

## **Defining optimal level of co-branding in the hotel industry**

Considering the wide range products involved in a hotel product, there is a plethora of co-branding opportunities for the hotel industry. Other than co-branding with restaurants, coffee shops and retail shops, hotels can also co-brand with companies providing supplementary products such as bathroom amenities, electronic appliances, etc. Anything and everything used to make up the conglomerate hotel product can be used for the purposes of co-branding. Some of the opportunities might not be apparent due to the unrelated nature of the industries providing these products. However a successful co-branding with such industries and products can provide a hotel with a competitive edge and differentiation that strategically fit with their branding objectives as in the case with Econo Lodge and Procter & Gamble's Mr. Clean. With such co-branding, the negative perception about the cleanliness of a budget hotel like Econo Lodge could effectively be offset with the connotations brought by Procter & Gamble's Mr. Clean.

Despite all the co-branding options brought by the wide range products that make up a hotel product, caution must be taken in the amount of co-branding practiced in a hotel for the sake of keeping the brand identity of the hotel in tact. If hoteliers try to co-brand with all the companies providing products to the hotel, the hotel could run the risk of becoming a product store rather than a product in itself. Therefore, hoteliers have to define the consumer threshold in terms of the level of co-branding that maximizes the benefits brought by the co-brand and neutralizes the threat of losing the hotel's own brand identity. Thus, the objectives of this research are to 1) examine the potential co-branding possibilities for a hotel in Hong Kong and China; and 2) determine the optimum level of co-branding perceived by consumers.

Keeping strong brand identity and increasing brand equity are every marketer's dream. Brand identity can be defined as unique set of associations that represent what the brand should stand for and imply a potential promise to customers (Nandan, 2005). On the other hand, brand equity is related to set of brand assets and liabilities that add to or subtract from a product/service (Aaker, 1991). It includes image, awareness and familiarity, quality, value, and loyalty which are all interrelated with one another. It is important to note that a brand identity refers to the strategic goal for a brand and originates from the company; while brand equity is what currently resides in the minds of consumers.

According to Chang (2008), companies can use co-branding strategy for several reasons including maintaining the strong brand identity and improve brand equity. Desai and Keller (2002) mention that involving multiple products may create a uniquely and convincingly positioned new product which would not be possible otherwise. Since practically anything used to make up the conglomerate hotel product, hotel companies have more co-branding options available compared to many other businesses. In this respect, hoteliers might be tempted to utilize co-branding to the maximum extent by co-branding with as many brands as possible to reach one of the above mentioned objectives.

Imagine a hotel with a different logo on every product in the room. As unbelievable as it sounds, it is possible. Excessive co-branding would not only confuse the hotel customer, but also would negatively affect hotel brand's identity and

brand equity. Therefore, hoteliers should find a way to optimize their co-branding. Optimum level of co-branding perceived by consumers can be defined as the most advantageous combination of the co-branding options of a hotel that maximizes brand equity of the hotel while maintaining strong brand identity. Although “how much co-branding is too much for the hotel industry?” is a very important question to answer, this line of research in co-branding has been overlooked. This study intends to fill the present gap.

### **Proposed Methodology**

To meet the objectives of this study, both survey and quasi experimental techniques will be used. Computer simulations with hotel environment with potential brand products to make up the entire hotel product will be used to generate potential co-branding options for consumers to choose from. Student samples as well as real consumers of a hotel that will be identified for this study will be the target sample. To identify the cultural differences, samples will be chosen from all over the world.