

## Strategic branding in hospitality: Case of Accor Hotels

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### Abstract

Branding strategy is used by hospitality companies for many years. One of the reasons behind branding is to reach various segments ranging from luxury to economy and create customer loyalty. Guest loyalty is very important for hospitality companies since loyal guests are more profitable and less price sensitive. Strategic branding plays a critical role in order to maintain long-term relationship with the guest. In this study, literature about branding was reviewed. Strategies of Accor Hotel group were analyzed on based on online distribution, online marketing, sustainable development program, loyalty program and digital marketing. According to the result of this study, Accor Hotel Group bought Fairmont Group in order to be stronger in the luxury segment and become stronger in Asia and US markets. The company also has invested around 225 € million to enhance its digital presence. Moreover, the group has a reliable reservation system and conducts various other marketing activities to position its brands.

**Keywords:** Accor Hotels, Branding, Online Marketing, Online Distribution, Digital Marketing.

### Introduction

Branding is very important for hotel companies in order to be competitive. Hotels have used branding intensively for many years. Many hotel companies created many different brands in order to reach various customer segments. In the hospitality industry, branding provides trust to the consumers and increases guest satisfaction (Dev & Withiam, 2012). Investors made intense pressure to the hotel companies for growth. As a result, hotel companies designed many sub brands with the purpose of using new niche opportunities across pricing and level of service dimensions (Olsen, Yeasun, Graf, Kyuho & Madanoglu, 2005). Some global chains even have more than 13 separate sub brands (Olsen et al, 2005).

The primary purpose of this study is to analyze the strategic branding activities of Accor Hotel Companies. There are not many studies which discussed branding strategies of the global hotel companies. This study gives theoretical and practical information about hospitality branding which would help both scholars and professionals. This study focuses on Accor Hotel Group branding strategy and their marketing activities as a case study. Current literature about hospitality branding was discussed, some points about branding were also presented like brand equity, hotel brand extension, market positioning and brand loyalty. Accors' online distribution and online marketing, sustainable development programs, marketing activities were reviewed. Finally, conclusion part was presented and limitations were discussed.

### Literature review

Since there is an intense competition among the hotel companies, hotels are trying to find new ways in order to differentiate themselves from competition and maintain long-term relationship

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with guests (Wheeler & Alina, 2009). Customer loyalty is considered challenging for hospitality industry since many alternatives have been offered by hospitality companies. As a result of this, tourists are searching for different alternatives. Branding is thought to be extremely significant (Cunill, 2006). A strong brand differentiates itself from their competitors. "A brand is a hallmark of quality, a promise or assurance to buyers, a set of associations or expectations, a perception or an image that persuades customers to purchase a brand's products"(Dev & Withiam, 2012: 83).

There are several vital terms while discussing brands which are brand name, brand mark and trademark. Reid & Bojanic (2006: 262) defined the "brand name as the part of the brand consisting of the words or letters that can be used to identify the firm". Brand name must be simple and easy to remember (Cunill, 2006). Some successful brands are listed as Disneyland, Hilton, Club Med and Sizzler in hospitality and tourism industry (Kotler, Bowen, & Makens, 2010). While identifying hotel brand names, one of the criteria that should be considered is that it needs to be translated into foreign languages very easily. For instance, an example of a brand name which is not suitable is the Big Mac translated in French as big pimp. The brand mark was defined as "the part or part of it that is legally protected and may be appropriated for sole or exclusive use (Reid & Bojanic, 2006: 263). Rounded "H" for Hilton might be given as an example as a brand mark (Cunill, 2006). Kurtz described trademark as a brand that has been given legal protection (Kurtz, 2012: 364).

A brand might be considered as an important part of the product and branding plays a critical role in company's relationships with guests (Kotler & Armstrong, 2012). Branding gained importance so that all items have brand on them. This situation is same in hospitality industry. According to a research conducted by PricewaterhouseCoopers, 300 brands were identified in lodging industry (Dev & Withiam, 2012). A reason, why there are too many brands in hospitality industry, is the added value for hotel guests and hospitality corporations since branding creates loyalty for both parties (O'Neill & Mattila, 2010; O'Neill & Xiao, 2006).

Hotel companies utilize branding in order to achieve better positioning in the market and a competitive advantage (Maseviciute, Gueorguieva, & Georgiev, 2015). Utilizing brand names has enabled hotel owners and investors to make franchise and management contracts. This strategy is intensively used by hospitality firms like Marriott and Hilton in order to grow through franchising and management contracts. These hospitality firms declare that brands help individual hotels to maximize their occupancy percentages and revenue per available room (RevPar) (Olsen et al, 2005). Branding gives information about the quality of the product and consistency which provides trust for the consumers (Kotler & Armstrong, 2012). While making a decision, hospitality guests place great importance on quality, appearance and reputation of services (Genc, 2010).

Brand name is considered extremely important item by the guest while selecting a hotel (Dev & Withiam, 2012). While choosing a hotel, brand names diminishes risks of staying at an unbranded hotel (O'Neill & Xiao, 2006). Brands are also considered as a significant marketing tool. Hotel executives stated that brand quality is considered as a significant company asset and competitive differentiator (Mattila & O'Neill, 2004). Several brands have been developed by hospitality companies in order to operate in multiple market segments (O'Neill & Mattila, 2010). Different market segments might be reached through various brands like Accor and Marriott do (Cunill, 2006). Effective branding strategy enabled hotel companies to have increased sales, increased

guest satisfaction and increased profitability (Reid & Bojanic, 2006). Moreover, multinational hotel groups have benefited from brands while expanding globally. Main advantages are more operative booking systems, global sales offices and greater purchasing power (Cunill, 2006).

Hotel brands also have a direct connection with their guests. This affiliation starts with guest awareness in other words being familiar with hotel brand, guest stays in the property, assesses their experience and maintains relationship by using its facilities regularly. Finally, strong competition among hospitality brands drive them to concentrate on providing extraordinary services (Cetin & Walls, 2016). For instance; Hilton has managed both Waldorf Astoria and New York Hilton. Both hotels might have been considered as high quality hotel. However, being a guest in Waldorf Astoria is totally different from being a guest in the New York Hilton (O'Neill & Mattila, 2010).

### ***Brand equity***

A hotel brand pushes the financial ratios which is totally related with a hotel property's market value (O'Neill & Mattila, 2010). "A powerful brand has high brand equity. Brand equity is the added value endowed on products and services (Kotler, Bowen and Makens, 2014 :260). Consumers are the final decision makers of brand equity and shareholder value since all cash flows and profits are provided from them (Arnold, 1992; Dev & Withiam, 2012). Moreover, some items for generating cash flows might be listed as customer loyalty, brand extension including licensing opportunities and improved marketing efficiency (O'Neill & Mattila, 2010).

Brand equity enables hoteliers to make their brands different from any other brands, let brand owners to demand extra fee and maintain strong customer loyalty (Aaker, 1991; Dev & Withiam, 2012). Guests who prefer to stay in a high quality branded hotels by paying extra fees (O'Neill & Mattila, 2006). Building strong brand requires time, is challenging and expensive because of high advertisement and promotion costs (Aaker & Keller, 1990; Dev & Withiam, 2012). It was predicted that cost of creating brand was \$150 million (Tauber, 1988; Dev & Withiam, 2012). As a result of this, shareholder value can only be increased by operative and efficient brand management strategy (Dev, Morgan, & Shoemaker, 1995; Dev & Withiam, 2012).

Brand Equity is also used by hotel chains for growing the brand in numerous markets (Mahajan, Rao, & Srivastava, 1994; O'Neill & Mattila, 2010). Brands help hotel companies to make more franchising contracts in international markets (O'Neill & Mattila, 2010). Some Critical Success Factors (CSF) plays an important role for the strength of the brands. CSFs are considered as cost of entry into the global competitive hospitality area. According to a content analysis of the annual reports of main global hospitality firms, industry trade literature, marketing materials related to franchising and management contracts and academic papers, CSFs are indicated as loyalty programme, location, reservation system, revenue management system, technology utilisation, in room amenities, brand strength, market presence, brand portfolio and operating management system (Olsen et al, 2005).

### ***Hotel brand extension***

Brand Extension is defined as "*the use of an established brand name to extend into new areas or products*" (Arslan & Altuna, 2010; Dallabona, 2014). Many hospitality companies like Hilton, Hyatt, InterContinental, Marriott and Wyndham have utilized brand extension for growth since 1985 (O'Neill & Mattila, 2010). Brand names enabled guests to recognize products that might have been used by them (Kotler & Armstrong, 2012). The brand extension strategy is utilized by

hotel industry since guests choose different types of hotels according to their purpose of visits and they both save time and search costs (O'Neill & Mattila, 2010; Lane & Jacobson, 1995). Hospitality companies utilize brand extension in order to enter into the markets with various market segments by benefiting from well known brand name. For example, Marriott announced Courtyard brand by Marriott brand extension in 1983 (Jiang, Dev & Rao, 2002). Ritz Carlton and Four Seasons, which did not have any brand extension before, present choices to their guests such as resorts and residences (Jiang et al, 2002).

Numerous advantages of brand extensions are understood by hotel firms like quicker acceptance of new products by consumers, economies of scale in marketing support expenditures and lower risk during the introduction of new product (Dev & Withiam, 2012). Before applying a brand extension, the effects of brand extension should be assessed by the hotel firms in detail (Jiang, Dev & Rao, 2002). According to a study conducted by Jiang et al (2002), the probability rate of switching brands for guests are very low, if the hotel has three brands. It was also added that if the hotel has less than three brands, the guests will have less alternatives. Furthermore, Jiang et al argued (2002) that the optimum number of brand that the hotel has should be three since guests only have three purposes of travelling which are business trips, conference attendance and vacations. Consequently guests tend to keep doing business with one hotel brand family benefiting from guest loyalty program. Two disadvantages of brand extension should also be discussed. One of them is that many brands might manipulate and confuse main corporate structure. Second is that having too many brands on different hotel levels might damage parent brand's equity (Dev & Withiam, 2012).

Market positioning is defined as the place the product occupies in consumers' minds relative to competing products (Kotler, Bowen & Makens, 1999 :256). Market Positioning is also described as "Hotel brand's unique selling propositions—the argument it makes to "convince travelers to book its hotels instead of someone else's properties" (Dev & Withiam, 2012: 93). Thus hotel's intended position should be supported by the brands management and promotional efforts should express not only the brand offerings but also differences of brands from others.

### ***Brand loyalty***

Brand Loyalty has been defined as "a behavioral response and as a function of psychological processes" (Jacoby and Kyner, 1973; Patricia, 2009). Loyal guests are considered very valuable for hospitality firms. Loyal customers enable hotels to gain new guests through word of mouth marketing and their sales records are higher than non loyal guests. (Bowen & Shoemaker, 1998). The cost of keeping loyal guest is lower than obtaining new guests. Bill Marriott claimed that 10\$ should be spent for a new guest whereas only 1\$ should be spent to keep the current guests (Dev & Withiam, 2012). Many advantages of branding might be listed such as increased profits, reducing marketing cost, decreasing operating cost, increasing referrals, providing competitive advantage and increasing price premiums (Patricia, 2009).

The first step in building a brand is to create a sustainable positive image. A strong brand name helps brand owners to distinguish their products and gain competitive advantage. The image involves many factors like colors, symbols, words and slogans which communicates a straight and reliable message and not simply the name (Patricia, 2009). The second step in building a brand is the reputation of a firm. Delivering and producing high quality product increases the reputation of a firm. Having a good reputation enables companies to generate more revenues, appeals more guests because of good service (Patricia, 2009). Innovation is also essential while

creating brands. In order to follow the dramatic change in the marketplace, customer needs and expectations should be exceeded by hotels (Patricia, 2009).

Proper market research should be made in order to analyze the customer perceptions and attitudes (Patricia, 2009). Promotion might be used as a tool with the purpose of motivating consumers to test a new product (Grover & Srinivasan, 1992; Patricia, 2009). With the help of the effective promotions attached to new product, it will help to increase brand loyalty. Additionally, promotions can be employed for differentiation and to form loyalty through switching costs (Grover and Srinivasan, 1992; Patricia, 2009). Guest satisfaction have been used as a benchmark by brand managers while they measure the performance of their branding strategies (Shocker et al., 1994; O'Neill & Mattila, 2004).

Managing guest satisfaction in this competitive market is essential since guests have many options (O'Neill and Mattila, 2004). Many features might be listed in satisfaction in lodging industry which are guest room cleanliness, hotel maintenance, employee friendliness, knowledgeable employees and hotel physical environment (Oh, 1999; Mattila, 1999; Mattila & O'Neill, 2003; Olsen & Zhao, 2008). According to a research, brands with higher level of guest satisfaction perform better in terms of Average Daily Rate (ADR) and ADR growth (Mattila & O'Neill, 2004). Several activities should be followed in order to have more brand loyal guests which are keeping in touch with the guests, providing added value and high quality service, segmentation according to buying habits of guests, hiring talented employees, utilizing database marketing and providing frequent guests programs (Patricia, 2009).

## **Methodology**

A case study method was utilized in this study. Shuttleworth (2008) defined the case study as “an in depth study of a particular situation rather than a sweeping statistical survey”. Case Study might be used to convert one specific broad subject into one easily researchable topic (Shuttleworth, 2008). The case study is considered as a useful research method with the purpose of investigating whether scientific theories and models actually operate in the real world. Some scholars stated that its results cannot be inferred to fit an entire question and demonstrate only one narrow example. In contrast, some others stated that a case study shows more accurate responses than statistical surveys (Shuttleworth, 2008). Since branding is a very broad and complex topic, a case study method was employed. Accor was chosen as a hotel group in this study, it was the largest group in Europe and has strong brand image of diversified group of hotels. Furthermore, Accor gave great importance sustainability applications which improved the brand equity (Accor, 2015). Most of the information about Accor was obtained from Accor corporate web sites and their financial reports. Furthermore, related news about Accor branding and digital strategies was obtained from internet.

## **Findings**

### ***General information about Accor Hotel brands***

Accor is the one of the biggest hospitality companies which manages hotels in Europe, the Americas, Asia-Pacific, Mediterranean, Middle East and Africa. Accor hotel company was founded by Paul Dubrule and Gilles de Courtivron in 1967 (Accor, 2007). These two gentlemen first created the product brand in the hospitality sector based on total standardization (Kapferer, 2008). Moreover, the company is French and the number of employees that the company was

141.243 as of 31 December, 2014. Furthermore, it was a global hotel company which had 3.700 hotels and 480.000 rooms in 92 countries in the world. Accor group had 2.464 hotels in Europe which is the largest operator in Europe. The Group had 621 hotels in Asia-Pacific, 264 hotels in Latin America and the Caribbean, 352 hotels in Africa and the Middle East, and 16 hotels in North America.

Many hotels in numerous countries have enabled Accor to improve its brand awareness. This situation has made it easier for Accor to develop in other new profitable markets (Accor, 2015). Accor Hotels have operated in various segments ranging from luxury to budget hotels. Sofitel is the brand which is operated in luxury segment and Pullman is the brand which is operated in upscale segment. Novotel, Mercure, Grand Mercure, Adagio, MGallery and Thalassa Sea & Spa might be listed in the midscale segment. Ibis Budget (formerly Etap Hotel) and HotelF1 chains have been listed in the budget segment. These brands enabled Accor to serve in various segments and generate extra revenue (Accor, 2015). 39% of Accor Hotel supply was managed hotel subsidiaries, 33% of it was management contract and 28% of it was franchise contract. In addition to this, 48% of the total hotel supply was economy & low cost, 37% of it was mid-scale and 15% of it was luxury and upscale (Accor, 2014).

### ***Accor distribution channels and online marketing***

Hotel reservation systems are considered as an important component of the Critical Success Factors which is very essential for strength of a brand (Olsen et al, 2005). One of the strengths of Accor brand is its reservation system, known as TARS which supports its sale from online reservations and payment to sales optimization management. 38 Million reservations were booked through TARS reservation system and 79 million room nights were produced. (Accor, 2015). TARS has 32 local versions and 16 languages localizing knowledge in every market and having an average of 45000 reservations per day (O'Connor, 2014). According to statistics taken from ComScore.com, AccorHotels.com ranked 1st in terms of traffic except in US. AccorHotels websites were visited by 280 million people. In addition to this, AccorHotel group developed mobile sites for each of its brands and 30% of AccorHotels web visits came through mobile devices. Three Million applications were downloaded by Accor guests. AccorHotels call centers and after-sales service also fostered its brand presence. Both telephone bookings and customer relationship including e-mails, postal mail, social networks etc. were handled by AccorHotels Customer Contact Centers. In 2014, 1500 hotels utilized the services of call centers and after sales service and 2.5 million booking calls were handled by the department. Last but not the least, call capture rate was 95% (Accor, 2015).

Choosing the right distribution channels to sell inventory affects the brand image of hotels. Some industry executives stated that some online intermediaries like last minute hotel deals are not considered appropriate especially for the luxury hotels. Selecting inappropriate distribution channel might affect brand image of hotels negatively. Furthermore, inappropriate distribution channels reaches wrong clientele. As a result of this, the hotel reputation will suffer (Martin, Detlev & Magnus, 2014). Accor is always selective while distributing their hotel rooms since the group has luxury brands like Sofitel. Accor hotel company benefited from its brand by making agreements with the strongest online partners like booking.com, Expedia and HRS in optimum conditions. Accor hotels group also benefited from having online presence in price comparison web sites such as TripAdvisor, Kayak or Google. In addition to this, Accor hotel group employed Global Distribution systems which facilitates reservations to be booked via 20 thousand travel agency partners (Accor, 2015).

Olsen et al. (2005) stated that technology utilization is regarded as one of the most important CSFs which makes brands stronger. Digital revolution is considered very significant by Accor executives for the future of Accor. Accor organized its first digital day, starting their first digital transformation project named as “Leading Digital Hospitality” on 30<sup>th</sup> October 2014 in order to show its digital strategy plan. The aim of this plan was to transform customer experience and hotel operations by using digital technology. The company would have €225 million to spend for digital marketing. One of the initiatives in this program was that Mobile First. Mobile contribution to web sales was 12%. This situation occurred because of mobile applications not because of mobile web sites.

The guests not only utilize mobile application for booking but also benefit from digital services in hotel such as leaving comments about their hotel stays and managing loyalty programmes. Its mobile first application will be the main center for guests while they needed to have an interaction with Accor both at the company and at the property level (O'Connor, 2014). Accor also purchased e-commerce company Wipolo. Wipolo was an application that manages travel bookings which made it easier to have information about the destination that the guest will go to. *Seamless Journey* will increase guest experience with electronic payment options, one-click booking, online check in and virtual Le Club Accor hotels card.

Mice & B to B is another digital service for businesses which help meeting planners to book online (Accor Hotel Group, 2015). *Voice of Guest* program when initiated, will collect all information from guest satisfaction surveys, online reputation and user review sites with the purpose of having more information about guest experience. This program would have a direct interface CRM database and would give an opportunity for the hotel in order to give personalized service (O'Connor, 2014). Business Intelligence and Analytics will also be utilized by having information from all hotels and operational decisions will be made according to this collected data (Accor Hotel Group, 2015).

Branded hotels might use brand's revenue system. It has been stated that revenue can be increased by using brand revenue management system according to some industry revenue specialists. These systems have been utilized in thousands of hotel which increases the reliability of these system (Simon, 2010). O'Neill and Carlback (2011) stated that branded hotels performed better than independent hotels in terms of occupancy percentage and net operating income during recession in the USA. One of the reason might be that branded hotel companies have sufficient and strong revenue management systems and tools (Cetin, Demirciftci & Bilgihan, 2016). With the help of this system, fluctuations in demand curve might be identified correctly and effective rate structure might be applied to keep the occupancy level steady (O'Neill & Carlback, 2011).

Accor's revenue management system named as Revenue Management on Demand (RMD) helped Accor strengthen its brand and increase its revenue. In 2014, 1600 hotels employed RMD. 700 specialist only concentrated on revenue management in 2014. Accor Hotels also offered Revenue Management services like RMD consulting and RMD training. Moreover, hotels which utilized RMD experienced 8% growth in Revpar compared to the other hotels which did not use it (Accor, 2015).

Another key initiative of Accor is the world wide sales network of Accor's Hotel group. The company had more than 500 main corporate client accounts worldwide. Many contracts have

been made with important online travel agencies and 200 main air carriers. The company had 42 sales offices all around the world and generated 4.5 billion euros in annual revenue (Accor, 2015).

### ***Accor loyalty program: Le Club Accor Hotels***

Loyalty programs are considered very important for the guests while booking a hotel room. Two out of five guests from each ten hotel companies preferred to make booking to that specific hotel because of attractiveness of loyalty program (Barsky & Nash, 2002; O'Neill et al., 2008). O'Neill and Carlback (2011) added that loyalty programs having more commercial accounts provided more stable occupancy for the branded properties during recessions when corporate and government guests are looking for value and consistency. Le Club Accor Hotels is the one of the most valuable piece of Accor brands. With the help of this loyalty programme, Accor builds long term relationship with their guests.

2700 hotels have participated in this programme. Members earn points while they stay in Accor brands and they can also spend these miles in airlines who have strategic partnership with Accor. This program has 20 million members and 12 thousand new members started to use this program. 25% of Accor room revenue has come from LeClub AccorHotels members. 74% of club members booked through AccorHotels direct channel. There are 45 million individual customers and there are 800,000 corporate accounts & travel agencies in the B2B customer database. By using these databases, specific information about guests might be obtained like their preferences, their habits. As a result of this, the hotel would provide more customized service and generate more revenue (Accor, 2015).

### ***Recruitment and training initiatives***

There is a high competition between hotel companies in order to attract best employees. Having a strong brand name becomes a strategic asset for the hospitality companies in order to boost employee loyalty, reducing labor turnover and giving opportunity for its employees to improve themselves (Chauhan & Mahajan, 2013). Brand identity and brand image should be digested by employees. Human resources and marketing department should work together in order to give consistent brand messages. If not, brand identity and brand image would suffer (Cai & Hobson, 2004). According to survey of 6000 customers conducted by Gallup revealed that guests do see the frontline employees not only representing the brand but also are the part of the brand (Cai & Hobson, 2004).

Employees are the key assets for Accor. Accor's businesses provide employment opportunities in 92 countries. 18000 Accor Brand Employees worked for the company as of the end of 2014 (Accor Hotel Group, 2015). Accor had widespread online network focusing on employment. In LinkedIn, 130000 people follow Accorjobs and in facebook, 60000 people follow AccorJobs. The Academie Accor is the one of the best hospitality schools around the world. The program offers more than 300 courses in 20 foreign languages. There were 170 e-learning modules which were specific to AccorHotels. These schools have operated in various countries like France, Germany, China, Brazil and Dubai. More than 145,000 employees have been trained in this school (Accor, 2015).

### ***Sustainable development program***

Consumers considered that sustainable development programs were very important for them. According to the Information Resources Inc. of Chicago, 50% of consumers stated that while

buying a product, at least one out of four features, which are eco friendly, packaging, organic status, eco-friendly status or fair treatment status, are important for them. (Schubert, Kandampully, Solnet & Kralj, 2010).

Hu, Parsa and Self (2010) stated that 50% of consumers prefer to pay two to six percent more to dine in a green restaurant. Implementation of sustainable policies has enriched the Accor Group's brand equity. Several sustainable initiatives at its hotels and other businesses has been implemented by Accor. In 2012, Planet 21 program has begun following the objectives of Charter 21 (Accor, 2015).

Charter 21 was put into effect as Accor Hotel Environment charter in 2005. This program had five elements which were management, energy, water, waste and products. Accor Hotel Group has put great effort to reach the objectives of Charter 21 (Accor SA, 2015). 12 actions were related with management such as teaching environmental friendly practices to employees. 18 actions were related with energy such as having a central light switch in guest rooms. 12 actions were related with water consumption such as less water in laundry service. 13 actions were related with waste such as recycling batteries. 10 actions were related with products such as using eco- designed materials in guest rooms (Accor Hotel Group, 2015). The group's main aim is to utilize this program all over the world.

Furthermore, the group has designed some programs to assist local communities as well. The group has been a partner for NGO ECPAT (End Child Prostitution, Pornography and Trafficking of Children for Sexual Purpose) and World Trade Organization for child protection. Furthermore, the group made some donations to the fight against epidemics especially for HIV/AIDS and has a "Nutrition and Health" program which encompasses healthy, nutritionally balanced meal made of organic ingredients (Accor SA, 2015). Accor Hotel group also supported "Pur Projet" organization which fights against climate change through reforestation and forest conservation projects (Accor Hotel Group, 2015).

### ***Accor brand marketing***

Advertising was employed by hotel companies to improve brand and hotel recognition and distinguish the brand from its competitors. Product differentiation and the value of brand names are affected by advertising effectiveness. As a result of this, high degree of advertising might be related with brand equity (O'Neill, Hanson & Mattila, 2008).

Accor Hotel Group marketing team does various marketing activities in an attempt to develop brand awareness and loyalty by giving exceptional service. One of them is annual marketing campaigns to generate new business and public relations opportunities. Marketing team makes annual marketing campaigns to increase occupancy especially for slow periods. By co-operating with strategic marketing firms, advertising, direct marketing, online activity and national promotions are applied together for better results (Accor, 2015).

Digital environment alters customer-brand interaction dramatically. Brand awareness and brand image has become more strategic. Accor Hotel Group executes effective marketing initiatives in order to fill the hotel all year long. These marketing campaigns were developed both monobrand and multibrand. In addition to this, these campaigns were designed at an international, national and local level. Some differences might be seen from brand to brand. Additionally, 100 million euros were spent for Accor brand advertising campaigns. Accor also gives great importance Search Engine Advertising by purchasing 12 million keywords. Besides, 570 million tailored

email and 800 thousand sms messages were sent in 2014 (Accor, 2015).

Sport sponsorship is considered an essential marketing communication tool and many effective returns might be obtained from sponsorship deals (Wolfsteiner, Grohs & Wagner, 2015). Accor Hotel gives great importance to the big sports event sponsorship. These activities are executed with the help of countries', operational, sales and marketing teams in order to increase brand awareness and image. Ibis Budget, formerly Etap, was official sponsor of the TDF (Tour de France) in 2013 and 2014. Furthermore, Mercure Hotel, one of the brands of Accor group, was sponsor of the 7<sup>th</sup> Edition of the World Equestrian Games which took place in Normandy. Mercure has gained strong public relations recognition with this event since this event was watched by 500 million TV viewers. Sofitel also sponsored Evian Championship which was the world's second biggest women's golf tournament. This tournament was watched in 180 countries. Sofitel was also sponsor amateur and Pro-Am tournaments in many countries which were Morocco, France, Luxemburg, Argentina, New Zealand. Sofitel not only sponsors big golf events but also funds amateur golfers. Noveotel has been an accomodation sponsor of the Novotel French Golf Federation since 2007 and %30 discount has been provided on weekend for the Federation members. Novotel was chosen by the French Golf Federation as the organizing partner of 2018 Ryder Cup (Accor Hotel Group, 2015).

AccorHotels Web Team had a great effort in order to improve brand visibility and boost reservations through accorhotels.com and specific brand web sites. Some activities of the team might be listed as search engine marketing, e-mail marketing, online marketing campaigns, reporting and analysis of outcomes, market research, finding new opportunities, implementing hotel website strategies and domain name management (Accor, 2015). National promotions are the other key initiative that has been conducted by Accor Marketing team. Accor has made strategic partnership with the best marketing agencies for their brand names to be in the related holiday promotions. Accor has also made strategic television network partnership in order to increase brand awareness (Accor, 2015).

### ***Restructuring international economy brands***

There is a high probability that even successful brands have a high chance to lose brand's vitality. Because of this, even impressive brands should refresh their concept and message periodly in order to adjust to changing trends, satisfy the needs and wants of current guests and cope with new competitive threats (Dev & Keller, 2014). A new strategy was designed by Accor for its economy brands which were Ibis, Ibis Styles and Ibis Budget in 2011. Dennis Hennequin, former Accor CEO, stated that their aim was to provide exclusive service with their new brands. He added that Ibis will keep its own name. Etap and All Seasons names would be changed and their new names would be Ibis Budget and Ibis Styles consecutively (HNN Newswire, 2011). In other words, Accor eliminated All Seasons and Etap Brand. IBIS was utilized as a main brand and formed brand extension via the new Ibis Styles (replacing All Season) and Ibis Budget (replacing ETAP) (Dian, 2013).

Jian et al (2002) pointed out that guests prefer to stay in familiar brand hotels rather than staying in an unfamiliar brands because of risks and switching costs. This rebranding was supported with many advertising campaigns. These new brands' aim was to provide the most comfortable service in economy segment. One of the key action was to renovate the hotels and improve sleeping comfort (HNN Newswire, 2011) Sweet by Ibis, which is a bed brand, was promoted through TV advertisements. A video was broadcasted in order to generate consumer awarens.

As a result of this 2 million single visitors watched the Ibis expedition video promoting the Sweet Bed by Ibis and 2.3 million people has watched this video in YouTube (Accor, 2015).

Furthermore, common areas were redesigned, new food and beverage offers were created and new consumer technologies were used. Having 1500 economy hotels on four continents, all economy brands of Accor must be unified with the purpose of profit and global development. With this new brand strategy, Accor's purpose was to reinforce their economy brands, increase customer satisfaction, utilize the distribution-loyalty systems efficiently and grow globally by using these brands (HNN Newswire, 2011).

Accor Hotel Group made a strategic movement by buying the Fairmont brands which are Fairmont, Raffles and Swissotel with the purpose of protecting itself against internet hotel companies and becoming stronger in United States and Asia. Fairmont Raffles Hotels International (FRHI), whose headquarter is in Toronto, manages more than 100 luxury hotels, including Manhattan's Plaza, London's Savoy and Raffles in Singapore, and 40 hotels are under pipeline. According to the Wouter Geerts, a travel analyst at Euromonitor International, this acquisition will enable Accor to increase the company asset's in the US three times and accelerate its expansion in China. Furthermore, Accor will reach wealthiest travellers with the FRHI brands in order to balance its low and mid-scale brands such as Ibis and Novotel (Dalia, 2015).

## **Conclusions**

The present study investigates the branding strategies of hospitality companies focusing on Accor Hotel Group branding strategies. In the first part, some basic concepts related with branding was discussed such as brand equity, brand extension, market positioning and brand loyalty. The importance of branding and why hospitality companies use brands intensively were explored based on a case study of Accor hotel group. Accor has a lot of brands in hospitality industry targeting many different segments.

Accor Leading Digital Hospitality was one of the most strategic program which was initiated in 2014 by Accor. This program will help Accor Group to increase guest satisfaction and generate more income from online channels. The company invested in guest analytics program collecting valuable data from hotels which will allow them to analyze the guest spending patterns. Accor spent millions of dollars for Search Engine Optimization and invested on sustainability programs as a social responsibility program which allows them to increase their brand equity and saving energy. Many marketing activities have been implemented by Accor Hotel group including sponsoring big events like Tour de France and ATP golf tournaments.

TARS reservation system is the one of the best and the most reliable reservation system in hospitality industry. Localized version of TARS provides great advantages for many member hotels. Accor hotel group has various agreements with the best online travel agents such as Expedia and Booking.com. Having many sales offices around the world provides many benefits for Accor such as making strategic agreements with multinational corporations which might bring more room nights.

This study will enable researchers and experts to understand the branding strategies of Accor Hotel group. For the future research, different hotels group brand strategies might be analyzed. The study also has number of limitations. A questionnaire might be designed or face to face interviews would be conducted to explore guests' and employees' perspectives about Accor

branding strategy rather than referring to secondary data and results of the company's internal study. In addition to this, as mentioned in the literature review, Accor has many sub-brands. These sub-brand strategies should be analyzed separately in the future.

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