



Do Corporate Brands Matter?

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By Ray George, Director, Prophet

An acquaintance recently asked me whether or not his company should leverage its corporate brand across a group of hotel brands within its portfolio. The specific issue had to do with scale – how could his company compete against the big chains when their individual brands did not have comparable recognition and reach? And isn't the corporate brand an easy way to demonstrate scale?

The answer seems obvious – leverage the heck out of that corporate brand to get the scale and leverage to compete with the big chains, right? Not necessarily.

What is not an option is to ignore your corporate brand, because whether you like it or not, a variety of audiences are already building associations and drawing conclusions from your brand. For example, financial and investor communities read about your corporate brand in the business section every day. Business professionals see your corporate brand rated in the American Consumer Satisfaction Index. And most importantly, your employees are looking for the guidance and leadership from their corporate office not only to understand business strategy but also to understand how the portfolio of brands is meant to work together. They also are expected to understand and live your corporate brand every day.

How you leverage your corporate brand requires careful thought – but not thinking about your corporate brand can be extremely detrimental to your business. The bottom line is that corporate brands can have a significant impact on enhancing business results and boosting the stature of individual hotels if leveraged in creative and sophisticated ways. The critical factors to consider are:

- **The corporate and individual hotel brand business strategies**

Each brand in your hotel portfolio has a specific customer target, point of difference and mission statement. If a corporate brand is to be leveraged, it must find the synergy with these business and brand objectives in order to succeed. In addition, the corporation has its own strategy and mission to drive toward superior financial results. This, too, must be considered, as the corporate brand must reflect the business strategy. Understanding, comparing and in some cases challenging these business strategies will provide the foundation for a corporate branding decision.

- **The current corporate brand equities**

Many audiences have already formed impressions of your brand, derived from a wide variety of sources. What are those associations? Are they positive, negative or neutral? And most importantly, are these associations the types of things that can reinforce, augment or even potentially hurt the hotel brands in your portfolio? Brands such as Hyatt, Marriott and Hilton began as hotels and have strong functional ties to the category. But potent emotional and self-expressive benefits also may lurk in the less hotel-focused corporate brands. By seeking to draw a direct link between your corporate and hotel brands, you are forcing your target customers to draw the parallels between your corporation and your hotel properties. Without understanding the potential synergies and conflicts, you are in danger of causing confusion and missing out on considerable equities.

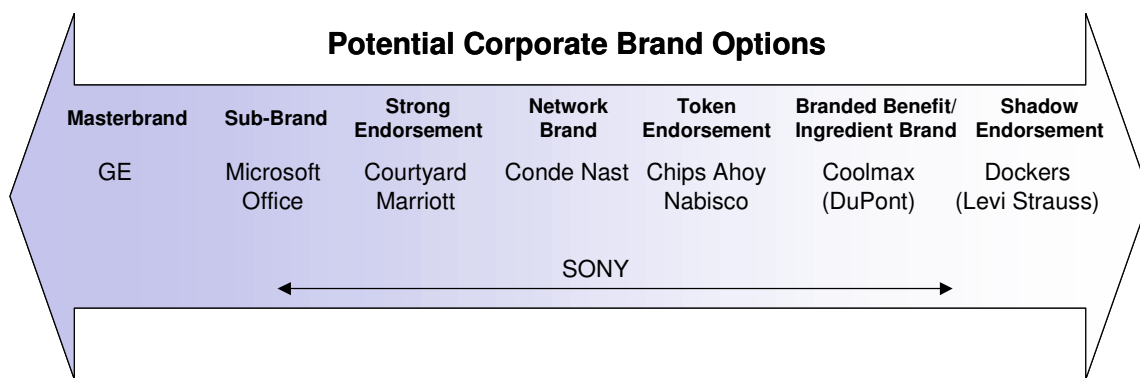
- **The variety of potential target audiences for the corporate brand**

While business and leisure travelers as well as travel agents and corporate travel planners are all obvious targets for your brand message, there are other audiences to consider. What about the financial community which lends the money to build the hotels, or the investors in your company stock, or most important of all, your employees, who bring the brand to life everyday? While a corporate brand with diverse holdings such as Cendant may not consider targeting consumers with its corporate brand, the financial community and/or Cendant employees seek a compelling reason to believe in the company. Corporate brand development can help hoteliers send that message to these audiences.

- **The relationship of all brands in the corporate portfolio**

When one looks across the portfolio of Choice Hotels or Starwood, are there any consistent associations that come to mind across two or more of the hotel brands? Are there currently loyalty programs, alliances or sponsorships that explicitly draw the brands together? Whether intentionally developed or not, your target customers may have already drawn links between your individual hotel brands. What these links are, whether they are functional, emotional or organizational, identify and understand them through customer research. This understanding may uncover hidden synergies or potential obstacles to leveraging your corporate brand.

Having analyzed such factors, the next step is to select the target audience or audiences for your corporate brand. And do not discount the power of your employees as a key target audience for your brand. Regardless of the hotel brand for which they work, the need to know that the values, promise and direction of the parent corporation is in sync with their goals. From there, consider the variety of options available to leverage your corporate brand. These options range from the dominant to the invisible, with a lot of interesting considerations in between.



Marriott has been extremely successful leveraging the power of its corporate brand to transfer equity of quality and consistency across hotels such as Courtyard. Outside of the hotel industry, some other interesting options emerge. Conde Nast employs a networked strategy, transferring equity across a wide range of magazines without drawing a close relationship to any one book. Companies such as Kelloggs and Nabisco use their corporate names as a symbolic “seal of approval” on all their product brands to demonstrate the quality and consistency of product, allowing individual brands the flexibility to target very specific consumer segments. Ingredient brands or branded benefits, such as Coolmax, the high-performance synthetic material used in athletic apparel, is used in a variety of clothes along with a variety of brands. An analogy in the hotel world is the Westin Heavenly Bed concept. If a corporate brand could lend credibility to these ingredient benefits, it could provide a link across your portfolio.

But when looking at options, remember that this is not an all or nothing decision – there can be tremendous flexibility in the strategy you select. Sony uses almost every option across this spectrum in order to target customers and generate lifetime loyalty. From Sony Pictures, to Sony Walkman, to Metreon, to Pro Audio and Playstation, Sony leverages a variety of strategies to target a variety of customers. Each uses the Sony brand in an explicit or implicit way, taking into the consideration the factors discussed above. The corporate brand relationship should be flexible yet systematic in managing the dynamic strategies for corporate and hotel brands so that the whole becomes greater than the sum of its parts.

Finally, when this decision is made, document your compelling yet objective argument, because you will need to win over the most difficult audience – your employees. Brand name decisions, whether they are adding master brands, co-brands or endorsements to existing brands, require organization-wide buy-in to ensure consistency. But employees are emotionally tied to their brands – changing the name will make them feel as if they are working for a different company. So buy-in is critical with all internal constituents, and nothing speaks louder than tying your decision to business results. Explain how the change will

enable cross-selling between brands, how it will increase lifetime customer value and ultimately increase the return on investment company-wide. Making an objective, fact-based and financially driven argument will ease acceptance and ultimately the transition.

Getting back to the original question, you may be wondering what was my response was to my friend. I encouraged him to invest the time and energy into thinking through this decision strategically and thoroughly – the long-term impact will be significant. And I will keep a watchful eye on the results of his efforts.