HOTEL MANAGEMENT AND BRAND ACHIEVEMENT :
A Study of Hotel Industry Achievement

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ABSTRACT

Hotel industry is a form of an intense interaction between employee and consumer. When a hotel choose to perform in a perfect manner, then every operational mistake will be considered as a lost and lowering brand asset value in consumer’ mind. Brand can be the most valuable asset of a company. There is no successful brand exists without a loyal and satisfied consumer who also respected the brand managed by the company.

In this case, a hotel actually can develop its market size and consumer amount growing rate by their loyal consumer. This approach surely give more advantage than other marketing activities such as discount or promotion program. Beside, it’s cheaper for a hotel to give a best serve to its existing consumer than trying to get new consumers. This article will explain further about the importance of a balance between marketing, operational, and brand asset value in hotel industry through hotel management.

Keyword : Hotel, Hotel Management, Marketing, Operational, Brand

INTRODUCTION

A brand is an interesting and popular topic in global hotel industry. When there is a question about the importance of a brand for a hotel, then the brand position will automatically represent the hotel directly as a brand used for non-service product. In other word, brand existence is important. There are 1.480 new hotel in America until 1997 which lowering the occupancy rate to 64,5% (Ford, 1988:59). It is also noted that America has more than 70% famous branded hotels, Canada has 40% and Europe has only 25%, increasing. The basis understanding of a dynamic relationship between brand as an asset and operational management and marketing is the key of success of a hotel. A model has been developed to show this main relationship. To achieve brand integrity and consistency then a further approach should be prepared (Forgacs, 2003). A product brand is not only a name for that product or for a hotel. A brand will always be connected to company identity which will be remain the consumer about its performance.

Based on the information from Express & Travel Tourism (www.expressstraveltourism.com) about hotel industry nowadays, an event was held to measure
hotel brand performance by giving an award named Best Premier Hotel Brands which won by Taj Hotels, Resorts & Palaces. This hotel has 56 properties, 39 are located in India and the rest are scattered at Maldives, Mauritius, Malaysia, Seychelles, England, America, Bhutan, Sri Lanka, Africa, and Middle East. Taj is the first hotel in India that has a dining package in India by introducing several international meals such as Sichuan, Thai, Italy, Mexican, and California. In fact, since 1972, Taj is the first hotel which has 24 hours coffee shop. The measurement and criterion of Best Premier Hotel Brands award is divided into 2 kind which are objective criterion and subjective criterion. Objective criterion consists several factors such as:

- Number of properties.
- Operational revenue (rooms, F&B).
- Online reservation.
- Room inventory.
- Number of rooms sold across all properties.
- Revenue per available room.
- Average room rate.
- Number of employees.
- Gross operating profit.

As the subjective criterion consists factors such as:

- World class cuisine.
- In-house-service.
- Front office interaction.
- Back office interaction.
- Guest facilities
- Value for money promotion.
- Loyalty schemes.
- Marketing & communications

This award model is an example of how important a hotel brand is supported by its basic activities which are marketing and operational, in its effort to give the best service to its consumer. Other event was also held in slightly different view. The event was Best Business Hotel Brands 2006 which was held in a series of Business Travel World Awards event in London. This event was attended by 1,300 business practitioners especially those who works in travel industry. This award was won by City Inn which closely competing with Mandarin Orientals Hotel and Ritz Carlton.

The existence of those kind of award mentioned above, we can see how consumer as individual or as businessman, expect an a better service each time. An award was held to show a kind of consumer and travel business respect to those hotel’s performance and to describe an example of the most satisfied/liked hotel standard these days. Sometimes a hotel which has fairly good management needs balance and supported synergy between its activities. Those activities are directed into one same word which is giving a satisfaction service to its consumer.
Most hotels assume that a strong brand is an important things to attract and maintain their consumer, especially for a branded hotels. Although the tendency of branded hotels to own a strong brand beside high service system by following its management standard, isn’t necessary a guaranty for a high perception from their consumer. Moreover, branded hotels face many competitors among themselves by offering similar service standard with its advantage and disadvantage. Hotel service competition is a highly intense competition that always need best efforts to serve and satisfy their consumer.

![Picture 1. Best Premier Hotel Brands Awards Finalist](http://www.expresstravelandtourism.com/200601/awards02.shtml)

Source: Express & Travel Tourism’s Website

LITERATURE

Brand is an un-separate part of world market nowadays. American Marketing Associations gives definitions of brand as a name, term, sign, picture or symbol or the combination of those mentioned before which propose to identify a single or group of seller’s product or service and to differentiate their product or service from its competitor. Giribaldi (2003) defines brand as a combination of attributes which is communicated through name or symbol which can influence consumer’s mind in buying decision process.

Actually, brand’s role is more than this. A brand is actually a promise given by the company to its consumer about what the product can give to the consumer. That’s what make a brand has important role for a company in their effort to satisfy its consumer (Campbell, 2002). A research is needed to know a company’s brand position in their consumer’s mind.

Perception, consumer’s feeling and their experience with the brand is something that differentiate a brand of a product from its non-brand competitor. A brand can be well positioned by associate its name with its benefit. For example Toyota (can be trusted and family oriented), Sony (creative), Lexus (quality), and Raffles Hotel (mature and aristocrate). This position decision will success if all the individual in that organization have the enthusiasm and the target market believe that the company is the best in giving those benefit. (Kotler et al, 2005).
BUILDING BRAND IDENTITY

An effort to build brand identity needs several decisions considered the name, color, tagline, and symbol. A brand is more than just marketing tools and tactics. Essentially, a brand is a marketer’s promise to deliver several product features, benefits, and consistent service to the buyer. A marketer has to determine a mission for that brand and a vision about what that brand will become and what that brand can do. Marketer has to think that a contract is being offered today to the consumer about how that brand will perform. That brand contract has to be an honest one.

Maximally, a brand campaign will only create name recognition, brand knowledge, and even brand tendency. But no matter how much a company allocates campaign budget, an advertising campaign will not create a brand bonding. Brand bonding or brand attachment will only happen if a consumer experiences a direct benefit which has been promised by the company. The fact is that a brand is not build by an advertising but by experience with that brand. Many companies create promises considering their brand but fail to train its employees to understand and give what has been promised in their brand. A company can internally branding among its employees in order to make its employees understand, wishing, and giving the promise that has been delivered by the brand. (Kotler, 2003).

IMAGE AND REPUTATION

An image is an important content which following a brand of a hotel beside reputation. In this case, a brand reflects further picture from a brand. It is when a customer/consumer remember a brand then the visualization which emerge in their mind is an image or reputation. Beside an image will show brand positioning from a company including a hotel in comparison with its competitor. The comparison are include whether the service is better or worse, whether the quality is higher or lower etc. An image is a color, symbol, words and tagline that deliver a clear message, consistent, and not just a name (Berry et al, 1988). In some brand literature, an image is also frequently mentioned as brand image. Consumer will need more a brand in comparison with competitor brand only because the different image (Schiffman & Kanuk, 1991).

In marketing or selling quality product and managing high price will increase its reputation from a company and also to increase brand loyalty. In effort to build and maintain reputation, good and service quality which has been promised have to be fulfilled. Having a good reputation can increase selling, attract new consumer by word of mouth activities and reduce unsatisfied customer (Rogerson, 1983). A recognize brand will help the consumer to accept new product (Aaker, 1991). A hotel that have high reputation because of quality can sell it service with premium price (Tepeci, 1999).

DISCUSSION

This journal article is a comparative discussion from an article which was written by Forgacs (2003) about “brand asset equilibrium in hotel management” which explained about the importance of balancing the hotel asset and management in running hotel operations and marketing especially for hotel with strong brand. Forgacs explained that
most of big hotels with strong brand (branded hotels) commonly take leading position than other hotels, especially in some performance measure indicators such as:

1. Average price.
2. Level of occupancy.
3. Revenue per available room.
4. revenue per available customer.
5. Return on investment.

Forgacs (2003) also said that brand performance actually can be linked with marketing and operations. In operations side, brand which is well managed can integrate maximally the revenue, giving better training to its employees, and create a consistency in delivering their service. In marketing side, the hotel can build brand with existing resources in segmented market more effectively, broader and more coordinate promotion, and developing a more advance product. In this case a brand can reach penetrated market stronger and offering a higher or premium price.

Like a name for a man, a brand becoming very important when that name has been well known, accepted and even favored. A hotel name can represent an image and status of the hotel as well as explains the characteristics and attraction of hotel. This concept is known as brand personality. It will be unfair when we compare the advantage of hotels with different facility. For example, comparing 3 stars hotel with 5 star hotel. Of course in this case there is a difference degree of facility availability which is being offered by the hotel to its consumer whereas completely different one to another. Hotel with strong brand obviously win in their strong name compare to local hotels which have limited space to develop. It’s like a giant fighting a weaker creature. The condition is not necessary the same when those local hotels have un-replaceable unique with only a name or have enough capital and concept to compete.

**PICTURE 2.**

*Brand Asset Equilibrium*

How we can see there is a direct link between brand and hotel management? It can be explained at Brand Asset Equilibrium picture above. That picture shows a balance between marketing and operations. Specifically, hotel management actually is broke down into 2 important elements in hotels which are marketing and operational. Hotel management as the base is a common hotel management which balancing between those 2 elements in the course of maintaining asset value in form of maintaining the economic value of brand. The benefit? A high and popular brand will give a strong position to the
company to offer its product in premium price. Selling with premium price surely will give a bigger benefit to the company than its competitor who offer same facility and has same operational expense but in lower price.

The arrangement of the position is also describe clearly the level and implication to one another. Why brand in top position? That’s because brand is the face and sound of the product. What is being presented in a brand will be seen by the consumer as a face which represent the image of a product. The words in that brand will become sound which explains the character of the product. The power of a brand in this case is supported by what the company offer which usually called as marketing activities, and also being supported by hotel ability in delivering its promised service which is operations activities.

Marketing and operations is balanced by management to make sure that role and function is ran as it should be. Both of it has to run equally because in this case marketing is a promise to the consumer whereas operations is the evidence to make sure that the promise has been fulfilled. Unbalance of those 2 elements will create a negative impact to the brand indirectly and directly. A brand image will fall and the consumer perception about the hotel brand will no longer strong.

If a hotel markets with ideal concept about its facility, service and attributes which make that hotel has advantage and attraction but obviously in operations to serve its consumer or giving promise in marketing phase is unsatisfied then the image of the hotel become negative. This effect is actually give bigger effect for the company externally which are the consumers. It could be that in this condition consumer see that the hotel is over-promised but not well managed and failed to satisfy its visitors.

Other than that, if operations which is service to the consumer is very good and different with what is promised, then the consumer will think “what is wrong here?” A good hotel with a good service but has limited knowledge about it and the consumer looks has no knowledge and prediction of brand performance measure, it is because this brand is not well promoted. Beside, the consumer can think that the hotel is experiencing financial problem or other problems which make the hotel has no fund to promote more. This condition will influence externally indirectly but on the other side the disadvantage and the lost will be big internally. A hotel that has with many advantage to compete, apparently less promoted and it makes less people have knowledge about the hotel performance. If it promoted and marketed in a better way then it will increase the amount of the hotel visitor and it also increase hotel revenue.

PICTURE 3.

A Marketing – Heavy Model

Source : Forgacs, 2003
This condition clearly has to be reviewed carefully by the company because the disappointed consumer (due to operations or marketing problem) may not willing to come again only to receive the same disappoint twice. In fact, if it possible and worthed then that consumer will switch to other alternative (in this case is the competitor). Consumers surely don’t want to be disappointed twice, therefore possibility percentage for switching consumer is fairly high due to unsatisfy of hotel performance. A condition like describe in the picture above, A Marketing – Heavy Model, caused consumer to switch due to overprice. A condition as “ An Operation – Heavy Model” will make that hotel undervalued.

An overpriced hotel happens because the consumer feels that what has been promised is failed to be fulfilled. Promise is different with operations because service is not as good as it’s been promoted. Consumer will feel that the price they pay is to high compare to its competitor because the consumer is unsatisfied. “A marketing – Heavy Model” happens if a hotel too focus on marketing then operations. Undervalued condition happens because hotel is less promoted and it results in lower price to be offered than its competitor although both hotels are in same star category. Automatically, this effect will create condition that is less positive for financial state of the hotel itself. The internal effect seems to be bigger than external effect. “An Operational – Heavy Model” (picture 4) happens when the hotel too focus on operational than marketing.

PICTURE 4.

An Operation – Heavy Model

![An Operation – Heavy Model](source: Forgacs, 2003)

As review, an interesting concept is offered by Grace & O’Cass (2002) about key dimensions for branded product and services as we can see in picture 5. This concept is actually a continued model from important dimension concept by Keller (1993) especially for core product and service, and also image of typical user by Berry (2000) for experience relates with brand. In Grace & O’Cass research, this concept is used to associate brand with consumer’s feeling and perception to the brand through interview method. This model actually fits to describe attraction of a hotel based on the business kind which is managed. They are the combination of goods (room, facility, food, drink, atmosphere etc) and service (hospitality, comfort, satisfaction, and concrete service scope as massage, spa etc). Hotel, however, is a complex business unit that combines those 2 elements in its operational performance, marketing part here is trying to put the advantage of the hotel and its operations all in 1 package to their future consumer through media.
In explaining more about the operational side and marketing from picture 2, the writer relates the connection between those 2 concepts with key dimension for branded products & services in picture 5. It is mentioned that there are 3 important dimensions in company which are the hotel deliver a combination of good and service they own to the consumer. In the first part is mentioned that the applied category for good and service (1) core product/service. This part could be mentioned as what is the prime offering, if a hotel trying to offer their goods strategically especially the ones which are the core product of a hotel, for example for product (tangible) superior room with its facility with competing price, facility that fits with the price the consumer paid (5 stars facility for 5 stars) etc. The unique side of the product impress the consumer (in the picture; feelings context), consumer use the product and try to enjoy the benefit from the product. The results of this will create experience with the brand, whereas the consumer has already had experience to interact with the product. This experience will remain a strong impression whereas the consumers start to decide whether the product satisfying or not to themselves. (2) Self image congruence applied when consumer see the product and give an assessment about the fitness level to themselves, which is, for example, whether a balance between wish and performance exists. Image of users, which is an image of customer of the product generally also become one of assessment criterion. A 5 star hotel that is frequently visit by middle class society with SES B, for example, when apparently the consumers of SES A who come to stay in hotel see that most of other consumers don’t fit with themselves then the consumer will switch to other hotels. This is in line with Ferrinadewi et al (2003;2004) state that perception influence consumer switching behavior.

Other than that, from the service side (intangible) where service that follow product in the context of core product/service judged based on service scope ; (1) service scope that is offered including its performance. The experience of consuming the service has different effect compare with goods. If the experience of consuming goods usually is an internal effect that is saved for themselves, then the experience of consuming service take form of (2) word of mouth. It means, that experience tend to be shared to other or it
also called as external effect. Automatically, the advantage of service compare with good is more likely to be promoted with no charge by customer, in a situation where the customer is satisfied. On the other side, if a customer is not satisfied then the hotel will have to take the same risk which is the disadvantage or disappointed will be shared to other also. Image of user which is also reflected from their (3) employee. It could be a degree of confident and cleanliness of its employee’ appearance, how professional the employee, and the level of response and initiative of the employee service.

Marketing side will offer the specialty of the hotel good and service and the operations side will make sure that the offer will be fulfilled. The achievement of hotel’s consumer expectation with the service is the satisfying hotel operations. Therefore, hotel’s image will positively move and influence the consumer view of the hotel brand. Nevertheless, the most important thing to be remembered as the distinguish identification of a hotel is not its location, facility, price nor other technical elements but the brand itself as the basic. Image for a company is as important as having good name to individually or business consumer. But actually, there is a higher demand or expectation for a hotel. Especially hotels with strong brand such as Sheraton, JW. Marriot, Mandarin Oriental, Hilton etc.

CONCLUSION

Bateson (1977), Gronroos (1990), Zeithaml & Bitner (1996), in Tjiptono (2005) stated that commonly service is described in 4 unique attributes which are intangibility (not concrete), heterogeneous (many variations), inseperability (unable to separate), perishability (unable to store), and lack of ownership. In this case, the available service in a hotel will also have same characteristics with the service at hospital, beauty parlour, spa etc. Consumer or customer has absolute need to be fulfilled in a good way and that demand will get higher following how good a company serve and offer a solution to their need.

Brand equilibrium model (picture 2) in this case is still be able to be developed further by Forgacs. Forgacs presents that actually brand asset value (picture 6) consists of 2 important part which are brand strength and brand stature. Based on concept by Ackerman & Tong (1995), the truth, brand strength is something that is build based on relevance (what is being promised to the consumer) and differentiation (what is the distinguish service own by a company). Beside, brand stature is a knowledge of consumer about the brand, and esteem (the level of consumer appreciation to the brand), both are the result of brand popularity and quality perception offered by the brand.
Forgacs sees that brand asset value is still need to be explored more from the other side. In this matter, brand strength commonly is how that brand gives a strong image to the customer about its service quality, facility, satisfaction and promise. An advantage value which makes the hotel perceived as “more” than other hotels. Brand stature shows other facet of the hotel where consumer see a favorable specific characteristic apart of its prime power which is brand name. What is actually felt or knew by the customer or their future customer to the hotel brand? Perception source could be from the news media, interaction with the customer itself, promotion or even from other customer’s experience. Brand stature emphasizes more on external attraction side which is the consumer than brand strength from internal side which is the hotel brand. This condition is clearly describes on A Sustainable Asset Model (picture 6).

The final conclusion is we can see that actually brand asset value has to be managed with strong and continued foundation, especially in operation management and marketing of a hotel. A company has to avoid over-promised or under-value (picture 3 and 4), to create a positive atmosphere both to the customer and consumer. An operation-heavy model and A marketing-heavy model is a pilot project of the effect of badly managed of operations and marketing. The hotel image takes the burden of this effect and the hotel brand will no longer as strong as before. Or in other word, the image will decline. Bad hotel image will hit the hotel occupancy which will get lower and the price will be set low to compete its competitor. The hotel management become other key to the hidden power. Management has to ensure that promise will be well delivered through its marketing and service to its customer.

Good company performance will become an un-replaceable measurement, or we can also termed it as a standard to judge other performance. For example, if a consumer satisfied with the hotel service, where the hotel gave an extraordinary help through their stay in the hotel, and they forgot their digital camera while checked out. The hotel with its customer service helped them sincerely and even make sure that it wouldn’t take long to look for the digital camera. The hotel managed to find and return the camera in short time.
On the contrary, when that consumer stay in another hotel and forgot their mobile phone, then that hotel performance in finding and returning the mobile phone will be measured by their experience at the first hotel performance in their digital camera case. In other word, the first hotel performance will become the standard for the second hotel. If the second hotel performance was poor then consumer would assume that the hotel service was poor or less professional because the consumer do the comparison. But, when the second hotel gave them a better service and satisfaction then the new measurement standard has been set.

A satisfaction consumer will become a success standard and also become a free promotion for the hotel. The more satisfy consumer then the more positive message they will spread to their friends, family and colleagues. Forgacs written, that marketing and operations have to keep their balance to avoid a gap between “say” and “do”. Service consistency and integrity will fulfill consumer’s expectation to get a better service. A satisfaction is an un-payable value and worthed, in this case the key success is the balance between “sustainable asset model” which will build positive brand image to be remembered by the consumer.

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