6-1-2012

Branding Hospitality: Challenges, Opportunities and Best Practices

Chekitan S. Dev Ph.D.
Cornell University, csd5@cornell.edu

Glenn Withiam
Cornell University

Branding Hospitality: Challenges, Opportunities and Best Practices

Abstract
The core elements of brand management are to create a concept that fulfills customer needs and then to remain true to that concept in all aspects of the business. The ability to articulate a brand's meaning and consistently operate according to that meaning has never been more critical, given the wide open window into the brand's heart and soul created by the internet and social media. Participants in the second Cornell Brand Management Roundtable met in spring 2012 at the Cornell School of Hotel Administration to examine the elements of a powerful brand, the critical steps for brand innovation, and the growing impact of social media on brand management. Although social media may affect the way customers view a brand as they consider a purchase, the importance of the brand promise remains undiminished, and may well be stronger than ever.

Keywords
Cornell, hospitality, India, online travel agents

Disciplines
Hospitality Administration and Management

Comments
Required Publisher Statement

The Center for Hospitality Research
Hospitality Leadership Through Learning

Branding Hospitality:

Challenges, Opportunities, and Best Practices

Cornell Hospitality Proceedings
Vol. 4 No. 5, June 2012

20th ANNIVERSARY 1992 - 2012

by Chekitan S. Dev, Ph.D., and Glenn Withiam

Cornell University
School of Hotel Administration

Cornell Hospitality Proceedings
Vol. 4, No. 5 (June 2012)

Cornell Hospitality Report is produced for the benefit of the hospitality industry by The Center for Hospitality Research at Cornell University.

Rohit Verma, Executive Director
Jennifer Macera, Associate Director
Glenn Withiam, Director of Publications

Center for Hospitality Research
Cornell University
School of Hotel Administration
489 Statler Hall
Ithaca, NY 14853

Phone: 607-255-9780
Fax: 607-254-2922
www.chr.cornell.edu

Advisory Board

The Center for Hospitality Research

Hospitality Leadership Through Learning

Thank you to our generous Corporate Members

Senior Partners

ASAE Foundation
Carlson Hotels
Hilton Worldwide
National Restaurant Association
SAS
STR
Taj Hotels Resorts and Palaces

Partners

Davis & Gilbert LLP
Deloitte & Touche USA LLP
Denihan Hospitality Group
eCornell & Executive Education
Expedia, Inc.
Forbes Travel Guide
Four Seasons Hotels and Resorts
Fox Rothschild LLP
French Quarter Holdings, Inc.
HVS
Hyatt
InterContinental Hotels Group
Jumeirah Group
LRP Publications
Maritz
Marriott International, Inc.
Marsh's Hospitality Practice
McDonald's USA
newBrandAnalytics
priceline.com
PricewaterhouseCoopers
Proskauer
ReviewPro
Sabre Hospitality Solutions
Sathguru Management Consultants (P) Ltd.
Schneider Electric
Thayer Lodging Group
Thompson Hotels
Travelport
WATG
Wyndham Hotel Group

Friends

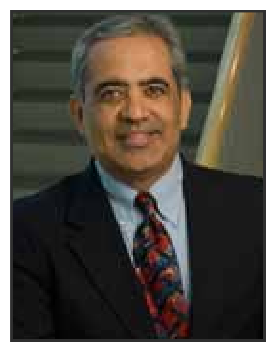
4Hoteliers.com • Berkshire Healthcare • Center for Advanced Retail Technology • Cleverdis • Complete Seating • Cruise Industry News • DK Shifflet & Associates • ehotelier.com • EyeforTravel • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial and Technological Professionals • hospitalityInside.com • hospitalitynet.org • Hospitality Technology Magazine • HotelExecutive.com • International CHRIE • International Hotel Conference • International Society of Hospitality Consultants • iPerceptions • JDA Software Group, Inc. • J.D. Power and Associates • Lodging Hospitality • Lodging Magazine • LRA Worldwide, Inc. • Milestone Internet Marketing • MindFolio • Mindshare Technologies • PhoCusWright Inc. • PKF Hospitality Research • Questex Hospitality Group • Resort and Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate • UniFocus • Vantage Strategy • WageWatch, Inc. • WIWIH.COM

Branding Hospitality:

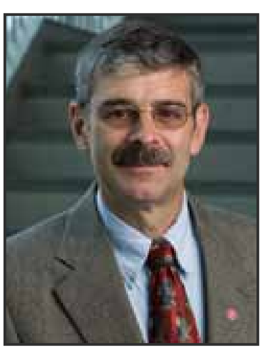
Challenges, Opportunities and Best Practices

by Chekitan S. Dev and Glenn Withiam

ABOUT THE AUTHORS



Chekitan S. Dev is associate professor of strategic marketing and brand management at the School of Hotel Administration. Recognized as a leading authority on strategic marketing and brand management, his award-winning research has been published in several peer reviewed journals, including the *Journal of Marketing* and *Harvard Business Review*. He has won all major hospitality research awards including the 2002 John Wiley & Sons award for lifetime contribution to hospitality and tourism research. A former corporate executive with Oberoi Hotels & Resorts, he has served corporate, government, education, advisory and private equity clients in over 35 countries on five continents as consultant, seminar leader and expert witness. These include Accor, Breeden Capital Partners, Chandris Greece, Crystal Cruise Lines, Disney, Expedia, ExpoGourmand Chile, eHow Technologies China, Four Seasons Mumbai, French Culinary Institute, Grupo Posadas Mexico, Hilton, Holiday Inn, Horwath Austria, HOTUSA Spain, Hyatt, IHRAI Philippines, InterContinental, Jampro Jamaica, Jumeirah Dubai, Kerzner Mauritius, Leela India, Mandarin Singapore, Marriott, Mövenpick Switzerland, One&Only UK, Orbitz, Peninsula, PlanHotels Italy, Priceline, Rosewood, Sarovar India, Starwood, Taj India, Travelocity, Westin, YUM Malaysia, and Zatisi Czech Republic. Professor Dev was selected as one of the "Top 25 Most Extraordinary Minds in Sales and Marketing" for 2009 by Hospitality Sales and Marketing Association International (HSMAI).



Glenn Withiam is director of publications for the Cornell University Center for Hospitality Research.

EXECUTIVE SUMMARY

Participants in the second annual Cornell Brand Management Roundtable examined the both the elements of a strong brand and the place of social media in helping hospitality brands survive and thrive. While brand management fundamentals remain unchanged in the digital age, the widespread expansion of social media and smart phones, along with ever vigilant (and vigilante) guests creates a round-the-clock environment for all brands.

Excellent brands will continue to shine in this environment, but weak or defective brands may be swept away by the tsunami of digital information. One participant's definition of a brand is "business strategy brought to life." Under that rubric, everyone in the company should understand and be able to articulate their brand's key differentiating points. Whether one is developing a new brand or upgrading an existing brand, innovating a brand involves a disciplined process that begins with recognizing a need and then taking the steps to determine how to fill that need in a way that resonates with customers. As an example, InterContinental Hotels Group has developed the new Even Hotels brand to fulfill an identified market gap for frequent travelers who wish to maintain their healthful balance and routines on the road.

The rise of social media has altered the relationship of brand and customer from a theoretical partnership to a continuous interaction. In particular, social media strongly influence consumers' purchase processes. For example, brands in the original decision set may all be dropped by the time a purchase occurs and an entirely different brand—perhaps one suggested by strangers via social media—may be the final choice. Moreover, flash deals spur purchases that may be based on price rather than brand. To remain a strong brand in the presence of social media, a hospitality firm needs horizontal integration so that guests receive a consistent experience at all levels of brand contact.

Branding Hospitality:

Challenges, Opportunities and Best Practices

by Chekitan S. Dev and Glenn Withiam

The core elements of brand management are to create a concept that fulfills customer needs and then to remain true to that concept in all aspects of the business. The ability to articulate a brand's meaning and consistently operate according to that meaning has never been more critical, given the wide open window into the brand's heart and soul created by the internet and social media. Participants in the second Cornell Brand Management Roundtable met in spring 2012 at the Cornell School of Hotel Administration to examine the elements of a powerful brand, the critical steps for brand innovation, and the growing impact of social media on brand management. Although social media may affect the way customers view a brand as they consider a purchase, the importance of the brand promise remains undiminished, and may well be stronger than ever.

All CHR roundtables invite students to hear the discussion. In this brand management session, students were also encouraged to ask questions.

Elements of a Powerful Brand

A study of the world's strongest brands identified the essential elements of a brand and, by inference, showed how to improve a brand's status. To conduct his study on brand power, Jez Frampton, of Interbrand, filtered the universe of brands for analysis according to their international presence. Defining a brand as a business strategy brought to life, he wanted to look at the extent to which a brand influences consumer behavior. He found that a strong brand improved a company's financial performance, and the valuation accorded to a particular brand reflected analysts' view of a company's future value. The only hospitality brand to fit his internationally oriented criteria was McDonald's, in a list headed by Coke, IBM, and Microsoft. Even though some hotel brands are themselves powerful, they are wrapped within another brand, and so did not appear on this list.

Although Apple wasn't on the top-ten list of this study, it was moving up, demonstrating a key principle of a powerful brand, which is to change the way people behave. Another strong brand, Amazon also demonstrates the importance of brand innovation. One example of its brand power is that it developed the Kindle, which if successful could conceivably kill an important component of the core brand—paper copies of books. Another brand story is that of Burberry, which has used its digital presence to create an experience online.

Frampton observed that every brand has an element of the hospitality business in it, and hospitality industry thinking and philosophy can be applied almost anywhere. Roundtable chair Chekitan Dev gave the example of Nokia in this regard. Nokia's equipment is at parity with that of any other cell phone provider, but its service can be the differentiator. At the same time, hoteliers often fail to articulate the compelling experience found in their hotel, even though guests can feel and explain that experience. Another concern is that many hotel properties have great authenticity that they fail to use. Consumers are willing to tell you about your business, but too many operators don't wish to listen. By the same token, hoteliers should be certain that the brand story that they do tell is heartfelt and true.

The hospitality industry suffers from a glut of similar brands, which offers a brand considerable opportunity to stand out—provided it really understands the customer and is relevant to their needs. Hotel brands also need to reconsider the nature of consistency, so that the guest experiences a fundamentally reliable product but service may be flexible to suit guests' needs. The industry's distribution system is now fragmented beyond recognition, and service must be redefined to fit not only guests' practical needs but also their emotional needs.

Jez Frampton, CEO of Interbrand, explains the elements of a strong brand, as Professor Chekitan Dev, roundtable chair, looks on.

Sid Narang, VP, Starwood Group: Hotel brand managers should work to balance consistency with innovation.

Looking more closely at differentiation, Frampton said that great brands have a powerful story at heart, and all brands need a stronger story than just shareholder value or return on investment. Given that so many markets are saturated, the most obvious way to differentiate a hotel is through the staff's performance. Hotels generally employ many people, so the question becomes whether managers and owners value their people appropriately. Here is one place where a silo mentality is destructive. To create a complete consumer experience, Frampton urges less vertical thinking and more horizontal thinking to create a consistent consumer experience across the entire organization at each and every "touch point" or point of contact between the brand and its customers. As discussed later, social media amplify this concern.

Participants were interested in the monetary value of a brand, but this is a challenging concept. Andy Bird, of Brand Learning, noted that there is a clear link between brand value and the balance sheet, but a more basic issue is measuring the way a brand creates customer value. In that regard, Jennifer Ebert, of ?What If!, pointed out that many hotel brands are trying to break out of their category, and to become more authentic. The question then becomes: what to break and what to keep, to create customer value. Frampton added that managers need to know how the chain of experience adds value because this analysis shows what to focus on to bring out the best of a hotel and to create hallmark service.

The investment conundrum. The structure of the hotel business creates a wrinkle in brand management that does not appear in most other industries. As Sid Narang, of Starwood, pointed out, hotels are significant investments for their owners, and Starwood brand managers are effectively working with other people's money. Thus, the balance between consistency and innovation depends on each particular situation. As brand stewards, managers must determine what they can control and what to articulate, particularly in terms of which local characteristics to embrace. The greater the customization to a particular owner's needs, the more detailed the resulting discussions about brand standards. Christine Lee, of McDonald's, sees franchise owners doing more to connect with their community. This involves another type of balance, one between the chain's signature consistency and the level of local influence. A certain amount of freedom makes sense, without diminishing the brand. Frampton suggested that in many cases the brand is one factor that justifies an investment, because it changes consumers' expectations and behavior.

Innovation can create a barrier to entry for competitors, but that has to go beyond the physical property. One opportunity for innovation is engaging with the internet and social networks. That said, it's difficult to scale innovation. As one example of how to create innovations, Frampton cited the change in payment practices at the Apple store. Managers observed that customers had to wait in line to pay at the exit checkout, but this is not the experience the company wanted at its store. The process was changed in terms of the way people paid so that they did not have to move to a separate location and wait in line to pay, but instead employees could settle the bill on the spot with a hand-held wireless payment processing system. Looking at a different kind of innovation, Doug Miller, of LivingSocial, gave the example of how LivingSocial has opened a space to bring in merchants and create experiences, a step beyond the firm's daily deal strategy.

New Brand Development

?What If!'s Ebert offered an outline of a successful innovation process, which she sees as having four steps: identify, insight, ideas, and impact. Brands need all of these elements in turn, and a failed brand has omitted one or more of those

John O'Neill, director of the School of Hospitality Management at Penn State, listens as Jennifer Ebert, director of inventing practice at ?What If!, outlines the elements of new brand development.

Christian Hempell, VP, InterContinental Hotels Group, explained the development of the newly created Even Hotels brand.

steps. Thus, she suggested that the secret of successful innovation is found in how each step is accomplished.

Identify. The first step is to expansively define and frame the challenge to ensure that the goal is correct—that is, planners are aiming at the right challenge and at the right level. The focus should be neither too broad nor too fine. To achieve the correct scope, it helps to express the challenge in real terms as an emotional rallying cry, avoiding business jargon.

Insight. Look differently and deeply into the customer's heart and mind to see what the real issues are. Map the customer journey and find the energy-building bright spots and energy-blocking black holes along the way. Identify how key moments of truth will intersect with desired outcomes.

Ideas. Having identified the needs and gained insight into people's real wishes, create ideas for how to make the needs tangible, keeping in mind commercial realities. Here is another location for lateral thinking, even though deep expertise on each topic is also needed. One source of learning is other business categories.

Impact. Once the ideas are developed they must be combined into a new brand that can be brought to market. The top recommendation here is to go for what is real, and to avoid over-reliance on focus groups among other false steps, since the focus group process does not always reflect how people learn about a product. Instead people have to experience the concept. During this phase, the organization often gets in its own way, particularly if there are fiefdoms and political issues.

Even Hotels

InterContinental Hotels Group has developed a new experience brand called Even Hotels. Christian Hempell, the leader of the effort, said that every great brand delivers an experience, of course, but this brand is specifically aimed at providing an experience through both its people and its spaces. Following the framework offered by Ebert, Hempell explained the development of Even Hotels, a brand to be rolled out in selected markets in 2013. The core idea for Even was to create great hotels that guest love. Excellent brands are sharp, differentiated, and emotional, and a goal is to encourage customers to love the hotel brand.

When Hempell's team started creating the new brand, they didn't initially know what it would be. Their insight was the presence of 17 million health-minded mainstream travelers who place a premium on a balanced healthy lifestyle. Most of these travelers were relatively young, but a substantial number were old. These travelers place a premium on balance—eating right but choosing appropriate food and not being afraid to enjoy themselves along the way. In particular, this group is frustrated by the poor food and exercise opportunities available on the road. They want to maintain their routine, but don't find decent food service (or any food service in some cases) and they consider the workout room to be an afterthought in most hotels. In fact, many don't want to go to a gym to work out. These customers improvise on the road by ordering in or bringing in food and working out in their room, a hallway, or an empty ballroom.

The solution identified by the IHG team is to create a hotel that allows guests options for their food and exercise routines. This approach acknowledges that wellness involves a personal definition that means different things to different people. However, since all of these travelers seek to maintain their balance even as they travel, this suggested the new concept's name.

Doug Miller, SVP, LivingSocial: Companies need to learn more about how to use and measure social media.

Marc Rachman, partner, Davis & Gilbert: Brands need to watch for false statements on social media and address them immediately.

Some of the team's insights included the realization that they did not want to cannibalize business from existing hotels; the observation that not everyone uses hotel pools, even though they occupy space and absorb capital, because they don't meet typical exercise needs; the further realization that many guests would prefer not to traipse through the hotel in their workout clothes; and the assumption that customer research would help determine price points and service levels. The space formerly occupied by the pool freed up space for larger rooms to allow in-room workouts for guests who are so inclined.

Looking at the question of why they created an entirely new brand, rather than create a "balanced" feature in existing properties, Hempell said the reality is that this is a separate market segment that is large enough to support its own brand. Thus, one additional insight is that inserting an "Even" section in existing hotels would have confused customers, especially since InterContinental and Holiday Inn properties already have facilities that appeal to a different set of guests. The brand concept goes beyond one or two elements to form a complete package.

The concept will also include staff associates who share the guests' balanced philosophy. Thus, the staff can relate to guests' needs, for example, by leading an early morning run or discussing food choices. These travelers also like food and drink as part of their life balance, so a wine bar would be part of the concept.

Digital Branding

The way customers choose a brand or make a purchase is rapidly evolving, driven by the rampant availability of information. Consequently, the relationship of the customer and brand has changed, especially in the decision making process and its speed. The number of brands in a decision set has increased, and the speed at which those brands are considered and eliminated has accelerated. Most critically, the final purchase decision may involve a brand that was added during the process (often suggested by people posting comments on social media sites) and was not in the original decision set, with the result that none of the original brands survives in the final purchase decision. Thus, companies need to spend money to influence people during the comparison process, even more than to be part of the initial decision set.

One result of such turbulence is that some brands may die, killed off by the remarkable transparency of information—a bad brand cannot survive this. Wise marketers know the drivers of demand, the foremost of which is trust in the brand, despite the immense amount of data available. Price elasticity involves the intersection of price, convenience, and quality. Thus, each hospitality operator needs to consider the way their brand's value interacts with price.

Not surprisingly, the nature of customer loyalty is also changing under the onslaught of internet information, because people's online comments can chip away at your brand. To the extent possible, operators must manage what is being said about their brand. Beyond that is the critical interaction that Frampton called the "loyalty moment," which occurs when product or service reinforces the good things being said about your brand.

Companies with no coherent social media strategy have a massive opportunity to create that strategy, if they can take advantage of the open window. The process starts with a strong story, vision, and purpose. Next, brand managers must determine how touchpoints create value. Finally, the digital opportunity means that a firm must embrace both real and virtual experiences to create a new customer experience. Regardless of the industry, brand managers

Lawrence Bernstein, managing partner, Protean Strategies: Don't count out old-style media, but be aware that the customer's decision process has changed due to new media.

Julie Cottineau, founder, BrandTwist: Social media give customers a new channel to address their concerns.

must map out the best customer experiences, both online and offline, and then generate new ones. It's important to be open to possibilities. Jonathan Copulsky, of Deloitte, urged a forward-looking approach, saying that what we'll see in five years will be unpredictably different from what we see now. As an example of how people's behavior changes, he recalled that the first time he saw a camera in a cell phone, he wondered why anyone would want such a thing. Now he realizes that it's not about the camera or the phone—it's about sharing moments in real time with friends and family.

While it's hard to make the specific ROI case for investments in social media, it's important for companies to manage social media. Andy Bird pointed out the importance of timing and thinking through social media management plans. For instance, QR codes are a popular item, but do they actually bring in customers? Laurence Bernstein, of Protean Strategies, further cautioned that despite the great interest in social media, the traditional media continue to operate and people still use them. Thus, social media must be viewed in the context of marketing evolution. For instance, take note of how a firm's social media strategy has changed in four years of Facebook, and how it will change going forward.

The hospitality industry may face competitive threats that they don't know about, which certainly didn't exist in recent years. Ebert pointed to such concepts as Airbnb, people connecting on the internet to charter airplanes, and baby toy exchanges as examples of business models that are forms of competition fostered by the internet. LivingSocial's Miller added that one need they identified for their client companies was to learn more about how to use and measure social media. Living Social sees social media and commerce coming together in ways that will be measurable.

Looking at the situation of the upcoming Even Hotels launch, Hempell suggested that social media help lower entry barriers for a new brand launch, but if that brand is not ready for prime time its problems are quickly exposed. On the other hand, great brands shine.

Julie Cottineau, of BrandTwist, sees a continued blend of technology and customer service, as in the case of passengers on a plane who were not served their correct meals. Their tweets about this situation were intercepted by the airline's ground office which then contacted the plane crew to fix the problem. In a similar situation, she recalls trying without success to reach customer service on the telephone for half an hour when an item not was not available at local store. A tweet, on the other hand, brought an instant response. The moral of these stories is that brands can use information that customers share to make their experience better.

Starwood's Narang suggested that social media give hotel companies both the opportunity and the responsibility to learn more about their customers. Companies have gone from owning a hotel to owning a brand and now to owning a customer. This means knowing all they can learn about customers so that they can target potential guests more effectively. To avoid the big-brother creepiness involved in collecting information and tracking preferences, hotels might do well to openly enlist their customers in the effort.

Different generations of travelers will have varying reactions to sharing information. In fact, Copulsky pointed out that customers know very well that hotels can collect information on their personal preferences, so the question becomes, why don't they do a better job of it? It's frustrating when hotels fail to act on freely available information. Kesh Prasad, of Differential Web Solutions, agreed, suggesting that hotel operators work on harnessing social media instead of

Andy Bird, co-founder and executive director of Brand Learning: Brand management involves combining marketing with leadership, skills with behavior, technical expertise with a human connection, and doing with being. At right, Warren Ellish, president and CEO, Ellish Marketing Group.

Christine Lee, senior director, U.S. strategy, McDonald's Corporation: Unsolicited communication to customers must be handled carefully, but sometimes sharing timely information is much appreciated.

wondering what is going on. In that connection, Paolo Rosso, of Plan Hotel SA, raised the concern that people might feel they are being contacted too much. He said that people don't want to be contacted unless they ask to be contacted. However, Lee pointed out that sometimes an unsolicited contact is welcome and appropriate, provided the contact means that the consumer gains useful information, for example, a reminder from a pharmacy about an expiring prescription. Seth Traum, of BrandAsset Consulting, agreed, saying that contacts are not intrusive when people are being given what they need. Where things fail is when the company doesn't really know the customer's needs.

In sum, Frampton pointed out that the behavior characterized by social media is not new, it's just old fashioned word of mouth in a new form, one that can be influenced judiciously. He added, however, that the market won't wait, and brands must measure whether they are being heard in all the traffic. A suite of analytic tools is available to gauge the effectiveness of social media. In the next five years, one major issue will be who controls whose data.

Brand Leadership

Presenting the issue of brand leadership, Brand Learning's Andy Bird declared that every marketer needs to be a leader. Perhaps the biggest constraint for companies is the availability of solid talent. He again pointed to the need for horizontal thinking to create an integrated, whole-company brand experience. Due to the hospitality industry's structure, with multiple stakeholders involved (owners, management companies, franchisors, asset managers, and third-party distribution channels), this is a challenge.

The role of management in this process is to drive sustainable, profitable, demand-led growth by creating the best possible value for the customer. Bird sees four essential steps in this process: **(1)** understanding and shaping what value means to customers, **(2)** creating innovative, appealing properties, **(3)** building a trusted, branded relationship that includes authenticity and transparency, and **(4)** engaging all functions and stakeholders to deliver value.

Bird summarizes the challenge of brand marketing leadership in three key concepts: future, engage, and deliver. The goal is to combine marketing with leadership, skills with behavior, technical expertise with a human connection, and doing with being. He sees four issues under the "future" rubric: **(1)** commercial objectives (being clear about the connection of goals to customers); **(2)** portfolio strategy (being clear about market segments); **(3)** brand ideas (generating ideas and building the brand); and **(4)** innovative properties (ensuring new sources of value). The "engage" portion of the model includes the following: **(1)** consumer empathy (being involved with the world); **(2)** brand communication (ensuring two-way engagement); **(3)** cross-functional alignment (building relationships throughout the business); and **(4)** stakeholder engagement. Finally, the "deliver" part of the framework involves **(1)** integrated planning (strategic plans); **(2)** market presence; **(3)** understanding the consumer experience; and (4) value creation (with a specific focus on when and how to create value).

Brand Resilience

Deloitte's Jonathan Copulsky presented his analysis how brands can build and retain their resilience, given the onslaught of competitors and external events. He cautions

Jonathan Copulsky, principal, Deloitte: No brand is impregnable, but strong trust between employees and customers will help offset the threat of false negative statements.

Seth Traum,SVP, BrandAsset Consulting: Trust has become a growing problem for brands, and many consumers express an "unbelievable" lack of trust for brands.

that no brand is impregnable, and management must consequently make an assessment of risk and recovery. While the threats to brand strength are not new, the presence of instant, constant word of mouth is a relatively new challenge. The danger comes because information spreads in a flash, regardless of whether it's true or false. Under the force of internet opinion, even the best brands can be leveled. This environment endows brands with both higher value and greater fragility. The best defense to the many possible challenges for a brand is to have a solid cadre of employees,

Trust is an essential part of this process, in part because threats can come from inside. The internal threats to a brand's reputation come from the employees who either are not thinking or are not supporting the brand. These threats can come in the form of viral videos, mismanaged pricing policies, executives behaving badly, or a brand ambassador or spokesman who lacks or loses credibility. Make no mistake that customers will quickly punish a company that is seen as supporting unethical positions. Among the external threats are social media impersonators who seek to undermine a brand by pretending they are somehow affiliated, the quality of materials from outsourced suppliers, scathing blog posts, and angry customers who share their anger in any channel possible.

The analogy between today's competitive environment and a guerilla insurgency is almost unavoidable, since a brand can be "attacked" at almost any point. Thus, Copulsky suggests that brand managers think like counterinsurgents to offset any possible threat. Marc Rachman, of Davis and Gilbert, raised the issue of brand protection in the face of false statements. He urged that companies watch for such statements and address them immediately. Copulsky agreed that the fact that a statement is false—and is so labeled—does not by itself solve the problem.

A brand must have a corps of advocates who will jump in to correct errors. Frampton noted that in this connection the hospitality industry has a particular problem in building and maintaining competency because staff members move so frequently. Expanding on that idea, Bird pointed out that if a company relies only on the idea that people will take communication initiative, that may not work. Instead, a brand must establish and embed tools and processes to ensure that communication issues are addressed. Beyond that, a hospitality brand and its stakeholders need to display a spirit of purpose. If the business is built on a set of values, people will gravitate toward that brand and be favorable toward it. Cornell professor Benjamin Lawrence highlighted a special issue for the hospitality industry, which, in addition to the guests who occupy rooms, has an entirely different set of customers in the form of franchisees. When brands are sold and resold, when CEOs come and go, and when a franchise system constantly revises its message, the question for franchisees is how do they trust the franchise system. Seth Traum suggested that trust (or lack of it) has become a growing problem for brands. BrandAsset Consulting measures trust and has identified an "unbelievable" lack of trust that consumers feel for brands. This is chiefly a result of concerns about authenticity and reliability.

Greening Brands

Tom Zara, of Interbrand, presented his analysis of the intersection of the hospitality industry and the so-called "triple bottom line," which expresses a balance between profitability, employee welfare, and corporate citizenship. Consumers have definite points of view on corporate citizenship, but their view may not be the same as that of the corporations themselves—and corporations may not know exactly what their customers value in terms of corporate citizenship. Zara

Kesh Prasad, president, Differential Web Solutions: Hotel operators should work on harnessing social media.

Tom Zara, global practice leader, corporate citizenship, Interbrand: To be good corporate citizens, companies need to believe in a principle and act reliably on that principle.

proposed a model of doing good strategically, so that this becomes part of the brand value.

While there's little question that corporate citizenship adds to brand value, the issue is what exactly that term means to consumers. Zara pointed to a study of over 5,000 consumers which found that their attitudes regarding the elements of corporate citizenship are highly correlated. Expressed a different way, this means that a corporation that does a good job fulfilling one aspect of corporate citizenship well will get credit for the other pieces (e.g., altruistic behavior, being community minded, or environmentally responsible). Furthermore, when a brand shows good corporate citizenship it improves both advocacy and favorability on the part of consumers. Favorability drives consumers' overall engagement, which has an influence on both commitment to a brand and final purchase decisions.

Of all the corporate citizenship behaviors, sustainability is dead last in moving the dial on consumers' view of corporate citizenship. Sustainability is simply expected. Instead, the top-box corporate citizenship activity for this survey was positively affecting society, followed by supporting NGOs and the community, as well as treating employees well. Ironically, the study found that consumers view Toyota as one the world's green companies, even though its main business involves producing CO_2. The reason for Toyota's green cred is that the company stepped out to create the Prius.

Zara concluded that the key to being viewed as a good corporate citizen is first to truly believe in a principle and then to act reliably on that principle. Only then should you talk about it. You need to show who you are, what you stand for, and what you are doing.

Closing Thoughts

Cornell Professor Cathy Enz summarized much of the discussion by suggesting that a holistic understanding of branding is essential. Noting again the value of reorganizing the hospitality industry to get rid of the operational silos and adopting a brand-centric model, she added that it's not clear what the idea of reorganizing actually means for brands and social media. Protean's Bernstein cautioned that radical changes don't always work, and organic change is often more successful.

Copulsky suggested that the industry needs to consider where the next disruptive ideas will come from—because they most certainly will come, often unannounced. Dev said one of those disruptions may be the next big travel distribution company: Facebook. Prasad suggested that such a thing might occur if Facebook included a widget to click on for travel bookings. Dev also sees purchase behaviors at LivingSocial that are not found at such existing firms as Expedia or Travelocity. But LivingSocial's Miller said that creating an interaction between social media and travel distribution is easier said than done. For instance, 70 percent of the purchases for LivingSocial's travel experiences were made within 15 minutes of receiving an email about the deal. This demonstrates how consumers react to stories told by a brand—some react rationally and others react emotionally.

Mark Woodworth, of PKF Consulting, returned to Frampton's definition of innovation that includes the possibility of killing your own business. Horizontal thinking is obviously a key, but another important aspect is having data. If you have enough data, you can answer almost any question, so this points to Google as being in a particularly strong position. Hempell added that given all the static created in and around social media, brand managers must focus on core principles. In the end, a hospitality brand is represented by its employees. Thus, managers must create an environment that encourages employee passion. That key strength can offset many sources of danger and quickly repair damage caused by a digital firestorm. ■

PARTICIPANTS

Laurence Bernstein, *Managing Partner*, Protean Strategies Inc
Andy Bird, *Co-Founder and Executive Director*, Brand Learning
Christine Chang, *Student*, Cornell University School of Hotel Administration
Jonathan Copulsky, *Principal*, Deloitte
Julie Cottineau, *Founder*, BrandTwist
Chekitan Dev, *Associate Professor*, Cornell University School of Hotel Administration
Jennifer Ebert, *Director, Inventing Practice*, ?What If!
Warren Ellish, *President and CEO*, Ellish Marketing Group
Cathy A. Enz, *Lewis G. Schaeneman, Jr. Professor of Innovation and Dynamic Management*, Cornell University School of Hotel Administration
Jez Frampton, *Group CEO*, Interbrand
Christian Hempell, *Vice President, New Business Development and Delivery, The Americas*, InterContinental Hotels Group
Ben Lawrence, *Assistant Professor*, Cornell University School of Hotel Administration
Christine Lee, *Senior Director, U.S. Strategy*, McDonald's Corporation
Kelly McGuire, *Executive Director, Hospitality and Travel Global Practice*, SAS Institute, Inc
Doug Miller, *Senior Vice President, New Business Initiatives*, LivingSocial
Siddharth Narang, *VP, Development*, Starwood Hotels & Resorts Worldwide
John O'Neill, *Director*, School of Hospitality Management, The Pennsylvania State University
Kesh Prasad, *President*, Differential Web Solutions, Inc.
Marc Rachman, *Partner*, Davis & Gilbert LLP
Paolo Rosso, *Vice President*, PlanHotel SA
Joseph D. Strodel, Jr., *Director of Communications & Corporate Affairs*, Cornell University School of Hotel Administration
Seth Traum, *Senior Vice President, Director of Brand Strategy*, BrandAsset Consulting
Rohit Verma, *Professor, Executive Director for The Center for Hospitality Research*, Cornell University School of Hotel Administration
Mark Woodworth, *President*, Colliers PFK Hospitality Research
Tom Zara, *Global Practice Leader, Corporate Citizenship*, Interbrand

Cornell Center for Hospitality Research

Publication Index

www.chr.cornell.edu

Cornell Hospitality Quarterly

http://cqx.sagepub.com/

2012 Reports

Vol. 12 No. 7 The Ithaca Beer Company: A Case Study of the Application of the McKinsey 7-S Framework, by J. Bruce Tracey, Ph.D., and Brendon Blood

Vol. 12 No. 6 Strategic Revenue Management and the Role of Competitive Price Shifting, by Cathy A. Enz, Ph.D., Linda Canina, Ph.D., and Breffni Noone, Ph.D.

Vol. 12 No. 5 Emerging Marketing Channels in Hospitality: A Global Study of Internet-Enabled Flash Sales and Private Sales, by Gabriele Piccoli, Ph.D., and Chekitan Dev, Ph.D.

Vol. 12 No. 4 The Effect of Corporate Culture and Strategic Orientation on Financial Performance: An Analysis of South Korean Upscale and Luxury Hotels, by HyunJeong "Spring" Han, Ph.D., and Rohit Verma, Ph.D.

Vol. 12 No. 3 The Role of Multi-Restaurant Reservation Sites in Restaurant Distribution Management, by Sheryl E. Kimes, Ph.D., and Katherine Kies

Vol. 12 No. 2 Compendium 2012

Vol. 12 No. 1 2011 Annual Report

2012 Tools

Vol. 3 No. 3 Restaurant Table Optimizer, Version 2012, by Gary M. Thompson, Ph.D.

Vol. 3 No. 2 Telling Your Hotel's "Green" Story: Developing an Effective Communication Strategy to Convey Environmental Values, by Daphne A. Jameson, Ph.D., and Judi Brownell, Ph.D.

Vol. 3 No. 1 Managing a Hotel's Reputation: Join the Conversation, by Amy Newman, Judi Brownell, Ph.D. and Bill Carroll, Ph.D.

2012 Proceedings

Vol. 4 No. 4 Connecting Customer Value to Social Media Strategies: Focus on India, by Rohit Verma, Ph.D., Ramit Gupta, and Jon Denison

Vol. 4 No. 3 The International Hospitality Industry: Overcoming the Barriers to Growth, by Jan Hack Katz and Glenn Withiam

Vol. 4 No. 2 The Intersection of Hospitality and Healthcare: Exploring Common Areas of Service Quality, Human Resources, and Marketing, by Brooke Hollis and Rohit Verma, Ph.D.

Vol 4. No. 1 The Hospitality Industry Confronts the Global Challenge of Sustainability, by Eric Ricaurte

2012 Industry Perspectives

Vol. 2 No. 3 Energy University: An Innovative Private-Sector Solution to Energy Education, by R. Sean O'Kane and Susan Hartman

Vol. 2 No. 2 Engaging Customers: Building the LEGO Brand and Culture One Brick at a Time, by Conny Kalcher

Vol. 2 No. 1 The Integrity Dividend: How Excellent Hospitality Leadership Drives Bottom-Line Results, by Tony Simons, Ph.D.

2011 Reports

Vol. 11 No. 22 Environmental Management Certification and Performance in the Hospitality Industry: A Comparative Analysis of ISO 14001 Hotels in Spain, by María-del-Val Segarra-Oña, Ph.D., Ángel Peiró-Signes, Ph.D., and Rohit Verma, Ph.D.

Vol. 11 No. 21 A Comparison of the Performance of Independent and Franchise Hotels: The First Two Years of Operation, by Cathy A. Enz, Ph.D., and Linda Canina, Ph.D.

Vol. 11 No. 20 Restaurant Daily Deals: Customers' Responses to Social Couponing, by Sheryl E. Kimes, Ph.D., and Utpal Dholakia, Ph.D.

Vol. 11 No. 19 To Groupon or Not to Groupon: A Tour Operator's Dilemma, by Chekitan Dev, Ph.D., Laura Winter Falk, Ph.D., and Laure Mougeot Stroock

Vol. 11 No. 18 Network Exploitation Capability: Mapping the Electronic Maturity of Hospitality Enterprises, by Gabriele Piccoli, Ph.D., Bill Carroll, Ph.D., and Larry Hall

Vol. 11 No. 17 The Current State of Online Food Ordering in the U.S. Restaurant Industry, by Sheryl E. Kimes, Ph.D.

Vol. 11 No. 16 Unscrambling the Puzzling Matter of Online Consumer Ratings: An Exploratory Analysis, by Pradeep Racherla, Ph.D., Daniel Connolly, Ph.D., and Natasa Christodoulidou, Ph.D.

Vol. 11 No. 15 Designing a Self-healing Service System: An Integrative Model, by Robert Ford, Ph.D., and Michael Sturman, Ph.D.

The Center for Hospitality Research

Hospitality Leadership Through Learning

20th ANNIVERSARY 1992 - 2012

Celebrating 20 Years of Hospitality Research

Download our free research at:

www.chr.cornell.edu

489 Statler Hall · Ithaca, NY 14853
hosp_research@cornell.edu · 607-255-9780

Senior Partners

ASAE Foundation, Carlson Hotels, Hilton Worldwide, National Restaurant Association, SAS, STR, and Taj Hotels Resorts and Palaces

Partners

Davis & Gilbert LLP, Deloitte & Touche USA LLP, Denihan Hospitality Group, eCornell & Executive Education, Expedia, Inc., Forbes Travel Guide, Four Seasons Hotels and Resorts, Fox Rothschild LLP, French Quarter Holdings, Inc., HVS, Hyatt Hotels Corporation, InterContinental Hotels Group, Jumeirah Group, LRP Publications, Maritz, Marriott International, Inc., Marsh's Hospitality Practice, McDonald's USA, newBrandAnalytics, priceline.com, PricewaterhouseCoopers, Proskauer, ReviewPro, Sabre Hospitality Solutions, Sathguru Management Consultants (P) Ltd., Schneider Electric, Thayer Lodging Group, Thompson Hotels, Travelport, WATG and Wyndham Hotel Group

Friends

4Hoteliers.com • Berkshire Healthcare • Center for Advanced Retail Technology • Cleverdis • Complete Seating • Cruise Industry News • DK Shifflet & Associates • ehotelier.com • EyeforTravel • Gerencia de Hoteles & Restaurantes • Global Hospitality Resources • Hospitality Financial and Technology Professionals (HFTP) • hospitalityInside.com • hospitalitynet.org • Hospitality Technology Magazine • HotelExecutive.com • International CHRIE • International Hotel Conference • International Society of Hospitality Consultants (ISHC) • iPerceptions • JDA Software Group, Inc. • J.D. Power and Associates • Lodging Hospitality • Lodging Magazine • LRA Worldwide, Inc. • Milestone Internet Marketing • MindFolio • Mindshare Technologies • PhoCusWright Inc. • PKF Hospitality Research • Questex Hospitality Group • Resort and Recreation Magazine • The Resort Trades • RestaurantEdge.com • Shibata Publishing Co. • Synovate • UniFocus • Vantage Strategy • WageWatch, Inc. • WIWIH.COM

Cornell University
School of Hotel Administration

www.chr.cornell.edu