Branding and Repositioning Approaches for Hotels: a Case Study

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ABSTRACT

Over the years it has been observed that consumer needs and desires are constantly changing. Businesses investigate consumer behavior and then take actions to satisfy them while giving more value to their customers. On the other hand, the ever-increasing competitiveness and mass consumption are driving businesses to take action in order to help them survive and gain a good competitive edge. Many times, this approach deems it necessary to implement a positioning process, which in combination with highlighting a brand's elements leads to differentiation. When the brand does not meet these market demands, then its consumption decreases, resulting in a decline. However, the company has the ability to modify the brand before it goes bankrupt and re-launch it with different features, after of course investigating what led the brand to this situation. In some cases, in which positioning was not done in the appropriate way, business often are driven to repositioning, changing many of the brand's elements. Repositioning is a conscious adaptation to a changing environment, which represents a fundamental change in the value of the business. It can be described also as a parallel to the recovery as both focus on improving the business value proposition. Although the literature is not extensive, its meaning can be found in a wide range of strategic references. Repositioning has been seen as a key prerequisite for achieving change, as an element at the corporate level and as a strategic response to dynamic environments. The study in this article is based on relevant literature and on a case study about the repositioning of the Plaza Hotel in Thessaloniki. Qualitative research through a semi-structured in-depth personal interview was used in order to find the necessary data and to draw the right conclusions. In addition, it clarifies the way it operates today, as well as the changes that have been made to achieve the desired development result, making it one of the most reliable and trusted hotels in the city.

Keywords: Feedback (reputation) mechanism, CRM, hotel industry, online reviews, branding, repositioning, positioning

INTRODUCTION

One of the most topical issues of marketing nowadays is the concept of positioning and repositioning. Positioning is the process of creating and maintaining a distinct and valuable space in the minds of consumers about a product or a service. On the other hand repositioning is a deliberate set of actions aimed at changing an existing position of a product or service in the mind of the consumer. The fierce and constant competition between businesses as well as the constant change in consumer behavior make positioning operations ineffective and thus leading to repositioning. More and more businesses, small and large, are embarking on this process in order to survive and stay vibrant in a competitive market. Repositioning has been seen as a key prerequisite for achieving change at the corporate level and as a strategic response to dynamic environments. Specifically, aims to change the way a business launches its product or service in the marketplace. Focuses on changing the relationship of customers to brand and sometimes competing brands. This usually entails a change in the brand's promise and personality. There are several reasons for a brand to be repositioned. The most important issue, however, is the fact that a repositioning should be necessary when a change in the 4P’s of the product is detected.
Although the concept of repositioning is found in many literature references, empirical studies on it are rare. The purpose of the article, through the literature research and the case study, is to:

I. Clarify the concepts of branding, positioning and repositioning.
II. The great strategic importance of the right positioning in the mind of the consumer.
III. The reasons that can lead a business to the repositioning process.
IV. Study strategies and ways for effective repositioning.

Following on in the article, some data are presented based on the literature as well as the methodology used to collect the necessary information. In addition, the information retrieved from the qualitative research in relation to the literature review is analyzed. Finally, the results, limitations that have appeared and suggestions for future research are being carried out.

LITERATURE REVIEW

The influence of brand image and brand equity on consumer behavior

In recent years, companies have been focusing on promoting the quality of their products while also trying to reach consumers emotionally, as it has been shown that consumers make emotion-based purchases. But the emotional reach of consumers can be fatal as well, as consumers may develop negative feelings about the brand (Hate Brand). According to the self-concept theory, when the brand image is related to the consumer profile then they are more likely to show their preference for that brand. Keller introduced the idea of “equity-based brand name”, according to which the brand image and its recognition are the basis and source of Brand Equity. In addition, he went on to say that the positive image of the brand could be created by linking the brand's uniqueness and strong brand position with consumer brand memories through various marketing campaigns. Oliver (1980) stated that the indicators of understanding consumer behavior are their degree of satisfaction and their commitment to the brand. Customer satisfaction refers to the overall evaluation of the customer's purchasing experience as well as to the perceived quality. Specifically, customer expectations and expectation disconfirmation are the key indicators that show the degree of customer satisfaction. Customer satisfaction leads to brand loyalty and reduced marketing costs. (Zhang, 2015: Keller, 2003: Oliver, 1980: Kotler & Keller, 2006, pp. 276: Aker, 1996, pp.20)

The Strategic Importance of Positioning in Branding

Commercial identities allow consumers to impute liability on a particular producer or distributor. They also highlight some features or advantages in order to achieve differentiation with regard to competition and to inform users. This way consumers can compare products to each other and come up with something that meets their needs while also creating an emotional value for them by allowing communication between other users. (Keller, 2003: Kevin Lane Keller, Aperia T., Georgson M., 2008)

Kotler integrates the concept of positioning within the STP, namely Segmenting, Targeting and Positioning. Therefore, in order to define a branding strategy it is necessary for a business to segment its market, select the target market and place it accordingly in its mind. In short, positioning is the basis for Brand Management decision making. Strategic importance can be divided into two dimensions, external and internal. According to the external dimension, placement acts as a guide to the activities planned and implemented by a brand while helping to manage the activities the company performs and contributes to the communication strategy. On the external dimension, a well-positioned brand should include all employees who can influence the brand image. The internal strategic dimension of positioning also demonstrates brand control. Regular research on the brand image in the context of its compliance with the required positioning can lead to the effectiveness of the specific activities of an administrative unit. (Kotler & Keller, 2006, pp.310: Janiszewska, 2012)

Repositioning

Although the concepts of repositioning and rebranding are two different terminologies, they are often confused. Repositioning is a consciously adaptation into a changing environment or a change in a brand promise, which represents a fundamental change in the value of the business. On the other hand, rebranding is a change of identity. These changes can be made together or separately. There are several reasons for a brand to be reinstated. In some cases, the brand needs a slight upgrade due to new products and competitors entering the market. The most important issue, however, is the fact that a repositioning should be necessary when a change in the product's 4P is detected. (Ryan, etc., 2017: Branding Strategy Insider, 2014: Goi, 2011)

Some of the causes that can lead a brand to repositioning are:
- The merger of two companies or acquisitions (Muzellec & Lambkin, 2006).
- New market trends and consumer needs (Goi, 2011)
Intense and fierce competition (Goi, 2011)
Financial crisis (Goi, 2011)
Lack of understanding of the brand by the end customers (Goi, 2011)
Inability to design and position the product (Goi, 2011)
Changing the value of the product offered (Goi, 2011)

Life-cycle repositioning strategies

According to the life cycle there are three repositioning strategies. (Harvard Business Review, 2005)

- Reverse Positioning: Used by businesses who believe that although customers want more than the commodity, they do not want to see constantly new features. So they decide to return the product to its original state and add selected features. The product or service remains in the category and moves from the stage of maturity to the stage of development.
- Break away Positioning: In this case the product or service departs from its category and is incorporated into another in order to modify the way the product is consumed or used and the competitors themselves. It is used when the product / service is at the stage of maturity and the business wants to bring it into the development phase.
- Stealth Position: In cases where consumers are not satisfied with the brand, they hide the true nature of their products / services by linking them to a different category, but without deceiving consumers as it is done legally. This strategy leads from the introduction to the development stage.

Repositioning strategies based on business orientation

Consumer Engagement Strategy: According to consumer psychology, consumers want to feel that they belong to a social group through various ways such as through their markets, their behavior, etc. Therefore, it is necessary for the business to make the target group feel that it is involved in the evolution of the brand and that it belongs to a social group through its use. In particular, the needs, trends, behaviors and interests of consumers need to be studied in order for the business to adapt its products / services to them in an appropriate way. (Study, 2018)

Corporate Identity Renewal Strategy: All the elements that make up a brand must be interconnected and make the brand identity understandable to consumers. Strategic renewal is the process of change and the result of adjustment to determine the long-term competitiveness of the business. Its purpose is to provide a strategy between internal capabilities and changes in the external environment that may relate to technology, trends, markets, economics, etc. (MacGee, 2015)

Corporate Social Responsibility Strategy: Having a socially responsible company can enhance its image and build its brand. The public perception of a company is critical to the trust of customers and shareholders in the company. By displaying a positive image, the business can create a name for itself not only because it is financially profitable but also socially conscious. Building customer relationships is one of the most important accomplishments of a business and the existence of corporate social responsibility can influence the purchasing decisions of customers. (Hopkins, 2004)

RESEARCH METHODOLOGY

On the present study was used qualitative research by conducting interviews in-depth with the business executives. The archives and records of the hotel were also studied in order to fully understand the current operation of the hotel and how it is managed. Finally, a comparison of the operation of the old hotel and the new one is made, according to the data obtained.

FINDINGS AND RESULTS

Through a detailed study of the operation of the hotel it was observed that its operation changed radically in relation to the operation of the old hotel. Specifically, it changed the target group as well as the way in which it comes into contact with it. The change was complete as the new management left nothing the same to it. Even the rooms have been decorated and refurbished so as to maximize customer satisfaction. Also, the internet is a vital part of promoting the hotel’s image as well as communicating with the public. In addition, they become aware of consumer preferences and try to adapt to the changing needs of the market. Even the staff has been selected and trained to satisfy the clients. The hotel strives to impress and inform about its services through its website. Later, by visiting the hotel they are trying to give them the same good impression and still more.

The results of the survey showed that the hotel had to be redeemed, in order to get to where it is today, as there was not an efficient positioning in the minds of the consumers. The new administration was adapted to
the new market trends and began communicating with the target group online. Radical changes were made and nothing was kept the same. It followed the corporate identity renewal strategy, which is based on business orientation.

CONCLUSIONS, LIMITATIONS AND IMPLICATIONS

According to the above, the most difficult repositioning that can be done is due to poor initial positioning. If there is no proper positioning in the minds of the consumers, then in order to survive a business will need to make radical changes in terms of its corporate identity and how it operates. Once again it is then verified that a proper positioning is of paramount importance as the slightest mistake in it can lead to serious consequences. According to the case study it can be concluded how significant and radical must be the changes that will be made in order to change the perception and image of the consumer's mind. It could also look like a new investment in which management will need to shape the hotel from the beginning. Also, according to the radical changes that were made, it would have been more beneficial if the hotel had been built elsewhere differently and made an initial positioning. However, the condominiums and the difficulties did not allow this and it required a complete repositioning so that it could today be considered one of the best hotels in Thessaloniki.

There have been several limitations to the study as there is not enough literature research and repositioning studies.

One research proposal that could be carried out in the future is to analyze the process of repositioning a brand when it leads to decline or maturation due to other causes, such as financial crisis, intense and fierce competition, etc.

REFERENCES


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