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THE CHALLENGES OF REPOSITIONING AN INTERNATIONAL BRAND:  
A CASE STUDY ON THE HOSPITALITY INDUSTRY

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Dissertação apresentada à Escola de  
Administração de Empresas de São Paulo da  
Fundação Getúlio Vargas como requisito para  
obtenção do título de Mestre em Gestão  
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Orientador: Prof. Dr. Luís Henrique Pereira

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## ABSTRACT

Much has been said in the literature about brand positioning, as well as about international branding and their importance on ever more competitive world marketplaces. Concerning repositioning, however, the literature is not extensive, and if the subject has been considered by a few scholars, it has been, as Ryan, Moroney, Geoghehan and Cunningham (2007) noted “in passing” and “without elaboration”. It is nevertheless considered as an integral part of “strategic competition” (Porter, M., 1996, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007), as well as an element indispensable to corporate transformation (Dunphy, D., Stace, D., 1993, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007). Investigating it further, looking at it in an international setting, and understanding what challenges can arise when an international firm engages in such practice is thus of interest. This is conducted looking at the recent repositioning of Accor’s brand Sofitel from the high-end to the luxury market segment of the hospitality industry.

Keywords: challenges, differentiation, hospitality industry, international brand, marketing strategy, positioning, repositioning.

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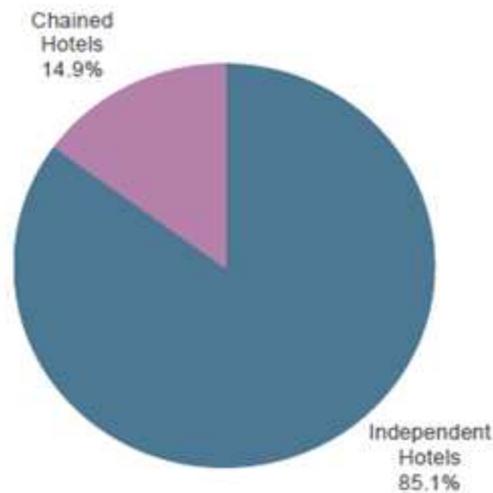
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## I. INTRODUCTION

### 1. Context

Over the past 60 years, tourism has been continuously expanding and has experienced strong diversification, leading it to become “one of the largest and fastest growing economic sectors in the world” (UNWTO, 2010). Tourism is nowadays seen as a major driver of socio-economic progress and regional development (Dwyer, L., Spurr, R., 2010) thanks to job and enterprise creations, as well as the development of infrastructure and the export revenues received (UNWTO, 2010). Indeed, according to the UNWTO, the United Nations World Tourism Organization (2010), the contribution of tourism to the worldwide economic activity was estimated to be about 5% in 2009 (for diversified economies, however, the figure was more likely to be around 2% of GDP in countries where tourism is a small sector, to 10% in countries where tourism is a crucial economic pillar). That same year, the international tourism receipts were about US\$ 852 billion - and its contribution to employment was estimated to be approximately 6-7% of overall jobs worldwide according to the UNWTO (2010) and 8.8% according to the WTTC, the World Travel and Tourism Council (2010). On top of being an important driver for growth and employment, it has been demonstrated that the tourism industry enjoys virtually continuous growth, despite experiencing occasional shocks (UNWTO, 2010).

Expectedly, the hospitality industry has been growing alongside, catering for the varying needs of travelers. Hotel firms had begun to internationalize their business as of the 1970s, but it was not until the 1990s, that the industry started to globalize intensively (Papiryan, G., 2008). Hotel brands from America, Europe and Asia began to compete, with strong brands such as Accor, Forte, Hilton, Hyatt, Intercontinental, Le Meridien, Mandarin, Marriott, Penta, Sheraton, and Sol. As of the 1990s, the industry observed “a gradual but steady transition from independent and separate hotels to the hotel chain” (Papiryan, G., 2008); to illustrate the scope of this market structural change, it is worth noting that the proportion of chain hotels in the United States “grew from 45.9% in 1990 to 60% in 2000” (Smith Travel Research, 2007, as cited in Papiryan, G., 2008) and that globally, hotel chains represented about 15% of the global outlets and 52% of global sales in 2009 (Euromonitor International, 2010).

**Figure 1: Chained and Independent Hotels (% of global outlets)**

Source: Euromonitor International (2010)

As competition has intensified on the global hotel industry market over the years and as new players have started to emerge (Papiryan, G., 2008), industry professionals have been at the same time confronted with more demanding consumers, who “wanted to get service as close as possible to their unique needs” (Papiryan, G., 2008). Professionals thus had to deal with the tough challenge of maintaining and finding efficient strategies to increase their market shares.

In this context, developing a clear, sound and client-focused brand positioning was and still is an important strategic decision. Winning customers but also making sure that they are loyal is considered crucial (Kayaman, R., Arasli, H., 2007); indeed, brand loyalty has been considered one of the most important survival tool when facing competition (Kayaman, R., Arasli, H., 2007); expectedly, branding, which “symbolizes the essence of the customer’s perceptions of the hospitality organizations” (Kim, H., Kim, W., 2005), has been recognized as being one of the dominant trends of the industry on a global basis (Kayaman, R., Arasli, H., 2007; O’Neill, J., Carlback, M., 2011). In fact, Forgacs’ (2006, as cited in Kayaman, R., Arasli, H., 2007) research showed that in 2006, brand penetration (branded vs. non-branded hotels) was over 70% in the “commercial lodging industry” in the United-States, 40% in Canada and just under 25% in Europe with an observed growing trend. International hotel chains benefit from their branding strategy worldwide, as, when the positioning is effectively conducted, the brand

conveys an “image of a standardized level of service and amenities to guests” (Euromonitor International, 2009).

Having a sound international brand positioning is however not enough to keep up in the marketplace in the long-term. Intensifying and innovative competition, new consumption trends as well as customers’ needs and expectations, but also changing market conditions and under-performance can lead firms to reconsider their brand strategy. The repositioning of a brand is at times the way forward for some firms in order to “breathe new life into a stagnant product or service” (Azzarello, B., 2009). This entails making changes, whether it is about changing a brand’s attributes if necessary or about modifying the brand experience at various touchpoints to make it more attractive to customers (Mininni, T., 2007) and to adjust and alter “the customers’ brand perceptions” (Trout, J., Rivkin, S., 2009).

Hein revealed in 2007 that a survey sponsored by the American Marketing Association as well as two independent firms (Luth Research and MiresBall) showed that 38% of the marketers polled wanted to reposition their brand and that “57% of brands [had] been revitalized during the past two years and 83% during the past five”, which shows the strategic importance of repositioning to marketers. In the hospitality industry specifically, several cases of brand repositioning have been conducted over the past few years. If examples such Best Western, Club Med, Crowne Plaza, Hilton, Radisson, and Starwood abound, the recent repositioning case of Sofitel, Accor’s high-end brand, is of particular interest due to the international scale of the repositioning and its company-wide strategic importance, and will be studied in deep as part of the qualitative research conducted in this work.

Brand repositioning as a strategic move can, however, prove to be challenging. A study by McKinsey & Company (2001) showed indeed that more often than not executives are displeased with the outcomes of their brands’ repositioning. As a matter of fact, increased marketing expenditures dedicated to maintaining or boosting a brand’s position in the eyes of customers, does not always yield any improvement regarding the image and the market share (McKinsey & Company, 2001). Furthermore, it has been shown that in spite of the growing consensus in the business world that highlights the crucial importance of brand management and of the efforts conducted in firm’s management to “create skillful brand managers” who could deal better with the current challenges, “little research has been carried out to explore how brand managers should handle brands” (Herstein, R., Zvilling, M., 2011). Thus,

repositioning, this defensive – and risky - move has to be made carefully and thoughtfully as firms often encounter particularly tough challenges when doing so.

## **2. Objective**

In the light of the previous facts, the objective of this thesis will thus concentrate on understanding the potential issues that can arise when firms reposition their international brands and how they are dealt with, looking at the literature and at a case study in turn.

Drawing from the literature review, several challenges are put forward. Retaining the existing customer base is the first challenge that marketers repositioning a brand have to face. Repositioning can indeed create situations of confusion, which can lead to losing existing customers and potentially to failure. Thus, in order to avoid such confusing and fruitless situations, any repositioning effort must be “sensitive to the existing customer base” (Ewing, M., Fowlds, D., Shepherd, I., 1995). Therefore it entails being aware of the fact that the frame of reference has to be maintained, and that the existing customers’ permission has been “secured”, since “maintaining a strong brand means striking the right balance between continuity and change” that is needed in order for any brand to stay relevant in the long term (Keller, K., 2000). The second main challenge put forward in the literature review is that, as a report by McKinsey & Company (2001) reveal, “make sure that what you say is what you do”. In fact, since repositioning a brand does involve changes in the customers’ mind, it is of uttermost importance to make sure that once a new positioning is decided on, the firm delivers on it. Brands have to keep performing and meet customer’s needs; and this is all the more so relevant since “a brand’s promise plays a major role in differentiating the brand from its competitors” (Thomas, S., Kohli, C., 2009). The brand has therefore to be able to maintain its credibility as not delivering on the promises will lead to the erosion of the brand’s equity (Erdem, T., Swait, J., 2004). Finally, the literature review tackles the potential difficulties of global branding, putting forward issues such as dealing with differences across countries, deciding on the degree of standardization, the country of origin issue as well as the importance of global consistency, especially in the hospitality industry.

Looking at a case study from the hospitality industry, the recent repositioning of Sofitel – Accor luxury hotel brand – the issues put forward in the literature review will be touched on

and put into perspective, in order to get a better understanding of how and if such challenges have been tackled by Sofitel to avoid dead-end situations and an unfruitful repositioning.

### **3. Justification**

Much has been said in the literature about brand positioning, as well as about international branding and their importance on ever more competitive world marketplaces. Concerning repositioning, however, the literature is not extensive, and if the subject has been considered by a few scholars, it has been, as Ryan, Moroney, Geoghehan and Cunningham (2007) noted “in passing” and “without elaboration”. It is nevertheless considered as an integral part of “strategic competition” (Porter, M., 1996, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007), as well as an element indispensable to corporate transformation (Dunphy, D., Stace, D., 1993, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007). Investigating it further, looking at it in an international setting, and understanding what challenges can arise when an international firm engages in such practice is thus of interest.

It is important to note that the aim of the thesis is not to draw on any generality from the case study but that the intention is merely to shed light on some of the challenges that a firm, belonging to a certain industry, might experience when repositioning a brand. Looking at Sofitel allowed for an analysis of the challenges they have had to face, to see how they have dealt with them, to look at whether or not the findings of the case concord with the literature, and finally to draw, modestly, some potential managerial implications from the case.

### **4. Structure of the thesis**

The first part of the thesis consists of a literature review, which will start by focusing on the concept of positioning – as it is “the foundation of repositioning” (Trout, J., Rivkin, S., 2009). It will touch down on some strategic aspects of it such as differentiation, defined as “the engine of the brand train” (Agris, S., 2001, as cited in Aaker, D., 2003), and the brand’s touchpoints, which are, largely defined, the various ways in which a “brand interacts with and makes an impression on [...] customers” (Davis, S., Longoria, T., 2003).

Repositioning will then be the focal point of the following section and various repositioning strategies will be explored. This part will also tackle the potential challenges that firms can

face when engaging in such practices. This will include retaining the existing customers – by keeping the frame of reference and securing their permission -, as well as being able to deliver on the brand's new promises.

Finally, the last section of the literature review will focus on the challenges of international branding. Aaker and Joachimsthaler (1999) pointed out in an article named “The Lure of Global Branding” that creating successful global brands is a very challenging process, and that forming global programs that can be applied worldwide can prove to be not only ineffective but also destructive. Thus being aware of the potential difficulties of global branding is a first and crucial step for companies and this part will investigate the advantages and negative sides of this. The section will also focus on the specificities encountered in the hospitality sector, which are numerous. Indeed, brands have been proven to be of uttermost importance in the hospitality sector, as “hotel guests select hotels on the basis of brands” which are considered as a promise of the level of service that they can expect to receive (Yesawich, P., 1996, as cited in Xu, J., Chan, A., 2009). What is more, in this sector, brand consistency is crucial; it is indeed a market where consumers are mobile and where “the media transcends national and cultural borders” by “transmitting images across national boundaries” (Keller, K., 1998).

The second part of the thesis will be centered on the description of the methodology followed to conduct the research. This section will first concentrate on describing the qualitative research conducted; a case study approach was chosen as it represented the most adequate method. Indeed, by choosing this inquiry strategy, it allows for a rich description (Hancock, D., Algozzine, B., 2006, p. 16) of the study object and to focus on details instead of on scope (Silverman, D., 2005, p. 9; Creswell, J., 2007, p. 78). This follows the recognition that “one of the primary virtues of the case study method is the depth of analysis that it offers” (Gerring, J., 2007, p. 49), which makes sense for the research purposes as it seems that the challenges posed by repositioning are numerous for a firm and thus, it would make sense to focus on analyzing them in depth. It is also important to note that, although this research design allows for a more compelling study, it was conducted that way due to time and resources restrictions. The methodology part also focuses on the secondary as well as primary data collection description (which was done via interviews of two Sofitel Hotel Managers and of two Industry Experts.), on the data analysis and report writing as well as on the potential validity issues which have to be accounted for. On the latter aspect it should be noted that external

validity, concerned with the “generalizability of the study” (Holloway, I., 1997, p. 159), is not applicable to the work.

Finally, the last part of the thesis will be the Sofitel case study from which assumptions will be drawn. At this point, it is important to mention that the choice to focus on the hotel industry in the case study was made not only because of personal interest in it, but also because it is believed that it is an industry which always needs to be on the move and extremely reactive to competitive threats all the more so since it is particularly sensitive to economic conditions. What is more, this industry is particularly relevant to the topic, as it is filled with many established hotel firms and brands, which might need to readjust their positioning to keep afloat on this competitive market. A few hotel groups had recently repositioned one or many of their hotel brands; the Accor group, a hotel giant, was of particular interest as it had repositioned one of its upper-scale hotel brands within the past 3 years: the Sofitel brand.

Created in 1983, the Accor group is now the first hotel operator in the world and the fourth leading hotel company by value share in the world (Euromonitor International, 2010) with more than 4,200 hotels (more than 500,000 rooms) spread over 90 countries (Accor, Accor en bref, 2011). Often described as an incontrovertible and very innovative actor of the hospitality industry (Tendance Hotellerie, 2010), the group now owns a strong portfolio with distinctive brands (Euromonitor International, 2011b). It has indeed more than fifteen brands spread across a very complete portfolio, ranging from the budget to the luxury segments, adapted to clients looking for business and leisure stays. In 2007, the decision was made to reposition Sofitel as “a player in the international luxury hotel market” (Business Traveller, 2007; Sofitel, Presspack, 2007), as part of Accor’s group strategy to reposition most of its brand portfolio. Sofitel’s case study analysis has proven to be very fruitful as there were many interesting outcomes.

To start with, the decision to reposition Sofitel, at the Accor group level, was taken in order to respond to several needs, “the pre-repositioning challenges”, thus highlighting the fact, as Kapferer (1997) mentioned, that it was underperformance that drove the change. At the brand level, a growing demand for luxury was spotted in the industry, a market still unserved by Accor, who was very keen on anticipating customer needs. The repositioning consequently allowed for Sofitel to also respond to inconsistencies in the network, and thus to benefit from

a clearer and coherent identity and to avoid consumer confusion, but also to facilitate the signature of new management contracts with Hotel Managers, boosted by the new positioning. Seeing that Sofitel was set on planning and adapting continuously to its market environment, the strategy put in place fits what Cant, Strydom, Jooste and du Plessis (2007) and Wislon and Gilligan (2005) qualified to be a gradual repositioning.

Sofitel's repositioning implied that a decision was made to choose a new positioning strategy; interestingly the brand chose to not only focus on specific attributes to construct a sustainable competitive advantage over its competitors but also to focus on niche markets – by launching two subbrands - hereby engaging in both of the main differentiation techniques known.

In order to deliver on the brand's new promises, the whole organization was adapted: organizational changes were conducted at the same time that the repositioning decision was made, with the creation of SoLuxury HMC-Sofitel as a separate business unit and the appointment of new talents. This was necessary for the firm to be able to leverage resources, create a true luxury culture, stimulate change as well as have an efficient flow of information through the organization, hereby contributing to the creation of a supportive dominant logic, a factor considered crucial by Yakimov and Beverland (2006) to lead to successful repositionings.

Furthermore, the case highlights the importance of building international brand consistency, as it is proven that in the hospitality industry in particular offering customers a consistent experience is key. Sofitel managed this by focusing on redefining its brand touchpoints and on communication, thus taping into real as well as psychological repositioning (Ranchhol, A., Marandi, E., 2007). What is more, it was decided that Sofitel's redefined attributes would all carry a "country of origin" flavor, a French touch, whilst carrying the best of local cultures, which is akin to leaving room for adaptation, hereby mixing effectively a certain degree of local and global. This strategy seems to be a way for Sofitel to ensure that its brand will be accepted across the world, fitting local particularities, whilst at the same time playing on the interest generally found in consumers for an encounter with a foreign culture (Belk, 1997, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009). By emphasizing on a predictable element of the brand (the French touch present in all its hotels around the world) and mixing it with a degree of adaptation to local specificities, Sofitel is also trying to make sure that a certain level of familiarity and consistency is present; this is an important dimension in the hospitality industry, as shown by Bengtsson, Bardhi and Venkatraman (2009), who put forward the need to "recreate a sense of home". Sofitel's case also underlines the importance of employee training and service in order to deliver on the new strategy and on consistency,

fitting the theories that “internal repositioning”, focusing on getting all employees onboard, has to be conducted beforehand.

As far as existing customer’s permission and reaction are concerned, even though the literature seemed to put forward the importance of these two elements, Sofitel’s case shows that it is not always the case as it was clearly understood that by moving up the luxury market, some guests wouldn’t remain loyal.

Looking at Sofitel’s case in the bigger picture, it is interesting to note that even though it seems that the brand managed the challenges it was confronted with very efficiently, as tangible results can testify, several experts agree to say that it appears that Sofitel still has a weak identity as a luxury brand, thus leading to think that it might not have totally succeeded in changing customers’ perception or that it is still too soon to give a verdict about the success of its new strategy.

## II. LITERATURE REVIEW

It has been widely recognized that brands play an active strategic role in driving business growth and profitability; they have in fact come to be seen as companies' valuable strategic assets (Kaikati, J., Kaikati, A., 2003 and Beverland, M.B., Napoli, J., Farrelly, F., 2010). Developing and maintaining powerful brands in today's competitive environment thus present many opportunities as well as challenges. Indeed, a well-formulated and clear brand positioning strategy is considered today a crucial tool in marketing management (Hooley et al., 2001 and Bhat, S., Reddy, S., 1998) and is positively correlated to a company's performance (Brooksbank, R., 1994 and Keller, K., 2001), as the saying "consumer mind share translates to market share" (Mininni, T., 2007) illustrates. Thus, setting apart a brand from the competitors' (Oxenfeldt, A., Swann, C., 1964, as cited in Wind, Y., 1973), by positioning it clearly is a tricky strategic step that companies need to take.

### 1. Positioning

The statement that "positioning means different things to different people" (Aaker, D. Shansby, J., 1982) and that this concept is subject to various interpretations (Maggard, J., 1976) has been widely talked about in the literature. There is, however, a broad consensus as to which major elements are crucial to it. Trout and Ries (1972) pointed out the importance of the product and of the firm's image, as well as "the need to create a position in the prospect's mind". The latter notion has been further developed by several authors such as Lynch (1977), Aaker and Shansby (1982) and Ansari, Economides and Ghosh (1994), who underlined the fact that positioning is about the necessity to give brands a specific identity in customers' minds, influencing perception and subsequent buying decisions. All these descriptions have found an echo in Kotler's (1997) definition, which states that "positioning is the act of designing the company's offering and image so that they occupy a meaningful and distinct competitive position in the target customers' minds".

Companies positioning their brands are thus in the midst of a "battle for attention and distinctiveness" (Hooley, G., Saunders, J., 1993) in what Trout and Ries (1986) called an "overcommunicated society". Therefore, in order to succeed in positioning, gaining a deep understanding of "how the minds work and how people think" (Trout, J., Rivkin, S., 2009) is a key step in preparing any strategic move. Equally, full knowledge of the marketplace, i.e. of

the consumers' demands and preferences, of the costs implied, of competition's reaction (Horsky, D., Nelson, P., 1992; Ansari, A., Economides, N., Ghosh, A., 1994 and Brooksbank, R., 1994) and of competitors' place in customers' minds, is a vital element that will allow firms to make sound brand concept selections.

A brand concept can answer customers' functional needs, i.e. the needs that are behind the customer's motivation to look for products that can solve "consumption-related problems" (Park, C., Jaworski, B., MacInnis, D., 1986), as well as symbolic needs, defined by Park, Jaworski and MacInnis (1986) as "desires for products that fulfill internally generated needs for self-enhancement, role position, group membership, or ego-identification" and experiential needs, that is the desire for a product that offers "sensory satisfaction, variety and/or cognitive stimulation" (Park, C., Jaworski, B., MacInnis, D., 1986). As Park, Jaworski and MacInnis (1986) have demonstrated, brands can offer a mix of all these benefits, and therefore develop a brand image supported by a brand concept behind it. This brand concept, defined by Bhat and Reddy (1998), as "an overall abstract meaning that identifies a brand", requires in turn the setting up and use of varying positioning strategies to sustain it. The subsequent positioning decisions made are central to the making up of the brand identity, defined by Aaker (1996), as "a unique set of brand associations that a brand aspires to create or maintain, which is communicated to the market via effective marketing strategies (Hooley, G., Saunders, J., Piercy, N., 2004).

The marketing strategies, when they have been finalized, are put into action and implemented via the selection of an adequate marketing mix (Maggard, J., 1976 and Brooksbank, R., 1994 and Park, C., Jaworski, B., MacInnis, D., 1986) which will contribute to the creation of a "defensible position" (Hooley, G., Saunders, J., 1993). The firm needs to make sure that the all the elements of the marketing mix are consistent with "communication and operating tasks and complementary to one another" (Park, C., Jaworski, B., MacInnis, D., 1986) to allow for the brand's advantages to be clear on the market targeted (Park, C., Jaworski, B., MacInnis, D., 1986 and Bhat, S., Reddy, S., 1998). Furthermore, since brands are signals of positioning, marketers have to make sure that one their most important characteristics are maintained at all times: that is, their credibility, defined by Erdem and Swait (2004) as "the believability of the product information contained in a brand, which requires that consumers perceive that the brand have the ability and willingness to continuously deliver what has been promised". The marketing mix elements used have to be credible according to the market conditions (Erdem,

T., Swait, J., 2004). What is more, as Keller (1993) pinpointed, management has to ensure that the whole marketing mix continuously reinforces the positioning over time.

### **1.1. Differentiation**

Many marketing programs, using the positioning strategy as a guideline, make differentiation a primary objective. Differentiation is indeed the “engine of the brand train – if the engine stops, so will the train” (Agris, S., 2001, as cited in Aaker, D., 2003). This is “the foundation of marketing strategy” (Ansari, A., Economides, N., Ghosh, A., 1994), which entails focusing on attributes (Dickson, P., Ginter, J., 1987 and Pechmann, C., Ratneshwar, S., 1991; Gwin, C., 2003) that allow for differentiation and for the construction of sustainable competitive advantages in the mind of customers (Gwin, C., 2003). As many authors, such as Aaker and Shansby (1982), and Horsky and Nelson (1992), have pointed out, the attribute’s choice is one of the most important and/or crucial and nonetheless difficult decision made by a company.

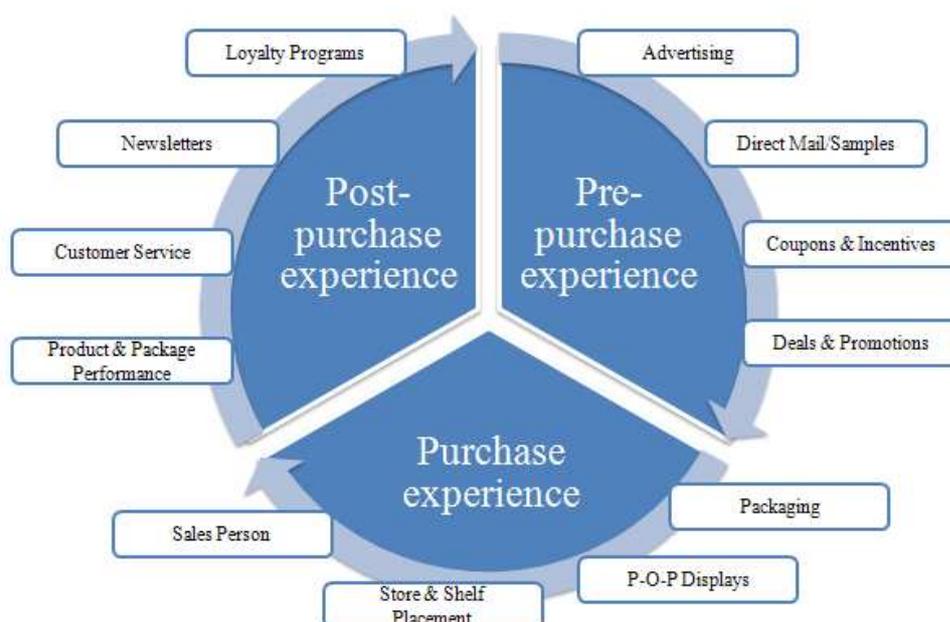
A “branded differentiator” or attribute can be anything ranging from a specific feature or service as well as a program, an ingredient, a way of communicating, means of distribution as well as price, which necessarily need to be meaningful and pertinent to the customers (Aaker, D., 2003). Two broad strategies have been widely used and discussed by several authors, such as Dickson and Ginter (1987), Sujan and Bettman (1989) and Pechmann and Ratneshwar (1991). The first strategy consists in positioning a brand as superior “on the differentiating or distinguishing attributes” (Dickson, P., Ginter, J., 1987) to the ones of competitors in the same category whilst still sharing some important characteristics with the other brands pertaining to the same category (Sujan, M., Bettman, J., 1989). The second strategy focuses on the creation of a niche, or what is called a “separate submarket” by Sujan and Bettman (1989), which intends on creating a “strong perception of difference” (Sujan, M., Bettman, J., 1989). The brands positioned in niches have specific points of differences – product superiority, level of service... - that allow them to achieve clear competitive advantages over their competitors (Keller, K., 2000) since it usually comes to be seen as a specialized product (Porter, M., 1980). Specialist brands, as Trout and Rivkin (2009) pointed out can make a high impact on the mind of customers since they can generally be extremely focused on their product and benefit and develop an extremely sharp and precise message that will efficiently get to customers’ minds. Specialist brands thus usually end up to be perceived as experts in their category (Trout, J., Rivkin, S., 2009). The adequate differentiating strategy chosen depends on

the brand itself and its attributes, as well as on the “situational factors” (Sujan, M., Bettman, J., 1989).

## 1.2. Touchpoints

Pinpointing the brands’ touchpoints - that is, the various ways in which a “brand interacts with and makes an impression on [...] customers” (Davis, S., Longoria, T., 2003) - through which the attributes are to be delivered are thus critical to positioning. This idea was also expressed by Keller (1993) who stated that a brand is also about the understanding that the consumers make out of the complete set of activities related to that brand that the firm engages in. By reinforcing and strengthening what a brand stands for – i.e. its identity - via these touchpoints at the pre-purchase, purchase and post-purchase stages, customer satisfaction can be increased as well as brand loyalty according to Davis and Longoria (2003). According to the definition of Franzen and Moriarty (2009) pre-purchase touchpoints influenced the consideration of the brand by the prospective customers, purchase touchpoints moved the brand from consideration to purchase and post-purchase touchpoints reinforced the purchase decision.

**Figure 2: Brand’s touchpoints at the pre-purchase, purchase and post-purchase stages**



Source: Davis, S., Longoria, T. (2003)

As it is tricky for a brand to focus on every touchpoint, due to time and resource limitations (Davis, S., Longoria, T., 2003), marketers need to identify specific touchpoints that are the most relevant to drive their customers' experience up and that can influence the perception of the brand in the most efficient way possible (Davis, S., Longoria, T., 2003 and Ford, K., 2005). Hogan, Almquist and Glynn (2005), underlined that successful brand-builders identify and spend intensively only on the places of interactions with their customers, that they know will have "the most impact on revenue growth and profitability". This entails the critical analysis of which touchpoints can have the highest impact on consumers and on their brand loyalty and accordingly, directing the investments on them (Hogan, S., Almquist, E., Glynn, S., 2005). These touchpoints are named "critical touchpoints" by Franzen and Moriarty (2009), since they are thought to be able to "cement or rupture a customer-brand relationship" and have to be controlled at all times so that they interact with customers in the way they are intended to (Davis, S., Longoria, T., 2003). Communicating on these is in any case a crucial marketing activity, since, as Oxenfeldt and Swann (1964) pinpointed, it helps to set apart the brand from competition and to build a strong brand image if maintained consistent (Keller, K., 1993). This emphasis on the brand image is all the more so relevant in today's marketplace, since a product's or service's quality is often viewed as a given by customers and new product features can easily be copied by competition (van Rekom, J., Jacobs, G., Verlegh, P., 2006).

## **2. An introduction to repositioning**

No matter which strategy is adopted by the firm positioning its brand, a "brand's life" will never be a quiet one. Brands are indeed always confronted with increasing and more innovative competition, new consumption trends and consumer needs, or even markets' structural changes that can erode a brand's position and endanger its survival. Thus marketers need to monitor the effectiveness of their differentiating and more broadly of their positioning strategies over time (Gwin, C., 2003; Aaker, D., 2003). This includes checking the marketing mix so as to make sure that it is consistent at all times with the positioning strategy (Aaker, D. Shansby, J., 1982) and "auditing" the brand on a frequent basis so as to make sure that the brand image is positive (Keller, K., 2001). This performance review (Hogan, S., Almquist, E., Glynn, S., 2005) allows for timely corrections if needed (Manhas, P., 2010) and avoids that the brand runs the risk of becoming stagnant and uncompetitive (Aaker, D., 2003). Therefore it contributes to ensuring that the positioning allows for maximum profitability (Hauser, J., 1988).

Consequently, this strategic monitoring of current and short-term market conditions (Park, C., Jaworski, B., MacInnis, D., 1986) sometimes pushes companies to revive their brand; this can prove to be an attractive strategy, which is all the more so relevant since, as Aaker (1991) pointed out, “the revitalization of a brand is usually less costly and risky than introducing a new brand”. Under-performance has often been recognized as a common trigger for brand revitalization and repositioning (Kapferer, J.-N., 1997). In fact, Kumar and Sudharshan (1988) highlighted that in such contexts, an adequate response from managers defending their brands and opting for long-run strategies would be to reposition. What is more it has been indeed shown that the higher the marketing mix consistency over time, the higher the credibility of a brand (Erdem, T., Swait, J., 2004). As part of revival, companies can choose to reposition their brands, which can represent a successful approach “to breathe new life into a stagnant product or service” (Azzarello, B., 2009). Hein revealed in 2007 that a survey sponsored by the American Marketing Association as well as two independent firms (Luth Research and MiresBall) showed that 38% of the marketers polled wanted to reposition their brand and that “57% of brands [had] been revitalized during the past two years and 83% during the past five”, which show the strategic importance of repositioning to marketers. Azzarello (2009) even stated that “the ability to revitalize a brand” is a crucial skill that marketers have to master in order to be successful in managing brands.

However, a study by McKinsey & Company (2001) showed that more often than not executives are displeased with the outcomes of their brands’ repositioning. Indeed, increased marketing expenditures dedicated to maintaining or boosting a brand’s position in the eyes of customers, does not always yield any improvement regarding the image and the market share (McKinsey & Company, 2001). Furthermore, it has been shown that in spite of the growing consensus in the business world that highlights the crucial importance of brand management and of the efforts conducted in firm’s management to “create skillful brand managers” who could deal better with the current challenges, “little research has been carried out to explore how brand managers should handle brands” (Herstein, R., Zvilling, M., 2011). Thus, repositioning, this defensive – and risky - move has to be made carefully and thoughtfully as firms often encounter particularly tough challenges when doing so.

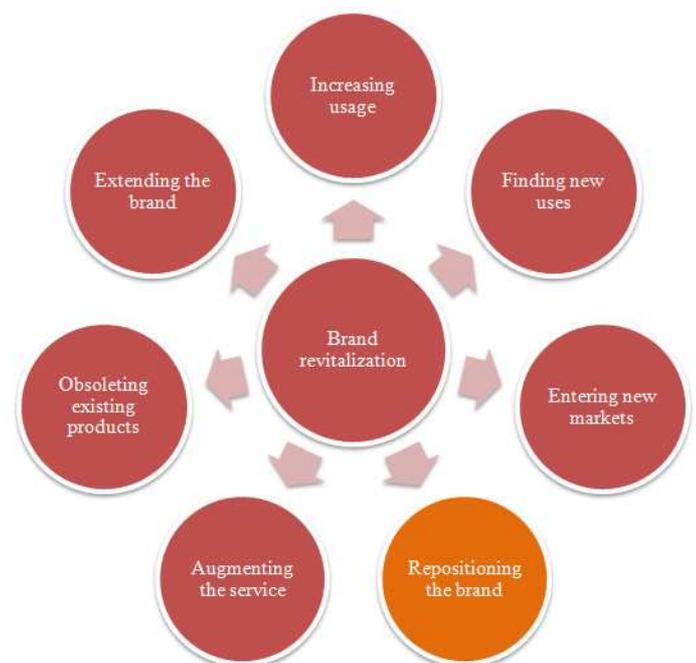
## 2.1. Repositioning strategies

Faced with the need to take action so as to remain competitive, marketers can thus engage in repositioning. It is necessary, in order to have a clear understanding of what this entails, to define the core concept behind this.

In spite of the fact that the literature concerning repositioning is not extensive, it has been considered by a few scholars, albeit “in passing” and “without elaboration” as Ryan, Moroney, Geoghehan and Cunningham (2007) noted. Some authors have considered it in turn as a strategic response in a vibrant environment (Brown, S., Eisenhardt, K., 1999), an integral part of “strategic competition” (Porter, M., 1996, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007), as well as an element indispensable to corporate transformation (Dunphy, D., Stace, D., 1993, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007). The concept thus seems to be lacking clarity in general. However, looking purely at repositioning from a strategic marketing and branding point of view, there are a few guidelines as to what the concept entails.

To start with, Aaker (1991) considered brand repositioning as one of what he called the “seven avenues for brand revitalization” (increasing usage, finding new uses, entering new markets, repositioning the brand, augmenting the service, obsoleting existing products, extending the brand), none of them, however, being mutually exclusive. An interesting point to note is that in his view, several of these “avenues” may come up with the same solution to revitalize a brand, which shows how intimately intricate and hard to define these revitalization strategies can be.

**Figure 3: Aaker’s seven avenues for brand revitalization**



Source: Aaker, D. (1991)

Repositioning, in Aaker's view (1991) entails changing associations that is, what customers link the brand to when they think about it, by modifying some of the product's attributes, and focusing on added value by differentiating the product, emphasizing on new associations.

Other authors, such as Simms and Trott (2007) consider that the concept of brand repositioning occurs as a construct within what they classified as new product development. Numerous scholars, as shown by Simms and Trott (2007), have attempted to categorize what can fit in to the "new product" category, as "there is a general agreement that a product has many dimensions and therefore it is possible to create a new product by altering one of these dimensions" (Simms, C., Trott, P., 2007). Hamilton's classification (1982, as cited in Simms, C., Trott, P., 2007) of new products comprised "New to the world", "New to the firm", "Line extensions" and "Repositionings".

Among the few authors that have directly dealt with repositioning, the work of Saunders and Jobber (1994) distinguished between tangible and intangible repositioning, which are "distinguished from each other by changes to the physical product" (Simms, C., Trott, P., 2007). Simms and Trott (2007) pointed out nevertheless that this classification suffers from shortcomings as it mainly fails to account for what they name "brand management issues", which typically include brand image, associations, perceptions, and awareness. As Simms and Trott (2007) further note, "the functional elements of a brand can remain unchanged while the emotional elements of the brand can be significantly repositioned in the eyes of the consumer"; this echoes what Bhat and Reddy (1998), exposed when they argued in their research that a brand could be positioned at the functional and or symbolic level.

Ranchhold and Marandi's view about repositioning (2007) reflects Saunders and Jobber but does also cover for the shortcomings of their classification. Indeed, Ranchhold and Marandi maintain that there are two types of repositioning. Real repositioning, which is "achieved as a result of product modification and updating" and psychological repositioning, which deals with "changing customer beliefs about a brand through advertising and other forms of communication" (Ranchhold, A., Marandi, E., 2007).

Firms can choose to engage in various types of repositioning. Depending on the needs of their brand, on the current market situation, on the firm's approach and on the market targeted, marketers will have to consider carefully their brand attributes to find the most suitable strategy. To start with, some firms are focused on *gradual repositioning*, which is about

planning and adapting continuously to the market environment (Cant, M., Strydom, J., Jooste, C., du Plessis, P., 2007 and Wilson, R., Gilligan, C., 2005). In fact, as Brown and Eisenhardt (1997) said, “many firms claim to be changing continuously”. *Radical repositioning* on the contrary involves major strategic changes in the positioning as managers notice the ever increasing gap between what the brand can offer and what the market wants (Cant, M., Strydom, J., Jooste, C., du Plessis, P., 2007 and Wilson, R., Gilligan, C., 2005). Finally, the last option available to firms is the so called *innovative repositioning*, which is about finding a new position that allows the firm to create a new position in a market (Lancaster, G., Massingham, L., 2011) and to exploit market opportunities still untouched or unutilized (Cant, M., Strydom, J., Jooste, C., du Plessis, P., 2007) because so far still unidentified by competitors (Wilson, R., Gilligan, C., 2005).

In any event, repositioning will be about making changes, whether it is about changing a brand’s attributes if necessary or about modifying the brand experience at various touchpoints to make it more attractive to customers (Mininni, T., 2007) and to adjust and alter “the customers’ brand perceptions” (Trout, J., Rivkin, S., 2009).

Trout and Rivkin (2009) succinctly wrote about a few ways in which this can be done: the authors mentioned adding a service in order to make a product more relevant to current market conditions, they also suggested evolving with a more adequate brand name, as the name “can be an anchor” when brands wish to move forward, and finally they emphasized that physical changes to a product could be conducted. Other authors such as Pride and Ferrell (2010) highlighted adapting the product’s price, the channels through which it is distributed or even its image. Capon and Mac Hulbert (2007) considered addressing a new market segment, changing brand association, and modifying the brand’s competitive target as ways to reposition.

This leads to one of the key decisions to be made by marketers, as Trout and Rivkin (2009) have shown: “to brand or not to brand”. In other terms, marketers have to figure out whether a sound strategic choice would be to stay with the “base brand” (Trout, J., Rivkin, S., 2009), which is an option that would fit a gradual repositioning strategy, to start a new brand altogether, fitting a innovative repositioning decision, or to launch a “subbrand” (Trout, J., Rivkin, S., 2009), an option which could fit radical repositioning and can be necessary if the firm wishes to go down-or up-market, without damaging the “base brand’s perceived value” (Trout, J., Rivkin, S., 2009). Another available repositioning strategy is about focusing on

competitors' positioning. The concept, described by Trout and Rivkin (2009) and Lancaster and Massingham (2011), is to manage to hang a negative image to the one of competitors' as a mean to create a positive one for one's own. It often is about "finding a weakness in the leader's strength and attacking at that point" (Trout, J., Rivkin, S., 2009). Depending on the point that has been overlooked by competition or even on the weakness that has developed out of a competitor's strength, a firm can reposition itself with regards to competition and thus "reposition the competition" (Trout, J., Rivkin, S., 2009) or "deposition competitors" (Lancaster, G., Massingham, L., 2011).

Despite the fact that the academic literature is not very extensive about repositioning strategies and offers a wide variety of what it comprises, in the light of the preceding examples, it is nevertheless clear that every action taken by a firm to reposition will be about adding and/or modifying one or more brand's touchpoints so as to be able to gradually shift customers' perceptions, which is extremely challenging.

## **2.2. Challenge 1: retaining the existing customers**

Retaining the existing customer base is the first challenge that marketers repositioning a brand have to face. Repositioning can indeed create situations of confusion, which can lead to losing existing customers and potentially to failure. Kotler (1997) underlines indeed that firm's strategies can easily be undermined by positioning errors leading to situations where there is "under-positioning" - when consumers have only a vague idea about the brand -, "over-positioning" - when consumers have a restricted understanding of the brand -, "confused positioning" - when frequent changes and confusing messages lead to a misunderstanding of what the brand stands for - , and "doubtful positioning" - when the brand is just not accepted as such by consumers. Firms should also beware of the fact that they cannot *change* customers' perceptions but merely *readjust* them as going against a existing perceptions inevitably leads to failure (Trout, J., Rivkin, S., 2009). Trout and Rivkin (2009) also underlined the fact that the more variations are linked to a brand, the more customers' mind lose focus; thus focusing only on one repositioning approach will limit failures. In addition to that, firms have to keep in mind that competitors might be trying to get the same consumers' minds attention and that consumers can be easily distracted on top of being selective about the kind of information that they perceive (Lynch, J., 1977).

Thus, in order to avoid such confusing and fruitless situations, any repositioning effort must be “sensitive to the existing customer base” (Ewing, M., Fowlds, D., Shepherd, I., 1995). Therefore it entails being aware of the fact that the frame of reference has to be maintained, and that the existing customers’ permission has been “secured”, since “maintaining a strong brand means striking the right balance between continuity and change” that is needed in order for any brand to stay relevant in the long term (Keller, K., 2000). The level of complexity of this part depends largely on whether or not the changes made to reposition the brand are subtle. The changes conducted to reposition the brand are the result of an analysis of various variables which influence a brand’s strategy: “the target market”, “how the product is different or better than competitors”, “the value of this difference to the target market” and “the ability to demonstrate or communicate this difference to the target market”, keeping in mind that the concept of value is key to completing a successful positioning (Gwin, C., 2003).

### **2.2.1. Keeping the frame of reference**

McKinsey & Company’s study (2001) pointed out that when a brand is being repositioned, it is of uttermost importance for marketers to “capture not just the emotional and physical needs of the customer, but the dynamics of the situation in which those needs occur”. The brand has thus to be repositioned in a way that does not shatter its customers’ frame of reference. The challenge here is to identify it and to make sure that the positioning, which acts as a guideline to “foster customers’ perceptions and expectations about what a brand should be doing” (Beverland, M.B., Napoli, J., Farrelly, F., 2010), is not too far from the frame and will not compromise the brand’s core values and promises. As Simms and Trott (2007) underlined, managers have to consider the impact that positioning can have on its customers’ perception. The challenge here is hence to adapt the brand to changing market conditions without diluting the essence of the brand, or “fuzz up” the brand’s identity (Trout, J., Rivkin, S., 2009) and alienating loyal customers (van Rekom, J., Jacobs, G., Verlegh, P., 2006).

The frame is not just about offering products or services that fit customers’ expectations; it is also about providing customers with “satisfactory experiences” (Berry, L.L., Carbone, L.P., Haeckel, S.H., 2002). Brands have therefore to not only care about the actual functioning of their offers, but also about the emotional dimensions – the symbolic elements of the brand (Simms, C., Trott, P., 2007) - that contribute to the making up of the frame of reference . As

Berry, Carbone and Haeckel (2002) point out, this is all the more so important for a brand, as the emotional bonds that customers develop towards a brand are very difficult to compete against for potential rivals and as the symbolic brand image elements have been proven to contribute to long-term success (Simms, C., Trott, P., 2007). As Keller (2003a) showed, association held in the memory of customers serve as a basis for “fit”; this allows the company to meet customers’ expectations regarding the brand offer and further helps to attain the desired brand position (Beverland, M.B., Napoli, J., Farrelly, F., 2010).

In order for the frame of reference to be kept in the mind of existing customers, the brands’ attributes and touchpoints themselves – at the pre-purchase, purchase and post-purchase stages - have to keep a certain consistency. At the pre-purchase stage, as the touchpoints will help the brand to be considered, marketers should make sure that the signals don’t confuse existing buyers. At the purchase stage, touchpoints influence the buying decision and thus need to be consistent with the existing customers’ buying intentions. And finally, at the post-purchase stage, since the touchpoints will reinforce the decision that was made and are likely to deepen the relationship that has been established between the customer and the brand (Berry, L.L., Carbone, L.P., Haeckel, S.H., 2002), the brand repositioning has to make sure that the relationship with existing customers will be maintained or even further reinforced. All in all, the adjustments conducted have to reinforce the meaning of the brand concerned by staying true to the core values and to renew the emphasis on existing and appreciated brand features (Keller, K., 2003a, as cited in van Rekom, J., Jacobs, G., Verlegh, P., 2006).

The first step in achieving this is to have a clear view of which features represent the “essence of a brand” (van Rekom, J., Jacobs, G., Verlegh, P., 2006), that is, as the “single thought that captures the soul of the brand” (Aaker, D., Joachimsthaler, E., 2000). Van Rekom, Jacobs and Verlegh (2006) have further investigated the topic of what exactly consists of the “essence of the brand” and have developed a causal model. The model reveals which “features are perceived to be most essential to a brand, and which other features are consequences of these features”. In their view, in order to avoid any major repositioning mistake, marketing managers should find out whether or not a “new brand feature B could be caused by an existing essential feature A”; if the causal relation still works, then the new feature wouldn’t harm the brand essence. Put it in a different way, if consumers don’t see the new feature B as a consequence of an already existing feature like A, then the brand runs the risk of dilution (van Rekom, J., Jacobs, G., Verlegh, P., 2006). As van Rekom, Jacobs and Verlegh (2006)

stated: “knowledge of the perceived causal relations between a brand’s features facilitates the creation of a convincing, coherent brand positioning”.

Subsequently, brand managers should be aware of which touchpoints have to be prioritized and are crucial to the brand. This is, as Aufreiter, Elzinga and Gordon (2003) reveal, a difficult process that includes analyzing the brand’s functional as well as intangible dimensions and conducting customer research that will help “pinpoint the most effective combination of touchpoints” (Aufreiter, N.A., Elzinga, D., Gordon, J.W., 2003) which will represent and be the face of the value proposition of the brand on the market. As marketing managers should “appreciate the totality of the brand’s image” (Keller, K., 2000), i.e. the beliefs, behaviors or attitudes associated with the brand, and should be aware of the core values associated with their brands and of their customers’ preferences, then they should also be aware of which action concerning the brand can potentially create friction (Keller, K., 2000) and thus avoid getting too far away from the known frame of reference. As Azzarello (2009) pointed out, it is of crucial importance to have a realistic understanding of any potential limitation and thus of which modifications will lead to having the most success in the rebranding activity.

### **2.2.2. Securing the existing customers’ permission**

Customer knowledge is, as it has been discussed, crucial to marketers repositioning their brand since it dictates in large part the suitable future direction that the brand should be taking. In fact, as Keller (2000) points out, it is the customers who make the decision, “based on their beliefs and attitudes about a given brand”, about where the brand should be headed to; they are also the ones who grant permission to “any marketing tactic or program” (Keller, K., 2000). Indeed, marketers have to ensure that they have the customers’ approval to “claim the new ground to which the brand aspires” (McKinsey & Company, 2001). This explains why, as Keller (2003b) underlines, marketers are extremely eager to continuously learn more about consumer behavior which will better their understanding of how their brands are perceived and consequently help them improve the design and implementation of their brand strategies; this is all the more so relevant as managers sometimes struggle to keep up with the fast-changing market place “characterized by savvier consumers and increased competition, as well as the decreased effectiveness of traditional marketing tactics” (Keller, K., 2003b). Consumer brand knowledge, defined as “the personal meaning about a brand stored in

memory, that is, all descriptive and evaluative brand-related information” (Keller, K., 2003b), is thus of extreme importance when considering brand repositioning, as it is related to the “cognitive representation of the brand” (Peter, J., Olson, J., 2001, as cited in Keller, K., 2003b).

The multidimensionality of brand knowledge thus has to be accounted for to get the right insight, as repositioning has to involve building a bridge between the perceptions of the brand that customers have today and where the marketers want it to be in the future. This is paramount to securing the existing customers’ permission to reposition a brand and thus to making sure that the new positioning will be reasonable and logical whilst leveraging the relevant identity elements of the brand (McKinsey & Company, 2001). Securing customers’ permission is even trickier when it comes to dealing with mature brands, which, as Mininni (2007) stated, have a “great heritage and might still be enjoyed by consumers who have had a positive, longstanding relationship with them”. As Azzarello (2009) pointed out, modifying the meaning of an “old brand” is something that has to be carefully thought about in the first place and very well put into action so as not to shatter the brand equity that most of the time has taken years to actually be built. Indeed, “if the renewed brand portrays an image and values too distant from the original product, the established brand equity could be endangered” (Azzarello, B., 2009).

However, firms can find efficient ways to look out for customers’ needs and to find out adjusted positionings that will appeal to their existing customers. In order to be able to do this, they need to listen and to get in touch with their customers, as “customer knowledge [is] part of a firm’s knowledge” and can contribute to a firm’s competitive advantage (Garcia-Murillo, M., Annabi, H., 2002; Butler, Y., 2000). Hogan, Almquist and Glynn (2005) indeed showed that brand leaders are extremely keen on gathering data about their customer’s behaviors and opinions.

As shown by the scores of scholars who have been working on the subject, customer knowledge comes from data gathered or from interactions with customers. Firms can in fact gather data about their customers at numerous touchpoints (Hogan, S., Almquist, E., Glynn, S., 2005) and their research should include getting information from “past or lost customers” who can help pinpoint the weaknesses of the brand and show where competition is doing better, “potential and future customers” and “current customers” (Davis, S. Longoria, T.,

2003). However, being aware of any potential problems that could arise from doing so is important. Indeed, as Ulwick (2002) highlighted, the “traditional approach of asking customers for solution” tends to not yield the expected results. This pitfall arises because firms have the tendency to listen too closely to their customers. As a result, they make “incremental rather than bold improvements” (Ulwick, A., 2002), which does not allow for efficient differentiation or even implement features that their competitors have. Customers do indeed tend to ask for “missing features” already offered by other brands and if firms accept to add such features, it could actually take a part of their capacity to concentrate on conducting changes that could increase their competitiveness. Finally, some firms also listen to lead users, defined as “customers who have an advanced understanding of a product” (Ulwick, A., 2002); in this case the problem stems from the fact that they are not the average user and that their ideas, as good as they might be, won’t necessarily be relevant to the main user. Going from these assessments, Ulwick (2002) has set up a methodology which allows for efficient gathering of customer information, starting with listening and conducting specific “outcome-based interviews”. These focus on finding out the underlying process that is linked with the consumption of the product or service for the customers. The method involves as a first step the careful selection of customers who will participate in the interviews. The second step is about being able to actually capture the desired outcomes: according to Ulwick (2002), the firm, going from what customers say, has to be able to reformulate, rephrase and pinpoint the improvements or changes required. The final steps concentrate on organizing the outcomes, rating their importance and prioritizing them in order to be able to identify opportunity areas. All in all, this knowledge will allow marketers to make sound repositioning decisions, securing their existing customer base’s approval.

### **2.3. Deliver on the brand’s new promises**

One of the crucial rules that McKinsey & Company (2001) reveals is “make sure that what you say is what you do”. In fact, since repositioning a brand, as we have seen, does involve changes in the customers’ mind, it is of uttermost importance to make sure that once a new positioning is decided on, the firm delivers on it. Brands have to keep performing and meet customer’s needs; and this is all the more so relevant as “a brand’s promise plays a major role in differentiating the brand from its competitors” (Thomas, S., Kohli, C., 2009).

As Keller (2001) pointed out, there are five main characteristics which support brand performance: the “primary characteristics and secondary features”, the “product reliability, durability and serviceability”, the “service effectiveness, efficiency and empathy”, the “style and design” and finally, the “price”. Thus, even when a brand is repositioned, marketing managers have to make sure that their brand keeps delivering on these five aspects of performance as well as on the intangible aspects that meet “customers’ psychological or social needs” (Keller, K., 2001). The brand has therefore to be able to maintain its credibility since not delivering on the promises will lead to the erosion of the brand’s equity (Erdem, T., Swait, J., 2004).

Some internal company adaptations might be needed, as brands that are positioned differently entail a basic change in the marketing strategy (Trout, J., Rivkin, S., 2009) and will require the organization to deploy different “capabilities and resources” (Beverland, M.B., Napoli, J., Farrelly, F., 2010) to secure the success of the strategic move.

The first important step for the firm is to be aware of its corporate resources and capabilities, which include “all of the financial, physical, human, and organizational assets used by a firm to develop, manufacture and deliver products or services to its customers” (Barney, J., 1995). If needed firms can conduct an assessment that will allow it to realize what its strengths and weaknesses are. An audit can be conducted to identify the “core competencies” of an organization (Hooley, G., Saunders, J., 1993) which are as Prahalad and Hamel (1990, as cited in Hooley, G., Saunders, J., 1993, p. 86) stated, the fundamental source of competitiveness and offer “the greatest strategic value” (Marino, K., 1996). Prahalad and Hamel (1990, as cited in Marino, K., 1996) pointed out that for assets to be considered core competencies, they should offer benefits to customers, be hard to imitate, and finally to give access to various markets. If assets pass these tests they can be considered particularly valuable resources for an organization (Eden, C., Ackermann, F., 2010) and as a result most strategic and “relevant to the future [...] market decisions of the firm” (Marino, K., 1996). However, firms assessing their competencies should keep in mind that they are “hard to define precisely and often discovered retrospectively”, i.e. discovered as firms experiment (Eden, C., Ackermann, F., 2010). Along with competencies, which have a “technology or knowledge-based component” (Marino, K., 1996), organizational capabilities also need to be examined as they provide strategic resources. Capabilities are a complex phenomenon since they involve “the interaction of individuals and structures” and are anchored more in businesses routines and processes (Marino, K., 1996). Both competencies and capabilities

represent strategic resources and require management to define them and agree on them so as to allow the firm to actually nurture and to build a sustained competitive advantage (Marino, K., 1996). Identifying these factors is thus key to realize if they are still relevant, as a firm's resources might have had value in the past but due to market changes, might be less valuable in the future (Barney, J., 1995). Such identifications thus also allows companies to spot what changes might be needed to be done internally. As Trout and Rivkin (2009) wrote, managers have to be willing to conducts these internal organizational changes so as to be able to fully exploit the opportunities that are present outside. Hooley and Saunders (1993) focused on "created strengths and weaknesses", emphasizing the fact that remedial action can be taken to correct or enhance them if needed. These modifications can only be conducted and successful in their implementation, if the organization is "receptive to change, allowing it to develop over time" (Mintzberg, H., 1987, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007) and if it is prone and open to learning (Senge, P., 1992, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007).

These characteristics find an echo in the research conducted by Yakimov and Beverland (2006) which, by examining eight repositioning cases, looked at the distinguishing capabilities allowing firms to reposition their brands continuously. They underlined the fact that, first of all, firms needed to be market oriented - that is, focused on collecting information about customers' needs and competitors and using it to create customer value on a constant basis (Slater, S., Narver, J., 1995) - and have access to resources, whether they be financial or managerial expertise. On top of that, the research showed the need for firms to have a "supportive dominant logic" - where a dominant logic is defined as "the way in which managers conceptualize the business and make critical resource allocation decisions" (Prahalad C.K., Bettis, R., 1986, as cited in Yakimov, R., Beverland, M., 2006) - that can allow for change. Bettis and Prahalad pointed out that "the longer a dominant logic has been in place, the more difficult it is likely to be to unlearn" (2006, as cited in Yakimov, R., Beverland, M., 2006); thus, the dominant logic of a firm has a clear influence on the ability of the firm to be able to make the most of the information received from the market and to establish a repositioning strategy (Yakimov, R., Beverland, M., 2006). This coincides with the Thomas and Kohli's (2009) view that "managerial actions are probably the most common cause of brand decline" and thus that some changes have to be conducted if the firm is to understand the need to take action, including "changes in the strategic thinking of management" (Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007).

Yakimov and Beverland (2006) have further underlined that it is common to see cultural changes be pushed through in a firm before repositioning takes place, with varying intensity determined by the dominant logic which existed previously, as supportive practices affecting the repositioning. The authors also pinpointed the fact that the supportive dominant logic has to enable the organization to leverage market information and to use the resources available to it, in order to be able to carry out repositioning strategies and support the constant evolution of the brand (Yakimov, R., Beverland, M., 2006). According to Yakimov and Beverland (2006), “successful brand management firms place the brand at the center of their organization and strategy and build integrated strategies to continually support this”; following this, the firm should be linked to the market and get constant and relevant information, which would allow it to ensure brand relevance at all times. In order to place the brand at the center of the firm, Yakimov and Beverland (2006) found that emphasis on internal communication about the values as well as the “education of organizational members”, both considered as “supportive practices”, helped highlight the importance and the need for repositioning internally.

On top of cultural change, the level of internal change necessary, concerning different sections in the organization, from “product development to operations to customer service” (Aufreiter, N.A., Elzinga, D., Gordon, J.W., 2003), will also depend on the type of positioning and strategy that a firm adopts. Beverland, Napoli and Farrelly (2010) have categorized innovation strategies of brands into two broad types, radical and incremental innovations, each of which includes two further categories. Incremental innovations are generally implemented by “follower brands” - focusing on small innovations as a way of responding to the marketplace - and “craft designer-led brands” - focusing on incremental changes to maintain their status; radical innovations are the results of strategies led by “category brand leaders” - undertaking radical innovations in order to dominate their category - and “product leader brands” - moved by the will to become and/or stay leaders through innovations that intend to change trends (Beverland, M.B., Napoli, J., Farrelly, F., 2010). These four broad categories are helpful to sum up the type and intensity of internal changes that can be conducted to enable a firm to deliver on its repositioned brand’s promises. To start with, incremental changes put into place by “follower brands” mainly require the firm to have efficient and accurate market information systems and a short lead time to market whilst “craft designer-led brands” have to concentrate primarily on the establishment of standards for quality (Beverland, M.B., Napoli, J., Farrelly, F., 2010). As for “category leaders” and

“product leader brands” which aim at dominating the market with daring initiatives, it seems crucial to have an efficient R&D department working hand in hand with marketers, since they have to structure “their innovation efforts to be the first to market” (Beverland, M.B., Napoli, J., Farrelly, F., 2010). Investing sufficiently will also allow the brand to not have to constantly play catch up with the competition (Thomas, S., Kohli, C., 2009).

That being said, it is also necessary to point out the adaption or change of internal processes in order to allow for efficient repositioning is all the more trickier as organizations are big. Indeed, “big is the enemy of change” as a large size means “inflexibility, ego, vested interests”, but also tradition and bureaucracy (Trout, J., Rivkin, S., 2009) among other things, that can hinder effective repositioning.

#### **2.4. Competition’s position and reaction**

Over the years, the choice in products and services of all types has gone through the roof and competition has been increasingly globally. Brand repositioning has consequently been recognized by many marketing managers as necessary to “keep afloat in the competitive global market” (Azzarello, B., 2009) as although repositioning strategies can present some risks, it has been proven that strong brands have numerous advantages that others do not enjoy (Azzarello, B., 2009).

As Trout and Rivkin (2009) pinpointed, repositioning starts with keeping competition in mind. Firms repositioning their products need to identify the position of their competitors so as to develop an adequate strategy, since it seems that nowadays, firms “have to get their business from their competition” (Trout, J., 2009). Any repositioning attempt will have to be advertised by marketers, since they need to communicate on the new claims “to link association that function either as additional points of difference for the brand versus competitors or as points of parity designed to negate competitor’s intended points of difference” (Keller, K., Heckler, S., Houston, M., 1998). There might, however, be some interference effects (leading to confusion) linked with competition, especially in product categories that have numerous competing brands (Keller, K., Heckler, S., Houston, M., 1998); this has to be kept in mind at all times.

On top of defensive moves, marketers should also combine attacking moves in order to construct a strong position in the market (Hooley, G., Saunders, J., Piercy, N., 2004). These,

have been described in the research of Trout and Rivkin (2009), as well as Lancaster and Massingham (2011), who dubbed them “repositioning the competition”, as described in part 1 of this thesis. A critical point that marketers engaging in such repositioning strategy should keep in mind is that this can however backfire violently against them, as Trout and Rivkin (2009) exposed that firms should beware of getting attacked in return.

### **3. International branding**

As seen earlier, building strong brands is critical for firms and can lead to situations where pressures to reposition are strong, involving decisions that need to be made keeping in mind all the potential challenges faced. Brands are all the more so important for companies acting in various markets worldwide: in fact, having sound international brands is indeed critical for their international marketing strategy and thus for their visibility across markets (Douglas, S., Craig, C., Nijssen, E., 2001).

One of the first decision that needs to be taken is whether or not the brands should be harmonized across the firm’s target markets (Douglas, S., Craig, C., Nijssen, E., 2001). To integrate the firm’s activities internationally and to set a unified brand image and identity, various branding strategies have been used worldwide; this includes the development of global brands by “using the same brand name for a product or service worldwide” (Douglas, S., Craig, C., Nijssen, E., 2001) or the support national brands via the use of corporate brand or the corporate logo. International branding, which applies to “the whole complex of decisions involved in the development of a brand at an international level” (Whitelock, J., Fastoso, F., 2007) does bring numerous advantages to firms; however keeping coherence, coordinating and harmonizing brand positioning across markets also represents a real challenge for international firms and it requires them to build coherent international brand structure and architecture as it “provides a structure to leverage strong brands into other markets, assimilate acquired brands and integrate strategy across markets” (Douglas, S., Craig, C., Nijssen, E., 2001).

### **3.1. Global brands**

Managing global brands, largely defined by Levitt (1983, as cited in Schuiling and Kapferer, 2004) as “brands that use the same marketing strategy and mix in all target markets” and by Douglas, Craig and Nijssen (2001) as brands “using the same brand name for a product or service worldwide”, implies that firms will face some serious challenges within their organization (Douglas, S., Craig, C., Nijssen, E., 2001). Whether we stick to the first or to the second definition, this can be explained by the characteristics shared by global brands in the first place: “extensive geographic reach” (that means availability in all important markets and in most of the minor ones), “perceived by consumers as global” (which implies that consumers are aware that the brand is sold worldwide) and a “uniform positioning and image worldwide” (Craig, C., Douglas, S., 2000), whether this point focuses more on the name itself or on the strategies behind. Craig and Douglas’ (2000) work pinpointed the fact that if the first two characteristics are attained in a somewhat easy manner, the third one is the trickiest one to achieve and requires the firms to pay attention to various dimensions.

### **3.2. Advantages of global branding**

An important advantage of global branding that has been widely discussed by scholars, is that it not only represents an opportunity for firms acting globally to benefit from economies of scale – on the production side or in marketing and advertising as shown by Craig and Douglas (2000) - , lower marketing costs, more power and scope of action, a better ability to leverage ideas fast and efficiently (Keller, K., 1998) but that it also allows for an increased speed to market (Schuiling and Kapferer, 2004), and is thus a source of competitive advantage. What is more, it has also been argued that brand development on a worldwide basis allows firms to pursue “multiple market segments” (Wong, H., Merrilees, B., 2007) and allows for easy recognition by consumers around the world (Craig, C., Douglas, S., 2000). Keller (1998) has shown that in general the more standardized the program put into place is, the greater the extent to which these benefits will be realized be.

Brand management in this context deals with the execution of a consistent brand strategy across markets, which means that elements such as the brand name, the brand touchpoints, the communication and thus the positioning are consistent worldwide (Bengtsson, A., Bardhi, F., Venkatraman, M., 2009). This consistency is presumed to bring benefits such as the creation of a high brand awareness, strong brand associations (Bengtsson, A., Bardhi, F.,

Venkatraman, M., 2009), increased clarity and credibility in the customers' minds (Erdem, T., Swait, J., 1998, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009) as well as a "well-defined brand meaning and image across markets" (Keller, K., 2008, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009).

### **3.3. Potential difficulties of global branding**

Aaker and Joachimsthaler (1999) pointed out in an article named "The Lure of Global Branding" that creating successful global brands is a very challenging process, and that forming global programs that can be applied worldwide can prove to be not only ineffective but also destructive. Thus being aware of the potential difficulties of global branding is a first and crucial step for companies.

#### **3.3.1. Dealing with the differences across countries**

A clear difficulty that global marketers encounter is that there are fundamental differences depending on the country and the culture. It has often been said by critics that having one and only marketing program across various markets can lead to having ineffective strategies (Keller, K., 1998), due to varying factors such as the differences in brand product development (products may be experiencing varying life cycles depending on the countries, and the perception and positioning may differ too) and the competitive setting, the differences observed in the legal environment and the administrative procedures, the differences in the marketing institutions (marketing infrastructure may vary from country to country, thus making the implementation of a similar strategy more complicated) and finally the existing differences in customer needs and usage for products as well as the differences in response to the elements of the marketing mix (Keller, K., 1998). These last two points have also been touched on by Holt, Quelch and Taylor (2004), who argued that the apparition and the development of what they called "a global culture" - where consumers across the world participate in a "shared conversation, drawing upon shared symbols" (Holt, D., Quelch, J., Taylor, E., 2004), experiences and attitudes (Steenkamp, J., 2001) as well as "associate similar meanings with certain places, people and things" (Alden, D., Steenkamp, J., Batra, R., 1999, as cited in Steenkamp, J., 2001) - did not imply that consumers shared the same tastes or values.

### 3.3.2. Key decisions to be made when developing a global marketing program

Kotler (1997) highlighted that firms need to make strategic decisions when developing a global marketing program: they need to decide on the markets to penetrate (depending on the economic environment, the cultural dimensions, the demographic as well as the political and legal characteristics) and on how to do this (e.g. to export an existing brand, to acquire an existing brand, to create a new brand...). Furthermore, firms have to make key decisions concerning the choice of the brand elements (which may need some translation and adaptation depending on the cultures, as pointed out earlier), the marketing program design and the marketing organization, in order to maximize the chances of benefiting from the advantages of such global programs (Keller, K., 1998).

### 3.3.3. Deciding on the degree of standardization

The issue of standardizing versus adapting marketing activities has been widely talked about in the literature as of the beginning of the 1980s with the publication of Levitt's article on the globalization of markets (Alashban, A., Hayes, L., Zinkhan, G., Balazs, A., 2002) in which he argues that companies should expand by selling standardized products worldwide (Holt, D., Quelch, J., Taylor, E., 2004). Even though, as pointed out by Holt, Quelch and Taylor (2004), Levitt did not touch on the issue of branding, many understood his position as encouraging companies to have standardized 4Ps, which is in fact exactly what Buzzell (1968, as cited in Medina, J., Duffy, M., 1998) had developed when he had talked about the standardization of multinational marketing in a Harvard Business Review article. Medina and Duffy (1998) pointed out the confusion and the lack of clear definitions as to what can be defined as globalization and what can be defined as standardization; they also summed up these processes as follow: "a firm with global ambitions should approach the process of globalization with the idea of adopting as many attributes as possible from the products it markets around the world, with the idea of making them standard in a global product design".

More recently the debate has been focusing on *the degree to which a brand could and should be standardized* as it represents an important question in the field of global brand management (Keller, K., 1998 and Bengtsson, A., Bardhi, F., Venkatraman, M., 2009). In fact, the debate has moved to "not so much whether to globalize or localize" (i.e. standardize or customize) but rather to "how much of each is required" (Pitta, D., Franzak, F., 2008). In

fact, marketing experts and scholars alike have also been debating adaptation and customization. Their concern has thus focused on the modification of a standard - considered to be original - (Medina, J., Duffy, M., 1998). As highlighted in the work of Medina and Duffy (1998), these modifications cannot be circumvented, as they considered mandatory so as to “make the product suitable to foreign environmental conditions”. Customization is more concerned with the conduct of some standards’ and attributes’ modification in order to make the product “economically and culturally suitable to foreign customers” (Medina, J., Duffy, M., 1998); this is akin to making discretionary changes in order to “please the foreign market” (Medina, J., Duffy, M., 1998).

As it related to global brand strategies, Aaker and Joachimsthaler (1999) have pointed out that an important aspect of designing them is to link those to the local country brand strategies. Some companies, they highlight, have a top-down approach and thus start off with the make-up of a global brand strategy, which countries subsequently follow. The country brand strategy then can make a few modifications or spins at the level of the brand identity (Aaker, D., Joachimsthaler, E., 1999). Some others, on the other hand, have a bottom-up approach which implies that “the global brand strategy is built from the country brand strategies”; this means that the local countries’ strategies are assembled by similarities such as the maturity of the market or the competitive pressures but that an overarching global strategy can be spotted as synergies appear (Aaker, D., Joachimsthaler, E., 1999).

In both cases, it can be said that this view shares some similarities to the one of Bengtsson, Bardhi and Venkatraman (2009), who noted that not all elements of a brand can be standardized for a brand to be global; the authors point out the fact that a “*dual approach*” is the strategy followed by numerous brands. This “dual approach”, also pinpointed by Keller (1998) who called it “standardization *and* customization” calls for marketers to be aware of the similarities and the differences present on their target markets (Keller, K., 1998). It in fact consists of sustaining a global myth “while local elements are developed to maximize the impact of the brand at the local level” (Bengtsson, A., Bardhi, F., Venkatraman, M., 2009); this is akin to following Schuiling and Kapferer’s (2004) recommendation of acknowledging the trend towards regionalization across the world and thus to constructing “*global brands with a local flavor*”; Pitta and Franzak (2008) also wrote about the advantages of being global “while being the best of local”, requiring managing the level of “localness” and “globalness” and often meaning that even if most global brands appear to be standardized, “there are often many variations below the surface”. By having these two aspects, that is by going with the

philosophy of “think globally, act locally” (Light, L., 1991, as cited in Keller, K., 1998), major branding pitfalls can be avoided which means that brand coherence can overall be maintained across all markets.

#### **3.3.4. The country of origin issue**

An important potential difficulty which can be encountered by global brands is what has been called the “country of origin effect”, that is, “the impact which generalizations and perceptions about a country have on a person’s evaluations of the country’s products and/or brands” (Lampert, S., Jaffe, E., 1998); this means that potential customers’ perceptions about a country and the products coming from that country influence their purchase intention (Lampert, S., Jaffe, E., 1998). This effect has attracted attention as, within the context of the development of global markets, it is believed to impact product evaluation (Bilkey, W., Nes, E., 1982; Ozsomer, A., Cavusgil, S., 1991; and Baker, M., Michie, J., 1995; Thakor, M., Katsanis, L., 1997; as cited in Al-Sulaiti, K., Baker, M., 1998), as many consumers use “country of origin stereotypes” to assess products (Yasin, N., Noor, M., Mohamad, O., 2007), and thus to impact international competitiveness (Al-Sulaiti, K., Baker, M., 1998). Two broad views are present in the literature as Schaefer (1995) points out: the first view maintains that quality is inferred by country of origin if consumers have little knowledge about the product; the second view infers that greater knowledge about the product class heightens the use of extrinsic (e.g. price, brand name and packaging...) cues which include country of origin (Schaefer, A., 1995).

In any event, having the “appropriate country of origin marking for a product can have an acute effect on the success of international products” and can be an efficient strategic tool to be used by global marketers (Clarke, I., Owens, M., Ford, J., 2000). Leveraging the country of origin concept for a product can nonetheless have positive as well as negative consequences. Clarke, Owens and Ford (2000) showed indeed, taking the example of the USA, that a company would sometimes be “best served by not having its goods marked as ‘Made in America’”. This view was also supported by Yasin, Noor and Mohamad (2007) who pinpointed that consumers have the view that the “made in” label infers that a product is “superior or inferior depending on their perception of the country”. Marketers thus need to see which approach is “acceptable” in the biggest number of markets they are targeting (Clarke, I., Owens, M., Ford, J., 2000).

What is more, one should note that it has been shown that the level of influence or the magnitude that “the country of origin cue provides in product evaluations” is still undecided upon (Al-Sulaiti, K., Baker, M., 1998), especially with regards to “the presence of other extrinsic and intrinsic [e.g. performance, taste...] product information cues, and about the environmental and individual factors that may facilitate or inhibit reliance on country of origin” (Schaefer, A., 1995), and that it has also been highlighted that the scope of influence of a country’s image is product category specific (Lampert, S., Jaffe, E., 1998) and even brand specific (Clarke, I., Owens, M., Ford, J., 2000). Finally, other scholars, such as Elliott and Cameron (1994) have highlighted the fact that “the mechanism of influence” also remains unresolved.

### **3.4. Building a strong international brand structure and architecture**

As noted by Douglas, Craig and Nijssen (2001), as international markets are constantly evolving and getting interlinked, firms who engage in international branding need to ensure that their global branding strategy is coherent and must thus make active decisions on how to manage their brands.

To start with, international companies have to manage their brand structure, defined by Douglas, Craig and Nijssen (2001) as “the firm’s current set of brands across countries, businesses and product-markets”. The brand structure of a firm is shaped by the characteristics of the organization, the “legacy of past management decisions”, the product specificities as well as the market and its competitive realities, which implies that it is constantly evolving (Douglas, S., Craig, C., Nijssen, E., 2001).

Firms also have to build a brand architecture that is “a formal process and outcome by which management rationalizes the firm’s brands and make explicit how brand names at each level of the organization will be applied” (Douglas, S., Craig, C., Nijssen, E., 2001). As pointed out by Chailan (2009) brand architecture also “defines the way in which a brand signs a product and whether it does so independently of another brand”. All in all, brand architecture is, as summed up by Petromilli, Morrison and Million (2002) “the way in which companies organize, manage and go to market with their brands”. Three major types of architecture have been identified by Douglas, Craig and Nijssen (2001). The corporate-dominant type is often encountered with firms who have a limited product range or that target a precisely defined market; the product-dominant type is seen in firms that have numerous national and local

brands; finally there is the hybrid type of brand architecture which is “a mix of global corporate, regional, and national product-level brands or different structures for different product divisions” (Douglas, S., Craig, C., Nijssen, E., 2001). These architectures, just like the brand structures evolve as a function of the market dynamics and of the firm’s international strategy and are defined by the “degree of exclusivity in relation to product” (Chailan, C., 2009). The challenge here is for firms to create a clear brand architecture to make the branding strategy more coherent across markets, to maximize the clarity of the offer for the customer and to allow for evolution (Douglas, S., Craig, C., Nijssen, E., 2001), taking into account three main dimensions as explained by Douglas, Craig and Nijssen (2001): the organization level where the brand is used, the geography i.e. whether the brand is global, regional or national, and the scope of the product.

Irrespective of the type of brand structure and architecture adopted by a firm, the central purpose of it will be to help the company to establish its identity and to build its position worldwide; a clear brand architecture will also ensure consistency for international brands across countries (Douglas, S., Craig, C., Nijssen, E., 2001).

### **3.5. Global branding in the hospitality industry**

#### **3.5.1. The importance of brands in the hospitality industry**

Having strong brands has been described as “the cornerstone” of marketing for services in the twenty-first century (Berry, L.L., 2000, as cited in Kam Fung So, K., King, C., 2009). More specifically, as it relates to the hospitality industry, the hotel’s attributes are in large part intangible, which makes it hard for customers to identify the offers (Rathmell, J., 1974, as cited in Dev, C., Morgan, M., Shoemaker, S., 1995) and thus make the use of brands, images and slogans tools to establish a position and to enable customers to distinguish between the offerings (Dev, C., Morgan, M., Shoemaker, S., 1995). Prasad and Dev (2000, as cited in Kam Fung So, K., King, C., 2009) maintain that hotel companies see brands as an efficient way to be identified in the consumers’ minds, acting like a “signature of the hotel chain, its products and services”. Indeed, “hotel guests select hotels on the basis of brands” which are considered as a promise of the level of service that they can expect to receive (Yesawich, P., 1996, as cited in Xu, J., Chan, A., 2009); from a customer point of view, relying on a brand “include the reduction of perceived risks and search costs” (Kayaman, R., Arasli, H., 2007).

From the supply side, the benefits of branding are also manifest. Scholars, such as Forgacs (2003, as cited in Kam Fung So, K., King, C., 2009), have suggested that “branded hotels outperform non-branded properties” on indicators measuring performance such as the average price, the level of room occupancy (O’Neill, J., Carlback, M., 2011), the revenue per available customer and per available room and the return on investment. Kam Fung So and King (2009) further point out that these linkages have been confirmed in the luxury segment of the industry by Kim and Kim (2005) whose studies showed that there was a positive relationship between the success of brands and of luxury hotels’ financial performance.

As a result, a trend towards branding strategies has been widely adopted in the industry (Prasad, K., Dev, C., 2000; Forgacs, G., 2003, as cited in Kam Fung So, K., King, C., 2009). As a matter of fact, the hospitality industry has witnessed an increase in the number of new hotel brands over the past few years. This proliferation, however, might actually be causing confusion among customers (Kam Fung So, K., King, C., 2009) and in this context the importance of clear and strong brand positioning and consistency becomes crucial in contributing to maintaining and/or increasing hotel’s market share.

### **3.5.2. Global brand consistency in the hospitality industry**

Consistency is, as pointed out by Keller (2008, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009), delivered by the setting of a common marketing platform, and is of particular importance, as we have seen, since it has been shown that one of the main reasons why consumers choose global brands is that they see it as a quality (Holt, D., Quelch, J., Taylor, E., 2004; Pitta, D., Franzak, F., 2008) and a prestige signal (Pitta, D., Franzak, F., 2008). What is more, consistency is crucial in markets where consumers are mobile and where “the media transcends national and cultural borders” by “transmitting images across national boundaries” (Keller, K., 1998).

In particular, it seems that the firms acting on the hospitality and tourism markets need to pay special attention to conveying a uniform image since their customers are bound to move (Keller, K., 1998) and since it has been shown that global brands benefit from customer recognition (Craig, C., Douglas, S., 2000). Specifically, as it regards international travel, consumption is often characterized by the interest of the consumer for an encounter with a foreign culture (Belk, 1997, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009). Having said that, Belk (1997, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009)

has also shown that if travelers find themselves in situations that are too unfamiliar, their interest for the foreign culture will decrease; as a result, it has been noted that travelers also engage in practices that maintain boundaries which allow them to still get a sense of familiarity, or to “recreate a sense of home” (Bengtsson, A., Bardhi, F., Venkatraman, M., 2009). Bardhi and Askegaard’s (2009) work thus pointed out that industries which are targeting mobile consumers might need to provide experiences that remind their customers of home in order to bond emotionally with them. This highlights even more the value of maintaining consistency across markets which can be done, as Bengtsson, Bardhi and Venkatraman’s research (2009) proved, via maintaining consistency in the iconic aspects of a brand as they are the most influential elements with regards to the consistency perception; this includes the visual brand identity (Bengtsson, A., Bardhi, F., Venkatraman, M., 2009) but also service performance (Duncan, T., Moriarty, S., 1998, as cited in Xu, J., Chan, A., 2009) and the quality of the experience (Xu, J., Chan, A., 2009). This last point, as shown by Xu and Chan (2009) is becoming an ever more important topic in the hospitality industry, as practitioners are realizing that they can capitalize on it. Managing the entire customer experience starts with understanding that it is mainly about entertainment, education, escape and estheticism (Pine, B., Galmore, J., 1999, as cited in Xu, J., Chan, A., 2009) and that consistency in delivering on those aspects needs to be attained.

### **3.5.3. The role of employees in delivering brand consistency**

In this context, it is of uttermost importance to remember that, as the tourism and hospitality industry is labor intensive as well as service based, employees play a key role – via their abilities, as well as their intentions – in delivering on the brand’s promises (Kimpakorn, N., Tocquer, G., 2009; King, C., 2010). They are all the more so crucial as they are in constant interaction with customers which implies that they have a “powerful effect on how consumers perceive the organization” (Harris, de Chernatony, 2001) via their attitudes and behaviors (Kayaman, R., Arasli, H., 2007) and that they have a key role in “the service brand image formation process” (Kimpakorn, N., Tocquer, G., 2009). Research has shown that “staff’s politeness and punctuality” had a positive noteworthy impact on customer loyalty (Kayaman, R., Arasli, H., 2007). Employees thus have to reinforce, via their behavior, the benefits that the brand communicates on (King, C., 2010). As a result, programs that intend to communicate on the brand’s identity should be put into place to put clarify the brand’s aspiration as well as to put emphasis on internal enthusiasm about the brand (Aaker, D.,

Joachimsthaler, E., 1999); examples of ways of communicating brand identity to employees can include, brand manuals, workshops, newsletters, books, videos and so on.

### III. METHODOLOGY

#### 1. Qualitative study

The study conducted for the research will be one that pertains to the *qualitative study* category, that is, “a situated activity that locates the observer in the world [and] consists of a set of interpretive, material practices that make the world visible” (Denzin, N., Lincoln, Y., 2003, p. 4, as cited in Davies, M., 2007, p.10). It will be the category best suited for the research purpose since the work is intended to be “an effort to understand situations in their uniqueness as part of a particular context and the interactions there” and this will be an end in itself (Patton, M., 1985, p.1, as cited in Merriam, S., 2009, p. 14). As Merriam’s (2009, p. 14-17) work highlights, there are four main traits to qualitative research: “focus on meaning and understanding” – the research will indeed focus on understanding what challenges are present when a firm repositions its brand - , “researcher as primary instrument” to collect data and to analyze them in turn, the facts that it is an “inductive process” and that the “product is richly descriptive”. Further characteristics of a qualitative research, as noted by Stake (2010, p. 15), have to be recognized such as the fact that it is experiential and field oriented, situational in the way that it is “oriented to objects and activities, each in a unique set of contexts” (Stake, R., 2010, p. 15), personalistic i.e. “seeking people’s point of view, frames of reference [and] value commitment” (Stake, R., 2010, p. 15) as well as interpretive and relying on different views.

The last point has to be accounted for at this point of the methodology as it has been shown that it is of particular influence in the planning of a study, the “strategy of inquiry” and “the specific methods or procedures of research that translate the approach into practice” (Creswell, J., 2009, p. 5). These views, called “worldviews” by Creswell (2009, p.6) are a “general orientation about the world and the nature of research that a researcher holds” (Creswell, J., 2009, p. 6) and were also described as “a basic set of beliefs that guide actions” (Guba, E., 1990, p. 17, as cited in Creswell, J., 2009, p. 5). They consist of postpositivism, which emphasizes “determination, reductionism, empirical observation and measurement, and theory verification” (Creswell, J., 2009, p. 6), constructivism, which concentrates on “understanding, multiple participant meanings, social and historical construction as well as theory generation (Creswell, J., 2009, p. 6), advocacy/participatory, focusing on issues that are political and concerned with empowerment, as well as collaborative and oriented towards

change (Creswell, J., 2009, p. 6), and, last but not least, pragmatism. This last view is the one that is held true for the study and that has influenced the research. The main characteristics of this worldview include “a concern with applications – what works”, an emphasis on the research problem instead of on methods, an orientation towards real-world practice and a pluralistic approach (Creswell, J., 2009, p. 10). What is more pragmatists have what Creswell (2009, p. 11) calls a “freedom of choice” in that they can choose whichever method, technique and research procedure that “best meet their needs and purposes”. Indeed, the qualitative research conducted aims at looking at business world practices and environments and at the direct consequences that brand repositioning has on them.

As qualitative research is an “umbrella term” (Merriam, S., 2009, p. 21) that encompasses a diversity of forms in which it can be conducted, Creswell’s (2007, p. 85-93) work pinpointed five approaches: “narrative research” - focusing on the exploration of “the life of an individual” (Creswell, J., 2007, p. 78) - , “phenomenology” – which is about “understanding the essence of the experience” (Creswell, J., 2007, p. 78) - , “grounded theory” – which aims at the development of a theory taking its roots from field data (Creswell, J., 2007, p. 78) - , “ethnography”, that is the description and interpretation of groups that share a culture (Creswell, J., 2007, p. 78) and last but not least, “case study”.

### **1.1. Case study**

For the purpose of this thesis, a *case study* approach was used as it seemed to me that it represented the most adequate method, or “strategy of enquiry” as described by Creswell (2009, p. 13). Cases, following the definition given by Gerring (2007, p. 19), connote “a spatially delimited phenomenon (a unit) observed at a single point in time or over some period of time” and are considered as ways of investigation that follow “a set of specified procedures” (Yin, R., 1994, p. 15). By choosing this strategy, it will allow for a rich description (Hancock, D., Algozzine, B., 2006, p. 16) of the study object and details instead of focusing on scope (Silverman, D., 2005, p. 9; Creswell, J., 2007, p. 78). This follows the recognition that “one of the primary virtues of the case study method is the depth of analysis that it offers” (Gerring, J., 2007, p. 49), which I think makes sense for the research purposes as it seems that the challenges posed by repositioning are numerous for a firm and thus, it would make sense to focus on analyzing them in depth.

## 1.2. Case study type and choice

The study will use a *single-case design* (Creswell, J., 2007, p. 74), as the research concentrates on one case of a hotel firm, the Accor group, which has recently repositioned one of its hotel chains. The reason the focus is on one case only is, in part, due to time and resources restrictions; this design will however be helpful to have a more compelling study (Yin, R., 1994, p. 45) and to be able to study the single cases in an intensive manner.

The case was selected according to specific criteria that were set in order to make sure that it would be “information rich and illuminative” that is, that it would offer “useful manifestations of the phenomenon of interest” (Patton, M., 2002, p. 40) and thus valuable insights about repositioning and the challenges that established brands and firms can encounter as a result. The sampling method was thus “purposeful” (Creswell, J., 1998, p. 62), and more specifically criterion-based as the firm chosen was selected because it was thought to provide case material from which important information for the purpose of the study could be drawn out (Patton, M., 2002, p. 230).

At this point, it is important to mention that the choice to focus on the hotel industry was made not only because of personal interest in it, but also because the industry always needs to be on the move and to be extremely reactive to competitive threats all the more so since it is particularly sensitive to economic conditions. What is more, this industry is particularly relevant to the topic, as it is filled with many established hotel firms and brands, which might need to readjust their positioning to keep afloat on this competitive market. A few hotel groups had recently repositioned one or many of their hotel brands; the Accor group, a hotel giant, was of particular interest caught as it had repositioned one of its upper-scale hotel brands within the past 3 years: the Sofitel brand.

The case study will be *instrumental*, that is that it will be “examined mainly to provide insight into an issue” (Silverman, D., 2005, p. 127): in this context, the case will be used to gain deep knowledge about the challenges faced by hotel firms, the units of analysis of the case study (Yin, R., 1994, p. 21), repositioning one of their hotel chains. The cases will thus “play a supportive role” and should be used to facilitate the understanding of the topic (Stake, R., p. 435 in Norman, D., Lincoln, Y., 2000)

**Figure 4: Case study - sample's characteristics**

<b>Size of the hotel firm</b>	4, 200 hotels
<b>Number of hotel chains</b>	15 hotel chains
<b>Worldwide presence</b>	Yes
<b>Repositioning</b>	The majority of its brand portfolio and particularly Sofitel as of 2007
<b>Repositioned hotel chain category</b>	High-end to luxury

Source: author

## 2. Secondary data collection

The first step made when working on this case study's researches, was to gather *secondary data*, which are broadly defined as "already existing empirical data that exist somewhere" (Eriksson, P., Kovalainen, A., 2008, p. 77). This secondary data collection consists mainly of "document analysis", defined by Patton (2002, p. 4) as "written materials and other documents" such as official publications, reports and organizational records coming entirely from the internet and articles coming from specific sector journals. In the case study, the secondary information gathered came from the internet and was mainly from the official company reports, company press releases as well as articles coming from the hotel industry and travelling specialist websites. Gathering data from the review of already existing documents was extremely useful in the work as it allowed to gain knowledge about the sector, to present the hotel industry and the firm central to my case study as well as to explore its backgrounds in details. What is more it was important to gather as much information related to my research question beforehand, as highlighted by the work of Hancock and Algozzine (2006, p. 51), and thus information concerning the potential challenges that Sofitel faced was gathered and the reactions to their repositioning were observed before going on to collecting primary data.

### 3. Primary data collection: interviews

After having collected secondary data, the work focused on gathering *primary data*, that is, “empirical data collected by researchers themselves” (Eriksson, P., Kovalainen, A., 2008, p. 77). This was done through the conduct of *interviews*, via phone and e-mail, as it was thought that it represented “an efficient and practical way of collecting information” that could not be found “in a published form” (Eriksson, P., Kovalainen, A., 2008, pp. 80-81). A clear advantage was that as interviews focus on people’s “experiences, opinions, feelings and knowledge” (Patton, M., 2002, p. 4), it allowed to explore and have a deeper view on how different people saw the challenges at hand, how they reacted to them, what their role was and how they perceived the changes and the bigger picture concerning the firm.

The approach to the interviews was “*positivist*” since the work focused on facts (Eriksson, P., Kovalainen, A., 2008, p. 79), and was combined with the “*constructionist*” interview research approach, since the way the interviews were conducted also allowed for interaction between interviewees and the researcher, when the interviews were conducted by phone and in person, something which has been described as being similar to an “everyday conversation” (Eriksson, P., Kovalainen, A., 2008, p. 80) or “a conversation with a purpose” (Davies, M., 2007, p. 164).

#### 3.1. Identification of the key participants

One of the crucial steps in this research process was to identify the key participants in the interviews. The most important criteria in the selection of the interviewees was whether it was thought, judging from their position in the firm and from their general professional career and past employments, that the knowledge and opinions that they would give may provide some “important insights regarding [my] research questions” (Hancock, D., Algozzine, B., 2006, p. 39). Three types of participants were selected: current or ex-Sofitel General Managers, people who worked on the management level of Sofitel and finally industry experts. Out of the 50 General Managers and Sofitel management employees contacted, 2 interviews were conducted, and only with General Managers; management level employees either did not reply to the request or replied that they were not allowed to discuss the topic. Out of the 8 industry experts contacted, 2 interviews were conducted.

Participants were interviewed individually, by phone or email, as this technique has been recognized as “yielding significant amounts of information from an individual’s perspective” (Hancock, D., Algozzine, B., 2006, p. 39).

The table below summarizes the identification of the key participants, their profiles, as well as other important details about the interviews:

**Figure 5: Interviewees profiles and interview details**

Name	Category	Found via	Interview type	Duration	Language
Dev, Chekitan	Industry Expert	Cornell University, School of Hotel Administration website	Email	N/A	English
Filatre, Patrick	General Manager	Linkedin	Phone	35 min	English
Renou, Pierre-Louis	General Manager	Linkedin	Phone	20 min	French
Ros, Tea	Industry Expert	Hotelier Middle East website	Phone	50 min	English

Source: author

### 3.2. Structure of the interviews

The structure of the interview was what has been described by scholars as “*guided or semi-structured*” (Eriksson, P., Kovalainen, A., 2008, p. 82), which is seen as well-suited for researching on case studies (Hancock, D., Algozzine, B., 2006, p. 40). There was a prepared outline of important topics, issues and general themes that were thought to be important to investigate, but that still allowed for some freedom in the wording as well as in the order that the questions were asked, as commented in the work of Eriksson and Kovalainen (2008, p. 82). This was paramount to having some sort of standardization as well as a certain degree of openness (Wengraf, T., 2001, p. 62). As Eriksson and Kovalainen (2008, p. 82) pointed out, the advantage of such a structure is that the materials are somewhat systematic and

comprehensive, while the tone of the interview is fairly conversational and informal”; what is more it leaves room for improvisation, as noted by Wengraf (2001, p. 3).

### **3.3. Interview protocols**

Designing the interview protocols was an important part in the preparation of the interviews. Three different interview protocols were developed at first for the purpose of the research: one was made for the hotel managers, and was thus more practical, one was made for people involved at the management level of Accor and was thus more oriented towards the general strategy of the firm and more conceptual, and finally, one was made for industry experts and thus more general.

All interview protocols comprised of categories of inquiry, supposed to act as a guide along the interview, on which the interview questions are then based (Maykut, P., Morehouse, R., 1994, p. 97). A main advantage of designing the interview protocols was that it allowed to make sure that similar basic inquiry lines were followed with each interviewee (Patton, M., 2002, p. 343) and that the topics and issues that were needed to be covered were specified beforehand (Patton, M., 2002, p. 349) whilst at the same time leaving me some freedom to build a conversation on a specific subject matter or to formulate questions more spontaneously; this approach to interviewing was one that could potentially encourage the interviewee to tell the most about their experiences and views of the repositioning. This was obviously not possible with the interview were conducted by email.

Following the advice of Eriksson and Kovalainen (2008, p. 79), much time was also devoted to developing questions that were “related, but not equal” to the research question. Indeed, since the research question should “govern the production of the interviewer-questions”, distinguishing between the two was of importance (Wengraf, T., 2001, p. 61). The focus was on open-ended questions which are more likely to be inviting for the interviewee to actually develop a conversation, as noted by Maykut and Morehouse (1994, p. 88) and thus are not easily answered with a yes or no responses or a brief phrase (Maykut, P., Morehouse, R., 1994, p. 88). The questions that are part of the interview guide fit into some of the question typologies described by Patton’s work (1990, as cited in Maykut, P., Morehouse, R., 1994, p. 91). The interviews started off with background/demographic questions which were intended to give me more knowledge about the interviewees and to characterize them; then experience/behavior questions were used in order to focus on what the interviewees had done and about what they were doing at the time of the interview (i.e. their employment,

responsibilities, role in the organization, importance and potential influence at the time of the repositioning); finally opinion/value questions as well as knowledge questions were used to tap into the factual knowledge of the interviewees (Maykut, P., Morehouse, R., 1994, p. 91).

### **3.4. Interview transcription**

During the phone and face to face interviews, manual notes were taken. Once the interview over, they were immediately transcribed into notes consisting of the interview feedbacks, which can be found in Appendices A, B, C and D.

## **4. Data analysis and report**

The written case study report was constructed as what Yin (1994, p. 134) described as the *single-case report*: it contains a narrative of the case which allowed me to conduct an in-depth study (Patton, M., 2002, p. 449) and to synthesize the primary and secondary data gathered. Synthesizing the information was the next step, in order to “identify and report meaningful findings” (Hancock, D., Algozzine, B., 2006, p. 61). In fact, such procedures, called triangulation or “data triangulation” (Denzin, N., 1978, as cited in Patton, M., 2002, p. 247), have been recognized as good ways in case study data collection processes to “use many different sources of evidence” (Yin, R., 1994, p. 91). The type of analysis that was conducted there was largely thematic, focusing on one challenge that brand repositioning represents at a time. This was the most efficient way to shed light on particular issues that can arise and, as matter of fact, it allowed for an examination of each piece of information in light of the research question (Hancock, D., Algozzine, B., 2006, p. 61).

## **5. Potential issues of validity**

*Validity*, that is, “the extent to which the findings of the study are true and accurate” (Holloway, I., 1997, p. 159) needs to be established in every research that is conducted so as to allow for potential accuracy and reality representation pitfalls. As far as the qualitative research conducted is concerned, a few issues have to be pinpointed which need to be accounted for as it relate to validity.

### **5.1. Internal and external validity**

To start with, internal validity, which is concerned with demonstrating that what is presented in the research is the reality of the participants (Holloway, I., 1997, p. 159), can be shown thanks to detailed case studies that resulted from the interviews, as well as the description of the settings in which they have taken place. During the interviews, reformulation of what the interviewees said was always used when in doubt, so as to make sure that their viewpoint was understood fairly and accurately and that adding some personal interpretation to their answers was avoided to the maximum.

*External validity*, concerned with the “generalizability of the study” (Holloway, I., 1997, p. 159), is not applicable to the qualitative research. At this point it seems important to recognize that by conducting a single-case study on Accor, the intention was not to draw any generalization but rather to shed light on some of the challenges that a firm, belonging to a certain industry, might experience when repositioning.

IV. CASE STUDY

1. Background

The history of Accor dates back 1967, with the opening of the first Novotel hotel and the creation of Novotel – SIEH (Société d’Investissement et d’Exploitation Hôtelières). The group as such was created in 1983, when it already owned more than 440 hotels and 1,500 restaurants in 45 countries. From then on it started developing aggressively and rapidly across all segments of the sector. In 2004, the group celebrated the opening of its 4,000<sup>th</sup> hotel (Accor, Chronologie, 2011). Accor is now the first hotel operator in the world, the fourth leading hotel company by value share (Euromonitor International, 2010) and the European leader (Accor, Accor en bref, 2011), with more than 4,200 hotels (more than 500,000 rooms) spread over 90 countries. It currently employs 145,000 people and had a turnover of 5,948 million Euros in 2010 (Accor, Accor en bref, 2011).

Figure 6: Accor’s logo



Source: Accor Website (2011)

Accor is often described as an incontrovertible and very innovative actor of the hospitality industry and is said to have revolutionized the industry structure many times, with for example the creation of Formule 1 budget hotel chain which completely modified the sector’s offer (Tendance Hotellerie, 2010).

Figure 7: Leading Hotels Companies by Value Share 2009

**Global Hotel Ranking**  
**Leading Hotels Companies by Value Share 2009**

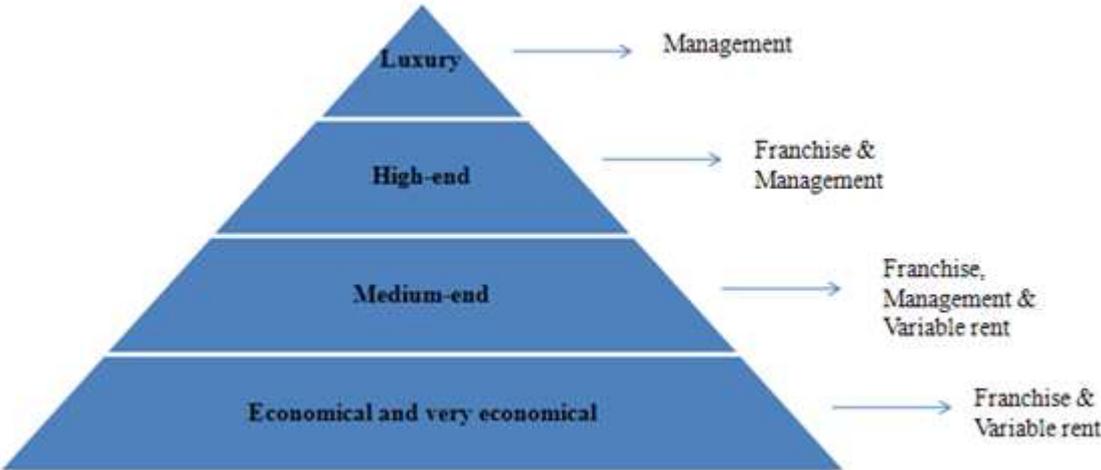
Company name	5-year trend	% share 2009
Hilton Worldwide	↓	4.0
Marriott International	↓	4.0
InterContinental Hotels Group	↑	3.8
Accor Group	↑	2.9
Starwood Hotels & Resorts Worldwide	↑	2.4

Source: Euromonitor International (2010)

**1.1. Business model and strategy**

Accor’s management of its brands is divided between ownership (17%) in economically stable areas, variable rent (37%) where Accor does not own the building but rents it from an investor and pays a variable rent according to the turnover, management (22%) in which Accor manages the hotel on the account of an owner, and franchises (24%) (Accor, Accor en bref, 2011). As illustrated by the graph below, its management strategy also varies according to the segment concerned.

**Figure 8: Accor’s target segments**



Source: Accor, Stratégie (2011)

In general, Accor intends to gradually focus on an “asset-right” strategy, that is, adapting its asset ownership model to the market and the country where it is acting as it sees fit (Accor, Stratégie, 2011). Its ambition is to become one of the three world leaders in the hotel sector and to become the European franchise leader by 2015. In order to do so, the group is carrying on and even accelerating its worldwide development and intends to reach the target of opening about 35,000 rooms per year (Accor, Stratégie, 2011). The “pipeline” of new projects intends to increase the capacity to 600,000 rooms in 2013 and maybe to 700,000 by 2015 (The Economist, 2010).

Accor's strategic ambitions have been summarized in the table below.

**Figure 9: Accor's key strategic ambitions**

<b>Strong brand portfolio</b>	<ul style="list-style-type: none"> <li>✓ Adapted to an ever more segmented demand</li> <li>✓ Covering all customer segments</li> <li>✓ A unique positioning to respond to ever more demanding customers</li> </ul>
<b>Operational excellence</b>	✓ Performing team, offer of innovative and complete services, dynamic distribution model
<b>“Asset Right” strategy</b>	✓ Adapting the business model to the market segments and the countries
<b>“Asset Management” program</b>	✓ Low capital business model preferred, especially on the high and medium-end segments
<b>Development plan</b>	✓ Very intensive (opening of 35,000 rooms per year)

Source: Accor, Stratégie (2011)

## 1.2. Brand portfolio

Over the years, Accor has developed a strong portfolio with distinctive brands (Euromonitor International, 2011b). It now has more than fifteen brands spread across a very complete portfolio, ranging from the budget to the luxury segments, adapted to clients looking for business and leisure stays. These brands are, as noted by Euromonitor International (2011b), “differentiated from each other and from those of its competitors”; this is a key strength of the group since it provides a competitive advantage to tap into a customer base that is quite big and to have very diverse offerings (Euromonitor International, 2011b). On the high-end side, Sofitel addresses the luxury segment, Pullman targets high-end business travelers, MGallery is designed for individual travelers looking for a unique high-end experience and Thalassa Sea & Spa are spa hotels intending to combine thalasso-therapy and enjoyable leisure stays. On the medium-end segment, Novotel targets business and leisure travelers looking for a consistent offer in major cities, business centers and tourist destinations, Suite Novotel are adapted to stays of longer duration and Mercure, the first

medium-end operator in the world is designed for business and leisure travelers. Ibis Hotel, the European leader and world reference in economical stays and All Seasons, represent the economical offer of the group, whilst Etap Hotel, the European leader in very economical stays and Hotel Formule 1 (hotel F1 in France), Motel 6 and Studio 6 in the United-States, are present on the low-end of the portfolio (Accor, Accor en bref, 2011).

**Figure 10: Accor's brand portfolio**



Source: Accor, Accor en bref (2011)

### 1.3. Sofitel background

The first Sofitel opened in 1964 in Strasbourg in France. It rapidly started to expand across the world, starting in the United States as soon as 1974. By 1995 the Accor group had a network of 100 high-end Sofitel hotels throughout the world (Sofitel, Presspack, 2007); nowadays it has 120 addresses, which represent 29,987 rooms in 38 countries (Accor, Sofitel, 2011).

## **2. Sofitel repositioning**

In 2007 Accor took the decision to reposition its Sofitel brand, as “a player in the international luxury hotel market” (Business Traveller, 2007; Sofitel, Presspack, 2007). The brand was intended to become a global reference on the international luxury hotel market in the course of three years (Sofitel, Press release, 2007; Ehotelier, 2007b) by bolstering “strong brand values, a unique concept and a completely new set of standards” (Sofitel, Press release, 2011). Sofitel is trying to thereby set itself as a serious competitor for luxury brands such as Four Seasons and Ritz Carlton, two mythical brands benefiting from strong recognition in luxury sector (Tendance Hotellerie, 2010).

### **2.1. The organizational dimension**

Accor strategy concerning its Sofitel brand was extremely clear and well set-out in 2007. The group started by recruiting Robert Gaymer-Jones, an experienced hotel sector professional who had previously been working at Marriott International as UK & Ireland Vice President, as the Chief Operating Officer. The Sofitel brand was then made a separate business (Soluxury HMC-Sofitel) within the Accor group. The creation of the separate business unit was done, according to the 2007 Sofitel press release, as a way to “stimulate change and ensure the successful implementation of the strategic plan” as well as “in order to create a true luxury culture within the Accor Group” and to allow for the new unit to “leverage the resources of the group in order to best develop the brand” said Gaymer-Jones (Sofitel, Press release, 2007). To this end, a multi-cultural executive team composed of professionals with global experience in both the luxury and the hotel industry was assembled (Ehotelier, 2007a). Accordingly the newly created Soluxury HMC-Sofitel developed a “light asset strategy” aiming at becoming a pure management company (Sofitel, Press release, 2011).

### **2.2. Sofitel’s repositioning strategy**

Sofitel’s new positioning strategy aims at getting the brand to be seen as a symbol of “world class hotels, with French elegance, blending relationships and pleasures for today’s discerning travelers in the upper-scale segment” (Sofitel, Press release, 2007) and at establishing it as a leader in the luxury hotel segment (Ehotelier, 2007b). Its new mission is to

re-invent “French elegance in luxury hotels” thanks to specific values such as the “passion for excellence”, the creation of “an essence of plaisir” and a “spirit of openness” (Sofitel, Presspack, 2007). The new positioning will take “cosmopolitan and discerning travelers to an even higher level of excellence, played through with a French touch” (Ehotelier, 2007b).

As Yann Caillière (Ehotelier, 2007b), the General Director of Accor for Southern Europe, Middle-East and Africa, and Pascal Klein (Lodging Magazine, 2008), Sofitel’s International Marketing Director, noted, the idea is to capitalize on the unique expertise and tradition that France is renowned for and to blend it with the very best of local cultures, hereby turning each Sofitel into a special and unique meeting place (Sofitel, Press Relations, 2011). This “clear differentiating factor” as Pascal Klein (Lodging Magazine, 2008) calls it, is expected to set Sofitel apart from its international competitors (Ehotelier, 2007b).

In addition, under the Sofitel umbrella brand, two additional brands, or sister brands, were introduced. They intend to address “niche segments in the luxury market” (Sofitel, Press release, 2007). Sofitel Legends – only two hotels so far (Sofitel, Historique, 2011) - are “heritage hotels” that aim at being considered as the best in specific destinations (Business Traveller, 2007) and that comprise “iconic assets” (Hospitality World Network, 2011); they are “destined for travelers seeking the ultimate luxury experience” (Sofitel, Press release, 2007). So by Sofitel are “boutique hotels” of smaller sizes directed at younger and trend conscious people (Business Traveller, 2007) – “a new generation of guests” (Sofitel, Press release, 2007) - and described as “urban, affluent lifestyle brands” (Hospitality World Network, 2011), “a new kind of boutique hotel, with style and soul, reconciling design and pleasure for trend conscious consumers” (Sofitel, Press release, 2007).

### **2.2.1. Sofitel’s touchpoints: the hotels’ features and services**

As communicated by Sofitel in 2007, the chain has concentrated on redefining “each element of the brand” (Sofitel, Press release, 2007) after having decided to reposition. A important part of the work was set on the “new luxury service standards, the food and beverage offering, innovation and design along with developing unique spas” (Ehotelier, 2007b). Specific new standards have been introduced across all Sofitel hotels worldwide following the six dimensions on which the brand wants to focus (see below). As the brand’s new mantra is the “only true luxury French hotel brand” (Hospitality World Network, 2011), Sofitel emphasizes “more than ever [its] French identity” (World Tourism Directory, 2010)

and as a result, most of the brand's touchpoints have a French flair, however blended with local cultures, as hotels should carry "the very best of local cultures" (Sofitel, Press release, 2007).

An atmosphere of *well-being* – intended to create an "emotional connection to the guest", as General Manager Patrick Filatre pointed out (Appendix C) - conveyed by the use of fragrances, music, floral design as well as light and candle displays in the hotels (Sofitel, Press release, 2011).

On top of the atmosphere, special attention is paid to the installation of spas, where the market allows for it and where the space within the hotel is sufficient (Hotelier Middle East, 2009). Denis Dupart, Area General Manager for the UK, Ireland and the Netherlands, pinpointed that the new concept So Spa is inviting "one to enjoy ultimate attention and pampering" (Hotelier Middle East, 2009) and pays specific attention to "conviviality, intimacy, authenticity, service" (Hotelier Middle East, 2009). Spas also embody the blend of local cultures and French savoir-faire, as shown by the following description: "So Spa offers a selection of the best and most effective [...] treatments inspired from [...] world traditions combined with [...] French cosmetology" (Sofitel, Press release, 2011).

*Personalized service* is about building a special and privileged link between the hotel staff and the guests who can enjoy high quality services. Employee representation is of uttermost importance and is thought out to the very last detail, from uniforms to the greeting of *bonjour* in every country (Sofitel, Press release, 2011).

Further dimensions include the *blend between French and local cultures*, the *French rituals for food and wine*, the *designed technology to uplift experience* and *places where "Life is Magnifique"*. Indeed, on top of focusing on the special location of the hotels, which in the majority are "legendary luxury properties" (Sofitel, Press release, 2007) that are singular (Hotel F&B, 2010), special attention is directed towards the design of the places (Business Traveller, 2007). As revealed by the 2011 Sofitel Press release, the brand now calls on "the leading lights in design and architecture" for the arrangements of its hotels, focusing on the creation of a sense of uniqueness.

## 2.2.2. Sofitel's touchpoints: adapted marketing and communication

### 2.2.2.1. A redefined visual identity

The brand redefined its “visual identity” which intends to clearly illustrate the vision “that human relations are at the heart of luxury”; as explained in the Sofitel Press release of 2007, “Sofitel has created a symbol – the link – connecting worlds, countries and people. The new logo embodies the new Sofitel using a contemporary, pure and simple typography”; with the “luxury hotels” wordings added at the bottom of the design, the logo is thought to better illustrate the new positioning. (Sofitel, Presspack, 2007).

#### Figure 11: Sofitel's new logo

Source: Sofitel, Presspack (2007)



In addition to that, the Sofitel.com was modified; it now features “eye-catching visuals”, “new reservation features”, and a more intuitive browsing (Sofitel, Presspack, 2007).

### 2.2.2.2. The “Life is Magnifique” campaign

Marketing and communication clearly played an important part in Sofitel's repositioning, supporting the brand's new strategy. In total, it is said that more than €25 million were allocated to advertising and communication (L'Hotellerie-Restaurant, 2007). A worldwide advertising campaign, which overhauled Sofitel's whole new visual identity (Sofitel, Press release, 2011), called “Life is Magnifique” was realized by the agency BETC Euro RSCG (Menant, M., 2008). This campaign, which was the first worldwide advertising of the Accor group since 1998, was first directed at the French market and then expanded to Europe, Asia and North America. Broadcast and print were utilized between 2008 and 2010, with print focusing on travel trade publications and luxury brand magazines (Lodging Magazine, 2008), as well as news magazines, feminine magazines and inflights (Menant, M., 2008). The adverts were the same worldwide and were shot by the fashion photographer Tim Walker; in total

there were four different minimalistic adverts, showing the “Sofitel experience” in the bedroom, the bathroom, the bar and the restaurant areas (Menant, M., 2008).

### **2.2.2.3. Sponsorship and partnership**

Sponsorship was also a communication channel which was exploited by the newly redefined Sofitel. As Pascal Klein pointed out in an interview with Lodging Magazine (2008), Sofitel sponsored events to promote French cinema and golf events such as the Evian Masters. What is more, Sofitel was a partner of the inaugural A380 flight Paris/New York/Paris on November 20th 2009 (Sofitel, Communiqué de Presse, 2009). By developing links with high level events and companies Sofitel is trying to further illustrate its new positioning.

## **3. Analysis of Sofitel’s response to the repositioning challenges**

### **3.1. The rationale behind Sofitel’s repositioning: finding an adequate response to the pre-repositioning challenges**

The decision taken by Accor to reposition its Sofitel brand was made as part of the rationalizing process that the whole Accor Group was going through when it decided to reposition all of its brands (World Tourism Directory, 2010). This rationalization process not only aimed at developing brands that could tap into all of the industry’s segments, but it was also aimed at having a much clearer or precise positioning, as Pierre-Louis Renou, General Manager of Sofitel Washington DC Lafayette underlined. Tea Ros, industry expert and founder of Strategic Hotel Consulting, has often seen that sort of repositioning decision originating from the fact that too many brands can lead to consumer confusion. Accor has thus focused on building a coherent international brand structure, defined by Douglas, Craig and Nijssen (2001) as “the firm’s current set of brands across countries, businesses and product-markets”, allowing the group to further establish its identity and to build its position worldwide.

In the case of Accor, while the Pullman and MGallery brands were positioned to tap into the high-end segment (World Tourism Directory, 2010), it was decided that Sofitel would aim at having five-stars for all its hotels (Hospitality World Network, 2011). The repositioning also allowed Accor to respond to inconsistencies across the Sofitel network (Lodging Magazine,

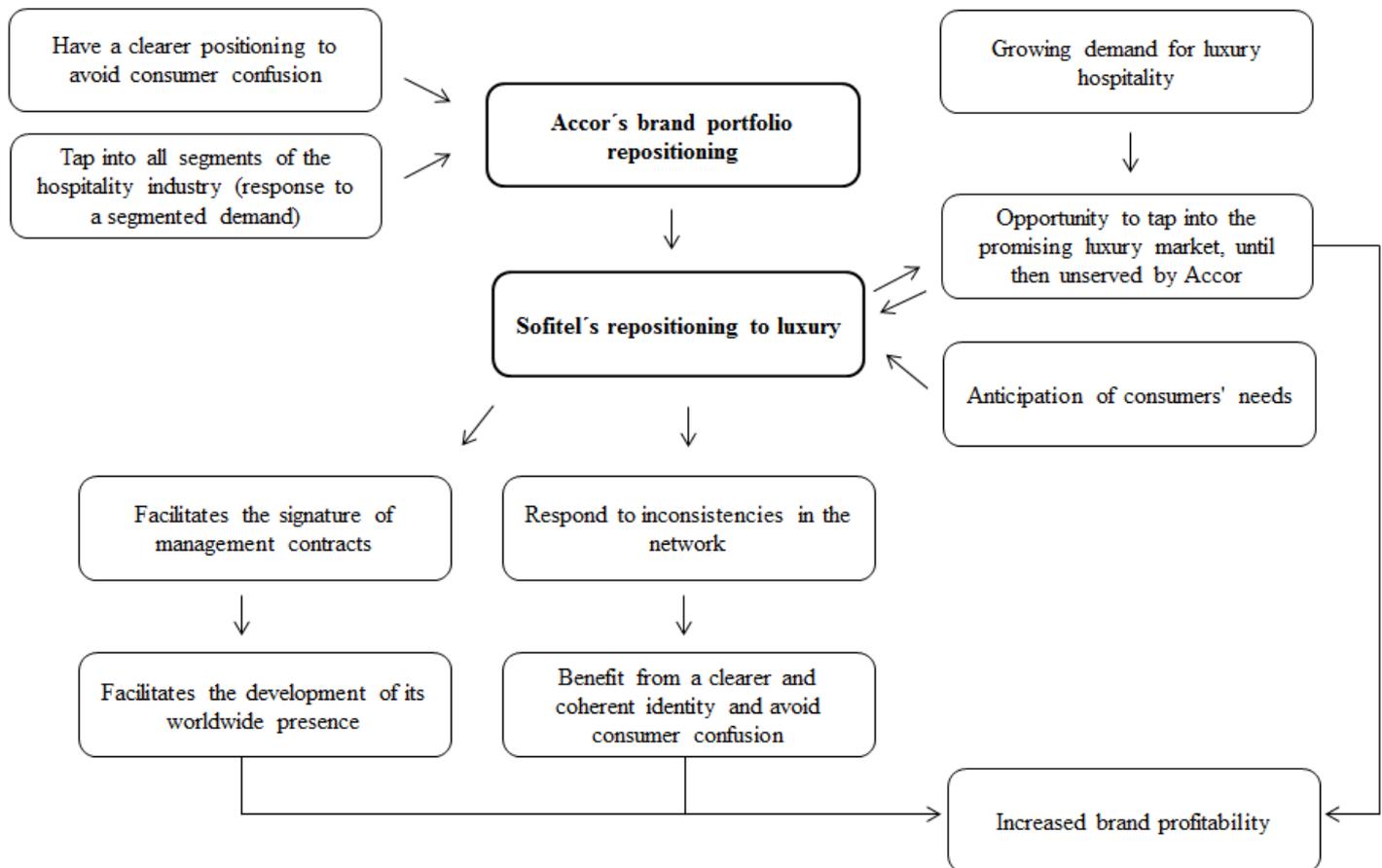
2008), which impacted negatively the profitability of the brand as pointed out by Patrick Filatre, General Manager at Hilton Suite/Magnificent Mile and previously General Manager of Sofitel Chicago Water Tower. According to him, each hotel was somewhat different in every country Sofitel was present which was leading to having a “very unclear identity” ; the brand had thus lost some of its coherence for Yann Caillère (Le Figaro, 2010). The inconsistencies were not only an issue on the demand side, creating confusion with customers, as pointed out by Patrick Filatre, but it was also a problem from the supply side in the way that the poor recognition made it difficult for the brand to sign management contracts and thus to further develop its presence. Looking at the repositioning from this side, we can say that it was underperformance (Kapferer, J.-N., 1997) that was part of the reason why the decision was taken.

The decision to reposition also allowed for Sofitel to tap into a market which was until then unserved by Accor, as Chekitan Dev - Industry Expert and Associate Professor of Strategic Marketing and Brand Management of Cornell School of Hotel Administration - pointed out. It not only allowed Accor to cover all segments of the industry, one of the group’s strategic goals, but to also make the most of the increase in demand for the luxury segment. As Pascal Klein (Lodging Magazine, 2008), pointed out, there is a growing demand for luxury hospitality coming from an international clientele especially originating from emerging countries. As a matter of fact, 55% of the hospitality market is nowadays in the high-end to luxury segment (Lodging Magazine, 2008). Industry Expert Tea Ros concurs with this fact, since, as highlighted in the interview, she said that very often repositioning decisions come from changing trends, consumer behavior and demand dynamics.

What is more, this repositioning, is believed to be a response to what Sofitel’s guests needs will be for the years to come, as Pascal Klein (Lodging Magazine, 2008) revealed. For him, the hotel industry works in cycles of 10 years and Sofitel’s activity repositioning is set at the start of the new cycle (Lodging Magazine, 2008). Thus Sofitel’s strategy is very much focused on anticipating needs, adapting the products and services as seen fit and making sure that they stay on the top of the trends, by continuously monitoring tendencies that have an impact on the hospitality industry thanks to a team of experts who travel around the world looking for trends (Lodging Magazine, 2008). This can be illustrated, by for example, the focus of Sofitel on offering high-tech features in its hotels, thus capitalizing on the increasing number of travelers wishing to stay connected when traveling (Euromonitor International,

2009); the development of Spas surfs on the trend observed in the industry, which has put forward that the sales of hotel/resort spas worldwide are increasing “on the back of the benefits offered to consumers and the higher margins which can be achieved by hotels offering such services” (Euromonitor International, 2009a) and that health and wellness is therefore a key strategy for hospitality industry actors as it is predicted that between 2009-2014 the market will grow by 20% (Euromonitor International, 2009).

All in all the decision to reposition Sofitel was a general strategic decision which was initiated due to various factors. The strategy put into place could be called a gradual repositioning, which is about planning and adapting continuously to the market environment (Cant, M., Strydom, J., Jooste, C., du Plessis, P., 2007 and Wilson, R., Gilligan, C., 2005). The brand indeed followed and observed market trends: Pascal Klein revealed that much qualitative research had been conducted, by means of surveys, focus groups, competition watch previous to the decision (Lodging Magazine, 2008). Gradual repositioning is in fact a safer strategy for Tea Ros, who during the interview put forward the fact that radical repositioning is more of a brand turnaround, which is riskier, all the more so since it reveals that the “hotel owners wake up one day realizing that their offer is out of date so to say and then have to radically change everything”. Sofitel’s focus on following market trends is illustrated by the fact that it focuses on customer needs’ anticipations. Furthermore, keeping in mind that Sofitel’s strategy also led to the launch of sister brands So by Sofitel and Sofitel Legends, it can also be said that a part of the repositioning was innovative, in the way that it tried to create a new position in a market (Lancaster, G., Massingham, L., 2011), the boutique hotel market (see 3.2.).

**Figure 12: Sofitel's brand repositioning rationale**

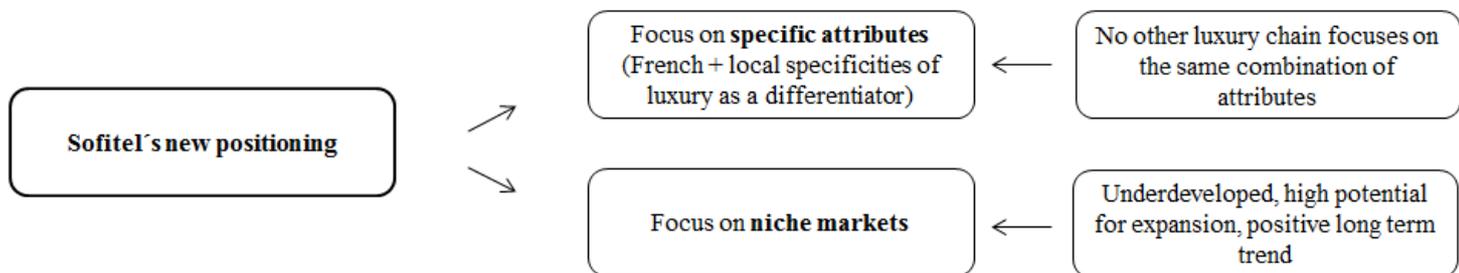
Source: author

### 3.2. Strategy to respond to a more segmented demand: finding an adequate new positioning

As seen, Sofitel's repositioning has allowed the brand to position itself in a clearer way than what it was before and to respond to a much segmented demand. By playing on the French aspect of the brand as well as on the local specificities, the brand benefits from a "clear differentiating factor", as Pascal Klein (Lodging Magazine, 2008) calls it. In fact this strategy reflects what scholars such as Dickson and Ginter (1987), Pechmann and Ratneshwar (1991) and Gwin (2003) have put forward, that is, the necessity for firms to focus on specific attributes to allow for differentiation and thus for the construction of sustainable competitive advantages (Gwin, C.,2003). This strategy is indeed expected to set Sofitel apart from its international competitors (Ehotelier, 2007b) and thus to allow it to survive in a very competitive market as General Manager Patrick Filatre underlines.

Sofitel's adapted response to the market and positioning strategy is further illustrated by the launch of Sofitel's two sisters' brands, Sofitel Legends and So by Sofitel; thanks to this, the brand is managing to address two additional niche segments of the luxury market, which will offer, according to Pascal Klein an added value to guests (Lodging Magazine, 2008). This strategy is very wise and allows Sofitel to tap into various markets at the same time, where there is high potential for growth, and to respond to a specific demand coming from customers who are looking for a very specific level of service and customer experience. As far as boutique hotels are concerned, Patrick Filatre pointed out these trendy properties were starting to impact the upper scale market. Indeed, as Euromonitor International (2009b) points out, the boutique hotel concept, which is the niche that So by Sofitel targets, is still underdeveloped and there is a high potential for their expansion and a very positive long-term trend; Sofitel is thus taking an early plunge into a promising market, trying to position itself early on this specific segment.

Interestingly, although the literature generally differentiates between the strategies that focus on a branded differentiator and the ones that focus on the creation of a niche to become "specialist brands" (Trout, J., Rivkin, S., 2009), we see that Sofitel has actually engaged in both differentiation techniques. On the one hand, the brand competes head to head with big international luxury players and tries to differentiate itself by focusing on the "French and local specificities" of its offer as the brand's new mantra - "only true luxury French hotel brand" - illustrates. On the other hand it also targets the boutique hotel market, which corresponds to what Sujana and Bettman (1989) call a "separate submarket", and aims for So by Sofitel and Sofitel Legends to become extremely specialized products (Porter, M., 1980), thereby achieving clear competitive advantages over competition. By launching these two "subbrands" (Trout, J., Rivkin, S., 2009), Sofitel allows itself to go and explore new markets without risking to cause too much damage to the "base brand's perceived value".

**Figure 13: Sofitel's differentiation strategy**

Source: author

### 3.3. Adapting the organization to deliver on the repositioning promises

As pointed out in the literature, in order for a newly repositioned brand to be able to deliver on its promises - which are of uttermost importance since, as pointed out by Thomas and Kohli (2009), “a brand’s promise plays a major role in differentiating the brand from its competitors” - some internal company adaptations might be needed. What is more, a specific culture and a “supportive dominant logic” (Yakimov, R., Beverland, M., 2006) are factors which have been put forward as they have been found to allow for firms to reposition efficiently.

In Sofitel’s case, organizational changes were conducted at the same time that the repositioning decision was made. Actually the creation of SoLuxury HMC-Sofitel as a separate business unit was done, according to the 2007 Sofitel press release, as a way to “stimulate change and ensure the successful implementation of the strategic plan” (Sofitel, Press release, 2007). This fits with Chekitan Dev’s remark that usually repositioning is accompanied by changes at the level of top management. What is more, as luxury was not in Accor’s DNA before (Le Figaro, 2010) according to Yann Caillère, the change was simultaneously supposed to help the creation of “a true luxury culture within the Accor Group” and to allow for the new unit to “leverage the resources of the group in order to best develop the brand” (Sofitel, Press release, 2007).

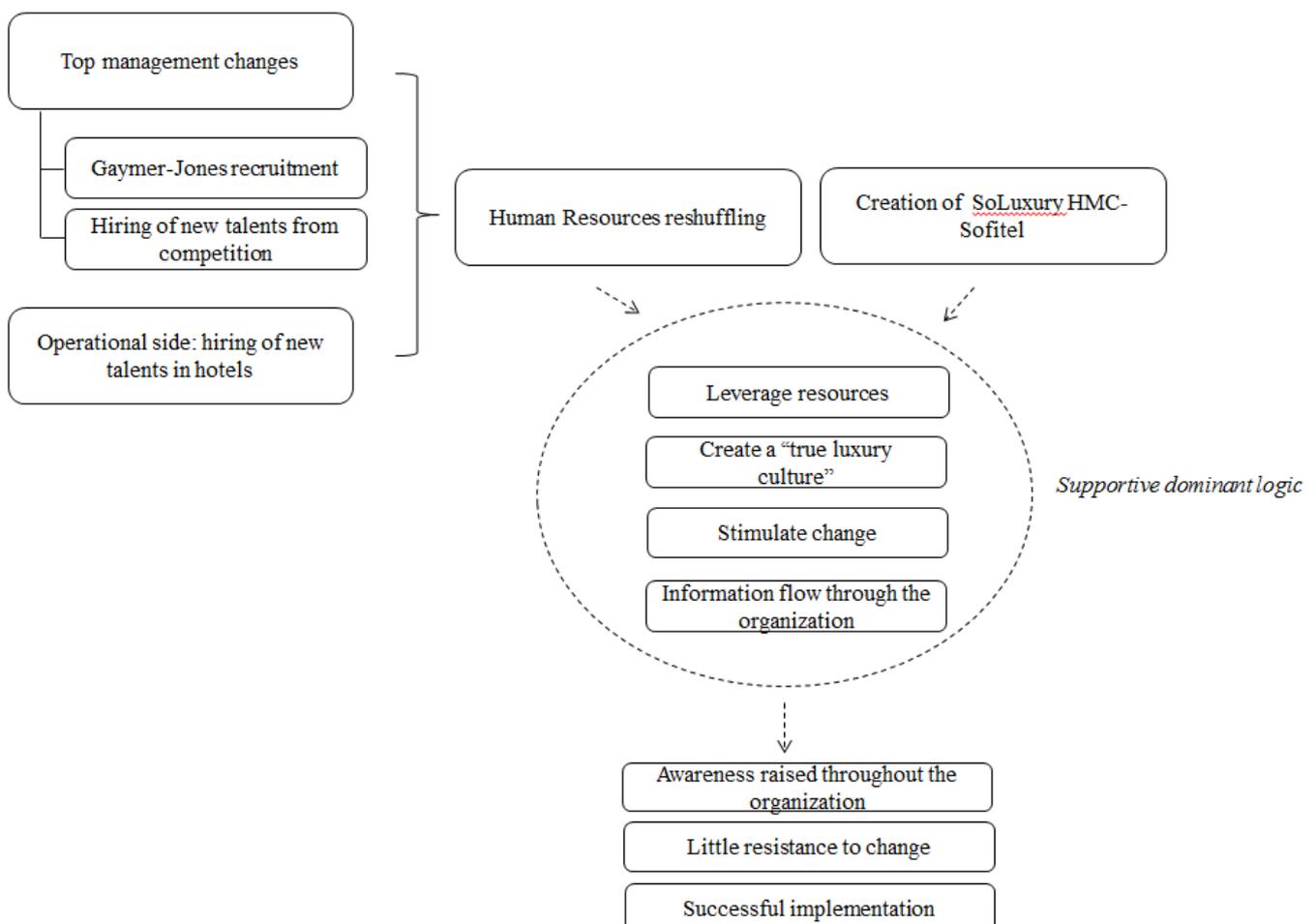
Much attention was paid to Human Resources, an area which, according to Industry Expert Tea Ros concentrates most of the changes when a repositioning strategy is put into place. It started with the recruitment of Gaymer-Jones, and continued further with the hiring of new talents coming from the competition (Le Figaro, 2010). The team created, which directly aimed at working closely together “to take the brand from strength to strength to a promising future” (Ameinfo, 2007), was also very committed to implementing change and driving it throughout the organization right from the start (Ameinfo, 2007). As a matter of fact, top management state of mind and the way of managing and going about change is key in repositioning projects. An important responsibility of top level management is that they have to make sure that the information flows through the whole company efficiently and that all levels are made aware of the changes happening, since “repositioning cannot be purely a decision made in the board room” as Tea Ros emphasized. Sofitel’s management team was extremely focused on understanding the luxury industry and on bringing it to Accor’s DNA; as a result it had to meet with representatives of brands such as Chaumet, Hermès and LVMH to better understand the luxury world (Hotel Gestion, 2010). In hotels and thus from a more operational perspective, some changes were conducted in the Human Resources area as well. As an example, Patrick Filatre points out that a few positions were created in his hotel. Pierre-Louis Renou also said that some new talents were recruited and that in general, hotels observed a turnover as some employees left as well.

It seems that Sofitel’s dominant logic, defined as “the way in which managers conceptualize the business and make critical resource allocation decisions” (Prahalad C.K., Bettis, R., 1986, as cited in Yakimov, R., Beverland, M., 2006), is one that understands the need to be market sensitive, to leverage information and to allow for change; it can thus be said that it is supportive, hereby allowing the firm to reposition successfully.

All in all it can be said that the cultural changes were pushed through the organization before the repositioning actually took place, hereby fitting with Yakimov and Beverland’s findings (2006) that it is common to see cultural changes happening within a firm before the repositioning is put into action. For Patrick Filatre, SoLuxury HMC-Sofitel is an organization that is now used to change; he highlights that in his view, the key to implementing changes successfully is the way it is presented and the support given to achieve the needed results. Industry Expert Chekitan Dev’s underlines the fact that in order to conduct such a project you need a flexible and innovative culture; the last point was also reported as being critical to the

ability of firms to deliver on the new promises by Tea Ros. The firm's culture thus plays a critical role in its ability to be flexible: being open-minded and not too hierarchical were, in Tea Ros' view, two important dimensions. As reported by the General Managers who were interviewed, they agree on the fact that there was not any resistance to change from the part of employees; we can thus deduct that Sofitel has managed well the changes implied by the repositioning, thus leading us to think that its firm culture might be flexible. However it is also important to note that, as Pierre-Louis Renou underlined in the interview, some resistance was encountered with hotel owners; they were indeed the ones who had to make all the investments to implement the changes wanted by Sofitel thus leading them to be sometimes reluctant to get immediately onboard with the new strategy of the brand.

**Figure 14: Organizational adaptation and cultural changes encouraged by the repositioning**



### **3.4. Focusing on international consistency**

As pointed out earlier (3.1), large inconsistencies were present across the Sofitel network previous to the repositioning. Keeping this in mind, a strong emphasis of the brand is that the same level of service and the same basis of features could be found in any of its hotels across the world after the repositioning, thus putting brand consistency forward. This dimension is indeed of uttermost importance in the hospitality sector. As Sam Winterbottom from Carlson Hotels Worldwide pointed out, “we have a customer base of people who travel the world and want to be able to stay where they can depend on the quality of our properties” (Hotel & Motel Management, 2006); this view is shared by Chekitan Dev who thinks that it is important to have the same promise across all hotels as it allows for predictability, which is an important feature for all types of customers and familiarity, a dimension put forward by Tea Ros. Indeed, as the literature on brands in the hospitality industry has highlighted, hotel guests select hotels on the basis of brands” which are considered as a promise of the level of service that they can expect to receive (Yesawich, P., 1996, as cited in Xu, J., Chan, A., 2009).

In order to make sure that all hotels would deliver the new repositioning message consistently, the number of hotels carrying the brand’s name was also reduced since 2007, getting from 206 to 120 today, in what has been described by Hospitality World Network (2011) as “a major clean-up effort” and by Hotel Management (2011) as “true housecleaning”. The hotels which left the network did not comply with the new standards and were mostly rebranded into Pullman and MGallery properties (World Tourism Directory, 2010). As recognized by Sofitel in the 2011 Press release, “streamlining was essential to achieve overall consistency”; in fact, as Pascal Klein also underlines the new strategy implied that some hotels had to leave the network in order to allow for a consistent product as well as for a consistent experience (Lodging Magazine, 2008). As a result, to date, 95% of Sofitel display the repositioned identity (Sofitel, Press release, 2011). This allows Sofitel to make sure that the brand’s promises are delivered.

Thus, “creating a consistent experience is key to the rebranding” (Lodging Magazine, 2008), as it allows for predictability, a dimension which is particularly important in the hospitality industry as it is characterized by consumers which are bound to move (Keller, K., 1998). Reaching this consistency was all the more so important for Sofitel, as, according to Pierre-Louis Renou, it appears that the competition is not able to deliver on this aspect; Tea Ros also

pointed out during the interview that most brands of the size of Sofitel are not consistent anyways. Consistency is thus considered a differentiating factor for Sofitel.

It is however interesting to point out that according to Tea Ros, attaining levels of consistency across hotels under the same international brand seems to still pertain to the “ideal world” and that in general the offer does lack consistency overall even if more and more brands are matching the expectations of regional and global travelers in this respect. Even though Sofitel is trying to put forward the dimension of consistency, it still remains to be seen if they actually deliver on this aspect. Tea Ros’ view is that it probably is not the case.

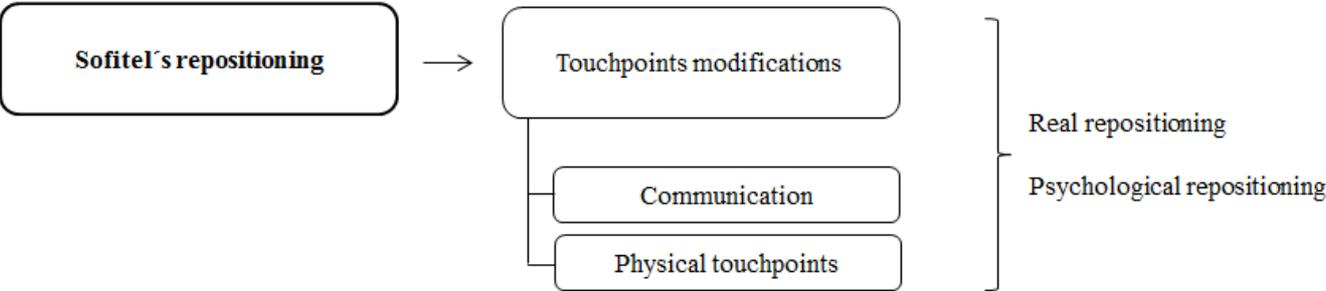
### **3.4.1. Redefining the brand’s touchpoints**

The brand conducted significant changes to its touchpoints, whether tangible or intangible, to satisfy more demanding customer needs and to deliver on the new positioning on a consistent basis worldwide. Each element of the brand was thus redefined (Lodging Magazine, 2008) in order to change the functional attributes and consequently the emotional perception of the brand, since, as put forward by Aaker (1991), repositioning entails modifying associations that is, what customers link the brand to when they think about it. Many elements can be found in every Sofitel around the world, thus allowing the client to perceive the “Sofitel attitude” as General Manager Pierre-Louis Renou highlighted. However the level of change conducted in each hotel was different, as each property had different needs, as General Manager Patrick Filatre underlined.

These changes created a basis for marketing communication for General Manager Pierre-Louis Renou. Communication plays an important role in repositioning as Industry Expert Tea Ros highlights; and it was the case with Sofitel. As seen in the previous section, much investment was realized to create a new visual, a worldwide advertising campaign, a new website and sponsoring to deliver on the new positioning and to raise the interest of customers. But, as underlined by General Manager Patrick Filatre, it is of uttermost importance to make sure that the physical product delivers on the expectations which were created; this is further emphasized by Tea Ros who maintains that “marketing [...] has to match the product” and go hand in hand with it. The changes of the physical touchpoints conducted by Sofitel all aimed at focusing on offering to customers a qualitative and memorable sensory experience and to thus deliver on the promises. As explained by General

Manager Patrick Filatre, guests need to see visible signs of change leading to an emotional experience and to the creation of memories, which is supposed to make them remember the brand and increase their loyalty. Sofitel’s repositioning in fact corresponds to an answer to the trend that has been observed recently, where luxury is shifting away from material possessions and getting closer to experience; consumers are looking for “unique sensations and pleasures and increasingly memorable experiences” (Ehotelier, 2007b; Lodging Magazine, 2008), as confirmed by General Manager Patrick Filatre, and for “quality and authenticity” (Euromonitor International, 2011a). Sofitel is thus trying to deliver on this aspect, by offering special moments to their guests and a specific feeling (Ehotelier, 2007b). The brand has hereby conducted both a real repositioning, by having modified and updated its product, and psychological repositioning, as it also focused on changing customer beliefs about the brand via advertising and other channels communication (Ranchhold, A., Marandi, E., 2007).

**Figure 15: Sofitel’s repositioning type**



Source: author

### **3.4.2. Emphasizing on standardization with the “country of origin” concept whilst leaving room for adaptation**

Adaptation/customization to fit the local markets' specificities is extremely important according to Chekitan Dev and Tea Ros. For Tea Ros, the level of standard, the base product, should be the same across hotels pertaining to the same international brand but some degree of flexibility allowing for adaptation according to the region is needed. This follows the debate which has recently taken place in the literature, going away from the question of pure standardization or adaptation, and closer to the degree to which a brand could and should be standardized (Keller, K., 1998 and Bengtsson, A., Bardhi, F., Venkatraman, M., 2009). The debate is centered on how much global and how much local is required (Pitta, D., Franzak, F., 2008); in the case of Sofitel, the brand focuses on achieving a global standard whilst leaving room for adaptation/customization to fit the local countries' culture and requirements, what Sofitel calls blending French standards with the very best of local cultures. This strategy seems to be a way for Sofitel to ensure that its brand will be accepted across the world, fitting local particularities, whilst at the same time playing on the interest generally found in consumers for an encounter with a foreign culture (Belk, 1997, as cited in Bengtsson, A., Bardhi, F., Venkatraman, M., 2009).

An important part of the global standard put forward by Sofitel has been the emphasis on the country of origin dimension of the brand, allowing it to differentiate itself from its competitors on the international scene. Sofitel is hereby trying to play on its home country origin and on the perceptions that customers have about France and the products coming from France that can subsequently influence their purchase intention (Lampert, S., Jaffe, E., 1998). As put forward by Clark, Owens and Ford (2000), having the “appropriate country of origin marking for a product can have an acute effect on the success of international products”; it seems that Sofitel is relying on what they call the “French art de recevoir” and prestige stereotype that is often linked to the country. This however is “an old trick” for Tea Ros, who underlines the fact that, being French does in fact tend to be linked to “high-end, prestige, sophistication”, but also that a brand cannot just rely on this perception anymore; she highlights the need to be specific about the signification of it and also to have tangible aspects present in the hotels to deliver on this intangible idea; going forward, this could present a challenge for Sofitel.

By emphasizing on a predictable element of the brand (the French touch present in all its hotels around the world) and mixing it with a degree of adaptation to local specificities, Sofitel also is trying to make sure that a certain level of familiarity and consistency is present; this is an important dimension in the hospitality industry, as shown by Bengtsson, Bardhi and Venkatraman (2009), who put forward the need to “recreate a sense of home”.

### **3.4.3. Worldwide employee training**

As service is crucial in the hospitality industry and as employees therefore play a key role in delivering on the brand’s promises (Kimpakorn, N., Tocquer, G., 2009; King, C., 2010), training is crucial. This is true for all brands and all the more so for Sofitel since the design of its repositioning aims at focusing on a guest experience centered around human relationships with “customized, perfectly tailored details” (Sofitel, Press release, 2011). Ehotelier (2007b) and Lodging Magazine (2008) consequently highlighted the fact that it required significant investment in staff training in order to upgrade service levels.

When repositioning, a brand has to make sure that all its employees are up to the challenge, “on board”, that they understand and accept the change as Tea Ros points out. They are then able to deliver consistent service across all hotels worldwide. Aaker and Joachimsthaler (1999) emphasized that internal communication on the brand identity to clarify its aspirations and create enthusiasm should be put into place. For Tea Ros, the emphasis has to be put on training to make sure that the repositioning follows through the organization and that the brand message is delivered correctly. Furthermore Chekitan Dev pointed out that “internal repositioning” had to be conducted first; this concurs with the literature that highlights the fact that communication, and “education of organizational members” are supportive practices to reposition internally (Yakimov, R., Beverland, M., 2006). With Sofitel, training was introduced for managers as well as floor employees as General Manager Patrick Filatre pointed out. It put into place the “global training program” for all of its 25, 000 employees. The training is centered around the “understanding of luxury”, “a mastery of the various professions” (such as F&B related trainings according to Hotel F&B, 2010), “customer relations” (Sofitel, Press release, 2011), but also about attitude, as General Manager Pierre-Louis Renou pointed out. In addition to this, General Manager Patrick Filatre said that the

training, which he deemed to be “very good”, created a sense of pride and of buy-in for the new positioning at every level of the organization.

Being driven by the will to make sure that employees are impregnated with the brand spirit, Sofitel will shortly introduce yet another training, once again aimed at 100% of the employees, as revealed by General Manager Pierre-Louis Renou.

### **3.5. Existing customers’ permission and reaction**

A big challenge for brands engaging in repositioning, as highlighted in the literature, is to know what their existing customer base reaction might be and to possibly engage in processes to secure their permission so as to manage their retention. Indeed, it has been shown that any repositioning effort must be “sensitive to the existing customer base” (Ewing, M., Fowlds, D., Shepherd, I., 1995); this has been confirmed by Industry Expert Chekitan Dev.

In the case of Sofitel, however, even though the decision to reposition the brand took into account the reaction of existing customers, according to General Managers Patrick Filatre and Pierre-Louis Renou, it was clearly understood right from the start that some guests wouldn’t remain loyal to the brand as they wouldn’t be ready to pay a higher price. What is more the frame of reference of the brand and the “essence of the brand” defined by the “single thought that captures the soul of the brand” (Aaker, D., Joachimsthaler, E., 2000), were completely modified, thus making it less likely that there would be a high consumer base retention. As a result there was no real need for Sofitel to ensure its customer base’s permission before launching the repositioning. In general securing the permission can be done, according to Tea Ros, by means of survey, observations and by taking feedbacks into account so as to know what the market demand is and to understand the requirements. Chekitan Dev maintains that securing their permission can be done by involving them in the repositioning and avoiding confusion is realized by “focusing on evolution rather than on revolution”; for Tea Ros, confusion can be avoided by informing customers beforehand that repositioning is taking place (via for example emails): this increases the level of acceptance from the side of the customers, as, changing everything from one day to the next might upset them. In Sofitel’s, due to the fact that customer base retention was not a priority, all the changes were launched at the same time and customers were informed of it when the repositioning went public, thus at the same time as everyone else, revealed Pierre-Louis Renou.

An interesting point that hasn't been much talked about in the literature is that when repositioning, one has to keep in mind that, as Tea Ros reveals, the new positioning chosen cannot always appeal to the existing customers. As a matter of fact, this is the case with various repositioning projects; sometimes the decision is made because there is a need to respond to market needs and the changes are conducted knowing that "you cannot please everyone" as said by Tea Ros.

#### **4. Sofitel's repositioning in the bigger picture**

In the light of the previous analysis, it seems that Sofitel has managed all the challenges potentially implied by repositioning successfully and tangible results appear to all testify of this.

According to the 2011 Sofitel Press release, the brand has enjoyed "double-digit growth in its total sales volume and a RevPAR (Revenue per available room) index above 100 for more than half of the hotels in the network"; according to Yann Caillère, Sofitel is clearly making more money than before (Hotel Gestion, 2010). Performance indicators, as points out General Manager Pierre-Louis Renou all concord to show that the strategy is successful. What is more Sofitel has also witnessed a +8% improvement in its customer satisfaction in the "very satisfied" category (Sofitel, Press release, 2011). The many international awards that Sofitel has won (a hundred in 2010, an increase of +30 compared to 2007; in 2010 J.D. Power & Associates recognized Sofitel as the luxury brand that had the best progress in customer satisfaction), as well as the media coverage and the investors' interest (Sofitel, Press release, 2011) and the fact that Smith Travel Research put Sofitel in the luxury hotel segment, are many signs that all show that the repositioning seems to be a success.

Furthermore, according to Pascal Klein the guest feedbacks have allowed the brand to see that its repositioning strategy could be deemed successful (Lodging Magazine, 2008). General Manager Patrick Filatre pointed out that Sofitel registered indeed an increase in the number of guests signed on to the loyalty program, which in his view shows an interest of the guests to stay with the brand. This indicator has however to be considered with caution: General Manager Pierre-Louis Renou indeed highlighted that the program is only 2 and a half years old and that generally, all loyalty programs perform quite well during the first 3 to 4 years.

With regards to competition's reaction, according to Pascal Klein, the brand has earned their respect (Lodging Magazine, 2008). It also appears that the brand has been performing well in comparison to its competitors; General Manager Pierre-Louis Renou maintains that certain indicators allow for the brand to compare directly to the performance of competition and that in this regard it is performing well. All seems to be concordant to show that Sofitel has become a serious competitor in the luxury segment, "able to compete more efficiently with other names" (World Tourism Directory, 2010).

However, this perception of success is moderated by industry experts and the specialist press: they seem to agree on the fact that the real challenge of repositioning, altering "the customers' brand perceptions" as put by Trout and Rivkin (2009) has not yet quite fully been reached.

Indeed, in 2010, Tendance Hotellerie pointed out that even if Sofitel wanted to position itself as a luxury brand, it still remained a high-end brand, due to a too weak identity that couldn't reach the standing of palaces. For Industry Expert Tea Ros, Sofitel is in fact still trying to modify its image; the message has been sent across but potential customers now have to see for themselves what the product really is about and it seems that there still is a lot of work to get to the end users' perceptions. She also underlines the fact that, looking at some established players on the luxury hospitality market, such luxury brands have been working on delivering a luxury message for decades, thereby implying that it will take time for Sofitel to be recognized as such a player on the market. This last point of view is shared by General Manager Patrick Filatre who maintained that it takes a long time to modify the image and the perception of a brand. So far it can thus be said that Sofitel is over-positioned, that is, that the brand is finding itself in a situation where consumers have a restricted understanding of the brand (Kotler, P., 1997).

Interestingly, Hilton General Manager Patrick Filatre who previously worked with Sofitel, pointed out that although the brand was on the right track at first, the financial crisis and the impatience of seeing quick financial improvements has led Sofitel to return to some of its old "bad habits". This last point is crucial as it could lead to very mitigated results concerning the brand repositioning, especially, as pointed out by McKinsey & Company (2001) "make sure that what you say is what you do": it is of uttermost importance to make sure that once a new positioning is decided on, the firm continuously delivers on it, otherwise not delivering on the promises will lead to the erosion of the brand's equity (Erdem, T., Swait, J., 2004).

## V. CONCLUSION

Even though much has been said in the literature about brand positioning, as well as about international branding and their importance on ever more competitive world marketplaces, concerning repositioning, however, the literature is not extensive. If the subject has been considered by a few scholars, it has been, as Ryan, Moroney, Geoghegan and Cunningham (2007) noted “in passing” and “without elaboration”. Seeing that it is nevertheless considered as an integral part of “strategic competition” (Porter, M., 1996, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007), as well as an element indispensable to corporate transformation (Dunphy, D., Stace, D., 1993, as cited in Ryan, P., Moroney, M., Geoghegan, W., Cunningham, J., 2007) it seemed that investigating it further, looking at it in an international setting was of interest.

Drawing from the literature, several challenges that firms engaging in repositioning may have to tackle were highlighted. This included retaining the existing customers – by keeping the frame of reference and securing their permission -, as well as being able to deliver on the brand’s new promises. Furthermore, the topic of international branding, described as a challenging process by Aaker and Joachimsthaler (1999), put forward the potential difficulties encountered that have to be taken into consideration by firms developing global brands. The specificities encountered in the hospitality sector were also tackled as brands have been proven to be of uttermost importance in this industry; in fact “hotel guests select hotels on the basis of brands” which are considered as a promise of the level of service that they can expect to receive (Yesawich, P., 1996, as cited in Xu, J., Chan, A., 2009). What is more, it was shown that in this sector, brand consistency is crucial as it is indeed a market where consumers are mobile and where “the media transcends national and cultural borders” by “transmitting images across national boundaries” (Keller, K., 1998).

In the hospitality industry specifically, several cases of brand repositioning have been conducted over the past few years. At this point, it is important to mention that the focus on the hotel industry was chosen not only because of a personal interest in it, but also because it is believed that it is an industry which always needs to be on the move and extremely reactive to competitive threats all the more so since it is particularly sensitive to economic conditions. What is more, this industry is particularly relevant to the topic, as it is filled with many established hotel firms and brands, which might need to readjust their positioning to keep

afloat on this competitive market. Examples such Best Western, Club Med, Crowne Plaza, Hilton, Radisson, and Starwood abound; however the recent repositioning case of Sofitel, Accor's high-end brand, is of particular interest due to the international scale of the repositioning and its company-wide strategic importance. It was thus chosen and studied in deep as part of the qualitative research conducted in this work.

It is important to note that the aim of the thesis was to look at the literature review and to put it into perspective with the case study of the recently repositioned brand Sofitel. The intention was not to draw on any generality from the case study but merely to shed light on some of the challenges that a firm, belonging to a certain industry, might experience when repositioning a brand, to see how they have dealt with them, to look at whether or not the findings of the case concord with the literature, and finally to draw, modestly, some potential managerial implications from the case.

Sofitel case is compelling in the way that it seems to gather many characteristics of the challenges that can be faced when repositioning a brand. To start with, the rationale behind this new strategy revealed the "pre-repositioning challenges" that Accor was facing and how repositioning the brand was part of an attempt to have a clearer positioning to avoid consumer confusion, as well as to tap into all segments of the hospitality industry. On a brand level, repositioning Sofitel was a response to the fact that there was a spotted growing demand for luxury hospitality, implying the presence of an opportunity to tap into a promising market until then unserved by Accor, as well as an anticipation of consumers' needs. The case showed how, by engaging in this repositioning, Sofitel managed to respond to inconsistencies that were present in its network – a dimension of particular importance in the hospitality industry – as well as to facilitate the signature of management contracts; both aspects combined together boosted the development of the brand's worldwide presence as well as benefited the brand by setting a clearer and more coherent identity, which further contributed to increasing the brand profitability.

Finding an adequate positioning was a further challenge tackled by Sofitel in an efficient manner since it decided to play on specific distinguishing attributes which no other luxury chain had put into place, as well as to launch two subbrands which aimed at focusing on two separate submarkets, until then underdeveloped and with a high potential for expansion. This strategy was particularly interesting as it allowed for Sofitel to focus on the main luxury

market and at the same time to explore new niche markets without risking causing too much damage to the main brand's perceived value.

As pointed out by the literature review, a main challenge when repositioning is to make sure that the new strategy delivers on the promises, which requires some internal organizational adaptations as well as a specific culture with a "supportive dominant logic" as Yakimov and Beverland (2006) point out. In the case of Sofitel, organizational changes were conducted at the same time that the repositioning decision was made and much attention was paid to Human Resources right from the start. It seems that in this case, management was fully aware of the need to shake things up. This logic allowed Sofitel to better leverage resources, to create a true luxury culture, to conduct some changes and to encourage information to flow through the firm, thereby allowing for the creation of awareness through the organization, getting the level of resistance to change at a low level, and thus having a successful implementation.

Offering consistency across the hotel chain was also of primary importance following the repositioning and Sofitel tackled this by reducing the number of hotels present in its network but also by redefining the brand's touchpoints and making sure that they were respected on a worldwide basis. An interesting strategy used by Sofitel is that in order to do so, the brand chose to emphasize on the country of origin effect – the French touch present all around the world – whilst leveraging some local specificities. It hereby made sure that there was a global standard across all hotels, leading to consistency and predictability, whilst at the same time leaving room for adaptation. In order to carry on further the consistency aspect of the brand, Sofitel also focused a lot on its employees, whether at the floor level or at the management level. Indeed in the hospitality industry, service is crucial and employees play a key role in delivering the promises of the brand.

Interestingly, although the literature pointed out that retaining the existing customer base and thus securing their permission was of importance, it seems, looking at the case of Sofitel, that it was not such a big issue for the brand. Management was aware of the potential loss of consumers, but went ahead with the repositioning.

In the light of the case study analysis, it seems that Sofitel has managed to face all the challenges potentially implied by repositioning in a successful manner; tangible results appear to all testify of this.

However, this perception of success is moderated by industry experts and the specialist press which all they seem to agree on the fact that the real challenge of repositioning, altering “the customers’ brand perceptions” as put by Trout and Rivkin (2009) has not yet quite fully been reached. Indeed it seems that it is still perceived as a high-end brand and not as a luxury brand, due to a too weak identity. It appears that the message of the repositioning has been sent across but that potential customers now have to see for themselves what the product really is about.

Two stances can be taken as it regards this last point. The first one is that there still is a lot of work to get to the end users’ perceptions. What is more, it has to be noted that building a luxury brand reputation is a lengthy process and that in comparison to other luxury brand players on the market, Sofitel is extremely new. As it takes a long time to modify the image and the perception of a brand, time is needed to conclude over whether or not Sofitel’s strategy can be deemed a success. The second stance is that Sofitel was on the right track but has returned to some old bad habits as pointed out by Hilton General Manager Patrick Filatre who previously worked with Sofitel. This last point is crucial as it could lead to much mitigated results concerning the brand repositioning in the long term and potentially to the erosion of the brand’s equity.

All in all, Sofitel is a complete case that sheds light on some interesting aspects of the challenges that can be faced when repositioning an international brand, and from which some valuable insights can be drawn.

It should however be noted that there are many limitations to this work.

To start with, external validity, concerned with the “generalizability of the study” (Holloway, I., 1997, p. 159), is not applicable to the research, as the work focused on one case study only and the conclusions are thus based on a limited number of observations.

What is more, by choosing to conduct the research doing interviews, it has to be recognized is that even though semi-guided interviews do have numerous advantages, they also present some weaknesses which need to be accounted for. They can indeed influence the quality of data gathered as the flexibility allowed “can result in substantially different responses from different perspectives, thus reducing the comparability of responses” (Patton, M., 2002, p. 349).

Furthermore, it has to be recognized that the quality of the data and thus of the research may also suffer from my lack of expertise in the subject tackled as well as with the conduct of case studies and interviews. In addition, it has often been claimed that qualitative research interviews lack objectivity and this has to be accounted for in the work. Indeed, as Merriam (2009, p. 14) stated, as qualitative studies emphasize on the crucial role of the researcher as a primary instrument, rather than trying to suppress the biases, it is important to “identify them and monitor them as to how they may be shaping the collection and interpretation of data”. To start with, it has to be recognized that the selection of the hotel firm and of the interviewees was made following some criteria which were set according to my own views. In fact, as Patton (2002, p. 229) pointed out, the “key issue in selecting and making decisions about the appropriate unit of analysis is to decide what it is you want to be able to say something about at the end of the study”; in my case, I was focused on the challenges experienced by firms repositioning their brands and I chose accordingly.

Second of all, the bias present during the interviews has to be recognized, especially as this is in general “due in particular to the human interaction inherent to the interview situation” (Kvale, S., 1996, p. 64). This is all the more so true as the interviews were not all conducted in the same language. One interview was indeed conducted in French and thus had to be translated it into English for the report. The degree of potential bias due to the translation obligations has to be recognized.

Finally, some degree of subjectivity might also be present in the report, as it has been shown that “the interpretational character of transcription is evident” (Kvale, S., 1996, p. 163).

Keeping these clear limitations in mind, it is nevertheless of interest to look at the managerial implications that can be drawn from the case, in spite of the lack of definite success as it regards to the change in the customers’ perception of the brand.

To start with, it appears that repositioning should be gradual whenever possible in order to avoid any radical and last minute turnaround. This means that management should be encouraged to constantly monitor market trends, in order to make sure that the brand portfolio is relevant as a whole and to anticipate consumers' needs so as to stay ahead of competition. When carried out, repositioning should make sure that there is a certain level of consistency and predictability across the brand, as, especially in the hospitality industry, it is a crucial point and a key differentiating attribute. These two dimensions contribute to the delivering on the brand's new promises, which implies several factors about which management should pay particular attention. Internal company's adaptations are in fact often needed; this implies that management should be aware of this and be ready to deliver on it. Furthermore, having a supportive dominant logic, that is a specific culture prone to change, adaptation and flexibility, as well as a particular way of conceptualizing the business, of being market sensitive and of making resources allocation, is of uttermost importance. This implies that management should reflect on their supportive dominant logic before carrying out any repositioning strategy and potentially identify weak and strong points and working on them. This area has room for further research; indeed, little has been said about the particularities of the supportive dominant logic concept in depth although it is considered key in repositioning and it could thus be of interest to investigate it more thoroughly so as to bring specific advice for firms wanting to reflect on it. Further managerial implications concern the fact that when modifying the brand's touchpoints and emphasizing on communication, management should also be aware of the importance of the degree of adaptation and standardization needed for their particular brand; Sofitel's emphasis on the "country of origin" also shed light on the fact that this can be considered out of date and that the brand really has to show what it means. Finally, Sofitel's repositioning has also emphasized the importance of having employees onboard, an aspect of specific importance in the service industry. This can and should be done by making sure that the information flows through the company and that enough training is provided.

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## VII. APPENDICES

### Appendix A

**Interview - Hospitality industry experts: Mr CHEKITAN DEV**

**Duration of the interview: N/A. Mr Dev filled the questionnaire himself.**

**Language used during the interview: English**

**General background information about the interviewee** Mr Dev is a former corporate executive with Oberoi Hotels & Resorts. He is now associate professor of Strategic Marketing and Brand Management at the Cornell School of Hotel Administration. His research has been published in several journals and has received many teaching excellence awards.

### Repositioning

1. **The repositioning decision** Would you say that it is generally a top-down decision or rather that it is a decision originating from bottom-up feedbacks?  
*Top-down.*
  
2. **Rationale behind brand repositioning** From what you have observed as an industry expert, would you say that the rationale behind most of the current brand repositioning is:
  - A response to a specific competitive threat (e.g. increasing and/or more innovative competition)
  - The modification of a brand that was unable to live up to its customers' expectations (e.g. negative customer feedback)
  - A response to new consumption trends/consumer needs
  - A specific strategic decision (e.g. repositioning in order to tap into a specific market segment or niche, repositioning the brand as superior on distinguishing attributes, becoming the leader in a category, repositioning of the whole brand portfolio...) *Yes.*

*In your opinion, what was the rationale behind Sofitel's repositioning?*

*Accord didn't have "luxury" brand in its portfolio;, so for them this is an attempt to change Sofitel into a luxury brand and to tap this segment.*

### **3. Type of repositioning**

Is repositioning in this industry generally more gradual, radical, or innovative? And why? *It is more gradual.*

In general does repositioning focus more on changing the emotional perception of the brand or on modifying the functional attributes of the service offered? Or both? *Both.*

*What would you say about Sofitel's case? I don't know enough details to comment.*

### **Potential challenges**

#### **1. Retaining the existing customers**

Would you say that retaining the existing customers is a big challenge for firms repositioning their brands? *Yes.*

Do you think that when a brand repositioning decision is made it takes into account the potential reactions of the existing customers? *Yes.*

If yes, could you please answer the following questions:

- How can customers' permission be secured? (by means of a survey, observations, customer feedbacks, a specific CRM program...)? *You have to involve them in the repositioning.*
- How can the brand's frame of reference be maintained to avoid any confusing situation? *You have to focus on evolution rather than on revolution.*

*In the case of Sofitel, do you know if this was an important issue and if so, how management dealt with it? I don't know.*

*What was the existing customers' reaction to the repositioning? (Any changes observed? e.g. a drop or an increase in frequentation, feedback...) I don't know.*

- 2. Delivering on the brand's new promises** How in your opinion can a firm manage to ensure that the brand would deliver on its new promises? *You have to closely tie repositioning to implementation before doing anything.*

### **Culture**

Does it require a specific culture favorable to change? *Yes, you need to have a flexible innovative culture.*

Does it require top management to have a special state of mind? Would you say that the way top management conceptualizes the business is crucial? *Usually repositioning accompanies change in top management or at least a change in brand management*

*What about Sofitel? I don't know.*

### **Organization**

Does repositioning require some organizational modifications? And if so, which departments are more likely to be concerned? *Yes, all departments are concerned.*

In your view, are organizational changes crucial to the success of repositioning? *Yes.*

*Are you aware of any organizational changes conducted at Sofitel? No.*

**The brand in its international context**

**1. Advantages of a global hotel brand** From the supply side: *Purchasing, development economies, negotiating with high volume buyers*

**2. Brand consistency** Would you say that brand consistency across markets is considered a primary objective? If yes, why? *Yes. It is important so that the promise is always the same.*

Do you think it is an important dimension in the customer's choice for the brand? Why? *Yes, predictability.*

Importance of creating a "sense of home", some degree of familiarity? Which kind of customers are more sensitive to this dimension (business travelers, leisure travelers...)? *It is important, for all types of customers, international business travelers, leisure travelers, repeat guests.*

Role of **employees** in brand consistency delivering: special training? Any programs/trainings to encourage them/make them understand the brand's promises?

*Yes their role is huge. It is in fact so important that you have to do internal repositioning first.*

*In your opinion, was Sofitel consistent before the repositioning? And after? I don't know.*

**3. Dealing with differences** Is adaptation/customization to fit the local markets' specificities important? *Very important.*

Looking at the industry in general, would you say that the hotel chains' offer is very standardized? *Yes.*

Or would you rather say that it varies a lot depending on the countries?

If this is the case, which elements of the brand are generally adapted?

***I don't think that the offers vary that much across countries.***

*In the case of Sofitel, the brand focuses on maintaining a specific standard (emphasizing on its French origins) whilst making sure to adapt its offer to the local specificities. What is your opinion on this strategy? Do you think it is a "recipe" for success?*

***It could be depending on how it is done.***

**Concluding  
thoughts on  
Sofitel**

*Do you deem the repositioning an overall success?*

*In your view does the brand have a sound international presence?*

***I don't know.***

## Appendix B

### Interview - Hospitality industry experts: Ms TEA ROS

**Duration of the interview: 50 minutes**

**Language used during the interview: English**

**General background information about the interviewee** Ms Ros started by working on the operational side of the hospitality industry; she then went on the consulting side when she worked with Jones Lang LaSalle Hotels in Asia Pacific and TRI Hospitality Consulting in the Middle East. She founded Strategic Hotel Consulting, based in Switzerland, in 2009. The firm is specialized in strategic management and planning, hotel assessment, restructuring and repositioning analysis, market opportunity assessments, raising equity and asset management. She has advised big names such as Mandarin Oriental, Four Seasons, Starwood, InterContinental, Marriott, Hilton, Hyatt and many more.

### Repositioning

1. **The repositioning decision** Would you say that it is generally a top-down decision or rather that it is a decision originating from bottom-up feedbacks?  
*It is definitely both. Feedbacks coming from the operational, the ground level, can initiate the repositioning idea, as they can, for example, reflect the requirement of the market for something else. But then the decision to reposition and the strategic involvement behind comes from the top and is imposed on the ground level.*
2. **Rationale behind brand repositioning** From what you have observed as an industry expert, would you say that the rationale behind most of the current brand repositioning is:
  - A response to a specific competitive threat (e.g. increasing and/or more innovative competition)
  - The modification of a brand that was unable to live up to its customers' expectations (e.g. negative customer feedback)

- A response to new consumption trends/consumer needs
- A specific strategic decision (e.g. repositioning in order to tap into a specific market segment or niche, repositioning the brand as superior on distinguishing attributes, becoming the leader in a category, repositioning of the whole brand portfolio...)

*It can be a little bit of a combination of everything that you have just mentioned really. But from what I have seen it is often comes from changing trends, consumer behavior, and demand dynamics. So you have the demand side which plays a key role and of course the supply side which intensifies this; by that I mean that if things are changing on the demand side (i.e. competition changing its position) then you want to match it.*

*But it is very case specific. Sometimes repositioning takes place because you have too many brands and it is just too confusing for people.*

*In your opinion, what was the rationale behind Sofitel's repositioning? I am not very familiar with Sofitel's strategy so I don't know.*

### 3. Type of repositioning

Is repositioning in this industry generally more gradual, radical, or innovative? And why?

*It very much depends on the strategy. Sometimes owners follow up with market dynamics and conduct surveys to make sure that their offer matches with the market. If they do that then they generally adjust their brands on a gradual basis.*

*Some other owners just wake up one day realizing that their offer is out of date so to say and then have to radically change everything. In that sense it is more of a brand turnaround, and a change in concept. That is a very risky strategy; it involves doing a lot of research.*

In general does repositioning focus more on changing the emotional perception of the brand or on modifying the functional attributes of

the service offered? Or both?

*In most cases you are looking at doing both. But I would say that first you would focus on changing the functional attributes (looking at the feasibility, the financial feasibility too) and then link that with the emotional side. However that being said, you don't necessarily always change the product itself; you can just change the perceptions by playing with the logo, the name, the marketing really. Sometimes the marketing side is not strong enough or incorrect and does not send out the right message; so you can conduct small changes to the product and then do main changes within the marketing itself. Marketing is extremely important in repositioning, it has to match the product. It goes hand in hand with it.*

What would you say about Sofitel's case?

*I don't know exactly, but I think Sofitel is still going through changing the perception. The message is going out, but people need to see what the changes in the product are really about. There is still a lot of work to do to get to the end users' perceptions.*

## Potential challenges

1. **Retaining the existing customers**

Would you say that retaining the existing customers is a big challenge for firms repositioning their brands?

*If you can reposition and keep your existing client base this is fantastic. But sometimes repositioning has to be done in a way that can't appeal to the existing customers. Recently for example I did a project which involved repositioning a hotel that was focused on leisure to a conference hotel; clearly in that case you can't retain your customer base. But it is what the market called for. You have to keep in mind that you can't attract all the demand segments you would want! Sometimes the changes needed are more of a turnaround and there is no way you can appeal to everyone. You*

*can't please everybody.*

Do you think that when a brand repositioning decision is made it takes into account the potential reactions of the existing customers?

*Yes, but then it is a matter of choice and of fitting the offer to the demand spotted.*

If yes, could you please answer the following questions:

- How can customers' permission be secured? (by means of a survey, observations, customer feedbacks, a specific CRM program...)?

*You can do survey, observations, take feedbacks into account. All of this should be taken into consideration to keep up with market demand and requirements.*

- How can the brand's frame of reference be maintained to avoid any confusing situation?

*You can definitely use different customer channels to inform your customers beforehand that you are going to reposition. You can for example pre- inform them by email of what is being done. This will increase the level of acceptance. Otherwise if you change everything without warning your customers this might make them very upset. So I think you should inform your customers beforehand before making everything public.*

*In the case of Sofitel, do you know if this was an important issue and if so, how management dealt with it? I don't know.*

*What was the existing customers' reaction to the repositioning? (Any changes observed? e.g. a drop or an increase in frequentation, feedback...) I don't know.*

### 3. Delivering on

How in your opinion can a firm manage to ensure that the brand

**the brand's new promises** would deliver on its new promises? *You have to be flexible.*

### **Culture**

Does it require a specific culture favorable to change?

*It is important to be open-minded, flexible and not too hierarchical. But I think that is true for every kind of change conducted.*

Does it require top management to have a special state of mind? Would you say that the way top management conceptualizes the business is crucial?

*Yes definitely. It is also extremely important for top management to make sure that the information flows within the company in an efficient manner and that all levels are aware of the change. Repositioning can't just be a decision made in the board room. The guys on the floor are the ones who will deliver in the end. So they have to be informed and trained.*

What about Sofitel?

*The thing I know about Sofitel is that since it is such a huge organization, and since they have a large staff base, it makes things harder. So they probably need a lot of awareness raising, spreading the message across the organization and training.*

### **Organization**

Does repositioning require some organizational modifications? And if so, which departments are more likely to be concerned?

*That depends on the level of change conducted. But in general I would say that in most cases, changes are required. I would say that in almost all cases, changes will be done at the HR level and with the emphasis on training to make sure that the repositioning is following through. Marketing too will be changed, depending again on the degree of change conducted.*

In your view, are organizational changes crucial to the success of repositioning? *Yes they are.*

*Are you aware of any organizational changes conducted at Sofitel?*

*I don't know.*

### **The brand in its international context**

- 4. Advantages of a global hotel brand**

From the supply side: *economies of scale, definitely, and customer recognition.*

From the customers' side: *loyalty. Customers know what they are going to get, but that is in an ideal world, that is the philosophy behind it. I would say that things are getting better and that we see more brands matching the expectations of regional and global travelers.*

- 5. Brand consistency**

Would you say that brand consistency across markets is considered a primary objective? If yes, why?

*Yes it is important, but again that is in an ideal world. Consistency is getting better, but that again depends on the brand. It is hard and challenging. I think you need some degree of flexibility to suit the market you target. So the level of standard should be the same, so as to maintain a basic level, but then region dependent you have to add some extra elements.*

Do you think it is an important dimension in the customer's choice for the brand? Why? *Yes, it makes their decision easier.*

Importance of creating a "sense of home", some degree of familiarity? Which kind of customers are more sensitive to this dimension (business travelers, leisure travelers...)? *Creating some*

*familiarity is important, to all kinds of travelers.*

Role of **employees** in brand consistency delivering: special training? Any programs/trainings to encourage them/make them understand the brand's promises? *Employees are essential; at the end of the day, they are the first people who will deliver the brand message. You have to make sure that the service is correctly placed and matches the new image. They have to be very well informed (what repositioning? Why are we repositioning? How are we doing it? Will it change anything for me?). You have to get every employee on board and to make them understand and accept the change.*

*In your opinion, was Sofitel consistent before the repositioning? And after? Sofitel was not consistent, but to be honest most brands of that size are not. There were and still are some inconsistencies I am sure. It is however getting better.*

**6. Dealing with differences**

Is adaptation/customization to fit the local markets' specificities important? *These adaptations are crucial. You can offer a base product but you will always have to adapt it. You will have some degree of change. In the Middle East for example, you need to have a prayer room in your hotel; it does not take anything away from your brand, you are just adding a local standard. Still looking at the Middle East, you might also need to be aware of cultural sensitivities; for example you might want to add a women only floor and have only women waitresses in some areas. So all in all you have to fit the local cultural requirements.*

Looking at the industry in general, would you say that the hotel chains' offer is very standardized? *It intends to be that way, but it is not really feasible.*

Or would you rather say that it varies a lot depending on the

countries? If this is the case, which elements of the brand are generally adapted? *That is very case dependent. The degree of variation depends on the countries you are in.*

*In the case of Sofitel, the brand focuses on maintaining a specific standard (emphasizing on its French origins) whilst making sure to adapt its offer to the local specificities. What is your opinion on this strategy? Do you think it is a “recipe” for success? I think it is an old trick really. The same goes with Swiss hotels, they advertise that they are Swiss, but what is it in the end? “Frenchness” in this regards, tries to be synonym for high-end, prestige, sophistication...but you can’t rely on that! The days are gone when you could rely on this sort of perception. But you can however play with it and deliver on it. If you can deliver then you are fine. But you need to be specific about what it is that’s so French about your hotels. You have to play with the intangible idea and deliver on the tangible aspects.*

**Concluding  
thoughts on Sofitel**

*Do you deem the repositioning an overall success? In your view does the brand have a sound international presence? It is too early to say; the idea is good but you have to wait and see. If you look at some other hotels such as the 4 seasons, they have been working on delivering a luxury message for decades! The issue is to see how they are going to deliver on that in the end. I personally think that the message hasn’t quite gone through yet and that a lot of people haven’t perceived the change in the message yet.*

## Appendix C

### Interview – General Managers : Mr PATRICK FILATRE

Duration of the interview: 35 minutes

Language used during the interview: English

**General background information about the interviewee** Mr Filatre is General Manager at Hilton Suite Chicago/Magnificent Mile. He previously worked as a General Manager of Sofitel Chicago Water Tower (2001-2009), as Sofitel Regional VP (2006-2007), as a General Manager and Regional Manager of Sofitel Chicago O’Hare (1998-2001) and as a General Manager of Sofitel Minneapolis (1995-1997).

### Repositioning

**1. The repositioning decision** When was the decision taken? *I don’t have the exact date but I think the decision was taken sometime in 2003/2004.*

Do you feel that the decision was justified? Why?

*Yes it was justified for the simple reason that Sofitel’s identity was very unclear and very different depending on each hotel or country.*

**2. Rationale behind the brand repositioning** From your point of view, do you feel that:

- there was a specific competitive threat (e.g. increasing and/or more innovative competition). *Sofitel did not have a good positioning or recognition which made it difficult for Accor to sign on new management contracts.*
- the brand was unable to live up to its customers’ expectations (e.g. negative customer feedback). *There is no doubt in my mind that the inconsistency in the Sofitel network was creating confusion with the customers and it was having a negative impact on the profitability of the brand.*

- there were new consumption trends/consumer needs spotted  
*The upper upscale hotel market was starting to feel the impact of trendy boutique hotel groups as guests started to look more for an experience and not simply a hotel room.*
- any other reason that could have justified the decision?  
*The need to change and create a clear identity in order to survive in a very competitive market.*

### 3. Type of repositioning

Would you say that the repositioning focused more on changing the emotional perception of the brand or the functional attributes of the service offered? *The repositioning had to focus on both, it is impossible to change the emotional perception of a brand if the physical aspect of the brand has not changed. Guest needs very visible signs of change to awaken them to the emotional aspect of the experience and create memories that will make them remember the brand and make them want to come back to the brand.*

### 4. The brand's touchpoints

Which **touchpoints** were modified? (i.e. the various ways in which a brand interacts with and makes an impression on customers)

- **Pre-purchase touchpoints?** (e.g. advertising, incentives, deals, promotions...) *The entire imagery was changed, new pictures were taken, new advertising campaign, new website.....*

In your view, did **communication** (through advertising, media coverage etc) play a key role in the repositioning strategy? *Yes it does but the physical product has to deliver on the expectations created by the new communication. Ideally, the final product and the guest experience should exceed what the guest has imagined in his/her head in order to create extreme satisfaction that will translate into loyalty.*

Were you involved in the conduct of any of those changes? If yes,

what did you do? *I had the pleasure and the privilege to be part of the task force that worked on this project and created the new service standards for Sofitel. The hotel at which I was the GM was the test hotel to implement these new standards.*

- **Purchase touchpoints?**

What tangible changes did you have to make in your hotel? (Changes in the rooms, the lobby, the restaurant, the spa facilities...). *Each hotel had different needs and all areas of the hotel were touched in one way or another in order to meet the new positioning. Out of 250 Sofitel that were in the network, only 130 (approximately) were left in the Sofitel Network after the repositioning.*

What intangible changes did you have to make? (Atmosphere – light, music...- , F&B...) *In addition to the hotel infrastructure we focused on all the elements that create an emotional connection to the guest. We created new offerings in F&B, changed music, flowers, added candles at night, modified lighting, change music in relation to the time of the day.....*

Did you have to implement specific employee training to satisfy the new brand's requirement? *Yes we had to implement new training for all employees and managers.*

- **Post-purchase touchpoints?** (e.g. loyalty programs, newsletters...) *The loyalty program was made more attractive and rebranded.*

Were you involved in the conduct of any of those changes? If yes, what did you do? *Yes as a member of the task force and as a GM.*

## Potential challenges

2. **Customers** In your view, did the brand repositioning decision take into account the potential reactions of the existing customers? *Yes and it was clearly understood that some guest would leave the brand as they would not want to pay the prices that were linked to the changes.*

Did you notice any change in the existing customers' habits after the repositioning? (negative/positive feedback...) *It is difficult to say as my hotel was actually positioned from the day of its opening in what the new Sofitel positioning was. It is fair to say that we started to see a clientele with higher expectations and a clientele that understood luxury.*

Have you noticed an increase in the frequentation of your hotel since the repositioning? *We saw an increase on the number of guest signed on to the loyalty program which shows an interest of the guests to stay with us.*

3. **Delivering on the brand new promises** How in your opinion did Soluxury HMC-Sofitel manage to ensure that the brand would deliver on the new promises? *The brand had very good training that created a sense of pride, understanding and a buy-in from all at every level of the organization.*

### Culture

Do you think that Soluxury HMC-Sofitel has a specific culture favorable to change? A specific state of mind of management?

*Sofitel is an organization that is used to change, the key of success is how change is presented and how much support is given to achieve the needed changes. Sometime organization can be short on the means to achieve the expected results.*

**Organization**

Did the repositioning require some organizational modifications within your hotel? *Yes, we had to add a few new positions created.*

If so, were these changes crucial to the success of the repositioning?  
*For the most part, changes are crucial in supporting repositioning, if we don't have changes, things will stay the same.*

**4. Concluding thoughts**

In your view, what were the main difficulties in conducting the repositioning?

*The most difficult part of conducting the repositioning is the impatience of the brand to see financial results (the expectation of immediate "gratification".....it takes a long time to change the image and perception of a brand. It is also difficult to get all the hotels to improve at the same speed and reach the same level of service.*

Do you deem the repositioning an overall success?

*My perception is that we were on the right tract but the financial crisis and the impatience in wanting quick financial improvement has returned the brand to some of its old bad habits.*

## Appendix D

**Interview – General Managers : Mr PIERRE-LOUIS RENO**

**Duration of the interview: 20 minutes**

**Language used during the interview: French**

**General background information about the interviewee** Mr Renou is currently the General Manager of Sofitel Washington DC Lafayette Square. Previously he worked as a General Manager for Sofitel Los Angeles (2007-2009) and as a General Manager for Sofitel San Francisco Bay (2008-2009). Before that he also acted as Executive Assistant Manager of Sofitel St James in London (2005-2007) and as Hotel Manager Hilton London Mews (2005) and Hilton London Paddington (2003-2005).

## Repositioning

**5. The repositioning decision** Do you feel that the decision was justified? Why? *Yes it was justified.*

**6. Rationale behind the brand repositioning** From your point of view, do you feel that:

- there was a specific competitive threat (e.g. increasing and/or more innovative competition).
- the brand was unable to live up to its customers' expectations (e.g. negative customer feedback).
- there were new consumption trends/consumer needs spotted
- any other reason that could have justified the decision?

*Actually the repositioning was more of an Accor project than a Sofitel project. Accor decided to reposition all of its brands to be more precise in their positionings. As far as Sofitel is concerned, the aim was to turn it into a luxury brand and to make it more uniform across countries; this is not the case for competition. So uniformity was important to ensure consistency and distinguish ourselves from*

*competitors (being InterContinental, Westin...).*

**7. Type of repositioning**

Would you say that the repositioning focused more on changing the emotional perception of the brand or the functional attributes of the service offered? *Both, of course. We have worked on the operational sides, on a lot of touchpoints, on standards, on structures. All these elements allowed us to create a base for marketing. Both go hand in hand.*

**8. The brand's touchpoints**

Which **touchpoints** were modified? (i.e. the various ways in which a brand interacts with and makes an impression on customers)

- **Pre-purchase touchpoints?** (e.g. advertising, incentives, deals, promotions...)

In your view, did **communication** (through advertising, media coverage etc) play a key role in the repositioning strategy?

Were you involved in the conduct of any of those changes? If yes, what did you do?

- **Purchase touchpoints?**

What tangible changes did you have to make in your hotel? (Changes in the rooms, the lobby, the restaurant, the spa facilities...). What intangible changes did you have to make? (Atmosphere – light, music...-, F&B...)

*All the operational standards were modified; a lot of touchpoints were changed such as scents, candles, music...all these elements can be found in every Sofitel around the world. They allow the client to perceive the “Sofitel attitude”.*

Did you have to implement specific employee training to satisfy the new brand's requirement?

*There was an international training system put in place. Every brand ambassador, every employee had to go through training about grooming, attitude, luxury orientation...*

*Currently there is a new training program being put into place to*

*impregnate ambassadors with the brand spirit.*

*All the trainings are intended for 100% of the employees.*

- **Post-purchase touchpoints?** (e.g. loyalty programs, newsletters...)

Were you involved in the conduct of any of those changes? If yes, what did you do?

## Potential challenges

- 4. Customers** In your view, did the brand repositioning decision take into account the potential reactions of the existing customers? *The fact that some customers would change was expected.*

Did you prewarn your existing customers of the change? *No, they go to know about it when it went public. Everything was launched at the same time.*

Did you notice any change in the existing customers' habits after the repositioning? (negative/positive feedback...) *Some customers left, some joined.*

Have you noticed an increase in the frequentation of your hotel since the repositioning?

- 5. Delivering on the brand new promises** How in your opinion did Soluxury HMC-Sofitel manage to ensure that the brand would deliver on the new promises?

### **Culture**

Do you think that Soluxury HMC-Sofitel has a specific culture favorable to change? A specific state of mind of management? *I don't know about that but what I can say is that there was no resistance to change at all.*

### **Organization**

Did the repositioning require some organizational modifications within your hotel?

If so, were these changes crucial to the success of the repositioning?

*Some changes happened, naturally. There weren't any changes made. The adjustments just happened. As far as HR is concerned, some new talents were recruited, we had more demand, and there was a turnover. But there was not any active reshuffling decision taken.*

### **5. Concluding thoughts**

In your view, what were the main difficulties in conducting the repositioning? *The main difficulty was to explain to the owners of the hotels that they had to conduct the repositioning, since it involves a lot of investments. There was a bit of resistance here. Some hotels had to be changed into a different Accor brand, and that was also tricky to explain to the owners. Some others just had to leave.*

Do you deem the repositioning an overall success?

*I think that the repositioning is a huge success. I personally admire the teams that conducted this project, they did it extremely rapidly and well especially if we take into consideration the crisis.*

*There are very straightforward and reliable ways to gauge the success: performance indicators and market share indicators which are communicated to and available in every hotel every day. These indicators are more or less similar for every single brand in the world, so it allows for comparison; and I can tell you that ours are progressing faster than competition. There are also employee satisfaction questionnaires. From that point, these indicators are reliable, you can compare to competition and it's easy to see that we have succeeded. Some other indicators are also used, which are less tangible, such as the number of awards received, media coverage etc. There is also our loyalty program, which has had an*

*exceptional success. However, you have to be careful with that as it is only 2 and a half years old and, it is normal for a loyalty program to perform well during the first 3 to 4 years.*