

Brand Familiarity Crucial in Hotel-Restaurant Co-Branding

Consumer familiarity with individual brands is crucial to the success of hospitality co-branding argue the SHTM's Basak Denizci Guillet and Asli Tasci. In a recently published paper, the researchers show that Chinese consumers judge the viability of hotel-restaurant co-branding in terms of product compatibility and fit, with less familiar brands less likely to be appealing, even when matched with well-known brands. This, they argue, has significant implications for the hospitality industry in China, where brand familiarity is relatively low and can be highly localised within regions.

The Significance of Co-Branding

Co-branding, the researchers note, is “a relatively new phenomenon” whereby two brands collaborate to achieve a common objective. Its main benefit lies in allowing one of the brands to gain a foothold in a market that the other brand has already established itself in. The most common co-branding exercises in the hospitality industry involve established hotels and restaurant chains operating in the same premises, such as T.G.I. Friday's in some Holiday Inn hotels and Starbucks outlets in Starwood hotels.

How do consumers perceive these combinations? In the paring of two products, inequality is a significant problem with a known outcome. If one product has strong brand equity – meaning that consumers are highly aware of it, understand its image and the quality and value it offers, and are likely to respond to it – then the other brand will benefit from a “spillover effect”. But if one brand has particularly weak equity, then the other brand will suffer.

However, hotels and restaurants offer intangible services rather than tangible products, and the researchers note that “consumers might not have an adequate perception of all relevant brand equity criteria for evaluation”.

This means that the awareness of and familiarity with hospitality brands are likely to play more significant roles than the other elements of brand equity. The notion of authenticity is also important, with consumers expecting the co-branded restaurant to retain its individual characteristics and not become an integrated part of the hotel.

Western-Asian Co-Branding Considered

An extension of this need for authenticity is the likelihood that consumers will react favourably to the co-branding of hotels and restaurants from different cultures. This seems to act against the idea that familiarity is crucial, but has a practical element: Western hotel and restaurant chains are increasingly co-branding with Asian counterparts as they enter the booming Asian market. To capture the success of this strategy, the researchers surveyed Chinese and non-Chinese, mainly Western, consumers in one of Asia's most dynamic tourist markets – Hong Kong.

Through face-to-face interviews with tourists on Hong Kong's Avenue of Stars, the researchers collected information on sociodemographics, past trip characteristics, awareness and use of selected hotel and restaurant brands, favourite matches of those brands and the equity strength of the individual brands in the matches.

The brands were selected based on origin and price, with half Western in origin and half Asian. All of the brands were either mid-priced or upscale. One hotel and one restaurant brand were fictional, to determine whether the interviewees were offering honest responses.

Just over half of the interviewees were Chinese travellers from mainland China, Macau and Taiwan, and most of the remainder were Western travellers from Europe, the United States, and those from Asia-Pacific countries

(mainly Australia). The non-Chinese travellers were slightly older, had a slightly better chance of being university graduates and were likely to be staying longer in Hong Kong than their Chinese counterparts. The Chinese travellers, in turn, were more likely to be in Hong Kong on business.

Favourite Matches

As the researchers expected, JW Marriot, Novotel and Ibis were better recognised hotel brands amongst the Western travellers (and most often used), whereas Shangri-La and Metro-Park were better recognised amongst the Asia-Pacific travellers. Of the restaurant brands, Outback Steakhouse and T.G.I. Friday's were best recognised (and most often used) by the Western and Asia-Pacific travellers, and Quanjude and Café de Coral were best recognised by the Chinese travellers. McDonald's joined the latter two chains as the most used by the Chinese travellers.

Defining "total brand awareness" and "total brand use" as the degree to which the travellers were aware of and had used all of the real brands, the researchers found that there were significant differences between the Chinese travellers and all others. In terms of favourite co-branding matches, the Chinese travellers listed Shangri-La/Quanjude most frequently, followed by Shangri-La/McDonald's and Shangri-La/T.G.I Friday's. The others, in contrast, listed JW Marriot/Outback Steakhouse, JW Marriot/T.G.I Friday's and Novotel/McDonald's.

From a Western perspective, it might seem unusual that the Chinese travellers matched an upmarket brand such as Shangri-La with McDonald's, but from the Chinese perspective both are well-known global brands and McDonald's prices are higher in China than they are in Western countries. Overall, the matches were made between brands with which the travellers – Chinese and others alike – were most familiar, rendering quality and pricing relatively less significant.

The Future of Co-Branding in China

An important extension of this reliance on familiarity is that those travellers who had actually used the brands

were more likely to mix and match Asian and Western brands than those who had not. Yet the researchers warn that the relatively lack of brand familiarity in the Chinese hospitality market could still stifle attempts to co-brand. This, they note, could be compounded by the regional nature of cuisine in China, with few restaurant chains enjoying nationwide popularity.

However, once a sufficient level of familiarity has been reached and the atmosphere offered by certain brands is widely recognised, the "authenticity" of the co-branding experience will increase, and co-branding will become much more viable. While this might not be the case for upscale restaurant-hotel combinations, as such brands are usually distinctly different and difficult to combine, the researcher's findings do suggest that knowledge of the consumer perspective will be crucial to the health of hospitality co-branding in China.

Points to Note

- Co-branding involves two brands collaborating to reach a common objective.
- Hotel-restaurant co-branding is relatively new, but can offer competitive advantages.
- Chinese and non-Chinese consumers have different levels of brand awareness and use.
- As hospitality brand familiarity increases in China, Western-Asian co-branding exercises will become more effective.

Denizci Guillet, Basak and Tasci, Asli (2009). Travelers' takes on hotel-restaurant co-branding: insights for China. *Journal of Hospitality and Tourism Research*, Vol. 34, No. 2, pp. 143-163.