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Rebranding: A case study of a business hotel in Singapore

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REBRANDING: A CASE STUDY OF A BUSINESS HOTEL IN SINGAPORE

By

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ABSTRACT

This paper examined the process of service rebranding through various studies of corporate rebranding and service branding. This paper used exploratory case study to gain insight of an actual service rebranding of a business luxury class hotel, Royal Plaza on Scotts. Information from in-dept interviews with the Marketing and Brand Director was used to understand the various elements of the service rebranding process. The study showed that the actual service brand revitalisation of the hotel involved a combination of elements in the corporate rebranding and service branding processes. The study showed that the process of making changes to service brand was complicated and required substantial amount of human, time and financial resources in the planning and implementation. The success of service rebranding required all staff and functional units of the organisation to share and exhibit the new service brand values.

Rebranding: A case study of a business hotel in Singapore

by

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PART ONE

Introduction

The practice of rebranding has gained popularity as a business and marketing tool. Rebranding was used to rejuvenate tired brands, create new identity, create new positioning, create corporate brand during merger and acquisition. Rebranding was given different labels under different corporate business decisions. When companies changed its name and retained its existing brand and attributes, the process was known as renaming (Lomax & Mador, 2006). When companies changed its name and adopted new brand values and attributes, the process was known as restarting (Lomax & Mador, 2006). Examples included merger and acquisition and globalization (Gotsi & Andriopoulos, 2007). When companies retained its existing brand name and adopted new brand values and attributes, the process was known as redefining (Lomax & Mador, 2006). This strategy involved changing its targeting and positioning strategies in response to its competitive environment (Gotsi & Andriopoulos, 2007). Royal Plaza on Scotts redefined its service brand by retaining its name and introducing new service brand value. The hotel used the new service brand to reposition itself from a 4 star luxury business hotel to a 5 star luxury business hotel.

The current available studies on rebranding focused on corporate rebranding. Corporate rebranding involved changing the vision and identity of the existing brand. The changed brand differed from the existing brand (Merrilees & Miller, 2008). Miller and Merrilees (2008), Gotsi and Andriopoulos (2007) and Lomax and Mador (2006) extended the principles of product and corporate branding to posit models for corporate rebranding. Their research were based on case studies on companies which underwent product, retail and corporate rebranding. Miller and Merrilees (2008), Gotsi and Andriopoulos (2007), Lomax and Mador (2006), Christodulidou,

Kincaid, and Erdem (2006), Solnet and Paulsen (2005) concurred that there were limited studies on rebranding. The study by de Chanatony, Drury, and Segal-Horn (2003) revealed that there was no model on service rebranding.

Hirst (1992) observed that in the 1960s, hotels used physical structures and fixtures to build their distinctive image. In the 1980s and 1990s, hotels changed their business orientation and adopted service differentiation as their competitive advantage. Unlike branding product, branding service involved creating a service climate that was conducive for the staff to deliver the brand promises to the customers. Hotels were challenged to develop their distinctive brand of service to differentiate themselves from competition and at the same time motivate all the staff to deliver the branded service uniformly and consistently over time. By understanding the dynamic interface amongst the different service elements like service delivery, customers, and employees; hotels would be in a better position to build a competitive service brand. In 2006, Royal Plaza on Scotts engaged a brand consultant to craft a distinctive service brand for the hotel to break through the competition of international chain hotels.

Purpose

This paper studies the process of service rebranding. The purpose of this study is to explore the elements involved in rebranding of hotel services. Service branding as a service differentiation tool is commonly practiced in the hospitality industry (Kandampully & Hu, 2007; Min & Min, 2005; Teare, 1998; Macaulay & Graham, 1998). Hotels sell accommodation service which is intangible in nature. Studies by Teare (1998) showed that increasingly hotels use service branding to differentiate amongst themselves. Hotels rebrand its service by adopting a

new brand name during an acquisition and merger or when the service management contract changes or just to create a distinctive service.

Currently, there are no studies on service rebranding and there are limited studies on corporate rebranding (Gotsi & Andriopoulos, 2007; Lomax & Mador, 2006; Merrilees & Miller, 2008). Building on the studies of corporate rebranding and service brand building, this paper postulates a service rebranding framework. The service rebranding model offers hotel operators insights into the considerations, internal and external factors influencing service rebranding. When compared to the process of corporate rebranding and generic branding, the degree of complexity is greater for service rebranding. In addition, the entire operation is costly. Service rebranding involves employees across all functional departments. The new rebranded service is delivered by the employees to the customers. The service rebranding model lists and shows the interaction of the various factors involved in the service rebranding process.

The service rebranding exercise of an independent local luxury business hotel is explored. The key processes of the hotel's service rebranding exercise are explored. The posited service rebranding model is used to study the hotel's service rebranding exercise.

The objectives of this paper aim to study service rebranding in the hotel industry. The study aims to -

- a. understand the process of service rebranding
- b. determine the elements of service rebranding
- c. postulate a service rebranding model
- d. explore the steps of service rebranding undertaken by a luxury business hotel
- e. assess the extent the luxury business hotel applied the elements of the posited service rebranding model

Justification

The search for relevant literature revealed nil studies on service rebranding. There were limited studies on corporate rebranding and service brand building. Branding is a marketing tool used by hotels to position their properties and services. Rebranding is common amongst hotels. Le Meridien Hotel Singapore was renamed Concorde by its owner, Avant Hotels after the management contract with Starwood Hotel and Resorts Worldwide ended on September 2008. Concorde Hotel Singapore was renamed Holiday Inn Atrium when InterContinental Hotels Group Asia Pacific managed the property in January 2005. Mandarin Oriental Hotel Group rebranded Oriental Hotel Singapore as Mandarin Oriental Singapore to align all their properties under one brand name. Hotel chain owner, Meritus Hotels & Resorts rebranded the 20-year old Mandarin Hotel Singapore as Meritus Mandarin (Lim, July 23, 2007). The study of service rebranding is timely and offers hoteliers insights into the process of rebranding hotels.

Studies by Kandampully and Hu (2007), Min and Min (2005), Teare (1998), Macaulay and Graham (1998) revealed that hotels enjoyed long term business sustainability when they used service differentiation as their competitive advantage. Studies showed that service quality was directly related to guests' satisfaction (Cronin & Taylor, 1992; Kandampully & Hu, 2007; Min & Min, 2005; Oh, 1999; Zeithmal, Bitner, & Gremler, 2006). Guest satisfaction was directly related to customer loyalty (Oh, 1999) and satisfaction influenced consumers' decisions to repeat consumption (Ekinici, Dawes, & Massey, 2008). These studies converged that hotels which built their differentiation around service stayed sustainable in the long term.

Tourism is an important industry in Singapore. The Singapore Tourism Board (STB, 2005, January 11) planned to attract 17 million visitors, triple the tourism receipts to US\$21

billion and create additional 100,000 tourism related jobs in 2015 under its 10-year tourism master plan 2015 (STB, 2005, January 11). On 4 August 2004, Prime Minister Mr. Lee Hsien Loong announced that the government will reverse the 40-year ban on casino gaming by opening two integrated resorts (IR); Marina Bay Sands and Resorts World at Sentosa. Both properties would generate additional US\$1.8 billion revenue and contribute 0.8% more to Singapore's annual GDP by 2015 (Lee Y.S., 2007, February 2). Royal Plaza on Scotts is one of the many organizations planning to jump on the band wagon of tourism opportunities.

The process of service rebranding makes two major contributions to competitive differentiation. It provides a conceptual framework on the steps involved in service rebranding. The case study on the service rebranding undertaken by Royal Plaza on Scotts offers insights on the factors and stages involved in service rebranding.

Constraints

The information gathered was atypical to the hotel being studied. The information could not be generalised for other hotels. The information gathered was limited by the cooperation of the person being interviewed. The hotel's management prohibited the collection of data from the staff of the various functional departments. The interpretation of the verbatim could be influenced by the personal and biased judgement of the interviewer.

Glossary

Brand. Brand is a name, logo, colour, symbol or trademark that represents an entity like a company, a product, service, place, institution, information and person (Kotler, Keller, Ang,

Leong, & Chin, 2006, p. 280). A brand is distinctive and it is used to differentiate itself from competitors.

Services. Services are intangible form of products purchased by the customers to satisfy needs. Service are deeds, activities, consultations, benefits, or experiences (Kotler et al., 2006, p. 251). The purchase of services involves immediate consumption and customer-employee interactions.

Positioning. Positioning is defined as the process of communicating the desired image of the brand or the market offering in the minds of their customers relative to their competitors' offerings (Kotler, Kaczynski, Havitz, & McCarville, 2005, p. 281). Positioning involves identifying the competitive advantage of the brand or the market offering and then communicating it to the customers.

Corporate culture. Corporate culture embodies the shared beliefs, attitudes, rituals, practices, stories, artefacts, and symbols that direct the behaviour of the employees (Davidson, 2003; Sinclair & Arthur, 1994).

PART TWO

Literature review

Introduction

There was no literature on service rebranding. There were limited studies on corporate rebranding. The current principles of corporate rebranding were developed from the theories of corporate branding and product branding (Gotsi & Andriopoulos, 2007; Lomax & Mador, 2006; Merrilees & Miller, 2008). The existing literature suggested that the corporate rebranding models could be used generically to rebrand service. The authors had overlooked interaction tensions and inherent service gaps of service marketing (Zeithaml, Bitner, & Gremler, 2006). These tensions and gaps were created from the interaction of the hotel's service climate, service delivery, service brand promises, employees, and customers (Min & Min, 2005; Solnet & Paulsen, 2005). This paper will focus specifically on service rebranding in the context of a luxury business hotel. This study will begin with literature review on branding, corporate rebranding, service brand building, and related concepts of service marketing. From the literature review, a framework for service rebranding was postulated. Next, the steps of service rebranding undertaken by Royal Plaza on Scotts were examined and the extent the hotel applied the principles of service rebranding was examined.

Brand

Brand is a name, logo, colour, symbol or trademark that represents an entity like a company, a product, service, place, institution, information and person (Kotler, Keller, Ang, Leong, & Chin, 2006). A brand is distinctive and it is used to differentiate the entity from

competing brands. A brand offers the entity protection from imitation brands. A brand offers their customers brand recognition for future repeat purchases (Aaker, 1991).

A brand has an identity. Brand identity is the entity's core values. These core values are the 'soul' of the entity which has both functional and emotional dimensions (de Chernatony, 2001). Brand identity is the brand's promise or value proposition (Aaker, 1996) to deliver the functional and/or emotional attributes to their customers (Aaker & Joachimsthaler, 2000). The functional dimensions tell customers its competitive physical attributes like the features and quality. The emotional dimensions (de Chernatony, 2001) are built from intangible values like creating a personality for the brand that customers can identify with or desire to be associated with it. A brand is a powerful customer relationship retention tool. It builds customer loyalty by consistently delivering the functional and/or emotional value proposition.

The brand identity embodies the brand's vision and sets the strategic directions for the brand's future (Aaker & Joachimsthaler, 2000). In other words, the branding process is developed from the brand identity. It is the brand identity that differentiates each brand in the marketplace. Customers evaluate brands base on their personal perception how each brand could best serve their needs (de Chernatony, 2001). When the brand consistently delivers the promised value, customers will endear themselves to it. A successful brand is built with the gestalt of marketing resources carefully crafted into a marketing plan to communicate the brand identity or the promises to the customers (de Chernatony & McDonald, 1992).

Positioning

Positioning is defined as the process of communicating the desired image of the brand or the market offering in the minds of their customers relative to their competitors (Kotler et al.,

2006). Positioning involves identifying the competitive advantage of the brand or the market offering and then communicating it to the customers. Customers decode the communication messages into mental perceptions. Customers then form perceptions by comparing different competitive advantages of substitutable brands. Positioning is a long term marketing strategy. The service attributes, service delivery process, service scape, communication materials and service climate must all deliver the same and consistent brand message.

Corporate culture

Corporate culture embodies the shared beliefs, attitudes, rituals, practices, stories, artefacts and symbols that direct the behaviour of the employees (Davidson, 2003; de Chernatony & Segal-Horn, 2003; Sinclair & Arthur, 1994). Corporate culture evolves from organisational processes, changing environmental trends and changing demands of customers. Management plays key role in shaping the corporate culture of the organisation.

Generic rebranding

Prior to the discussion on rebranding, an overview of the literature on generic branding would help to understand the process of generic rebranding. Current studies focused on branding products. Competitive environment challenged brands to innovate to maintain their market share or capture more market share. Newer brands with innovative functional and emotional features that matched customers' lifestyle threatened the relevance of older brands. Brands faced different challenges at various stages of their life cycles. Brand owners used a myriad of strategies to make subtle adjustments to their brands to stay relevant to the changing demographics of the market segments (de Chernatony & McDonald, 1992). Aaker (1991) suggested strategies like

product modification, market modification and repositioning to revitalize tired brands. Brand owners removed obsolete functions and improved the product with new innovative features. Other brand owners created new ways to increase the consumption of the product. Some brand owners looked for new markets to increase its quantity consumption. There were brand owners who repositioned its brand by changing its brand image, packaging, and consumption usage or change its product category.

Rebranding of product brands revolved round exploring for new ideas to innovate the product features or look for alternative market segments. Comparatively, established brands had a higher success rate of revitalizing themselves than newer brands due to the high level of brand equity earned over time. The revitalizing process involved understanding the needs of the customers, how to improve the product and how to reposition the brand to meet the changing needs of the customers. The revitalized brand identity must be effectively communicated to the customers. The revitalized brand succeed when customers perceived that the modified product and/or brand could meet their needs better than competing brands.

In summary, marketers revitalized their brands in response to changes in customer demand and competition. The business activities for rebranding focused on product innovations. Marketers improved their products with innovative features or modified the elements of the market mix or enlarged its market share by attracting new market segments or changed its brand image. Media communications tools and new packaging were used to deliver the new positioning message.

Corporate rebranding

Due to the lack of theoretical studies on rebranding, academia researchers used the theories of branding and corporate branding and extended them to corporate rebranding (Gotsi & Andriopoulos, 2007; Lomax & Mador, 2006; Merrilees & Miller, 2008). Depending on the objectives of corporate rebranding, different companies called rebranding business activity as renewal, brand refreshment, reinvention, re-visioning, brand renaming and repositioning (Merrilees & Miller, 2008). Lomax and Mador (2006) described corporate rebranding as a name change with intention to change the image of the company. The change was effective only if there was real change from within the organization (Lomax & Mador, 2006). Other researchers Gotsi and Andriopoulos (2007) believed that corporate rebranding was revitalizing existing corporate brands. Companies revitalized themselves through mergers and acquisitions, alliance partnership, diversification and repositioning. Companies revitalized to stay relevant to their customers and to meet their customers' changing needs. The principles of corporate rebranding were used interchangeably with organisation rebranding, service rebranding and retail rebranding. The rebranding process involved brainstorming the new values, planning and implementation processes, training the internal staff, communicating the new brand and evaluating the outcome of the rebranding.

To understand the principles corporate rebranding, Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006) contrasted the principles of corporate rebranding with product rebranding.

Product rebranding was used to update the product, to stay relevant and competitive in the marketplace. The reasons for corporate rebranding were more varied. Corporate rebranding involved brand rejuvenation, corporate repositioning, corporate take-overs, demergers and

globalisation across a myriad of industries like product, services, retail, financial, medical, and construction (Gotsi & Andriopoulos, 2007).

Product rebranding focused on redesigning the product to satisfy the needs of the customers. The decision-making process was more tactical and handled by marketing managers. Corporate rebranding focused on changing staff behavior and their interaction patterns with external stakeholders like the customers, media owners, regulators and interest groups. The decision-making process looked at setting strategic directions for the organisation. Corporate rebranding must be initiated by the management (Hatch & Schultz, 2003).

Product rebranding involved the participation of selected departments like the marketing, sales, production, logistics, and communications. Corporate rebranding involved multiple departments and functional units. The existing core values and subcultures had to be aligned with the new identity (Gotsi & Andriopoulos, 2007). The new identity must be coded in terms that were meaningful to the stakeholders and they must know how to react and know what to expect from the new identity (Gotsi & Andriopoulos, 2007). The management and line managers played crucial roles to cascade the new values to all strata of the organisation.

In summary, corporate rebranding was more complex, the management had to take on leadership role and make strategic decisions involving the entire organisation. The success of corporate rebranding depended on the commitment of both the internal and external stakeholders. Royal Plaza on Scotts as an organisation re-visioned its service delivery through brand repositioning (Merrilees & Miller, 2008). The hotel spent multimillion dollars to renovate its physical property and upgraded its amenities to a five-star business hotel position (Mak, 2007). All the rooms were fitted with broadband Internet connection, ergonomically designed desks for the business travelers to work on, comfortable Dream Beds and rain shower heads for refreshing

showers (Anonymous, 2007a). The corporate brand rejuvenation did not stop with the product. The change as described by the general manager involved the entire organization; every staff from the frontline and back-office staff in all departments. The management spent three times more than the usual training budget from October 2006 to January 2007 to change the mindset of their employees to use the new brand values “What can we do for you” as their behavioral attitude to interact amongst colleagues and with customers (Gonzalez, 2007, June 1). There are differences between generic rebranding for products and corporate rebranding of organization. The contrast lies largely with the process of the change.

Elements of corporate rebranding process

This section discusses the elements of corporate rebranding from the studies by Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006). The drivers for rebranding varied with different companies. The ‘who’, the ‘how’, and the time needed to select new brand values differed with companies. From the onset of the rebranding process the management had to decide the participants for the process. The "who" of the project leadership varied with companies. In some situations, the chief executive officer or marketing manager or brand manager was the initiator and gatekeeper of the rebranding exercise. Some companies used cross functional teams to execute and control the process. Different stakeholders were involved in rebranding. Companies engaged their staff, customers, board of directors, third party communications agencies, and brand agencies in varying degree. The rate of adoption of the new brand by staff, other internal stakeholders, and their customers increased when they were informed of the brand revitalization. Successful rebranding went beyond changing the name of the company. The management had to consider how to cascade the values down to all the

departments of the organisation. Staff had to be made aware of the change and taught how to react to the change. Customers and other stakeholders had to be informed of the changes and accordingly modified their perception of the company. The management had to allocate sufficient time and resources to the conception and implementation of the rebranding process. Companies studied by Lomax and Mador (2006) took five to fourteen months to complete their brand revitalization exercises. The common principles of corporate rebranding from the studies of Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006) were illustrated in Figure 1.

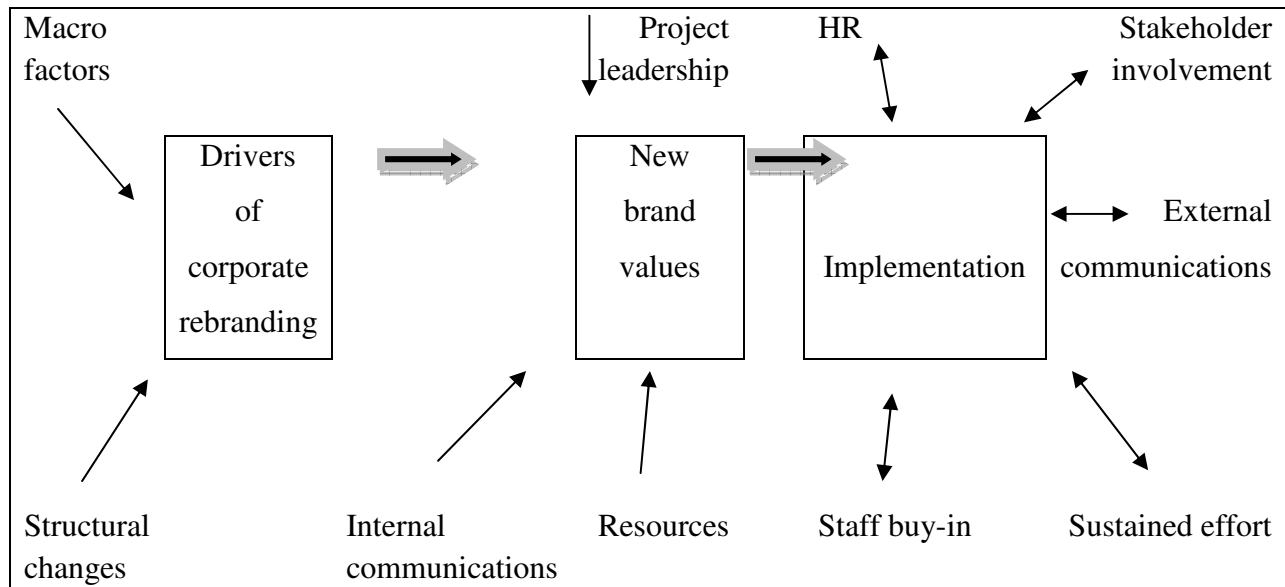


Figure 1. Elements of corporate rebranding developed from the studies of Merrilees and Miller (2008), Gotsi and Andriopoulos (2007) and Lomax and Mador (2006).

Drivers of corporate rebranding

There were two categories of catalysts. The first set of drivers was macro environmental factors like changing perception of the company, intense competition, emerging new technology

or existing brand name was under positioned or had negative connotation. The other set of drivers was structural changes like business take-over, demerger, merger, renaming or repositioning (Lomax & Mador, 2006).

Developing new brand values

The primary purpose of corporate rebranding was to sustain the business over time. Merrilees and Miller (2008) suggested that it was necessary for companies to innovate its brand at its different life cycle stages to stay viable. Rebranding should be a gradual process, planned, and carried out over the life cycle of the company rather than a one-time off radical change assignment. Rebranding was an extensive exercise. Corporate rebranding required staff to change their behavior to fit the new positioning. When the organisation's existing core values were completely changed, it risked alienating its existing customers, stakeholders, and employees. Merrilees and Miller (2008) and Gotsi and Andriopoulos (2007) suggested that companies retained part of its core values and add on new values. The old values acted as a bridge from the old to the new values. The management cannot ignore possible conflicts between the new brand values and the subcultures that existed within the organization as they affect the rate of adoption of the new brand. Staff buy-in rate increased when they were involved during the new brand values development stage. The newer and contemporary values adopted must appeal to the new market segments. The new functional and emotional attributes must meet the needs of existing and new market segments (Merrilees & Miller, 2008). The management involved employees who were in direct contact with their customers during the selection of the new brand values. The frontline staff was in better position to verbalize what the brand meant to their customers. According to Lomax and Mador (2006), there were no methodologies or

management principles to guide the rebranding procedure. The different companies studied by the authors used different techniques. Some companies changed their rebranding purposes after the start of rebranding process.

In summary, the initial stage of rebranding involved assessing the existing brand. Obsolete values were replaced with innovative and contemporary brand values. The existing core values should continue to connect with the exiting customers and the new brand values should attract new market segments. Rebranding process involved both the internal and external stakeholders of the company. The process did not have definite techniques. The techniques and procedures varied with context.

Project leadership

Project leadership was critical to the success of rebranding. The project leadership must champion the rebranding program. The project leadership could be the CEO, the marketing or brand manager or the board of directors or a team of staff from different functional units. Leadership was important to set the strategic direction and vision for the new brand, to oversee the rebranding process, monitor, and motivate their staff to display the new brand values. The rebranding implementation process required ample staff and financial resources. Management leadership like the CEO had the authority to allocate and pool resources from within the organization and coordinate resources from the different functional departments. The CEO had to orchestra all internal and external communications messages to deliver the same brand message to the multiple stakeholders like internal staff, external stakeholders, public, and regulators. If needed, the CEO had the authority to appoint external agency to advice on the rebranding program.

Staff buy-in

Corporate rebranding directly affected the staff. To enact the changes, the staff had to change their attitude and behavior to reflect the new brand values. Gotsi and Andriopoulos (2007) pointed out from their studies that there were conflicts between the core brand values and subculture values of different departments. Rebranding had higher rate of success when there was staff buy-in and they were positive that the rebranding benefited them, the organization and their customers (Hankinson, Lomax, & Hand, 2007). Internal communication media and training programs were used to induct staff to accept the new brand. Line managers were used to monitor and motivate staff to display the new brand identity, gather, and evaluate the feedback from the staff about how they felt about the new brand.

Stakeholder involvement

Rebranding involved the various stakeholders. Stakeholders included employees, customers, investors, suppliers, partners, regulators, special interests, and local communities (Hatch & Schultz, 2003). Companies involved their staff and customers differently (Lomax & Mador, 2006). Some companies consulted their staff and customers on the new brand values. Some companies engaged media communications agencies to develop and disseminate external communications. Some companies engaged brand agencies to help them with the rebranding process. The management had to decide the degree of involvement of the different stakeholders. When all the stakeholders were informed of the new brand, stakeholders buy-in rate and the rate of success increased (Lomax & Mador, 2006; Merrilees & Miller, 2008). The key rebranding pitfalls revealed by Gotsi and Andriopoulos (2007) were poor conceptualization and non comprehensive execution. When the management did not communicate the new brand values to

their employees and did not have any transition plan for the employees, customers, and other stakeholders to adjust to the new brand, the new brand was not well received by the various stakeholders.

Coordination

Rebranding failed when companies did not coordinate the elements of the marketing mix. And the implementation process was not supported by the human resource and marketing departments. From the research findings of Gotsi and Andriopoulos (2007), rebranding failed when the business activities of companies were not aligned to the new values. Companies used training and compensation to change staff's behaviour. Training equipped the staff with both knowledge and techniques to deliver new values. The appraisal system rewarded staff who displayed on brand behavior. Rebranding process became more intricate when companies had different branches in different geographical areas. These companies required extensive financial resources and carefully planned logistic coordination amongst the branches in different countries. Study by Lomax and Mador (2006) showed that companies were challenged to roll out the rebranding communication messages at the same time across the different locations

Sustained effort

Lomax and Mador (2006) discovered that the time taken to implement the rebranding process varied with organizations. It ranged from five to fourteen months to complete the brand revitalization program. Companies required sufficient finance and manpower resources to sustain the rebranding exercise. Management had to exercise patience for the new branding program to run its course. There were no fastidious rules to govern the rebranding process. One of the

challenges faced was the diversity of possibilities resulting in frequent changes made during the rebranding exercise. The studies by Merrilees and Miller (2008) showed that companies used different promotional mix tools to engage and inform their customers about the new brand. Mass communication tools like advertising were used to create awareness for the new positioning. Personal selling using staff customer interaction was effective to engage the customers. Some companies used public relations to build social relationships with their customers.

In summary, the common principles of corporate rebranding practices were leadership, sufficient financial and human resources, coordination across all functional departments of the company, HR practices that support the changed values, stakeholders' involvement and buy-in and extensive communications plan.

The above sections had discussed the principles of generic rebranding and corporate rebranding processes. The studies were not specific for service marketing. The following sections will supplement the understanding of service rebranding by reviewing literature on service, service culture and service brand building.

Services

There are distinctive differences between product and service. Services are characterized by intangibility and perish-ability (Zeithaml et al., 2006). The consumption of services requires the employees to deliver the services. The services of employees are characterized by variability and inseparability which directly affect the satisfaction of the customers. Often, service gaps occur during the direct interaction between employees and customers. According to Zeithaml et al. (2006), there are four possible provider service gaps. The first gap is created when there is a difference between the expectation of the customers and staff's ability to fulfill their expectations.

The frontline staff providing the services does not have access to information about their customers and are not sufficiently empowered to recover service failures. The second service gap arises when the service providers understand the service expectation of their customers but the delivery process is inadequately designed for the staff to fulfill the customers' expectation. The third service gap arises when the employees are unable to deliver the expected services according to the service quality design and standards. The employees do not have adequate training or are unwilling to deliver the desired services as expected by their customers. The fourth service gap exists when the customers' expectations are not well managed by the service provider's communications material or the different communication channels are delivering different messages. These differences create differing levels of customer expectations.

Service culture

A hotel's corporate culture was the driver of its service culture (Davidson, 2003). Different researchers used different names to describe the management which was service focused and customer centred. Lytle and Timmerman (2006) called it service orientation. Solnet and Paulsen (2005) called it service climate and Macaulay and Clark (1998) called it service culture. When the hotel was service focused, the management proactively looked for ways to deliver superior value and customer satisfaction (Lytle & Timmerman, 2006). The service culture varied with hotels. Hotels used service culture as their competitive advantage to differentiate and position themselves in the marketplace. Service culture dictated employees' behaviour and served as the platform for customers to form their perception and the level of service to expect from the different hotel brands.

Teare (1993, 1998) and Hirst (1992) studied the service climate of Hilton International. In 1991, Hilton International created the “The Hilton Promise.” Hilton’s employees promised to deliver distinctively superior service that their guests would remember and would return for more. In properties where the Japanese were the dominant customers, the values of the service culture were changed to include Japanese cultural practices of comfort. For example, the property offered bedroom slippers, hotel information in Japanese and oriental food selection.

In 2006, Holiday Inn and Resort shifted their competitive advantage from product differentiation to service differentiation. Mark Synder, senior V.P. Brand Management, Holiday Inn and Resort said in an interview with Hotel and Motel Management that product innovation was not defensible. It was service that would make their guests feel special and recognised. Holiday Inn and Resort developed a new service environment called “People Notice.” Their employees were trained to be friends to their guests (Higgins, 2007).

Hyatt International Corporation built their service climate on flexibility. The service culture followed the cultural context of the country where the hotel was located. The hotel manager of the different countries adapted the service culture of the property to the culture of the host country (Teare, 1998). For example, in Japan, the type and nature of services and amenities offered were largely influenced by the Japanese culture.

Marriott hotel used “Spirit to Serve” as their brand of service climate to differentiate the Marriott brand. Their employees, in all their properties around the world, were taught to anticipate, think positively and be accountable for their service delivery (Anonymous, n.d.).

The values and practices of service culture were contextual (de Chernatony, Drury, & Segal-Horn, 2003). When hotels strategized to create a service climate and used it as their unique selling proposition to position themselves, the hotels were using service as their differentiation

(Solnet & Paulsen, 2005). This meant that service delivery process was moulded to follow a predetermined set of service values.

The service climate of Royal Plaza on Scotts was changed when the hotel rebranded its service. The details of the change will be discussed in Part Three.

Limitations of corporate rebranding

The rebranding frameworks developed by Merrilees & Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006) overlooked the salient service tensions resulting from the interactions amongst service climate, service delivery, service brand promises, employees, and customers. These service tensions will be discussed in this section.

The rebranding frameworks developed Merrilees & Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006) were postulated from case studies on product rebranding, corporate rebranding, corporate acquisition, companies demerger, retail rebranding, and globalization positioning strategy from myriad industries like the cars, toys, retail, telecommunications, financial institutions, construction, and social welfare organizations. The postulated principles of rebranding processes cannot be used generically for services rebranding due to the functional differences between the nature of product and service and corporate organisation and service.

A hotel's corporate culture was the driver of its service culture (Davidson, 2003). The set of values and code of discipline that dictate the behaviour of their staff was designed from the corporate culture of a hotel (de Chernatony & Segal-Horn, 2003). When a hotel used service differentiation as its new positioning tool, the rebranded service direct the design of new values, new service delivery procedures, new service lingo for all the staff to abide by (de Chernatony &

Segal-Horn, 2003; Macaulay & Clark, 1998; Sinclair & Arthur, 1994). The general definition and principles of branding was used universally on products and services but the execution of branding for product and service was different (de Chernatony & Segal-Horn, 2003). Service rebranding process involved the identification of values to be retained, modified or discarded. The changed values replaced the old brand identity of the service brand. The new values became the new promises to be communicated and delivered to the customers by the employees.

Service rebranding involved more than changing names and value proposition. The entire hotel's service delivery chain had to change to make it possible for the employees to deliver the new service brand (de Chernatony & Segal-Horn, 2003; Macaulay & Clark, 1998). The challenges included changing the service blueprint and changing existing employees' mindset to adopt the new way of serving their customers (Solnet & Paulsen, 2005). When there was no complete staff buy-in, employees resisted the change and refused to deliver the new service promises. This adversely affected the brand equity which the hotel had built over the years (Gotsi & Andriopoulos, 2007).

Existing employees who did not perceive the new service brand in the same manner as the management did not accept the new identity (Kimpakorn & Dimmitt, 2007; Solnet & Paulsen, 2005). From a study by Solnet and Paulsen (2005), employees belonged to different subculture groups within a hotel. The management was challenged to identify the various subculture groups and to influence the employees to accept the new service values. Some employees viewed the rebranding as a threat. When employees did not perceive that the new service values as positive, they feel alienated and were less committed to carry out the new brand values. The management was challenged to position in the minds of their employees that the new service brand was beneficial to them and the customers. Staff had to be equipped with knowledge and skills to

deliver the desired new service brand behavior (Gotsi & Andriopoulos, 2007). The change of attitude and behavior was unnatural behavior. Staff had to be motivated by HR practices like training, recognition and rewards to display the new brand service behavior. Management leaders must walk the talk and motivate their staff to do likewise (Solnet & Paulsen, 2005). Successful service rebranding had to be carried out by employees who were comfortable and confident to deliver the new service brand values. New employees who fit the personality of the new brand identity were hired and existing employees who did not fit the brand personality were terminated.

The management's choice of the new values for its new brand was not necessarily congruent with the customers' perceived evaluation of quality service. Min and Min (2005) conducted a comparative study on hotel employee and customer importance rating for the different attributes of service quality. Employees and customers rated the various attributes of service quality differently. When hotels emphasized the wrong functional and emotional service brand values, customers became dissatisfied. Studies showed that loyalty was directly related to customer satisfaction (Kandampully & Hu, 2007; Oh, 1999). Service gap arose when the employees' ability to deliver the new service brand failed to meet the expectation of the customers (Solnet & Paulsen, 2005). Brand image was organic and had to be reinforced constantly by the staff. The brand image was affected by all the staff's ability to deliver the service promise promptly and consistently every time. Employees had to be empowered to recover any service failure. And line managers must support their staff's effort in the service delivery functions (Johnson, 2002). Service delivery was variable. Every moment of truth was unpredictable (Macaulay & Clark, 1998). Customers' level of satisfaction was affected by their past and present experiences. Every positive consumption experience` raised the satisfaction level of the customers (Cronin & Taylor, 1992; Kandampully & Hu, 2007; Oh, 1999; Zeithaml et

al., 2006). The success of service rebranding depended on the hotel's ability to standardise the service delivery at every customer contact point.

In summary, the generic corporate rebranding process postulated by Merrilees and Miller (2008), Gotsi and Andriopoulos (2007) and Lomax and Mador (2006) cannot be used lock stock and barrel to rebrand service in hotels. The above section discussed various service tensions resultant from interactions amongst service climate, service delivery, service brand promises, employees and customers which were overlooked by the corporate rebranding frameworks. The service rebranding of Royal Plaza on Scotts created tensions for the staff. Corporate rebranding assumed that the rebranding was welcomed by the internal and external stakeholders as long as they were informed of the rebranding exercise. Corporate rebranding omitted an important element of service rebranding which was the variability of the service providers. The next section will draw insights from the literature on service brand building and integrate it with the principles of corporate rebranding to suggest a framework for the stages to rebrand service.

Service brand building process

Currently there were no academic literature and studies on service branding (de Chernatony, Drury, & Segal-Horn, 2003). De Chernatony et al. used the views of 28 brand agencies, advertising and marketing experts to posit a nine-stage service brand building model. Their study revealed that there were numerous similarities between the corporate rebranding and service brand building models. The service brand building process postulated by de Chernatony et al. (2003) consisted of nine stages not arranged in any sequential order (Figure 2). Different service firms used different combination of the nine steps. Under the "identify external opportunities" and "identify internal capabilities" stages, service firms used SWOT analysis to

identify service differentiation opportunities and staff capabilities. The management in collaboration with their employees determined the new service brand identity under the “define the brand and develop brand concept” stage. Some service firms engaged the services of external brand agencies to construct the new service brand values. The management looked for a unique service identity that is superior to competitors under the “consider feasibility of brand” stage. In addition, the management allocated the required budget to implement the new brand identity. The organisation worked on staff buy-in under the “ensure internal commitment” stage. Some of the buy-in activities were gather feedback from employees and communicate the new service brand values to the staff. Under the “position and differentiate the brand” stage, the service firm identified the competitive advantage of the service brand and developed the positioning plan. Candidates with the right brand attitude and personality that matched the new brand values were hired under the “structure organisational resources” stage. Existing staff were trained and motivated to deliver the new service brand promises. The new service delivery process was tested for its ability to deliver the new service promises under the “market test” stage. Some service firms engaged the services of advertising agencies to design the communications plan under the “operationalization”. The communications message aimed to create awareness of the new service brand amongst the customers. The details of the new service blueprint were drawn up under this stage. Successful brand delivery depended on the leadership, staff involvement and continuous testing to improve the service delivery.

In summary, de Chernatony et al. (2003) likened the principles of service brand building process to be similar to corporate brand building. The author reasoned if any organisation wanted to change its service brand, the management chose to incorporate the new service values into the existing corporate brand than changed its brand totally. The service brand building became a

process whereby new service values were added to the existing corporate brand. The process involved identifying a set of new service identity which was superior to competitors. The successful implementation of the new service identity depended on the leadership, commitment of the staff, and expectation of the customers. The nine stages posited were not fastidious and rigid. Companies underwent stages that were relevant to their business activities.



Figure 2. The development process of a successful services brand. Model reproduced from de Chernatony, Drury & Segal-Horn (2003), p. 9.

Conclusion to literature review

The literature of corporate rebranding and service brand building showed similarities between both models. De Chernatony et al. (2003) argued that service firms preferred to build

new service brand from existing corporate branding practices than to build it from scratch. Studies on corporate rebranding described rebranding as a process of updating the values of existing brand to stay relevant to competition. The frameworks postulated by Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006) had overlooked the intrinsic service tensions and gaps that are inherent of service marketing (Zeithaml et al., 2006, p. 33-43). Alternative literature review specifically on service and service brand building was conducted as there were no studies and academic concepts for service rebranding (de Chernatony et al., 2003). Both frameworks agreed that when there was a change to the brand values there was corresponding change in the staff's behavior. The decision to change any brand values was mostly initiated by management leaders. Sufficient financial and human resources were required to sustain the rebranding process. The success of rebranding depended on the staff's ability to deliver on brand experiences constantly. Involvement of the stakeholders, communications of the new values to the stakeholders, and the service delivery system must be adapted to support the change. Building on the studies of Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006), and de Chernatony et al. (2003), this paper suggested integrating the elements of corporate rebranding (Figure 1) and elements of service brand building (Figure 2) to postulate the framework for service rebranding (Figure 3).

Service rebranding model

The service rebranding model (Figure 3) lists the key elements involved to enact any service rebranding exercise. These elements are organised under three stages. The first stage of the rebranding exercise looks at the drivers or reasons to rebrand. The catalysts to rebrand could be driven by both internal structural changes and / or environmental factors. The second stage is

new brand development. The decision to rebrand is usually led by the top management, board of directors or by a cross functional team. The hotel must have sufficient monetary and human resources to carry out the rebranding campaign. The degree of success of the rebranding exercise is influenced by the degree of management and employee communications. At the initial stage of the rebranding exercise, the management has to prepare their employees psychologically to change their mindset towards the new service delivery method. The management could involve employees who are in direct contact with their customers to select the new brand values. These frontline employees are in better position to verbalize what the brand meant to their customers. The third stage is the implementation of rebranding strategy. Service rebranding of hotels involves and affects employees from all departments. The marketing department is responsible to strategise the new brand positioning and use various communications tools to communicate the new values to both internal and external stakeholders. The human resource department will align its HR practices to motivate the staff to change their mind set and deliver the new service value accordingly to the customers. The challenge to build a successful service brand is the ability of the management to sustain the rebranding effort. Tactical methods include continuous staff buy-in efforts and constantly evaluating the success of its rebranding efforts using varied market testing tactics. The service rebranding framework is discussed further together with the case study of the service rebranding of Royal Plaza on Scotts in Part Three.

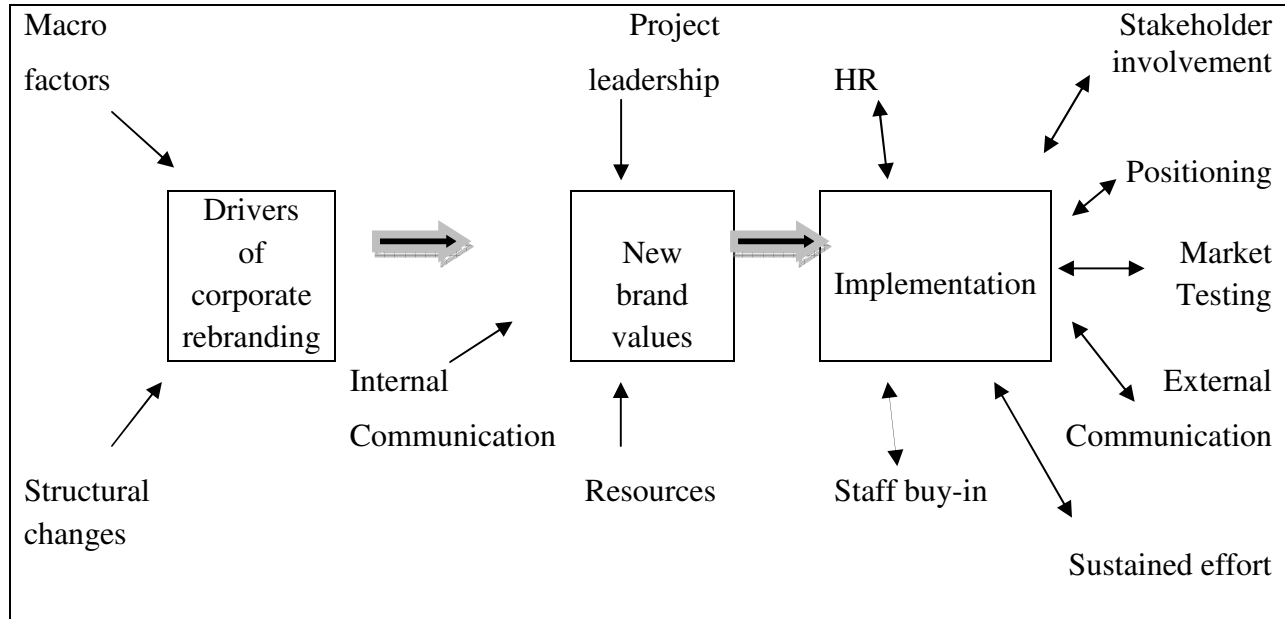


Figure 3. Elements of service rebranding. Model is developed from the studies by Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), Lomax and Mador, (2006) and de Chernatony, Drury and Segal-Horn (2003).

PART THREE

Introduction

Part Three discusses the service rebranding of Royal Plaza on Scotts. This case study provides insights into an actual service rebranding process. The discussion also assesses the extent to which the hotel applies the service rebranding framework.

Research methodology

In March 2008, University of Nevada Las Vegas (UNLV) Singapore organised a site visit to Royal Plaza on Scotts hotel. During the field trip, the yield manager spoke on the hotel's rebranding exercise. Subsequently, the author followed up on the rebranding exercise with interviews with the brand and marketing director. Previous studies on rebranding showed that the process of rebranding differed in context and organisations. The service rebranding of Royal Plaza on Scotts will be a unique case. Single case design was used for this study (Yin, 2003). Preliminary exploratory research revealed that there were no studies on service rebranding and there were limited studies on corporate rebranding. The questions developed for the in-depth personal interviews were guided by the elements of the service rebranding framework. The questions asked were descriptive and exploratory, seeking to gain insights to the reasons why the hotel chose to rebrand its services and the actual stages the hotel underwent during the rebranding (Yin, 2003). Multiple sources of data were used to understand the drivers for the rebranding and tactics used for the rebranding process (Yin, 2003). Publicly available archival sources like newspapers, tourism related sources, hotel's press releases and its website were used to gather information to better understand the external factors that influenced the hotel decisions to rebrand.

In-depth personal interviews were used to gain insights into the actual service rebranding process of the hotel. The personal interviews revealed details like time taken for the planning, the implementation stages, types of resources needed and the challenges faced. Two face-to-face in-depth interviews were conducted with the brand and marketing director. Each interview lasted about four hours. Different locations were selected for each of the two interviews. The first interview was held at the newly renovated lounge. The second interview was held at the VIP club where complimentary cocktails were served to guests who stayed on the VIP floors. A back-of-the-house tour was included during the second interview. These allowed the interviewer to observe the service ambience and service members during the interviews. The content of the interviews was hand written and tape recorded.

Observation by sight was used during the personal interviews to observe the changes made to the hardware to support the service rebranding. The hardware included the service ambience, the internal marketing communication material targeted at the staff, the uniform of the staff, the newly renovated F&B outlet Carousel, the service delivery by the front desk staff, facilities of the back-of-the-house, the renovated guests' rooms, and the new external communications materials. Observation by audio was employed to listen to the brand identity jingle created by the brand consultant. The jingle was recorded on CD ROMs and given as part of the marketing kit to their corporate clients. The hotel engaged the service of an agency brand consultant to develop the new brand identity and design the implementation procedure.

Case study of Royal Plaza on Scotts

Overview

Royal Plaza on Scotts is a 34 year old independent hotel and privately owned by Sajahtera Investments (Singapore) Private Limited. It has 511 rooms. After the service rebranding, it was repositioned as a 5 star luxury business hotel from a four star luxury business hotel. The primary market segment was business travelers and it made up 85% of the hotel's clientele. The property is located within close proximity to the shopping belt, Orchard Road. It is well served by the public transportation system. In the past it was managed by an international chain hotel group. Local residents who knew the hotel in the 1980s through 1990s remembered it by its previous name. Currently, the hotel is managed by its own team of staff headed by the general manager, Patrick Fiat. From October 2006 to January 2007, the hotel underwent both hardware renovations and software re-visioning works. The physical building underwent a multi-million dollars renovation. The guests' rooms were refurnished and fitted with broadband Internet access. The service was redefined. A brand consultant was engaged at a five figure fees to develop the new brand identity. All the staff from the rank and file to the management underwent intensive training to learn the new service values and the "how" to deliver the rebranded service. The management tested the service delivery by engaging mystery shoppers to evaluate the service delivery.

Discussions

Elements of service rebranding

The drivers for rebranding

The environmental forces offered numerous attractive incentives to drive the tourism market in recent years. Singapore's economy is sustained by two key economic sectors; manufacturing and services. According to Mr. Lee S. H., Chief Executive, Singapore Productivity and Standards Board, in the 1990s, the manufacturing and service sectors contributed on an average of 24% and 60% respectively to the nations' gross domestic product (GDP) (Lee, 2001). The tourism sector employed 7% of the total workforce and contributed 10% to the nation's GDP. The tourism sector was robust. Mr. Lim Neo Chian, Singapore Tourist Board (STB) Deputy Chairman and Chief Executive reported that 2004 saw a strong tourist arrival recovery from the Severe Acute Respiratory Syndrome (SARS) crisis in 2003. The tourists' arrivals increased by 36%. Singapore has a 10-year tourism master plan called the Tourism Vision 2015. This plan aims to bring in 17 million visitors, triple the tourism receipts to US\$22.2 billion and creates additional 100,000 jobs (STB, 2005, January 11). Mr. Lee Hsien Loong, Prime Minister reversed the 40-year ban on casino gaming by opening two US\$6.5 billion integrated resorts in 2010 (Lee, 2005). These two properties would generate additional US\$1.8 billion and contribute additional 0.8% to the country's annual GDP (Lee, 2007). The Civil Aviation Authority of Singapore completed a new US\$1.75 billion airport -- Terminal 3 (T3) on January 2008. Together with Terminals 1 and 2, the total passenger handling capacity has increased from 44 to 64 million people (Jemangin, 2006).

Dr Vivian Balakrishnan, Senior Minister of State for Trade & Industry, revealed that the government planned to invest US\$1.18 billion to turn Orchard Road into a world premier

shopping destination comparable to Champs-Élysées and 5th Avenue (STB, 2008). STB has launched numerous initiatives to propel Singapore into the global tourism arena. Singapore hosted the first Formula One (F1) night race in September 28 2008 and has the license to host the races for another four years. The country will host the Youth Olympics in 2010. The STB has allocated US\$1.03 billion to beef up the business travel and meetings, incentives, conventions and events (BTMICE) sector. BTMICE contributes about 28% or US\$2.2 billion to the total tourism receipts annually. STB planned to raise its contribution to 35% of total tourism receipts or US\$7.7 billion by 2015 (STB, 2006).

All these tourism developments have direct impact on the occupancy rate of both luxury business and leisure hotels. Singapore is geographically small. There are 220 hotels with only 37,198 rooms to rent (Mak, 2008, February/March). Royal Plaza on Scotts strategized to be the preferred brand of luxury business hotel and planned to charge higher room prices to capitalize on the forecasted rise in occupancy and average room rates. The average industry hotel room occupancy rate from 2004 to 2007 had climbed steadily from 81% to 87% with an annual increment of 1% to 4%. The average room rate from 2004 to 2007 had increased from US\$86 to US\$143 with an annual increment of 23% to 35% (STB, n.d.).

Royal Plaza on Scotts planned to take advantage of these extensive tourism developments in Singapore. When Royal Plaza on Scotts analysed its internal structural capabilities, the management observed that their business guests were younger and more travel savvy. Royal Plaza on Scotts decided to update its stodgy service ambience to a contemporary business travellers' property with amenities that could better meet their business needs. Royal Plaza on Scotts is an independent hotel with no international hotel brand affiliation. The management

decided to break through the clutter of competing international chain hotels with distinctive service that differentiated it from the competitors.

Project leadership

In November 2004, the general manager believed that the hotel was capable of delivering more than generic service. The hotel decided to reposition itself as a 5 star luxury business class hotel. The general manager head hunted a brand and marketing director to spearhead the rebranding campaign. Ms Odette Huang joined Royal Plaza on Scotts in November 2004. In March 2005, brand consultant Ms Janelle Barlow was engaged to develop a new brand of customer service for the hotel. Barlow was appointed for her wide experience of managing customer service projects in Asia.

Internal communications

Before the rebranding exercise, the staff was informed of the service rebranding plan. The staff was told to expect changes to the hotel's culture and they must be prepared to change their service delivery mindset and methods after January 2007. The Management offered all staff the opportunity to stay or resign. About twenty long serving staff resigned. Before the rebranding exercise, the kitchen of the Carousel was hidden away from diners' view. The chefs were not required to interact with the guests. After the renovations, the new restaurant has an open kitchen with seven food stations manned by the chefs. The chefs had to interact with the diners to allow relationships to flourish between the chefs and the diners.

Resources

The general manager has the authority to pool and allocate human and financial resources for the rebranding exercise. Financial resources were funded by the investment company. The capital investment for this exercise included the multi million renovation costs, five figure fees payable to the brand consultant, salary of staff when the hotel was completely closed during the renovation for three months, the lose of F&B and rooms revenue during the three months of renovation, and another four months from January to May 2007 when the hotel was partially operational. Additional expenses included the cost of new uniforms, internal and external communications materials. Human resources was drawn from all strata of the organisation, a cross functional team of thirty staff representing both rank and file and management members were picked to brain storm the brand identity with the brand consultant for two days at the Four Seasons Hotel in Singapore. The Seasons Hotel was chosen for the team to experience renowned excellent service. At the implementation stage, brand ambassadors were identified from amongst the staff members to champion and motivate fellow colleagues to adopt the new brand identity.

New brand value

During the two days, the cross functional team studied and analysed past survey results and feedback from staff, guests and mystery shoppers. The team analysed their guests' expectations and their desired service experience. The team wanted to find out what experience could be uniquely attributed to Royal Plaza on Scotts. The following day, Barlow presented the team with the Royal Plaza on Scotts' brand story. The brand story was the narrative of the hotel's new brand identity "SERVICE," its meaning and attributes (Figure 4).

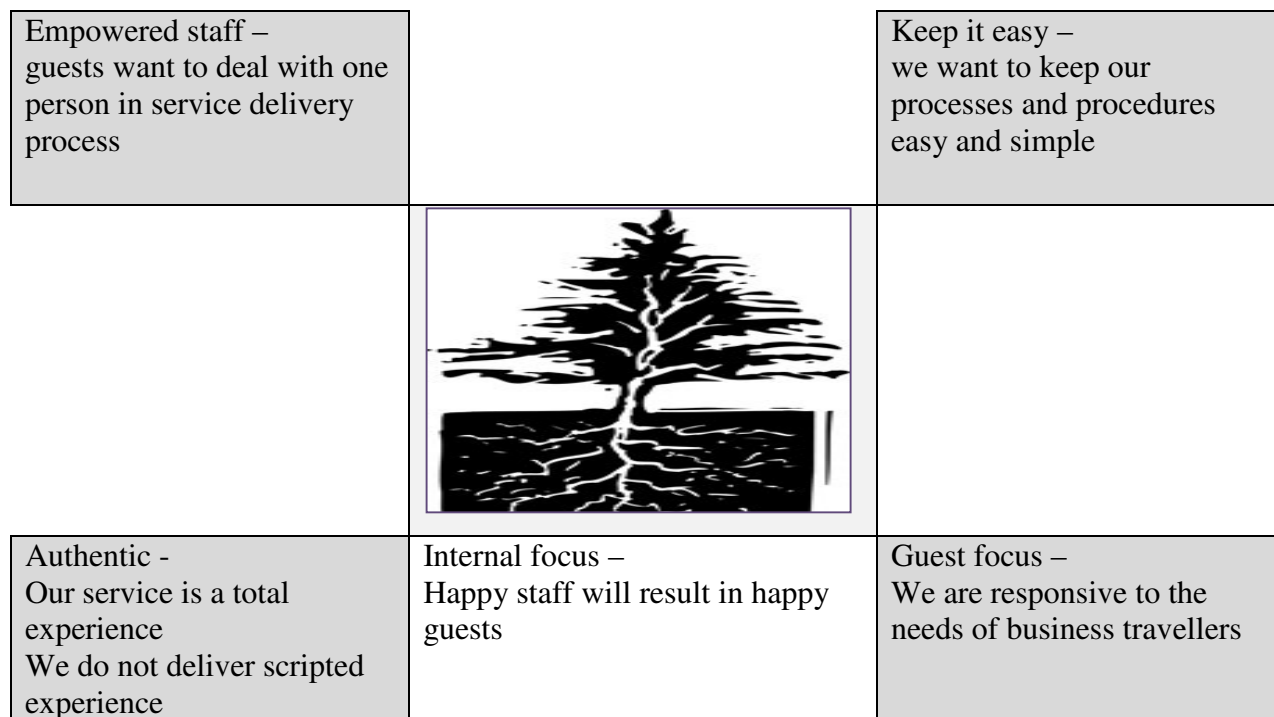


Figure 4. The brand story of Royal Plaza on Scotts. Reconstructed from the publicity material presented by Ms Odette Huang during the interview.

The brand story focused on five key service function areas. The primary aim was to serve the needs of their primary market segment. The staffs were empowered to deliver authentic services. Authentic services referred to services delivered without scripts and from the heart of the staffs. The service environment was made conducive and service delivery procedures were simplified for staffs to perform their jobs. Barlow believed that happy staffs would deliver better service. Internal focus looked at taking care of the welfare of the staffs.

Brand identity

The new brand value was represented by the acronym SERVICE. It stood for seamless, empowered, refreshing, versatile, individualized, charming, and extraordinary. The new brand identity was to deliver excellent service that was distinctive to Royal Plaza on Scotts. The service befitted a 5 star luxury business hotel and yet uniquely different from its competitors. Staff of typical 5 star luxury business hotels delivered script guided service with rigid professional demeanor. More steel than warmth exuded from the typical service providers of 5 star luxury business hotels. On the other hand, there were no procedures to guide the employees of Royal Plaza on Scotts with the specific tactics to deliver unscripted service. The employees were guided by the values of “SERVICE”, circumstances and their gut feel to deliver the new service promises. Employees were offered suggestions on how they could enact “SERVICE” in their service delivery (Table 1).

Table 1

Royal Plaza on Scotts' new brand identity "SERVICE" and its representation when delivering service

| Acronym | Value | Suggestions of service delivery |
|---------|------------|---|
| S | Seamless | Staff takes ownership of any task and ensures the task is efficiently completed. Employees do not pass the guest's requests to another colleague. |
| E | Empowered | Staff is empowered to deliver seamless service to guests. Empowerment does not mean that staff must agree to all requests of their guests. For example, guests staying on the club floor could enjoy complimentary cocktails from 6 pm to 8.30 pm daily. Staff is empowered to deny guests the complimentary cocktails after the service hours. Staff is empowered to offer guests who arrive 5 minutes after the service hours a drink provided that the guest is out of ear shot of other guests. Employees are empowered to respond intuitively to situations. |
| R | Refreshing | The duties of service staff are usually routine and repetitive. Employees are encouraged to perform their task differently and inject fun into their own work routine. For example, cleaners are encouraged to greet and interact with guests. |
| V | Versatile | The management wants to tap the versatile talents of their staff. For example, the F&B servers of Carousel are praised for composing their version of birthday songs for the diners. |

| Acronym | Value | Suggestions of service delivery |
|---------|----------------|--|
| I | Individualised | <p>Employees are encouraged to know their customers and intuitively respond to their needs with customised services.</p> <p>For example, when customers comment that the air-conditioning of Carousel is cold, the server should respond with a shawl.</p> |
| C | Charming | <p>There is no pre-prepared script to guide the staff. Employees are encouraged to deliver service from their heart. For example, employees are encouraged to greet their guests by names and work towards building friendship with the guests.</p> |
| E | Extraordinary | <p>Employees are required to seize opportune moments and make them special for their guests. For example, if the servers know that the guests are celebrating their birthdays, they are encouraged to make the dinning occasion special by singing them the birthday song.</p> |

Implementation

Under the planning and implementation stage, the management explored ways to ensure the sustainability of the rebranding exercise. It was important that all the staff consciously exercise the new brand values in their daily service delivery. There was immense amount of coordination amongst the various stakeholders and departments. The process involved new strategic directives and changes to the human resource practices, which will be discussed under staff buy-in and human resource practices, respectively.

Management buy-in

Royal Plaza on Scotts is privately owned and managed by an investment company. The general manager who initiated the rebranding exercise needed the consent and support of the investment company to carry out the operational works of the rebranding exercise. The investment company was consulted and the owners agreed to the service rebranding rationale, repositioning strategy, new operational strategy, supply of funds, and closure the hotel operations for three months and subsequent gradual opening till the hotel was completely renovated.

Staff buy-in and internal communications

The success of the rebranding depended on ability of the hotel's employees to deliver the service promises. Staff buy-in was crucial. The degree of the staff's acceptance and involvement the rebranding program directly affect the rate of success of the rebranding. The management entrusted their department heads to cascade the new service values to the rank and file staff. The department heads rallied their staff to support the new service values. They aligned their department's sub cultural values to the new service values and used rewards to motivate their

employees to change their attitude and behaviour. The department heads appointed brand ambassadors to enthuse colleagues to change their service paradigm.

Training was used to induct all the staff to accept the new brand values. The content of the training was developed by Barlow. Thirty training workshops in three business languages - English, Mandarin, and Malay were conducted from October 2006 to January 2007. All the 340 staff attended one full day training session. The lessons were conducted in cluster according to staff's duties. The content for the training was customised to fit the job description of the different staff clusters. All back-of-the-house and front line staff were shown how to align the brand values "SERVICE" to their job descriptions. For example, when the technician received a job order to repair an electrical malfunction, the staff was expected to repair the malfunction by the agreed time. In addition, all employees were taught the differences between on-brand and off-brand experiences. On-brand experiences meant that staff had delivered services according to the values of "SERVICE." Off-brand experiences meant the services delivered negate the values of "SERVICE."

Other staff buy-in tactic used was brand identity ownership. Staff was encouraged to decide how as an individual they could enact the values of "SERVICE." For example, the cleaners and chambermaids could be charming by being themselves when they speak with the guests. Employees were allowed to express their individualism in their dressing. Male employees were allowed to wear ear studs to look refreshing. F&B servers were encouraged to add fun into their routine tasks of serving guests. They were allowed to chat with guests who needed company. The management used experiential activities to engage the staff. Every department was assigned a brand value to present during the opening of the hotel. Each department put up an activity like a song or dance on what the value meant to the department. The management

instilled the new brand identity into the lifestyle of the staff by encouraging all employees to express the new service brand values in their every day lingo. For example, when supervisors, managers, and colleagues spot their staff and colleagues delivering on-brand service, they should compliment the staff by saying “that was seamless service delivery” rather than “well done.”

Internal communication materials were used to reinforce the values. The corridors of the back-of-the-house were re-labelled. Each corridor was named by a value of “SERVICE,” such as “empowered avenue,” “versatile lane” and “extraordinary alley.” The staff’s dining area was named “service square.” The seven values of “SERVICE” were prominently displayed in the “service square” (Figure 5). The service values and their meanings were printed on credit sized card and all employees had to keep the card close to them daily.

In summary, the management used several pronged approaches to excite their staff to buy-in the rebranding exercise like own the new identity and express the new values in their daily tasks.

| | |
|--|--|
| | |
| <p>Service values prominently displayed at the staff dining area</p> | <p>Corridor of back-of-house</p> |
| | |
| <p>Corridor of back-of-house</p> | <p>Corridor of back-of-house</p> |
| | |
| <p>Posters bearing the message of individual brand value of 'SERVICE' being displayed in staff common areas.</p> | <p>Posters bearing the message of the new mission and brand value of 'SERVICE' were displayed in staff common areas.</p> |

Figure 5. Photographs of internal communications materials used to reinforce the hotel's new service values.

Human resources practice

The hiring, appraisal, and compensation practices were redesigned to align to the employees' capabilities to deliver the "SERVICE" values. Before the rebranding exercise, all employees were informed of the rebranding and the expected service delivery changes. Employees were asked to choose to continue their service with the hotel or resign. After the rebranding, candidates were hired according to personality and new brand value fit. The appraisal scheme was changed. Employees were now assessed according to their ability to deliver service according to the new brand values. For example, did the staff create extraordinary experiences for their guests? Or did the staff seize opportune moments to create extraordinary experiences for their guests? Or did the staff provide seamless services instead of transferring the guest or colleagues to other colleagues? Or did the technician repair the lighting malfunction according to the agreed time? A new motivation scheme known as the "SERVICE" award point system was designed to reward staff who delivered on-brand 'SERVICE' experiences. Employees used the service points to exchange for shopping vouchers. Staff members from the marketing department were assigned to look out for staff who delivered on-brand experiences.

Market testing

Royal Plaza on Scotts is a member of the Summit Preferred Hotels and Resorts Group. Annually, the Summit Preferred Hotels and Resorts Group would conduct a mystery audit on the hotel's service delivery. In addition, Royal Plaza on Scotts engaged a research consultant to carry out another mystery audit on its service. Both audits were conducted in 2007 to evaluate the Royal Plaza on Scotts' delivery of seamless service. An example of seamless service was observed in the Carousel. During dinner, a server asked if the mystery shopper was enjoying the

meal. The mystery shopper commented the dinner was good but the pillows in the room were too soft. The mystery shopper returned to the room forty-five minutes later and discovered that the pillows were changed. The management regarded this incident as an on-brand experience and the service was seamlessly delivered.

Guest feedback cards were placed in every guest room to gather instantaneous feedback daily. The employees were informed of the hotel's progress of the rebranding exercise. The general manager chairs a forum bimonthly to update the staff on the progress of the employees' performance and customers' level of satisfaction with the new service delivery standards.

Positioning

The business travelers contributed 85% to the hotel's business. The industry perceived the pre rebranded property as a four star business hotel. Prior to the renovation in January 2007, the physical ambience of the property looked tired. The service was the typical run of the mill generic good service offered by 4 star business hotels. To break through the clutter of international chain hotels, Royal Plaza on Scotts decided to use service, price, and product features to differentiate itself from the competition. The service was rebranded to offer guests experiences that were different from the cookie cutter (Anonymous, 2007a) excellent service typical of 5 star business hotels. The new tagline for the new service delivery was "What can we do for you?" The focus was shifted from providing excellent services to paying attention to details to create memorable experiences. The physical environment of the hotel underwent renovation. The exterior, guest rooms, and facilities were renovated. Royal Plaza on Scotts differentiated its property with numerous pioneer innovations. It was the first hotel in Singapore to offer free Internet access in all the guests' rooms, complimentary mini bar, and the property

was completely smoke free. The rooms were fitted with ergonomically designed writing desk, plasma television sets, Dream Beds, and rain shower heads. The café was renovated and given a new name called “Carousel.” It offered luncheon and dinner buffets, and has seven different food stations. The selection of the food was decided after interviewing 400 respondents. The buffet spread considered the guests’ gender, religion, occupation, and consumption behavior. A lounge called ‘Heat Ultra Lounge’ was renovated and offered guests a place to chill out. The centre piece of the lobby was the vanilla scented candles which perfumed the lobby. The candles were lighted every evening. Royal Plaza on Scotts used value based pricing strategy to capture a share of the 5 star hotel businesses. After the renovations, Royal Plaza on Scotts adjusted its room rates from a 4 star business hotel category to a 5 star business hotel category. The management made three price adjustments from September 2006 to January 2008. The room rates increased from US\$131 to US\$224, which was an increase of 41.5% (Table 2). The average room rate for 5 star business hotels in the country was US\$255. Royal Plaza on Scotts charged 14% lower than similar 5 star business hotels with free unlimited Internet access and complimentary mini bar.

Table 2

Comparison of Royal Plaza on Scotts’ room rates before and after the rebranding

| Date | Average room rates |
|---------------------|--------------------|
| Prior to rebranding | US\$131 |
| September 2006 | US\$159 |
| June 2007 | US\$200 |
| January 2008 | US\$224 |

External communications

The essence of “SERVICE” was extended to the hotel’s communications materials, offering excellent service delivered in a uniquely creative and individualized style. All the collaterals were changed. The name of the hotel was represented by the monogram ‘RP’, for ease of identification and remembrance. The corporate colours were changed to deep brown and bright egg yolk orange. The brown color portrayed elegance while the orange represented cheerfulness and vibrancy. Staff’s calling cards were individualised with the first letter of the staff’s first name capitalised in an over-sized font size. The management wanted the design to be refreshingly different and memorable. The press release issued for the official launch of the hotel on 14 May 2007 featured the general manager, Patrick Fiat scaling the wall of the hotel like Spiderman. The management wanted to portray itself as refreshingly different. The management does not want the public to perceive Royal Plaza on Scotts as another 5 star luxury business hotel.

The uniform of the staff was changed when the hotel reopened in May 2007. The uniform was designed to be refreshingly different from the typical staid black suits of 5 star business hotels. The front line staff put on ash grey suits with bright orange and lime green trimming along the collars. The ladies wore a huge rosette on their bodice. The security officers wore lime green shirt under their jackets. Culinary staff wore black and red striped base ball cap with fruits embroidered on their white suites. The chefs do not adorn the standard white shirt with the standard black and white checked pants and tall toques. The take-away boxes for Carousel were also designed to be equally vibrant in colors. Figure 6 shows examples of the external communications media used to position Royal Plaza on Scotts as a different, unscripted 5 star business class hotel.

| | |
|--|--|
|  |  |
| <p>Logo and corporate colors of Royal Plaza on Scotts</p> | <p>Public information</p> |
|  |  |
| <p>General manager in Spiderman pose</p> | <p>Vanilla scented candles in the lobby</p> |
|  |  |
| <p>Frontline staff in their ash grey suits Males have orchid flowers embroidered on the sleeves. Ladies wear matching colored rosette.</p> | <p>Chef wears ball cap instead of tall toque.</p> |

Figure 6. Examples of external communications used to communicate the new positioning of Royal Plaza on Scotts. Photographs were reproduced from the hotel's corporate website, www.royalplaza.com.sg

Sustained efforts

Royal Plaza on Scotts took 16 months to plan the rebranding program. The renovations and training took another seven months to complete. The brand and marketing director anticipated the rebranding process would take 24 months for the service brand to move from its current position of creating awareness for the new brand identity to being regarded as a partner in hospitality service by its market segment in year 2010.

Results

The service rebranding of Royal Plaza on Scotts was completely rolled out in May 2007. The hotel's management increased the room rates by 41% from US\$131 to US\$224 over four price adjustments from August 2006 to January 2008. In June 2007, Royal Plaza on Scotts increased its room rate from US\$131 to US\$200 and the average hotel room rate was US\$138 in June 2007. According to a local news report, Royal Plaza on Scotts's room rate increased by 20 per cent to 25 per cent more than the industry's average room rate in 2007 (Lim, 2007).

Weeks prior to Singapore's first Grand Prix night race on September 28 2008, Royal Plaza on Scotts raised its room rates to US\$636 with minimum two nights stay. Its occupancy rate was 75%. When the hotel removed its minimum two nights stay condition, its occupancy rates increased to 92% for the weekend races (Anonymous, 2008b). Many of Royal Plaza on Scotts' competitors like 5 star luxury Pan Pacific hotel which was considered a track side hotel had to shave 56% off its room rate from US\$993 to US\$563 and reduced the minimum night stay condition from five to three nights (Anonymous, 2008b) to improve its yield management. It seemed that Royal Plaza on Scotts was able to penetrate the 5 star luxury business market with its new service values and price hike.

Royal Plaza on Scotts won two awards in 2007. It was awarded the “Best Independent Hotel Travel Weekly (Asia) Award” and the annual TTG Asia Travel Award for “Best City Hotel” in the Asia Pacific region (Anonymous, 2007b). In 2008, the hotel was honored with the “Asia Pacific’s Best Independent Hotel” award by TTG Travel Awards (The Straits Times, 2008). The pre rebranded service and post rebranded service delivery of Royal Plaza on Scotts won accolades from their customers and industry peers. The award won during the post rebranding does not indicate the proportion of existing and new customer segments.

The tourist arrivals to Singapore dipped for the first time after 51 months in June 2008 due to soaring global oil prices. The average occupancy rate for the hotels for June 2008 was 82% and July was 85%. The average occupancy rate for January to October 2008 was 82% (STB, 2008). The general manager, Patrick Fiat revealed that Royal Plaza on Scotts’ occupancy rate for July 2008 was 95% and envisaged that the hotel’s occupancy rates will stay strong between 80 and 90 per cent (Kaur & Luo, 2008).

Summary

The rebranding exercise undertaken by The Royal Plaza on Scotts was a costly and complex pan organisation process. The rebranding exercise completely changed the service delivery process and the staff had to change their mental paradigm on how they used to deliver service in the past. The demands of exercising “SERVICE” were challenging as the hotel does not have any past records of on-brand experiences. By changing its positioning from a 4 star business hotel to a 5 star business hotel, the hotel has upped its own competition ante. Their new primary competitors were now Hilton, Regent, Meritus Mandarin, Sheraton, and Intercontinental hotels. Their new secondary competitors were Marriot, Grand Hyatt, Shangri-La, and Four

Seasons hotels. The pricing strategy for the rooms was adjusted upwards by 41.5% (Table 3). The name of the hotel remained the same. The brand's symbol and corporate colours were changed. All the external communications materials were changed. Staff had to change their work habits and service attitude and aligned them with the new HR appraisal and compensation practices. The Carousel's kitchen staff had to overcome any self consciousness as guests can watch them cook in the open kitchen. Both the kitchen staff and servers were given additional new roles of interacting with customers to know their customers' needs. The service re-visioning changed the external stakeholders' expectation of the hotel's service. Royal Plaza on Scotts faced new challenges of meeting changed expectation of employees, customers, investors, suppliers, partners, regulators, special interests, and local communities.

Conclusion

The case study of the rebranding of Royal Plaza on Scotts illustrated the business activities, internal and external elements, considerations, and process a hotel would undergo during rebranding. The hotel repositioned itself with a changed service brand identity. The re-visioning took a two pronged approach: internal organisational change and exterior physical asset rejuvenation. The rebranding campaign was carefully and thoroughly planned and crafted. The hotel hired a brand and marketing director to spearhead the rebranding process, consulted a brand consultant and spent multi-million dollars on agency consultation, the 3-month staff training program, and renovation works. The planning took 16 months and the rebranding process would take three years to establish its new positioning image firmly in the minds of their internal and external stakeholders.

Many studies used the principles of corporate rebranding interchangeably with organisation rebranding, service rebranding, and retailing rebranding (Gotsi & Andriopoulos, 2007; Lomax & Mador, 2006; Merrilees & Miller, 2008). The principles of corporate rebranding overlooked various service tensions resultant from the interactions amongst service climate, service delivery, service brand promises, employees, and customers. This paper sought to supplement these inadequacies by reviewing literature on building service brands. This paper then postulated a service rebranding model from the studies of corporate rebranding by Merrilees and Miller (2008), Gotsi and Andriopoulos (2007), and Lomax and Mador (2006) together with the literature on building service brands by de Chernatony, Drury, and Segal-Horn (2003). The definition and core elements of generic branding, corporate rebranding, and service brand building are similar. The key difference lies in the implementation process for tangible and intangible entities. The service rebranding strategy of Royal Plaza on Scotts applied all the elements of the service rebranding model in Figure 3. The case study illustrated the decisions, activities and resources involved at the planning, organization, execution, and evaluation stages of the rebranding model presented in Figure 3.

The case study revealed the decision of rebranding was initiated and supported by the leadership. The general manager of Royal Plaza on Scotts was the key driver of the exercise. His management team and the owners of the property played instrumental roles in the strategic planning of the rebranding exercise. Management support was necessary as it has the authority to mobilize and allocate financial and human resources amongst departments. The rate of adoption of the new service brand was affected by the employees' ability to identify with the new brand values (Gotsi & Andriopoulos, 2007; Merrilees & Miller, 2008). The new brand identity must reflect the competitive advantage of the hotel and at the same time be

believable and meaningful to both the internal stakeholders and targeted market segments. Thirty key staff representing a cross section of all departments and levels together with the brand consultant spent two days discussing what Royal Plaza on Scotts meant to them and their core market segments. The brand consultant built the hotel's new identity "SERVICE" with existing desired values and the intended new positioning. After the hotel's service was rebranded, the corporate culture of Royal Plaza on Scotts was changed. The work attitude of all back-of-the-house and front line employees were guided by the new service tagline "What can we do for you?" and the new service values, "SERVICE." Royal Plaza on Scotts used multiple approaches to garner support for the rebranding exercise. Staff buy-in affected the success rate of rebranding (Gotsi & Andriopoulos, 2007; Merrilees & Miller, 2008). Prior to the rebranding, the management pre sold the rebranding idea to all the employees. Before the new service identity was publicly launched, all employees attended a one day training session on how to deliver on brand experiences. To sustain the rebranding efforts, Royal Plaza on Scotts used internal communications such as naming the staff common areas in the back-of-the house with the service values. The management used rewards to motivate staff who delivered on brand experiences. To encourage the staff, the general manager used the bi-monthly forums to report the progress and performance of the rebranding exercise. The management changed the staff appraisal criteria to enforce changes in the employees' service mindset.

The rebranding repositioned Royal Plaza on Scotts as a 5 star luxury business hotel. The new positioning upped the hotel's competition ante. The hotel had new competitors and the service expectation of the guests increased correspondingly. After the repositioning, the property's room rate increased by 41.5% from US\$131 to US\$224. All employees were

required to deliver the new service promise by delivering seamless, empowered, refreshing, versatile, individualized, charming and extraordinary (SERVICE) services to both internal and external stakeholders. Royal Plaza on Scotts used a gamut of external communications media to communicate its new positioning. The hotel is renovated and boasted three pioneer innovations; free Internet access throughout the hotel, completely smoke free property, and complimentary mini bar. The corporate colors were different. Employees had new uniform. Royal Plaza on Scotts used mystery shoppers to evaluate their service delivery twice every year. The regular market testing allowed the management to gather feedback to plug any service gaps. In summary, the service rebranding of Royal Plaza on Scotts involved all the elements of the postulated service rebranding model.

Suggestions for future research

Royal Plaza on Scotts rebranded to reposition itself as a 5 star business hotel from its 4 star business hotel status. The hotel used service to differentiate its brand from competition. The rebranded service promised to deliver beyond generic excellent service that typified luxury international chain hotels. The hotel does not want to offer their guest the expected and scripted excellent service of luxury international chain hotels. Royal Plaza on Scotts wanted to offer their guests unscripted and authentic services delivered from the heart. The management does not have manuals to guide their employees on the specific tactics to deliver unscripted service. The service providers were guided by the values of “SERVICE” to deliver seamless, empowered, refreshing, versatile, individualized, charming, and extraordinary services intuitively. The staff could take cues from the “SERVICE” award system if they had delivered on brand experiences for their guests.

It seemed that there are no common standards on the range of services that are classified as on brand or off brand experience till the services were delivered to the guests. The service quality becomes unpredictable which is detrimental to any luxury business hotels. On the other hand, Royal Plaza on Scotts won the “Best Independent Hotel' Travel Weekly (Asia) Award” in 2007 (Anonymous, 2007b). The hotel was awarded with the “Asia Pacific’s Best Independent Hotel” award by TTG Travel Awards in 2008 (The Straits Times, 2008, October 10). The five criteria for the award were superior product and excellent service, outstanding effort and professionalism, fulfilling its promises to customers, ability to react and adapt to market changes, and be customer focused (Anonymous, 2007b). The award clinched for 2007 was for services evaluated prior to the rebranding and the award for 2008 was for services evaluated when the hotel rebranded its services. Future research could be conducted in 2010; the third and final year of the rebranding exercise; and another research could be conducted in 2012 to compare the hotel’s ability to sustain consistent service quality during and after the rebranding exercise.

Another possible future research could focus on the degree of guests’ acceptance of Royal Plaza on Scotts’ unconventional service delivery. Royal Plaza on Scotts altered the service image when it repositioned itself as a 5 star luxury business hotel. The hotel is now competing with international hotel chains belonging to the same 5 star luxury business hotels category. Their competitors are Hilton, Regent, Meritus Mandarin, and Sheraton and Intercontinental. Customers who frequent hotels in the 5 star luxury business hotels category have pre-conceived perception of the expected level of service quality from these hotels. Guests will evaluate the service delivery of Royal Plaza on Scotts according to their perceived service quality formed from their previous experiences with similar 5 star luxury hotels (Oh, 1999; Zeithaml, Bitner, & Gremler, 2006). Royal Plaza on Scotts wants to differentiate its service with staff delivering

individualised and charming services from the heart rather than follow the stiff and scripted services offered by their competitors. Customers who expect the familiar polished and predictable services of international hotel chains may find the service delivery of Royal Plaza on Scotts unfamiliar, radical and not meeting their expectation of quality service delivery. Future research could focus on the degree of guests' acceptance of Royal Plaza on Scotts' type of service delivery as compared to the familiar service offered by 5 star international chain business hotels.

Other possible future study could look at customers' acceptance of the new and more expensive room rates and the hotel's new service culture. Thirty-five percent of the hotel's customers are their loyal customers. After the rebranding, the hotel changed its service culture and increased its room rates by 41.5%. The hotel may lose those loyal customers who had chosen it for its pricing and / or its pre rebranded service culture (Min & Min, 2005; Oh, 1999; O'Neill, Mattila, & Qu, 2006). Future research could study the hotel's loyal customers' level of satisfaction with the new pricing strategy and service culture.

Alternative future research could study the relevance of the rebranded service when the hotel's rebranding exercise is completed in 2010. The rebranding process of Royal Plaza on Scotts took 12 months to create awareness for its new service promise. It would take another 24 months to build Royal Plaza on Scotts as the preferred hotel brand by its market segment. The hotel's management anticipated that the entire rebranding exercise would takes 36 months from its implementation stage in May 2007 to complete. By 2010, after 36 months, customers' expectation and hospitality needs could change and the service culture developed by the brand consultant in October 2006 might become irrelevant to the market segments (Min & Min, 2005). Future research could be carried out in 2010 or 2011 to study the guests' level of satisfaction.

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