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Brand Management in the Hospitality Industry

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One of a firm's essential assets is a well-established brand name that provides competitive advantages, both tangibles and intangibles, on its performance. Effective management of a brand creates an identity for products and services and differentiates them from its core competitors [1]. For that reason, building and managing strong brands have been considered a key driver of success in the hospitality industry. Kotler et al. [2] defined a brand as "a name, term, sign, symbol, design, or a combination of those elements intended to *identify* the goods and services of a seller and *differentiate* them from competitors" (p. 239). The primary focus of brand management was on *identification* of components (i.e., identify the source or makers of a product) until leading companies started to *differentiate* their products and services through a symbolic and elusive meaning system embedded under their brand names. The importance of brand management was further amplified when the greatest number of launching new brands, brand extensions, and product tiers occurred in the 1980s. This trend leads in an era of brand management research [3]. One reason for the explosion of new hotels and restaurants in this period was that the baby boomer generation entered its peak earning years with different lifestyles and increased number of dual income families.

This industry-wide trend has led to intensified competition, market saturation in some segments of the hospitality industry, and difficulty for consumers to comprehend and evaluate the large number of hotels and restaurants in the marketplace. Hospitality companies had to continuously reposition their brands and differentiate their product offering for sustained growth. In view of that, a small number of major hospitality companies have developed several different brands and formed brand portfolios, mainly through initiating brand extension and/or mergers and acquisition strategies. Currently, the number of brands among major lodging companies varies from less than ten brands like Intercontinental Hotel Group and Starwood Hotels and Resorts Worldwide to close to twenty brands like Wyndham Worldwide and Marriott Corporation. In the same way, leading restaurant companies (e.g., OSI Restaurant Partners, LLC and Darden Restaurants) possess more than five strong restaurant brands in their portfolios. Congruently, major hospitality companies are focusing on how to optimize synergies among their brands in their portfolios [4]. This trend of concentration of valuable brands in a few major brand portfolios is expected to continue in a global setting and will persistently change the industry structure.

The hospitality industry has entered a new cycle of brand management in the 2000s with new breeds of concepts and products. The launch of W Hotels from Starwood as a luxury boutique hotel concept had a massive impact on current trends in lifestyle hotel brands. Lodging companies are continuously introducing similar products (e.g., Aloft, Elements, Indigo, Edition, Andaz, etc.) while vertically restructuring their brand portfolios with more high-end and/or experiential products. Likewise, the restaurant industry is following this similar trend. Many restaurants, especially in the quick service segments, went through a widespread re-branding and re-positioning phase with renewed logos, exterior and interior design, and expanded menus. The Darden Restaurants, Inc. (which owns Red Lobster, Olive Garden, Bahama Breeze, and Season 52) sold Smokey Bones and

acquired Capital Grill and Longhorn Steakhouse in 2007. Recently, they announced they will add two upscale seafood restaurants in their brand portfolio in 2012. In addition, leading restaurant companies are initiating various branding strategies and introducing fast casual and ethnic cuisine concepts, which are broadly accepted among eating-out consumers. One of the latest branding trends in the hospitality industry has been expending a well-established name on a cluster of products or services (e.g., McDonald's *McCafe* and *McTreat*, Westin Hotels' *Heavenly Bed* and *Shower*, and W Hotels' *Jewelry*).

Effective and efficient management of a well-established brand name is persistently identified as one of the top priorities among researchers and industry practitioners [3,2,5]. King et al. [6] revealed that brand management is one of the relative alignments of hospitality research and industry priorities. Accordingly, brand proliferation and differentiation, brand loyalty and competitive advantage, and delivering brand promise were highlighted as foremost brand management concerns when operating in a highly competitive market. Additionally, recent studies on brand management explored new dimensions of brand equity and transfer effects of brand associations with theoretical grounding and conceptual rigor that are uniquely attributable to the hospitality industry [7,8]. Due to advanced information technology, explosive impact of mobile devices, consolidated distribution systems, bifurcated demographic configuration of baby boomer and Generation Y, competitive and shifting market environment, and changes in socio-demographic characteristics and standard of living, major companies are expected to accelerate new and innovative branding strategies. To a greater extent, brand management became a long term strategic decision of a firm and will continuously advance to encompass from brand equity, brand extensions, co-branding, and market competitiveness to identity, personality, image, association, trust, and attitude that customers perceive.

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