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The Impact of rebranding on guest satisfaction and financial performance: A case study of Holiday Inn Singapore Orchard City Centre

Pingshan Huang

University of Nevada, Las Vegas

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**THE IMPACT OF REBRANDING ON GUEST SATISFACTION
AND FINANCIAL PERFORMANCE:
A CASE STUDY OF HOLIDAY INN SINGAPORE ORCHARD CITY CENTRE**

By

Pingshan Huang

Bachelor of Arts (Hons. in Psychology)

School of Behavioural Science

University of Melbourne, Victoria, Australia

2004

A professional paper submitted in partial fulfillment of the requirements for the

Master of Hospitality Administration

William F. Harrah College of Hotel Administration

Graduate College

University of Nevada, Las Vegas

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Abstract

Existing literature has shown that effective branding/ re-branding can positively impact customer purchase preferences and intentions, satisfaction and loyalty and a firm's financial performance. Building on these links, this paper investigated if there was a significant improvement in the Holiday Inn Singapore Orchard City Centre's guest satisfaction (OSAT) and financial performance after its rebranding. Paired-samples analyses were conducted on the hotel's pre- and post-rebranding guest satisfaction, occupancy, average daily rates (ADR), revenue per available room (RevPAR), revenue and net operating profit (NOP). Overall, the results revealed that after the rebranding, HISOCC's occupancy and RevPAR increased significantly; ADR and OSAT reflected non-significant increases; while NOP reflected a non-significant decrease. The non-significant results may be explained by anomalous performance in key hotel operational areas and slow demand during Lunar Chinese New Year in the post-rebranding period. While this paper only analyzed one rebranding case study, it is noted that the results do provide support to the existing literature on branding/rebranding, guest satisfaction and loyalty, and financial performance. More empirical studies that analyze hotels' performance over longer time periods post-rebranding, the inter-relationships between the constructs of hotel brand equity, satisfaction and financial performance, and other extraneous factors are recommended to deepen the understanding on the impact of rebranding on guest satisfaction and financial performance.

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PART ONE

Introduction

Branding has been shown to be a dominant trend in the services industry such as the hotel industry (Kayaman & Arasli, 2007). This trend is not only prominent in the United States of America commercial lodging industry where the ratio of branded versus non-branded properties is more than 70 percent (Forgacs, 2004). Other regions such as Europe and Canada have also demonstrated growing brand penetration ratios (Forgacs, 2004). Several reasons may account for this growing branding trend in the hotel industry. From the hotel owner's perspective, affiliating with an appropriate brand with the correct position can allow them to leverage on the brand's established name to increase awareness of their property and market value (O'Neill & Xiao, 2006). This is especially useful if the hotel is rebranding in reaction to changes in market demand or market segment. Effective hotel branding can also increase the level of reliability and risks associated with the hotel perceived by the consumer, and positively influence their consumption behavior as consumers will tend to purchase from brands they trust and are more familiar with (Bateson & Hoffman, 1999; Berry, 1999). In turn, owners can enjoy stronger customer loyalty and charge higher rates for greater financial returns (Kayaman & Arasli, 2007).

In line with the growing trend of branding in the hotel industry, researchers have also given more attention to the concept of hotel brand. Many suggest that the two are closely-linked; and in fact, some studies (Cobb-Walgren, Ruble, & Donthu's, 1995; Prasad & Dev, 2000) have shown that hotel brand equity correlates significantly with a company's financial performance. More specifically, studies have proposed that strong hotel brand equity can contribute to improved financial performance because it can positively influence consumers to book with a particular brand (Prasad & Dev, 2000). Aside from influencing consumer consumption behavior,

existing literature has also proposed for links between brand equity and customer retention or customer equity (e.g. Ambler, Bhattacharya, Edell, Keller, Lemon, & Vikal, 2002). Effective branding strategies can increase customers' satisfaction and strengthen customer loyalty, which in turn contribute to a company's financial performance.

While appropriate branding and positioning has the potential to yield hotel owners all of the abovementioned benefits because of its impact on the hotel's brand equity and customer loyalty, this is not always the case. Based on raw data provided by Smith Travel Research, it was found that 65 hotel brands that had hotels opened in 1990 had become extinct by 2007 (Anhut, 2008). Aside from the demise of these 65 brands, separate data from the Smith Travel Research Census also revealed that there was significant brand conversion activity (i.e. changing from one brand to another brand) within the industry (Lomanno, 2006). Amongst the types of brand conversions that took place between 2002 and 2006, approximately fifteen thousand hotel rooms had converted into luxury and upper upscale hotel chains, eleven thousand to upscale flags and thirty thousand to midscale brands with food and beverage (Lomanno, 2006). Taken together, these statistics allude to the importance of understanding the effects of branding or re-branding on a hotel's performance; without which could lead to a potential demise of the property when timely decisions (e.g. to re-brand or relook branding and marketing strategy) are not made.

Purpose

Branding or rebranding a hotel is often a high cost investment for hotel owners, but it does not always result in a significant improvement in the guest satisfaction and financial performance of the re-branded hotel. Despite this uncertainty, many hotel owners have undertaken or are contemplating this risk because they understand the importance of branding and its effects on consumer purchasing behavior, especially when there are changes in market

demands. The decision to re-brand can allow hotel owners to leverage on an established brand name and operations framework to increase their operational efficiency and profitability, or it can result in negligible or negative returns on investment. Therefore, it is important for hotel owners and managers to understand how rebranding can impact on guest satisfaction and related hotel financial performance in order to justify the investment decision that had been made.

Findings from the assessment can provide important insights as to whether existing marketing or branding strategies are effective, and if not, which areas hotel management needs to look into to more effectively leverage on the potential of the rebranding.

The purpose of this professional paper was to assess the impact of Holiday Inn Singapore Orchard City Centre's (HISOCC) rebranding on its guest satisfaction and financial performance. More specifically, a pre-post comparison of the hotel's performance for the five-month period before the re-launch renovation programme (i.e. Nov 2007 - March 2008) and five-month period after the official re-launch (Nov 2009 - March 2010) was conducted to support this assessment. These periods were selected to intentionally exclude measuring the hotel's performance during the rebranding renovation period (i.e. July 2008 – Oct 2009) where the hotel's performance could have been affected by the renovation process and not provide a fair assessment of the rebranding impact. The same months for both periods (i.e. November to March) were selected to factor for cyclical patterns that may have impacted HISOCC's business.

Justification

A key justification for the development of this professional paper is related to the fact there has been limited empirical studies (Hanson, Matilla, O'Neill, & Kim, 2009) conducted that directly assess the impacts of rebranding on a hotel's financial performance, although much research about the effects of branding or brand equity and financial performance exists (Kim &

Kim, 2005; Kim, Kim, & An, 2003; O'Neill & Mattila, 2005). For hotel owners that are contemplating any brand changes or have gone ahead to re-brand, this is a critical question they have to address in order to justify the large branding investment to be made or have already been made. It is the latter case that this professional paper intends to address. Differing from Hanson et al.'s (2009) study which explored the effect of brand and scale changes on only the financial performance of 95 hotels, this paper is focused on examining the impact of rebranding that does not include any change in brand name or scale; rather, a redevelopment/ relaunch of the same brand for HISOCC (formerly known as Holiday Inn Park View). In addition to examining the impact of rebranding on HISOCC financial performance, this paper will also examine the impact of the rebranding on the hotel's guest satisfaction scores, using the hotel's defined measure "Overall Satisfaction scores" (OSAT). Findings from this study is expected to provide insights to the hotel owner and management on the success of the Holiday Inn rebranding programme in terms of its impact on guest satisfaction scores and financial performance after the rebranding. Further, given that the rebranding would be expected to enhance elements of the hotel's brand equity (e.g. brand image), findings from the case study of HISOCC are also expected to contribute to the existing literature on the relationships between brand equity, customer purchase intentions, guest satisfaction and hotel financial performance.

Constraint

A key constraint of this study is related to the fact it was carried out within five months from the time the hotel had officially re-launched with the new Holiday Inn brand on 18 November 2009. Using the hotel's performance from November 2009 – March 2010 as the post-rebranding comparison to assess the impact of the rebranding may have been too premature. Consequently, the results from this paper may not be able to present a clear indication of the

returns of the rebranding investment, which may require up to at least a year to demonstrate any significant impact. In addition, any significant changes to the guest satisfaction and financial performance of the hotel after the rebranding may also been influenced by other extraneous factors such as the global economic situation (e.g. recovery from the global recession), changes to the Singapore hospitality landscape (e.g. opening of new hotels) amongst other factors this paper did not set out to study.

Another constraint of this study is that the findings were based on a single case study of Holiday Inn Singapore Orchard City Centre. While these findings can be utilized as a useful teaching material, the results pertaining to the impact of rebranding on hotel's guest satisfaction and financial performance may not be representative or generalizable to the hotel industry as a whole. More empirical studies will need to be conducted to further validate the implications of this study.

Glossary

Average Daily Rates (ADR). ADR is a hospitality industry metric that measures the average rate paid for the rooms sold (Smith Travel Research, 2010). It is calculated by dividing the total room revenue by the number of rooms sold (Smith Travel Research, 2010).

Hotel Brand Equity. This is defined as “the value that consumers and hotel property owners associate with a hotel brand, and the impact of these associations on their behavior and the subsequent financial performance of the brand” (Bailey & Ball, 2006, p. 34). **The four constructs of customer-based hotel brand equity have been identified to be brand loyalty, brand awareness, perceived quality and brand image (Aaker, 1991; Bailey & Ball, 2006; Prasad & Dev, 2000; Yoo & Donthu, 2001).**

Net Operating Profit (NOP). This term refers to the net profit of a hotel after real estate taxes, rent, lease payments, depreciation fees and assessments, but before income tax and interest and reserves for replacements (InterContinental Hotels Group, 2009).

Overall Satisfaction (OSAT) scores. The OSAT is a measure of the hotel's guest satisfaction performance which is tracked on a monthly basis using IHG's guest satisfaction tracking system (InterContinental Hotels Group, 2009). OSAT is calculated based on data obtained from surveys randomly distributed and completed by guests during their hotel stay. As part of the survey, guests are asked to rate their satisfaction with the hotel's services, cleanliness, employees and facilities (Ceylan InterContinental, 2009).

Revenue per Available Room (RevPar). RevPar is calculated by dividing the hotel's total rooms revenue by the number of rooms available (Smith Travel Research, 2010). Unlike ADR which indicates the average rate of rooms that are actually sold, RevPAR is affected by the number of unsold available rooms (Smith Travel Research, 2010).

PART TWO

Introduction

The importance of services branding, customer-based brand equity, customer satisfaction, their inter-relationships and effects on a hotel's performance has been much researched and documented within the literature. The focus of this part of the paper was to explore these researches to provide a broad understanding of hotel branding, and how branding or rebranding can impact on a hotel's customer satisfaction and financial performance.

Literature Review

Services and hotel branding

Rebranding may be described as the process by which a product or a service associated with a particular brand is marketed with a new brand identity (Reach Information, 2008). A brand may be defined as “a name, term, sign, symbol, or design (or a combination of them) used to identify the goods or services of a seller or group of sellers,” and differentiates them from those of its/ their competitors (Cunill, 2006, p.149). A brand name refers “the part of the brand that can be verbalized” (e.g. Holiday Inn), while a brand symbol refers to “the part of the brand that can be (visually) recognized, such as designs, signs or distinctive colors” (e.g. green “H” used by re-branded Holiday Inn) (Cunill, 2006, p. 150). **In today's highly competitive environment, it is especially important for hotels to establish a strong branding (or rebrand) because it can act as a competitive differentiator, stimulate the awareness of consumers to influence purchases and cultivate a sense of loyalty towards the branded product in question (Cunill, 2006).** Branding may be broadly categorized into two types: product branding which relates to a tangible product such as a cellular phone; and services branding which is concerned

with an intangible product such as hotel stay experience. Unlike tangible products, services such as a hotel stay possess an invisibility and inseparability characteristic which requires consumers to have experienced it before they are able to evaluate or predict it (de Chernatoy & Segal-Horn, 2001). Due to this intangible nature of the service “product,” consumers are “forced” to anchor their decision based on relatively dependable cues such as the firm’s image and reputation (Gremler & Brown, 1996; Kandampully & Suhartanto, 2003). Hotels brands, therefore can represent a company’s “promise” on the quality of the invisible product to increase customer’s trust of the intangible purchase (Berry, 2000).

Strong branding can help hotels and hotel chains quickly identify and differentiate themselves in the consumers’ minds (Prasad & Dev, 2000). In fact, the International Society of Hospitality Consultants has identified branding as one of the top ten critical issues by the hotel industry has to address because increased competition between the brands is leading to issues such as “amenity creep and diverging interests between owners and brands” (Richter, 2004). One of the key challenges to hotel branding, however, is to be able to “tangibilize the intangible hotel experience” for the customer (Kayaman & Arasli, 2007). In addressing this, hotel brands owners need to ensure their company brand (the primary brand symbol that connects the company and its products with the customers) accurately represents the hotel’s services so that customers can better visualize the tangible characteristics of the intangible hotel product (Kayaman & Arasli, 2007; Kim, Kim, & An, 2003).

Hotel brand equity

In line with the awareness of the importance and dominant trend of branding in the competitive lodging industry for its role in influencing consumer consumption decision and acting as a competitive differentiator for hotels, more research has also been conducted to

understand the concept of brand equity and its effects in the recent years. More specifically, hotel brand equity is defined by Bailey and Ball (2006) as “the value that consumers and hotel property owners associate with a hotel brand, and the impact of these associations on their behavior and the subsequent financial performance of the brand” (p. 34). This definition establishes a link between brand associations, consumer behavior and financial performance of the hotel brand (Bailey & Ball, 2006). Since consumers are the sources of cash flows and resulting profits of all businesses, and are therefore the ultimate arbiters of brand equity and the financial worth of the shareholder’s value (Bailey & Ball, 2006), any reference to brand equity discussed in this paper hereinafter will be mainly from the customer’s perspective (i.e. customer-based brand equity).

According to Bailey and Ball (2006), customer-based hotel brand equity can translate into the financial performance (i.e. average occupancy levels, average room rate) for the hotel via understanding from two main areas of focus: consumer perception such as awareness, perceived quality, associated benefits and values to brand; and consumer behavior such as loyalty and willingness to pay a differential price. This is in line with the four constructs of consumer-based brand equity: brand loyalty, brand awareness, perceived quality, and brand image, suggested by Aaker (1991; 1996) and broadly accepted and employed by many researchers in their studies (Keller, 1993; Prasad & Dev, 2000; Yoo & Donthu, 2001). Brand loyalty may be defined as “the attachment a customer has to a brand” (Aaker, 1991, p. 65), while brand awareness refers to the strength of a brand’s presence in the customer’s mind (Aaker, 1996). Perceived quality is defined to comprise of product quality (e.g. performance, features, conformance with specifications, reliability, durability, serviceability, fit and finish) and service quality (e.g. tangibles, reliability, competence, responsiveness, and empathy) (Aaker, 1991).

Brand association may be defined as “anything linked in memory to a brand” (Aaker, 1991, p. 61), including favorability, uniqueness of perceived attributes, and benefits from the brand (Keller, 1993). Figure 1 provides an illustration of the hotel brand equity and its four constructs.

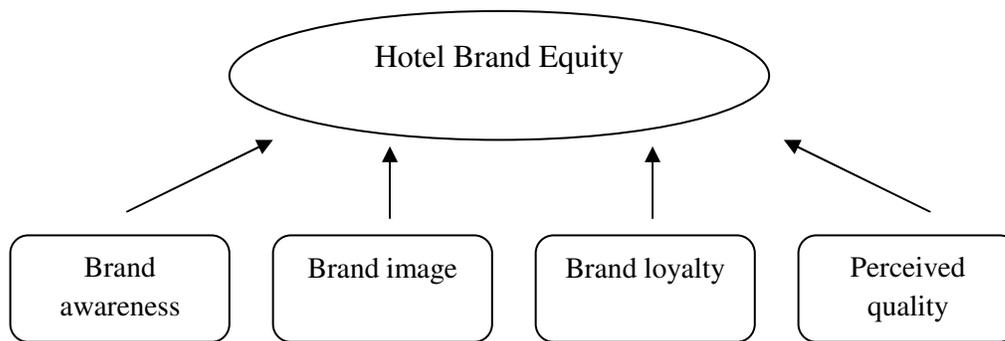


Figure 1. Hotel brand equity and its four constructs.

Source. Adapted from “Managing brand equity” by A. Aaker, 1991. Copyright 1991 by New York: The Free Press.

Multiple studies have been conducted to validate the four constructs of hotel brand equity, including Kim et al.’s (2003) study which examined the relationship between brand equity and hotel’s financial performance. Findings from their study provided support that all four dimensions are valid underlying variables of brand equity with the exception of brand awareness which was not loaded highly with brand equity. In interpreting these results, Kim et al. (2003) suggest that brand loyalty, perceived quality and brand image are more significant than brand awareness (4th element in Aaker’s (1991) model) in determining brand strength and brand value from a consumer’s perspective.

Partial support for Kim et al.’s (2003) findings was also found in a separate study conducted by Bailey and Ball (2006). From their review of the generic and hotel industry-

specific meanings of brand equity available in the extant literature and empirical research conducted with senior hotel industry management consultants, Bailey and Ball (2006) found that brand awareness and brand loyalty did not appear to be key components of hotel brand equity. In explaining these findings, Bailey and Ball (2006) suggested that inconsistent service and experience provided by many relatively well-known hotel brands may have resulted in poor consumer perceptions of service and physical product quality. Relying on brand name alone for success will no longer be sufficient; instead, hotel companies should also invest efforts in creating positive and meaningful brand associations and perceptions of quality (Bailey & Ball, 2006). Indeed, their study's findings were also echoed by results from a survey conducted by Utell Hotels & Resorts on 1,600 business and leisure travelers in the United Kingdom. In the survey, 92% of respondents reflected that the hotel brand was the least important consideration when it comes to booking a hotel (eHotelier, 2007). Further, the survey also revealed that 56% of those who travel for business had no preference over staying in hotels that are part of a chain or independent hotels. Taken together, findings from these studies allude to the suggestion that it will require more than just raising brand awareness alone (a measure of hotel brand) to enhance a hotel's brand equity in the consumer and influence his or her consumption decision.

Overall, the existing literature on the concept of hotel brand equity suggest that the strength of a hotel's branding in a customer's mind may be influenced by constructs such as brand awareness, brand image, perceived quality and brand loyalty. It is therefore important for hotel companies to focus their efforts on building up these aspects of brand equity to varying degrees that suit their target customers in order to strengthen their brand positioning in the consumer's mind to encourage consumption.

Effects of branding on customer purchase preferences and intentions

A customer's decision to purchase a services product such as a hotel stay, often relies on the customer's past consumption experience (in the case of an existing customer), or recommendation by others and/or awareness of a brand (in the case of new customers). It is unlike the case of the purchase of physical goods which can be trialed in many instances by the consumer before purchase. As such, the level of perceived risk associated with the purchase of intangible services such as the hotel product, is often higher in the consumers' mind (Bateson & Hoffman, 1999).

Studies suggest that a hotel's brand equity can affect the level of risks and reliability associated with the purchase of the hotel product, perceived by the consumer. One example would be Cobb-Walgren, Ruble, and Donthu's (1995) study which examined the effect of brand equity on consumer preferences and purchase intentions. They found that hotel brands with higher equity generated significantly greater preferences and purchase intentions in consumers. In interpreting their findings, Cobb-Walgren et al. (1995) suggest that hotels with stronger branding are better able to help consumers formulate perceptions about the hotel brand's physical and psychological features, which contribute to the value of the brand in the consumer's mind. Consequently, the hotel's brand equity increases the consumer's trust and perceived level of quality of the product, and positively influencing their consumption behavior because consumers tend to purchase from brands they trust and have more familiarity with (Bateson & Hoffman, 1999; Berry, 1999).

In line with Cobb-Walgren et al.'s (1995) suggestion, research undertaken by Business Development Research consultants in 2003 found that when consumers are choosing a hotel in a place they have never been before, a high percentage of consumers reported that their decisions

would be influenced by a “great deal and fair amount” by the recognition and familiarity of the brand name (i.e. brand awareness component of brand equity) (Bailey & Ball, 2006, p. 23). For these consumers, a brand name operates as “shorthand” for quality about the intangible product or service (Brucks, Zeithaml, & Naylor, 2000; Cunill, 2006).

Effects of branding on customer satisfaction and loyalty

The importance of branding and customer satisfaction has been well-studied in both academia and practice within the field of hospitality management (Gruca & Rego, 2005; Kim & Kim, 2005; Zeithaml, 2000). In a services industry such as the hotel industry where there has been exponential growth during the past decade, achieving customer satisfaction and customer loyalty have been identified to be critical success factors (Sim, Mak, & Jones, 2006). On top of there being an abundance of lodging choices available, customer demands have become increasingly sophisticated. Given the fact that the cost of soliciting new customers can be five to seven times higher than that of retaining existing ones (Kandampully & Suhartanto, 2003; Sim et al., 2006), it is more important than ever for hotels to ensure that their customers are not only satisfied but also become part of their loyal customer base (Kandampully & Suhartanto, 2003).

According to Skogland and Siguaw (2004), satisfaction may be defined as “an overall evaluation of performance based on all prior experiences with a firm” (p. 222). In the case of a hotel guest, he or she is most likely to be satisfied if he or she receives what is expected of the hotel stay (Bowen & Shoemaker, 2004). Several factors can contribute to guests’ satisfaction with the hotel, and these include the ambience of the hotel, service quality, the physical property and guest-room design (Sim et al., 2006). Customer loyalty, on the other hand, may be defined as the likelihood that a customer will mostly repurchase from the same provider, maintains a positive attitude towards the same provider, and is willing to recommend the provider to others

(Kandampully & Suhartanto, 2003). Where a customer has a strong attachment to a brand, he or she is likely to demonstrate a resistance to change to other brands (Aaker, 1991). According to Aaker (1991), a customer's loyalty to a brand (i.e. brand loyalty) may be categorized into attitudinal and behavioral loyalty, with the latter often as result of the former. Attitudinal loyalty refers to the customers' strong disposition towards the brand to recommend or repurchase; while behavioral loyalty is reflected by the repeated purchases made by the customer towards a particular brand (Gournaris & Stathakopoulos, 2004; Kandampully & Suhartanto, 2003).

Studies have provided support for the link between branding, and customer satisfaction and loyalty. For example, in Mazanec's (1995) study which examined Self-Organizing Maps (SOM) for positioning analysis of luxury hotels, it was found that a desirable hotel image (a construct of brand equity) can lead to customer satisfaction and customer preference (a dimension of customer loyalty) (Kandampully & Suhartanto, 2003). Similar suggestions were also made by Heung, Mok, and Kwan (1996) who examined the degree of hotel brand loyalty in the free independent travelers' market and found that hotel image is an important factor in hotel choice among loyal guests. Kim, Jin-Sun, and Kim (2008) examined the relationship between hotel brand equity and guests' perceived value and revisit intention. Results revealed that guests' revisit intention (a dimension of customer satisfaction and loyalty) was most significantly influenced by brand loyalty and brand awareness/ association (constructs of brand equity). Together, these studies suggest that branding can affect customer satisfaction, and customer loyalty, with customer satisfaction being a key antecedent of customer loyalty.

Other types of studies also provide support for significant links between customers' satisfaction and customer loyalty. Marketing research has shown that customers who are satisfied are more likely to establish loyalty, repeat purchases and more likely to recommend the brand to

others (Anderson; 1996; Fornell, 1992; Gruca & Rego; 2005). For example, Getty and Thompson (2004) studied the relationships between quality of lodging, satisfaction, and the effect on customers' intentions to recommend the lodging to others. They concluded that customers' intention to recommend (a dimension of customer loyalty) is a function of their perception of service quality (a component of brand equity) and their satisfaction with the lodging experience. Similarly, research conducted by Kandampully and Suhartanto (2003) indicated that hotel image (a component of brand equity) and customer satisfaction with the performance of housekeeping, reception, food and beverage (i.e. service quality), and price are positively correlated to loyalty. According to Fredericks and Salter (1995), brand image can affect loyalty because it can "support or undermine the value that customers feel they are getting" (p. 2).

Effects of branding/ rebranding on hotel's financial performance

Branding or rebranding can also impact on a hotel's financial performance because of its effects on customer purchase intentions, satisfaction and customer loyalty. Satisfied and loyal customers are not only less likely to be enticed by short-term competitor hotel promotions; they are also less price-sensitive and more willing to pay premium prices for products and services (Chaudhuri & Holbrook, 2001; Zeithaml, Bitner, & Gremler, 2009). In addition, they are also reported to have high attitudinal attachment to their preferred hotel so much so that many would even consider changing the timing of their visit to ensure that they can stay at their preferred property (Tideswell & Fredline, 2004). Brand-loyal customers are also more likely to make choices and recommendations to others based on longer-term views and attitudes towards the hotel, and reduce the marketing costs associated with attracting new customers (Getty & Thompson, 2004; Sim et al., 2006).

This link between customer satisfaction and loyalty, and financial performance is in line with Reichheld and Sasser's (1990) finding that a 5% increase in customer retention could contribute between 25% to 85% increase in the profitability of selected service firms. Further, their study also found that up to 60% of the increase sales to new customers could be attributed to recommendations made by existing loyal customers (Kandampully & Suhartanto, 2003). Providing support for Reichheld and Sasser's (1990) study findings, O' Neill and Mattila's (2004) examined if guest satisfaction at various U.S and international brands influenced brand occupancy percentage and average daily rates (ADR). They found that guest satisfaction (a dimension of customer loyalty) had a positive influence on both occupancy rate and ADR. Their study findings indicated that brand with high guest satisfaction levels achieved not only greater revenues per guest room but also higher growth rates in room revenues as compared to brands with lower satisfaction ratings (O' Neill & Mattila, 2004). Taken together, these findings suggest that the longer the customers stay in a relationship with the company (i.e. are satisfied and loyal to the company), the more profitable the relationship becomes for the hotel (Sim et al., 2006).

The link between branding and a hotel's financial performance is also supported by consumer-based brand equity studies (e.g. Kim et al.,2003; Kim & Kim, 2005; Prasad & Dev, 2000) that brand equity correlates significantly with a firm's financial performance. For example, Prasad and Dev (2000) developed a customer-centric index of brand equity and applied it to a set of customer information from lodger panel, awareness, and usage studies. It was found that hotels with strong brand equity are expected to command higher occupancy and rates, resulting in higher RevPar. In line with Prasad and Dev (2000)'s observation, a separate study conducted by Kim et al. (2003) involving an analysis of the sales information of 12 selected luxury hotels from 1997 to 2000 found that there was a significant correlation between a hotel's brand and its

RevPar. Their results revealed that the hotel's brand equity as perceived by their customers can have a significant influence on the hotel's RevPar (Kim et al., 2003). Further, their study concluded that while consumer-based brand equity is a critical factor for influencing financial performance in the hotel industry, its hotels will need to manage all four constituents of brand equity (i.e. brand awareness, brand equity, perceived quality and brand loyalty) in order to drive positive impact on the financial performance (Kim et al., 2003). Similar results were also found in Kim and Kim's (2004) study on the relationship between brand equity and firms' performance, where a positive relationship was found to exist between the components of customer-based brand equity and the firms' performance in luxury hotels and chain restaurants. Findings from these brand equity studies suggest that effective branding can allow hotel management to leverage on their brand to charge higher rates for greater financial returns (Kayaman & Arasli, 2007).

Aside from brand equity studies, other studies that directly examined the effects of branding on hotel's financial performance also provide support for the proposition that rebranding can positively impact a hotel's financial performance. For example, in a recent exploratory study of 95 rebranded or rescaled hotels conducted by Hanson, Matilla, O'Neill, & Kim (2009) to understand the impact of hotel rebranding and rescaling on financial performance, it was revealed that a hotel's ADR, OCC, RevPAR, profit, operating and capital costs, can be affected by changes in brand and scale. More specifically, their study found that hotels that moved upscale generally saw increases in average daily rates as expected, while hotels that merely changed brands without also changing their scale did not report any significant change in their ADR or occupancy (Hanson et al., 2009). In explaining the latter, the researchers suggest that this could be related to the fact that the fundamental aspects of the property (e.g. facilities),

which were possibly more important than brand for performance, remained unchanged. In terms of bottom-line indicators (e.g. net operating income) however, the study revealed that rebranding could yield potential benefits on the hotel's financial performance in the long term, but often only after an initial period of decline in financial results post-rebranding (Hanson et al. 2009; O'Neill, 2010).

Summary of the literature review

This part of the professional paper has covered some of the existing literature relating to the importance of branding and its effects on customer purchase preferences, satisfaction and a hotel's financial performance. Specifically, evidence from services and hotel branding research, and customer-based brand equity studies have indicated that strong branding can help hotels to stimulate consumer awareness and trust (Bailey & Ball, 2006; Cobb-Walgren et al., 1999) and "tangibilize the intangible hotel experience" to encourage consumption (Brucks et al., 2000; Cunill, 2006). Effective branding can also help hotels to build brand loyalty in so far as customer satisfaction is maintained (Getty & Thompson, 2004; Kandampully & Suhartanto, 2003) and ultimately contribute to better financial performance by way of increased repeat and new businesses (Reichheld & Sasser, 1990), and improved occupancy and rates (Hanson et al., 2009; O'Neill & Mattila, 2004; Prasad & Dev, 2000). In order to achieve these branding effects however, hotels need to be able to build up their brand equity which includes improving on the aspects of brand awareness, brand image, brand loyalty and perceived quality, in their target customer's eyes. Figure 2 presents a conceptual model summarizing how branding/ re-branding can improve a hotel's brand equity, and contributes to better guest satisfaction and financial performance. For the purpose of this professional paper, only the constructs relating to guest

satisfaction (OSAT) and financial performance (OCC, ADR, RevPAR and NOP) will be examined.

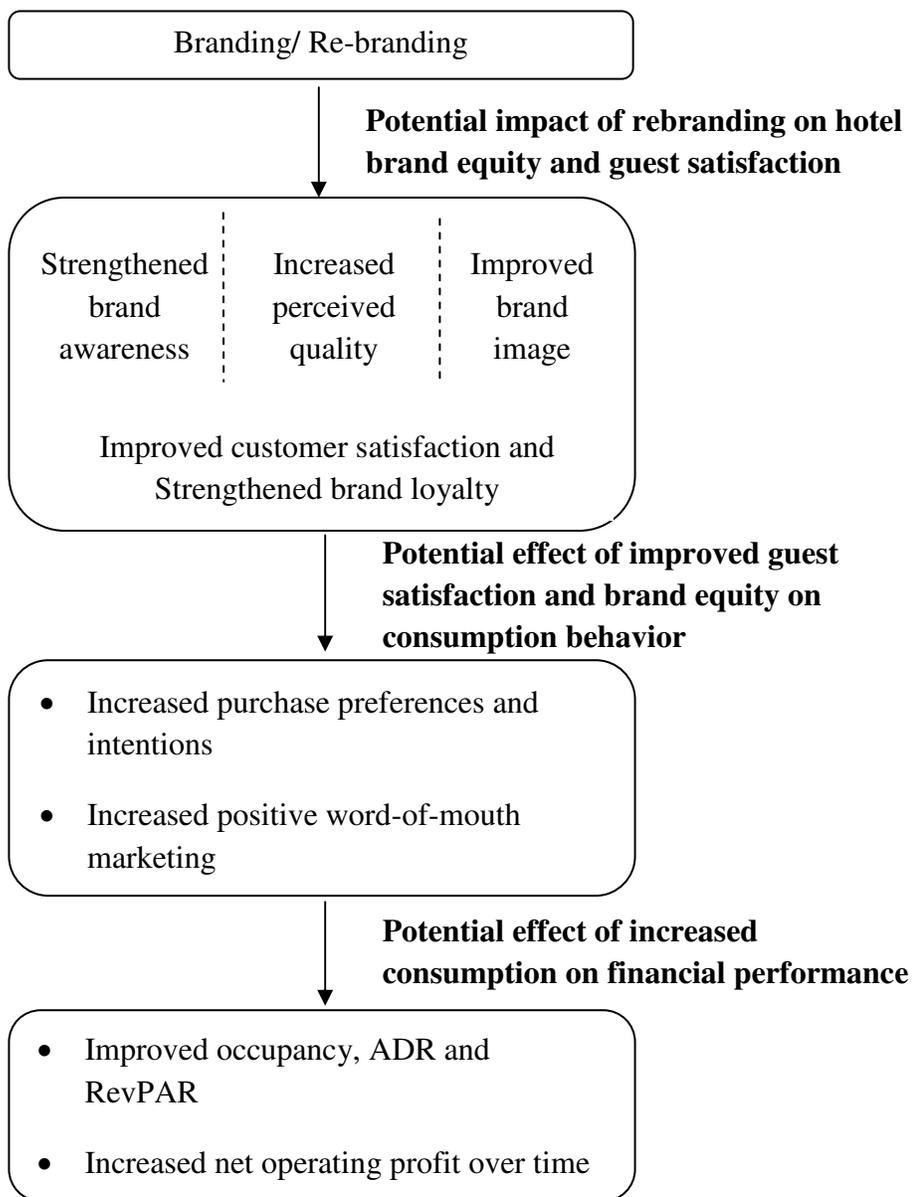


Figure 2. A conceptual model of branding/re-branding on increased customer satisfaction and financial performance.

PART THREE

Introduction

Multiple studies have suggested that effective branding can influence guests' purchasing decision and preferences, their satisfaction and loyalty, and ultimately contribute to higher financial returns. Building on these research findings, the focus of this part of the paper is to analyze the impact of rebranding on guest satisfaction and financial performance, using Holiday Inn Singapore Orchard City Centre (HISOCC) as a case study. Specifically, several hypotheses will be tested as part of the case study analysis. An overview of the hotel's rebranding programme, the research hypotheses and methodology, results, discussion, conclusion and recommendations, will be provided in the sections that follow.

The rebranding of Holiday Inn Singapore Orchard City Centre

Worldwide re-launch of Holiday Inn brand

On October 24, 2007, the InterContinental Hotels Group (IHG) announced a US \$1 billion dollars worldwide re-launch of the Holiday Inn brand family, comprising of Holiday Inn, Express by Holiday Inn and Holiday Inn Express (InterContinental Hotels Group, 2007a). This global re-launch initiative incorporates insights of 18,000 travellers globally collected from an IHG-commissioned consumer research and is expected to allow Holiday Inn hotels to generate significantly higher revenue per available room (RevPAR), and deliver an enhanced return on investment for their owners (InterContinental Hotels Group, 2007a). Under this global directive, all Holiday Inn hotels, open or under development, are required to implement a re-launch programme that includes a redesigned welcome experience, signature bedding and bathroom products by the end of 2010 (InterContinental Hotels Group, 2007a). To complement the

enhancements in the physical quality of the Holiday Inn product, the re-launch also includes the delivery of a new service promise (“Stay Real”) and culture (InterContinental Hotels Group, 2007b). The fostering of this service culture is to ensure that the team develops the behaviors and skills to best serve guests and treat them as real people, and consistently deliver the real, genuine service Holiday Inn is known for (Hotel-online, 2007). Once the re-launch is completed, a new brand signage will be installed to give the Holiday Inn hotel a refreshed and contemporary brand image (InterContinental Hotels Group, 2007a).

Holiday Inn Singapore Orchard City Centre (HISOCC)

In line with the global rebranding directive, the 25 year-old Singapore hotel underwent a complete renovation of the guestrooms and arrival areas. New hallmarks were installed in the arrival areas and guestrooms as part of the new redesigned “welcome experience” and “sleep experience,” and a new service promise (“Stay Real”) and culture was also incorporated by way of training. On top of these required re-launch changes that all Holiday Inns had to implement, the owners of HISOCC also took the opportunity to renovate its coffee shop (“Window on the Park), the main ballroom, the lobby bar, executive lounge, and business centre. HISOCC completed the S\$25 million re-launch renovation over a period of 16 months and the hotel successfully re-launched on November 18, 2009, unveiling of the new Holiday Inn brand logo and a new name “Holiday Inn Singapore Orchard City Centre” (Loh, 2009). The name change from “Holiday Inn Park View” to include the use of key terms “Singapore,” “Orchard,” and “City Centre” was to better reflect the property's central location in Singapore’s shopping and tourists’ district, and strengthen the hotel’s marketing position (Loh, 2009).

Research hypotheses

This paper is focused on reviewing the impact of the Holiday Inn rebranding on the HISOCC's guest satisfaction and financial performance. Findings from the literature review in Part Two of this paper suggest that effective branding can impact on a hotel's brand equity (from a guest's perspective) and influence a guest's purchases preferences and intentions in the process. This link between branding and guest preferences is especially important for a services industry such as the hotel industry, where the intangible "service product" cannot be trialed prior to purchase. Effective branding can help consumers "tangibilize the intangible hotel experience" (Kayaman & Arasli, 2007) and acts as a promise to the customer on the quality of the product to encourage consumption (Berry, 2000). In addition to influencing customer purchase preferences and intentions, branding can also influence customer satisfaction and loyalty. Studies have found that a desirable hotel image (a construct of brand equity) can lead to customer satisfaction and preference (a dimension of customer loyalty), and influence the guests' revisit intention (a dimension of customer satisfaction and loyalty). Related to its effects on customer purchase intentions, satisfaction and loyalty, branding can also contribute to the financial performance (in terms of top-line and bottom-line indicators) of a hotel. Given that a loyal guest is less likely to defect easily to other hotel brands, more willing to pay premiums and more likely to provide word-of-mouth recommendation to others, a hotel with strong branding is likely to enjoy higher occupancy, ADR and RevPAR and better financial performance. While the top-line indicators (i.e. occupancy, ADR and RevPAR) are likely to increase post-rebranding, the bottom line indicators (i.e. net operating profit) is likely to decrease in the initial months post-rebranding because of additional training and marketing expenses (Hanson, Matilla, O'Neill, & Kim, 2009).

Building on the well-documented links between branding, guest satisfaction and financial performance, five hypotheses relating to HISOCC's post rebranding guest satisfaction (H_1) and financial performance (H_2 , H_3 , H_4 and H_5) were proposed. In terms of financial performance, H_2 , H_3 , and H_4 represent an assessment of HISOCC's top-line financial performance while H_5 represents an assessment of HISOCC's bottom-line financial performance. The hypotheses were:

H_1 : HISOCC's guest satisfaction scores will improve significantly after the rebranding, as compared to the same period before the rebranding.

H_2 : HISOCC's occupancy will improve significantly after the rebranding, as compared to the same period before the rebranding.

H_3 : HISOCC's ADR will improve significantly after the rebranding, as compared to the same period before the rebranding.

H_4 : HISOCC's RevPAR will improve significantly after the rebranding, as compared to the same period before the rebranding.

H_5 : HISOCC's net operating profit will decrease significantly after the rebranding, as compared to the same period before the rebranding.

Research methodology

Data collected

Data on the hotel's guest satisfaction and financial performance were collected for the periods between November 2007 to March 2008 (pre-rebranding) and November 2009 to March 2010 (post-rebranding). Data between these two periods were intentionally excluded as the hotel's performance during the rebranding renovation period (i.e. July 2008 – Oct 2009) could have been affected by the renovation process and not provide a fair assessment of the rebranding

impact. The same months for both periods (i.e. November to March) were selected to factor for cyclical patterns that may have impacted HISOCC's business. March 2010 data was latest data available at the time of writing this paper.

To test H₁, HISOCC's monthly OSAT scores for the specific periods were collected. The OSAT is a measure of the hotel's guest satisfaction performance (in percentage) which is tracked on a monthly basis using IHG's guest satisfaction tracking system (InterContinental Hotels Group, 2009). IHG's OSAT system is compiled using data gained from surveys completed by randomly selected guests during their stay. In the survey, guests are asked to rate the hotel on different criteria, such as services, cleanliness, employees, and facilities (Ceylan InterContinental, 2009). Table 1 is a summary of the OSAT scores collected.

Table 1

HISOCC's Monthly Overall Satisfaction Scores (OSAT)

	Nov	Dec	Jan	Feb	Mar
2007/2008 ^a	79.40	85.30	81.00	89.90	94.10
2009/2010 ^b	86.20	87.30	82.30	90.90	85.40

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

To test H₂, H₃ and H₄, information on the hotel's monthly occupancy (OCC), ADR, revenue per available room (RevPAR) for the specific periods were collected respectively. All data were extracted from HISOCC's monthly profit and loss reports. Table 2 provides a summary of the monthly data collected.

Table 2

HISOCC's monthly OCC, ADR, and RevPAR.

	Nov	Dec	Jan	Feb	Mar
OCC					
2007/2008 ^a	96.2%	91.3%	89.7%	83.1%	91.6%
2009/2010 ^b	97.4%	93.9%	90.2%	84.5%	95.1%
ADR					
2007/2008 ^a	\$251.60	\$242.37	\$240.75	\$234.90	\$227.75
2009/2010 ^b	\$224.44	\$213.54	\$224.21	\$232.53	\$239.29
RevPAR					
2007/2008 ^a	\$205.48	\$188.76	\$167.18	\$189.68	\$183.98
2009/2010 ^b	\$218.51	\$200.55	\$202.31	\$196.47	\$227.61

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

To test H₅, information on the hotel's net operating profit (NOP) for the specific periods was collected. A breakdown of HISOCC's key sources of revenue (rooms, food and beverage, and other) was also included in the data collection as supplementary information. Table 3 is a summary of the data collected.

Table 3

HISOCC's Monthly NOP, Total Revenue, Rooms Revenue, Total F&B revenue and Other Revenue.

	Nov	Dec	Jan	Feb	Mar
NOP					
2007/2008 ^a	\$1,146,459.90	\$1,052,424.26	\$1,039,839.03	\$1,161,667.58	\$1,377,255.88
2009/2010 ^b	\$1,296,333.54	\$1,082,250.30	\$1,140,347.29	\$860,714.56	\$1,294,093.04
Total Revenue					
2007/2008 ^a	\$3,653,183.16	\$3,455,373.43	\$3,439,372.39	\$3,206,031.74	\$3,592,865.43
2009/2010 ^b	\$3,405,432.98	\$3,351,021.21	\$3,141,846.96	\$2,693,006.07	\$3,375,416.74
Rooms Revenue					
2007/2008 ^a	\$2,276,029.48	\$2,039,788.21	\$2,269,833.83	\$2,204,992.87	\$2,352,594.37
2009/2010 ^b	\$2,064,892.72	\$1,958,384.74	\$2,000,654.11	\$1,754,886.53	\$2,250,038.67
Total F&B Revenue					
2007/2008 ^a	\$1,058,958.62	\$1,120,854.30	\$852,935.21	\$704,714.44	\$893,584.41
2009/2010 ^b	\$1,035,755.66	\$1,116,412.54	\$832,530.01	\$692,053.78	\$804,497.24
Other Revenue					
2007/2008 ^a	\$318,195.06	\$294,730.92	\$316,603.35	\$296,324.43	\$346,686.65
2009/2010 ^b	\$304,784.60	\$276,223.93	\$308,662.84	\$246,065.76	\$320,880.83

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

Data analysis

For each of the hypotheses, the performance trends of HISOCC pre-rebranding and post-rebranding were charted based on the data collected and illustrated in the Results section of this

paper. For each of these figures, the data from the same months pre- and post- rebranding were compared with each other to take into HISOCC's cyclical demand patterns. Paired-sample t-tests were utilized to examine if there were significant changes in HISOCC's mean guest satisfaction and financial performance after the rebranding using SPSS version 11 software. HISOCC's OSAT scores; OCC; ADR; RevPAR; and NOP, were the key measures tested for H₁, H₂, H₃, H₄ and H₅, respectively.

Results

H₁: Impact of rebranding on guest satisfaction

HISOCC's OSAT scores pre- and post-rebranding are illustrated in Figure 2, and the means and standard deviations of the OSAT scores pre- and post-rebranding are presented in Table 4. From Figure 2, it is observed that HISOCC's OSAT performance has generally improved after the rebranding based on a month-to-month (e.g. November 2007 versus November 2009) comparison, with exception to the month of March where there was a drop in OSAT after the rebranding. This observation was echoed by the results from the paired-samples t-test in Table 4 that revealed an increase in mean OSAT score after the rebranding ($M = 86.4\%$, $SD = 3.1\%$), as compared to the mean OSAT pre-rebranding score ($M = 85.9\%$, $SD = 6.1\%$). This improvement in mean OSAT after the rebranding however, was not statistically significant, $t(4) = -0.19$, $p = .86$, two-tailed.

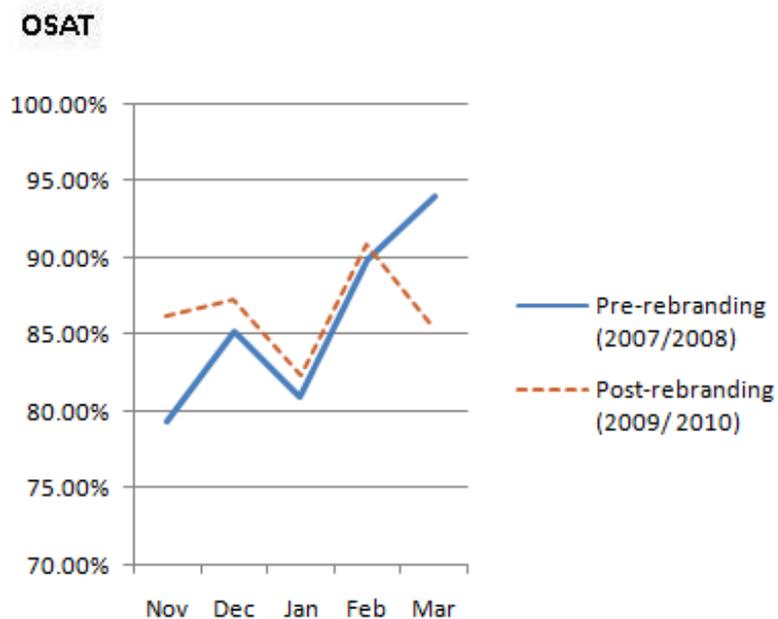


Figure 3. Comparison between HISOCC's pre-rebranding and post-rebranding OSAT scores.

Table 4

Means and Standard Deviations (SD) of HISOCC's pre- and post-rebranding OSAT scores.

Measure	2007/2008 ^a		2009/2010 ^b	
	Mean	SD	Mean	SD
OSAT	5.9	6.1	6.4	3.1

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

H₂: Impact of rebranding on financial performance (OCC)

HISOCC's OCC performance pre- and post-rebranding is illustrated in Figure 4, and the means and standard deviations of the OCC pre- and post-rebranding are presented in Table 5. From Figure 4, it is observed that HISOCC's OCC post-rebranding has improved after the rebranding based on a month-to-month (e.g. November 2007 versus November 2009) comparison. This observation was echoed by the results from the paired-samples t-test in Table 5 that revealed an increase in mean OCC after the rebranding ($M = 92.2\%$, $SD = 5.0\%$), as compared to the mean OCC pre-rebranding ($M = 90.4\%$, $SD = 4.7\%$). This improvement in OCC after the rebranding was found to be significant, $t(4) = -3.437$, $p = .026$, two-tailed.

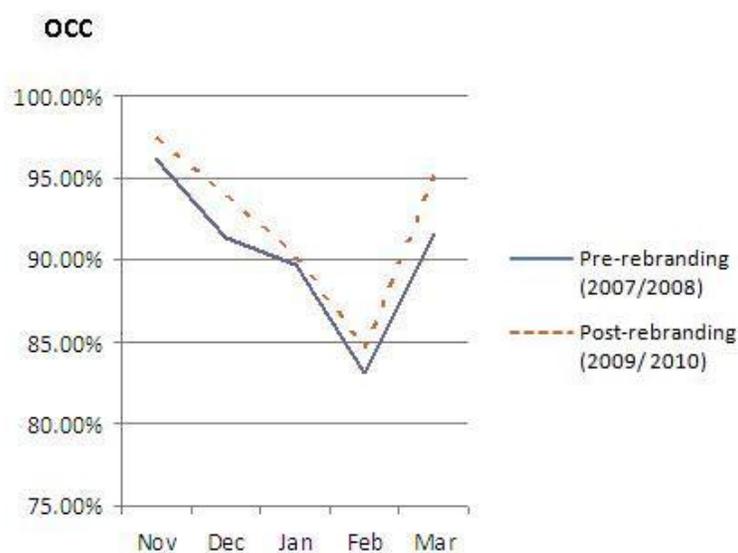


Figure 4. Comparison between HISOCC's pre-rebranding and post-rebranding OCC.

Table 5

Means and Standard Deviations (SD) of HISOCC's pre- and post-rebranding OCC.

Measure	2007/2008 ^a		2009/2010 ^b	
	Mean	SD	Mean	SD
OCC	90.4%	4.7%	92.2%	5.0%

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

H₃: Impact of rebranding on financial performance (ADR)

HISOCC's ADR performance pre- and post-rebranding is illustrated in Figure 5, and the means and standard deviations of the ADR pre- and post-rebranding are presented in Table 6. From figure 5, it is observed that HISOCC's ADR after the rebranding was lower in most months as compared to the pre-rebranding period, with exception to the month of March 2010 where the ADR was higher than the pre-rebranding period. Results from the paired-samples t-test in Table 6 revealed a decrease in the mean ADR ($M = \$226.80$, $SD = \$9.71$) for the post-rebranding period, as compared to the pre-rebranding period ($M = \$239.47$, $SD = \$8.80$). This drop in ADR however, was found to be non-significant, $t(4) = 1.651$, $p = .174$, two-tailed.

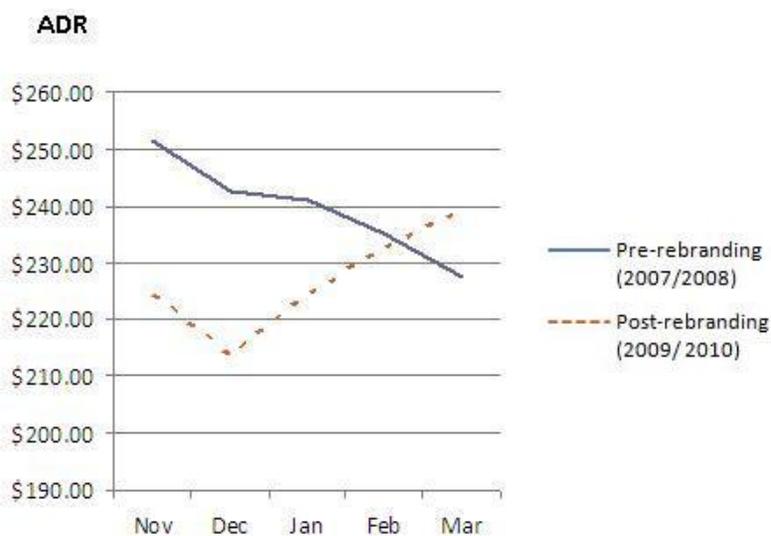


Figure 5. Comparison between HISOCC's pre-rebranding and post-rebranding ADR.

Table 6

Means and Standard Deviations (SD) of HISOCC's pre- and post-rebranding ADR.

Measure	2007/2008 ^a		2009/2010 ^b	
	Mean	SD	Mean	SD
ADR	\$239.47	\$8.80	\$226.80	\$9.71

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

H₄ : Impact of rebranding on financial performance (RevPAR)

HISOCC's RevPAR performance pre- and post-rebranding is illustrated in Figure 6, and the means and standard deviations of the RevPAR pre- and post-rebranding are presented in Table 7. From Figure 6, it is observed that HISOCC's RevPAR after the rebranding was higher for all the

months as compared to the pre-rebranding period. Results from the paired-samples t-test in Table 7 revealed a significant increase in the mean RevPAR ($M = \$209.09$, $SD = \$13.32$) for the post-rebranding period as compared to the pre-rebranding period ($M = \$187.01$, $SD = \$13.73$), $t(4) = -3.037$, $p = .038$, two-tailed.

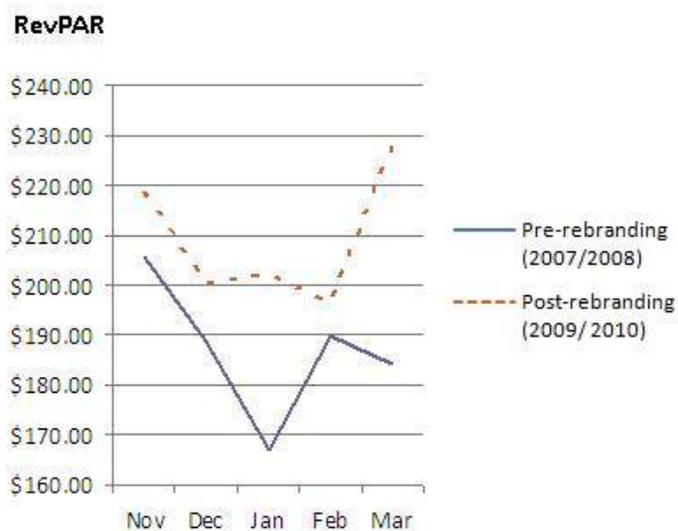


Figure 6. Comparison between HISOCC's pre-rebranding and post-rebranding RevPAR.

Table 7

Means and Standard Deviations (SD) of HISOCC's pre- and post-rebranding RevPAR .

Measure	2007/2008 ^a		2009/2010 ^b	
	Mean	SD	Mean	SD
RevPAR	\$187.10	\$13.73	\$209.09	\$13.32

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

H₅: Impact of rebranding on financial performance (NOP, Total revenue, rooms revenue, food and beverage revenue, and other revenue)

HISOCC's NOP and revenue (total, rooms, food and beverage and other) performance pre- and post-rebranding are illustrated in Figure 7, and the means and standard deviations of each bottom-line indicator pre- and post-rebranding are presented in Table 8. From Figure 7, it is observed that HISOCC's revenue in all months of the post-rebranding period is generally lower than in the prebranding period based on a month-to-month (e.g. November 2007 versus November 2009) comparison, although NOP in the initial months (November 2009 to January 2010) after the rebranding appears to be stronger than the pre-rebranding period. Results from the paired-samples t-test in Table 8 revealed decreases in the means of all the bottom-line indicators post-rebranding. The decrease in NOP was found to be non-significant ($t(4) = 0.259$, $p = .808$, two-tailed), as was the decrease in food and beverage revenue ($t(4) = 1.979$, $p = .119$, two-tailed). Only the decreases in total revenue ($t(4) = 4.107$, $p = .015$, two-tailed), rooms revenue ($t(4) = 3.35$, $p = .029$, two-tailed) and other revenue ($t(4) = 3.141$, $p = .035$, two-tailed) were found to be significantly lower than the pre-rebranding period.



Figure 7. Comparison between HISOCC’s pre-rebranding and post-rebranding NOP, rooms revenue, total F&B revenue, other revenue and total revenue.

Table 8

Means and Standard deviations (SD) of HISOCC's pre- and post-rebranding NOP, Total Revenue, Rooms Revenue, Total F&B Revenue and Other Revenue.

Measure	2007/2008 ^a		2009/2010 ^b	
	Mean	SD	Mean	SD
NOP	\$1,155,529.33	\$135,367.55	\$134,747.75	\$179,848.84
Total Revenue	\$3,469,365.23	\$172,830.26	\$3,193,344.79	\$298,322.10
Rooms Revenue	\$2,229,647.75	\$117,825.68	\$2,005,771.35	\$179,148.49
Total F&B Revenue	\$926,209.40	\$166,585.19	\$896,249.84	\$174,719.97
Other Revenue	\$314,508.08	\$21,066.71	\$291,323.59	\$30,132.00

Note. ^a is pre-rebranding period, ^b is post-rebranding period.

Discussion

This paper analyzed the impact of rebranding on the guest satisfaction and financial performance of HISOCC. More specifically, it was hypothesized that HISOCC's OSAT scores, and OCC, ADR and RevPAR (top line financial indicators), would improve significantly after the rebranding as compared to same months within the pre-rebranding period; while the NOP (bottom-line indicator) would decrease significantly in the initial months after the rebranding. While graphical trends appeared to be in line with the predictions of the hypotheses, statistical testing using the paired-samples t-test analyses provided only partial support. The results did not provide support for H₁ that guest satisfaction performance would increase significantly after the

rebranding. Support was found for the H₂ and H₃ that top-line indicators OCC and RevPAR would improve significantly after the rebranding, but no support was found for H₄ that ADR would improve significantly after rebranding. The results also do not provide support for H₅ that NOP would significantly decrease in the initial months after rebranding, although the mean NOP after rebranding was found to have decreased as compared to the pre-rebranding period.

H₁: Impact of rebranding on guest satisfaction

Drawing from the results of the statistical analyses, it appears that the rebranding of HISOCC did not significantly improve the hotel's guest satisfaction performance. Whilst this may be the case, a closer observation of the monthly OSAT scores for the post-rebranding period in comparison with the pre-rebranding period suggests that the non-significant improvement may have been due to an unusually poor OSAT score for the month of March 2010. The unexpected poor performance in OSAT score for this particular month was likely to have undermined the improvements in OSAT scores in the first four months of post-rebranding, which were consistent with earlier studies (Mazanec, 1995; Heung, Mok, & Kwan, 1996; Getty & Thompson, 2004; Kandampully & Suhartanto, 2003; Kim, Jin-Sun, & Kim, 2008) that support the links between branding (or hotel brand equity) and guest satisfaction.

To investigate the reason behind the unusually poor OSAT score for March 2010, a brief observation of the breakdown of the OSAT scores and the respective assessment areas was conducted. The observation revealed that as compared to February 2010's OSAT performance, guests had indicated a much lower satisfaction score for speed and efficiency of check-in, accuracy of reservation, room maintenance, internet service and bathroom supplies in the March 2010 OSAT survey. Given that these areas may be considered to be "moments of truth" in a hotel guests service experience and likely to have most impact on their satisfaction (Zeithaml,

Bitner & Gremler, 2009), lower ratings in these areas were likely to have explained for HISOCC's poor overall OSAT performance in March 2010. This explanation is in line with Getty and Thompson's (2004), and Kandampully and Suharanto's (2003) findings that perception of service quality and satisfaction with the lodging experience, especially the performance of housekeeping and reception, can impact on a customer's satisfaction and intention to recommend.

H₂, H₃ and H₄: Impact of rebranding on financial performance (OCC, ADR and RevPAR)

The results from the analyses provide support for H₂ and H₄ which predicted improvements in the performance of top-line indicators, OCC, and RevPAR, respectively, after the rebranding. No support was found for H₃'s prediction for an expected improvement in the ADR performance after the rebranding. As compared to the same months in the pre-rebranding period, HISOCC's OCC and RevPAR had improved significantly in the post-rebranding period. Given that the HISOCC's rebranding was as part of the global Holiday Inn Relaunch which was widely publicized and marketed, it was likely that the awareness of the Holiday Inn brand would have been strengthened and positively impacted HISOCC's brand equity. HISOCC's new name which leveraged on the key locator terms such as "Singapore," "Orchard," and "City Centre" was also likely to have enhanced its online visibility to new travelers looking for accommodations in central locations in Singapore. In addition, the new logo and hallmarks, and enhancements in the product (e.g. refreshed bedrooms, redesigned arrival experience, new service promise) would have also positively influenced hotel brand image and perceived service quality, to contribute positively to HISOCC's brand equity and guests' purchase preferences, satisfaction and loyalty. Consequently, this would explain for a positive uplift on occupancy and related RevPAR that was found in the case of HISOCC.

This interpretation of the analyses results is in line with Cobb-Walgren, Ruble, & Donthu's (1995) findings that hotel brands with higher equity generated significantly greater preferences and purchase intentions in consumers, and other research which found that the recognition and familiarity of the brand name can influence consumers' decisions (Bailey & Ball, 2006; eHotelier, 2007). HISOCC's performance post-rebranding is also consistent with findings from consumer-based brand equity studies (e.g. Kim & Kim, 2005; Kim, Kim, & An, 2003; Prasad & Dev, 2000) that brand equity correlates significantly with a firm's financial performance.

HISOCC's significantly improved occupancy and RevPAR performance after the rebranding is also partially in line with Hanson et al.'s (2009) study findings that that a hotel's ADR, OCC, and RevPAR can be affected by changes in brand and scale. Contrary to Hanson et al.'s (2009) suggestion that hotels that merely changed brands without also changing their scale did not report any significant change in their occupancy or ADR, HISOCC reported a significant increase in occupancy and non-significant decrease in ADR post-rebranding. It is proposed here that the difference between Hanson et al.'s and this paper's findings on the aspect of occupancy is related to the fact while HISOCC did not change its scale, the hotel underwent a major "refreshment" of its key guest contact areas (lobby, guest rooms, executive lounge, and ballroom) and incorporated a new service promise. The "refreshed" product would then have likely enhanced perception of service quality and brand image to encourage consumption. Relatedly, the non-significant decrease in ADR performance in HISOCC's case was not unexpected as guests began to resume their travelling patterns (both leisure and corporate) as the economy shows signs of recovery from the end 2008 crisis. Taking into consideration that the pre-

rebranding period in 2007 – 2008 was an economy boom time and ADR rates were at its peak, the non-significant decrease in post-rebranding ADR may in fact be seen as a huge uplift in itself.

H₅: Impact of rebranding on financial performance (NOP)

The results provide partial support to H₅'s prediction that HISOCC's NOP would decrease significantly after the rebranding. HISOCC's mean NOP in the post-rebranding period was found to be lower than the pre-rebranding period despite reporting higher NOP for the first three months after rebranding. This result is partially consistent with Hanson et al.'s (2009) finding that NOP was likely to decrease in the initial months post-rebranding because of additional training and marketing expenses. The difference in findings is likely to be attributed to the fact that the global Holiday Inn relaunch initiative was announced in October 2007, one year earlier than HISOCC began its relaunch renovation. The owner and management of HISOCC were likely to have planned their budget for their rebranding efforts including marketing and training expenses in advance. As such, HISOCC was able to minimize the upsurge in expenses and erosion of profits after the rebranding was completed in order to enjoy a positive uplift on NOP for the first three months after rebranding.

Contribution to existing literature

On a theoretical level, the outcomes of HISOCC's rebranding provide support to existing literature on the relationship between customer-based brand equity, guest satisfaction and financial performance. The key elements relating to the rebranding of HISOCC, namely the launch of the new Holiday Inn logo ("strengthened brand awareness") and the redesigned contemporary look and feel ("enhanced brand image"), the refreshed guestrooms ("improved perceived quality"), and the new service promise ("strengthen customer loyalty"), coincides with

the well-accepted constructs of customer-based brand equity, and would have likely enhanced HISOCC's brand equity. Coupled with the findings that HISOCC demonstrated general improvements in guest satisfaction scores and financial performance (top- and bottom-line indicators) after its brand equity was enhanced, this case study may be considered to provide support to existing literature on the relationship between customer-based brand equity (and its constructs), guest satisfaction, and financial performance.

Limitations

A key constraint of this study is related to the fact it was carried out within five months from the time the hotel had officially relaunched with the new Holiday Inn brand on 18 November 2009. As such, using the hotel's performance from November 2009 – March 2010 as the post-rebranding comparison to assess the impact of the rebranding may have been too premature. Consequently, the results from this paper may not be able to present a clear indication of the returns of the rebranding investment, which may require up to at least a year to demonstrate any significant impact.

In addition, this paper also did not investigate or study the impact of other extraneous factors such as the global economic situation (e.g. recovery from the global recession), changes to the Singapore hospitality landscape (e.g. opening of new hotels) amongst others. These factors could have influenced HISOCC's guest satisfaction and financial performance (top-line and bottom-line) pre- and post-rebranding, and impacted the interpretations of the results.

Thirdly, it is to be noted that the findings were based on a single case study of the rebranding of the Holiday Inn Singapore Orchard City Centre. While these findings can be utilized as a useful teaching material, the results pertaining to the impact of rebranding on hotel's

guest satisfaction and financial performance may not be representative or generalizable to the hotel industry as a whole.

Conclusion and recommendations

Overall, the findings from this paper revealed that HISOCC's guest satisfaction and financial performance had demonstrated signs of uplift after the rebranding. These impacts however, were not always statistically significant due to anomalous performance and other limitations of the paper. This paper also found that while successful rebranding can enhance guest satisfaction, rebranding alone cannot sustain high guest satisfaction as was observed in HISOCC's March 2010 OSAT performance. Sustainability will depend highly on continuous maintenance and improvement of key guest contact areas (e.g. guestrooms), process (e.g. check-in, reservations), and amenities (e.g. internet, bathroom supplies) which represent the "moments of truth" for many guests, in order to reap the maximum benefits of rebranding. It is therefore recommended that HISOCC's operations team ensure that these areas are monitored closely and rectified promptly before they become critical guest issues.

This paper also found that while HISOCC's NOP and food and beverage revenue performance was not significantly different pre- and post-rebranding, its total revenue, room revenue and other revenue performance appeared to have decreased significantly post-rebranding. As this may have largely been attributed to the weak showing in February where business is traditionally slower than other months due to the festive Lunar New Year holiday, it is recommended that HISOCC explore more promotions to attract more local families during similar festive periods.

Lastly, given that this paper had only reviewed one case study on rebranding, it is recommended that more empirical studies be conducted to deepen the understanding on the

impact of rebranding on guest satisfaction and financial performance. Future studies should ideally assess the performance of rebranded hotels over a longer time period to better understand the impacts of rebranding on guest satisfaction and financial performance. In addition, it is also recommended that the inter-relationships between the constructs of hotel brand equity, guest satisfaction and financial performance be explored to strengthen the understanding of how each impact the other. Extraneous factors that may have influenced the performance of the rebranded hotels should also be included in these studies to provide a more holistic interpretation of the effects of rebranding on the hotel's performance. Examples of such factors include the opening of new hospitality properties in Singapore such as the Marina as Marina Bay Sands and Resorts World, rebranding of other Orchard Road hotels, Meritus Mandarin and Crowne Prince Hotel, recovery of the global economic recession, and political and tourism outlook of neighbouring countries.

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