

Successful Service Branding:

Lessons for Hospitality Managers

by Chekitan S. Dev and Ming-Hui Huang

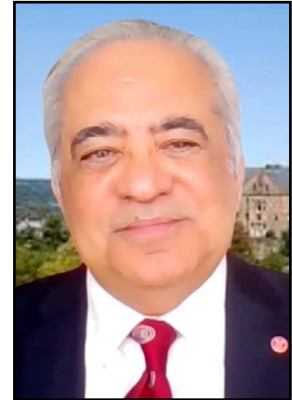
Executive Summary

Hospitality brands today face a brutally competitive environment characterized by a “sea of sameness” that threatens to drive all brands in a race to the bottom.¹ However, little empirical information exists on how to best manage service brands in general and hospitality brands in particular. We have long understood successful goods branding, but we have not studied how successful services branding differs from that of goods branding. This article attempts to fill that void by analyzing 11 years of data in an empirical study of goods and service brands to determine how service brands succeed. Analyzing three factors—namely, service quality, service personalization, and service relationships—we found that service brand success can be achieved through relationship-based personalization accompanied by a level of quality that is consistent and meets customer expectations. Consistency in quality is a key to successful brand and firm outcomes. We conclude that either falling short of or exceeding customer quality expectations can have deleterious consequences for brands and firms. Moreover, we found that quality improvements should be achieved gradually.

¹ This report is adapted from: Ming-Hui Huang and Chekitan S. Dev (2020), “Growing the Service Brand,” *International Journal of Research in Marketing*, 37(2), 281-300. The research on which this report is based was also presented at the Saïd School of Business at the University of Oxford, and received a Best Paper (Runner Up) Award at an Institute for Operations Research and Management Sciences ((INFORMS) Conference (Service Science Section). Also see: Chekitan S. Dev (2024), “Hotel Brand Overload: The Coming Shakeout,” *Cornell Hospitality Report*, 24(6).

ABOUT THE AUTHORS

Chekitan S. Dev, the Singapore Tourism Distinguished Professor at Cornell University's Nolan School of Hotel Administration, is an internationally renowned scholar and thought leader on marketing and branding in the hospitality, travel, and tourism industries. As an expert witness, he has testified in depositions, at trials, and at arbitration hearings regarding hospitality-related matters, in the United States and internationally, including multiple cases involving hotel owner-brand relationships and the online travel industry.



Professor Dev has consulted on marketing and branding for major corporations. He has more than forty years of experience analyzing an array of issues involving hotels, travel, and tourism. His recent research has focused on how branding and rebranding affect both public perception and profitability in the hospitality industry. In particular, he has assessed key drivers of profitability and customer loyalty, including branding, digital marketing, and consumer service. Professor Dev has also evaluated brand portfolio strategy in the context of hotel mergers.

An award-winning author, Professor Dev has seen his book, *Hospitality Branding* (Cornell University Press), as well as over one hundred articles published in leading academic and practitioner journals, including the *Journal of Marketing*, the *Journal of Marketing Research*, and *Harvard Business Review*. He has coauthored multiple case studies for Harvard Business School, and in 2019 received the overall winner award for best case study from the Case Centre at the Cranfield School of Management (UK). The American Marketing Association recognized Professor Dev and his coauthors as finalists for the Best Service Research Paper of the Year Award for their article "Return on Service Amenities" (*Journal of Marketing Research*, 2017).

Professor Dev is a sought-after commentator on hospitality trends. He has been interviewed numerous times in the mainstream media, and his research has been featured in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, *The Economist*, and the *International Herald Tribune*, among others. The Hospitality Sales and Marketing Association International (HSMAI) has selected Professor Dev as one of the "Top 25 Most Extraordinary Minds in Hospitality, Travel and Tourism Sales and Marketing."

At Cornell's Peter and Stephanie Nolan School of Hotel Administration, Professor Dev teaches courses on services marketing and brand management.

ABOUT THE AUTHORS



Ming-Hui Huang is Distinguished Professor, Department of Information Management, College of Management, National Taiwan University. Professor Huang received her PhD from the University of Wisconsin-Madison, USA. She is Scopus 2022 and 2023 World's Top 2% Scientist, and Clarivate 2023 top 1% Highly Cited Researcher worldwide, one of the 86 most impactful researchers worldwide, across all fields of business and economics. She is Fellow of Association for Information Systems (AIS), the first and only Asian-based fellow of European Marketing Academy (EMAC), International Research Fellow of the Centre for Corporate Reputation, University of Oxford, UK, and Distinguished Research Fellow of the Center for Excellence in Service, University of Maryland, USA, and was International Research Fellow of the Centre for Corporate Reputation, University of Oxford, UK.

Professor Huang specializes in artificial intelligence (AI), service, and marketing, with AI interdisciplinary research, with publications encompassing both academic and managerial journals in Marketing, Information Systems and Strategy, such as the *Journal of Marketing*, *Journal of the Academy of Marketing Science (JAMS)*, *Marketing Science*, *Harvard Business Review*, *MIT Sloan Management Review*, *California Management Review*, *Journal of Service Research (JSR)*, *International Journal of Research in Marketing (IJRM)*, *Journal of Management Information Systems*, *Decision Sciences*, *Journal of Consumer Psychology*, *Journal of Retailing*, and *Information & Management*. She is Editor-in-Chief Elect of *JSR*, the top-cited 11th highest-cited service business journal, Associate Editor of *IJRM*, *Information & Management*, and *Communications of the Association for Information Systems*, and serves on the editorial boards of *Journal of Marketing*, *JAMS*, *International Journal of E-Commerce*, and *Psychology & Marketing*.

Her publications on AI have gained significant recognition and citations. The 2018 article in the *Journal of Service (JSR)*, "Artificial Intelligence in Service," was the top-cited article in any marketing-related journal for that year. The same article also won the best article award from *JSR* and the Best Article Award from the American Marketing Association's (AMA) SERVSIG. Her article on AI featured in the 2019 *California Management Review* was among the top-10 most cited articles in the journal for the years 2019 to 2020. Her recent article, "The Caring Machine: Feeling AI for Customer Care," published in *Journal of Marketing* in 2024, has received widespread attention and discussion.

She has received tenure at universities in both Taiwan and New Zealand (University of Canterbury), and since 2001 has taught exclusively in English. She serves on the AMA (American Marketing Association) Service Special Interest Group board, was Chair of the INFORMS Service Science Section (two terms), was Vice President for Asia/Pacific of AIS (Association for Information Systems), program co-chair of the 2012 International Conference on Information Systems (ICIS 2012) and conference co-chair of the 2013 INFORMS/AMA Frontiers in Service Conference. She served as Director of the Management Research program at the Ministry of Science and Technology, Taiwan, which is the major source of funding of basic research in the fields of information systems, marketing, and management science.

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Service brands are increasingly dominating the global economy, yet we know little about the specific elements of their success. Studies of brand success have focused heavily on applications from goods brands, and one thing we have learned from these efforts is that service branding has its own specific characteristics of success. To analyze those characteristics, we developed a framework that enabled us not only to identify and validate key drivers of brand success for service and goods brands, but also to derive results that distinguish between brand-level outcomes and firm-level outcomes. Following the results of earlier studies, we developed what we called the “ServBrand triad” framework (see Exhibit 1, next page). This model focuses on the following three factors that drive brand success: service quality, service personalization, and service relationships. As we explain in this article, we analyzed 11 years of data on brands and firms to develop our model. We then assessed the value of our model and applied it to brands and firms in the hospitality industry. Our goal was to determine how strategic deployment of some combination of quality, personalization, and relationships would have positive implications for service brand success.

The ServBrand triad and its strategic applications



This figure was published in *International Journal of Research in Marketing*, 37, Ming-Hui Huang and Chekitan S. Dev, "Growing the Service Brand," p. 294, Copyright Elsevier (2020).

The ServBrand Triad: Key Drivers

Preference and usage. For our study, we defined brand success with two measures, namely, brand preference (being liked more than competitor brands) and brand usage (being used more than other brands). We collected our data on brands from a major analytics provider, BAV Group (a division of WPP), which maintains a massive database of information on brands across most industries. We describe this dataset, and our use of it, in greater detail in the appendix at the end of this report.

Building on Prior Knowledge

As a starting point, we developed the theoretical framework for ServBrand using five studies that investigated key elements of service brand success. The studies are summarized in Exhibit 2 (next page). Based on the findings of those five studies, we identified the contributions of the three service brand drivers, as follows. First, we projected that our *quality* driver would be most effective when a brand emphasizes excellent, valuable, and functional service. Second, our *personalization* driver depends on offering services that are dif-

ferent, brand-specific, customized, social, and dynamic. Finally, our brand *relationship* driver uses connections forged with customers through satisfaction to generate strong positive emotions.

Having informed our theoretical framework in this way, we dug deeper into the literature to fully inform our definitions of the quality, personalization, and relationship drivers.¹ We defined the quality driver as "a service brand's overall performance that meets its customers' expectations"; the personalization driver as "a service brand's uniqueness to each of its customers compared with what competitors offer and compared with what other customers receive"; and the relationship driver as "a service brand's ongoing interaction and communication with its customers and the resulting positive relational qualities, such as value, trust, and commitment."

¹ For example, using expectancy disconfirmation and SERVQUAL models. See: R. L. Oliver, "A Cognitive Model of the Antecedents and Consequences of Satisfaction Decisions," *Journal of Marketing Research* 17, no. 4 (1980): 460–469; and A. Parasuraman, V. A. Zeithaml, and L. L. Berry, "A Conceptual Model of Service Quality and Its Implications for Future Research," *Journal of Marketing* 49 (Fall 1985): 41–50.

Key conceptual sources of ServBrand analysis

Conceptual inspiration	Quality driver	Personalization driver	Relationship driver
This study	A service brand's overall performance that meet its customers' expectations	A service brand's uniqueness to each of its customers, compared to what competitors offer and what other customers receive	A service brand's ongoing interaction and communication with its customers and the resulting positive relational qualities
Service brand equity (Berry, 2000)	Determine your own fame (excellence, a valuable market offer)	Dare to be different (different service experience)	Make an emotional connection (care about customers genuinely)
Customer equity framework (Rust, Lemon, & Zeithaml, 2004; Rust, Zeithaml, & Lemon, 2000)	Value equity (quality/cost ratio)	Brand equity (brand reputation)	Relationship equity (firm-customer tie)
Service and relationship (Rust & Chung, 2006)	Managing service (demand, pricing, guarantees)	Customizing service	Customer satisfaction and relationship
Drivers for brand-WOM relationship (Lovett, Peres, & Shachar, 2013)	Functional driver (know the brand better)	Social driver (brand differentiation)	Emotional driver (express and share emotions about a brand)
Dynamic service scenario (Rust & Huang, 2014)	Technology-, data-, and analytics-facilitated service	Dynamic service personalization	Service relationship deepens personalization

This table was published in *International Journal of Research in Marketing*, 37, Ming-Hui Huang and Chekitan S. Dev, "Growing the Service Brand," p. 283, Copyright Elsevier (2020).

We substantiated our conceptualization of the personalization driver by drawing on several studies in the relevant literature that find that personalizing service offerings requires identifying customer preferences and adapting those offerings as far as possible to each customer's preferences.² This is where technological innovation comes into play, providing the big data that enable brands to drill down into customer databases and refine their offerings to individual customers.³ Just about everyone who uses the internet has experienced this aspect of personalization: seeing ads appear on unrelated websites for products they had previously looked up on the web. Making a service brand appropriate to a given customer fosters greater satisfaction.

We completed our conceptualization of the relationship driver by drawing on the relationship marketing literature, where the focus is on the concept of

relational exchange.⁴ The idea is that strong relationships generate positive exchange outcomes, which means that a guest chooses one brand over others and, ultimately, remains committed to that brand. While customers form relationships with goods brands as well, exchange relationships with service brands are strengthened by reciprocal norms to which goods brands cannot respond. When a service brand establishes a relationship with a customer through reciprocity, it will find that commitment, trust, and efficiency follow in its wake. In particular, there is empirical evidence that authenticity in frontline service providers contributes to service brand success. Thus, a service brand that develops exchange relationships with customers based on mutual respect for reciprocal norms establishes a basis for brand success.

Results

Brand success. The main effects of our analysis largely validate the ServBrand triad factors as drivers of brand success. First, positive changes in quality, personalization, and relationships increase brand preference significantly. The effect was strongest for quality, followed by relationships and personalization.

² See: T. S. Chung, R. T. Rust, and M. Wedel, "My Mobile Music: An Adaptive Personalization System for Digital Audio Players." *Marketing Science* 28, no. 1 (2009): 128–137; T. S. Chung, M. Wedel, and R. T. Rust, "Adaptive Personalization Using Social Networks," *Journal of the Academy of Marketing Science* 79, no. 3 (2016): 66–87; Rust and Chung, "Marketing Models of Service and Relationships"; and M. Wedel and P. K. Kannan, "Marketing Analytics for Data-Rich Environments." *Journal of Marketing* 80, no. 6 (2016): 97–121.

³ Rust and Huang, "The Service Revolution and the Transformation of Marketing Science."

⁴ See: R. M. Morgan and S. D. Hunt, "The Commitment-Trust Theory of Relationship Marketing," *Journal of Marketing* 58, no. 3 (1994): 20–38; and R.W. Palmatier, R.P. Dant, D. Grewal, and K. R. Evans, "Factors Influencing the Effectiveness of Relationship Marketing: A Meta-Analysis" *Journal of Marketing* 70, no. 4 (2006): 136–153.

ServBrand dimensions

Quality

- Leader
- High-performance
- Intelligent
- Socially responsible

Personalization

- Different
- Unique
- Dynamic
- Innovative
- Distinctive

Relationships

- Good value
- Reliable
- Cares about customers
- Trustworthy
- Helpful

On the other hand, negative changes in the quality and personalization drivers reduce brand preference.

Turning to brand usage, we found, similarly, that positive changes in the three drivers had positive effects. Here again the quality driver had the strongest effect, followed by relationships and personalization. In this case, negative changes in the quality and relationship drivers reduce brand usage. We see, then, that quality is the only one of the three drivers that we found to have consistent effects on both brand preference and brand usage (and therefore brand success).

Looking at the interaction of the service success drivers, we found that brand preference and brand usage affect one another reciprocally. That is, brand preference is associated with an increase in subsequent brand usage, while past usage is associated with an increase in current preference, creating a virtuous cycle. This confirms the intuitive belief that customers who prefer a given brand are more likely to use that brand when they perceive improvements in quality, personalization, and relationships. The same improvements also induce customers who purchase a given brand more often than others to feel better about that brand.

Firm success. With regard to firm success, we again found a significant effect on firm outcomes for the quality driver. However, this effect did not extend to personalization or relationships. Moreover, positive changes in the quality driver led to marginally negative effects on return on assets (ROA). This finding indi-

cates that firms might actually undercut profitability when they spend money to improve quality.

Unlike brands, we did not observe reciprocal relationships among the firm outcomes we measured. Our observation here is that market value is based on more than revenue or profitability. That said, the main results of our analysis support the ServBrand triad as it applies to brands. When service brands focus on improving quality, personalization, and relationships, and their customers are aware of these improvements, both brand preference and brand usage increase.

We also tested for interaction effects involving our primary and control variables. We found three cases in which positive changes in at least two of the ServBrand triad variables contribute to brand success. When both the personalization and relationship drivers change positively, brand preference increases significantly.⁵

On the other hand, negative changes in quality and personalization also increase a firm's market value. The story is even more complicated for interaction between quality and relationships. Both positive and negative changes in these drivers are detrimental to brand outcomes but not to firm outcomes. Perhaps this reflects negative effects of fluctuations in quality if not also in relationships. Finally, we found that, as a firm grows by increasing its workforce, its ROA decreases, an unsurprising result that reflects higher labor costs.

Differences between Goods and Services

In another phase of our analysis, we estimated contrasting models to compare how service brands and goods brands fare when they invest in the ServBrand triad of factors. We found that both brand preference and brand usage improve to a greater extent for service brands than for goods brands, but again these positive brand-growth results did not carry over to firm outcomes. In particular, the quality driver made the greatest difference in outcomes for service and goods brands, followed by personalization. That is, positive changes in the quality driver were associated with larger changes in brand outcomes for service brands than for goods brands, while positive changes in the personalization driver resulted in marginal increases in brand outcomes that were again larger for service brands than for goods brands. We did not find comparable effects of positive changes in the relationship driver.

Firm outcomes. The results our models generated for firm outcomes tell a more complicated story. For example, positive changes in the quality driver reduced ROA for service brands to a greater extent than for

⁵ Market value, measured by Tobin's q , increases marginally.

goods brands. On the other hand, negative changes in the quality driver improved service brand ROA to a greater extent than goods brand ROA, although the effects were marginal. We found no significant contrasting effects on market value that would differentiate service brands from goods brands. This suggests that it is more expensive for service brands to improve quality than it is for goods brands, especially in the short run. Similarly, we found that negative changes in the relationship driver led to larger negative changes in ROA for service brands than for goods brands. This is consistent with the implication of the service brand model that, while improving customer relationships is critical for service brands, the costs of doing so typically reduce ROA.

To complete our comparative analysis of outcomes for service and goods brands, we considered the effects of interactions between the drivers in the ServBrand triad. While we found no statistically significant differences for brand outcomes, we did find significant results for firm outcomes. As expected, for example, we found that when the relationship and personalization drivers change positively together, service brand market value improves to a marginally greater extent than for a goods brand. When the quality and personalization drivers change negatively together the result is similar—better improvements in market value for service brands than for goods brands. These results suggest that relationship-based personalization is more important to a firm’s market value for service brands than for goods brands.

On the other hand, service brands seem to benefit to a greater extent than goods brands when they de-emphasize quality-based personalization, suggesting that service brands should strive to maintain consistent quality perceptions on the part of their customers. We say this because raising quality across service experiences does not seem to pay off. Finally, we found that positive changes in firm size reduce ROA in service brands to a greater extent than in goods brands, reflecting the need to increase a service firm’s workforce commensurate with efforts to improve service quality, personalization, and relationships.

Services Sub-sector Analysis: Airline, Lodging, and Restaurant Brands

For our analysis of hospitality-related subsectors, we grouped several brands into two subsectors, as follows: travel brands (airline and lodging brands, such as United Airlines, Hertz, and Westin), and restaurant brands (e.g., Five Guys, Buffalo Wild Wings, and IHOP). We then applied the drivers from the ServBrand model to these subsectors.

Endlessly raising quality across service experiences does not seem to pay off.

Travel brands. We find that a better relationship grows brand preference, and relationship-based quality improvement grows brand usage. However, quality deterioration hurts both ROA and market performance for travel brands. While changing firm size helps ROA, changes in market competition helps market performance. It appears that relationship enhancement and relationship-based quality improvement are the two key strategic drivers for growing airline and lodging brands, while special attention should be paid to avoid quality inconsistency, which hurts financial outcomes. This finding is logical, as travel quality is less tangible than other services and can be more difficult to maintain due to customers’ heterogeneous preferences. As travel brands grow and the industry concentrates, so do their financial returns, suggesting that scale matters for these industry subsectors.

Restaurant brands. A better relationship is the sole driver for growing brand preference among chain restaurants. The direct impact of a better relationship on restaurant brands is consistent and strong. Other than that, we find no other significant drivers of success. Perhaps due to the standardized nature of this sector, quality and personalization are essentially constant across brands, leaving relationship as the only angle that can create a differential competitive advantage. In this scenario, a brand relationship serves mainly as an additional benefit, not as the platform for quality improvement or for personalization. It comes as no surprise to us then that the most recent initiatives announced by restaurant firms are launching and enhancing loyalty programs. In this regard, *Nation’s Restaurant News*, the leading industry publication, reports:

Two of the biggest loyalty trends in 2023 were subscription programs, which were a big hit with Sweetgreen and Panera customers. Many companies that jumped on the loyalty bandwagon for the first time in 2023, including Cracker Barrel and Cheesecake Factory, were hopeful that a rewards program would resonate and really make a difference in attracting and retaining returning customers.⁶

⁶ <https://www.nrn.com/top-500-restaurants/11-notable-new-loyalty-programs-revamps-and-upgrades-202>

Contrary to the conventional wisdom, we find that the key to enabling quality to contribute to hospitality brand success is consistency.

Keys To Successful Service Brands: Lessons for Hospitality Managers

Our results explain several intuitive observations about service brands as well as some that are less intuitive. Overall, the study provides rich implications for helping hospitality brands succeed.

Travel brands (i.e., hotels and airlines) can drive brand success by focusing on customer relationships, as positive changes in the relationship driver boost brand preference, while relationship-based quality improvements boost brand usage. On the other hand, negative changes in quality hurt both ROA and market value for travel brands. In this subsector, firm size plays an important role, as firms that grow in size improve ROA, while market concentration improves market value, suggesting that the trend toward mergers has the effect of improving firm outcomes (e.g., the Marriott-Starwood merger).

In the restaurant subsector, improving customer relationships seems to be the best, and perhaps the only, strategy for driving brand success. These results suggest that standardization across this subsector, which keeps quality consistent and limits opportunities for personalization, highlights the relationship driver as the key to growing brands.

Creating deep relationships with customers through personalization is more important than ever in a market environment in which hospitality brands can gather extensive information about individual customers through data collected from smart devices and customers' online interactions with brands. All this information enables brands to refine their understanding of customers' needs and preferences, suggesting the strategic advantage of adopting a dynamic and adaptive marketing posture. Hospitality brand managers should therefore cultivate personal relationships with their customers as the foundation of service

personalization. This is made possible by access to rich stores of customer data, including social networking data indicating what customers' friends (and friends of friends) like or dislike. This process can enable a hospitality brand to offer increasingly personalized service that is customized to meet individual customer needs and preferences.

These observations about service personalization make sense intuitively, but the implications of our findings regarding the quality driver seem less intuitive. Based on our findings, we believe that the key to enabling quality to contribute to hospitality brand success is consistency. Contrary to the conventional wisdom that suggests that brands should always exceed expectations,⁷ we found that service brands succeed by delivering service quality that meets customer expectations, neither falling short of nor exceeding those expectations.

In that regard it is easy to see how trying to constantly exceed expectations, sometimes referred to as the crisis—or curse—of rising expectations, can easily become a trap. Once expectations are exceeded, the customer begins to expect more each time, setting the firm up for failure if it cannot constantly stay ahead of the customer's expectations.

The answer then seems to be that, once a hospitality brand has developed the "right" level of expectation and established a relationship with a customer, it should avoid either upwards or downwards fluctuations in quality—indeed, any fluctuation. Frequent quality changes seem to signal inconsistency or unreliability, and when customers are not sure what to expect from a brand, they may search elsewhere to meet their needs. This then is one novel, counterintuitive, practical, and actionable finding from this work.

From a service brand perspective, there is a quality–cost tradeoff that requires careful management. Although in itself the quality driver is critical to boosting brand preference and usage, improving quality seems to reduce short-term profitability. Nevertheless, while improving quality can be costly in the short run, it does contribute to brand success. The key seems to be improving quality gradually. For example, deploying chatbots as the first line of customer–brand interfacing before escalating to human agents might enable a brand to convey an impression of quality improvement at relatively low cost, primarily because customers are

⁷ For example, see: 5 Ways to Exceed Customer Expectations in 2018, *Inc. Magazine*. Source: <https://www.inc.com/yoav-vilner/5-ways-to-exceed-customer-expectations-in-2018.html>, accessed November 20, 2020; and Danny Hiatt (2022), "Exceeding Guest's Expectation in a Post-Covid World," *hospitalitynet.org*, 29 April, accessed February 21, 2024.

generally able to engage with chatbots more readily than they are when waiting in a queue to engage with a human customer service representative.

Summary and Conclusions

Our review of past studies led us to propose a three-point model that captures the effect of customer relationships, service quality, and dynamic personalization in driving the success of service brands. Our test of this three-point model, which we dubbed “ServBrand,” enabled us to simultaneously estimate the impact of changes in these three essential drivers on brand and financial outcomes. Going forward, it would be useful for researchers to develop additional measures for these three drivers to further our understanding of how they support successful brands.

One reason that we took on this analysis is that research on service brand success has received little

attention, even as the world economy becomes more service oriented. We note the value of understanding these factors that drive service brand success.

In addition to revealing the keys to successful service brands generally, our study yielded specific insights into brand success in the restaurant, airline, and lodging industries. Applying our model to airline and lodging brands, for example, we found that relationship enhancement and relationship-based quality improvement are key strategic drivers of travel brand success. At the same time, travel brands must avoid quality inconsistency, which hurts financial outcomes. For restaurant brands, standardization keeps quality and personalization reasonably consistent over time, while efforts to improve customer relationships by enhancing the onsite customer experience can boost brand success. ■

APPENDIX: RESEARCH METHODS

We used the data from the BAV database to measure our ServBrand triad brand success factors (i.e., quality, personalization, and relationships) and our two brand outcomes (i.e., brand preference and brand usage). BAV’s brand panel dataset makes 30,172 brand-year observations available, including 11,605 service brand-year observations for 2,417 distinct service brands.

To measure the two firm-level outcomes, return on assets (ROA, an indicator of profitability) and Tobin’s q (an indicator of a firm’s market value), we drew data from Compustat (a division of Standard & Poor’s) and then blended brand-level BAV data with firm-level Compustat data by averaging data on all brands carried by a given firm to match firm-level data for multi-brand firms. This provided us with 5,634 service brand–year observations from 502 unique public service firms.

The BAV brand dataset reflects measures of a wide range of brand attributes and perceptions based on 48 brand descriptors, such as leader, high-performance, unique, cares about customers, and trustworthy. From the brand descriptors, we extracted meaningful factors that we could use to measure our three drivers of brand success. We ran appropriate

statistical tests to ensure the reliability of the measures we chose. The result was the valid three-factor analysis of the ServBrand triad using the measures shown in Exhibit 3.

We applied a series of statistical tests to estimate the brand and firm outcome variables. We further applied two contrasting models to compare those models with the effects of the ServBrand triad drivers on service brands and goods brands. The ServBrand triad outperformed both of the contrasting models.

After completing the analyses, we tested the robustness of the results using a system of equations for public firms only and found similar estimations. These robustness and comparison tests further validated our theoretical framework—the ServBrand triad generated useful insights into the factors that drive service-brand success. Finally, we also measured the effects of the brand drivers across the following service industry subsegments: travel, lodging, and restaurants.⁸

⁸ The significance level of subsector-level analysis is set to .1 to reflect the much smaller sample size. For some subsectors, such as finance/insurance and telecommunications, the inclusion of HHI as a control variable results in high standard errors; thus, for the two subsectors, only firm size is included as a control variable.

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