shown in Figure 6.5. Here, the rank of the points differs along the two axes, showing the corresponding perceptual map does not show all the perceived differentiation. Hence, the greater the value of STRESS for any perceptual map, the greater the amount of differentiation which remains unaccounted for. In producing its configuration, KYST attempts to minimise STRESS in the specified number of dimensions. As the permitted number of dimensions is increased, the value of STRESS is reduced because more dimensions of differentiation are included (unless, of course, the objects differ entirely along one dimension, in which case the initial STRESS of the one-dimensional map equals zero).

The absolute STRESS value of the one-dimensional map, and the subsequent reductions in STRESS as the dimensionality is increased, thus give an indication of the size of each individual dimension's contribution to overall differentiation. In general, an 'excellent' absolute STRESS value is considered to be less than 0.05, a 'satisfactory' value between 0.05 and 0.10, and an 'acceptable' value between 0.10 and 0.15 (Krzanowski, 1988).

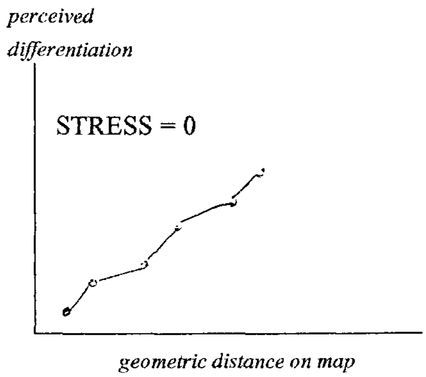


Fig.6.4: Perfect monotonic relationship.

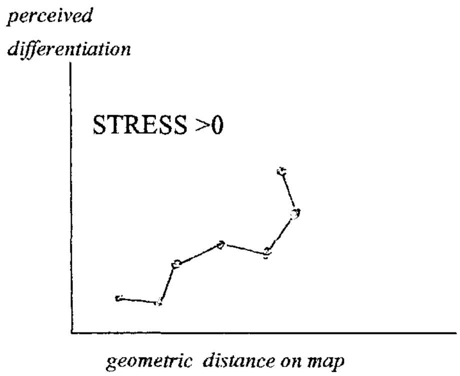


Fig.6.5: Non-monotonic relationship.

Data analysis: section C

Section C was used to gather ratings for each brand on the product attributes of price, range of facilities, and quality. The intention was test the strength of association between these three variables and overall perceived differentiation. The first step was calculation of the mean scores given to each brand on each product attribute. In doing so, the segments of the bipolar scales were numbered from one to seven, as shown for one scale in Figure 6.6.

low price — — — — — — — high price
1 2 3 4 5 6 7

Figure 6.6: Assignment of scores to bipolar scale.

The mean scores could then be treated in two ways, which differed in the assumptions made regarding the nature of the bipolar scales. These options were:

1. treat the bipolar scale as ordinal; in this case, the brands could only be ranked on each of the three attributes; nonparametric statistics would thus be required; and

2. treat the bipolar scales as interval; in this case, the actual raw mean scores themselves could be used in calculations; parametric statistics could be employed.

As the ratings given to each brand were subjective opinions, excessive assumptions would appear to have been made if the scale was treated as interval (although the brands could be placed on an objective scale of price [and, perhaps, on range of facilities], it was the express desire in this study to assess customer perceptions, and not objective reality). However, to treat the data only as ordinal would seem, intuitively, to result in a loss of information. It is feasible that the scales are of strength somewhat greater than ordinal. For this reason, analyses were conducted using both the ordinal and interval data sets; i.e., using both nonparametric and parametric statistics. Tests involving the latter are more powerful, but when interpreting their results, the assumptions made of the data must be born in mind. The primary analyses are considered by the author to be those carried out using nonparametric statistics.

The data made available by numbering the bipolar scales was thus as follows:

1. (a) a mean score of between one and seven for each brand on the attribute of price;
   (b) a rank of the eight brands on the attribute of price;

2. (a) a mean score of between one and seven for each brand on the attribute of 'range of facilities';
   (b) a rank of the eight brands on the attribute of 'range of facilities';

3. (a) a mean score of between one and seven for each brand on the attribute of quality; and

   (b) a rank of the eight brands on the attribute of price.

The above data provided data on perceived differentiation between brands on each specified product attribute. Information from the KYST output provided data on overall perceived differentiation, again in both rank and interval forms. The following tests of association were carried out using these two data sets (in each case, (b) is simply the parametric alternative of (a)):

1. (a) nonparametric tests of association between the ranks of the three product attributes themselves - these involved Spearman's rank correlation coefficient;

   (b) parametric tests of association between the three product attributes using the raw scores - these involved the Pearson product-moment correlation coefficient;

2. (a) nonparametric tests of association between each of the three product attribute ranks and a rank of the brands on the main dimension of perceived overall similarity (obtained from KYST) - these involved Spearman's rank correlation coefficient: and

   (b) parametric tests of association between each of the three product attributes (using raw scores) and the main dimension of overall perceived differentiation - these involved the Pearson product-moment correlation coefficient.

The correlations between the three product attributes themselves indicate if differences between brands are perceived as the same on each variable; if so, one of the variables can be used as a surrogate for the others in describing differences between brands. Alternatively, it could be stated that the three attributes are composites of a more complex variable.

The correlations between each attribute and the rank or scores of brands along the main dimension of differentiation indicates to what extent each attribute is used by the business traveller when differentiating between brands in their entireties.

CHAPTER SUMMARY

This chapter has discussed the research objectives and the methodology employed in meeting those objectives. Essentially, the three objectives are concerned with assessing:

1. extent of brand differentiation;
2. dimensions of brand differentiation; and
3. levels of brand awareness.

The relationships between these, and their relationships to Chapters Two to Five, were explained in detail.

The sample surveyed consisted of forty-one business travellers who had used one of nine hotels in the Glasgow area between April and June 1993. Data were gathered using self-completion questionnaires issued by staff of the nine hotels. Analysis was conducted primarily using multidimensional scaling. Software used in the analysis of overall perceived differentiation was KYST, the principles of which were discussed.

CHAPTER SEVEN: RESULTS

The purpose of this chapter is to report and discuss the research findings obtained using the methodology outlined in Chapter Six. The questions answered (which correspond to Objectives One, Two and Three) are thus:

1. what is the extent of perceived differentiation between the eight hotel chain brands included in the study?;

2. to what extent do price, range of facilities, and quality account for any perceived differentiation?; and

3. what is the extent of brand awareness of thirteen hotel chain brands?

The chapter is consequently structured into three sections. The results which provide a response to Question 3 are discussed first, for positive brand awareness is required before the consumer can answer more in-depth questions on differentiation. The second section is concerned with perceived differentiation. Here, the outputs from the multidimensional scaling analysis are analysed. These outputs take the form of perceptual maps created by the KYST software, which display perceived differentiation in a geometric form. This meets the main research objective (Objective One). The third section discusses the results of the series of tests of association which measure the extent to which the three product features of interest account for overall perceived differentiation. Each of the three sections is concluded with a summary of its main findings. The chapter summary reiterates these. The implications of the research findings are discussed in Chapter Eight.

SAMPLE CHARACTERISTICS

The total number of usable responses was forty-one. The demographic characteristics of the sample, obtained from Section D of the questionnaire, are shown in Appendix 4. As noted in Chapter Six, it is impossible to define a total population of business travellers, and hence the representativeness of this sample cannot be quantified.

RESULTS: BRAND AWARENESS

The total number of responses used in the brand awareness analyses was forty, as one respondent failed to complete Section A of the questionnaire.

The frequencies of positive and negative brand awareness for each of the thirteen chain brands are shown in Table 7.1. The brands are placed in descending order of positive awareness. No distinction is made in this table between those who are aware of a brand and have used it, and those who are aware of a brand but have not used it. (Note that throughout this chapter, a brand which has not been 'used' is one which a subject has not *stayed in*; he or she may have used it for another purpose, such as a meal or conference).

Of interest is whether differences in brand awareness are significant. The null hypothesis is thus that no significant differences exist between the positive brand awareness frequencies of the thirteen brands, or:

$$H_o(1): f_1 = f_2 = f_3 = f_4 = f_5 = f_6 = f_7 = f_8 = f_9 = f_{10} = f_{11} = f_{12} = f_{13}$$

BRAND	POSITIVE AWARENESS Frequency and (%)	NEGATIVE AWARENESS Frequency and (%)
HOLIDAY INN	40 (100.0)	0 -
FORTE CREST	39 (97.5)	1 (2.5)
FORTE POSTHOUSE	39 (97.5)	1 (2.5)
HILTON	39 (97.5)	1 (2.2)
FORTE TRAVELODGE	35 (87.5)	5 (12.5)
NOVOTEL	32 (80.0)	8 (20.0)
STAKIS	31 (77.5)	9 (22.5)
QUEENS MOAT HOUSES	30 (75.0)	10 (25.0)
SWALLOW	27 (67.5)	13 (32.5)
MOUNT CHARLOTTE THISTLE	23 (57.5)	17 (42.5)
TRAVEL INN	21 (52.5)	19 (47.5)
FORTE GRAND	19 (47.5)	21 (52.5)
FORTE HERITAGE	17 (42.5)	23 (57.5)
TOTAL	392	128

Table 7.1: Brand awareness (all respondents)

Mere observation of the frequencies given in Table 7.1 suggests that significant differences do exist between the awareness levels for the thirteen brands. This is confirmed by the Chi-square test:

- critical value of Chi^2 (alpha = 0.01) = 26.22;
- Chi^2 value obtained from Table 7.1 = 107.48;
- as 107.48 > 32.9, the null hypothesis can be rejected; i.e., significant differences do exist between the brand awareness levels of the thirteen brands.

This test gives no insight, however, into what factors have caused the differences in awareness. As suggested in previous chapters, there are myriad possible sources of brand information, some being part of a company's branding exercise (e.g.

advertising), others not directly so (e.g., word-of-mouth communication). Differences in awareness cannot thus be attributed with any certainty to branding. The effects of an obvious 'non-branding' source of positive awareness, that of brand use, can, however be removed from the data. A comparison can then be made of brand awareness levels between brands which subjects have not used (or at least are unaware of having used). The data used in this analysis are shown in Table 7.2. Here, the brands are again ranked in descending order of positive awareness. The null hypothesis is again that no significant differences exist between the brands regarding frequencies of positive brand awareness levels:

$$H_o(2): f_1 = f_2 = f_3 = f_4 = f_5 = f_6 = f_7 = f_8 = f_9 = f_{10} = f_{11} = f_{12} = f_{13}$$

Using the data in Table 7.2:

- critical value of Chi^2 (alpha = 0.01) = 26.22;
- Chi^2 value obtained from Table 7.2 = 61.41;
- 61.41 > 26.22, hence the null hypothesis can be rejected, i.e., significant differences do exist between the brand awareness levels for brands which subjects have not used.

The difference between the Chi^2 values obtained from Tables 7.1 and 7.2 suggests that some of the variation in brand awareness levels may indeed have been due to subjects having used the brands.

A brand feature which it was suggested in previous chapters may influence brand perceptions - including, therfore, brand awareness - was the degree of standardisation across the chain. The data contained in both Table 7.1 and Table 7.2 would appear to indicate that the hard brands have higher levels of positive awareness than the soft brands. In order to test this, the thirteen brands were classified as follows.

Hard brands: Forte Crest; Forte Posthouse; Forte Travelodge; Hilton; Holiday Inn; Novotel; Travel Inn.

Soft brands: Forte Grand; Forte Heritage; Mount Charlotte Thistle; Queens Moat Houses; Stakis; Swallow.

BRAND	POSITIVE AWARENESS WITHOUT BRAND USE Frequency and (%)	NEGATIVE AWARENESS Frequency and (%)
HOLIDAY INN	13 (100.0)	0 -
HILTON	21 (95.4)	1 (4.5)
FORTE CREST	7 (87.5)	1 (12.5)
FORTE POSTHOUSE	7 (87.5)	1 (12.5)
FORTE TRAVELODGE	17 (80.9)	4 (20.9)
NOVOTEL	16 (66.7)	8 (33.3)
QUEENS MOAT HOUSES	12 (54.5)	10 (45.5)
MOUNT CHARLOTTE THISTLE	13 (43.3)	17 (56.7)
FORTE GRAND	14 (38.9)	22 (61.1)
SWALLOW	9 (40.9)	13 (59.1)
STAKIS	5 (35.7)	9 (64.3)
TRAVEL INN	10 (34.5)	19 (65.5)
FORTE HERITAGE	10 (30.3)	23 (69.7)
TOTAL	154	128

Table 7.2: Brand awareness (respondents who have not used brands).

Because standardisation is measured on a continuum rather than in discrete categories, it is arguable as to which category some brands should be placed. This must be born in mind when interpreting the results of a statistical test. The frequencies of positive and negative brand awareness for hard and soft brands are given in Tables 7.3 and 7.4. Table 7.3 does not discriminate between those who have used a brand, and those who have not. Table 7.4 excludes those who have used a brand.

	POSITIVE AWARENESS	NEGATIVE AWARENESS	*MARGINAL TOTAL*
HARD BRANDS	245	35	280
SOFT BRANDS	147	93	240
MARGINAL TOTAL	392	128	520

Table 7.3: Brand awareness frequencies for hard and soft brands (all respondents).

	POSITIVE AWARENESS WITHOUT BRAND USE	NEGATIVE AWARENESS	*MARGINAL TOTAL*
HARD BRANDS	91	34	125
SOFT BRANDS	63	94	157
MARGINAL TOTAL	154	128	282

Table 7.4: Brand awareness frequencies for hard and soft brands
(for respondents who have not used brands).

The null hypothesis is that there is no difference between the positive awareness frequencies for hard and soft brands:

$$H_o(3): f_1 = f_2$$

Results of the Chi^2 test are as follows:

Table 7.3 (all subjects)

- $Chi^2 = 47.92$
- critical value of Chi^2 (alpha = 0.01) = 6.635

Table 7.4 (subjects who have not used brand)

- $Chi^2 = 29.87$
- critical value of Chi^2 (alpha = 0.01) = 6.635

As 47.92 > 6.635, and 29.87 > 6.635, the null hypothesis can be rejected, i.e., the hard brands included in the study differ significantly from the soft brands included in the study in terms of positive brand awareness, both when the sample includes and excludes subjects who have used a brand.

The reason or reasons for this difference in awareness cannot be ascertained from this test. Although hard brands do appear to have achieved a higher level of awareness than soft brands, a causal link cannot be identified between degree of standardisation and level of brand awareness; it remains the case that many factors independent of standardisation could be responsible for the significant difference in awareness between hard and soft brands. Holiday Inn and Hilton are, for example, long established chains with an international presence. Crest and Posthouse also existed in the U.K. before Forte standardised and branded the chains. Forte Grand and Forte Heritage, which both achieve positive awareness levels of less than 50%, are indeed far softer brands than the other three Forte chains, but were newly formed during the 1991 rebranding exercise rather than having a prior existence.

As might be expected by virtue of the fact that only some of its hotels are endorsed by the Thistle name, Mount Charlotte Thistle has a relatively low positive brand awareness (43% amongst non-users of the chain). This is despite it being the second largest operator of hotels in the U.K. Queens Moat Houses, which ranks behind Mount Charlotte Thistle in terms of size, achieves a slightly higher level of positive awareness (55.0%). Again, only some of the hotels operated by Queens Moat Houses bear part of the corporate brand name, i.e., those entitled 'Moat Houses'. Both the Thistle and Moat Houses chains are relatively standardised when compared to the Mount Charlotte Thistle and Queens Moat Houses portfolios in their entireties. Interpretation of the awareness levels achieved by these two corporate brands is difficult because it is not known how subjects have responded when aware of Thistle or Moat Houses, but not of the corresponding corporate brand names which were used in the questionnaire. It can be said, however, that these two brands appear to have levels of positive awareness which are not commensurate with their size and national coverage. Their choice of brand name strategy, which leaves many hotels without endorsement, may well be a cause of this, and awareness might thus rise should greater endorsement be given. As Connell (1992a) has warned that problems may arise if a soft brand is promoted as a hard brand (as would be the case if heterogeneous hotels shared the same name), such greater endorsement would require prior portfolio structuring, i.e., the creation of harder brands within the portfolio. If the apparently low levels of positive brand awareness achieved by Mount Charlotte Thistle and Queens Moat Houses are as a consequence of their brand name strategies, then they are also indirectly attributable to the softness of the brands.

The brand which most clearly shows that hard brands do not necessarily achieve higher positive awareness levels than soft brands is Travel Inn. Although having an overall awareness of over 53%, this drops to 35% when subjects who have used the brand are excluded. Being a budget lodge, Travel Inn is most directly comparable to Forte Travelodge; both are 'new build' and hence highly standardised. Travelodge has, at 81%, a far higher level of positive awareness than Travel Inn, but possible reasons for this are that Travelodge is a longer established chain, and has approximately three times as many outlets as its Whitbread-owned competitor.

Summary: brand awareness

Overall, it is concluded from the brand awareness data that, for those brands included in the study, the business traveller has a significantly higher level of positive awareness of hard brands than soft brands. The difference cannot, however, be attributed with certainty to degree of brand standardisation, for many other variables may contribute to awareness. Furthermore, it cannot be claimed that the thirteen brands tested are a representative sample of all brands operating in the U.K. Quite apart from the issue of what causes positive awareness is the question of how important positive brand awareness actually is to the success of a brand. For example, the purchase of a brand does not necessarily require the end-user to be aware of the name of his or her hotel's chain (49% of respondents indicated that they either did not, or only sometimes, chose their own hotel when travelling on business). The past growth of Mount Charlotte Thistle through use of the wholesale markets is further evidence that awareness is not requisite to success. Countering this is the proposition that brand familiarity creates assurances of quality, which in turn favours purchase. Despite the debate surrounding its influence, brand awareness is a concept frequently measured in consumer goods studies. It is thus considered justifiable to measure brand awareness in the hotel industry, with the proviso that its importance is not overstated.

RESULTS: PERCEIVED DIFFERENTIATION

Forty-one responses were used in the analysis of perceived differentiation.

KYST input data

Data from Section B of the questionnaire were analysed using multidimensional scaling, as described in Chapter Six. The KYST program, which generates the perceptual map indicating perceived differentiation between brands, requires as input measures of dissimilarity or similarity between every possible pairing of brands. These data were gathered using a scale of one to nine. The mean score given to each pair is shown in Table 7.5, and the ranking of these scores is given in Table 7.6. Abbreviations used for the brands are as follows:

FC - Forte Crest
FP - Forte Posthouse
FT - Forte Travelodge
HI - Holiday Inn

HL - Hilton
NO - Novotel
ST - Stakis
TI - Travel Inn

	FC	FP	FT	HI	HL	NO	ST	TI
FC								
FP	6.28							
FT	2.773	2.999						
HI	5.645	5.423	1.88					
HL	4.7	3.65	1.667	5.286				
NO	4.667	5.789	3.221	4	2.944			
ST	5.435	5.12	2.526	4.5	4.235	4.688		
TI	2.5	3.222	6.75	3	2.267	4.4	3.091	

Table 7.5: Mean perceived similarity scores of brand pairs.

	FC	FP	FT	HI	HL	NO	ST	TI
FC								
FP	2							
FT	23	21						
HI	4	6	27					
HL	9	16	28	7				
NO	11	3	18	15	22			
ST	5	8	24	12	14	10		
TI	25	17	1	20	26	13	19	

Table 7.6: Position of brand pairs in descending rank of perceived similarity.

Two analyses were conducted using KYST:

1. non-parametric analysis: input used was data in Table 7.6. This data is ordinal, hence the non-parametric option of KYST was used; and

2. parametric analysis: input used was data in Table 7.5. This data is interval, hence the parametric option in KYST was used.

As discussed in Chapter Six, the results produced by the first analysis are preferred as a basis from which to draw conclusions, for the scale of one to nine used to measure similarity could not confidently be interpreted as interval. The non-parametric analysis is thus the primary analysis, and its results are the first discussed below. The parametric test was, however, conducted as a comparison.

Non-parametric analysis of perceived differentiation

KYST was instructed to produce configurations of the brands, in turn, in three dimensions, two dimensions and one dimension. The perceptual maps generated are shown in Figures 7.1 to 7.3c. The following points apply to interpretation of the maps:

- key to numerals and symbols on the maps:
  1 = Forte Crest — 5 = Hilton
  2 = Forte Posthouse — 6 = Novotel
  3 = Forte Travelodge — 7 = Stakis
  4 = Holiday Inn — 8 = Travel Inn
  ; = two points plotted on top of each other;

- the Euclidean geometric distance between pairs of points (i.e., brands), is proportional to the extent of perceived dissimilarity between those brands;

- the axes and position of the origin are arbitrary; i.e., their positions relative to the plots are meaningless (the axes can therefore be rotated, or the origin moved).

- the exact coordinates of each brand are given in Appendix 5. The Euclidean inter-point distances are listed in Appendix 6.

Figure 7.1 is one-dimensional; that is, only one source of differentiation (or dissimilarity) has been sought in the data.

Figure 7.2 is two-dimensional; that is, the program has been permitted to seek two sources of differentiation between the brands.

Figures 7.3a, 7.3b and 7.3c each show two dimensions of the three-dimensional model (it being impossible to show the three dimensions together on one map). Here, the program has been permitted to seek three sources of differentiation.

Using these maps, two issues will be discussed: (1) dimensionality of differentiation; and (2) extent of differentiation between individual brands.

Dimensionality

Visual inspection of the maps would seem to indicate that brands are perceived to differ significantly in only one way. This conclusion can be drawn because even when two dimensions are permitted in the model (Figure 7.2), the points do not depart markedly from a straight line. An alternative way of stating this is to say that the near linear relationship between dimension one and dimension two means only one of these dimensions is required to adequately describe the differences between brands. This means that if entities are perceived to differ in exactly the same ways on two 'separate' attributes (e.g., weight and volume), then one dimension of differentiation represents both.

Despite the fact that one dominant dimension of dissimilarity appears to exist, this does not account for *all* of the perceived differentiation between brands. This can be inferred from the three-dimensional model. Figure 7.3a reiterates the relationship between dimensions one and two which has already been shown in the two-dimensional map (Figure 7.2). The brands also differ along another dimension, as shown by the non-linear scatter of plots in Figures 7.3b and 7.3c. In both these figures, the ordering of brands along the Y-axis clearly differs from that along the X-axis. However, the spread of variation between all brands is less along this Y-axis than along the main dimension shown in Figures 7.2 and 7.3a. This means the dimension represented by the Y-axis in Figures 7.3b and 7.3c makes a correspondingly smaller contribution to overall perceived brand differentiation.

```
**....*....*....*....*....*....*....*....*....*..... **
**                        |                          ** 3.000
**                        |                          ** 2.769
**                        |                          ** 2.538
**                        |                          ** 2.308
**                        |                          ** 2.077
**                        |                          ** 1.846
**                        |                          ** 1.615
**                        |          5               ** 1.385
**                        |                          ** 1.154
**                        |     4                    **  .923
**                        |                          **  .692
**                        |  71                      **  .462
**                        |2                         **  .231
**------------------------0--------------------------**  .000
**                      6 |                          ** -.231
**                        |                          ** -.462
**                        |                          ** -.692
**                        |                          ** -.923
**                        |                          **-1.154
**              8         |                          **-1.385
**           3            |                          **-1.615
**                        |                          **-1.846
**                        |                          **-2.077
**                        |                          **-2.308
**                        |                          **-2.538
**                        |                          **-2.769
**                        |                          **-3.000
**....*....*....*....*....*....*....*....*....*......**
-3.3333.  -2.0000.    -.6667.     .6667.   2.0000.   3.3333.
     -2.6667   -1.3333     .0000    1.3333    2.6667    4.0000
```

Figure 7.1: One-dimensional KYST output configuration

```
  **...*....*....*....*....*....*....*....*....*....*..**
  **                        |                          ** 3.000
  **                        |                          ** 2.769
  **                        |                          ** 2.538
  **                        |                          ** 2.308
  **                        |                          ** 2.077
  **                        |                          ** 1.846
  **                        |                          ** 1.615
  **                        |          5               ** 1.385
  **                        |                          ** 1.154
  **                        |                          **  .923
  **                        |     ;                    **  .692
  **                        |   7                      **  .462
  **                        |                          **  .231
  **------------------------02-------------------------**  .000
  **                        |                          ** -.231
  **                      6 |                          ** -.462
  **                        |                          ** -.692
  **                        |                          ** -.923
  **                 8      |                          **-1.154
  **                        |                          **-1.385
  **              3         |                          **-1.615
  **                        |                          **-1.846
  **                        |                          **-2.077
  **                        |                          **-2.308
  **                        |                          **-2.538
  **                        |                          **-2.769
  **                        |                          **-3.000
  **....*....*....*....*....*....*....*....*....*....*.**
-3.3333.  -2.0000.    -.6667.     .6667.   2.0000.   3.3333.
    -2.6667   -1.3333     .0000    1.3333    2.6667    4.0000
```

Figure 7.2: Two-dimensional KYST output

```
**....*....*....*....*....*....*....*....*....*......**
**                        |                          ** 3.000
**                        |                          ** 2.769
**                        |                          ** 2.538
**                        |                          ** 2.308
**                        |                          ** 2.077
**                        |                          ** 1.846
**                        |                          ** 1.615
**                        |                          ** 1.385
**                        |                          ** 1.154
**                        |     5                    **   .923
**                        |    ;                     **   .692
**                        |                          **   .462
**                        |  ;                       **   .231
**------------------------0--------------------------**   .000
**                      6 |                          ** -.231
**                        |                          ** -.462
**                        |                          ** -.692
**                        |                          ** -.923
**               8        |                          **-1.154
**              3         |                          **-1.385
**                        |                          **-1.615
**                        |                          **-1.846
**                        |                          **-2.077
**                        |                          **-2.308
**                        |                          **-2.538
**                        |                          **-2.769
**                        |                          **-3.000
**....*....*....*....*....*....*....*....*....*....*.**
-3.3333.  -2.0000.   -.6667.    .6667.   2.0000.   3.3333.
      -2.6667   -1.3333     .0000    1.3333    2.6667    4.0000
```

Figure 7.3a: Three-dimensional KYST output configuration - dimension 2 (y-axis) versus dimension 1 (x-axis).

```
**.....*...*....*....*....*....*....*....*....*....*.**
**                         |                          ** 3.000
**                         |                          ** 2.769
**                         |                          ** 2.538
**                         |                          ** 2.308
**                         |                          ** 2.077
**                         |                          ** 1.846
**                         |                          ** 1.615
**                         |                          ** 1.385
**                         |                          ** 1.154
**                         |                          **  .923
**               3         |     5                    **  .692
**                         |                          **  .462
**                8        |                          **  .231
**-------------------------0----;---------------------**  .000
**                         |  7                       ** -.231
**                         |  2                       ** -.462
**                       6 |                          ** -.692
**                         |                          ** -.923
**                         |                          **-1.154
**                         |                          **-1.385
**                         |                          **-1.615
**                         |                          **-1.846
**                         |                          **-2.077
**                         |                          **-2.308
**                         |                          **-2.538
**                         |                          **-2.769
**                         |                          **-3.000
**....*....*....*....*....*....*....*....*....*....*.**
-3.3333.  -2.0000.    -.6667.     .6667.    2.0000.   3.3333.
     -2.6667   -1.3333      .0000     1.3333    2.6667    4.0000
```

Figure 7.3b: Three-dimensional KYST output - dimension 3 (y-axis) versus dimension 1 (x-axis).

```
  **.....*....*....*....*....*....*....*....*....*....*.**
  **                         |                          ** 3.000
  **                         |                          ** 2.769
  **                         |                          ** 2.538
  **                         |                          ** 2.308
  **                         |                          ** 2.077
  **                         |                          ** 1.846
  **                         |                          ** 1.615
  **                         |                          ** 1.385
  **                         |                          ** 1.154
  **                         |                          **  .923
  **               3         |     5                    **  .692
  **                         |                          **  .462
  **                8        |                          **  .231
  **-------------------------0---1-4--------------------**  .000
  **                         | 7                        ** -.231
  **                         | 2                        ** -.462
  **                      6  |                          ** -.692
  **                         |                          ** -.923
  **                         |                          **-1.154
  **                         |                          **-1.385
  **                         |                          **-1.615
  **                         |                          **-1
  **                         |                          **-2.077
  **                         |                          **-2.308
  **                         |                          **-2.538
  **                         |                          **-2.769
  **                         |                          **-3.000
  **.....*....*....*....*....*....*....*....*....*......**
-3.3333.  -2.0000.   -.6667.    .6667.   2.0000.   3.3333.
      -2.6667   -1.3333     .0000    1.3333    2.6667    4.0000
```

Figure 7.3c: Three-dimensional KYST output - dimension 3 (y-axis) versus dimension 2 (x-axis).

The above conclusions have been drawn from visual inspection of the KYST maps. They are supported by the statistical output, with the key figure being that of STRESS. As discussed in Chapter Six, STRESS is essentially an indicator of how much of the overall perceived differentiation is accounted for in the model. The STRESS values for each of the models are listed in Table 7.7.

NO. OF DIMENSIONS	STRESS	STRESS RATING
1	0.0852	satisfactory
2	0.0391	excellent
3	0.0096	excellent

Table 7.7: STRESS values for non-parametric analysis.

It can be seen from Table 7.7 that a 'satisfactory' STRESS is obtained in only one dimension. An 'excellent' STRESS is subsequently reached in only two dimensions, and STRESS is almost eliminated in three dimensions. Both the fact that the one-dimensional configuration possesses a 'satisfactory' STRESS, and the fact that reductions in STRESS between models of increasing dimensionality are, in absolute terms, very small, support the belief that differentiation between hotel brands is mainly on one salient product attribute. Secondary and tertiary dimensions of differentiation do exist, but are insignificant by comparison (the residual STRESS of 0.0096 means that an additional, but even less salient, source of differentiation may be perceived).

Although the dimensionality of differentiation can be identified from this analysis, KYST does not assist in labelling the dimensions. The most widely used means of doing so is the application of judgement by the researcher (Green, Carmone and Smith, 1989). By observing the pattern of plots, it can be seen if brands fall in configurations which seem explicated by known variations in product attributes. As this requires analysis of the relative positions of individual brands on the map, this will be done following the next section. The results of the correlations between overall differentiation and those on specific product attributes, which conclude this chapter, provide further assistance in labelling the dimensions. At this point, it is sufficient to state that the business traveller does perceive differentiation between hotel brands, but that this differentiation is mainly along one dimension.

Inter-brand differentiation

The most striking feature of Figures 7.1 to 7.3c is the clear differentiation of the two budget lodges, Forte Travelodge and Travel Inn, from the remainder of the brands. This was as expected, for budget lodges do differ in many ways from the traditional hotel: they are to be found alongside major roads - often at motorway service areas- rather than in commercial centres; they primarily serve the transient, rather than the terminal traveller; architecturally, they are small, modern, low-rise buildings with a domestic air, rather than large, high-rise blocks of obvious commercial function; and their promotion often features the low room price. The clear differentiation of this group of two brands from the other six chains suggests the business traveller is well aware of the relatively new concept of the budget lodge. Perceived differentiation also exists *between* the two brands within this budget lodge group, indicating that Travelodge and Travel Inn have, perhaps, also succeeded in differentiating themselves from each other. As these lodges are likely to be competing with one another, rather than with the more up-market brands, it is this intra-group differentiation which is vital to achieve. However, the low brand awareness of Travel Inn, and hence the limited number of comparisons made between it and other brands, means that conclusions based upon its *exact* position on the map can only be very tentative.

The other notable feature of the maps is the clear differentiation of Hilton. Along the salient dimension of differentiation, this is the brand which is perceived as least similar to the budget lodges. The brands which it is most similar to are the 4-star chains, Forte Crest and Holiday Inn. This suggests Ladbroke has succeeded in positioning Hilton as a luxury, prestige product through deployment of the tools of branding (discussed in Chapter Five). Although Hilton is clearly differentiated from the other brands included in the study, it cannot, however, be generalised that it is differentiated from *all* other brands operating in the U.K. Should Hilton regard any of the brands which *have* been included as direct competitors, the results do suggest that important differentiation from it or them has been achieved (this is, of course, only a beneficial achievement if the source of perceived differentiation is as intended by Hilton, and has been identified as desired by the customer).

The remainder of the brands - Forte Posthouse, Forte Crest, Holiday Inn, Stakis, and Novotel might be said to form a loose cluster between the budget lodges and the luxury Hilton. Within this group, Holiday Inn and Crest consistently plot very close together, and indeed they are both 4-star chains with very tight brand specifications, they are to be found in similar types of location, and are both business-orientated (Crest explicitly so). The lack of differentiation which exists between these two brands in the perception of the sample of business travellers may thus be of concern to the companies.

The proximity of Stakis to Crest and Holiday Inn was unexpected, for the Scotland-based chain has a more heterogeneous portfolio, within which are 'resort' hotels of a distinct leisure, rather than business, orientation (e.g., those in Aviemore). The position occupied by Stakis is, in fact, that which appeared to be the company's aim for their failed 4-star business-orientated brand, Courtyard. This perceived similarity of Stakis to the harder Crest and Holiday Inn brands is perhaps explained by the fact that the sample consisted of business travellers who may only have been exposed to the more business-orientated Stakis establishments.

Forte Posthouse is perceived as most similar to Stakis, but is positioned towards the budget lodge end of the loose cluster rather than the Hilton extremity. Being a 3-star brand, this position is not unexpected. A particularly interesting finding of the research was the extent of differentiation perceived between the Forte brands in the wake of the 1991 portfolio restructuring; the perceived differentiation is, essentially, a measure of the success of the company's branding exercise. Posthouse and Crest, although being in the same loose cluster, are nevertheless differentiated in every map. Whilst it is impossible to state exactly what psychological distance is represented by a geometric distance on a perceptual map, it would seem the distance between Crest and Posthouse on the maps is sufficient to postulate that business travellers *can* distinguish between these two Forte brands. It was, in fact, a key aim of the rebranding exercise that customer confusion regarding the nature of alternative brands in the middle/upper market area of the portfolio should be removed. The results obtained cannot be used to conclude that customers know exactly what each brand offers, but they do suggest that business travellers are at least aware that differences between the two brands exist. Whether or not this perceived differentiation is as great as that desired by Forte is difficult to assess. There can be less dispute, however, over the claim that Travelodge is clearly differentiated from other Forte brands. The company's choice of an endorsed brand name strategy has not, therefore, denied at least some differentiation in the perception of the business traveller.

The final brand to be discussed is Novotel. When all maps are considered, this chain might be considered as a marginal member of the loose central cluster. The brand which it is perceived as most similar to is Posthouse, and indeed both are chains of modern hotels, with comparable types of location, ranges of facilities, and number of rooms. Within the literature provided by Forte and Accor, and within promotions, the two brands are claimed to be positioned on a value-for-money basis; i.e., good quality, but not luxurious, accommodation at reasonable prices. The fact that Novotel lies towards the budget brands is, however, somewhat surprising; in general terms of facilitates and price, the Novotel hotels are, if anything, more consistently like Crest and Holiday Inn than is Posthouse. It was thus expected that Novotel would plot on the *other side* of Posthouse, although not necessarily dropping the 3-star chain as its most similar brand. In the absence of a definitive answer as to the dimensions used by respondents in comparing brands, it is difficult to speculate why Novotel should be positioned where it is. It may, of course, be that it is not Novotel which occupies an unexpected position relative to the other brands, *but* Posthouse. When the inter-point distances for Figure 7.2 are considered (Appendix 6), it can, in fact, be seen that Novotel is perceived as more similar to Crest than to either of the budget lodges. This is not immediately apparent on visual inspection of the map.

Was Posthouse to be more greatly differentiated from Crest, Stakis and Holiday Inn than it is, then it might move closer to Travel Inn than Novotel. If that was to occur, then the positions of Novotel relative to all other brands would be more as expected. Viewing Posthouse as the oddly placed brand also implies that the differentiation perceived between it and Crest is *not* as large as desired by Forte.

Parametric analysis of perceived differentiation

The results obtained using the interval data in Table 7.5 were very similar to those produced non-parametrically. As the non-parametric rank of dissimilarity was generated from the raw interval scores, the ordering of the brands along the axes of the corresponding parametric and non-parametric maps had, of course, to be the same. Extreme differences between the two sets of maps were thus impossible. However, it was feasible that discrepancies between them could be large enough to affect interpretation of the maps. This was not found to be the case. On the one-dimensional perceptual map, the coordinates of the brands using the two alternative forms of analysis were, in fact, identical. In two dimensions, differences between the parametric and non-parametric maps were so slight that they could be detected only upon comparing the precise coordinates of the brands. Differences could be detected visually between the plots representing the three-dimensional model, but these were again so small in absolute terms that they could not affect interpretation of the maps. Because of this similarity between the non-parametrically and parametrically produced maps, the latter will not be shown here. The coordinates of the brands on each of the five parametric maps are, however, listed alongside their non-parametric counterparts in Appendix 5, and the inter-point distances in Appendix 6.

The STRESS values obtained by the parametric analysis are correspondingly similar to those listed in Table 7.7. The two sets of values are compared in Table 7.8.

NO. OF DIMENSIONS	STRESS: NONMETRIC ANALYSIS	STRESS: METRIC ANALYSIS
1	0.0852	0.0852
2	0.0391	0.0390
3	0.0096	0.0116

Table 7.8: STRESS values of non-parametric and parametric analyses.

The concordance of the parametric and non-parametric results means that *for the particular data set gathered*, the scale used in obtaining evaluations of perceived dissimilarity could be treated as interval. This does not mean that the scale actually *is* interval, only that making excessive assumptions about the data did not, in this instance, affect the conclusions which were drawn from the results. With a different data set, and/or a different scale, this may not be the case.

The parametric analysis has been included in the study primarily to ascertain if the finding of other authors (e.g., Green and Wind, 1973) to the effect that non-parametrically and parametrically generated results are very similar, was upheld. Clearly, the results of the analyses reported here do support previous results. Although it was not intended that the parametric output be used to draw conclusions, its inclusion in the study is justified on these methodological grounds. Obtaining the parametric data required no extra work of respondents, and nothing in the questionnaire which was superfluous to the primary non-parametric analysis.

Summary: perceived differentiation

The configuration of the individual brands in geometric space strongly suggests the main dimension of perceived differentiation to be 'market level'. That is, a hierarchy formed on price and accordant range of facilities seems to exist, with inexpensive utilitarian brands at one end, and expensive luxury products at the other. For the brands included in the study, it appears clusters might exist within the hierarchy which confer on it a tiered structure. The budget tier consists of Travelodge and Travel Inn; a more dispersed mid/upper tier might include Novotel, Posthouse, Stakis, Crest and Holiday Inn; and a luxury tier may exist which contains Hilton. Differentiation within these tiers, is, by definition, less marked than that between the tiers.

In assessing the validity of these conclusions, the following caveats, which have previously been mentioned, must be born in mind:

1. only a selection of brands have been included in the study; others might fill the gaps which have suggested the presence of market tiers, and might also mean brands which appear clearly differentiated from all others are not so; and

2. geometric distances cannot easily be translated in psychological distances; consequently, it is difficult to asses what distance on a map constitutes meaningful differentiation in the perception of the customer.

RESULTS: DIFFERENTIATION ON INDIVIDUAL PRODUCT ATTRIBUTES

Forty-one responses were used in the following analysis.

The KYST analysis has identified that one major dimension is used by business travellers to distinguish between hotel brands. The results of the tests of association reported in this section assist in ascertaining to what extent the selected product attributes of price, range of facilities, and quality account for overall perceived differentiation.

Data for analysis

The analyses conducted here required the following information:

1. ranks and mean scores of each brand on each of the three product attributes; and

2. ranks and actual positions of the eight brands along the identified major dimension of differentiation.

These are shown in Tables 7.9 and 7.10 respectively. The abbreviations used for the brands accord with those of the KYST analysis. The locations of the brands on the major dimension of differentiation were derived from the 'inter-point distances' output which accompanied the one-dimensional perceptual map produced by KYST (this map possessed a 'satisfactory' STRESS, and hence the one dimension accounted for most of the overall perceived differentiation). In effect, the figures in Table 7.10 are the mean 'scores' of each brand on the product attribute which most greatly differentiates between brands. The scores in Table 7.9 cannot, of course, be directly compared with those in Table 7.10 for they are measured on different scales. However, as computation of the correlation coefficients utilises deviations from the mean and ratios of distance (as opposed to absolute distance), data within the two tables can be directly compared. Furthermore, this means the assumption is not made that the centre points of each bipolar attribute scale coincide.

The ordinal (rank) figures within Tables 7.9 and 7.10 are those used in the nonparametric tests of association, and the interval 'scores' those used in the equivalent parametric tests.

Associations between price, range of facilities, and quality

It was hypothesised in Chapter Six that price and range of facilities would be perceived to be highly correlated (as they largely are in reality). It was also predicted that quality would bear a strong relationship to price and facilities, despite, theoretically being independent. The null hypothesis tested in this section is thus as follows:

$H_0(4)$: $attribute_1 \propto attribute_2 \not\propto attribute_3$

It is immediately apparent from observation of the rank data in Table 7.9 that the three product attributes are monotonically highly correlated (i.e., the ranks of the brands on the three attributes are highly correlated). The Spearman rank correlation coefficient for each of the three possible pairs of attributes confirms this. These 'r' values are shown in Table 7.11 ('r' may vary from -1.000 - perfect negative correlation - to 1.000 - perfect positive correlation). For these data:

- critical value of 'r' (alpha = 0.01) = 0.643;
- for each pair of variables, 'r' > 0.643; hence the null hypothesis can be rejected, i.e., price, range of facilities and quality are positively monotonically correlated.

The correlation coefficients for the equivalent parametric tests (i.e., using the attribute scores) are listed in Table 7.12. Here, 'r' is the Pearson product-moment correlation coefficient. For these data:

- critical value of 'r' (alpha = 0.01) = 0.;
- for each pair of variables, 'r' > 0.; hence the null hypothesis can be rejected, i.e., price, range of facilities and quality are positively correlated.

The main conclusion which may be drawn from these results is that the business traveller does perceive a strong relationship between the prices of the eight hotel brands, their ranges of facilities, and their qualities. This is the conclusion which affects interpretations of the second set of tests of association.

Although not central to the objectives of the thesis, the relationships between pairs of the three product attributes is of interest and thus merits further attention at this point. The high correlation between price and facilities was expected, for these are, of course, related in reality (although perhaps not to the degree perceived by respondents). It cannot, however, be inferred from this that business travellers

BRAND	PRICE		FACILITIES		QUALITY	
	Mean score	Rank	Mean score	Rank	Mean score	Rank
HL	6.115	1	5.720	1	5.539	1
HI	5.370	2	5.250	2	5.036	2
FC	4.733	3	4.310	3	4.767	3
FP	4.517	4	4.259	4	4.379	4
ST	4.077	5	3.880	5	4.000	5
NO	3.650	6	3.700	6	3.900	6
TI	2.353	7	2.765	7	2.765	8
FT	1.889	8	2.074	8	3.852	7
Mean	4.088		3.995		4.28	
Standard deviation	1.341		1.119		0.8	

Table 7.9 Means scores and ranks of brands on three attributes.

BRAND	RANK ON DIMENSION OF DIFFERENTIATION	POSITION ON DIMENSION OF DIFFERENTIATION
HL	1	4.45
HI	2	3.59
FC	3	3.30
FP	5	2.86
ST	4	3.08
NO	6	2.41
TI	7	1.42
FT	8	1.0
Mean		2.764
Standard deviation		1.059

Table 7.10: Rank and position of brands on major dimension of differentiation.

	PRICE	QUALITY
QUALITY	0.976	
FACILITIES	1.000	0.976

Table 7.11: Spearman rank correlation coefficients ('r') for price, range of facilities, and quality.

	PRICE	QUALITY
QUALITY	0.889	
FACILITIES	0.992	0.857

Table 7.12: Pearson product-moment correlation coefficients ('r') for price, range of facilities, and quality.

perceive a sense of equity between hotel prices and range of facilities. It could, for example, be that *all* (or most) hotels are perceived as being over- or under-priced, in which cases the above high correlations could exist. It may be argued that, in order to obtain an indication of which brands are perceived as value for money, each brand's raw scores for price and facilities could be compared. A brand which received a higher score for price than for facilities may have been perceived as over-priced, and one which received a lower price score than facilities score as good value for money. In this case, the brands would be ranked as follows:

Best value for money ----------- Travel Inn
Forte Travelodge
Novotel
overpriced - - - - - Holiday Inn
Stakis
Forte Posthouse
Hilton
Worst value for money ----------- Forte Crest

Drawing such a conclusion would, however, be making extensive assumptions of the bipolar scales, namely that they are interval and that their centre points coincide. Even should these apply, there remain the problems of assessing whether differences between scores on price and facilities are large enough to be significant, and whether a definitive overpriced/value for money border can be placed where scores on price and facilities are equal. The strength of the argument supporting the notion that a higher score for price than facilities equates to 'over-priced' lies in the fact that the scales were placed one above the other. Their proximity may have caused respondents to consider value for money, albeit subconsciously. If subjects had a particularly strong belief about a brand regarding value for money which they wished to express, a large, deliberate variation between scores for price and facilities would seem more likely. Prudence does, however, argue against the existence of the 'value for money' rank shown above. To obtain such a rank in which confidence could be placed, questions explicitly pertaining to value for money would be required.

When defined strictly as 'fitness for purpose', quality could be entirely independent of both price and range of facilities; many of the purpose built budget lodge chains demonstrate that high quality accommodation can be provided at very reasonable prices. However, a strong association between quality and the other two variables exists in the data. Two explanations are possible: (1) the high correlation does truly exist between quality - when defined as 'fitness for purpose' - and the other two variables; and/or (2) quality has not been interpreted as 'fitness for purpose', but as a concept similar to 'market level'. This is perhaps a more common, layperson's interpretation of quality, and embodies price and range of facilities. Despite the wording of the questionnaire being chosen to convey the notion of 'fitness for purpose', it is probable that some unquantifiable part of the correlation is attributable to respondents having used this more common definition of quality. If this is so, the 'true' correlation between 'fitness for purpose' and price or facilities cannot be ascertained. The validities of any conclusions made regarding quality must take this into account. As with facilities and price, the relative scores for each brand on quality and price could contentiously be used to construct a rank of 'value for money'. Here, the sequence of brands, from best to worst value, would be: Travelodge, Travel Inn, Novotel, Crest, Stakis, Posthouse, Holiday Inn, Hilton. The confidence which can be placed in this rank is, of course, no greater than that which can be placed in the rank constructed from scores on price and facilities, but it is interesting to note that Forte Travelodge has achieved a quality score which is 1.89 units higher than Travel Inn, despite being perceived as nearly 0.5 units lower in price. This tends to suggest some independence of price and quality, i.e. interpretation of quality as 'fitness for purpose'.

Associations between overall differentiation and price, range of facilities, and quality

It was hypothesised in Chapter Six that the basic product features of price and range of facilities would be salient in differentiating hotel brands in the perception of the customer. The configuration produced by KYST indicated that one key dimension of differentiation existed, and following observation of the pattern of brands on the map, judgement was exercised in suggesting this dimension might be 'market level'. Price, range of facilities (and, because of its correlation with price/facilities, quality) being elements of 'market level', the null hypotheses which may be rejected in confirming this belief are:

$$H_0(5): \ attribute_1 \quad \not\propto \quad attribute_X$$
$$H_0(6): \ attribute_2 \quad \not\propto \quad attribute_X; \text{ and}$$
$$H_0(7): \ attribute_3 \quad \not\propto \quad attribute_X$$

where attribute$_X$ is that which accounts for most of the overall perceived differentiation between brands, and is hypothesised to be 'market level'. As attributes 1, 2 and 3 have already been shown to be highly correlated, it is likely, but not assured, that should any one of the three null hypotheses be rejected, so will the other two.

It is again evident from observation of ranks that a high correlation exists between each of the three attributes listed in Table 7.9 and the attribute of overall differentiation. The correlation coefficients between attribute$_X$ and price, facilities and quality, are shown in Table 7.13, both for the ordinal ranks and the interval scores.

ATTRIBUTE	RANK CORRELATION COEFFICIENT ('r')	PRODUCT-MOMENT CORRELATION COEFFICIENT ('r')
PRICE	0.976	0.988
FACILITIES	0.976	0.976
QUALITY	0.952	0.865

Table 7.13: Correlation coefficients between product attributes and main dimension of differentiation.

For the rank data (i.e., using non-parametric statistics):

- critical value of 'r' (alpha = 0.01) = 0.643;
- for each attribute, 'r' > 0.643; hence the null hypotheses can be rejected, i.e., price, range of facilities and quality are positively correlated with the dimension of overall differentiation.

For the interval data (i.e., using parametric statistics):

- critical value of 'r' (alpha = 0.01) = 0.834;
- for each attribute, 'r' > 0.834; hence the null hypotheses can be rejected, i.e., price, range of facilities and quality are positively correlated with the dimension of overall differentiation.

These results indicate, therefore, that not only are the three attributes themselves highly correlated, but that all three also have a strong relationship with the attribute which determines overall perceived differentiation between hotel brands. Support is gained for the hypothesis that the main dimension of overall perceived differentiation between hotel brands is 'market level', for differentiation on perceived price and range of facilities show particularly high rank correlations (0.976) with overall perceived differentiation. Quality, which when defined as 'fitness for purpose' is not a constituent of 'market level', shows a slightly lower (but still very high) correlation with overall differentiation. The fact that its correlation is so high in absolute terms *may* be due, as discussed above, to the respondent having interpreted quality as 'market level', not as 'fitness for purpose'. If the assumption is made that the bipolar scales are interval, then support for the 'market level' hypothesis is particularly strong: price and facilities retain product-moment correlation coefficients of greater than 0.97 using the more powerful parametric tests of association.

Summary: differentiation on individual product attributes

Tests of association have shown that hotel brands' prices, ranges of facilities, and quality are strongly related in the perception of the business traveller. Furthermore, the pattern of perceived differences between pairs of brands shared by each of the three product features coincides with that between the brands as a whole. This suggests that the main way in which the business traveller perceives the hotel market to be structured is in terms of 'market level'. Differences between brands on such a dimension is termed 'vertical differentiation' by the economist. Vertical differentiation - based upon price and concordant range of facilities - forms groups of products which are likely to be competitors. Differentiation within these groups (i.e., 'market levels') is termed 'horizontal differentiation' by the economist. Here, differences between products may be subtle, intangible and subjective, rather than, as with price and facilities, tangible and objective. The dominance of vertical differentiation in the results does not preclude the business traveller perceiving some horizontal differentiation between brands operating within the same market level, nor indeed do they deny that differences are perceived between brands operating at *different* market levels on attributes other than price, facilities and quality. The fact that KYST did not account for *all* of the perceived differentiation between brands in one dimension, and the less than perfect correlations between the three attributes and the main dimension of differentiation, indeed show this to be the case. However, it can be said that when asked to identify differences between brands which are spread across the full range of market levels, price, range of facilities and quality (as interpreted by the respondent) are very salient differentiators. This research having perhaps identified clusters of brands which are perceived as quite similar, it may be possible in a future study to look at each cluster in greater detail, and determine using more sensitive tests if any significant horizontal differentiation is actually perceived between competing brands. If so, attempts could also be made to define the dimensions of differentiation.

CHAPTER SUMMARY

This chapter has reported and discussed the results of the author's primary research, which was concerned with: (1) awareness levels of thirteen hard and soft hotel chain brands; (2) the extent of overall perceived differentiation between eight hard chain brands; and (3) identification of the key product attributes used by respondents in differentiating between brands. The key findings are as follows.

1. For those brands included in the study, hard brands have awareness levels which are significantly higher than those of soft brands. This effect exists both for samples which include and exclude users of the brands. The higher awareness of hard brands *may* be due directly or indirectly to their greater standardisation, but the exact cause(s) of the discrepancy between hard and soft brands cannot be isolated.

2. The business traveller does perceive differences between the eight major chain brands included in the second part of the study.

3. The budget lodges form a group which is perceived as distinctly different from other brands.

4. Mid/upper market brands included in the study form a group within which some differentiation does exist.

5. The differentiation which forms the above clusters of brands is mainly along one dimension.

6. The main dimension of differentiation appears to be 'market level' (i.e., price and accordant range of facilities).

In each of the three sections of this chapter, the meaning of results and some of their implications for both individual brands and the market as a whole have been considered. It remains the purpose of Chapter Eight to draw the findings together and discuss their implications as a whole.

CHAPTER EIGHT: CONCLUSIONS

This thesis has been concerned with the applications of branding in the modern U.K. hotel industry. It has been the intention to highlight the various ways in which branding has, and is currently being used by companies who constitute the industry, and to identify the reasons why they are doing so. The most important aim of the primary research was to assess whether one of the key objectives of branding had, at the time of the survey, been met.

The first section of the thesis was concerned with defining branding and identifying its role within marketing. It was proposed that branding is primarily a tool or process used in positioning a product to appeal to its target market segment(s), and that the branded product may be a physical good, a service, a company, or, theoretically, any other entity. The tools of branding are, it was argued, simply the familiar elements of the marketing mix: product, price, promotion, and place (distribution). As the exact manner in which the marketing mix is deployed is, or should be, dependent upon a company's marketing strategy, generic marketing strategies were discussed in Chapter Two. These marketing strategies were, in turn, viewed as an outcome of the process of target marketing (as defined by Kotler, 1991). Hence, in order to set branding fully in context, target marketing was also discussed in Chapter Two.

Target marketing was presented as being a process within which the needs and wants of the customer are paramount. Heterogeneity in these needs and wants was seen to dictate the existence of market segments. In order to communicate to each segment which product 'belongs' to it, it was proposed that clear positioning is required (i.e., a clear and consistent 'brand image'), and in order that the consumer has reason to select a product from amongst similarly positioned offerings, the product must, it was argued, be perceived to possess some meaningful point of difference. It was upon this basis that the ultimate purpose of branding was claimed to be product differentiation; either communication of a tangible difference, or creation of a perception of an intangible difference.

The conclusions summarised above regarding exactly how branding should be defined, and to what end it is used, were drawn following a review of the literature which explicitly or implicitly referred to consumer goods - that is, the sector in which the concept of a brand was created and developed to today's value-laden status. Chapter Four investigated how and why brands have now become a feature of service industries. It was concluded that the rationale for branding is essentially the same in the service sector as it is in the goods sector, that is, it aims to confer upon a product a clear, differentiated market position. However, the nature of the service product, with its four distinguishing characteristics of intangibility, heterogeneity, inseparability and perishability, was considered to bring special requirements to the process of branding. These include the need to 'package' the service provider as well as the intangible service which is actually purchased and consumed. This 'packaging' involves standardisation of product features such as physical premises and staff uniforms. The literature review on services branding identified three different entities referred to as brands: 'bundles' of intangible services (e.g., inclusive themed short breaks); chains of service outlets (e.g. retailers); and companies (i.e. corporate brands). It was postulated that strict interpretation of the definition of a brand also permits individual, clearly positioned single service outlets, such as independent stores or unique hotels, to be viewed as brands.

Chapter Four discussed development of the U.K. hotel industry since World War II in terms of changes in marketing strategy, and the resultant adoption of branding. It was argued that the ultimate purpose of branding in the hotel industry does not differ from that in other industries; i.e. its aim has been to achieve product differentiation. Branding was considered to have become topical at this particular stage in the industry's evolution because it is now that environmental conditions dictate that companies should adopt strategies of concentrated or differentiated marketing, whereby separate chains are created to satisfy the needs of different market segments. The development of precisely targeted chains has been especially evident in the lower end of the market, where the new concept of the highly standardised, purpose-built budget lodge has emerged. In the middle and upper reaches of the market, chains have also become increasingly targeted and standardised, often requiring the restructuring of existing heterogeneous portfolios into brands with tighter specifications. The overall trend has therefore been away from 'soft' heterogeneous brands, to 'hard' standardised brands. It was proposed that the U.K. hotel industry, in developing this way, has followed a typical pattern of market evolution: as maturity is reached, competitors are forced to seek niches in which depth of appeal can be gained. The result is market fragmentation, and many narrowly targeted brands. Under such conditions, it was proposed that the need and ability to develop distinctly perceived market positions, or brand images, is great. It was suggested, however, that the heterogeneity of some U.K. companies' inherited hotel stocks constitute a barrier to such clarity of brand image. The efforts of major players in the U.K. industry to structure and brand their portfolios were discussed by way of case studies. Forte received greatest attention because its recent rebranding exercise may be seen as representative of events in the industry as a whole.

It was emphasised throughout the thesis that branding is a tool deployed by a company to assist in reaching its own objectives. Perceived differentiation of a product from competing offerings was viewed as the key aim of branding for this can provide the customer with a motive to buy. However, it is also arguable that should the consumer perceive distinct structure and differentiation in the market, the industry as a whole will benefit. Firstly, differentiation may reduce discounting (Crawford-Welch, 1991), a practise which is detrimental to profits of the entire industry, for theory dictates that the less commodity-like a product, the less tendency there will be for customers to base purchase decisions solely on price. Secondly, increased knowledge of the hotel market may encourage inexperienced hotel users to purchase accommodation, thus increasing the size of the market. When it is considered that perhaps one in five of the British population has not used a hotel - perhaps due to a perception of the product as too highly priced - the potential for market expansion appears considerable. With the emergence of budget lodges on major travel routes, and perhaps, in the future, at terminal destinations, products now exist to satisfy needs across the entire market. The role of branding lies, it was argued, in communicating the nature of these various products to their prospective buyers.

Differentiation (on a meaningful product attribute) having been identified as the key aim of branding, the main objective of the author's primary research was to ascertain to what extent selected hard brands were perceived to differ by one broad segment, that of business travellers. As a precursor to this, simple brand awareness levels of thirteen hard and soft brands were measured. Hard brands had, as hypothesised, significantly higher positive awareness levels than their soft counterparts, but as causal links between a brand's degree of standardisation and its awareness level could not be inferred, general conclusions drawn from this result were tentative. Rather, it was chosen to consider brands individually and to look at factors other than standardisation which might have determined the particular awareness level of each.

Regarding the main objective of assessing perceived differentiation, the key findings listed in Chapter Seven may be summarised as follows:

1. differentiation *is* perceived between the eight brands included in the study;

2. clusters appear to be perceived which correspond to 'market levels' (with budget lodges being particularly distinct); and

3. differentiation between the eight brands is mainly along the dimension of 'market level'.

These results must be considered in conjunction with those of the brand awareness test. It cannot be said, for example, that the perceptions of differentiation summarised above are held by *all* business travellers, for only those with a certain knowledge of the brands could answer questions regarding differentiation. This knowledge clearly began with recognition of the brand name, although prior use of the brands was not essential. When Travel Inn is considered, for example, it certainly appeared to have a clearly differentiated market position, but its brand awareness was relatively low at 35% amongst those who had not use the brand. It is, nevertheless, of value to discover the perceptions of those who did provide the data on perceived differentiation. The frequent business traveller is of considerable importance to the hotel industry, and perhaps being the person most exposed and sensitive to information on hotels, could provide the first feedback on how effectively brands have been presented to the market.

It was concluded from the results that those who did recognise the various brand names were aware that the market contains a broad range of product offerings; that is, they appeared to be knowledgeable of the budget lodges as well as brands operating in the mid and upper market regions of the market (the traditional domain of U.K. hotels). The clear differentiation of the lodges from the other brands would appear to be encouraging to the industry. In the more crowded mid/upper market, it is more difficult to ascertain from the results whether competing brands have achieved 'adequate' differentiation, for it can only be estimated into what psychological 'distance' any inter-brand geometric distance on a perceptual map translates. However, the rather unexpected positions occupied by some brands on the maps may be indicative of some confusion regarding what the alternative chains offer. Since the brands appeared to have occupied their positions on the map on the basis of 'market level' (a composite of price and accordant product features), any odd positions would seem to suggest a failure to communicate fundamentally important aspects of a product. This would appear worrying for those brands concerned. The emergence of one dominant dimension of differentiation does not, as discussed in Chapter Seven, deny the existence of subtle differentiation between brands which were, within the sensitivity of the test, regarded as very similar.

The results of the tests of differentiation would appear to have implications both for individual brands, and for the industry as a whole. Even though it cannot be said from observation of the perceptual maps exactly how similar any two brands are considered to be, chains may nevertheless find it of value to know which brands they are, in the perception of the customer, positioned closest to. These implications for individual brands were discussed in Chapter Seven. Regarding the industry as a whole, the fact that structure appears to be perceived in the market, and the apparent presence of some knowledge of the scope of available hotel products, cannot be seen as discouraging. However, it must be born in mind that the research design has elicited the views of only a portion of the entire market of current and prospective hotel users, and that lesser knowledge of the hotel market may well be possessed by those not surveyed.

Suggestions for future research

The results and limitations of the research suggest several possible areas for future research:

1. a similar study of brand awareness and perceived differentiation administered on segments other than business travellers (e.g., leisure guests);

2. a series of longitudinal studies to assess whether awareness and perceived differentiation alter as brands become longer established (much of the portfolio restructuring and branding discussed in Chapter Five has occurred only relatively recently - e.g., Forte's exercise was initiated in 1991);

3. more sensitive tests of differentiation between brands indicated in this study to be perceived as quite similar (this point was discussed in Chapter Seven); and

4. inclusion of other brands in the test of perceived differentiation, with the aim of ascertaining with greater confidence whether the market is seen as tiered.

APPENDICES

Appendix 1: Forte chain brand specifications, 1991

Forte Travelodge

Newly built budget lodges mainly located alongside roadside services. Hotels are rooms orientated and offer limited services. Each room can accommodate three adults, a child under 12, and a baby in a cot, and has an en-suite bathroom/shower, central heating controls, colour television, radio/alarm clock, and tea and coffee making facilities. A fixed rate of £31.95 is charged per room per night, regardless of number of occupants. 93 U.K. hotels are listed in the 1992 Directory.

Forte Posthouse

Three-star accessible, modern hotels located in or near towns and cities, and often on main motor routes. Each has a restaurant, bar, meeting rooms, parking, a baby listening service, and both standard and executive rooms (smoking and non-smoking). Many also have leisure facilities. Prices are per room, and are the same in all Posthouses: £53.50 per night from Sunday to Thursday. There are 65 Posthouses in the U.K.

Forte Crest

Modern 4-star business orientated hotels, located mainly in major city centres. Each provides a Business Support Service (including fax, typing, and courier delivery), parking, 24 hour room service, a baby listening service, conference facilities, Lady Crest rooms, and non-smoking rooms. Many also offer a swimming pool and/or other leisure facilities. 46 U.K. and 4 overseas Crest hotels are listed in the 1992 Directory.

Forte Heritage

Older hotels, including traditional coaching inns and town houses. Location types vary: market towns, rural areas, and cities. Emphasis is on individuality, with menus often featuring local specialities. Most hotels offer parking, room service, conference or meeting facilities and a baby listening service, but only a few have leisure facilities. There are 94 Heritage hotels listed in the 1992 Directory.

Forte Grand

First class historic hotels with a classic stately home atmosphere. Each is furnished and decorated in keeping with its period. Emphasis is on luxury and elegance. All hotels have conference and meeting facilities, room service and a baby listening service; some have swimming pools and other leisure facilities. There are 19 Grand hotels in the U.K., and 10 overseas.

Forte Exclusive

Luxury, historic, international hotels of individual reputation. The four U.K. hotels are Brown's Hotel, The Grosvenor House, and The Hyde Park Hotel, all London, and The Bath Spa Hotel. There are also 16 Exclusive hotels overseas.

Appendix 2: Questionnaire

SECTION A

Please use Table A below to answer the following 2 questions.

1. Which of the hotel chains listed have you heard of?
   Answer by ticking in Column A.

2. How many different hotels in each chain have you stayed in?
   Answer by placing a tick under the appropriate number in Column B.

TABLE A

HOTEL CHAIN	*Column A* CHAINS HEARD OF	*Column B* NUMBER OF HOTELS IN CHAIN USED				
		none	1	2 - 5	more than 5	not sure
Forte Crest						
Forte Grand						
Forte Heritage						
Forte Posthouse						
Forte Travelodge						
Hilton						
Holiday Inn						
Mount Charlotte Thistle						
Novotel						
Queens Moat Houses						
Stakis						
Swallow						
Travel Inn						

SECTION B

In this section, you are asked to give your opinion on how similar you think pairs of hotel chains are.

Respond by circling a number on the given scale of 1 to 9, as in the example provided below.

If you do not know enough about any chain in a pair to make a comparison, simply ignore that pair and move on to the next.

Example: Travel Inn and Forte Travelodge are here considered very similar, but Travel Inn and Stakis not very similar:

	not at all similar	*increasingly similar* →							**very similar**
Travel Inn - Forte Travelodge	1	2	3	4	5	6	7	8	9
Travel Inn - Stakis	1	2	3	4	5	6	7	8	9

	not at all similar	*increasingly similar* →							**very similar**
Holiday Inn - Forte Crest	1	2	3	4	5	6	7	8	9
Holiday Inn - Forte Posthouse	1	2	3	4	5	6	7	8	9
Holiday Inn - Forte Travelodge	1	2	3	4	5	6	7	8	9
Holiday Inn - Hilton	1	2	3	4	5	6	7	8	9
Holiday Inn - Novotel	1	2	3	4	5	6	7	8	9
Holiday Inn - Stakis	1	2	3	4	5	6	7	8	9
Holiday Inn - Travel Inn	1	2	3	4	5	6	7	8	9

Continued overleaf....

	not at all similar				increasingly similar				very similar
Hilton - Forte Crest	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Hilton - Forte Posthouse	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Hilton - Forte Travelodge	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Hilton - Novotel	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Hilton - Stakis	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Hilton - Travel Inn	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Novotel - Forte Crest	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Novotel - Forte Posthouse	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Novotel - Forte Travelodge	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Novotel - Stakis	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Novotel - Travel Inn	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Stakis - Forte Crest	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Stakis - Forte Posthouse	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Stakis - Forte Travelodge	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Stakis - Travel Inn	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Travel Inn - Forte Crest	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Travel Inn - Forte Posthouse	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Travel Inn - Forte Travelodge	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Forte Crest - Forte Posthouse	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Forte Crest - Forte Travelodge	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9
Forte Posthouse - Forte Travelodge	1 -	2 -	3 -	4 -	5 -	6 -	7 -	8 -	9

SECTION C

In this section you are asked to consider 3 features of several hotels chains. These features are:

1. **Price band**

2. **Number of facilities and services** (e.g.: leisure equipment; room service; restaurants and bars; conference and meeting rooms; function suites)

3. **Quality of facilities and services**

Give your judgement of how each hotel rates on these features by marking a cross on the dashed line, as indicated in the following example.

Example:

Forte Travelodge is here considered to be in a low price band, and to have a limited range of nevertheless high quality facilities and services:

Forte Travelodge

low price — X — — — — — — — high price
few facilities — — X — — — — — — many facilities
low quality — — — — — — — — X — high quality

Again, simply omit any feature of a chain you feel you cannot give a judgement on.

Holiday Inn

low price — — — — — — — — high price
few facilities — — — — — — — — manyfacilities
low quality — — — — — — — — high quality

Hilton

low price — — — — — — — — high price
few facilities — — — — — — — — many facilities
low quality — — — — — — — — high quality

Stakis

low price — — — — — — — high price
few facilities — — — — — — — many facilities
low quality — — — — — — — high quality

Novotel

low price — — — — — — — high price
few facilities — — — — — — — many facilities
low quality — — — — — — — high quality

Travel Inn

low price — — — — — — — high price
few facilities — — — — — — — many facilities
low quality — — — — — — — high quality

Forte Crest

low price — — — — — — — high price
few facilities — — — — — — — many facilities
low quality — — — — — — — high quality

Forte Posthouse

low price — — — — — — — high price
few facilities — — — — — — — many facilities
low quality — — — — — — — high quality

Forte Travelodge

low price — — — — — — — high price
few facilities — — — — — — — many facilities
low quality — — — — — — — high quality

End of Section C.

SECTION D

This section includes questions about yourself and your use of hotels. All information requested is solely for the purposes of this study and will remain strictly anonymous.

1. In the past year, how many nights have you stayed in a hotel when travelling on **business**? *(Tick box)*

   none ☐
   1 - 5 ☐
   6 - 10 ☐
   11 - 20 ☐
   more than 20 ☐

2. In the past year, how many nights have you stayed in a hotel when travelling for **leisure**?

   none ☐
   1 - 5 ☐
   6 - 10 ☐
   11 - 20 ☐
   more than 20 ☐

3. When travelling on business, do you personally choose your hotel?

   Yes ☐ No ☐ Sometimes ☐

4. Nationality ______________________________

5(a) Country of residence ________________________________

If U.K., also answer question 5(b)

5(b) If resident in the UK, please give region:

Scotland	☐	S.E. England	☐
Wales	☐	S.W. England	☐
Northern Ireland	☐	Midlands	☐
Eire	☐	N.E. England	☐
		N.W. England	☐

6. Sex: Male ☐ Female ☐

7. Age group:

under 25	☐
25 - 34	☐
35 - 44	☐
45 - 54	☐
55 - 64	☐
65 +	☐

8. Occupation ____

9. Social class:

Upper middle class (higher managerial, administrative, or professional) ☐

Middle class (intermediate managerial, administrative, or professional) ☐

Lower-middle class (supervisory or clerical, and junior managerial, administrative or professional) ☐

Skilled working class (skilled manual workers) ☐

Working class (semi and unskilled manual workers ☐

Other (lowest income levels) ☐

End of Section D and questionnaire.

Thank you for taking the time to complete this questionnaire.
Please now return it to reception.

Appendix 3: KYST input parameters

Maximum dimensions	3
Minimum dimensions	1
Dimension decrement	1
Minimum STRESS	0.01000
Scale factor gradient	0.00000
Maximum iterations	50
Cosine of angle between gradients	0.66000
Average cosine of angle	0.66000
Number of pre-iterations	1

The number of data points to be fixed is:0

Euclidean distance

STRESS formula 1

Ties primary

Lower half matrix

Not block diagonal

Diagonal absent

Split by deck

Torsca initial configuration

No weights after data

Monotone model (nonmetric analysis)/ polynomial with constant (metric analysis)

Ascending data

All plots of final configuration

All scatter plots of dist vs dhat

Rotate final config. coordinates

For metric analysis only: number of functions or polynomial degree 0

Appendix 4: Sample characteristics

1. Number of nights spent in a hotel in past year:

NO. OF NIGHTS	(i) WHEN ON BUSINESS TRAVEL Response frequency and (%)	(ii) WHEN ON LEISURE TRAVEL Response frequency and (%)
O	O (00.0)	7 (17.1)
1-5	5 (12.2)	16 (39.0)
6-10	4 (9.8)	9 (22.0)
11-20	7 (17.1)	5 (12.2)
>20	25 (61.0)	4 (9.8)

2. Personal choice or otherwise of hotel when on business travel:

SUBJECT PERSONALLY CHOOSES HOTEL?	Response frequency and (%)
Yes	21 (51.2)
No	6 (14.6)
Sometimes	14 (34.1)

3. Nationality:

NATIONALITY	Response frequency and (%)
British	39 (95.1)
American	1 (2.4)
Australian	1 (2.4)

4. Country/region of residence:

COUNTRY/REGION OF RESIDENCE	Response frequency and (%)
Germany	1 (2.4)
Spain	1 (2.4)
U.K.	
Scotland	5 (12.2)
Wales	1 (2.4)
Northern Ireland	2 (4.9)
Eire	0 (0.0)
S.E. England	10 (24.4)
S.W. England	1 (2.4)
Midlands	10 (24.4)
N.E. England	5 (12.2)
N.W. England	5 (12.2)

5. Sex:

SEX	Response frequency and (%)
Male	34 (82.3)
Female	7 (17.7)

6. Age:

AGE GROUP	Response frequency and (%)
<25	1 (2.4)
25-34	9 (22.0)
35-44	16 (39.0)
45-54	12 (29.2)
55-64	3 (7.3)
65+	0 (0.0)

7. Occupation: various

8. Class:

CLASS	Response frequency and (%)
Upper middle	13 (31.7)
Middle	21 (51.2)
Lower middle	3 (7.3)
Skilled working	3 (7.3)
Working	0 (0.0)
Other	1 (2.4)

Appendix 5: Brand coordinates on KYST output perceptual maps

Brand coordinates on three-dimensional configurations:

BRAND	DIMENSION 1		DIMENSION 2		DIMENSION 3	
	Non-parametric analysis	Parametric analysis	Non-parametric analysis	Parametric analysis	Non-parametric analysis	Parametric analysis
FC	0.611	0.609	0.594	0.578	-0.059	-0.124
FP	0.342	0.330	0.272	0.207	-0.542	-0.570
FT	-1.349	-1.353	-1.289	-1.231	0.581	0.711
HI	0.709	0.721	0.754	0.772	0.020	-0.053
HL	0.735	0.737	0.865	0.935	0.739	0.638
NO	-0.224	-0.214	-0.340	-0.407	-0.802	-0.756
ST	0.415	0.413	0.325	0.287	-0.251	-0.263
TI	-1.239	-1.243	-1.180	-1.142	0.315	0.417

Brand coordinates on two-dimensional configurations:

BRAND	DIMENSION 1		DIMENSION 2	
	Non-parametric analysis	Parametric analysis	Non-parametric analysis	Parametric analysis
FC	0.655	0.664	0.656	0.664
FP	0.112	0.113	0.111	0.113
FT	-1.626	-1.627	-1.626	-1627
HI	0.702	0.694	0.698	0.694
HL	1.342	1.335	1.341	1.335
NO	-0.352	-0.351	-0.349	-0.351
ST	0.354	0.358	0.360	0.358
TI	-1.188	-1.186	-1.192	-1.186

Brand coordinates on one-dimensional configurations:

BRAND	DIMENSION 1	
	Non-parametric analysis	Parametric analysis
FC	0.569	0.569
FP	0.129	0.129
FT	-1.720	-1.720
HI	0.862	0.862
HL	1.427	1.427
NO	-0.317	-0.317
ST	0.353	0.353
TI	-1.303	-1.303

Appendix 6: Inter-point distances on KYST output perceptual maps

BRAND PAIR	EUCLIDEAN INTER-POINT DISTANCE: 3-DIMENSIONAL CONFIGURATION		EUCLIDEAN INTER-POINT DISTANCE: 2-DIMENSIONAL CONFIGURATION		EUCLIDEAN INTER-POINT DISTANCE: 1-DIMENSIONAL CONFIGURATION	
	Non-parametric analysis	Parametric analysis	Non-parametric analysis	Parametric analysis	Non-parametric analysis	Parametric analysis
FT-TI	0.58	0.60	0.64	0.64	0.42	0.42
FP-FC	0.66	0.67	0.61	0.61	0.44	0.44
NO-FP	0.66	0.64	0.63	0.62	0.45	0.45
HI-FC	0.65	0.65	0.61	0.61	0.29	0.29
ST-FC	0.64	0.64	0.56	0.56	0.22	0.22
HI-FP	0.80	0.82	0.68	0.68	0.73	0.73
HL-HI	0.79	0.77	0.68	0.67	0.56	0.56
ST-FP	0.91	0.93	0.79	0.76	0.22	0.22
HL-FC	0.90	0.90	0.79	0.78	0.86	0.86
ST-NO	1.24	1.20	0.78	0.77	0.67	0.67
NO-FC	1.24	1.21	1.02	1.03	0.89	0.89
ST-HI	1.28	1.28	1.13	1.13	0.51	0.51
TI-NO	1.42	1.43	1.11	1.12	0.99	0.99
ST-HL	1.42	1.41	1.31	1.31	1.07	1.07
NO-HI	1.40	1.41	1.29	1.30	1.18	1.18
HL-FP	1.41	1.41	1.24	1.23	1.30	1.30
TI-FP	1.71	1.70	1.33	1.34	1.43	1.43
NO-FT	1.70	1.69	1.30	1.31	1.40	1.40
TI-ST	1.97	1.98	1.87	1.87	1.66	1.66
TI-HI	1.96	1.97	1.89	1.88	2.17	2.17
FT-FP	1.94	1.94	1.75	1.75	1.85	1.85
NO-HL	1.96	1.93	1.78	1.78	1.74	1.74
FT-FC	1.99	2.00	2.28	2.30	2.29	2.29
ST-FT	1.93	1.93	2.06	2.07	2.07	2.07
TI-FC	1.91	1.92	1.93	1.94	1.87	1.87
TI-HL	2.11	2.11	2.54	2.53	2.73	2.73
HI-FT	2.18	2.20	2.38	2.37	2.58	2.58
HL-FT	2.17	2.18	2.98	2.98	3.15	3.15

REFERENCES

Aaker, D.A., "Brand Extensions: the good, the bad, and the ugly", *Sloan Management Review,* Vol. 31, No. 4, Summer 1990, pp. 44-56

Aaker, D.A., *Managing Brand Equity: Capitalising on the Value of a Brand Name,* New York: The Free Press, 1991

Aaker, D.A. and Keller, K.L., "Consumer evaluations of brand extensions", *Journal of Marketing,* Vol. 54, No. 1, Jan 1990, pp. 27-41

Abell, D.F., "Strategic windows", *Journal of Marketing,* Vol. 42, No. 3, May 1978, pp. 21-26

Abell, D.F., *Defining the Business: The Starting Point of Strategic Planning,* Englewood Cliffs, N.J.: Prentice-Hall, 1980

Ananth, M., DeMico, F., Moreo, P.J. and Howey, R.M., "Marketplace lodging needs of mature travellers", *Cornell Hotel & Restaurant Administration Quarterly,* Vol. 33, No. 4, Aug 1992, pp. 12-24

Anonymous, "New name, new image", *Hospitality,* No. 100, June 1989, pp. 12-15

Ansoff, H.I., "Strategies for diversification", *Harvard Business Review,* Vol. 30, No. 5, Sept-Oct 1957, pp. 113-124

Arnold, D., *The Handbook of Brand Management,* London: Century Business in association with The Economist Books, 1992

Atkinson, A., "Answering the eternal question: what does the customer want?" *Cornell Hotel & Restaurant Administration Quarterly,* Vol. 29, No. 2, Aug 1988, pp. 12-14

Baker, M.J., *Macmillan Dictionary of Marketing and Advertising,* 2nd ed., London: Macmillan, 1990

Baker, M.J., *Marketing - An Introductory Text,* 5th ed., Basingstoke: Macmillan, 1991

Barnett, N.L., "Beyond Market Segmentation", *Harvard Business Review,* Vol. 47, No.1, Jan-Feb 1969, pp. 152-166

Barrett, B., "The short-break holiday market", paper presented at County NatWest Securities Hotels and Leisure Industry Seminar, London, January 1992

Baum, T., "Trusthouse Forte pushes more branding of hotels", *Hotels & Restaurants International,* Vol. 23, No. 2, 1989, pp. 38-44

Bell, M.L., "Tactical services marketing and the process of remixing", in *Marketing of Services*, Donnelly, J.H. and George, W.R. (eds.), Chicago: American Marketing Association, 1981, pp. 163-167

Berkowitz, E.N., Kerin, R.A., and Rudelius, W., *Marketing*, St. Louis: Times Mirror/Mosby College, 1986

Berry, L.L., "Services marketing is different", *Business*, May-June 1980, pp. 24-29

Berry, L.L., Lefkowith, E.H. and Clark, T., "In services, what's in a name?" *Harvard Business Review*, Vol. 66, No. 5, Sept-Oct 1988, pp. 28-30

Bessom, R. & Jackson, D., "Service retailing: a strategic marketing approach", *Journal of Retailing*, Vol. 51, No. 2, Summer 1975, pp. 75-84

Bitner, M., "Evaluating service encounters: the effects of physical surroundings and employee responses", *Journal of Marketing*, Vol. 54, No. 2, April 1990, pp. 69-82

Booms, B.H. and Bitner, M.J., "Marketing services by managing the environment", *Cornell Hotel and Restaurant Administration Quarterly*, Vol.23, No. 1, May 1982, pp.35-39

Booms, B.H. and Nyquist, J., "Analyzing the customer/firm communication component of the service marketing mix", in *Marketing of Services*, Donnelly, J.H. and George, W.R. (eds.), Chicago: American Marketing Association, 1981, pp.172-177

Bould, A., Breeze, G. and Teare, R., "Culture, customization, and innovation: a Hilton International service brand for the Japanese market", in: *International Hospitality Management: Corporate Strategy in Practice*, Teare, R. and Olsen, M. (eds.), London: Pitman, 1992, pp. 221-227

Carmen, J.M. and Langeard, E., "Growth strategies of service firms", *Strategic Management Journal*, Vol. 1, Jan-March 1980, pp.7-22

Chisnall, P.M., *Marketing Research*, 3rd ed., London: McGraw-Hill, 1986

Connell, J., "Branding hotel portfolios", *International Journal of Hospitality Management*, Vol. 4, No. 1, 1992a, pp. 26-32

Connell, J., *Forte Hotels Rebranding Exercise, 1991*, case study, The Queens College, Glasgow, 1992b

Cravens, D.W., *Strategic Marketing*, 2nd ed., Homewood, Illinois: Irwin, 1987

Crawford-Welch, S., "International marketing in the hospitality industry", in: *Strategic Hospitality Management: Theory and Practice for the 1990s*, Teare, R. and Boer, A. (eds.), London: Cassell, 1991, pp.166-188

Darwent, C., "Room at the inn", *Management Today*, December 1989, pp. 99-107

Davies, G. and Brooks, J., *Positioning Strategy in Retailing*, London: Paul Chapman Publishing, 1989

De Chernatony, L. and McDonald, M.H.B., *Creating Powerful Brands,* Oxford: Butterworth-Heinemann, 1992

De Chernatony, L. and McWilliams, G., "The strategic implications of how marketers interpret 'brands'", *Journal of Marketing Management,* Vol. 5, No. 2, 1989, pp. 153-171

Dibb, S., Simkin, L., Pride, W. and Ferrell, O.C., *Marketing: Concepts and Strategies*, Boston: Houghton Mifflin, 1991

Doyle, P., "Building successful brands: the strategic options", *Journal of Marketing Management,* Vol. 5, No. 1, 1989, pp. 77-95

Ehrenberg, A.S.C., *Repeat Buying: Facts, Theory and Applications*, 2nd ed., London: Charles Griffin & Co., 1988

Eiglier, P, Langeard, E., Lovelock, C.H., Bateson, J.E.G. and Young, R.F., *Marketing Consumer Services: New Insights*, Cambridge, Massachusetts: Marketing Science Institute, 1977

Engel, J.F., Blackwell, R.D. and Miniard, P.W., *Consumer Behavior*, 6th ed., Chicago: The Dryden Press, 1990

Fazio, R.H. and Zanna, M.P., "On the predictive validity of attitudes: the roles of direct experience and confidence", *Journal of Personality,* Vol. 46, No. 2, June 1978, pp. 228-243

Feiler, S., "Lord Forte's British hotel empire - number 1 after 30 years", *Hotels & Restaurants International,* Vol. 19, No. 3, March 1985, pp.43-50

Forte, R. and Teare, R., "Building on strength at Forte PLC: a structure and strategy for the 1990s", in: *Hospitality Management: Corporate Strategy in Practice*, Teare, R. and Olsen, M. (eds.), Pitman, London, 1992, pp. 163-170

Foxall, G.R., "Marketing's response to consumer behaviour: time to promote a change?" *The Quarterly Review of Marketing*, Vol. 8, No. 4, July 1983, pp. 11-14

Foxall, G.R., *Corporate Innovation: Marketing and Strategy*, London: Croom Helm, 1984

Gilbert, D.C., "Advertising and the U.K. hotel industry", *Signet Quarterly*, Vol. 1, No. 1, May 1989

Goodyear, M., "Devolution and the brand - is traditional branding an idea past its sell-by date?" *Admap*, No. 322, Oct 1992, pp. 37-39

Green, P.E., Carmone, F.J. and Smith, S.M., *Multidimensional Scaling: Concepts and Applications*, Boston: Allyn & Bacon, 1989

Green, P.E. and Wind, Y., *Multiattribute Decisions in Marketing: A Measurement Approach*, Hinsdale, Illinois: The Dryden Press, 1973

Griffiths, C., "Brand as verb", *Admap*, No. 320, July-Aug 1992, pp. 39-42

Grore, S.J. and Fisk, R.P., "Dramaturgy of service exchange: an analytical framework for services marketing", in: *Services Marketing,* 2nd ed., Lovelock, C.H., Englewood Cliffs, N.J.: Prentice-Hall, 1991, pp.59-68

Haley, R.J., "Benefit segmentation: a decision oriented research tool", *Journal of Marketing,* Vol. 27, No. 3, July 1963, pp. 30-35

Harrison, L. and Johnson, K., *The U.K. Hotel Groups Directory, 1992/93*, London: Cassell, 1992

Hast, A. (ed.), *International Directory of Company Histories, Volume III,* Chicago: St. James Press, 1991

Jacoby, W.G., *Data Theory and Dimensional Analysis* (Sage University Paper Series on Quantitative Applications in the Social Sciences, No. 07-078), Newbury Park, California: Sage, 1991

Jones, J.P., *What's in a Name? Advertising and the Concept of Brands,* Aldershot: Gower, 1986

Kerin, R.A., Mahajan, V. and Varadarajan, P.R., *Contemporary Perspectives on Strategic Market Planning,* Boston: Allyn & Bacon, 1990

King, S., "Brand-building in the 1990's", *Journal of Marketing Management,* Vol. 7, No. 1, 1991, pp. 3-13

Kleinwort Benson Securities, *U.K. Hotels Plc: The Decade Review*, London: Kleinwort Benson Securities, January 1990

Kleinwort Benson Securities, *Quoted Hotel Companies; The European Markets,* London: Kleinwort Benson Securities, February 1992

Kotler, P., "Atmospherics as a marketing tool", *Journal of Retailing*, Vol. 49, No. 4, Winter 1973-74, pp. 48-64

Kotler, P., *Marketing Management: Analysis, Planning, Implementation, and Control,* 7th ed., Englewood Cliffs, N.J.: Prentice-Hall, 1991

Krzanowski, W.J., *Principles of Multivariate Analysis: A User's Perspective*, Oxford: Clarendon Press, 1988

Laws, E., *Tourism Marketing: Service and Quality Management Perspectives*, Cheltenham: Stanley Thornes, 1991

Levitt, T., *The Marketing Mode,* New York: McGraw-Hill, 1969

Levitt, T., "Production line approach to service", *Harvard Business Review,* Vol. 50, No. 5, Sept-Oct 1972, pp. 41-52

Levitt, T., "The industrialization of service", *Harvard Business Review*, Vol. 54, No. 5, Sept-Oct 1976, pp. 63-74

Levitt, T., *The Marketing Imagination*, New York: The Free Press, 1983

Lewis, R.C. and Chambers, R.E., *Marketing Leadership in Hospitality: Foundations and Practices*, New York: Van Nostrand Reinhold, 1989

Lewis, W.W., "Strategic Marketing Planning", paper presented at American Marketing Association Educators' Conference, Chicago, August 1982

Lindquist, J.D., "Meaning of image: a survey of empirical and hypothetical evidence", *Journal of Retailing*, Vol. 50, No. 4 , 1974-5, pp. 29-38

Lovelock, C.H., *Services Marketing*, 2nd ed., Englewood Cliffs, N.J.: Prentice-Hall, 1991

McGee, J. and Thomas, H., "Strategic Groups: Theory, Research and Taxonomy", *Strategic Management Journal,* Vol. 7, No. 2, March-April 1986, pp. 141-160

Martin, W.B., *Quality Service: The Restaurant Manager's Bible,* U.S.: Brodock Press, 1986

Medlik, S. and Airey, D.W., *Profile of the Hotel and Catering Industry,* 2nd ed., London: Heinemann, 1978

Mitchell, V-W. and Greatorex, M., "Consumer services: a perceived risk analysis", Marketing Working Paper, Manchester School of Management, UMIST, February 1992

Morein, J., "The shift from brand to product line marketing", *Harvard Business Review,* Vol. 53, No. 5, Sept-Oct 1975, pp. 56-64

Murphy, J.M., (ed.) *Branding: a Key Marketing Tool,* Basingstoke: Macmillan, 1987

Murphy, J.M., *Brand Strategy*, Cambridge: Director Books, 1990

Nailon, P., "Theory and art in hospitality management", *International Journal of Hospitality Management*, Vol. 1, No. 3, 1982, pp.135-143

Norman, R., *Service Management: Strategy and Leadership in Service Business*, 2nd ed., Chichester: John Wiley & Sons, 1991

Nykiel, R.A., *Marketing in the Hospitality Industry,* 2nd ed., New York: Van Nostrand Reinhold, 1989

Okoroafo, S., "Branding in tourism", in: *Tourism Marketing and Management Handbook*, Witt, S.F. and Moutinho, L. (eds.), Englewood Cliffs, N.J.: Prentice-Hall, 1989, pp. 23-26

Ollins, W., *Corporate Identity: making business strategy visible through design,* Boston: Harvard Business School Press, 1989

Pannell Kerr Forster Associates, *Hotel Product Segmentation in Europe*, London: Pannell Kerr Forster Associates, August 1990

Parasuraman, A., Zeithaml, V.A. and Berry, L.L., "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, Vol. 49, No. 4, Fall 1985, pp. 41-50

Parasuraman, A., Zeithaml, V.A. and Berry, L.L., "Communication and control processes in the delivery of service quality", *Journal of Marketing*, Vol. 52, No. 2, April 1988, pp. 35-48

Park, C.W., Jaworski, B.J. and MacInnis, D.J., "Strategic brand concept-image management", *Journal of Marketing*, Vol. 50, No. 4, October 1986, pp. 135-145

Parker, A.C. and Teare, R., "A brand extension strategy for Holiday Inn Worldwide development", in *International Hospitality Management: Corporate Strategy in Practice,* Teare, R. & Olsen, M. (eds.), Pitman, London, 1992, pp. 110-117

Porter, M.E., *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: The Free Press, 1980
Quest, M., "A place in the country", *Hospitality,* No. 81, July-August 1987, pp. 99-107

Rao, A.R. and Monroe, K.B., "The effect of price, brand name, and store name on buyers' perceptions of product quality: an integrative review", *Journal of Marketing Research*, Vol. 26, August 1989, pp.351-357

Regan, W.J., "The service revolution", *Journal of Marketing*, Vol. 27, No. 3, July 1963, pp.57-62

Saleh, F. and Ryan, C., "Analysing service quality in the hospitality industry using the SERVQUAL model", *The Service Industries Journal*, Vol. 11, No. 3, July 1991, pp. 324-343

Sasser, W.E. Jr., "Match supply and demand in service industries", *Harvard Business Review*, Vol. 54, No. 6, Nov-Dec 1976, pp.133-140

Sasser, W.E., Olsen, R.P. and Wyckoff, D.D., *Management of Service Operations: Text, Cases, and Readings*, Boston: Allyn & Bacon, 1978

Schewe, C.D. and Smith, R.M., *Marketing: Concepts and Applications*, 2nd ed., New York: McGraw-Hill, 1983

Schlentrich, U., "Building a brand in the hotel industry", paper presented at the CNWM Leisure Industry Seminar, London, 1990

Schnaars, S.P., *Marketing Strategy: A Customer Driven Approach*, New York: The Free Press, 1991

Senior, M. and Morphew, R., "Competitive strategies in the budget hotel sector", *International Journal of Contemporary Hospitality Management*, Vol. 2, No. 3, 1991, pp. 3-9

Sharp, B.M., "The marketing value of brand extensions", *Marketing Intelligence and Planning*, Vol. 9, No. 7, 1991, pp. 9-13

Shostack, G.L., "Breaking free from product marketing", *Journal of Marketing*, Vol. 41, No. 2, April 1977, pp. 73-80

Shostack, G.L., "Service positioning through structural change", *Journal of Marketing*, Vol. 51, No. 1, Jan 1987, pp. 39-43

Slattery, P., "Hotel branding in the 1990s", *EIU Travel and Tourism Analyst*, No. 1, 1991, pp.23-35

Slattery, P., "Unaffiliated hotels in the U.K.", *EIU Travel and Tourism Analyst*, No. 1, 1992, pp. 90-102

Slattery, P. and Roper, A., *U.K. Hotel Groups Directory, 1986/87*, Eastbourne: Cassell, 1986

Solomon, M.R., "Packaging the service provider", *The Service Industries Journal*, Vol. 5, No. 1, March 1985, pp. 64-72

Sparks, B and Callan, V.J., "Communication and the service encounter: the value of convergence", *International Journal of Hospitality Management*, Vol. 11, No. 3, August 1992, pp.213-224

Speed, R., "Building societies: new strategies for a competitive era", *The Service Industries Journal,* Vol. 10, No. 1, January 1990, pp. 111-123

Stanton, W., Etzel, M.J. and Walker, B.J., *Fundamentals of Marketing*, 9th ed., New York: McGraw-Hill, 1991

Stewart, D.A., "The growth and development of Trusthouse Forte", *Tourism Management*, Vol. 12, No. 4, Dec 1991, pp. 341-351

Sullivan, M.W., "Measuring image spillovers in umbrella-branded products", *Journal of Business,* Vol. 63, No.3, July 1990, pp. 309-329

Tom, G., Barnett, T., Lew, W. and Selmants, J., "Cueing the consumer: the role of salient cues in consumer perception", *Journal of Consumer Marketing*, Vol. 4, No. 2, Spring 1987, pp.23-28

Traylor, M., "Cannibalization in multibrand firms", *Journal of Consumer Marketing,* Vol. 3, No. 2, 1986, pp. 69-75

Tull, D.S. and Kahle, L.R., *Marketing Management,* New York: Macmillan, 1990

Upah, G.D., "Mass marketing in service retailing: a review and synthesis of major methods", *Journal of Retailing,* Vol. 56, No. 3, 1980, pp.59-76

Wind, J., Green, P.E., Shifflet, D. and Scarbrough, M., "Courtyard by Marriott: designing a hotel facility with consumer-based marketing models", *Interfaces*, Vol. 19, No. 1, Jan-Feb 1989, pp. 25-47

Wright, P., "A refinement of Porter's strategies", *Strategic Management Journal,* Vol. 8, No. 2, 1987, pp. 93-101

Zeithaml, V.A., "How consumer evaluation processes differ between goods and services", in *Marketing of Services*, Donnelly, J.H. & George, W.R. (eds.), Chicago: American Marketing Association, Chicago, 1981, pp. 186-190

Zeithaml, V.A., Parasuraman, A. and Berry, L.L., "Problems and strategies in services marketing", *Journal of Marketing*, Vol. 49, No. 2, Spring 1985, pp. 33-46