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**Why the brand? The challenge for  
mid-scale hotels**

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## **Foreword**

Our long journey started out a general interest in Marketing after Lena Mossberg's lectures where we had a chance to focus on hotel marketing and image. We became very interested in this course and started looking at different issues of it. Our contact with a local middle size hotel which perceived to face the challenge of improving its image became the catalyst for making us study the particular subject.

We decided therefore on commencing our journey in the world of branding. We chose to focus on a destination like Göteborg with a developing dynamic in the Swedish and European tourism industry which can really be a living laboratory of tourism research. Our study's journey which had both its times of happiness and sadness allowed us to gain lots of useful experiences.

We would like to thank our departed tutor Helene Hafstrand for her crucial contribution to our work.

## CHAPTER 1

"The way to gain a good reputation is to try to be what you desire to appear."<sup>1</sup>  
Socrates 470-399BC, Athens Hellas

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### **Abstract**

The European hotel market nowadays experiences remarkable changes. The well-known hotel brands seem to increase their market share in the European markets which used to be characterised by the domination of independent hotels. In the era when the hospitality industry tends to be dominated by the proliferation of these “mega”- international, well known - hotel brands, what can be the future of the independent, middle size, local hotels in this war of “mega brands”? By focusing on mid-scale hotels in a business tourism destination like Göteborg through conducting in depth interviews with local hospitality experts, we tried to find and emphasise the importance of the brand in the business traveller’s decision making process and propose strategies on how a mid-scale hotel can face the challenge of competing against the well-known hotel chains. With the help of our qualitative data we present a Hotel Brand Model which looks at identity, image and brand performance as constituent elements of a hotel brand and as factors which affect a mid-scale hotel’s brand strength. With these factors as a basis, we propose strategies which aim to help the hotel achieve having a strong brand thus making its guests loyal and emotionally bonded on it.

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<sup>1</sup> <http://en.thinkexist.com/quotes/socrates/4.html> viewed on the 14th Jan.2006

## 1. Introduction

Issues such as the decision making process of business travellers, the role of brand and guest loyalty are issues that puzzle the hotel marketers on an everyday basis and are the core of the current marketing tactics and strategies which are necessary to deliver good service quality and make the traveller loyal and feel trust towards a certain hotel. These areas of research however are interesting for hotel marketers to analyse in order to understand how the traveller really thinks and what it is that constitutes a hotel brand. That was the reason why we have chosen to look at the hotel and its brand in order to shed some light into these somewhat complex issues.

The role of a hotel brand in creating loyal and emotionally bonded travellers seems to be important when a mid-scale hotel wants to compete with the large well-known hotel brands. With our work we study the idea that a strong hotel brand is associated with long term relations with the guests based on trust and emotional bond. We are going to study factors which constitute the hotel brand such as identity, image and performance and which affect the hotel's brand strength-equity. We are going to see that brand identity consists of the values that the hotel as a company holds and how these help the hotel differentiate from the competitors. The constituent element of image is also going to be presented which is the way the guests and travellers perceive the hotel's identity. In addition, brand performance is also going to be studied as it represents the interaction which occurs between guest and hotel during the service consumption. Finally, we are going to talk about equity which in other words is the brand's strength which is associated with emotionally bonded customers to the hotel brand. These factors are going to help us understand what the issue of brand is, what constitutes a brand and how a stronger hotel brand is built. These factors will allow us to present our own model of hotel brand.

Large hospitality companies seem to have the resources and experience to achieve a strong brand easily but they are not invincible since the large variety of services that they provide is charged at a premium (Bergsman, 2004). The consequence can be seen in the trend that business travellers have started showing preference towards budget hotels (Capon, 2004). Thus we are going to study that small hotel companies, by staying guest oriented and by providing customised services and experiences at a good relation of value for money can gain loyalty and emotional bond from the guests standing thus in the market with their own strong brand. It is thus interesting to see how a mid-scale hotel, which works mostly with business travellers in a business tourism destination like



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Göteborg, can build its own strong brand in the market segment in which it operates by following these strategies.

## **2. Problem Background**

### ***2.1 A negative environment for the mid-scale hotels***

Recent reports and studies (SHR 2004, SRT 2004, Capona 2004, Turistdelegationen 2005, Churchill 2005, Västsvenska Turistrådet, 2005) describing the trends in the contemporary hotel accommodation market in Sweden and in Göteborg periphery emphasise the hard competition in prices and services and the reduction of the tourism consumption during the last three years. Hospitality indexes like RevpAr (Revenue per Available Room) and ARR (Average Room Rate) reassure this negative trend for the industry which makes the existence of middle-size, local and independent hotels more difficult. In particular, problems and negative trends which make the situation more challenging for mid-scale hotels as mentioned by the above tourism institutions and associations are first of all: the **dependency** by 75% of the Göteborg's hotel market on business travellers and the business traveller's **price sensitivity** and concern of a positive value/price relation. The travellers' price sensitivity is also expressed as mentioned by Capona (2004) by the travellers' **unwillingness** to pay for premium hotel brands. In addition, as mentioned by the above tourism associations there is a **decreasing** trend in business tourism consumption in Sweden expressed by a reduction of 1,2% in guest-nights in 2003 compared to those of 2002. The negative trend in the market and is also verified by the fact of a diminishing average price per room sold the last three years in Sweden.

### ***2.2 The challenge***

The conclusion which we can distract from the above trends is the price sensitivity from the business traveller's part which lowers the room prices in order for the hotels to be more competitive. The today's business travellers seem to be more aware of the expenses of a business trip and thus they try to avoid spending on the well-known hotel chains' brand premium. The price sensitivity proves also the lack of emotional tie between the hotels and their guests as well as the lack of true loyalty from the side of the guests, since they switch hotels looking for the best offer. This is also verified by the fact of the increasing use of internet booking, where the traveller has the chance to evaluate offers and prices and choose the best alternative. So since the hotels cannot keep their guests

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loyal and emotionally bonded to them it becomes hard for them to charge a premium price and increase their earning per room sold.

As we can see, the importance of keeping the guests loyal and emotionally bonded to the hotel increases and that makes this issue more and more essential for the hotel's viability.

The hotel accommodation market is becoming dominated by large and well-known hotel brands which come to give their members standardisation, expertise, infrastructure, marketing intelligence, and recognition which would be difficult for small-medium hotel companies to have if they were independent (Bergsman, 2004, Marriott, 2005, Varda, 2005, Salerno, 2005). Even hotels with long experience, competitive advantages and strong independent brands, join the large well-established chains in order to get direct international recognition (Varda, 2005).

The hope in this hotel brand proliferation seems to come for the smaller, independent hotels by issues like customisation, provision of experiences. But why are these issues useful for the mid-scale hotels?

### 2.2.1 The challenge of customisation

By examining the brand proliferation in the US hotel market Bergsman (2004), Salerno (2005) mentioned that there is space for independent small and medium local hotel companies if they focus their strategy on issues like **flexibility** and internet sales. Small independent hotel companies can provide more **customised** services as opposed to the strict standardisation of the large hotel chains with well known brands is what Bergsman (2004; p. 42) supported. He emphasised that *“people like to be associated with a small brand because they feel they have more control over the product. They like camaraderie and individual attention”*. Moreover, he added that since small hotels are leaner operations, they know what they provide and they can do a good job by staying focused on their clients. So what Bergsman (2004) in other words said was that by focusing the guests and on what each of them wants it is possible for a small hotel to have each niche in the market.

Temporal-Trott (2001) mentioned that by focusing on customers a firm can enjoy a strong brand which is built upon **trust** between the customer and the firm. They studied the concept of customisation as a means of building a strong brand by giving the customers great experiences by knowing what they want thus delighting them. The aim of

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customisation according to Temporal-Trott (2001) is to create **emotional bond** with the customers.

### **2.2.2 The era of experiences and provision of “something extra”**

The importance of service consistency is always in discussion as the hotel which disappoints the guest cannot be viable and as Kotler et al (2003) and Kapferer (2004) mentioned the customers' experience in the service sector is totally driven by what occurs in the personnel's contacts with them. But we live in the era when the consumer seeks for experiences and this trend makes the service consistency today something given as Mossberg (2003) commented. In particular she said that service consistency and quality are matters-of-course for tourism companies which want to survive. New issues have risen in this decade in the tourism industry is what she said such as the ability of the companies to **provide experiences** to the travellers as a way of differentiation from the competition and uniqueness. To provide experiences as Barsky (2001) said makes the guests speak about the hotel after their visit, increases the possibilities of their loyalty to the hotel brand and makes them less price sensitive.

So we can see that to provide experiences as mentioned by these authors is to give the guest something extraordinary, something that distinguishes from the average hotel accommodation service. That makes us believe that the provision of experiences by a middle size, independent hotel is important in order for it to distinguish with its own brand from the well known hotel chains.

### **2.2.3 Long lasting relations and emotional bond with the guests**

Guest delight caused by flexibility and customisation can create long lasting relations built on trust between the traveller and the company and this by its turn will give the provider a strong brand and a strong competitive advantage no matter the company's size is what Temporal-Trott (2001) mentioned. That was also mentioned by Kapferer (2001) when he said that a major strength of the local brand is the deep-rooted powerful bond forged with the local consumers. The connection among guest delight, emotional tie to the provided service, and guest loyalty, was also emphasised by Echeverri-Edvardsson (2002) and Kotler et al. (2003). They mentioned that guest loyalty is the emotional tie between guests and the service provider which comes from the traveller's delight over the service. They highlighted that it is the loyalty that makes repeated business, diminishes

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guests' price sensitivity, and creates long lasting relations as well as favourable word of mouth for the provider.

So from what we read it seems that by being flexible, and by providing experiences we achieve to have delighted guests which trust and stay loyal to the hotel managing thus to keep the market niche and compete successfully against the large hotel chains.

### ***2.3 Can a brand oriented hotel achieve to have emotionally bonded guests?***

A well brand oriented hotel as we are going to see through the literature needs to take into consideration issues such as customisation, experiences provision and emotional bonds with its guests in its function and that is the reason why we chose to study the issue of brand as a way for a mid-scale hotel to achieve emotionally bonded guests. A strong brand can give the hotel truly loyal guests and as we are going to see in a separate chapter, brand is according to Chernatony et al., (1997), Temporal-Trott (2001), Kapferer (2004), and Schultz, (2004) a **guarantee** for consistent service quality and **risk reducer**, it is the **value** that the traveller receives, and it is **an identity** that distinguishes the hotel from the others. Moreover, the brand according to Kapferer (2004) is based on a **relationship** between the hotel and the guest. It seems worthy therefore for a mid-scale hotel to focus on building a strong brand.

We are going to see through our study how the brand comes to provide customisation, experiences and treat the guests consistently and in the way each of them wants to be treated. This as we are going to see results in a repeated delight felt by the guests who become emotionally bonded and loyal to the hotel brand. Furthermore, we are going to see that the brand comes to help the hotel build a positive image which can be a good defence against the fierce competition created by the well-known hotel brands.

## **3. Research Problem Analysis**

### ***3.1 How do the business travellers choose hotels?***

The budget segment has undergone significant growth in the last years. Today the hotel industry in Sweden consists of a number of strong brands in the higher market segment but there has also been a proliferation of hotels brands and brand extensions to the middle and lower market segment which began in the mid 1990s (SHR, 2004). This growth has been fuelled by the consumer demand for affordable accommodation that provides good value (Kamfjord, 1999, Reid-Bojanic, 2006). Travellers now focus more on value and

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less on quality or price alone. They focus on what we call value for money which is the positive relation between the value received for the price paid. Travellers now have become more sophisticated and understand the concept of value at any price level (Reid-Bojanic, 2006). Low price strategies give a short-term competitiveness to the hotel; they do not create loyal guests and strong brands (Reid-Bojanic, 2006). Thus the guest is lost to a competitor without a powerful brand, which is a strong marketing strategy.

The market place is now tougher than before; relationships between guests and hotels can now be ended with a single click of the mouse when a preferred alternative becomes available. Moreover, business travel agencies manage to make attractive offers to the business travellers and thus hotels are still dependent on the agencies no matter of the growing use of internet.

Mid-scale hotels can be adjusted to these market changes and respond by strengthening their brands which will allow the traveller to see more clearly good value at an affordable price. So in order to understand the importance of brand for the mid-scale hotels in a business tourism destination like Göteborg in Sweden, we thought that it would be useful first to see “how business travellers choose their accommodation and how a hotel brand affects their decision”.

### ***3.2 Why the Brand?***

#### **3.2.1 A strong brand gives distinction from the competitors**

In today's hospitality industry hotel brands seem to proliferate and as Williams (2002) said brands indeed define the contemporary hospitality industry. So in this proliferation of brands a mid-scale hotel needs to distinguish from the mass of hotel chains by building and exploiting its own brand. Hotels need to find a competitive edge which we believe can be the brand uniqueness is what Capona (2004) mentioned. In today's dynamic hotel market place where traditional distribution channels are under threat from the online resellers and from new brands appearing all the time, it becomes more imperative for a hotel to build and strengthen its own brand in order to keep the hotel at the top of the traveller's mind and minimise the threat for the hotel to be commoditised and equalised with its competitors (Churchill, 2005). Brands in the coming years will have to stand out, assert uniqueness, and establish **identity** and authenticity as never before emphasised (Lindstrom 2005).

In other words we can say that it seems that a strong brand gives the hotel a weapon to distinguish from the competition.

### **3.2.2 A strong brand creates emotional bonds with the guests**

If the hotel succeeds with the goal of having emotionally bonded guests, it creates according to Churchill (2005) a foundation for the capture of a higher market share. **Brand inspires loyalty.** Brands touch us at a fundamental emotional level which precludes any rational discussion, is what Lindstrom (2005) highlighted. Moreover, he said that the consumer desperately needs something **to believe in** and brands very well might provide the answer. Gobé (2001) had said that an emotional connection of the travellers with the brand brings long term success and Barsky (2001) mentioned that hotels which deliver emotional experiences enjoy high retention rates.

Guests today seem to need something extra than just a good service to become loyal and emotionally bonded to the hotel. Kamfjord (1999) mentioned that there is a demand today for more variety and flexibility by focusing on providing experiences and a theme, and something similar was mentioned by Mossberg (2003) when she wrote that travellers today pay to enjoy a series of mental **experiences** that a company provides.

So we believe that brand uniqueness and authenticity can inspire the mid-scale hotel to have a theme which if it goes through the entire service as Mossberg (2003) said, and together with customisation/flexibility according to Temporal-Trott (2001), it can become something that the guests will remember and thus the hotel can build a good image; an image which as we are going to see is one of the prerequisites which make the hotel brand strong. We think thus that it is interesting to see which factors constitute a hotel brand and can make it strong.

### ***3.3 How to make a mid-scale hotel brand strong?***

Brands are like personalities (Kapferer 1997, Lindstrom 2005) so it seems that they are built on values and they gradually develop over time. The personality of the brand just like the personality of humans reflects its values. So the more distinct the values of the company, the more possible for it to distinguish in the market through its identity and authenticity said Lindstrom (2005). Kapferer (2004) wrote that the more people aware of the brand and its values the stronger the brand is, so one strategy that we are going to study is how the mid-scale hotel can use its identity and values to create a positive image and distinguish from its competitors.

Apart from the consumers' awareness and perception of the hotel's values, we are going to propose strategies which have to do more with the hotel's performance and which we believe are related with the hotel brand's strength. Customisation for instance is going to

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be one of them as Temporal-Trott (2001; p.170) who examined its connection with a strong brand with loyal customers said that “by focusing on your customers, sales will increase, your brand will become stronger and your corporate image will improve tremendously”. Thus, we are going to study the issues of **identity, customisation, experiences provision, and value** which as we saw in this part of problem background are considered by the literature to give a strong mid-scale hotel brand based on emotional bonds and loyalty between the guests and the hotel.

This is the reason why we intend to see *how it is possible for a mid-scale hotel to strengthen its brand and be able to compete in the competition created by the hotel chains*. Is it possible for instance to say that a mid-scale hotel can enjoy a strong brand or is it something that only the large companies can enjoy?

#### **4. Research Questions**

By summarising all these perspectives that incorporate brand management in middle category hotels and considering the challenges that a mid-scale hotel faces in a business travel destination such as Göteborg, we find it interesting to focus on the following research questions:

1. How do business travellers choose their business travel accommodation and how does a hotel brand affect their decision?
2. Which factors constitute a hotel brand and can make it strong?
3. How is it possible for a mid-scale hotel to strengthen its brand and be able to compete in the competition created by the hotel chains?

#### **5. The Purpose of our study**

The purpose of our study is first to **explore** and **emphasise** the brand importance in the process of choosing hotel and booking accommodation when travelling on business and get an insight on the role which the hotel brand plays.

Moreover, through our deductive study we aim to **introduce** our own model which will help us define the ingredients of a hotel brand. In other words, since the literature on services branding and hospitality branding is rare we aim to contribute by presenting a

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model on what hotel brand consists of, so that it can be guidance for the local mid-scale hotels to strengthen their brands.

Finally, with the use of our hotel brand model, we aim to **propose** strategies that according to the study findings and the literature can make a mid-scale hotel stay competitive in the market with its own strong brand.

## **6. Delimitations**

During the collection of our literature background and our data we felt the need to mention about communication as a factor which contributes to the enhancement of the hotel brand. Zeithaml-Bitner (2003) developed the term of Integrated Marketing Communication as a strategy which is important for every service provider to follow. The Integrated Marketing Communication as mentioned includes all the communication which exists among the hotel, employees, current as well as the potential guests (Internal, External communication and Provider-Client interaction). Therefore we thought to include Marketing Communication in our proposed Hotel Brand Model as a factor which affects the hotel brand. The limited extent however of our thesis did not allow us discussing the importance of such a strategy in our discussion chapter. Nevertheless, we consider Integrated Marketing Communication as mentioned by Zeithaml-Bitner (2003) as a vital factor which permeates all areas of the brand such as image, identity, and brand performance and affects the brand strength of a mid-scale hotel.



## CHAPTER 2

### Methods of Research

Our thesis can be seen as an exploratory qualitative research which collected both primary and secondary data. The secondary data was the reports and studies which describe the trends in the hotel market and business travelling as well as the relevant literature we collected around the topics which our research questions touch in order to get a first understanding of what we need to explore and study. The primary data on the other hand was the pieces of information we collected from the experts which helped us create the puzzle of our study. We then looked at both the literature and the empirical data, compared them and discussed them to be able to form our own conclusions.

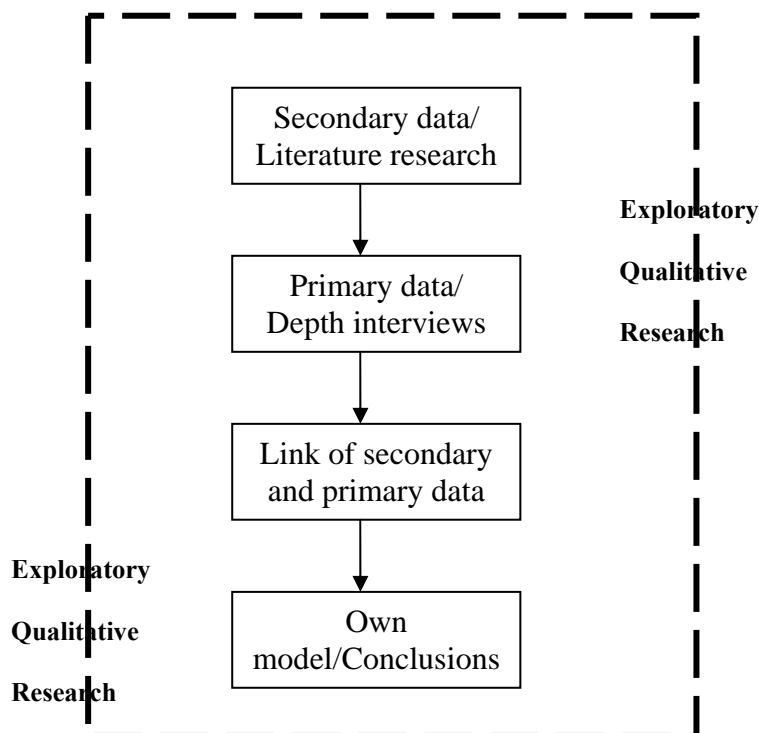


Figure 1: Research process

#### 1. Research Process

Since the purpose of our study was to emphasise the importance of the brand in the business travellers' decision making process of hotel accommodation as well as to propose certain strategies for strengthening the brand of a mid-scale hotel we thought that by coming in contact with people of the industry with long experience in the sector of business travelling would help us answer our research questions. We called these

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experienced people in the sector “experts” and it was on their opinions and explanations that we based our study on.

The business tourism sector consists of people who work from different perspectives and posts. Hotel managers, travel agents, people who work at public financed tourism organisations, travel managers and purchasers of business travel services from public and private organisations and companies, as well as unions and associations of all these people. To guarantee the representation of all the groups of experts within the sector of business travelling we divided them into three main categories- target groups.

### ***1.1 Target groups presentation***

Our research focuses on three target groups, the **Specialists**, the **Travel Agencies** and the **Users** of the business travel services. The group of specialists consists of three experts who have experience from Göteborg’s business tourism market and each of them represents the Municipal Tourism Bureau (Göteborg&Co), the Swedish Hotel Association’s representation in Göteborg (SHR), and the Swedish Business Travel Association (SBTA) respectively. The target group of Travel Agencies consists of two managers from two travel agencies in Göteborg which work a lot with business travellers. Finally, the third target group of Users consists of five travel managers or purchase managers of five large private and public organisations in Göteborg which they are regular users of business travel services such as hotel accommodation.

At the figure 1 we present our Research Plan which depicts the three target groups which our research focuses on. Specialists, Travel Agencies and Users constitute their own target groups as we expect to receive different opinions and perspectives on how the business travelling market functions.



**Figure 2 Target groups presentation**

### ***1.2 Why the “mid-scale” hotels?***

The stimulus for our study on mid-scale hotels and their challenge to strengthen their brands came from a local, middle size hotel which perceived to face the challenge of competing with the well known hotel chains in the segment of business travellers since it operates in a business tourism destination like Göteborg in Sweden (31st congress city in the world 2003 according to the Swedish Tourist Authority-Turistdelegationen, 2005). Being motivated by the challenge that an independent hotel perceived to face on issues such as brand and image, we thought useful to conduct a study on mid-scale hotels in Göteborg which probably face the same challenge which cannot be anything else than how it will be possible for them to strengthen their brands and stay in the market with their own brand names.

Throughout our study we have extensively used the term “**mid-scale**” hotel to define the hotels which we are interested in. We deem important to mention at this point that as a mid-scale hotel we consider a hotel in Göteborg of 3-4 stars characterised by SHR’s 2003 classification as a Hotel Garni, with a room capacity between 100-200 rooms, not co-operating with any hotel chain, and operating at a local level. In addition, the owner/s of the hotel to be employed at the hotel is an assumption that we make.

We have chosen to look at hotels here in Göteborg having these characteristics and not forming part of a hotel chain because we wanted to study specifically on how independent hotels should build their brands since a hotel that forms part of a chain is often more recognised not because of its own brand but because of the franchised brand name it

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carries. By studying therefore the business travel market in Göteborg from the experts' point of view we thought that we would be able in the end to give useful information to all mid-scale hotels in the same category.

### ***1.3 Type of data used***

#### **1.3.1 Secondary data**

Our main aim when collecting secondary data was to get an overview of the trends in the market, of the decision making process of business travellers and also to get a general definition of what brand is. The brand literature was very broad and mainly looked at the brands of products and there was little research done on services, so we worked by looking and understanding the brand literature and with the help of literature from services and hospitality marketing tried to apply it to the hotel industry. It was important to understand what business travellers demand nowadays and how they choose and book hotel accommodation in order to emphasise the role of brand.

All of these aspects were then studied carefully with our focus on the mid-scale hotel market in Göteborg.

#### **1.3.2 Primary data**

We chose to specifically look at the topics which were brought up in the literature and try to get insight into them through in our ten depth interviews which were done with specialists, users and travel agencies as mentioned in the target group presentation. We chose to do depth interviews to allow us to really understand how the business travellers choose hotel accommodation and the role of the brand in this process. Moreover the depth interviews will let us understand what the experts believe about the strategies a mid-scale hotel should follow helping us thus to answer our third research question contributing thus to the literature of hotel branding.

## **2. Why qualitative?**

Is hotel brand a vague and fuzzy research problem? According to Kwortnik (2003) research problems characterised by a limited or evolving understanding of the topics of interest, and of measurement challenges are fuzzy and vague. That is the reason why he proposed that fuzzy research problems are difficult to answer by collecting quantitative data since this type of data cannot give information on research questions which want to explore a subject.

## Why the Brand? The challenge for mid-scale hotels

We called our study “why the brand” since we wanted to explore and emphasise the role of the brand in the business traveller’s decision making process on hotel accommodation and propose strategies on strengthening the hotel brand. Therefore we decided to use a qualitative exploratory research method to collect data, since it can allow us gain a deeper understanding on the reasons of the brand’s importance in the business traveller’s decision making process as well as its importance in the independent hotel’s ability to compete.

With the exploratory, qualitative research we aimed **to gain insight** into three areas of interest which reflect our three research questions. We tried thus to direct our research into the areas of decision making process of the business traveller when choosing and booking hotel accommodation, the constituent elements of a hotel brand and the strategies a mid-scale hotel can follow in order to strengthen its brand.

With our qualitative exploratory study we intended **to explore** trends in issues like business traveller accommodation decision making process, and branding as these are perceived, and expressed by the experts.

Hotel branding has not been extensively studied and the theoretical framework around it is mainly allocated around issues of hospitality marketing. Thus it is a vague term in the hospitality business literature, and because of this as well as because of the exploratory nature of our research purpose we thought that a qualitative research method would give as the data required answering our research questions.

### ***2.1 Data Collection with the use of in-depth interviews***

Since our aim was to get insight into the factors that affect the business traveller’s purchase behaviour and understand the different factors that affect the strength of a mid-scale hotel’s brand, we conducted **in-depth** or as they are also called **depth interviews** (Hair et al 2003, Kwortnik, 2003). A depth interview takes the general form of an informal conversation, but it is made up of a purposeful dialogue between the two. The objective of such a method is to obtain rich, relevant, and detailed data from people who are considered to be experts on the research questions and so that was the reason why we thought that this kind of interviewing technique is the most relevant to the purposes and research questions of our study. We thought to interview a maximum of ten experts, since as Kwortnik (2003) mentioned, the informant sample for interpretive research should be relatively small and not random since this kind of method aims to get a deeper understanding of the interviewees’ opinions and behaviour.

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Since the purpose of our study is not to count and describe but to explore and emphasise, the selection of interview informants is driven by the research objectives rather than the principle of random selected sample. It was thought therefore not necessary for the sample to be randomly selected since we were interested in particular people who we believe have the knowledge and experience to answer our questions.

### ***2.2 Depth interview Structure***

We chose to follow a **semi-structured** interviewing technique where the questions were pre-arranged in order to guide the dialogue towards the issues in which the study focuses- in this case business travellers, their demand and a hotel brand. The interviews which were conducted in Swedish for the interviewee's convenience and which were usually lasting forty five to sixty minutes were conducted around the following questions:

1a) What is **demanded** by the today's business travellers when they book hotels?

The question aimed to start the discussion around the issue of how the demand looks like today and the interviewee was stimulated to express his/her opinion and classify factors such as price, location, value for money, or well-known chains from the mostly demanded to the less. The interviewee was then asked the reason why s/he was holding the particular opinion. The factors were chosen after an extensive study of relevant articles and literature which were discussing about the business traveller's preference towards these factors.

1b) How do business travellers **choose** a hotel nowadays?

The question aimed to bring the discussion around the ways that business travellers prefer to choose and book hotel accommodation and factors can affect their decision. Thus the conversation was directed to issues such as the role of internet and travel agencies, the strength of word of mouth in affecting the traveller as well as the hotel's corporate reputation, advertising and image. The interviewees were asked again the reason why they were perceiving the situation to be the way they were expressing it.

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2. What **characteristics** should a brand of a middle size, local and independent hotel have? In other words, what associations should be created to the business traveller by such a hotel?

The question aimed to bring the discussion around what characteristics a mid-scale hotel brand should convey. The interviewee was stimulated towards characteristics such as value for money, cheap, good quality, friendly and good location. The interviewee was asked moreover to classify once again which characteristics suit better a mid-scale hotel and which less and explain the reason.

3. What **strategies** are necessary for a mid-scale hotel to increase its brand strength?

With this question we aimed to collect the industry professionals' and sector specialists' opinions on what strategies would better suit a mid-scale hotel in order to strengthen its brand. The interviewees were requested to express their ideas around issues such as customisation, co-operation with regular hotel accommodation users, value for money strategy, uniqueness and experiences provision, networking with the town's actors of the business travel market such as municipal bureaux and authorities, participation in the annual Göteborg's tourism fair, organising events and happenings in the hotel and be steady image oriented. The interviewees were asked about the importance of each strategy and how effective this it could be for the hotel.

4. Which of the above strategies do you think are **more important**?

The question aimed to make the interviewees evaluate the discussed strategies according to their importance as this is perceived. We wanted thus to gain insight into what they really perceive more demanding for such a hotel to do in order to strengthen its presence in the market and the information from such a discussion would contribute to our third research question.

5. A hotel with bad image what can it do to change it?

The discussion was moving afterwards to the issue of image and our aim with this question was to collect the experts' opinions on what a mid-scale hotel can do if it is already perceived negatively by the market. We wanted thus to collect data on how to

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strengthen a hotel's presence in the market and get ideas on answering our third research question. The discussion was oriented towards issues of changing name, renovation, improving service and communication, or changing owner and how difficult each of these strategies would be for a hotel in order to strengthen its image and brand.

### 6 - 7. Which middle size hotel in Göteborg comes first to your mind? Which 3 other middle size hotels can you remember?

The purpose of these two questions was to make the interviewee talk about a mid-scale hotel which first comes to mind and explain what characteristics make it distinguish. Moreover, we aimed to record their opinion about other two or three hotels of this category and make a discussion around them. What is this that makes them come first to mind? We could see thus the existence of what we call later in our hotel brand model "awareness", "perception" and "top of mind" for many mid-scale hotels in Göteborg. As we are going to present later in our model "awareness" and "top of mind" and "perception" are some of the factors which affect the image of a hotel. So the questions 6-7 aimed as well to check factors of image of mid-scale hotels in Göteborg as these were perceived by the experts of the local business travel experts.

Our interviews were aiming to make an open discussion around the trends in the market and our research questions. The notes in our interview papers were guiding the interviewee express his/her opinion around the factors which the contemporary literature of business travelling, hospitality marketing and consumer behaviour examines. A sample of our interview structure can be seen at Appendix 1.

## ***2.3 Data Analysis***

Since the purpose of our study was to explore and emphasise the role of the brand in the decision making for hotel accommodation as well as to propose strategies for a stronger brand by presenting our own hotel brand model, our analysis of the qualitative data was oriented towards understanding and interpreting the experts' answers on the interview questions.

After transforming each interview notes into text we were proceeding to deconstruct each interview text line by line trying thus to mine data that would help us categorise the interviews. Answers which were including keywords of the issues which our research examines were underlined and named after the keywords creating thus as an open coding



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as Kwortnik (2003) mentioned. Mined data which were coming from the interviewees were constantly compared with the findings already categorised and the new conclusions which were rising during this process were compared with the ones mentioned before. This constant comparison of the old with the new data helped us find relationships and differences among the answers of the interviewees allowing thus the categorisation and the group making of them. This process helped us create a mapping of the interviews categorising them thus according to their beliefs and making tables which helped us make comments on our findings.

Regarding the issue of hotel branding and our proposed model, the way of analysis which we used was to compare the new data with what we already had mentioned in the literature. Moreover, we tried to develop a revised hotel brand model building thus new theory by finding support on the strategies mentioned by the interviewees as well as our primary hotel brand model as built with the help of the literature.

Due to the nature of our study it was a challenge for us to try to interpret what sometimes the interviewee had mentioned finding thus a hidden meaning behind the recorded answers. In addition, there were some cases where the interviewee was contacted again for a further explanation in case it was needed for us to get a deeper understanding of an answer.

### ***2.4 Limitations of the depth interviews***

A **limitation** of the particular data collection technique is the lack of assurance that the resulting data would be representative of the overall defined target population. Thus our aim was to restrict the possibility of inappropriate representation of our target groups by trying to conduct enough number of experience surveys from each group of professionals. We set as a maximum amount of experience surveys the ten as we thought that by conducting more experience surveys the amount of data would be that much that would affect the quality of our analysis.

**Another limitation** which rises when using this technique to collect data is that we cannot be sure that would give the right picture of the entire business travel market in Göteborg as each of our specialists and professionals probably has his/her own personal perceptions of the market. However we were careful with this issue by avoiding collecting data from professionals irrelevant to our issues of interest and making sure to take this issue into consideration when analysing and interpreting the interviews.

Finally, since it is required to become a translator in qualitative studies where depth interviews are used the possibility of misinterpretation of the interviewees' answers really exists. However, what we did towards reducing the possibility of misinterpretation was to come again in contact with an interviewee in case we were not sure for the meaning of an answer.

### **3. Validity & Reliability**

#### ***3.1 Validity***

When looking at validity; objectivity, truth, actuality are words that are used to define this term. As Golafshani (2003) mentioned “*Validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are*” (2003, p. 599). We had enough number of interviews so the sample was large enough for our results to be seen as valid. Good representation of our target groups where we looked at not only the specialists, but also companies and travel agencies to have a wider scope of the industry. We looked specifically at our research questions and our research purpose and found appropriate primary data to give us a good understanding of the topic we intended to answer. However we could have obtained a better sample if we had interviews with smaller companies to understand what their opinion is on hotels and brands. That could have given us a better understanding and maybe a better answer to our research questions.

#### ***3.2 Reliability***

Joppe (2002) cited in Golafshani (2003, p. 598) gives the definition of reliability as “The extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable”. The results should then be seen as consistent and stable during a period of time to be able to be seen as reliable; so repeated results are those that can be called reliable (Golafshani, 2003). Regarding the reliability of the method used to collect data we can start by saying that they were usually taking one hour where the topics were discussed thoroughly and a good conclusion was possible to be obtained. We kept the interview the same for all of the interviews, thus it was a repetitive structure. There were some other

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times when some interviewees were quick with their answers due to the lack of time, which made it difficult to focus deeper into their thoughts. However, many of the topics were carefully examined and some interviewees were contacted again later something which can make us say that our results are reliable.

## CHAPTER 3

With the chapters 3, 4 and 5 we aim to provide theoretical background done on subjects that our research questions focus on. Starting by chapter 3 we are going to study the decision making process as it is usually followed by the business traveller, and the role of the hotel brand within this process. In chapter 4 we intend to present what encompasses a brand and the issue of brand equity. Respectively in chapter 5 we are going to talk about how strategies of strengthening the brand. Different researchers and academics that focus on hospitality marketing and management have been combined in order to get a general idea of the topics which we will later analyse in the discussion together with the empirical results presenting thus our conclusions and recommendations.

### **1. The Decision Making Process in choosing accommodation**

#### Introduction

We chose to start our literature by studying why the business travellers do not behave the same and by presenting factors which make them different. Furthermore, we are going to present in a form of a five-stage process the decision making that hospitality consumers is thought to follow as it is perceived to be by several researchers and academics. Our aim is thus to highlight the role that the hotel brand, and consumer characteristics can play in affecting the decision making process. In the problem background, we pointed out the easiness of the consumers to change accommodation provider when the second is not able to deliver value to them. It would be interesting thus to see how the business travellers, who prefer to stay at mid-scale hotels, make their decision, what they demand and what the role of hotel brand is, as well as the role of consumers' characteristics in the decision making and booking.

#### ***1.1 Are all the business travellers the same? Factors which affect each consumer's behaviour***

We will start our understanding of the consumer's decision making by asking the question: "Are all the consumers-business travellers the same?" Can we present a process of decision making that will regard all the business travellers? Do all the business travellers choose and book hotel accommodation under the same conditions?

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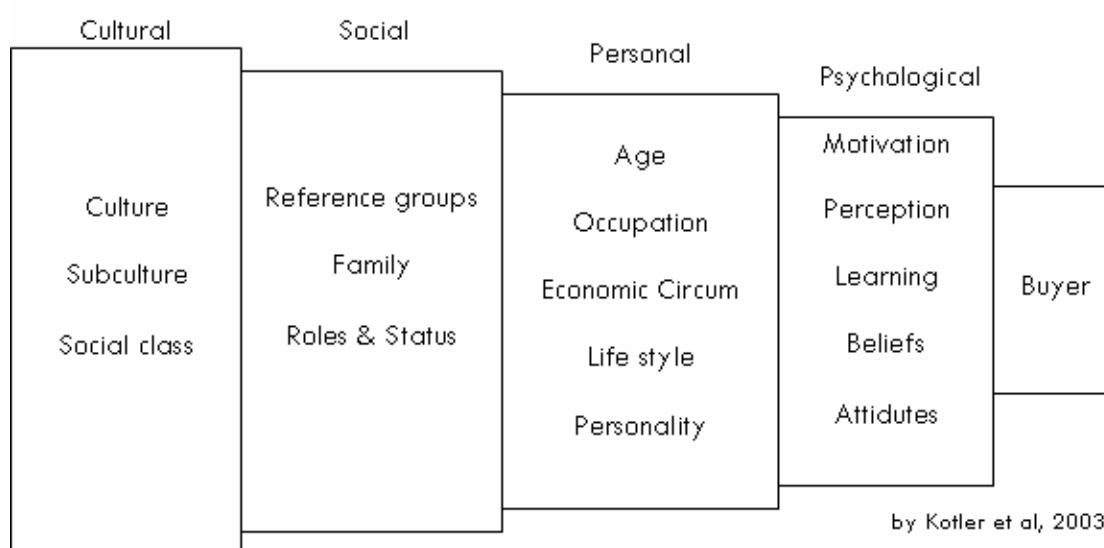
What is important is that several researchers of services or hospitality marketing have agreed on the idea that **all consumers are not the same** and that their purchase behaviour depends on their personal characteristics – or as was also mentioned psychographic factors- which affect their decision making (Cahill 1997, Williams 2002, Kotler et al. 2003, Zeithaml, Bitner, 2003, Reid- Bojanic, 2006).

All these researchers mentioned their ideas on what factors affect the consumer behaviour and their conclusions are similar to each other. Kotler et al (2003) described a broad model of the consumers' characteristics on what factors influence their behaviour. According to their model, the consumer behaviour is affected by **Cultural** (Culture, Subculture, Social class), **Social** (Reference groups, Family, Roles and Status), **Personal** (Age, occupation, economy, lifestyle, Self concept), and **Psychological** factors (Motivation, Perception, Learning, Beliefs, Attitudes).

Kotler et al (2003) model which we present and discuss summarises what Williams (2002) had said when discussing the issue of diversity among hospitality consumers. Williams had said that three factors define consumer behaviour in services such as hospitality, the **cognition** (perception, beliefs values), the **learning** (previous experience-knowledge), and the **motivation** (drivers that direct the consumers towards attainment of needs and goals). We chose to discuss Kotler et al (2003) model as it more explicitly presents all the parameters mentioned by the other researchers as well.

Figure3

### Factors Influencing Behaviour



### 1.2.1 Cultural Factors

**Culture** as the most basic determinant of the consumer's behaviour consists of the basic values, perceptions, and attitudes that the individual adopts by the society in which is a member of. Culture according to Kotler et al (2003) and Reid-Bojanic (2006) has an important role on the consumer behaviour and perception of products, services and brands. Even brands which are launched globally are perceived differently from local cultures (Lindstrom, 2005). Thus the role of culture in our case is important since Göteborg, Sweden's major business travel destination, attracts a large amount of foreign business travellers and so we believe that one more challenge for mid-scale hotels is to delight their international guests who probably have different needs due to their different cultural background.

**Social class** in the hospitality industry is essential according to Williams (2002), Kotler et al (2003), Reid-Bojanic (2006) in affecting the traveller's purchase behaviour but it seems to mostly apply on the leisure hotel accommodation so we will not proceed in analysing it furthermore.

### 1.2.2 Social Factors

**The reference groups** usually dictate a standard of behaviour among its members. It is more obvious among business travellers who hold high positions in their organisations when they are about to decide the hotel they will stay at or the means and the quality of travelling. It is closely related to the role and status factor which we mention afterwards. Bojanic-Reid (2006) said that reference groups establish norms and values that regulate the behaviour of the individuals who belong to the group or would like to belong to it. It is a common practice among top managers to stay at five star hotels for instance as this shows their role and status among their peers.

The **role and status** that the business travellers have in their work environment affects their needs and desires in hospitality services such as hotel accommodation (Kotler et al., 2003, Reid-Bojanic, 2006). The common practice among top managers to stay at high class hotels is something which expresses their role and position among partners and colleagues within their organisation. So as we see that both the reference groups and the role and status dictate norms and unwritten roles to the business travellers so we believe that it is important for a mid-scale hotel to have a clear target market and know which kind of business travellers it should refer to and adjust its brand strategy on them.

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The **family** plays a major role in the consumer's decision to consume a hospitality service according to Cahill (1997), Williams (2002), Kotler et al (2003), Reid-Bojanic, (2006) Kotler et al (2003) but it mostly appears in selecting holiday hotel accommodation than business so since it seems that it will not help us in our discussion we will not analyse it more.

### 1.2.3 Personal Factors

**Age, occupation and economic circumstance** of a consumer called by Cahill (1997) as demographics are sure to affect the consumer behaviour in hospitality consumption. Kotler et al (2003) and Bojanic-Reid (2006) mentioned that an individual's improving economic condition directly affects the consumption of premium hospitality services, whereas in the reverse situation when the individual's economic condition aggravates the first cut-downs will occur in travelling expenses such as hotel accommodation.

**Lifestyle** according to Kotler et al (2003) is connected to role and status, economic circumstance and reference group. So due to lifestyle's connection with all these factors we can say that it affects the business traveller's purchase behaviour and desires in hotel accommodation when on a business trip.

**Personality** finally is defined by Williams (2002) and Kotler et al (2003) as each individual's unique way of responding to the environment's stimuli. They studied the term of **self-concept** as a factor which affects first personality and then the consumer preferences in hospitality products. Self-concept was defined by the researchers as the individual's self-image; it is the individuals' perception of who they are or who they would like to be. Consumers buy the hospitality services that encompass their characteristics, or the characteristics which they would like to have, or the characteristics which would like the others to think that they have. We as consumers, proceed to purchases which express the image that we have for ourselves, thus we purchase services, products or brands which we think are similar to what we think we are, or to what we would like to be (Williams, 2002). A similar point of view was expressed by Lindstrom (2005) when he said that a choice of a brand is a clear statement of who we as consumers are not. Business travellers have basic needs to meet with hotel accommodation such as to work in the room, relaxation, and food but as Lewis-Chambers (2000) said more or less an average hotel can provide these services, so the reason why they demand hotels which provide something more than the basic is because they want to meet other needs which derive from self-concept.

### 1.2.4 Psychological Factors

The psychological factors mentioned in Kotler et al (2003) model on consumer behaviour in hospitality services and repeated by Reid-Bojanic (2006) encompass all the psychological processes that occur in the consumer's mind during the decision making process and affect the his/her behaviour.

**Motivation** is the reason that makes the consumers think about purchasing a hotel accommodation service (Williams, 2002). The motivations that lead to purchase can differ from consumer to consumer as he said. He brought the example of Maslow's Hierarchy of Needs and said that some travellers can choose a hotel accommodation to satisfy their "physiological" need for shelter, whereas some others may proceed to a hotel accommodation purchase to satisfy their "self-actualisation" need for participating to a seminar, an event or a meeting held at a hotel.

Moreover, motivations as he mentioned are not only "internal" but can also be stimulated externally by the hotels through marketing. In other words, motivation is a factor of consumer behaviour which can be easily **affected by the hotels**. Through their marketing and branding strategies they have the possibility to stimulate needs that a business traveller internally has. They can even attract guests to them from other hotel brands by making their brand more attractive to their target business travellers.

The psychological factor of **perception** was defined by Kotler et al (2003) and Reid-Bojanic (2006) as the different interpretation each traveller makes in his mind of an external stimulus. The external motivation that we mentioned before which is caused by a hotel's marketing tactics receives different interpretation by each traveller which results to different behaviour in the hospitality consumption. A mid-scale hotel for instance which promotes the fact of being an economical choice of accommodation in order to increase its room sales can be perceived by some travellers as a negative sign if the travellers connect the low cost for the accommodation to low service quality. Thus, we can see that perception is another factor which the hotel marketer can affect. As Williams (2002) said the hospitality providers by understanding how the business travellers, in whom they are interested in, perceive the hotel's communication as it comes from marketing and brand strategies, can modify the hotel's outgoing messages appropriately so that they are interpreted by the travellers as the hotel wants them to do.

**Learning** is another factor which plays a major role in forming consumer behaviour in hospitality (Williams, 2002, Kotler et al, 2003, Bojanic-Reid, 2006). As they said, the consumer's behaviour is mostly **learned** by experience. The more the travellers use a



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service the more they get used to it and learn about it and so the more experienced they are in their following purchases. In addition, they get to know what they should expect from the service. Consumers learn from their previous decisions and thus future decisions become less complicated. So we believe that an experienced with a hotel business traveller will be possible that s/he chooses the same brand repeatedly as s/he will get to know what to expect from the particular hotel brand making thus the process of choosing hotel easier.

**Beliefs** and **attitudes** also influence the traveller's behaviour they are critical to the final decision (Lewis-Chambers, 2000, Kotler et al, 2003, Reid-Bojanic, 2006) and linked to the factor of perception. The beliefs are "something which we believe is a fact; they derive from perceptions. We attach a belief on an object...the object can be a restaurant and belief could be that it is expensive" (Lewis-Chambers, 2000: p220). So in our case a belief which may regard a mid-scale hotel, according to Lewis-Chambers, (2000), Kotler et al, (2003), and Reid-Bojanic, (2006) can be based on real knowledge, opinion, or faith and may or may not carry emotional charge. Beliefs thus reinforce brand **images**, either negative or positive which affect consumer's purchases. Beliefs seem to encourage travellers to hold certain attitudes towards hotels and brands thus we believe that it is important for mid-scale hotel managers to make their guests hold a positive image by communicating to them the values which the hotel as an organisation has through their brand and service.

### **1.2.5 All the business travellers do not have the same purchase behaviour**

The model of factors which influence consumer behaviour in hospitality services as introduced by Kotler et al (2003) and studied by Bojanic-Reid (2006) – see figure3 - helped us understand that it seems that all the business travellers are not alike. Their choice of a hotel is influenced by many characteristics which every individual has and which come from his/her cultural, social, personal and psychological world. We saw as well that some of these factors cannot be affected by the hotel marketer and these are the cultural, the personal, and the social. On the other hand there are the psychological factors of motivation, learning, perception, beliefs, and images, which we believe they are possible to be affected by the marketer since they are depended as we saw on how the hotel performs and communicates.

The reason why we chose to focus on the Kotler et al (2003) model was that we believe that it better connects the traveller's personal characteristics with the demand and decision making as well as because it emphasises the interference of a hotel brand in

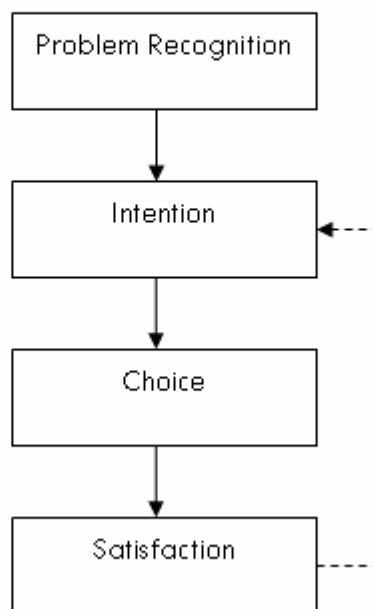
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these two fields. But can we say that all the business travellers with these characteristics which make them behave differently follow the same process when searching, evaluating and choosing and booking hotels? Since our first research question aims to help us get an insight on the business travellers' purchase behaviour we believe that it is essential to understand how the business travellers, with all their different characteristics, think when choosing hotel accommodation.

### ***1.3 The decision making of hospitality services in a form of a process***

A first scanning of recent literature helped us understand that the decision making of

Simplified Engel & Blackwell Consumer Behaviour Model



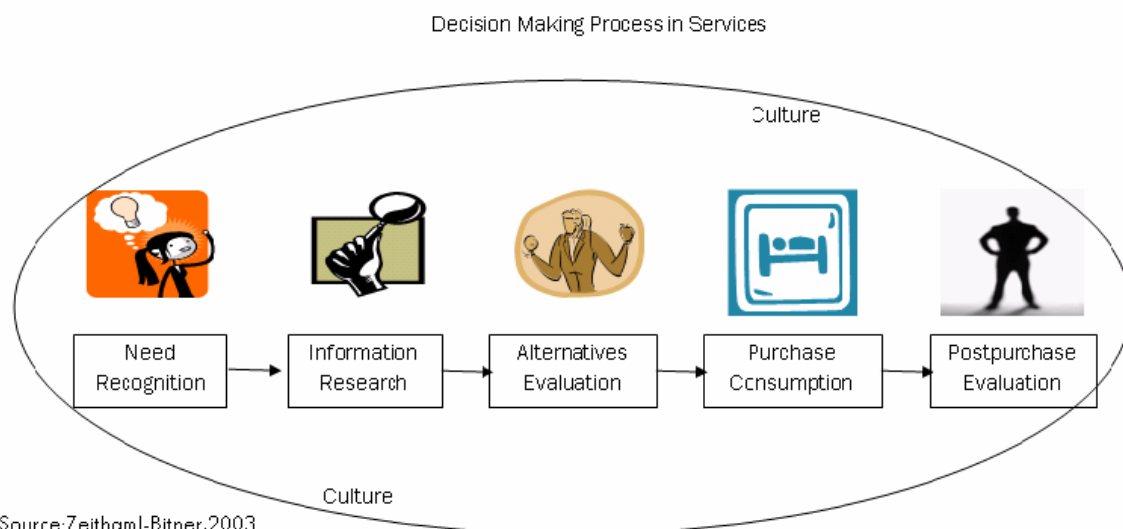
Source: Cahill, 1997

#### **Figure 4 Consumer Behaviour Model**

consumers when buying hospitality services is perceived to be in a form of a process. Cahill (1997) when studying consumer behaviour of hotel guests argued that the simplified Engel and Blackwell model (see figure 4) of consumer behaviour does not give answers to the questions such as what affects consumer's choice when having to choose hotel accommodation, which their preferences are, as well as their attitudes and values in their buying behaviour criticising thus the concept of presenting the decision making in a form of a process which regards all consumers. On the contrary, Williams (2002) admitted that the model is a useful introduction to the issue of consumer behaviour in services as it constitutes a basis for many future models on consumer decision making. Our opinion is that the Engel-Blackwell model is a precursor of consumer decision

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making as it is the first which depicted decision making as a process. Since Engel-Blackwell there have been several researchers who have presented their own perceptions on the consumer decision making in tourism and hospitality services in a form of a process. Two of them were Kamfjord (1999) and Lewis-Chambers (2000) who stressed that the consumer behaviour in services and hospitality is a stage process, as they wanted to emphasise that the consumer's decision is a procedure which starts long before and ends long after the purchase. We present thus ideas on decision making process which seem to have been inspired by the Engel-Blackwell model aiming to explain how the decision making process in hospitality services is perceived to be and where we it seems that the hotel brand can interfere and affect this process that Engel-Blackwell first conceived.



**Figure 5 Decision Making Process in Services**

Zeithaml-Bitner (2003), Kotler et al (2003), and Reid-Bojanic (2006) presented a process of non-serial five stages representing the consumer decision making. The process as we see consists of the stage of “Need Recognition” and the stages of “Information Research, Alternatives Evaluation, Purchase-Consumption and Post-purchase Evaluation” being thus similar to the Engel and Blackwell model. The consumers’ behaviour in all these stages is finally affected by the culture, and their social, personal, and psychological characteristics that we analysed before. By choosing to study this model of decision making process in services we think that it will allow us understand how the individual business traveller thinks as well as make us see how a hotel brand interferes with the process. Individual business traveller is a traveller who chooses and books hotel accommodation himself/herself instead of his/her company for him or her.

### 1.3.1 The Need Recognition Stage

At the stage of “**Need Recognition**” the above researchers mentioned the needs and the external stimuli that a consumer has or receives and which make him/her want to consume a middle class hotel accommodation service. At the model of the factors which affect the consumer behaviour we mentioned the **motivation** as a psychological factor. So the factor of motivation plays its essential role at this stage of the consumer’s choice. The external motivation (stimuli) and internal motivation (needs), as Williams (2002) mentioned create wants to the business traveller when seeking a hotel accommodation.

In the case of the external stimuli which remind the travellers their existing needs as Williams (2003) said the factor of **opportunity** is also crucial. This means for instance: Does the hotel create external stimuli? Is it possible for a hotel to be seen in a tourism fair for instance? In other words does the business traveller have the opportunity to become aware of the hotel in order for this to remind him/her of the need for purchasing hotel accommodation when planning a business trip to that destination? So the opportunity that consumers have to be receivers of the hotel’s stimuli is important in order for motivation and need recognition to be created for them. We believe that a well targeted brand strategy can give more recognition to a mid-scale hotel and create opportunity as well as motivation to the business travellers who prefer a particular well branded hotel over another. Consumers like to choose known service providers instead of anonymous and this recognition in the market which creates motivation towards the service provider is given by a well established brand (Echeverri-Edvardsson, 2002). Motivation and opportunity and their relation to the brand will be thoroughly explained in our analysis.

### 1.3.2 The Information Research stage

At the model of the factors which affect the consumer behaviour we mentioned the perception of risk that more or less all the consumers have and which they try to reduce when purchasing hospitality services. The stage of Information Research is used therefore by the business travellers to exactly **reduce their risk perception** as they try to find more information for an intangible product such as accommodation (Kotler et al 2003, Zeithaml-Bitner, 2003). What the consumers are looking for during the Information Research in order to reduce their risk perception as mentioned by Kotler et al (2003) is:

- a) Personal Sources – friends and peers, reference groups, word of mouth
- b) Firm Reputation
- c) Guarantees, warranties

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- d) Site inspection before purchasing especially for business travellers and event and conference organisers
- e) Knowledge employees' opinion - sales persons in travel agencies, dealers
- f) Tangible cues and physical evidence
- g) Internet as a means of comparison of the offerings

As we can see, it is thus important for the mid-scale hotels to be able to provide knowledge about the benefits and features of their services through their communication by focusing on all these points that we mentioned.

The increase of internet usage especially among the younger generation of the business travellers who have to arrange their trip themselves has helped them gain access to more choices for accommodation and more information on what the hotels offer. So it is important for any hotel, and we believe that even more for the mid-scale ones, to be able to provide information about their services on-line since this is something that will help the traveller compare and decide (Kamfjord, 1999, Zeithaml-Bitner, 2003).

### Word of mouth

At the stage of "Information Research" Kotler et al (2003), Zeithaml and Bitner (2003) and Reid-Bojanic (2006) mentioned how important the "**personal information**" or the "**personal sources**" called as well as "**word-of-mouth**" from colleagues, friends and other acquaintances is in selecting services with intangible attributes like hotel accommodation. Travellers when searching for information to purchase a hospitality service is thought to trust more the personal sources like word of mouth compared to other sources of information. That is because it has no commercial nature, it is spontaneous, it is based on personal experiences and comes from someone with similar needs and desires to us who become recipients of it. Moreover, word of mouth can contain more detailed information about the hotel's attributes than other sources of information. Thus it is perceived with less scepticism by the receivers (Gobé, 2001, Echeverri-Edvardsson, 2002, Mossberg, 2003). Non personal sources of information like advertising are rather rare in the case of middle size accommodation providers since the resources for having a large-impact advertising campaign are restricted for these hotels and so word of mouth constitutes a significant communication channel for them (Zeithaml-Bitner, 2003).

### The importance of physical evidence

The importance of physical evidence when searching for information has been extensively described by Echeverri-Edvardsson, (2002), Mossberg, (2003), and Zeithaml-Bitner, (2003) as they mentioned that physical evidence of services just like hotel

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accommodation communicates the level of service quality which the hotel can provide and this affects the consumers' beliefs about the hotel which create the hotel's image. The physical evidence affects the travellers' perceptions when they search for information and thus it is critical for selecting a hotel among their final alternatives. Zeithaml-Bitner (2003) discussed the term "**servicescape**" and Mossberg (2003) introduced the term in Swedish "**upplevelserum**" meaning the environment in which the service is delivered and where the hotel and the traveller interact.

The physical evidence in the servicescape includes tangible elements such as the design of the exterior and interior of the hotel, the hotel's webpage design, design of the brochures and other marketing material, illumination, or the personnel's uniforms are attributes which as Mossberg (2003) said constitute ways of expressing the service's character. Therefore for a business traveller who has never visited the hotel before the physical evidence is crucial in forming his/her first impressions of the hotel's ability to correspond to his/her expectations. The decision hence of a business traveller or a travel manager to include the hotel into their final alternatives will be affected by the physical evidence since the first impression which all consumers form for a service provider which they have never used before is really important in the decision making. We thus thought to comment on the demand for a mid-scale hotel to link its physical evidence to its organisational goals and vision which it wants to convey in order to avoid communicating wrong messages to its potential guests.

Selecting information is important for the potential guests according to Williams (2002). In case they do not find enough amount of information about a particular hotel brand, since it then becomes sure that they switch to the one of a competitor. That is why it is important for the hotel to be able to provide the information which the travellers, or travel managers would like to have (Kotler et al., 2003).

So we believe that for a mid-scale hotel which does not belong to a well-know chain it is important to have a strong brand which will communicate to the travellers the hotel's values and quality of service through its identity. Strong brands reduce the consumers' perceived risk and help so that the intangible service becomes tangible and possible to evaluate before the purchase (Echeverri-Edvarsson, 2002). Through the physical evidence, the word of mouth which a well established brand causes we believe that it can release the travellers' perceived risk and make them choose the particular hotel among their final alternatives.

### 1.3.3 The Alternatives Evaluation stage

After the search of information the traveller arrives at a set of final alternatives among which the final choice will be decided. At this stage the travellers see a hospitality service as a bundle of service attributes like price, location, value offered, brand, and so the traveller chooses the one which s/he assumes to better will meet his/her needs and desires (Kamfjord, 1999, Zeithaml-Bitner, 2003, Kotler et al, 2003, Reid-Bojanic,2006).

Therefore it is quite common for the travellers to usually use two factors to decide which of the alternatives is going to be the final purchase. These factors are the image and value.

#### The image in the alternatives evaluation

Kamfjord (1999), Kotler et al (2003) and Reid-Bojanic (2006) in their analysis on the alternatives evaluation stage said that, according to their needs, consumers attach different degrees of importance to each hotel attribute starting with the attributes which first meet the their needs and continuing with those that meet their wants. So the issue of brand comes to the alternative evaluation as consumers hold beliefs on which hotel brand can better perform better on each attribute. Thus, travellers seem to simply select the first brand alternative which they believe can perform better on the attributes in which they are mostly interested in. The set of beliefs held about a particular brand is known as the **brand image** (Kotler et al, 2003). Hospitality consumers show a clear influence by the brands and brand images and this affects the consumer behaviour as it reduces the perceived risk incorporated into their hospitality purchases (Williams, 2002).

The procedure of choosing among the final alternatives continues according to Bojanic-Reid (2006) as the travellers' expectations on how each alternative can perform affect their behaviour towards the different hotels to which they have ended up.

#### The issue of "value" in the alternative evaluation stage

At the stage of alternatives evaluation we said that the traveller tends to select the first hotel or brand which s/he perceives it can perform better on the attributes in which s/he is mostly interested in. At this point appears the issue of **value** in the services marketing literature. That is because at the stage of alternatives evaluation the consumer of a service is thought to make a subjective evaluation in his/her mind of the value of the service which considers purchasing.

Zins (2001) makes a summary of all the views of what "value" is in the marketing field for the consumer by saying that **consumers balance the benefits and the costs** of consuming a service before they decide to purchase it and as he comments, the service

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evaluation is based on the advantages and disadvantages associated with the purchase, or the experience. On a similar point focuses the definition of value by Kotler et al. (2003), where it is defined as the difference between the benefits gained and the costs paid by and for the service.

Zins (2001) and Kotler et al. (2003) distinguished the factors that the consumer takes into account when estimating the value of his/her potential purchase into “**monetary**” and “**non monetary**”. The monetary factor cannot be anything else than the price paid for the value earned (value for money). Non monetary factors in the consumer’s decision making can be the “**positive**” or “**negative consequences**” which are expected by the consumer to occur during and after the consumption of the accommodation service. Consumer actions are linked to consequences and that every consumer learns to associate his/her actions with specific consequences (Zins, 2001).

As **non-monetary negative** consequences Zins (2001) and Kotler et al. (2003) gave the example of time which the consumer dedicates in searching for more information about each alternative as well as the “consumer’s time input” which is the time that the traveller spends such as check in and check out time, or time spent for finding the hotel. So the issue of “time spent” is something which can give value to an alternative or create negative associations to the traveller depending on how much time will be required for the traveller to contribute when selecting the particular alternative.

For **non-monetary positive** consequences we can mention the positive experiences expected by the traveller, such as a pleasant atmosphere, a friendly environment, an extraordinary service. Mårtensson et al (2004) mentioned that the issue of safety plays an important role for the Swedish business traveller and is something that can make the hotel a first-choice since safety it can be perceived by the traveller as value.

Zins (2001) said that the supplier -the hotel in our case- sells implicitly not only the accommodation service but a situation as well. Pre- or- post purchase evaluative processes on the part of the consumer are not restricted, he mentioned, to the service attributes in a narrow sense. The most important for the business traveller is the work and in order to do the work required he/she is ready to pay for what would help him/her to the work effectively and efficiently (Mårtensson, et al.,2004).

Zins (2001) proposed that since the consumers do not restrict their wants and needs to the narrow sense of a service but want to buy desired situations and experiences which give value, it made us think that it seems that contemporary hospitality marketing needs to look at the today’s business traveller’s needs as being more spherical and broad rather than just focused on single products and services.



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But what does the brand do in making a hotel accommodation service be more of value in the eyes of the traveller compared to another hotel accommodation which is not branded? Well, Echeverri-Edvarsson, (2002), Kapferer, (2004) and Lindstrom (2005) said that a well branded service like in our case a hotel accommodation is a point of reference which indicates qualities, values, and associations to the consumers. The brand thus gives identity and uniqueness to the service and since the consumers prefer services of value and positive image the branded services are believed to have something attractive to provide. A brand apart from being a logo can be seen as a promise to the customer or as a set of associations that create an image in the consumers' mind which affects their purchases (Keshav et al.2000).

By communicating qualities and competence a brand makes the consumers show trust towards it, it makes them know what to expect and by taking into account that the business traveller does not have time available to search for information about anonymous hotels; a branded alternative gives him/her more value since it saves him/her from spending time on searching. This issue made Kapferer (2004) say that branded choices are "time reducers".

So we believe that in the stage of alternatives evaluation where the business traveller has to choose among the final alternatives the accommodation service which is going to distinguish in his/her eyes because of its value is going to be the one which has the strongest brand.

### **1.3.4 The actual Purchase and the Post-purchase Evaluation**

The alternatives evaluation stage is succeeded by the actual consumption of the hospitality service (Kotler et al, 2003, Reid-Bojanic, 2006). The actual consumption leads to either satisfaction or dissatisfaction for the hotel guest and so at the **post-purchase evaluation** stage the guest comes to compare between his/her expectations before the purchase and the service performance as s/he perceives it. The matching of expectations and perceived performance causes satisfaction and intention to return and the gap will make the consumer dissatisfied. Consumer expectations are formed on past experiences and from the received messages by the hotel communication, or by word of mouth. As a result, it seems to be a mistake if the hotel marketers promise in order to attract guests if they are not able to deliver their promises (Zeithaml-Bitner, 2003, Kotler et al, 2003, Reid-Bojanic, 2006).

But does a strong brand have a role in the post-purchase evaluation? Mossberg (2003) when studying the role of image in the satisfaction of the travellers mentioned that small

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problems and even occasional serious problems are judged with indulgence by the guests in case the company-the hotel in our case- enjoys a good image. But this shelter does not last if the same problem is repeated. On the contrary, a company with not a good image can make the travellers easily angrier and less satisfied something that would not happen in the diverse situation with a company enjoying a positive image. So a strong brand and a strong image do not only interfere with the pre-purchase stages but we see that they can have an effect on the post-purchase stage as well.

#### ***1.4 Is the decision making process always so complicated?***

The decision making process as we discussed cannot be said to occur every time a consumer is thinking to purchase a hotel accommodation. Apart from Williams (2002), who presented a quiet differentiated decision making process for the hospitality consumer than Kotler et al (2003), Zeithaml-Bitner (2003), and Reid- Bojanic (2006) did, we can say that, all of them mentioned a step-by-step decision making process which starts with a pre-purchase step, continues with the decision to purchase and the actual consumption and ends with the post-purchase step. But we still cannot take for granted the fact that all business travellers who book hotels individually every time and in every situation they follow the same pre-purchase process.

Decision making does not occur when a hotel for instance has become a repetitive choice for a traveller (Kamfjord, 1999, Williams, 2002, Kotler et al, 2003, Reid-Bojanic, 2006). The consumer after the need recognition stage bypasses all the pre-purchase process and proceeds directly to the purchase decision. That is because hotel guests **learn from previous experience** and thus tend to become loyal to the hotel brand which has met and exceeded several times their expectations avoiding thus to get into the process of examining the offers of other hotels (Kotler et al, 2003, Reid-Bojanic, 2006). It is the ideal situation of every marketer in the hospitality industry as brand loyalty is a prerequisite for a hotel's long-term sustainability and constitutes a strong advantage for the hotel against the competition since the traveller avoids searching for alternatives (Kotler et al., 2003).

Thus it seems that the hotel needs to do everything possible to ensure that guests will have a good experience and that their post-purchase evaluation and perceptions about the service will be favourable so that they will be eager to select the same hotel again in the future avoiding searching for alternative solutions. As we can understand, the issue for

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the guest to be delighted several times is important, as true loyalty and emotional connection with the hotel is established and the decision making process does not occur neither the consumer gets into a dilemma of choosing among alternatives, as the choice of hotel has become a habit (Williams, 2002). A habit which as Lindstrom (2005) commented, it is a fundamental factor in generating brand loyalty.

We think that it is important to understand how the individual business travellers make their decision in choosing hotel accommodation. By understanding that all the travellers do not behave the same and that they do not have the same needs and desires we believe that we have discussed according to the literature how important it seems to be for a mid-scale hotel to focus on this group of travellers which it believes it can serve better.

In addition, by summarising the studies of several researchers who have investigated the consumer behaviour in services and hospitality we said how important it is perceived to be for a mid-scale hotel to create motivation to the potential guests, to be available and provide information about its services, to create word of mouth, to have an attractive physical evidence, to have a good image and to communicate and provide value. Moreover, during the decision making process we mentioned how the brand seems to interfere which we think makes the mid-scale hotel be aware of having a strong brand.

## **2. The decision making process in companies and organisations**

The five stage decision making process which we analysed before regards mostly as we mentioned the individual business traveller. But not all the business travellers are individual since not all of them have the possibility to choose and book the hotel accommodation of their preference. It is a common practice especially among the large companies and organisations to arrange their personnel's travel needs either by having a central agreement with a travel agency or in some cases by having what is usually called a travel manager who negotiates agreements directly with the hotels. With these practices companies and organisations succeed to attain economical prices for all the needs of a trip of their personnel in tickets, hotels, car rentals, or taxis since they hold collective negotiations for the prices to be paid and for the services to be received. This category of customers is in many cases of high value for the mid-scale hotels as they often have a high contribution to the hotel's room sales and turnover and so the hotels as well try to sign contracts with as many organisations as possible. The large companies and organisations especially receive offers from the large hotel chains before even deciding to start negotiations for signing a contract with some hotels (Kamfjord, 1999). As we can

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see it can occur especially with the large organisations not to even go through the five stage decision process that we mentioned before.

### ***2.1 Differences from the decision making process of the individual business travellers***

So the process of choosing a hotel differs between individuals and groups. The main difference between the individual and the group purchase behaviour is that in the first case the person who recognises the need is the same person who chooses, books, and makes use of the accommodation service. On the contrary, in the case of the organisations the person who chooses the hotel is different from the one who makes the booking and from the one who experiences finally the accommodation service. Zeithaml-Bitner (2003) and Reid-Bojanic (2006) distinguished the people who are involved in the organisational purchase into the initiator (identifies the need), the gatekeeper (collects and controls information), the decider (decides what to be purchased), the buyer or purchasing agent (people with the formal authority to acquire the service), and finally the user (consumes the service). So we can see that in organisations there are several people interfered in the purchase process of hotel accommodation services although it is possible that one person can occupy more than one of the above roles. This fact makes the decision making process more complicated and more technical compared to the process which the individual business traveller follows.

Other differences between the individual and the organisational buyer as mentioned by Zeithaml-Bitner (2003) and Reid-Bojanic(2006) apart from the plethora of people and roles within the decision making, are the large-volume purchases which give the organisations more strength in the negotiations with the accommodation providers, and the desire for repeated business and close relationships through contracts.

### ***2.2 Similarities with the decision making process of the individual business travellers***

On the other hand there are several similarities between the organisational and the individual decision making process as Zeithaml-Bitner and Reid-Bojanic (2006) mentioned which seem to justify what we said at the beginning of our Literature Framework that all the business travellers do not behave the same since they have different psychographic characteristics. The same argument is also valid for the organisational business travellers as their buying behaviour is affected by: first of all the

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organisational culture and the travel policy that the organisations usually have for their personnel. A company for instance might have as a policy not to send its employees to upscale hotels or on the contrary it might have a policy to send all its employees to well-known hotel chains. Kamfjord (1999) mentioned on this issue that the choice of which hotel an organisation will choose to send its employees depends on the profile it wants to show to its customers, suppliers, or partners. This organisational culture which is depicted through a company's travel policy is perceived by Kamfjord (1999) to be sure to affect its needs in hotel accommodation services.

Economic condition of the organisation, experience and professionalism of those who decide for choosing hotels, perceptions, beliefs and attitudes that the decision makers might hold for some hotels seems to affect the organisational purchase behaviour in hotel accommodation.

So as we said about the individual business travellers, it seems important for the mid-scale hotel to focus on these organisations which the hotel thinks can serve and satisfy better. Thus the mid-scale hotel can come in contact with those organisations whose corporate culture and travel policies, needs and desires correspond with what the hotel can offer. Therefore we hold the same opinion that a strong brand will help the mid-scale hotel distinguish among its competitors as well as help the hotel attract and maintain customers which it wants.

### **3. The role of Brand in the traveller's choice of mid-scale accommodation**

Throughout the discussion of the consumers' psychographic characteristics and their five stage decision making process we referred several times to the role of brand and we expressed our opinion that the brand can be an effective means for a mid-scale hotel to compete with the well-known chains in the market segment of business traveller. With this part of our literature framework we thought to highlight the points which we deem to be the most important on the role of a strong brand in the consumer purchase behaviour of hotel accommodation services.

We will first start with the role of a strong brand on what we called **motivation** and opportunity in the need recognition stage of the decision making process. There we mentioned that a strong hotel brand creates motivation to the travellers to purchase hotel accommodation and that is because the brand creates distinction, authenticity and

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uniqueness (Echeveri-Edvardsson, 2002, Kapaferer, 2004, Lindstrom, 2005). Thus a mid-scale hotel with a strong brand can distinguish among its competitors and with this distinction stimulates the traveller to prefer this over others.

Another pre-purchase affection of a strong brand in the decision making process is its function to **reduce the risk perception** that the consumer-traveller feels when deciding for purchasing hotel accommodation due to the intangible nature of the service. As we discussed, a strong brand makes the travellers hold positive beliefs which constitute the hotel's image which by its turn works as a risk reducer. As Kapferer (2004) said, the role of brand is to influence the traveller's decision by conveying **trust** through a system of mental associations and emotional relationships which can be called brand image and convey the brand's perceived competence, level of quality, and benefit for the customer. Moreover we discussed that a strong hotel brand can create positive word of mouth, which can reduce the risk that the traveller feels before the purchase.

In the introduction as well as in the problem background we mentioned that a strong brand is based on **customised** services since as we discussed providing consistent service seems a must nowadays for a hotel. A good image and a strong brand is also based on the **experiences** that it provides to the customers as discussed which can allow the hotel establish **emotional bonds** with the hotel and become loyal to its brand.

So what we understand from the discussion of the problem background and decision making process is that a strong brand as it is based on competent service, nice experiences, customisation and good communication with the travellers can guarantee the precious for a mid-scale hotel guest loyalty and emotional bond. Moreover, as we saw a strong brand not only can affect the traveller **before the purchase** decision but its affection can last during the **post-purchase** stage as well.

By emphasising the roles that branding plays in the pre and post purchase stages of the business traveller's decision making process as well as in the hotels' need for emotionally bonded guests we aimed to highlight the necessity for the mid-scale hotels to be brand oriented in order to face the challenge of the well-known hotel brand's proliferation in the market.

## **CHAPTER 4**

### **The Hotel Brand**

#### **1. What is a brand?**

##### ***1.1 Brand as a corporate identity for a hotel***

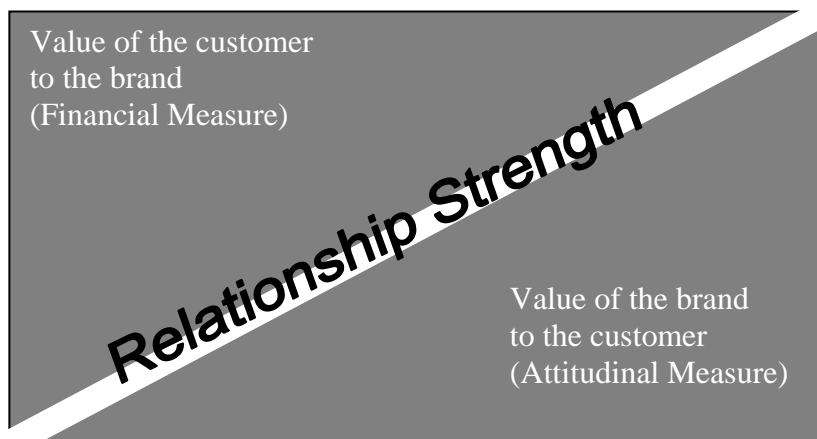
To be able to say how a hotel can strengthen its brand we should first start by explaining what is a brand and what it consists of. Most of us perceive the brand as just a symbol, a logotype or a name. But what is really a brand and how could it be used as a tool by a hotel in its marketing strategy? White (2000) and Kapferer (1997, 2004) emphasised the role of the brand as the way in which the company-the hotel in our case- sets out its identity and differentiation from its competitors. Kapferer (1997, 2004) uses the metaphor of identity to describe what a brand is. He relates the brand to an identity by saying that the brand makes the company feel that it really exists and that it has distinguishable features which make it instantly recognised. Companies seem to emphasise on creating strong brands in order to become and maintain different from the others and thus keep their identity.

##### ***1.2 The brand as a relationship***

A brand is the expression of a relationship between traveller and product and can be a guarantee of consistent quality (Chernatony et. al, 1997). It is another definition of what brand is which seems to set the customer in the centre. Chernatony et al 1997 continued by saying that a brand is the collective perceptions of the travellers and a relationship based on experience and expectations. So we see that a brand apart from being a hotel's identity can be the relationship that is created between the guest and the hotel.

##### ***1.3 The brand as a value***

Other authors like Schultz, (2004) talked about brand as a value. The value that the traveller has, the financial value which the company-the hotel in our case- earns and even emotional value that the guests gains.



**Figure 6** Brand Reciprocity Matrix

Source: Schultz, 2004

The Reciprocity Model by Schultz (2004) shows that a brand brings value to both the company, in our case the hotel, and the consumer-traveller. There is financial value that the traveller has to the brand. This is determined by how much the traveller buys, how s/he behaves and how the hotel profits due to these sales. The value which the traveller gets from the brand can be the good feelings during and after the consumption about the hotel, and the service; the positive associations which Zins (2001) talked about. The value received by the traveller leads him/her according to Schultz (2004) to positive perceptions, beliefs and feelings about the brand.

However, there must be a reciprocal **balance** where there is mutual benefit and shared value. A balance between what the traveller spends and the value s/he earns in order the brand to grow. It is important to remember that the brand comes from what it delivers on a regular basis, not on what it promises. It is the total brand experience that drives the strength of the brand. The best brands are the ones that keep their promises is what Schultz (2004) emphasised.

## **2. What constitutes the brand?**

### ***2.1 Brand Identity***

Kapferer (1997) talks about the brand identity quite often in his research and states that it is the essence of the brand and he says that it responds to questions like what are the company's vision and aims, distinguishing characteristics, values, as well as the company's signs and symbols. As he adds, identity answers to the question of what the company-the hotel in our case-stands for. He associates the brand identity with what the company communicates and he mentions that there is a difference between identity and



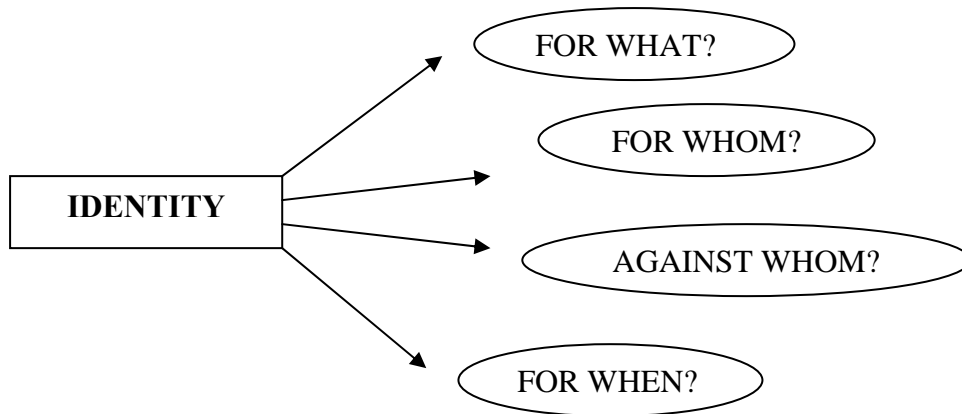
## Why the Brand? The challenge for mid-scale hotels

image. Image according to him is what the consumer finally perceives from the company's communication of identity-brand. The purpose of brand identity is to specify the brand's meaning, aim and self image. The image on the other hand refers to the way the consumers decode all of the signals emanating from the products, services and communication covered by the brand. This distinction between brand and image corresponds to the one done by Kotler et al (2003) who defined image as what the consumers think about a company or a brand and not as the brand itself.

The brand identity is described by Kapferer (1997) to consist of the “**Physique**” (physical evidence), the “**Personality**” (the way the company communicates), the “**Culture**” (company's values and principles), the “**Relationship**” (the consumer's sense distinction after consuming the brand), the “**Reflection**” (what the consumer wants to become by consuming the brand), and finally the “**Self-Image**” (how the consumer feels about him/herself after the consumption).

Furthermore, the brand identity is what links brand and image together. They are certain brand elements and aim to be consistent and reinforce each other thus they serve to unify the entire process of image formation and building, which contributes to the strength and uniqueness of brand identity. In other words, it is the image that builds the brand identity. However in our model which we present later, we have chosen to look at the brand identity as the company, and what the company is trying to portray out to the travellers, its personality, visions and values.

Companies seem to emphasise on creating strong brands in order to become and maintain different from the others and thus keep their “identity”. The identity can therefore provide the right framework for ensuring brand continuity and viability (Lindstrom 2005). ‘Identity means being your true self, driven by a personal goal that is both different from others and resistant to change’ highlights Kapferer (1997, p. 97). Identity therefore appears to precede image.



**Figure 7** What encompasses an identity?

Source: Kapferer, 1997

Identity is perceived to be positioning itself on the market and as shown in the figure 7 it tries to answer these four questions. It emphasizes its distinctive characteristics and values that make it different and unique and appealing. So it seems that brand identity is the brand itself and that is the first step when building a brand.

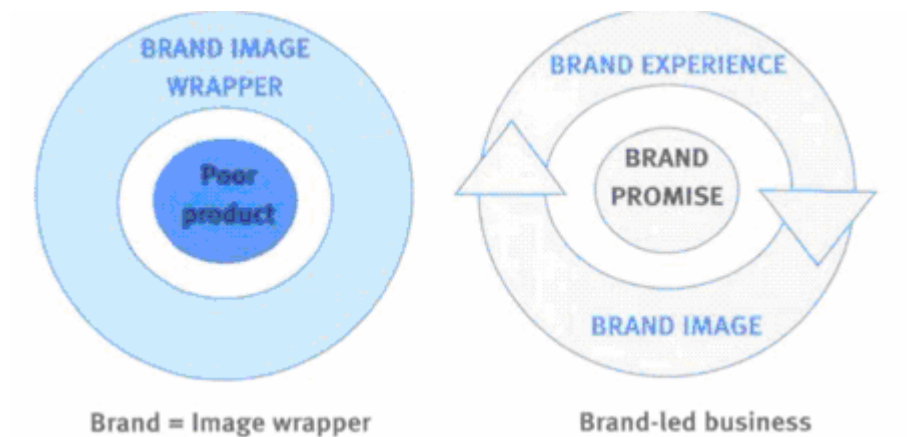
## ***2.2 Image as part of the brand***

It is quite common even among hotel marketers to confuse the term of image with that of the brand. But is image and brand the same in marketing? Kapferer's (1997:p.94) definition of image said that image is on the customer's-receiver's side. It is the way in which certain groups of people perceive a product, a service, a brand. Image as he emphasises refers to the way these groups of people decode all of the signals emanating from the products, services and communication covered by the brand. It is the way in which the people translate the brand identity as this is communicated. Kotler et al (2003) as we said in the decision making process, defined the issue of image as the set of **beliefs** held about a particular brand so this means that they distinguished the image from the brand as the image is the thoughts perceptions and beliefs that a traveller holds for a brand. We think that it is important for a mid-scale hotel to be aware of what the business traveller in who it is interested in thinks about the hotel and the services that it can provide.

As we already said in the decision making process the hotel image as perceived by the traveller allows him/her to choose among the final alternatives. Due to the intangibility of the hotel accommodation, the risk which the business traveller feels on how well the hotel will finally deliver what promised makes image play the role of risk reducer (Williams,

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2002) since it indicates the ability of the hotel to perform (Lewis-Chambers, 2000, Kotler et al, 2003, Reid-Bojanic, 2006).



**Figure 8 Brand image wrapper**

Source: Taylor (2002)

Here in this model one can see what a number of companies constantly do, they try to hide their product by creating a good image, here it is called brand image wrapper. They try to hide what they actually have by giving out signs of good quality that is they are promising their travellers something which they do not have. This may work in the beginning, but in the long run, the traveller will understand what is really happening and switch hotel. However a brand-led business, which tries to following the model on the right looks at the whole picture, including the experience, product and image which they have. They try to match what they promise to what they actually give the traveller, the experience. This in turn creates a successful company that focuses both internally and externally to build up their brand (Taylor, 2002).

So from these two parts of chapter 4, identity and image, we see that the two main constituent elements of brand are these. We will now continue in studying the brand equity as a way to see what more elements a brand can include something which will later help us in studying the strategies that a mid-scale hotel can follow in order to strengthen its brand.

### **3. The issue of brand equity and strength**

Kotler-Armstrong (1999) believe that brands have higher brand equity to the extent that they have higher brand loyalty, name awareness, strong brand associations, and other assets. Keller (1998:45) defines this equity as ‘the differential effect that brand

knowledge has on consumer response to the marketing of the brand'. He also identifies the sources of equity as comprising brand awareness and brand image, two components that form a consumer's brand knowledge. In Cornell Hotel and Administration Quarterly, Prasad-Dev (2000) have analysed an hotels' brand equity which is defined as repeat purchases caused by brand-use satisfaction, perceived superior value, and a preference or loyalty felt for the brand and they associated with brand strength. A guest's good experience with a hotel brand builds brand equity, while a bad experience erodes that brand equity. Schultz (2004) also mentions brand equity where it encompasses both the perceptual values attached to the brand (i.e., what people think or feel about it like the image) as well as the financial values that result from positive customer brand behaviours (i.e., what is the brand's benefit from the customers ).

### ***3.1 The issue of brand equity as a means of measuring brand strength***

The term equity implies some type of ownership. It includes the ideas and perceptions that consumers hold about the brand as well as the rights of ownership enjoyed by the company that bears legal title to the name, symbols, and other attributes of the brand. Prasad-Dev (2000) have researched into brand equity and explain the different processes necessary to quantify and measure brand strength. These encompass brand satisfaction, perceptions about the brand, preference of the brand over competitors', willingness to pay a price premium, and several other consumer-based, measures. Their hypothesis was that hotels with high brand equity should result in higher occupancy and rates, resulting in higher RevPAR (Revenue per Available Room). As more travellers are satisfied and see a positive price-value relationship, more of them prefer the brand and more of them return so brand equity is associated with what we say strength of a brand. In other words brand equity according to Prasad-Dev (2000) and Kapferer (2004) is considered to be the brand's ability to compete with other brands.

Therefore brand equity can help a hotel to critically analyse its brand performance and then with that in mind think of ways to improve it. This brand equity concept is what we will use later for our revised hotel brand model were we have adopted the literature we discuss and the findings of our depth interviews and presented the brand equity as consisting of three main factors (The hotel with its identity, the brand performance index which symbolises the interaction between hotel and guest and the image which the hotel enjoys due to its performance) which make the brand equity higher or lower. Since brand

equity is considered to be in simple words the strength of the brand we will use the word strength mostly for now on in an effort to favour the reader's understanding.

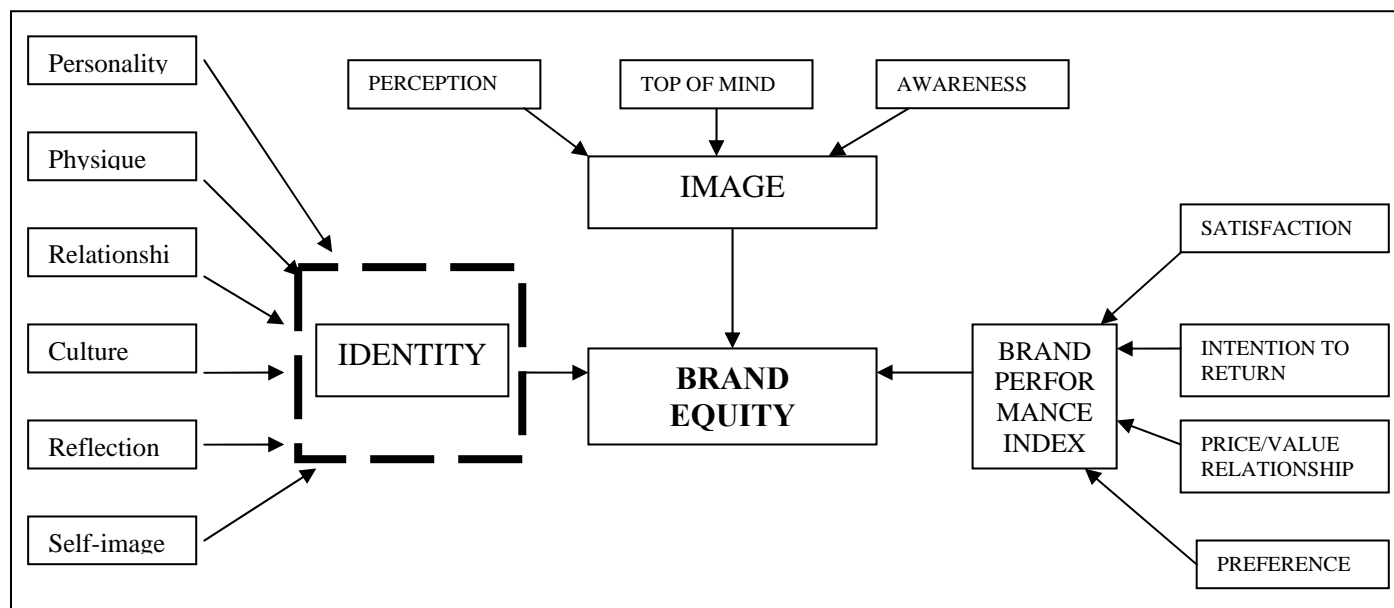
#### **4. Hotel brand model and brand strength**

In this part of our study we have developed a model which takes into consideration the different areas of the brand. The model is based on the concept of brand equity as conceived by Prasad-Dev (2000) and modified according to what we have already discussed about the brand and its two main constituent elements. The model gives the possibility to see from a broader angle on what other factors a brand is based on which also affect its strength.

We believe that Prasad-Dev (2000) had restricted their model of brand equity on the two factors of image, brand performance which represents the interaction that occurs between the guest and the hotel. But as Kapferer (2004) to have a strong equity it is necessary to balance identity and image. We have therefore developed a model which takes into consideration all the different perspectives of the brand equity in order to see what other factors are fundamental in a brand and we the brand strength-equity is depended on.

The dynamics of the model can be seen in figure 9. By taking the model into account we can assume that a hotel with a bad image causes the brand equity to be weaker which signals that it is not so strong in the market. The diverse can happen if the hotel has a positive image in the market. As we can see with this model, in order for a brand to be strong not only needs to mind about its image and how well it interacts with the guests but also of its identity and how this is perceived in the market.

We have chosen to look at these factors a little more in depth and explain how they together build up the brand. The arrows which highlight these three factors show that there are different components of each factor, for instance image is made up of three different components: perception, top of mind and awareness.



**Figure 9 Hotel Brand Model**

Source: Own model. The Identity and its factors adapted by Kapferer (1997) and Brand Equity by Prasad-Dev. (2000)

### ***4.1 Brand performance index***

The **brand performance index** according to Prasad-Dev (2000) consists of four different factors: **satisfaction, intention to return, price/value relationship and preference** and represents the interaction between the guest and the hotel. These four factors will have a significant effect on the brand equity and will therefore determine whether the brand is strong or not.

#### **4.1.1 Satisfaction**

For instance, satisfaction with the brand means that the traveller has had a good experience with the brand and thus strengthens the index; the brand therefore has performed well. By taking into account what we discussed in the previous chapter satisfaction means also that the promises that the hotel gave were perceived by the guests to be held.

#### **4.1.2 Intention to return**

Intention to return is another factor which is looked upon by Prasad-Dev (2000), it depends on whether or not the traveller is willing to return to in this instance, the hotel, and if he/she is, then it means that the brand has performed well.

#### **4.1.3 Price/value relationship**

The price/value relationship seems to have become an even more important factor, especially among business travellers. They seem, according to the trends that we presented in the problem background, to be more economically conscious and demand more for their money, and look to find cheaper alternatives than before. That is why it is necessary for a hotel to provide something which is good quality but at a reasonable price, to make it both affordable and good quality and service. Otherwise the price/value relationship will be off balance and the brand will no longer be performing at its best. It has to do with what we discussed before with the Reciprocity model by Schultz (2004).

#### **4.1.4 Preference**

That last factor is preference, and this factor as Kapferer (2004) mentioned refers to how a traveller prefers the brand over other brands. This entails mainly first preference when asked to rate which hotel is preferred and will be chosen. This makes the brand performance index go up thus affecting the brand equity. So all in all, if a traveller is very satisfied with the hotel then the index is immediately higher. Thus we can see whether a hotel is performing well which gives a better lift for the brand.

### ***4.2 The Image***

Another factor which affects brand equity seems to be image. As we saw before when discussing what image is we talked about that is the translation of the brand identity by the consumers and that their beliefs about the brand constitute the image. But how is image connected to brand equity and a strong brand? Well Prasad-Dev (2000: p.24) said that “a hotel will have a strong brand equity when a large number of customers have a favourable perception of and attitude towards the hotel brand”. So we can say that it seems unreasonable for a hotel to enjoy a strong brand without enjoying a positive image.

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**Image** seems to consist of and be affected by perception, top of mind and awareness. Here we try to see how the traveller looks at the hotel and what his/her opinion is of the hotel. So we try to understand how the hotel is perceived in the market by looking at these three factors. **Top of mind**, according to Prasad-Dev (2000), answers to the question of which hotel comes first to the customer's mind in a particular destination and market segment. For instance when we ask which independent, middle size hotel comes first to your mind in Göteborg, we ask about top of mind. It is reasonable thus to consider that the higher a hotel stands in the customer's mind the better the hotel's image is among the travellers. **Awareness** refers to whether the traveller has heard about a hotel, and **perception** looks at how the travellers perceive the hotel, both prior and after their visit. What beliefs they hold about the hotel.

At this point we need to say that the original Prasad-Dev (2000) model mentioned only top of mind as a factor which affects a hotel's image. But as we just discussed about image, Kotler et al (2003) defined it as the set of beliefs held about a particular brand and that image indicates the ability of the hotel to perform (Lewis-Chambers, 2000, Kotler et al, 2003, Reid-Bojanic, 2006). So by adopting other relevant ideas on what image is from relevant literature we present our own concept of Prasad-Dev (2000) model on what image consists of. It seems that the grade of how positive or negative a hotel image is depends on whether the travellers in who the hotel targets are aware of the hotel, how high the hotel stands in their minds and of course what beliefs they hold about the hotel.

### ***4.3 The Identity***

As shown in our model, there are six factors which form part of the **identity** and are the essence of the brand according to Kapferer (1997). They are: **personality, physique, relationship, culture, reflection and self-image**.

#### **4.3.1 Physique**

Physique is made up of the physical aspects of in this case a hotel. How it looks, feels and is portrayed out towards the traveller. It encompasses both the brand's backbone and its tangible aspects.

#### **4.3.2 Personality**

Every brand according to Kapferer (1997) and Lindstrom (2005) has a unique personality. This is how the brand behaves towards both its potential and existing travellers. It



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answers the question, if you were to give the hotel brand certain human characteristics, how would you describe it? This can be either reliable, trustworthy, fun, etc. One looks at the brand like a person with certain attributes and a specific character.

### **4.3.3 Culture**

The culture refers to the set of values that encompass a brand according to Kapferer (1997). The brand is therefore a symbol of the culture which it represents. It indicates what values the company believes in, and what it is trying to convey.

### **4.3.4 Relationship**

The relationship refers to what kind of relationship the brand wants to have with its traveller. It refers to what Chernatony et al (1997) said about a brand being based on a relation with the customer. This relation as Kapferer (1997) emphasises needs to be clear on what it is aiming at, as well as on which travellers it wants to develop and maintain a relationship with.

### **4.3.5 Reflection**

The reflection is according to Kapferer (1997) how one as a traveller wants to be seen, how s/he wants to be identified as perceived as. Customers feel a certain way towards other people when using a brand. They are able to strengthen their personality and show it to other people and this is done with the use of a brand.

### **4.3.6 Self-image**

It is about how the customer feels with himself after consuming a brand (Kapferer, 1997). Is he satisfied with himself? Has he achieved his personal goals by using a particular brand?

All these factors which constitute identity and cannot be seen or made stronger if there is not the right communication, which seems to be the key of building a hotel identity. With this model we intended to get a broader understanding on what factors seem to constitute a hotel brand and by what its strength is affected. This model will constitute the basis later in our study for developing a revised hotel brand model which will take into account the experts' perceptions as well.

## CHAPTER 5

### 1. Strategies and Tactics required for a strong Hotel Brand

It seems necessary for the hotel which wants to strengthen its brand and so it's the relationship with its guests to take into account all the factors which the previous model and the literature discuss. **Identity**, **image** and **interaction** with the guests –brand performance- appear to be the main issues that need to be looked upon in order to its brand strength among the business travellers.

It seems necessary especially for the mid-scale hotel to create brand differentiation and build its own identity. A problem nowadays is that there is a long list of hotels one can choose and as a consumer one is often faced with a difficult decision. It is often difficult to know the differences between hotels, and it there seems to be needed has something that would differentiate the mid-scale hotel in the eyes of the traveller. Apart from differentiation, the ability of a mid-scale hotel to keep its promises, be flexible, and provide experiences as we discussed in the problem background seem to match as strategies with what the hotel brand model which we presented before examines.

#### *1.1 Differentiation and trust*

As mentioned before, it seems necessary to differentiate and identify the critical associations moulding consumer's perceptions and tailor their brand to reflect these values. There is often a lack of consumer orientation and consumers' views are often neglected. The hotel brand needs to communicate emotional associations, and represent value and trust, which will enable the customers buy because of habit (Lindstrom, 2005). So it appears necessary for the brand to deter the traveller from going through all the stages of the decision making process that we discussed. According to Chernatony et al. (1997) the managers need to commit themselves in developing values and personality traits relevant to their target consumers. Gobé (2001) distinguished the people from consumers, experience from product, trust from honesty, preference from quality, aspiration from notoriety, personality from identity, feel from function, presence from ubiquity, dialogue from communication, and the relationship from the service. A successful brand he said is the one which stays connected to its target audience every day. Furthermore, the unique brand values, associations, and identity should be communicated and developed both inside and outside the organisation, through a process involving all employees interacting with the brand (Chernatony et. al, 1997).

### ***1.2 Keep the promises***

A main mistake with hotels is that they do not offer what they promise. It is necessary for them to realize that this is what a hotel guests want- they don't want bad surprises. As Dobé-Renaghan (1999), Zeithaml-Bitner (2003) and Reid-Bojanic (2006) said services companies like hotels need to make sure that they know they are promising, and this entails all employees in the hotel, then they need to ensure that these promises are being held. A challenge therefore is to make sure what the hotel communicates is consistent with what the guest experiences.

In our study, we have focused on mid-scale hotels which do not belong to a particular chain, to see what is necessary for them to build up a strong brand. It is easy for hotels to join big hotel chains in order to enjoy the positive advantages such as stronger brand awareness, perceived good quality just by having a strong name. However, it is more difficult for mid-scale hotels to stand out and show that they are strong even without a known name. As we said in the discussion of decision making process the hotel which manages to keep its promises enjoys creates satisfaction which according to Prasad-Dev (2000) is a factor which affects the brand equity and strength.

### ***1.3 Experiences provision***

Kapferer (1997) states that it is necessary for a brand to be inspirational and attached to some value so that it will not be easily substitutable. Dobé-Renaghan (1999) said that to have an enjoyable experience is the fourth factor that business travellers ask from a hotel. Gobé (2001) emphasised the necessity for a brand to have a "dialogue" with the consumer. The period of the mass marketing and production has passed away and in the contemporary society the companies should be able to understand the experience seeking customers, their feelings and desires and deliver pleasure and not just satisfaction. The argument that a mere good service and a satisfied customer is not enough for a hospitality provider to be differentiated, unique and to enjoy a positive image was also mentioned by Mossberg (2003). According to her a company which operates within tourism needs to provide apart from a consistent service memorable experiences which will cause delight to customer. It seems therefore that today it's about the experience, where the guest plays a greater role in interacting with the brand.

But as Kapferer (2004) said brand is all about differentiation. The outstanding brands are the ones which assert uniqueness and establish identity and authenticity. So since the outstanding brand are the ones which assert uniqueness and differentiation and the

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provision of experiences gives uniqueness and differentiation it seems that experience provision helps the brand become outstanding and strong.

#### ***1.4 Customisation***

We mentioned the issue of customisation when in the problem background we were trying to describe the challenge of mid-scale hotels to compete with the well-known hotel chains. We presented what Bergsman (2004) for instance said that the advantage which small hotels have is to provide customised services as it is easier to control the service provision in a small hotel than in a large hotel chain and since it is easier for a small hotel to know what each guest requires and how s/he wants to be served.

Later we asked the rhetoric question of whether a strong brand can bring the customisation that a mid-scale hotel needs. There we answered that according to Chernatony et al., (1997), Temporal-Trott (2001), Kapferer (2004), and Schultz, (2004), a brand is a guarantee for consistent service quality thus it seems important for a mid-scale hotel to focus on building a strong brand.

Temporal-Trott (2001) thoroughly studied the issue of customisation as a factor that helps a company strengthen its brand. They said for instance that by focusing on customers, the brand will become stronger and the corporate image will be improved immensely. They based this argument on their perception that brand is a relation between the customers and the firm and so customisation which means providing services specifically to the customers' needs, makes the customers feel appreciated and affected for the company and this results in a strong brand. Through dialogue and interaction as they said customisation will make the customers feel wanted and become a true friend to the company's brand.

With the hotel brand model (figure 9) Prasad-Dev (2000) helped us understand what the brand equity (brand strength) is connected with and they mentioned factors such as value for money, preference, satisfaction and intention to return. Considering what Temporal-Trott (2001) said about customisation we can say that customisation delivers factors such as preference, satisfaction and intention to return since customisation as they said makes customers become loyal and affected to the brand.

We perceive thus that customisation is one of the strategies which seem to make a mid-scale hotel's brand stronger.

## CHAPTER 6

### 1. Findings

Our analysis of the interviews is first going to focus on the findings of the ten experience survey interviews describing the demand characteristics, the ways the independent and non independent business travellers choose a hotel as well as the recommended strategies for a mid-scale hotel to develop a strong brand. The findings furthermore are going to be compared and contrasted something which will allow us to categorise the interviews according to the answers of the interviewees. Later a discussion is going to be done by comparing the answers of the ten interviewees with what we discussed in the literature in order to see whether the perceptions of the ten experts correspond to what the literature discusses and emphasise the importance of the brand for a mid-scale hotel which wants to work with business travellers. Finally, a new Hotel Brand Model will be presented and analysed as we believe that it best suits our case study hotel as well as other mid-scale hotels in Göteborg for building strong a strong brand.

#### ***1.1 The demand characteristics for hotel accommodation by the business travellers***

Starting with the question (1a) of our semi-structured interviews (see Appendix 1) regarding what it is demanded today by the business travellers when choosing hotel accommodation and with the interviewees guided to talk about price, location, value for money, well-known chains, and service quality the factor of **location** was emphasised the most. No matter whether the interviewee was from a public or private organisation, travel agency or a municipal bureau the factor of location was evaluated either as a the first thing that the individual or non individual business traveller requires from a hotel.

##### **1.1.1 Location is very important because of “availability” and “convenience”**

Starting with the two travel managers of privately owned companies which both of them are responsible for signing contracts of co-operation with hotels here in Göteborg they said that “location is a prerequisite for them for signing a contract with a hotel”. They explained the importance of location by saying that it constitutes a matter of “**convenience**” for their visitors who come here for a meeting with these companies and one of them mentioned that “*it is the company’s travel policy to **treat its visitors well and one way to show this to accommodate them at hotels situated in convenient places***”.

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Apart from “convenience” mentioned regarding the factor of location one of them when talking about mid-scale hotels said that “location can be a reason to **be aware of** a mid-scale hotel” bringing thus the example of a hotel-which by chance happened to be the one of our case study- which the company was aware of it and had an agreement with it just because the it is located close to the company’s head office. The interviewee in this case said that “*it would be difficult for such a hotel to come first to mind if it was not located nearby the company*”.

The importance that location has as a factor for choosing hotel accommodation for a business trip was also highlighted by the two travel agency managers who we interviewed. Both of them said that the first thing which the business travellers are asked when coming in contact with a travel agency is “in which vicinity they would like to stay”. “A **central location** is something which is usually demanded” is what they both added.

The specialists from their point of view confirmed the reason of “convenience” when emphasising the importance of location and one of them mentioned the reason of “**availability**” as he said that the first thing that the business traveller demands is what makes his/her work easier during the trip saying that these things have to be “available” to him or her. Therefore one of the things which have to be “available” to the business traveller is a “convenient location”.

### 1.1.2 The price awareness of the public organisations

The public organisations from their part together with a convenient location – close to their premises – mentioned that another factor which constitutes a prerequisite for signing a contract with a hotel in Göteborg is the **price**. The demand for the “best price” or for “the best offer” as they mentioned is a remarkable difference between the public organisations’ preferences with those of the private. Both explained this fact as a result of their restricted budget which they are able to spend on travels. On the other hand, the private organisations apart from the location did emphasise that much on the price as they mentioned other factors such as well-known chains, service and value as being of great importance. Therefore, we can see that one factor which makes the demand vary between the private and the public organisations is the price.

### 1.1.3 Price sensitivity as a trend in business travelling

Two of the specialists and the two travel agency managers generalised the issue of “**price sensitivity**” by saying that nowadays the business travellers whether organisations or

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individuals have become more price sensitive. One of them explained this as a result of “the reduction of the airplane tickets which makes the hotel prices look expensive” something which was also confirmed by a travel agency manager who said that “*the market changes in the airlines sector in 1997 made it to be **cool** today for the business traveller to find **cheap tickets and accommodation** and so it is more difficult than even before to find **cheap and good hotels**”.* Another explanation that we received from another travel agency manager is that today “*many companies have imposed a strict policy which limits the amount of money spend on hotels*”.

### **1.1.4 The demand for well-known chains because of their standardised good service**

Regarding the issue of well-known chains and standardised good service although we were expecting to receive answers that would not favour the demand for well-known chains and premium hotel brands since we had heard the specialists and the travel agent managers speaking for “price-sensitivity” we were surprised by the replies we received by the private organisations. The three of them emphasised the importance that the factor of a well-known chain plays in their decision making and two of them graded the “well-known chains” factor as the first parameter of their demand for hotel accommodation. The explanation which we received by all of them was that “*when the business traveller chooses a well-known chain, then **knows what to expect** from the hotel*”. From the Swedish Hotel Association representative we heard the key word “**confidence**” since he said that the “*image of that these hotels have signals trust and confidence*” to the business traveller about the services that such a hotel can provide. The same reason was mentioned by the specialist of the Municipal Tourism Bureau saying that the business traveller knows what s/he is going to get from such a hotel.

### **1.1.5 The demand for well-known chains because of safety**

Another reason of the demand for well-known hotel chains from what we recorded was the issue of “**safety**” which as mentioned by the Swedish Business Travel Association specialist exists mostly for trips far from Sweden or Europe. In this case the business travellers seek a guaranteed service and a safe environment which as they said “*the well-known chains can provide*”. This explanation was given as well by two of the private organisation travel managers. So for trips within Sweden or Europe this reason for the demand for well-known hotel chains is not that outstanding thus we asked the travel managers and received the answer that “***there is space** for hotels in Göteborg which do*

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*not belong to any chain to receive business travellers if they fulfil the other criteria that the business travellers (organisations or individuals) set”.*

### **1.1.6 The demand for well-known chains because of the provision of privileges**

A reason mentioned for the demand for well-known chains is the provision of “**privileges**” earned when signing an agreement with a hotel chain. With the word privileges our interviewees meant the loyalty programme points that the business traveller earns, the discount that the organisations receive when concentrating their volume of overnights on to one or two hotel chains and the possibility that the organisations have to receive the same benefits wherever in the world the hotel chain has hotels. All of the private organisation representatives mentioned that “*our company directly negotiates with the hotel chains and because of the size of our volume and so the chain ties to meet the needs that our company particularly has*”. A travel manager mentioned for instance “***we concentrate our volume of overnights mainly on one-two chains and during the negotiations we try to meet our needs for acceptance of a specific credit card in every hotel of the chain, the inclusion of a good breakfast in the price, and transport service***”.

The specialists of the Municipal Tourism Bureau and of a one travel agency graded the hotel chains as the number one factor that is taken into account by the business traveller (individual or organisation) when booking hotel accommodation because of these benefits that the travellers receive. The one of a travel agency said for instance “*Many of the **big companies have special ‘deals’ with the big hotel chains where they are in a specific loyalty program so they get points for each stay, which makes them often choose the same hotel to increase their points in order to be able to get a reward thus saving money for the company***”.

What we have to take into account here is that all of the companies – private organisations – we interviewed are large and operate on an international level and thus the volume of overnights is a good key for them during the negotiations with the hotel chains. But not all of the business travellers in Sweden have this advantage of the large volume neither the need to travel in many countries and so that makes us believe that there is chance for the independent hotels to attract business travellers from other smaller organisations in Sweden.

### **1.1.7 The demand for well-known chains due to the image**

Image as being a reason of the demand for well-known hotel chains is another finding of our interviewees. While speaking with the travel managers about their negotiations and



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agreements with hotel chains we noticed that all of the three companies which the travel managers were representing had at the same time agreements with several hotel chains of different profile providing accommodation services at different levels and not with only a certain chain and of a certain. When interviewing the Swedish Hotel Association (SHR) and the Business Travel Association (SBTA) representatives they said that image is taken into account when organisations choose hotel accommodation depending on “what they want to show”. They added that every company follows its travel policy and this affects the choice of the hotel with which it is going to sign contracts, so he said that *“depending on what policy an organisation follows the factor of image plays or not a role on what the organisation demands”*.

Two of the travel managers which we interviewed verified the relation of the organisational travel policy with the image of the hotels chosen. One of them mentioned for instance *“Our policy is to send our employees when on a business trip at good quality but not prestigious hotels. We have agreements with hotels which are considered to be prestigious in their category but we try to direct the majority of our employees to good but not prestigious hotels”*.

Another travel manager mentioned the following *“Our travel policy is not that strict so the point is that the money paid at a prestigious hotel to bring value to the company...Image is a factor which taken into account and which the well-known chains can provide but it is not always important...for some VIP who decides to visit us here in Göteborg image is important and so we will ask for a prestigious hotel, that’s why we have agreements with these hotels as well, so image is important but not always”*. It was an answer which was also given by the SBTA since our interviewee said *“the importance of the hotel reputation and image in the selecting hotel accommodation when on business depends on who travels, whether for instance it is a top manager or lower level employee”*.

What we can comment here is what the travel manager mentioned here, that **the image that the hotel chains give is important but not always**. In most of the business travellers’ overnights image is not an important factor. So we believe that an independent hotel has the possibility to overcome the advantage that the hotel chains have on image since in the majority of the overnights image is not a determinant for choosing a hotel.

### 1.1.8 “Value for money” as a demand factor

The issue of “value for money” was perceived by many of our interviewees as an important determinant of the decision making process of hotel accommodation by the

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business travellers. But what we noticed during the interviews was that what we call “value for money” is perceived in different ways by the people of the business tourism market. In the literature framework we mentioned that “value for money” is the “value” received by the traveller for the money paid and we explained that “value” can be both the actual service/product received and the mental and emotional consequences following the consumption of that service/product as these are perceived by the traveller. The difference that we noticed was that some of the interviewees when mentioning “value for money” were reducing their expectations from a hotel meaning an economical hotel accommodation, whereas some others were increasing their expectations wanting something extra than the basic service.

We transfer what two of our interviewees said in order to emphasise the difference in the way the factor of “value for money” is perceived. A specialist from the Municipal Tourism Bureau mentioned for instance “...*what it demanded depends on who decides for the hotel bookings...if it is the company who decides where to send its employees **then it is possible to prefer the value for money solution since it wants to save money from the business trips...in case the business traveller her/himself decides where to stay it is more possible to choose a hotel which gives her/him privileges like points for every visit***”. An interviewee from a public organisation mentioned “*location comes first, then price and the third factor is the service...it **should be value for money...tailored and personalised atmosphere is what our travellers want...***” and she brought an example of a small hotel with 15 rooms.

A travel manager on the other hand mentioned “*The most important factor for us when choosing a hotel to work with is the value for money...we want to treat our visitors and employees well here in Göteborg and so **we demand value for what we pay...only low price and low category hotels do not match to the company’s policy...a good hotel but not luxurious is mainly what we want***”. Then he said “***we prefer the hotel chains because the traveller knows what s/he gets***”. So value for money for this travel manager as we perceive it is a hotel with good service, belonging to a chain which usually guarantees the service provided but not luxury. Another interviewee from a private organisation said “***the value for money is always important and that is the reason why the company chooses chains...you know what to expect***”. Exactly the same was mentioned by the third travel manager we interviewed “*value for money is also important...**for a hotel to give little extra is what it gives it a plus...that is something that the chains can do well since they provide privileges to the guests***”.

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So the difference of the perception of “value” from organisation to organisation and from traveller to traveller is depends on each ones characteristics, needs and desires. In other words what is considered to be value for an international company cannot be the same with what it is for a public institution with a restricted budget and travel policy. But in general the perception of “value” by the business traveller plays a fundamental role for the final decision of hotel accommodation since almost all of the interviewees mentioned its importance.

### Summary

With the following table we summarise the factors of demand as each of our target groups perceives their importance.

	Location	Price	Well-known chains	Value for money
Private Organisations	Very important Availability Convenience	Important in relation to other factors Alone not important	Very important Privileges Value	Important Extras Privileges
Public Organisations	Very important Close to their premises	Very important	Not at all important	Important Good price Personal service
Travel Agencies	What is firstly asked to the customers	Increasing importance	Not so important The hotel each self matters more	Important Location Service, Price
Specialists	Very important Availability Convenience	Important depending on who travels and who decides	Important depending on who travels and who decides	Important for a hotel in order to survive

**Table 1 - Factors of Demand**

In table1 we can see the perceptions of our interviewees as these were grouped according to the target groups. What we can see at the table is the total different needs and wants between the private large companies whose travel managers we interviewed and the public organisations. The difference can be seen on what factors they consider to be the most important as well as on what they perceive to be “value” for them as we discussed before. There is cost awareness for the public organisations bookings compared to the large private ones and we guess that the same cost awareness would be possible as well to

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be seen in small or medium size private companies in Sweden. The factor of location was perceived to be the most significant when choosing hotel accommodation for a business trip and that is something that almost everyone emphasised.

## **2. Decision Making Process**

Continuing with the question (1b) we tried to find how the business travellers choose hotel accommodation and from the discussion with our interviewees but also with the experience we got during the study we noticed that there are differences in the behaviour between the large and the small companies, the individual and the organisational traveller as well as between the public and private organisations. So we cannot grade the ways of choosing and booking hotels from the mostly used way to the least as they ways of choosing and booking seem to depend again on “who” travels.

### ***2.1 The difference between large and small organisations***

During the collection of our empirical data as well as with the interviews and especially with the SBTA specialist we noticed a difference in the way large and small companies choose hotels. The experience that we got when collecting data was that while trying to come in contact with smaller private companies in Göteborg than the three large – international – ones but we noticed that the smaller companies did not have a person who deals with booking hotels and travel tickets but either they had a central agreement with a travel agency which was booking everything, or they were allowing their employees to book their tickets and hotel overnights themselves.

So in the case of the small organisations there is lack of professionalism as the SBTA specialist said “*smaller companies on the other hand since they do not have the same knowledge of travel management, to evaluate alternatives and make the negotiations and agreements, allow usually the employees to make their own arrangements or they have agreements with some travel agency*”. So the most common ways for a small organisation when choosing to book hotel accommodation is through travel agency agreements, or when there is no agreement with a travel agency then internet and word of mouth are common.

On the contrary it was easier to find someone in the large private and public organisations which either they had a travel manager like the large private ones or a buyer which was mostly common in the large public organisations. There the organisations were having negotiations with the hotels and according to the policy, the budget and the other criteria that they were setting they were choosing the hotels with which they would co-operate for a specific period of time and with a signed contract. The SBTA specialist said “*The big*

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*companies like...usually have either a travel manager or a purchaser. The job of such a person in a company is to first negotiate and make the agreements for everything about the personnel's trips...flying tickets, hotel accommodation, taxi...After the negotiations and the agreements the travel manager comes in contact with the travel agencies. The travel agency is informed about the service providers with which the company has made arrangements before and then its job is to arrange the travels for the company's personnel".*

So the lack of a large volume of overnights as well as the lack of experience and professional knowledge in travel management does not allow the small companies and organisations of 10-15 people to hold direct negotiations with the hotels and so either they give the travel management to a travel agency or they allow their employees to decide individually and so the employees either use travel agencies or internet.

## **2.2 The difference between Public and Private Organisations**

Apart from the differences between the small and large organisations in the way they choose and book hotel accommodation we noticed that there are differences between the public and the private organisations as well. From the discussions we had with both private and public organisations we saw that the main difference between them is the procedure that each of them follows.

In the case of the public organisations the interviewees mentioned that they follow a specific open procedure with determined deadlines and all hotels which are interested in signing a contract with them can submit their bid. All the bids are then evaluated according to specific criteria that the organisations have and these regard the price, the location and the service. From all the hotels which submit their bid a small number of hotels are finally chosen to sign a contract with the public organisation. We transfer what one of our interviewees as purchasing manager of a public organisation said: "*we announce the need for a specific amount of hotel overnights and we collect the offers from the hotels in Göteborg within a specific deadline. Then by evaluating their proposals according to the particular criteria that we have we choose five hotels which fulfill these criteria and we call these hotels to sign the contracts*".

In the case of the private organisations instead of the open and structured bid process it is the negotiations which as we said before occur with the hotels. The hotels in this case which are interested in signing an agreement with the particular organisation they only have to come in contact with the hotel and make their offer. The personal contact and presentation as both of the travel managers we interviewed mentioned seems to be very

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important. *“A mid-scale hotel which is interested in signing a contract with our company can **present itself though a personal meeting and mention the advantages** which can be the location, the transport service, and of course the price”.*

Something remarkable which we also recorded through the interviews with the travel managers of the large private organisations was that these organisations do not need to search for information for hotels to sign agreements with since it is the hotels which first come in contact with the organisations and make their offers. A travel manager said for instance *“...personally **I don't need to go to tourism fairs to collect information** about potential hotels to sign an agreement with...my telephone rings quite often with proposals from hotels which are interested in an agreement with us”.*

So the decision making process between the private and the public organisations differs as in the first case we have a more personal presentation and discussion whereas in the second case a more formal process according to the laws which rule the public purchases. Therefore we can say that the character of the organisation which uses hotel accommodation for business purposes affects the process of coming in contact, evaluating and choosing providers.

### ***2.3 The possibility of the traveller to choose hotel accommodation of his/her choice or not***

During the interviews apart from the differences between the large and small as well as between private and public organisations we noticed a difference between the individual and organisational travel behaviour. The specialist from the SBTA mentioned *“...it is sometimes possible that the company has made agreements with more than one hotel in a destination and thus the employees can choose between two-three hotels for instance...**but usually the employees have no choice**...they learn about their company's decision through intranet...in small companies where the employees have the possibility to choose the use of internet is becoming more common”* another specialist mentioned *“ **the business travellers choose mainly through central agreements with travel agencies...word of mouth affects when the company allows its personnel to choose hotel themselves** and thus it is possible for the business traveller to take into account a recommendation by a known person who has experience in that destination”.* In addition a travel manager mentioned *“...our company **negotiates directly with the hotel chains** and so it gets good offers from them, so **because of this, corporate reputation, word of mouth and image don't play an important role in the decision**...in case there is no possibility to stay in a hotel with which we have agreement with then a recommendation*

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*by a colleague or some brochure could affect my decision*". So as we see there is a difference in the factors which they can affect the process of choosing hotel accommodation and this depends on whether the business traveller travels individually or through his/her organisation's arrangement. In case the organisation arranges then it is common that contracts and agreements with travel agencies characterise the decision making process which as we defined it in the literature does not exist. On the other hand when the traveller travels individually then internet as we heard, and word of mouth can affect the decision making process.

### **Summary**

	Internet	Travel agency	Word of mouth	Image/ Corporate Reputation
Large organisations	Can be important for the employees only	Not so important	Not important Important for the employees	-
Small organisations	Important	Very Important Often used	Not important Important for the employees	-
Individuals	Very Important Often used	Important mostly for the elderly travellers	Very Important	It depends on "who" travels
Public Organisations	Important after the agreement	Not so important Not often used	Important after the agreement	Not important/ Important
Private Organisations	After the agreement can be important	Important for the small organisations	Can be important for the employees	Can be important but not always

**Table 2 - Ways of choosing and booking hotels by the business travellers.**

At the table 2 we have summarised the importance that several ways of choosing and booking hotels have for each type of traveller according to the answers we received from our interviewees. As we see it is difficult to say whether some way of choosing and booking hotels is more important than the others since this is something which depends on the characteristics of the traveller as an individual or as an organisation. As a general comment we could say that according to the answers of our interviewees internet and word of mouth as means of collecting information and booking is used by when the travellers have the chance to choose their accommodation and this happens when the large organisations have agreements with more than one hotel in a destination, when the

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small organisations allow their employees to search for accommodation themselves and for the individual travellers.

Regarding image and corporate reputation of a hotel is a parameter which plays a role in the decision making process but under particular circumstances such as “who” travels. As one of our specialists mentioned “*whether the image of a hotel plays a role or not on the traveller’s choice it depends on what the traveller wants to show... some travellers want to show that they are cost-conscious which makes them choose cheaper hotels. For instance a boss wants to show to his employees that he is saving money by staying at cheaper hotels*”. So image is something that can affect the decision making process but not in all cases.

### **3. Strategies and Tactics for strengthening the brand and improving the image of a mid-scale hotel**

The questions 2, 3 and 5 aimed to look at what the experts thought was necessary for a mid-scale hotel to do in order to increase the demand, strengthen its brand or improve a negative image. The reason why we decided to present the answers of these three questions together was that the experts’ recorded answers on these three questions were similar. Similarities were also found between the answers of the questions 1a and 2 where the importance of location and value for money was emphasised but since we talked about these two issues already when presenting the answers of the question 1a we thought to avoid doing a repetition.

From the similarities among the answers of the questions 2, 3, and 5 we noticed that the experts associated the characteristics that a mid-scale hotel should communicate in order to increase its demand and popularity with what the hotel should do in order to strengthen its brand or improve its negative image. Therefore we can say that for our experts increased demand and popularity for a hotel is connected with a strong brand and a positive image among the travellers. In this part of our findings we are going to present strategies and tactics as mentioned by our experts making proposals for strengthening the brand, improving image and popularity of a mid-scale hotel.

What we noticed in the answers which we heard during the depth interviews was the common response of our experts that it is very difficult to build a strong brand or change a negative image since time and continuous effort are required with the effort not being sure to be ended successfully. It is then necessary as a travel manager said “*To first find*



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*the reason for that creates the problem in the hotel's image and then relevant measures to be taken."*

### **3.1 Change of name/renovation**

Some of the interviewees mentioned that it was necessary to do a radical change such as name change and do a complete renovation if the hotel finds that it has a negative image. On the other hand, there was a specialist who believed that to change a name is risky and that such a strategy can be followed in case the hotel has lost its profitability. But all of the interviewees thought that it was necessary to change people's opinion completely otherwise it would be difficult for the hotel to compete.

Changing completely would make the hotel start from the beginning, attract old customers back, impose new tactics and establish new communication something that requires plenty of financial resources and effort. However, it was considered an important strategy. We transfer what a specialist said: *"Image although **hard to change** since it takes **time to build** it is very **important for the hotel to be able to compete**. It costs a lot but the investment is worthy...policies to change the bad image can be to change the name, renovation, change the owner, or do something that is noticeable"*.

Improving a brand and image is something that requires years of efforts and a change which should first start from inside and leave the communication for the end. As a specialist said *"...what regards brand and image requires effort of years...find the problem and **start from inside**...not only with renovating but also renovate the hotel's software which is its processes...the way it operates, its philosophy and its services...marketing comes later"*.

### **3.2 Showing off to the clients**

In order for the hotel to benefit from restoration/renovation, it is necessary to show the customers that one has put a lot of time and effort into this new tactic and they have to inform them that they have listened to their "key" customers, and have taken appropriate action. It is necessary then to invite the clients to the hotel so that they can see with their own eyes what changes have been made, and this because the hotel needs to that it is aware of the problem and that it has chosen to do something about it. The specialist who recommended from starting the renovation from inside and then focus on marketing said the following; *"after you are sure that the problem was finally fixed and the hotel can now operate in another rhythm **open its doors** to the people and don't keep it close...show to them that you have changed...let the people come in"*. A similar answer that we

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received from a purchaser of a large public organisation in Göteborg was; *“It is difficult to change a bad image. One good strategy is to **show that they are aware of their problem and that they have made the necessary improvements.** They then have to show what they have done, by inviting the companies and showing that they have been able to fix the problem. **Communication and honesty is important in this case.**”*

So events, evenings, gatherings, lunches, etc. are good opportunities for the hotel to show the improvements, since many interviewees think that it is not at all effective to focus on advertising.

### **3.3 Experiences Provision**

The interviews helped us notice that together with the other strategies the provision of experiences would be one more strategy which could strengthen the brand of a mid-scale hotel. In particular a travel agency manager, a specialist and a private organisation representative mentioned that the provision of experiences would be something that would give extra points in the traveller's perception of the hotel. The travel agent mentioned for instance *“...it is essential for a hotel to be known as offering something unique... The travel agent has certain hotels which come first in mind which are often recommended which is why it is important for hotels to be available and high in the agent's mind”*. In addition an interviewee from a private organisation said *“...To provide unique services is important as well, something local from Göteborg for instance would be something that would attract the interest of the guest who comes from far away”*. Finally a specialist of the Municipal Tourism Office mentioned *“Third strategy comes the unique services and products which a hotel can provide... it is a good idea for a local hotel to differentiate by providing services unique which the chains don't have... it is very good for such a hotel in order to make its guests have something positive to say to their colleagues after a visit. It is very important for such a hotel to be known for something and being heard”*.

So we could say that by providing unique services and products a hotel can make its business travellers experience something unique during their stay and this by its turn would help the hotel distinguish and become known as providing experiences that the others do not provide.

### **3.4 Customisation-Flexibility**

Another important factor which was constantly brought up in the interviews was customisation, and the ability for the hotel to be flexible and provide the traveller tailored services to the needs and desires of the business traveller. Our interviewee from SHR

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when asked to classify the strategies which a mid-scale hotel should follow emphasised the service quality as the most important strategy and added; "...*service **quality depends on what you as a traveller demand***". In the particular interview the specialist mentioned that the business traveller has different needs and desires than the leisure one so what is service quality for the first is possible not to be for the second. So the issue of customisation as an important strategy for a mid-scale hotel to build a strong brand rose indirectly through the meaning of the statement of our specialist. Flexibility and customisation was the either the first or the second strategy which was mentioned by users, travel agencies and specialists as increasing the brand strength of a mid-scale hotel. Two identical statements of what specialists and users said about customisation were expressed by the SBTA specialist and a travel manager who said that "*The **smaller the hotel is the more important for it to be flexible and unique***", and that "...*as a second strategy the hotel can focus on flexibility, to know what each customer wants and to suit the services on him*". A travel agency manager said in order to emphasise the importance that customisation has for a hotel "*The hotel needs to adjust to the customer, and **put on the customer's 'glasses'** in order to see what it is the customer wants. It is important for a hotel to be always aware of what the guests want*"

Flexibility and customisation were two issues which were connected to each other by our interviewees many of whom proposed that a mid-scale hotel can take advantage of its small size and provide such customised services to its guests that for the big chains would be rather difficult to offer strengthening thus its position and brand in the market.

### **3.5 Networking-Co-operation**

Co-operation and networking with important players in the market such as travel agencies, regular users of hospitality services such as companies and public organisations was also mentioned by our experts as a crucial strategy for a mid-scale hotel to develop a strong brand, and increase its popularity. The SBTA specialist said "*About the strategies that a mid-scale hotel can follow, **having cooperation with companies** which are often users of hotels is important. Not only big companies like... which have lots of demands when booking but also with smaller companies...it is better to have cooperation with 10 smaller companies and off course with travel agencies*". A purchaser of a public organisation said about co-operation; "***Networking is also important**, such as close cooperation with Göteborg & Co, since they can get information about the market, the events which are going to be held and so on... and they can help each other.*"

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Apart from the possible increased demand that a mid-scale hotel can benefit by having a network of contacts with important players the expert of the Municipal Tourism Bureau (Göteborg&Co) as well as those of a travel agency and a private organisation said that networking and cooperation can bring **visibility** to a mid-scale hotel. What they said was the following *“The networking comes as a fourth most important strategy as it is important in a town like Göteborg to build relations with the people who promote the town. It is important for such a hotel to be “visible” and come first in the mind of these key people”*. The expert of a private organisation mentioned *“...networking is very important as well... to be heard and seen is important... a cooperation with Göteborg &Co is very important as this institution has a good image in Göteborg”*, and a travel agency manager said; *“...to be **visible** for such a hotel is **very important**...we have a thick catalogue with many hotels in Göteborg and it’s hard to remember all of them...**having good co-operation with travel agencies is important**”*.

So what we can understand from the experts’ answers is that co-operation and networking seem to be important for a mid-scale hotel to be visible, increase the demand and strengthen its brand.

### **3.6 Trust/communication**

Finally, a strategy which was also mentioned for building a strong brand was the importance for a mid-scale hotel to enjoy trust and an open communication with its clients. We recorded what two travel managers said about that. *“...we aim to **have long term relations** based on trust and honesty...we renew the agreements which we sign with the hotels every year but personally I would prefer this to be done every two years...”* When we asked what happens when the travellers complain about the service which they received at a hotel which has signed an agreement with the organisation, a travel manager replied; *“...it is something that happens rarely...**we know the hotels** with we have signed an agreement with since we have been having co-operation with them continuously the last years...when a complain comes up I am sure that it will be a misunderstanding since I know the kind of service provided by the hotels in Göteborg with which we have agreement with...often communication with the hotel solves these misunderstandings”*.

So what we see in the recorded answers of the travel managers is that it is important for a hotel to enjoy such a trust which makes its clients hold the most positive perceptions about it. Moreover, enjoying such a trust would make the complaints be seen as

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misunderstandings, a trust which as we see is built on service consistency as well as on often and sincere communication.

As a general comment on the issue of trust, we can present what one of the users said that “*an image which has been born is hard to kill*”. So a positive image protects the hotel from every single complaint as it transforms it to a misunderstanding whereas we can imagine that a negative image would make a hotel more vulnerable to each mistake that occurs during the hotel’s interaction with the travellers.

## **CHAPTER 7**

### **1. Discussion**

In this chapter we aim to relate the theoretical framework with the empirical results which we have obtained through the interviews. This will allow us get a deeper understanding of the subjects which our three research questions bring into discussion. During our interviews, we looked at factors which were brought up in the theoretical framework, which allowed us to specifically analyse, discuss and understand them. We believe that we were thus able to extend the existing theory by proposing our own theoretical model and give explanations to our research.

#### ***1.1 The traveller's psychographic factors and their relation with the demand***

When starting our study about the challenge for a mid-scale hotel to compete with the large well launched hotel chains in the market of business tourism we mentioned the latest trends in the market as these were mentioned by the tourism authorities and institutions in Sweden. We started thus by saying that nowadays the traveller is more price concerned, not willing to pay for a brand premium and that there is a war of prices among the hotels in Sweden since the average room price the last years has been decreased. One of the purposes of our study was thus to get an insight on the how the business traveller's purchase behaviour in order to understand why these phenomena occur in the market emphasising thus the role of brand. We started hence our literature framework by discussing whether all the business travellers, individual or not are the same and we ended up by saying that there are some factors which they were called "psychographic" by Chahill (1997) and that it is these factors that make the business travellers not being alike, thus affecting what they demand as well as the way of evaluating, choosing and booking hotel accommodation.

##### **1.1.1 The culture**

With these ten interviews we asked first of all the specialists what it is this that the business traveller demands today and from their answers we tried to pick up some words that would help us understand why the demand appears to be like this. In the literature we mentioned first the cultural factors of the Kotler et al (2003) model which make the

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travellers differentiate from each other and that is something that we could see in the answers of the travel manager of the large private organisations who we interviewed. Two of them mentioned about their organisations' corporate culture, travel policies which affect their demand in hotel accommodation. One said that "***the policy that we have steers what the company demands from a hotel...a safe place, with good service and extra benefits is what our company looks for***", whereas the other travel manager as we mentioned before said that the company's policy is to treat the visitors well and thus they prefer a specific kind of hotels which can meet the company's needs. So we can say that the **culture** that an organisation has **affects the choice** of the hotels in which it sends its employees, or in which it accommodates its visitors.

But what is the role of a hotel's brand at this point? Well, going back to the travel manager's answer where he said that his company does not want to send its employees to luxurious or prestigious hotels makes us think that since the company's culture does not match with luxury and prestige it is expectable that there is no point to send its employees to a hotel whose brand communicates prestige or luxury. So we dare to say that the traveller's values and culture have to **match** with those that a hotel communicates through its brand in order the particular hotel to be chosen.

### 1.1.2 The role and status

Another personal factor that we mentioned in our literature was the "social" where we spoke about how the **role-status** and the **reference groups** can affect what the traveller demands as studied by (Kotler et al., 2003, Reid-Bojanic, 2006). We said that both the reference groups and the role and status dictate norms and unwritten roles to the business travellers. We can notice the existence of this factor in the answer that we received from the SBTA specialist which we presented in the findings paragraph 1.1.8 where he said that image is important or not in the demand for a hotel accommodation but it depends on "who" travels distinguishing thus the top manager from a lower level in the hierarchy employee. So what we can draw from this answer is that the role and status that an employee holds in his/her organisation affects what s/he demands. Thus an executive with a specific status within the organisation wants the status that a hotel communicates with its brand to match with his/her personal status in order to choose the particular hotel. So again can say that there has to be a matching between the status that the hotel communicates and the status the traveller wants to have in order the hotel to be chosen.

### **1.1.3 The economic situation**

In the answers of our interviewees we noticed as well the existence of the personal factor of economy. In the discussion of the Kotler et al (2003) model as we said that the economy of the consumer-traveller as a personal factor affects the demand as the individual's improving economic condition directly affects the consumption of premium hospitality services, whereas in the reverse situation when the individual's economic condition aggravates the first cut-downs will occur in travelling expenses such as hotel accommodation (Kotler et al, 2003, Reid-Bojanic, 2006).

In the findings as well we wrote about the general trend of price sensitivity that can be seen in the business travel market due to the reduction of the airline fares has made it cool to find a good hotel at a low price. In addition, we mentioned in the findings that the price sensitivity of the public organisations due to their restricted travel budget affected at a high grade what these organisations perceived to be as "value" and therefore affected what they demand from a hotel. We can suspect that the same demand characteristics with the public organisations would be shown by small private organisations as well which they would probably have a restricted travel budget. On the contrary we had the large private companies with a more flexible travel budget.

So what we can draw at this point is that the economic situation of an organisation affects the choice of the hotel brands and so a hotel brand which gives the perception of being up-scale, luxurious and prestigious will not be selected by a traveller (individual or organisation) with a low travel budget.

### **1.1.4 Perception- Beliefs – Images – Attitudes**

Through our study finally we noticed the existence of the psychological factors of perception, beliefs, motivation which as we said in the literature it seems that they can be affected by the marketer. We brought examples of what Lewis-Chambers (2000), Williams (2002), Kotler et al (2003) and Reid-Bojanic (2006) studied saying thus that perceptions are the different interpretation each traveller makes in his mind of an external stimulus, a stimulus which comes for instance from a hotel's communication. They said as well that the travellers hold beliefs about hospitality providers saying thus that a belief is something which the travellers believe is a fact and which derives from perceptions. They added as well that beliefs reinforce brand images, either negative or positive which affect consumer's purchases and which seem to encourage travellers to hold certain attitudes towards hotels and brands.



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As we presented in the findings with our depth interviews we heard the interviewees making their own interpretations and holding their own perceptions and beliefs about different hotels and hotel brands in the market of Göteborg. We recorded for instance why for some of the interviewees a well-known hotel chain would be a factor of demand as they believed that the well-known chains provide standardisation, safety, privileges, and image.

A travel manager's answer as we transferred it before was that cheap and low category hotels do not match with the company's policy, perceiving and relating thus the low price that a hotel gives with low quality. So this was the travel manager's perception and personal interpretation of a hotel's communication of being cheap. It was the travel manager's belief which might be based on real fact or not but nevertheless we see that the travel manager's perceptions and beliefs affect the final choices of hotel accommodation providers. Similar answers were given as well by the travel agency managers who stressed that a hotel which promotes itself as being cheap gives a negative signal to the travellers who would like to have a good service and so it is not chosen.

So the interviews allow us say that a hotel's communication towards the potential guests and partners affects the possibility to be chosen or not since the hotel's communication stimuli affect the perceptions, beliefs, images and attitudes that the travellers and partners hold about and towards it.

### ***1.2 The traveller's characteristics distort the five stage decision making process***

With the use of the literature we presented a five stage decision making process as conceived to be by Zeithaml-Bitner (2003), Kotler et al (2003), and Reid-Bojanic (2006) trying thus to get insight into how the business travellers choose hotel accommodation and trying to emphasise the role of brand in this process. But we asked the question whether it is possible to depict the way of choosing hotel with a process which would be representative of all the processes followed by all the travellers. With the question (1b) we tried to collect information on how the business travellers evaluate, choose and book hotel accommodation and we presented the differences found between the public and private, small or large organisations as well as between individual and organisational travellers. So what we notice is that the grade in which the five stage decision making process is followed by the travellers depends on the travellers' characteristics. In other words, whether the process is distorted by the internet, word of mouth, travel agency,

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hotel reputation or image depends on the **characteristics** of the traveller. The size of the organisation whose employees need to travel, the knowledge of travel management and the experience of the market that an organisation has, and the nature of the organisation (public or private) affect the behaviour as we saw in the stages of “need recognition”, “information research”, and “alternatives evaluation”.

At the stage of “**Need Recognition**” we saw the formality of the process in the public organisations where the need has to be announced whereas in the private organisations we the hotels trying to present their offers through personal meetings with the travel specialists of the organisation.

At the stage of “**Information Search**” we saw the difference between the individual and the organisational traveller. The information research is usually done in the first case with the use of internet which increases, travel agencies, word of mouth, or even through a brochure or an advertisement. In the second case we heard the travel managers and the specialists from SBTA and the Municipal Tourism Bureau mentioning about personal meetings and presentations with hotels, the use of travel agencies, and internal booking systems for their employees.

At the stage of “**Alternatives Evaluation**” we noticed the large organisations having specialists and specific criteria with which they evaluate the offers received by the hotels whereas in the case of the smaller organisations the lack of knowledge makes them concede the task of choosing the best offer to the travel agencies, or in other cases allow their employees evaluate alternatives themselves.

Finally at the stage of the “**Purchase and Consumption**” we heard our interviewees saying that the employees of the large organisations usually do not have the possibility to choose the hotel they want since it is the organisation which makes the final decision after the alternatives evaluation, whereas in case of small organisations where the employees are allowed to choose the hotel they want then the decision making is done by them.

The findings thus of the question about how the business travellers choose a hotel makes us understand that the answer is more complicated as parameters like possibility for the traveller to be able to choose or not, professional knowledge and experience of the market, word of mouth, image and corporate reputation of the hotel and in a very small grade advertising come to distort the five stage decision making process as we presented in the literature.

### ***1.3 Is the decision making process always so complicated? The role of brand***

In the end of chapter 3 where we presented the five stage decision making process we made a summary of the role of brand in the process as it is perceived by the literature. We said thus that the brand seems to affect the pre-purchase as well as the post-purchase stages of the process as it appears to create motivation, risk reduction, trust, customisation, and emotional bonds with the travellers.

The answers from the questions (1a), (1b) as well as (3) helped us see the role of the hotel brand in the decision making process and understand its importance in the competitiveness of a mid-scale hotel against the well-known chains. As we presented in the findings the standardisation, the extra benefits, the image, and safety make the organisations prefer to sign contracts with the known hotel chains which have well established brands in the market. All our interviewees from large private organisations said that their organisation directly negotiates with the hotel chains skipping thus the information research stage of the decision process. We presented so what a travel manager mentioned about not having the need to search for information since it is the hotel chains which first come in contact with the organisation wanting to present their offers and the privileges they provide. So we see that in this case the process is distorted and the traveller directly after the need recognition proceeds to the alternatives evaluation. Something similar happens with the word of mouth as well which as we said in the findings is used mostly by business travellers which travel individually or by small organisations and as Gobé, (2001), Echeverri-Edvardsson, (2002), and Mossberg, (2003) said it is perceived with less scepticism by the receivers. Word of mouth if being positive about a mid-scale hotel can make the individual business travellers proceed directly to the actual purchase.

The alternatives evaluation can also be less complicated due to the belief that the organisations hold about the hotel chains because of their standardisation, safety, privileges and image. In some cases especially with the private organisations where the decision making does not have the formality of the public organisation, a successful agreement with a hotel can be directly prolonged skipping thus the evaluation stage. It has to do as well with “previous experience” and “learning” which as we said in the literature the decision making does not occur when a hotel for instance has become a repetitive choice for a traveller (Kamfjord, 1999, Williams, 2002, Kotler et al, 2003, Reid-Bojanic, 2006). The consumer after the “need recognition” stage bypasses all the pre-purchase process and proceeds directly to the purchase decision that is because as Kotler et al,

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(2003), and Reid-Bojanic, (2006) mentioned hotel guests learn from previous experience and thus tend to become loyal to the hotel brand which has met and exceeded several times their expectations avoiding thus to get into the process of examining the offers of other hotels. Here we see the importance that long term relations have in the decision making process and how the brand with the trust and loyalty which it creates distorts the decision making process.

The alternatives evaluation stage can also be skipped or shortened by a hotel's corporate reputation, image, and in a low grade as mentioned by the interviewees by advertisement and other promotion tactics. In the literature when discussing the alternatives evaluation stage we presented what Kotler et al (2003) said about brand image as it is the set of beliefs held about a particular brand. So we can say that a strong brand and a good image make the travellers make shorter the stage of alternatives evaluation and allow the traveller proceed faster to the actual purchase.

Regarding the brand affection in the post purchase evaluation we recorded that it is difficult to break a long term co-operation. As a travel manager said possible misunderstandings and mistakes are discussed and solved and so the co-operation continues. We had not discussed the role of trust and its possible relation with image and service consistency and customisation but it is something that was raised during our study. So trust and good image which are based on service consistency, customisation and sincere communication make the post-purchase evaluation to be less hard than if the hotel was not enjoying such reliability. But in the literature we connected the image with the brand saying that image constitutes part of the brand (Kapferer, 1997). So the distortion that occurs in the decision making process at the stage of post-purchase evaluation can be explained by the hotel's strong brand or not; a strong brand which makes possible misunderstandings to be more acceptable.

So we can say that a hotel's strong brand no matter the way in which it appears in the decision making process can be vital for the traveller's (organisation or individual) final decision.

### ***1.4 What constitutes the hotel brand and what makes it stronger?***

As we presented in chapter 4 a brand consists of a number of different factors which are constantly being looked upon by researchers such as Kapferer (1997), Prasad-Dev (2000) and Chernatony et. al (1997). They looked at aspects such as identity, performance, and

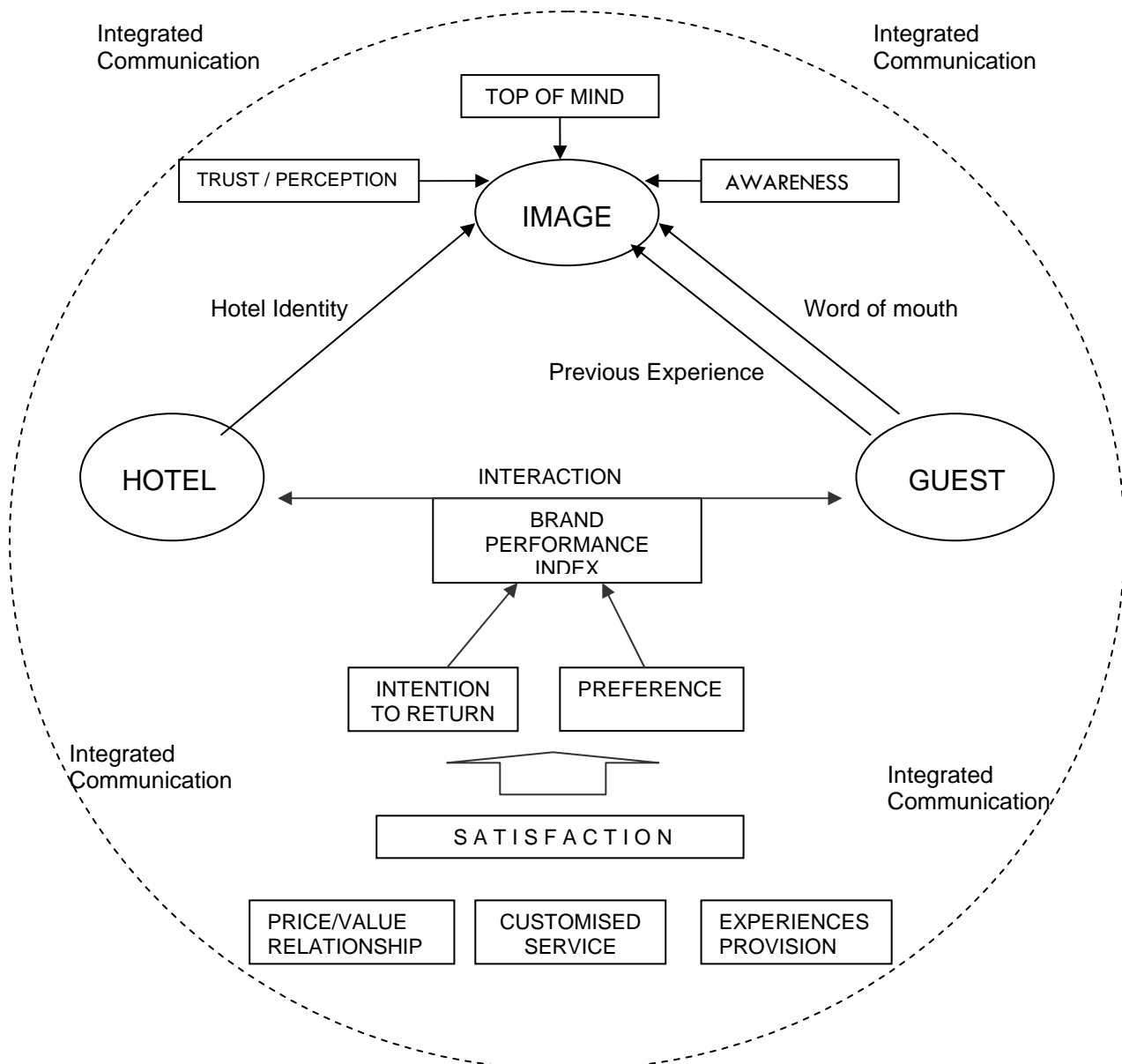
## Why the Brand? The challenge for mid-scale hotels

image as factors which encompass a brand and which affect the brand equity or brand strength. With the Hotel Brand Model we tried to depict what encompasses a hotel brand by taking into account the literature's different perceptions by combining the Prasad-Dev (2000) brand equity model with Kapferer's (2004) perception that brand first of all is associated to identity. This combination gave us an alternative model of brand equity which showed to us that a hotel's brand strength is affected by identity, brand performance, and image.

In addition, we talked about Kotler and Armstrong's (1999) perception that the stronger the brand equity is the stronger the hotel brand becomes and we explained that brand strength is associated with loyalty, and emotional bond of the traveller with the hotel which allows it compete with the large and known hotel chains.

However, the findings of the interviews made us change our primary hotel brand model and construct another which we believe combines better the literature's and the experts' perceptions. The new-revised model which again shows what constitutes a hotel brand and what factors affect its strength adopts partly Prasad-Dev (2000) and Kapferer's perceptions by including brand performance index, image and identity and tries to optimise them by including other factors which the discussed literature and our findings brought up.

Our revised hotel brand model is now based again on hotel, image and guest and adds the factors of trust, awareness, perception, word of mouth and previous experience in the image as well as customisation, and experiences provision in the brand performance index which again symbolises the interaction between the hotel and the guest as in the first adopted by Prasad-Dev (2000) model (figure 9). Moreover, it includes the identity which now is depicted to derive from the hotel and affect the image. By taking the chance of presenting the new-revised hotel brand model we are going to explain why the particular changes were done and analyse the factors which constitute and make the hotel brand stronger as they were brought up by experts and literature. Our revised Hotel Brand Model is presented in figure 10.



**Figure 10 – Revised Hotel Brand Model**

### 1.4.1 The identity

The identity was one of the first factors which we discussed in the literature as a main constituent of a brand. During the interviews with the experts identity was mentioned indirectly as a significant factor which affects the hotel image and thus the hotel’s brand strength and here we are going to explain why. By saying indirectly we mean that identity was not mentioned as a term itself but it was excavated in the experts’ answers.

In the findings we presented the need, as it is perceived by the experts, for a mid-scale hotel to have a positive physical presence in order to have a good image. The experts spoke about the need for renovation of the hotel which will express its new identity as a strategy to improve its image. Another strategy that they mentioned for image improvement was as we presented the one of “showing off” to partners and and key

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clients. They said it is not only required to renovate and change but also to show the change of the hotel's identity to some key people in order their perceptions about the hotel to change to the better.

So we see that the hotel's identity is considered to be a formulating factor of the hotel's image. As we saw in chapter 4 identity according to Kapferer (1997) is transmitted from the organisation-the hotel in our case- to the people through the organisation's communication and what is perceived by them forms the image. This argument was verified in our case through the experts' answers who mentioned that a mid-scale hotel needs to renovate, change name or "show off" its distinctive characteristics in order to improve its image and strengthen its brand. Therefore, in the revised Hotel Brand Model we depict identity with an arrow from the hotel's part towards the image since as we said the hotel's identity affects the travellers' perceptions affecting thus the hotel's perceived image and brand strength.

### **1.4.2 The Brand Performance Index**

The next main factor which forms part of the brand as we presented in chapter 4 is the *brand performance index* according to Prasad-Dev (2000). Brand Performance Index as Prasad-Dev (2000) said encompasses a number of smaller factors which we have dissected and looked upon, since they were mentioned often in the interviews. In chapter 4 brand performance index was mentioned to affect the brand equity which was associated with the strength of a brand. The literature perceptions together with the experts' answers made us include it in our revised hotel brand model and depict it between the hotel and the guest symbolising thus the hotel and guest's interaction.

#### Price/value relationship

We first spoke about the importance of value when describing the decision making process where we presented according Zins (2001), Kotler et al (2003) and Mårtensson et al (2004) that the consumers-travellers tend to prefer the alternative which gives more value to them. From the arguments of Echeverri-Edvarsson, (2002) Kapferer (2004) and Lindstrom (2005) we noticed that the more effective a service like hotel accommodation is branded the more of value is perceived to be by the consumers and thus the more desired it becomes.

Later in chapter 4 when trying to collect all the different definitions of what a brand is we discussed the approach of the brand being value both for the hotel-organisation and the consumer-traveller. The Reciprocity Model by Schultz (2004) where the value approach

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is analysed we presented that the value that the consumer pays (price) and which the organisation receives should be equal to the value-benefit that the consumer earns in order the relationship between the brand and the consumer to remain close and thus the brand to be maintained strong.

When discussing in chapter 4 about the brand performance index, we spoke mainly about the price/value relationship and in this case it was the value for money which was most important.

During the interviews almost all of the experts spoke about the importance of the price value relationship when describing a hotel which had a strong brand and which was considered a winner. In addition, when asking the experts why there was a remarkable preference towards the well known hotel brands one of the reasons they mentioned was that according to their perception well-known chains provide value to the guests for the price they ask. However, some experts confused value for money with cheap prices, whereas others with good extra services and privileges for the money paid.

By taking into account the literature and our empirical results we notice that the relationship of value and price constitutes a major factor of satisfaction for the guest that is the reason why we included it in our revised hotel brand model (figure 10) as one of the ingredients of a strong hotel brand.

### Customised Services

The factor of customisation was not included in figure 8 which was inspired by Kapferer (1997) and Prasad-Dev (2000). Nevertheless, it was brought up in most of the interviews verifying thus the literature we collected which was arguing that customisation, the ability of the hotel to be flexible and provide tailored services it to the needs and desires of the traveller, creates satisfaction and in combination with unique experiences allows emotional bonds to be created, intention to return which by their turn mean strong brand according to Kotler and Armstrong's (1999). The experts' answers and the literature we collected made us modify the our first perception of how a hotel brand model can look like (figure 9) into the revised hotel brand model (figure 10) where customisation constitutes one of the factors which together with experiences provision and price/value relationship give satisfaction.

Customisation as a factor connected to a mid-scale hotel brand was first mentioned in the problem background of our study where arguments by Temporal-Trott (2001), Bergsman (2004), and Salerno (2005) were presented saying people like camaraderie and individual attention, and that the small size of a hotel can be an advantage since it can control the



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services provision and give customised services. Moreover, it was mentioned that by focusing on travellers a firm can enjoy a strong brand which is built upon trust between the traveller and the firm. In chapter 5 when presenting the strategies and tactics which a mid-scale hotel can follow in order to strengthen its brand customisation was one of the strategies mentioned.

Customised services and flexibility as we presented in the findings was mentioned either as the first or as the second most important strategy for building a strong brand or changing a negative image of a mid-scale hotel. The hotel's ability to put on the classes of the guests as a travel agent said and provide tailored services to their needs was connected with quality and satisfaction and was characterised as an advantage that a mid-scale hotel can have if it exploits its small size to provide what the guest wants compared to the strict standardisation of the well known hotel chains.

Literature and findings made us think that customisation constitutes an important part of the brand performance index and should be added to our brand model. Flexibility and customisation therefore form a separate factor which makes the brand perform even better.

### Experiences Provision

Another factor which we thought it should be included in the Brand Performance Index is the experiences provision. In the problem background we discussed that we live in the era of experiences provision where the consumer-in our case the traveller- not only seeks a good service but "something extra", something that is rare to find elsewhere and which will cause delight to the traveller (Mossberg, 2003). The importance for a hotel to provide experiences to its guests was stressed by Barsky (2001) who said that experiences make the guests speak about the hotel after their visit, increases the possibilities of their loyalty to the hotel brand and makes them less price sensitive. In other words Barsky (2001) said that the provision of experiences make the hotel brand strong.

In chapter 5 when discussing the strategies that can make a hotel brand being strong we talked about the provision of experiences where Mossberg's (2003) argument was that today consumer plays a greater role in interacting with the brand and that the challenge of a brand is to evolve and keep on surprising the experience seeking consumer (Gobé,2001). What we discussed in the literature about the experience provision's significance in a hotel brand was also seen to be adopted by our experts. In particular, we presented in the findings that the provision of experiences would be something that would give extra points to the traveller's perception of the hotel. That is because as our experts said a hotel which offers and engages the guest in a unique service will remain in the guest's mind

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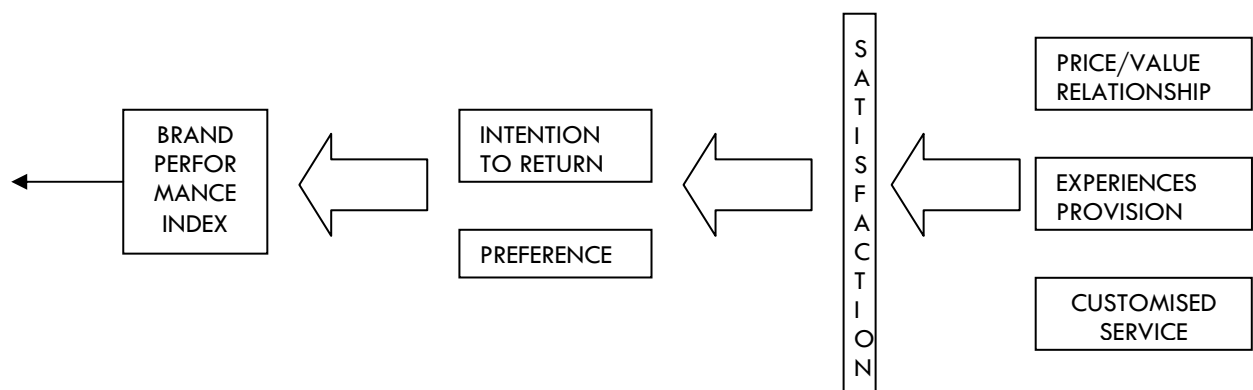
easier resulting thus to the incident where the guest talks positively to colleagues and friends about an extraordinary stay in a hotel during a business trip.

A mid-scale hotel therefore broadens its reputation, attracting more guests thus strengthening its brand and position in the market since its guests become truly emotionally bonded to the hotel and the proof for this is that they are willing to speak positively about their stay to others. Consequently, we included experiences provision in our revised brand model (figure 10) as a factor which strengthens a mid-scale hotel brand.

### Satisfaction

Another issue which is also important in the brand performance index as we presented in figure 9 according to Prasad-Dev (2000) was satisfaction. In the literature we presented that according to Kotler et al (2003) and Reid-Bojanic (2006) satisfaction is caused by the matching of expectations and perceived performance and as Dobé-Renaghan (1999) and Taylor (2002) said the brand oriented companies try to match what they promise to what they actually give the traveller.

As we presented in the findings the traveller needs to be satisfied with the hotel and requires availability and convenience. Moreover we presented that travellers require good quality and standardised service, and that was a reason why there was a preference shown towards the known hotel brands. So we think that for a hotel which wants to enjoy a strong brand it is important to keep the promises and thus its customers satisfied. After all as Keshav et al. (2000) said a brand apart from being a logo can be seen as a “promise” to the customer. So we believe that satisfaction is one of the factors which affect the brand performance index and thus the strength of the brand.



**Figure 11 - Own adaptation of brand performance index**

## Why the Brand? The challenge for mid-scale hotels

In figure 11 we see how the brand performance index of the hotel brand model evolved from the first version in figure 9 to the revised in figure 10. In first the hotel brand model according to Prasad-Dev (2000) factors such as satisfaction, preference, value for money, and intention to return all together and equivalently affect the brand equity (strength). In our revised model by taking into account the literature and the experts' answers we added customisation and experiences provision which together with a positive value for money relation in the guest's mind form satisfaction. When the guest feels satisfied – in this case delighted because of the experiences provision- the service provided meets the guests' expectations and as we discussed in the literature by Prasad-Dev (2000) – chapter 4- it leads to preference, intention to return higher brand equity and thus stronger brand. If the guests are satisfied with their stay and believe that the hotel provides good value for money the intention to return will be higher, causing the brand performance index to increase and consequently the hotel's brand to be strengthened.

Considering therefore literature and findings we can say that satisfaction is a parameter which affects the brand strength.

### **1.4.3 Image**

In chapter 4 we discussed what image is and why a positive image is related to a strong brand. During the depth interviews talking about image was confused by some experts with the issue of brand. So in some cases in the questions 3 and 5 of our depth interviews we received similar answers. Nevertheless, the factors which according to the literature affect the hotel brand image such as awareness, top of mind (Prasad-Dev, 2000), perception (Kotler et al, 2003), identity (Kapferer, 1997), word of mouth and previous experience (Kotler et al, 2003, Reid-Bojanic, 2006) where mentioned by the experts either as improving a hotel's image or as making a hotel brand stronger.

The experts spoke indirectly about the significance of top of mind and awareness as they believed it was necessary for a hotel to be available, stand out, and be visible. Availability was connected to visibility and in this case location was thought to be very important. Availability referred as being available out in the marketplace. It is not only about answering the phone or having long opening hours but on how visible the hotel brand is among current and potential travellers.

Perception was also mentioned indirectly by the experts. As we presented in the findings the experts said that in order for a mid-scale hotel to change a negative image it needs to show off to its key clients and partners its identity and ability to meet their expectations from the hotel. They emphasised thus the importance of organising events and evenings

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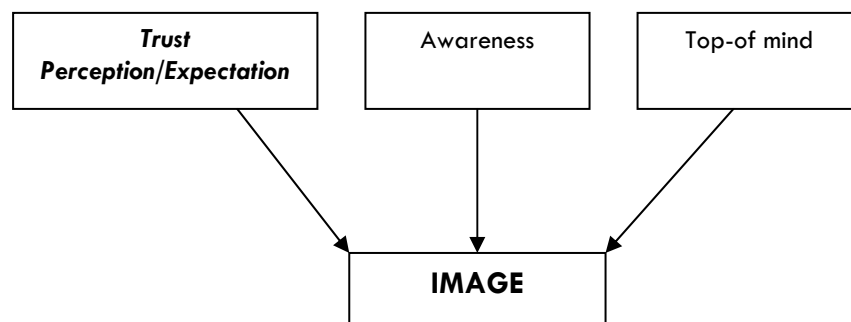
in the hotel's premises so that these key people's perceptions about the hotel will change to the better. So perceptions and beliefs as mentioned by Kotler et al (2003) were also found significant by the experts in affecting the hotel's image.

Previous experience was first mentioned when discussing the decision making process. We said that according to Kotler et al, (2003), and (Reid-Bojanic, 2006) the decision making does not occur when a hotel has become a repetitive choice since the guests learn from previous experience and thus tend to become loyal to the hotel brand which has met and exceeded several times their expectations avoiding and so their perceptions, beliefs and attitudes towards the hotel are positive. So the previous experience affects the guest's image of the hotel. A habit which as Lindstrom (2005) commented, it is a fundamental factor in generating brand loyalty which by its turn was associated by Prasad-Dev (2000) with strong brand. Previous experience rose indirectly during the interviews with the experts when the discussion came around trust and co-operation as strategies of strengthening a mid-scale hotel brand. As we presented especially the large private organisations mentioned that they aim in having long term relations with the hotels which they have contract with since a positive previous experience makes them continuously renew their contracts with the hotels. So we can say that previous experience is as well a factor which affects the image since it consists of a number of perceptions and beliefs which the customer holds about a service received by a hotel. Therefore, we include and depict it in our revised hotel brand model with an arrow from the guest's part towards the image.

Word of mouth was also discussed in the decision making process as a way of selecting services with intangible attributes like hotel accommodation from personal sources like colleagues and other acquaintances (Kotler et al 2003, Zeithaml-Bitner 2003, Reid-Bojanic, 2006). It is based on personal experiences that some consumer has by a service just like hotel accommodation and as we discussed makes the decision making process easier since the consumers show trust to it compared to other sources of information because it has no commercial nature. In the findings we presented that word of mouth rises in the decision making process of individual business travellers, or employees of organisations which have the right to choose hotel among alternatives. So since word of mouth is based on a consumer's previous experience and perceptions about a service a strong positive memory in a consumer's mind affects positively the image that some other consumer forms about a particular hotel. A positive word of mouth creates positive image and thus a strong brand therefore we thought to include it in our model and depict it with an arrow from the guest towards the image.

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Finally another factor which as we found is perceived by the experts to affect the image is trust. When talking about the decision making process in the literature we said that according to Williams (2002), and Kotler et al (2003) if the traveller holds positive beliefs and perceptions about a hotel, in other words when the hotel enjoys a good image, then the traveller feels confidence about the hotel's ability to meet his/her expectations so s/he trusts the hotel. From this argument we can extract that a good image creates trust, but does trust create good image? Well, when presenting the experts' answers we said that organisations which are often users of business travel services want to hold long term relations with their hotel partners. A long term relation which as they said is built on communication, understanding and service consistency makes the user trust the hotel and so positive image for the hotel is created. We re-arranged therefore our hotel brand model and we added trust as another factor which affects the hotel's image.



**Figure 12 - Own adaptation of brand image**

### **1.4.4 The communication**

In chapter 1 when writing the delimitations of our study we said that we felt the need to mention communication as a factor which affects the strength of the brand and we presented the term Integrated Marketing Communications which according to Zeithaml-Bitner (2003) represents the need that a service provider has to co-ordinate all its communication channels so that one single message is transmitted towards employees, potential and current guests as well as towards partners and other groups of interest. This need as we discussed in chapter 4 comes from what Taylor (2002) mentioned that to create a successful company it is required to match what we promise with what they actually give the traveller, because this is what creates a successful company that focuses both internally and externally and has its strong brand.

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To avoid the main mistake of not offering what we promise is what we discussed in chapter 5 according to Chernatony et al (1997), Dobé-Renaghan (1999), and Reid-Bojanic (2006) as a strategy for building a strong brand. In the findings we presented what an expert said, that communication and honesty are important for building a good image as a hotel and therefore a strong brand. It is important to say the truth and not to raise the guests' expectations so that it will be possible for the hotel to meet them and so deliver satisfaction thus good performance and a strong brand. Therefore we thought to include communication as a factor of affecting the hotel brand strength and symbolise it with a circle around the brand's constituents since it covers all the ways through which the hotel brand communicates.

### ***1.5 Recapitulation***

By taking into account the discussion that we made in chapters 4 and 5 as well what we recorded from our interviewees, we developed our revised hotel brand model (figure 10) as an improvement of the brand model in chapter 4 (figure 9) which we developed by combining only relevant literature. The process of collection of qualitative data through the in depth interviews gave us a broader understanding of the factors that constitute a brand as well as the strategies necessary to improve the brand equity-strengthen the mid-scale hotel brand.

The revised hotel brand model shows that all the brand constituents are interlinked to each other and all together affect hotel brand's strength. For instance, the hotel and the guest interact with the two-way arrow which gives way to brand performance. The hotel performance allows the guest to be satisfied or dissatisfied with the brand. The linkage between the constituent factors is also shown with the circle around them which also represents the communication's importance as a constituent factor and as a strategy for strengthening the brand.

We chose to include trust as a factor which affects the image since it was considered very important among the interviewees. They saw it as essential to trust the hotel, and with this trust comes good reputation, thus image. It is necessary to feel safe and know what you are going to expect, to know that the hotel will fulfil the needs of you as a traveller, without having to expect new surprises.

We also changed the brand performance index by adding the factor of customisation and experiences provision, and by setting the factors in an order to show a flow which leads to satisfaction and good brand performance. For instance, a client needs to feel that s/he is getting value for money, that the service has been customised to serve his/her needs and

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that the hotel provides an experience that the other hotels in the same category do not provide. As soon as the hotel delivers these three basic factors satisfaction is created, which leads to intention to return and to a preference over other hotels. The improvement of these six factors leads to a better performing brand.

We believe that the revised hotel brand model has taken into account all the issues that the literature discusses about brands as well as those issues which the business tourism market in Göteborg perceives to be important for a mid-scale hotel to strengthen its brand. We hope therefore that this model can be a useful tool for the mid-scale hotels to strengthen their brands and face the challenge for competing with the well-known hotel chains.

## CHAPTER 8

### 1. Conclusions

**Our first research** question looked at the decision-making process, how a business traveller looks at hotels and how brand has an impact on the decision. So how do business travellers choose their business travel accommodation and how does a hotel brand affect their decision?

Well with our depth interviews we first found what we already had discussed in the literature that all the business travellers are not the same. So the way they choose hotels and what they demand from them depends on their characteristics. We found and presented for instance that there are differences between individuals and organisations, large and small as well as between public and private organisations, in the way they choose hotel accommodation. We explored particularly that most of the organisations prefer to directly negotiate with the hotels, sign agreements and use travel agencies for the bookings or to concede all the responsibility for choosing and booking to travel agencies. Internet is a rising way for choosing and booking but mainly for the younger business travellers, who travel individually or have the right from their organisations to choose the hotel of their preference. Internet can also be seen to be used by small organisations of less than ten people.

Concerning the brand affection in the demand as well as in the decision we found that there is a demand for well branded hotel chains because of their standardised service so the business travellers -individual or organisational- show trust to them. We know what we are going to get is what the users emphasised. Moreover, the business travellers tend

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to choose well-known chains because of the hotels' image and perceived identity whose affection in the decision is depended on who travels and the travel policy that an organisation as a user has. So image, identity and trust which later we presented in our revised brand model to be constituents of a hotel brand and affect its strength have a decisive role in the decision making.

Other issues of brand which we found that affect the a business traveller's decision is top of mind and availability which was mentioned in the demand for convenient location, word of mouth which we found to affect mainly the individual traveller and the previous experience which plays an important role in the organisations' decision to prolong a contract with a hotel for another year or not.

We find therefore necessary for a mid-scale hotel to choose a particular segment of business travellers on whom to focus in order to understand how they think, how they decide and what they need so that it will adjust its strategies on them and manage to satisfy them better than the others and tie them emotionally on its brand.

**The next research question** looked at the hotel brand, its definition is and what different factors make it. So which factors constitute a hotel brand and can make it strong? We looked at a number of different authors including Kapferer, Prasad and Dev in order to get a better understanding of the term brand. However, there was limited research done on brands in the hotel and tourism industry so we decided on applying a new model which defined brand and brand equity. So apart from image and brand performance we found other factors which affect image and performance and which also constitute the brand and affect its strength. These are trust, word of mouth, perception, and previous experience which affect the image, as well as customisation, and experiences provision which affect the performance. In addition, our exploratory study verified the existence of identity as studied by Kapferer as a constituent element of brand and brand equity-strength. Finally, the factor of communication was also explored even though not thoroughly analysed in our study. These factors became then our own interpretation of hotel brand which as we presented in the revised hotel brand model, brand is mainly based on the hotel and its identity, the image and the hotel's interaction with the guest.

**The last research question** finally intended to look at the strategies necessary to strengthen and build up a hotel brand in order for it to be competitive. We believe that a hotel which sees its brand strategy through our revised hotel brand model, manages to implement customisation, provision of experiences, mind for its communication, and win its guests' trust, word of mouth and previous experience perceptions which as we found



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will allow it gain repeated business, loyalty and emotional bond with its guests making it thus more competitive in the market.

In an effort to **prioritise the strategies** that we explored through our study we will start from the hotel itself and its identity. That is because we cannot be sure that the entire strategies we analysed feat every hotel and every situation. We cannot say that a mid-scale hotel no matter of its characteristics, values and unique identity can follow all these strategies we analysed through our revised hotel brand model. We can therefore say that each hotel needs to have strategies which particularly feat its situation. We believe that it is necessary for the mid-scale hotel to know its identity and where it is heading in order to understand what it has to do. Our study apart from that it made us understand what a hotel brand consists of and what strategies can strengthen it allowed us come to realise that a hotel needs to have a strong identity in order to survive. The identity is the backbone of the hotel because it makes it differentiate from other hotels. Every hotel has a specific identity which is not anything else than its core values, and business vision of the hotel. So we believe that it is necessary for a mid-scale hotel to follow the brand strategies that match each identity. It would be a mistake for instance for a mid-scale hotel to communicate that it has the capability to provide unique experiences if it actually due to its restricted budget cannot do so. So we think that taking into account each hotel's characteristics and identity should be the first strategy that needs to be followed.

After understanding of what the hotel is, what it stands for, to who it refers and what it can provide we believe that emphasis should be given to the brand performance. Starting by trying to inspire the hotel's physical presence like name, and physique with the hotel's identity is what we found to be crucial. The hotel's identity afterwards needs to inspire as we found the hotel's software which is its processes. Starting from customisation, experiences provision and value to the customer will lead the guests to satisfaction-delight, positive previous experience, helpful word of mouth, preference and intention to return making thus the brand perform well and deliver its promises is what we analysed in our revised brand model.

Establishing trust, co-operation and networking with regular organisations-users of business travel accommodation and with players of the local business tourism market such as Göteborg & Co will strengthen further as we explored the hotel's brand with visibility, availability, and long term relations. Trust, co-operation and networking as we presented will occur with keeping promises, honesty, often communication and showing off.

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With the guests satisfied and with trust existing between them and the hotel positive perceptions will be created to the travellers' about the hotel which will take its position in the top of their minds.

In all these steps communication should be present not only from the hotel and outwards but also inside the hotel. The communication in every step needs to transmit the hotel's identity, character and uniqueness.

With this study we hope we made the interested in mid-scale hotels reader understand the role of brand in the business traveller's decision making process as well as in the hotel's viability and that we helped the local mid-scale hotels by giving some ideas on how to strengthen their brands in order to face the competition of the well-known hotel chains. We firmly believe that there is space for mid-scale hotels in the market if they understand the importance of having a strong brand and that it is not a panacea to join a large hotel chain in order to survive.

## ***2. Future Research***

This research has looked at a variety of different factors including trust, image and identity as different aspects which encompass the hotel brand. Our aim was to be able finally after combing the research findings with the literature to be able to propose strategies for a stronger brand having hotel identity in the middle – “soul of the hotel”. However, we tumbled onto a few rocks along the way which made it more difficult for us to complete a full research. When starting the research we had a fourth target group which was consisted of the business guest's of a mid-scale hotel in Göteborg. We were aiming thus to collect the business guests' perceptions and reactions on issues that our research questions bring such as demand, business traveller's behaviour and branding.

Having therefore collected the experts' perceptions on our research questions, we wanted to proceed to a descriptive research where we were aiming to: a) Verify that the business travellers behave as the literature and the experts mentioned and hence to be able in the end of our study to present answers to the research questions as a result of a comparison and analysis of both the perceptions of the experts and those of the guests. b) Evaluate a mid-scale hotel's brand strength by using our Revised Hotel Brand Model and making the guests express themselves on factors which the model examines. We intended so to evaluate a hotel's brand and thus be able to make comments on whether and how it would be possible for a mid-scale hotel to stay in the market with its own strong brand.

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Due to the lack of time and the limited extent of a master's thesis our idea for conducting a descriptive research with a questionnaire was not implemented. Nevertheless, we present our idea together with its explanation in the Appendix and we believe that for future research it would be interesting to see the brand issue in the eyes of the guests of a mid-scale hotel.

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## APPENDIX

### *1. Experts Interview Sample*

#### PART A

1a). What is **demand**ed by the today's business travellers when they book hotels?

- A good **value for money** relation
- Location
- Business Travellers prefer to stay in **well-known chains** with a good quality of service
- Is **price** the most important factor?

1b). How do business travellers choose a hotel nowadays?

- The role of **internet** as a means of searching for quick and accurate information
- Via **travel agencies, partnerships** and other **intermediaries** like travel planners
- The hotel's **Corporate Reputation** as a means of affection of the consumer's choice and its importance for a local, independent middle-size hotel.
- Via **Word of Mouth**...a proposal from a familiar to the consumer person.
- They choose hotels that are well communicated through **Advertising, Public Relations, Brochures** and other printed material
- The travellers' choice is affected by the **image** they have for the hotels

2. What **characteristics** should a brand of a middle size, local and independent hotel have? In other words, what associations should be created to the business traveller by such a hotel?

- Value for money
- Friendly environment
- Good quality and personal service
- Cheap?
- Location?

3. What **strategies** are necessary for a mid-scale hotel to increase its brand strength?

- "**Flexibility**" and **customised** services,
- Building **relations of trust** with guests, "big" travellers and partners.
- Insist on providing **good value for money** (take advantage of their small size)

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- Offer **unique services and experiences** and always innovating
- **Networking**...co-operation with tourism authorities and community, and local media
- **Participation** in Tour-Fairs and Public Relations, Sponsoring
- **Follow the trends** of the market and be updated
- Organise **events** in the hotel and invite the people in which it is interested in.
- Build a good image** and create positive word of mouth

4. Since the resources of such a hotel are restricted to follow all these strategies what priorities can the hotel set? Which of the **above strategies do you think are more important?**

5. A hotel with bad image what can it do to change this?

6. Which middle size hotel in Göteborg comes first to your mind?

7. Which 3 other middle size hotels can you remember?

## ***2. Descriptive Research Idea***

According to the mentioned in the Future Research objectives we had thought to be appropriate to use the quantitative, descriptive method of “drop-off survey” (Hair et al., 2003) which regards self-administered questionnaires filled in by our case study hotel’s business guests. The reason why we chose a descriptive method was that we wanted to collect measurable data from enough members of our target group of Guests so that inductive logic could help us support the literature’s and experts’ perceptions as well as our assumption that a mid-scale hotel can stand in the market of business travel with its own strong brand.

### ***2.1 The descriptive research questioning technique***

The questioning technique of our quantitative study was a **structured questionnaire** of seventeen questions allowing the guests to choose among pre-determined answers. The questionnaire sample of which is presented here in the Appendix 2 was formulated in both the Swedish and the English language. The questions of our questionnaire belong to four categories:

Those of background information such as (1, 14, 16, and 17) were we had aimed to gain information on the guest’s previous stay at the case study hotel, sex, age and previous visit in the town as a business traveller. The reason for these questions was to help us draw conclusions from their possible relation with factors such as way of booking, awareness of the hotel, total satisfaction and delight, and perception for the hotel before the visit.

The second category questions included those which deal with what we call Image Index in our model and their purpose was to evaluate the case study’s hotel image. These are the questions (7, 8, 9, 10, 11) which respectively represent “awareness”, “perception before the visit”, “perception after the visit”, and “top of mind” whereas question number 11 aimed to be a complementary to “awareness” and “top of mind” factor which helps realise whether the hotel brand can be recalled among the three first in the guest’s mind.

The third category included the questions (2, 3, 4, 5, and 6) which from we wanted to evaluate the hotel’s perceived performance. They were questions which are related to what we call in our model “Performance Index” and they stand respectively for “intention to return”, “preference”, “total satisfaction”, “value for money”, and “delight” which is a factor which we did not include in the model but we thought it would be interesting to compare it in the analysis with other performance factors such as “intention to return” and “preference”.

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The questions (12, 13) aimed to help us answer our first research question such as how business travellers choose hotel and what they demand from the hotel market. The question 15 aimed to show as which of the hotel's characteristics are popular and which not, as these which come first can be more strengthened and those who do not can be improved. Therefore, we believed that the question 15 would help us recommend strategies for our case study hotel.

A comparison between the industry answers and perceptions with those of the guests would let us draw some conclusions of the contemporary business travel purchase behaviour and mid-scale hotel branding. We aimed thus to be able to make comments on whether a mid-scale hotel can enjoy a strong brand and give information to the sector from the results of our study.

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*Samples of the Swedish and English version of the questionnaire surveys*

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1. Have you stayed at this hotel before? Yes  No

2. Your intention to return

Very Low  Very   
High

3. I would prefer Spar Hotel as my first choice over other hotels in Göteborg

Strongly disagree  Strongly Agree

4. My total satisfaction of Spar Hotel is

Very Low  Very   
High

5 The relationship between value provided and price is

Very Negative  Very Positive

6. I was surprised by the hotel's service

Strongly disagree  Strongly Agree

7. I have heard of Spar Hotel before. Yes  No

8 My perception of Spar Hotel before my first visit

was  
Very Negative  Very Positive

9. My perception of Spar Hotel now is

Very Negative  Very Positive

10. Spar Hotel comes first to my mind when I hear about middle category hotels in Göteborg

Yes  No

11. Spar is among the three first middle category hotels which come to my mind in Göteborg

Yes  No

12. From 1 to 6 the reasons why I chose Spar Hotel are  
 Location  Low price  Good value for money

I had a good opinion about the Hotel

Recommendation  I was sent/had no choice

Other \_\_\_\_\_

13. From 1 to 6 characterise our hotel:

Friendly  Good value for money  Unique

Good location  Good service  Nice environment

Other \_\_\_\_\_

14. This is my first time in Göteborg: Yes  No

15. The choice of the hotel and the booking was done

By me  By my company  By a travel agency

By someone else \_\_\_\_\_

16. The booking of the hotel was done by

Me  My company  A travel agency

Someone else \_\_\_\_\_

17. I am a: Woman  Man

18. My age is: 23-33  34-44  45-55  Over 55

**Thank you and welcome back!**

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1. Is it the first time you visit Spar Hotel

Ja  Nej

2. Din vilja att komma tillbaka till Spar Hotell är:

Väldigt låg Mycket hög  
1 2 3 4 5 6 7

3. Spar Hotell skulle vara min första val mellan hotell i Göteborg

Instämmer inte alls Instämmer helt  
1 2 3 4 5 6 7

4. Min totala tillfredsställelse på Spar Hotell är

Väldigt låg Väldigt hög  
1 2 3 4 5 6 7

5 Förhållandet mellan pris och värdet är

Mycket dåligt Mycket bra  
1 2 3 4 5 6 7

6. Jag blev överraskad med hotellets service

Instämmer inte alls Instämmer helt  
1 2 3 4 5 6 7

7. Jag hade hört talas om Spar Hotell tidigare.

Ja  Nej

8. Min uppfattning om Spar Hotell innan min vistelse här var:

Väldigt negativ Väldigt positiv  
1 2 3 4 5 6 7

9. Min uppfattning om Spar Hotell efter min vistelse är:

Väldigt negativ Väldigt positiv  
1 2 3 4 5 6 7

10. Spar Hotell kommer i mina tankar när jag tanker om medelstora hotell i Göteborg

Ja  Nej

11. Spar Hotell är en av de tre hotell som kommer först i mina tankar när jag tänker på medelstora hotell här i Göteborg

Ja  Nej

12. Vilka är orsakerna till att jag väljer Spar Hotell på en skala från 1 till 6?

Läget  Priset

Bra värde för pengarna

Jag hade en bra uppfattning om hotellet

Rekommendation  Hade inget val/hade avtal

Annan \_\_\_\_\_

13. Kan du kategorisera vårt hotell på en skala från 1 till 6?:

Vänlig  Bra värde för pengarna  Unik

Bra läge  Bra service  Bra miljö

Annan \_\_\_\_\_

14. Är det första gången som du besöker Göteborg på en affärsresa?

Ja  Nej

15. Valet av hotellet gjordes av:

Mig själv  Mitt företag  En resebyrå

Någon annan \_\_\_\_\_

16. Bokningen av hotellet gjordes av:

Mig själv  Mitt företag  En resebyrå

Någon annan \_\_\_\_\_

17. Jag är en:

Man  Kvinna

18. Min ålder är:

23-33  34-44  45-55  Över 55

**Tack för din tid och välkommen åter!**