

# Managing Hotel Brand Equity

A Customer-centric Framework for  
Assessing Performance

Here is how marketers can build a numerical index to gauge customers' perceptions of a hotel brand.

by *Keshav Prasad and  
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**B**uilding brand equity, or strong brands, is considered to be one of the key drivers of a business's success. In this article we examine what constitutes brand equity in the hotel industry and demonstrate a method for how that brand equity can be measured. Our objective here is to offer a diagnostic and decision-making tool to CEOs and top managers of hotel companies that will help them maximize the value of their brands. Although a real-life example of brand-equity measurement was not available, we have developed a hypothetical but realistic demonstration of how our brand-equity index is developed and can be used to assess a brand's strength over time and in relation to its competitive set.

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The chief reason for building brand equity as the cornerstone for business success is that it helps offset competition by differentiating the product, allowing brand owners to charge a premium, and fostering customer loyalty.<sup>1</sup> Defining exactly what constitutes a brand, however, is not as simple a task as telling what a brand should accomplish. At one end of the brand concept is the simple idea that a brand constitutes a name, a logo, a symbol, an identity, or a trademark. At the other end of the spectrum is the complex idea that a brand embodies all that the business stands for. In its most complex incarnation, the brand is the hallmark of quality, a promise or an assurance to the buyer, a set of associations or expectations, a perception, an icon, or an image that triggers a propensity on the part of customers to purchase that brand's products. As such the brand becomes a symbol that connects the company or its products with the customers in a relationship and represents the entire "product personality."<sup>2</sup>

A brand's strength develops over a long period of time, and a strong brand is expensive to create. Some estimates put the cost of creating a brand at around \$150 million.<sup>3</sup> Given the time and money needed to develop a strong brand, it is im-

perative to manage brands well to maximize shareholder value.

Some observers note that managing brand equity is made increasingly difficult by the rapid proliferation of new brands, dramatic increases in media costs, the more extensive and aggressive use of promotions by established firms, and the cost and difficulty of obtaining distribution.<sup>4</sup>

A well-positioned and -managed brand can be a significant deterrent to the entry of new brands.<sup>5</sup> Conversely, poorly managed brands are often targeted by new brand entries. To maintain the brand's competitive advantage against existing and potential competitors, a well-articulated and -executed brand strategy will help separate the winners from the losers.

Customers are the ultimate arbiters of brand equity and the financial worth of shareholder value because the customers are the sources of all cash flows and the resulting profits.<sup>6</sup> That brand equity is defined by repeat purchases caused by brand-use satisfaction, perceived superior value (for the price paid), and a preference or loyalty felt for the brand. The framework presented in the following sections is an attempt to capture the essence of this notion by describing a customer-centric index of hotel brand equity measured over time and against competitors.

### Hotel Brand Equity

Hotel chains constitute a classic application of brand strategy. Brands are a quick way for hotels and hotel chains to identify and differentiate themselves in the minds of the customers. A brand symbolizes the

**A brand symbolizes the essence of the customers' perceptions of the hotel chain.**

<sup>1</sup> David Aaker, *Managing Brand Equity* (New York: Free Press, 1991), pp. 19-32.

<sup>2</sup> See: Lance Leuthesser, "Defining, Measuring, and Managing Brand Equity," Conference Summary (Cambridge, MA: Marketing Science Institute, May 1988), p. 2; Kevin Lane Keller, "Conceptualizing, Measuring, and Managing Customer-based Brand Equity," Working Paper (Cambridge, MA: Marketing Science Institute, October 1991), p. 4; Rajendra K. Srivastava and Allan Shocker, "Brand Equity: A Perspective on Its Meaning and Measurement," Technical Working Paper (Cambridge, MA: Marketing Science Institute, October 1991), p. 5; Aaker, p. 7; and David Aaker, *Building Strong Brands* (New York: Free Press, 1996), p. 35.

<sup>3</sup> Edward Tauber, "Brand Leverage: Study for Growth in a Cost-controlled World," *Journal of Advertising Research*, Vol. 28, No. 4 (August-September 1988), pp. 26-30.

<sup>4</sup> David Aaker and Kevin Keller, "Customer Evaluations of Brand Extensions," *Journal of Marketing*, Vol. 54, January 1990, pp. 27-41.

<sup>5</sup> Chekitan S. Dev, Michael Morgan, and Stowe Shoemaker, "A Positioning Analysis of Hotel Brands," *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 36, No. 6 (Dec. 1995), pp. 48-55.

<sup>6</sup> D. Arnold, *Handbook of Brand Management* (Boston: Addison-Wesley, 1992), p. 142.

## Exhibit 1

### Measures of hotel-brand performance and awareness

Element	Source	Measurement	Frequency of measurement
Customer-satisfaction rating	Panel	Percentage checking top two choices (A+B) on a five-point scale of A (excellent) to E (poor)	At least annually
Return intent	Panel	Percentage saying they would return	At least annually
Price-value perception (value received for price paid)	Panel	Percentage checking top two choices regarding value received on a five-point scale	At least annually
Brand preference	Awareness-and-use studies	Percentage mentioning preference	Monthly, quarterly, and annually
<b>Brand awareness</b>			
Top-of-mind and total brand awareness	Awareness-and-use studies	Percentage mentioning the brand name	Monthly, quarterly, and annually

essence of the customers' perceptions of the hotel chain, its products, and services.<sup>7</sup> The favorable or unfavorable attitudes and perceptions that are formed and influence a customer to book at a hotel brand represent the brand equity. A guest's good experience with a hotel brand builds brand equity, while a bad experience erodes that brand equity. A person does not need first-hand experience with the brand to form an impression of a brand, though, for brand equity is formed among non-users by exposure to media messages or by word-of-mouth. Thus, for instance, one need not be a guest at Motel 6 or Ritz-Carlton to have developed two different perceptions or images of those brands.

#### Why Measure Brand Equity?

If growing brand equity is the key to future business success, it makes sense that one should have a way to quantify and measure such equity.<sup>8</sup> The following are three main reasons for measuring brand equity.

- (1) Brand-equity measurement is a single, critical measure of

feedback from customers. While that feedback could be determined in various ways (such as, for instance, revenues), in this paper we have defined brand equity to include brand recognition or awareness, its perception, and customers' overall satisfaction with a brand's performance. Those measures can demonstrate whether a brand's equity is growing, declining, or remaining stagnant (it also allows an investigation of why the brand is performing as it does).

- (2) Tracked over time a brand-equity measure reflects changes relative to competitors—thereby sounding relevant and timely alerts.
- (3) This measurement will help in gauging the impact of the brand's own marketing-mix actions on customers and in providing feedback on whether the evolution of the brand's equity is on course.

#### Measuring Hotel Brand Equity

Brand equity, as we conceptualize it here, is a measure derived from a range of customer-satisfaction criteria. A hotel will have strong brand equity when a large number of cus-

tomers have a favorable perception of and attitude toward the hotel brand. High equity is associated with high customer satisfaction, brand preference, and loyalty; high guest retention; high market share; a price premium; high profits; and, finally, good shareholder value. One could say that brand equity is the sum total of all the net-favorable or positive ratings paid into the brand's equity account.

We measure a hotel brand's equity via the customer's rating of the brand using multiple measures. Using customer-research data from brand awareness-and-use (A&U) studies, a hotel can collect and analyze the data from a national panel. A panel consists of over 100,000 households that mirror the United States population. Random samples could be drawn from this panel to conduct A&U and guest-satisfaction tracking studies. We present hypothetical findings from these surveys to demonstrate how the brand-equity issue could be addressed and better understood from the perspective of customers' perception, attitude, use, and satisfaction.

The first step in computing brand equity is to quantify customers' satisfaction ratings of five key brand attributes in two sets of indi-

<sup>7</sup> Kevin Keller, *Strategic Brand Management: Building, Measuring, and Managing Brand Equity* (New York: Prentice-Hall, 1997), pp. 45–56.

<sup>8</sup> Keller, pp. 372–379.

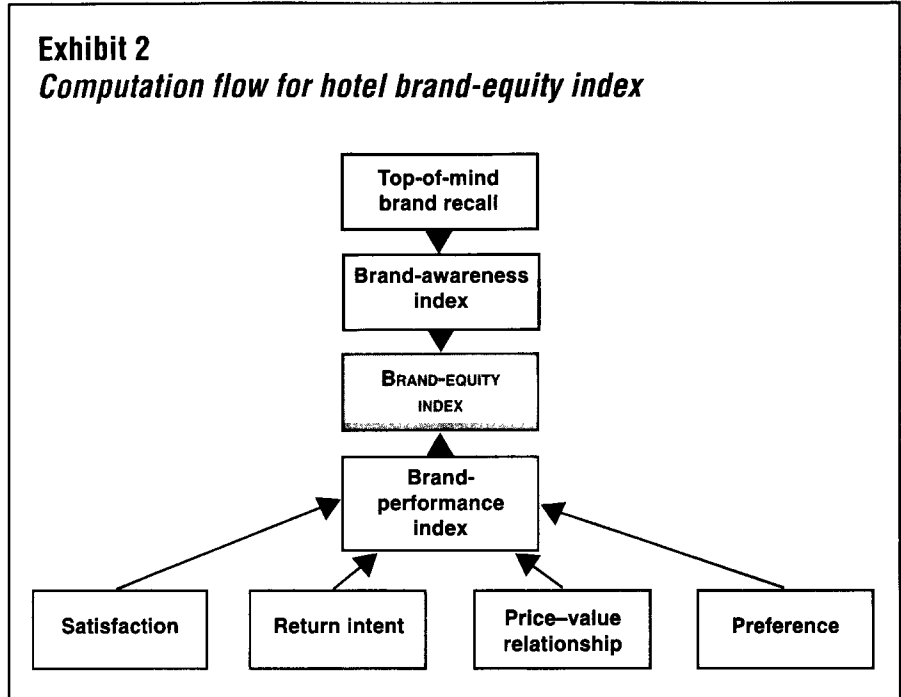
cators, brand performance and brand awareness. We propose that brand performance can be measured by overall satisfaction with product and service, return intent, price-value perception, and brand preference, while brand awareness is measured by brand recall, as detailed in Exhibit 1.

By classifying these customer ratings for a specific brand and its principal competitors, one can develop indices for performance and awareness. Then by combining the two indices a brand manager can develop a unified measure, which we call the brand-equity index. Exhibit 2 gives the conceptual model of how a simple spreadsheet-based application that we have developed under the trademark name BrandTracker converts the quantitative customer ratings first into performance and awareness indices and then into a brand-equity index.

**Benefits of Brand-equity Tracking**

The computational model does four things. These are tracking customers' brand perceptions over time, helping to formulate remedial marketing strategies, measuring the effects of remedial actions, and tracking competitors' brand equity.

**Tracking perceptions.** In the first place, BrandTracker will gauge the extent of customers' overall favorable perception of a brand. The software describes the strength of the hotel brand in terms of satisfaction, return intent, price-value, and preference. That index allows the manager to make a further comparison with competing brands and can be a benchmark for analyzing customer-preference trends over time. A brand manager computes the index at least annually (or more frequently if the measurement is so designed). Any changes over time or in relation to other brands could spur diagnostic questions that encourage the brand manager to ad-



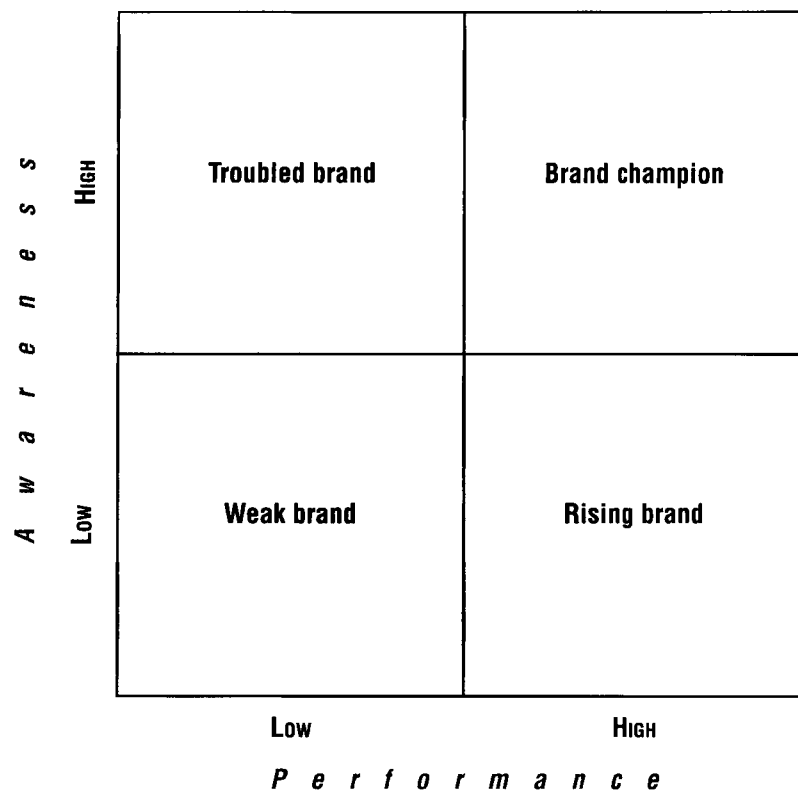
dress opportunities and challenges to keep the brand's performance on course.

**Remedial marketing.** The diagnostic questions, in turn, could help to pinpoint problems that require remedial action in marketing or in operational areas. Usually the index will point to a need for additional investigation, and the problems could be multifaceted. For instance, the index may show a decline in return intent, but this could be due to such diverse factors as poor guest service, dated guest rooms, or an outdated guest-preference program. Similarly, a downward trend in awareness would suggest a review of advertising strategy.

**Measuring effectiveness.** The effectiveness of these remedial actions could then be tracked easily after implementation by using the same BrandTracker model in the following year or earlier as considered appropriate.

**Monitoring competitors.** The brand-awareness, brand-performance, and brand-equity

**Exhibit 3**  
**Hotel brand-awareness–performance matrix**



measures offer a way to learn about changes in competing brands' positions relative to each other.

### Classifying Brand Types

The BrandTracker model can be used to classify the hotel brands in a four-cell typology based on high or low awareness plotted against high or low performance, as shown in Exhibit 3. We have designated the brands in each cell as brand champions (high performance, high awareness), rising brands (high performance, low awareness), troubled brands (low performance, high awareness), and weak brands (low on both indices).

**Brand champions.** The hotel brands that rate high in both awareness and performance are the industry leaders or brand champions.

Customers recall those brands well and rate their performance as better than that of other brands. Brand champions should be able to command strong occupancies and room rates, thus garnering strong profits. As a separate matter (and one that we do not explore here), one would expect publicly held brand champions to trade at a premium compared to other companies on equity markets.

**Rising brands.** Although rising brands have strong customer following, they do not (yet) have a widespread awareness. This could be because they have not been long in the marketplace (compared to established brands), or they may be located in just one region and therefore not have gained nationwide exposure.

**Troubled brands.** Usually long-established chains, these brands are high on top-of-mind and total awareness, but their operations no longer support the quality and consistency levels that customers would expect, or else innovations by other brands have passed these brands by. Regardless of the reason, the "troubled" brands have poor customer-satisfaction ratings and are losing the top-of-mind awareness they once commanded.

**Weak brands.** Whether new or old, these brands show little differentiation in customers' minds, offer poor service delivery, or have weak brand strategies.

### Applying BrandTracker

A hotel brand with high ratings on awareness, satisfaction, return intent, positive price-value perception, and brand preference has, by definition, strong brand equity. BrandTracker expresses as percentages customers' quantitative ratings of satisfaction and of other positive ratings. These percentages are then converted into the two indices of brand performance and awareness, as we describe next.

To demonstrate how this works, we developed a database for a hypothetical set of competing hotel chains. Our data resemble those of real hotels to lend verisimilitude to the exercise. We have given our hotel chains invented names, such as Signet, Hamilton, and Harrison. (Note: These are intended to be fictitious names, and we hope we have not inadvertently chosen the name of an actual chain or hotel.)

Indexing is central to the BrandTracker model, because it allows one to compare brand equity among competing brands and also to track equity values over time. The mean for our hypothetical competitive set is an index of 100 for performance and awareness.

The index mean of 100, consequently, becomes the point of reference for measuring performance. A score of less than 100 is below average, which might prompt managers to examine whether the brand has problems, while a score of, say, 110, is well above average.

The following are the steps for computing the brand-awareness and brand-performance indices that lead to the single comprehensive brand-equity index.

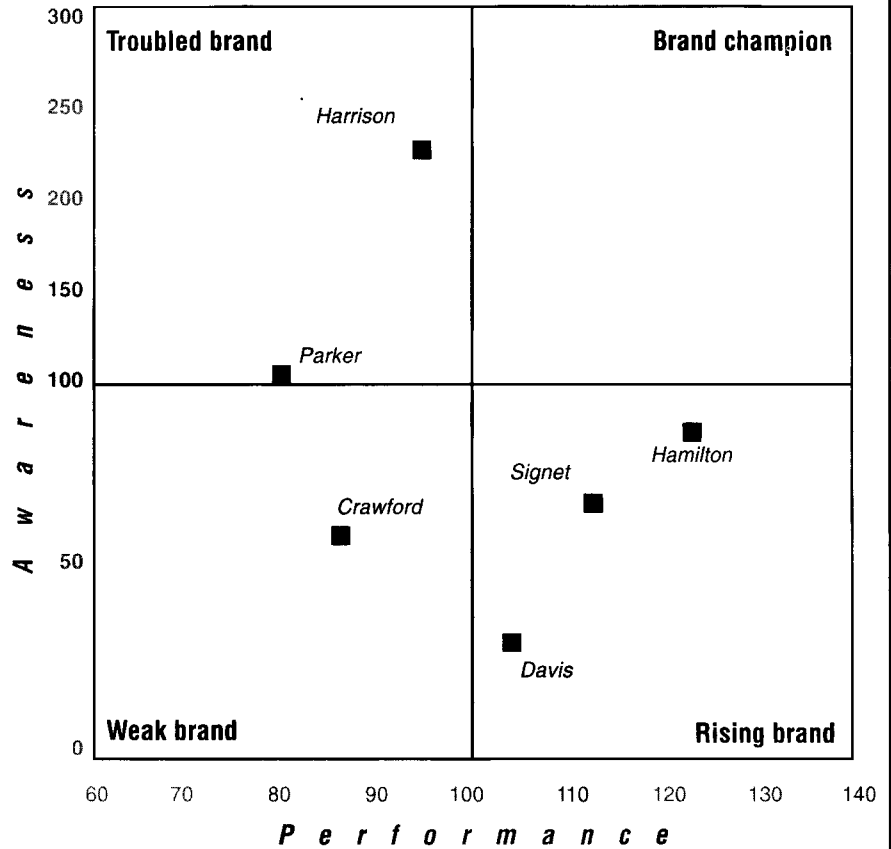
**Step 1:** Cull ratings data on guest satisfaction, return intent, and price-value performance for each brand. Those data come from the lodger panel. In addition note users' brand preferences from the awareness and usage studies to calculate the performance index. A brand's top-of-mind recall and awareness data are also taken from A&U studies.

**Step 2:** For each brand, add the percentages pertaining to the four performance indicator ratings to arrive at total performance points. For example, if all the performance percentages are added for Signet for year 1, the total points come to 291.

**Step 3:** Calculate the mean performance points by dividing the total points by four, which is the number of attributes in each of the indicators. This is the mean performance indicator. The brand-performance index is calculated by indexing the mean-performance-indicator scores across all the brands. The average is indexed at 100. Each brand's specific performance index is compared to this index-100 value to establish their particular index value (and their place in the typology).

**Step 4:** Since there is just one attribute for awareness, no further calculation is necessary to find its mean. Awareness scores are averaged across all brands and indexed to 100. Top-of-mind recall is considered to be the most important driver of brand equity in the awareness index.

**Exhibit 4**  
*Brand awareness vs. brand performance*



Note: The lower end of the awareness scale is "stretched" to create the appearance that all four cells of the typology are equal in size. In reality, with a mean of 100, the upper two cells of the awareness section are twice as tall as the lower two cells. This is primarily a function of the overwhelming top-of-mind presence of the Harrison brand. By happenstance, the performance mean is approximately in the center of the distribution, making the left and right cells more or less equal in size.

The brand that is recalled first is the one that is bought most, as described by John Philip Jones in his study of packaged goods, *How Advertising Works*.<sup>9</sup> Each brand's specific awareness index is compared to this index-100 value to establish their particular index value (and their place in the typology).

**Step 5:** Next, plot the awareness and performance indices for each

<sup>9</sup>John Philip Jones, *When Ads Work, New Proof That Advertising Triggers Sales* (New York: Lexington Press, 1995), pp. 4-5; Chapters 6, 8.

brand to show where each stands relative to the others and which quadrant it occupies. The resulting graph is shown in Exhibit 4.

**Step 6:** Finally, compute the brand-equity index by combining awareness and performance indices. In producing a single index number, the awareness index is weighted by 20 percent and performance by 80 percent. This weighting corrects for the fact that the awareness index involves one criterion, while performance involves four criteria.

## Exhibit 5

### Brand-equity changes from Year 1 to Year 2

Measurement	Signet		Harrison		Crawford		Hamilton		Parker		Davis	
	Yr 1	Yr 2	Yr 1	Yr 2	Yr 1	Yr 2	Yr 1	Yr 2	Yr 1	Yr 2	Yr 1	Yr 2
<b>Brand-performance indicators</b>												
Guest satisfaction (A+B)	86%	86%	71%	71%	70%	77%	87%	87%	62%	67%	72%	84%
Return intent	97%	94%	85%	83%	84%	83%	92%	91%	74%	76%	86%	87%
Price-value perception (high or very high)	32%	36%	24%	23%	14%	30%	34%	29%	27%	27%	30%	41%
Business users' first choice	35%	29%	29%	32%	14%	14%	58%	50%	13%	10%	11%	20%
Leisure users' first choice	41%	32%	35%	31%	10%	10%	63%	38%	18%	17%	17%	20%
Total favorable percentage points	291	277	244	240	192	214	334	295	194	197	216	252
Mean performance indicators	58	55	49	48	38	43	67	59	39	39	43	50
Brand-performance Index	119	113	100	98	78	87	136	120	79	80	88	103
<b>Brand awareness</b>												
Top-of-mind brand recall	15%	15%	70%	55%	14%	14%	21%	21%	28%	24%	10%	8%
<b>Brand-equity index and summary</b>												
Brand-equity index	106	103	133	124	73	82	125	114	85	117	78	89
Brand-performance index	119	113	100	98	78	87	136	120	79	80	88	103
Brand-awareness index	57	63	266	229	53	58	80	88	108	100	38	33

Source: Hypothetical lodger-panel data for "guest satisfaction," "return intent," and "price value"; and hypothetical brand-awareness-and-use data for "first choice" and "awareness."

### An Analysis for Signet Inn

For Exhibit 5, we developed "actual" lodger panel and A&U data for "Signet Inn" and its competing mid-market brands based on ratios similar to those found in the industry. We used those data in BrandTracker to produce the indices shown here. The following is an analysis of those indices. We'll start with "year 2" data, which is highlighted in color on the table in Exhibit 5.

**Signet Inn.** With a brand-equity index of 103, Signet is below Hamilton's index of 114. Signet's much lower performance index (113 compared to Hamilton's 120) is the telling factor. This score results largely because a high proportion (50 percent) of business travelers using the Hamilton brand selected it as their brand of first choice. By comparison, Signet's proportion is low (29 percent).

Similarly, at 63, Signet's awareness index is not only below that of Hamilton (at 88), but it is way below Harrison Inn (which scored 229). As a much older brand, Harrison has a strong top-of-mind

brand awareness. While Signet may need awareness-building initiatives, its positive performance index, which puts it ahead of Harrison and all other brands except Hamilton, cannot be ignored. It leads in return intent and price-value perception, while being almost on par with Hamilton for guest satisfaction.

Driven by good performance ratings and a weak brand-awareness level among the customers, Signet ends up in the rising-brand quadrant. Strong brand awareness would push it into the brand-champion quadrant.

The strategic significance of all this from Signet Inn's perspective is two-fold. First, Signet has to build brand awareness as a top priority. Advertising heavily to its target audience could help. Second, the chain must sustain and improve performance so that it can become the brand of choice. Its customers' high return intent for some reason is not translated into having the brand be the users' actual first choice. Perhaps a well-designed guest-recognition program would improve the situation.

**Harrison Inn.** Although Harrison Inn leads all others in the brand-equity index, the quadrant analysis shows that Harrison Inn is a troubled brand. It has the highest brand recall, but its performance is below par. In the main, its brand equity is driven by top-of-mind brand recall.

Indeed, Harrison Inn leads all the other brands in top-of-mind awareness with 229 index points, as we just noted. The next brand down, Parker Inn, is below Harrison by over 100 points. On the other hand, at 98 index points, Harrison's brand-performance index is below those of Hamilton, Davis, and Signet. This result may be because Harrison Inn has traditionally spent heavily on media advertising to sustain high awareness and because it has wide distribution. However, its service delivery has a reputation for inconsistency, and it continues to deal with a portfolio containing many tired properties. The remedy seems to lie in improving the hotel operations and in capital spending to refurbish the older hotels. The CEO and the brand manager of

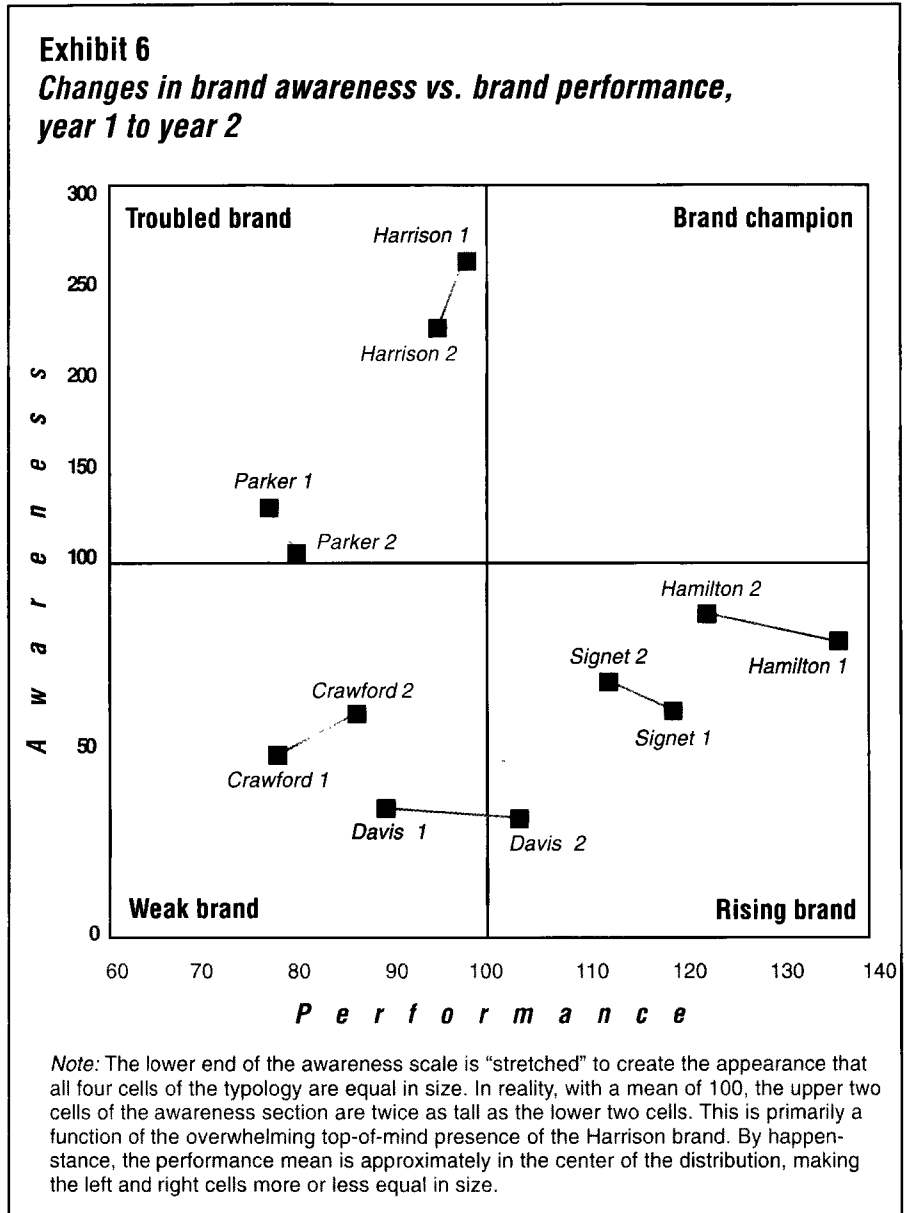
Harrison Inn have a major strategic task at hand.

**Crawford Inn.** This is an example of a weak brand. With a low brand-equity index, Crawford Inn is below average in performance (87) and in awareness (58). It shows weak performance in most customer-centric measures, excepting price-value perception—probably due to Crawford’s low-room-rate strategy. For a brand with one of the largest networks of hotels in the country, this brand also faces a daunting task for improving brand equity.

**Hamilton Inn.** With a brand-equity index of 114 (second only to Harrison’s awareness-driven standing), Hamilton leads the pack in brand performance. Its index is driven by a solid performance (120 points). However, it lags behind Harrison Inn and Parker in top-of-mind brand recall. Its awareness index of 88 is 144 points below that of Harrison Inn. This is probably because Hamilton has a narrow distribution base compared to that of Harrison Inn and is a much newer brand. It faces the challenge of building top-of-mind brand awareness via advertising and promotion. With higher awareness, Hamilton could become a brand champion, because it has the necessary foundation of top performance.

**Parker Inn.** Being one of the oldest brands, Parker has high brand-equity index (117, albeit below Harrison), but it is the poorest performer (80) among the competitive set. This is a brand in trouble. Managers face considerable work to prevent its slide from troubled brand to weak brand. A turnaround of this brand would seem to be quite a challenge.

**Davis Inn.** This brand (which offers no F&B) has a brand-equity index in fourth place. Its low awareness index of 33 points is probably due to its regional distribution, as well as its being relatively new. Davis



has a solid performance index of 103 points. Due to this factor, it falls in the rising-brand quadrant.

**Two-year Trends**

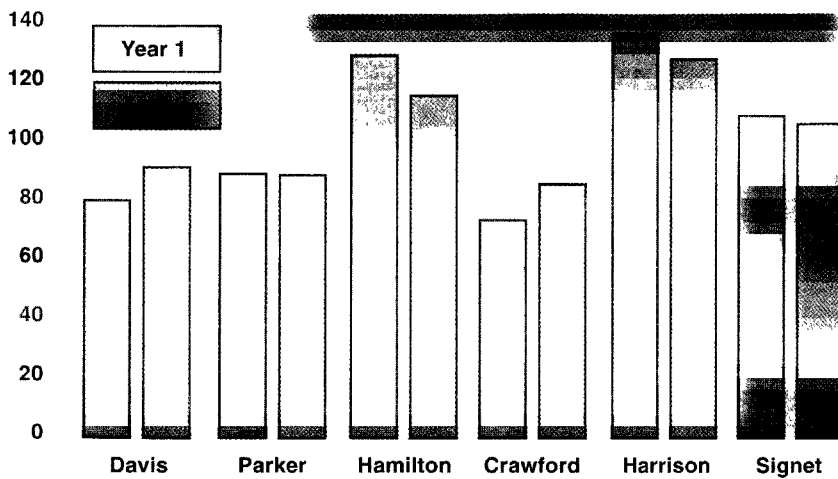
Looking again at Exhibit 5, we invented data from the year prior to the one we just discussed to show how the brands’ index scores might change over time, again developing a data set with considerable verisimilitude. The following summarizes the key changes from year one to year two. The resulting graph is

shown in Exhibit 6 and a comparison of the brand-equity indices is shown in Exhibit 7 (on the next page).

**Signet Inn.** Signet gained ground from year one to year two in the awareness index (up 6 points), but it lost in the performance index (down 6 points). Consequently, its brand-equity index moved down by 3 points from 106 in year one to 103 in year two. Its weaker results are likely a result of the competitive set’s overall better performance



**Exhibit 7**  
**Brand-equity indices, year 1 and year 2**



By comparing the brand-equity indices for a given hotel chain or competitive set of chains, a brand manager can gain a quick sense of where the chain stands in relation to its competitors and how the brand is faring over time.

rather than an actual decline in Signet's performance.

**Harrison Inn.** Even though it dropped 37 points in the awareness index from year one to year two, Harrison continued to lead all other brands in top-of-mind awareness. Its performance level also showed a decline of 2 points and the brand slid deeper into the troubled-brand quadrant.

**Crawford Inn.** This brand improved by 5 points in the awareness index and by 9 points in performance, resulting in an overall 8-point gain in the brand-equity index. It would seem that Crawford Inn is on the right track, but much more work needs to be done.

**Hamilton Inn.** Over the period Hamilton gained 8 points in brand awareness but lost 16 points in performance. Its performance index dropped from 136 to 120 index points. Even as this brand continued to lead the pack, it faced a declining trend in year two.

**Parker Inn.** This chain remained

in essentially the same brand position relative to the competition. Parker needs to do more advertising and pay more attention to operations to move the brand up in both awareness and performance.

**Davis Inn.** From year one to year two, Davis Inn's brand-equity index jumped by 11 points, driven by strong gains in the performance index (from 88 to 103). This occurred even though its awareness index dropped by 5 points. After being a weak brand in year one, it entered the rising-brand quadrant in year two.

These comments briefly review the key changes that come to light in a brand-equity review and give an idea of the diagnostic and strategic analyses that are possible with the BrandTracker model for planning a hotel chain's brand strategy. Using this information, a brand manager can focus on why any changes have occurred, what issues need to be addressed, and how to address them. One will still want to

continue the traditional analysis of the hotel-brand performance in terms of occupancy, rate, and market share. However, those statistics ignore the customer-centric drivers of brand equity that are embodied in the BrandTracker analysis.

For those who wish to engage in brand-equity research and measurement system as suggested by BrandTracker, we offer some guidelines in the box on the next page.

### Brand Equity and Financial Performance

Based on our investigation, we suspect a positive correlation between brand equity and financial performance. The rationale here is quite straightforward: hotels with strong brand equity (based on customers' positive evaluations of brand attributes) should command higher occupancy and rates, resulting in higher REVPAR. As more customers are satisfied and see a positive price-value relationship, more of them prefer the brand and more of them return. This should translate into higher earnings. Due to the limitations of our hypothetical data set, we do not examine this relationship here but propose to do so in a follow-up study.

### Limitations

Although the hotel brand-equity index conveniently summarizes in a few numbers the customer information from lodger panel and awareness and usage studies, its focus is brand perception across nationwide customer markets. It gives information regarding a specific hotel brand's image in the minds of a large population of customers. A chain smaller than, say, 100 hotels or one that is not distributed nationwide may not show up in national panel surveys that provide data for the index.

Additionally, the index is not designed to replace other prevailing measurements such as yield,

REVPAR, occupancy, room rate, or market share, but is a useful tool to help sharpen the understanding of a brand's equity not possible earlier.

**Uses of the Brand-equity Index**

Based as it is on the voice of the customer, the index is a tool that will help top corporate managers in the critical analysis of a brand's performance against competitors by providing customer-related information in an easily accessible fashion. The index makes trend analysis reflect the market dynamics in a way not as easily possible with other methodologies. Its visual presentation is a dramatic delineation of a brand's equity performance. For corporate leaders who watch equity markets, the message is simple—here is a factor that helps drive earnings.

Consider, therefore, the following benefits of this straightforward brand-equity model:

- Creating benchmarks for the evolution of a hotel chain's customer-based brand equity (compared to its full potential);
- Setting measurable goals for growing the brand equity and formulating marketing-mix and operational strategies for achieving them;
- Tracking results;
- Monitoring performance of competing brands;
- Motivating the organization for accomplishing the brand-equity goals;
- Asking diagnostic questions that define the key issues to be addressed; and
- Learning to improve performance by listening to customers via research and getting their feedback.

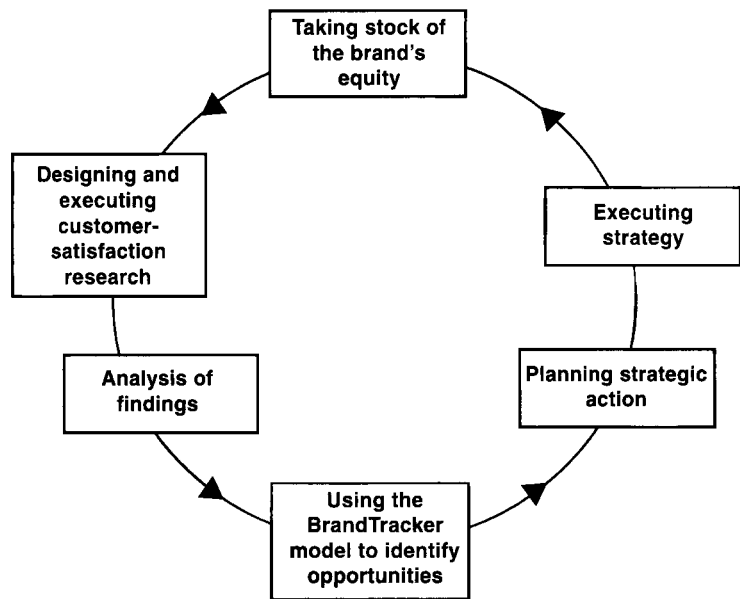
In conclusion, this customer-defined model can form a framework for thinking and acting in ways that help improve a hotel brand's performance. **CQ**

**Guidelines for Assessing Brand Equity**

Designing and installing a system to measure customer-defined brand equity such as the one described in this article is not expensive—particularly when its cost is balanced against the financial stakes involved in developing or maintaining a national brand. The work consists of subscribing to a nationally representative customer panel from which to draw a sample. If one anticipated a return rate of 20 percent, a sample size of about 5,000 respondents randomly chosen could yield 1,000 complete surveys.

The project would be less daunting, however, if one hires a reputable market-research company to design the questionnaire, conduct the phone interview using a CATI (computer-aided telephone interview) system, analyze data, and write the report. A company hired to

**Life cycle of brand-equity research**



do this task must have experience in strategy and customer research. The *Marketing Services Guide* of the American Marketing Association «[www.ama.org](http://www.ama.org)» is handy for selecting a research company. The authors will also be glad to answer questions in this regard. An estimated annual brand equity or A&U research budget ranging between \$100,000 and \$150,000 is realistic. The accompanying exhibit describes the life cycle of a typical brand equity-research process on an annual or semi-annual basis and its use in marketing and operational strategy planning and execution.

Doing the first benchmark study is recommended for immediate implementation. Thereafter a tracking system could be installed on an annual or semi-annual basis depending on the urgency of the felt need.—K.P. and C.S.D.