Original Article

How extended hotel brands affect the Lodging Portfolio

Received (in revised form): 7th May 2010

David J. Kwun

is an assistant professor at the Rosen College of Hospitality Management, University of Central Florida. His general area of research interest is in Hospitality Marketing, Consumer Behavior and Brand Management. His current emphasis is related to brand extension evaluation, brand personality positioning and experiential consumption in the Hospitality and Tourism industry. He is the author of numerous refereed research papers in scholarly journals and national/international conferences. He also serves as a reviewer for a number of hospitality/tourism research journals and conferences.

ABSTRACT The objective of this study was to evaluate the effects of extended hotel brands on its lodging brand portfolio. The research framework examines the effects of perceived quality and brand effects on attitudes toward extended brands, and subsequently on attitudes toward a lodging portfolio. Results showed that perceived quality, brand class and brand reputation were important in consumer evaluation of brand attitude toward extended brands. In addition, fit and familiarity seemed to be important variables of consumers' attitude formation that moderates the attitude transferability between a brand portfolio and its extended brands. This article shows that hotel companies need to clearly understand how consumers perceive extended brands and its effects on a lodging portfolio for an effective brand portfolio management. The principle contribution of this article is that it provides the importance of holistic management strategy and its competitive advantages in brand portfolio management in the lodging industry.

Journal of Retail & Leisure Property (2010) **9**, 179–191.

doi:10.1057/rlp.2010.7

Keywords: brand portfolio management; hotel; fit; familiarity; quality; brand effects

INTRODUCTION

Brand extension has been described as a guiding strategy for strategic growth for many firms in leveraging strength of a well-established brand. Hence, many leading companies have capitalized on the benefits of existing brands by initiating effective brand extension strategies (for example, Tauber, 1981; Aaker and Keller, 1990). The US lodging industry has experienced a rapid growth with an explosion of new brands for the last several decades. Lodging companies had to continuously redefine their target market and differentiate their product offering for sustained growth, mainly through initiating brand extension and/or mergers and acquisition strategies. Consequently, major lodging

Correspondence: David J. Kwun
Rosen College of Hospitality
Management, University of Central
Florida, 9907 Universal
Boulevard, USA
E-mail: dkwun@mail.ucf.edu

companies generated a proliferation of newcomers, and profusion of hotel brands gained at least some of the market share, accentuating the importance of a reliable and consistent hotel brand (Forgacs, 2006). One of the major trends in this aspect is that a small number of major lodging companies have been developing several different brands under their corporate brand and/or major parent brand and forming brand portfolios (that is, lodging portfolio).

Many studies insist that the concentration of valuable hotel brands in a few major companies' brand portfolios will be one of the paradigms that will change the fundamental structure of the lodging industry (Koonce, 1998; Nardozza, 1998; Cline, 2002; Haussman, 2002). On the basis of these current trends, it is important to understand the competitive advantages of brand portfolios in the lodging industry in which forming brand portfolio is already a major trend. Hence, the objective of this study is to understand the effects of extended brands on lodging brand portfolios. Specifically, the framework examines the effects of brand effects and perceived quality on attitudes toward extended brands, and subsequently on attitudes toward a lodging portfolio. This study recognizes that a greater understanding of brand effects, perceived quality and attitude toward extended brands is needed to assist management in ensuring the competitive performance of lodging portfolio.

BRAND PORTFOLIO MANAGEMENT

The relationship between individual brands and corporate brand portfolio has attracted increasing attention from both industry professionals and researchers (Loken and Roedder-John, 1993; Cline, 2002; Dacin and Brown, 2006; Haussman, 2002; Laforet and Saunders, 2005; Varadarajan *et al*, 2006). This interest has been very relevant in the lodging industry, in which leading corporations have been adding more brands to their portfolios. The ongoing mergers and acquisitions and industry consolidation in the hospitality and tourism industry in general call for an understanding of the relationships between individual brands and brand portfolio. One key challenge in brand portfolio management is getting the most from the existing brands by managing brands within the same brand portfolio. Barwise and Robertson (1992) insist that primary reasons for forming brand portfolios are to expand into various geographic locations and segments, diversify financial risks, achieve economies of scale, enhance effectiveness and efficiency in marketing and operations, and lower overall costs of capital. Petromilli, Morison, and Million (2002) persist that 'direct and indirect links or synergies between brands experienced in a similar context can present the greatest opportunity to increase the value of individual brands and of the overall portfolio' (p. 23). Similarly, Pierce and Moukanas (2002) stress holistic portfolio strategies because individual brands within a portfolio become more powerful when they are interrelated.

The US lodging industry has experienced a rapid growth with an explosion of new brands that have led to increased competition and market saturation. There were around 285 hotel brands around the world in 2006, which makes it difficult for consumers to evaluate, especially among those hotels within a similar price range (Kim, 2008). Trivedi

and Morgan (1996) investigate the brand-specific heterogeneity and market-level brand switching among various different product categories. Results indicate that all product categories that had a clear market share leader showed a strong market leader effect, especially within the hotel chain. The result emphasizes the importance of lodging portfolio management because most of valuable hotel brands are already concentrated within a few major lodging companies. Currently, the number of hotel and lodging brands for major companies varies from less than 10 brands such as Intercontinental Hotel Group and Starwood Hotels and Resorts Worldwide to close to 20 brands such as Wyndham Worldwide and Marriott Corporation (see Table 1). These lodging companies have become leaders in the market and gained competitive advantages by possessing a number of highly demanded hotel brands and forming dominant lodging portfolios.

Effective management of brand portfolios is gaining much attention in the lodging industry. While large lodging companies are expected to get larger (Haussman, 2002), consolidation will be continuously impacting the structure of the lodging industry (for example, Nardoza, 1998; Cline, 2002). Koonce (1998) asserts that concentration of valuable hotel brands in a few major companies' brand portfolios will be one of the paradigms that will change the fundamental configuration of the lodging industry. The current trend in lifestyle hotel brand, which was heavily influenced by Starwood Hotels and Resorts Worldwide with their W Hotel, Aloft

Table 1: Lodging portfolio composition of major brands

<i>Lodging Companies</i>	<i>Brand Portfolio</i>
Inter-Continental Hotel Group	Candlewood, Crowne Plaza, Holiday Inn, Holiday Inn Express, Hotel Indigo, Inter Continental, Staybridge Suites
Wyndham Worldwide	Wyndham Hotels and Resorts, Ramada, Days Inn, Super 8, Wingate by Wyndham, Baymont Inn & Suites, Microtel Inns and Suites, Hawthorn Suites by Wyndham, Howard Johnson, Travelodge, Knights Inn, Wyndham Vacation Resorts, WorldMark by Wyndham
Marriott International, Inc.	Marriott Hotels & Resorts, JW Marriott Hotels & Resorts, Renaissance Hotels & Resorts, EDITION Hotels, Autograph Collection Hotels & Resorts, Courtyard by Marriott, Residence Inn by Marriott, Fairfield Inn & Suites by Marriott, Marriott Conference Centers, TownePlace Suites by Marriott, SpringHill Suites by Marriott, Marriott Vacation Club, The Ritz-Carlton Hotel Company, L.L.C., The Ritz-Carlton Destination Club, Marriott ExecuStay, Marriott Executive Apartments, Grand Residences by Marriott
Hyatt	Park Hyatt, Andaz, Grand Hyatt, Hyatt Regency, Hyatt Place, Hyatt Summerfield Suites, Hyatt Resorts, Hyatt Vacation Club
Choice Hotels International, Inc.	Comfort Inn, Comfort Suites, Quality, Sleep Inn, Clarion, Cambria Suites, MainStay Suites, Suburban Extended Stay Hotel, Econo Lodge, Rodeway Inn, Ascend Collections
Hilton Worldwide	Conrad, Doubletree, Doubletree Club, Embassy Suites, Embassy Vacation Resort, Hampton Inn, Hampton Inn Suites, Hilton, Hilton Garden Inn, Homewood Suites & Scandic Hotel, Waldorf Astoria, Home2 Suites, Hilton Grand Vacations
Starwood Hotels & Resorts Worldwide	St Regis, The Luxury Collection, W Hotels, Westin Hotels, Le Méridien, Sheraton, Four Points, Aloft, Element

and Elements, is generating many more hotel brands in this segment than other major lodging corporations. In addition, advanced technology, consolidated distribution systems and the impact of the Internet and websites on operations are accelerating consolidation efforts in the lodging industry. Correspondingly, most leading lodging companies tend to reallocate their resources on how to develop and add further value to their existing and inherited brands in their lodging portfolios (Nardoza, 1998).

In general, prior studies provide mixed results for both positive and negative effects of lodging portfolios. Enz *et al* (1999) assert that increased variety in products leads to a higher market share and higher profit as long as the cost impact of expansion is carefully assessed by hotel companies. In addition, effects of consolidation and mass branding seem to generate an immediate positive short-term increase in shareholder value for their parent companies ('Upscale hotels will', 1999). Recent reports claim several negative effects of forming and managing brand portfolios. Haussman (2002) argues that lodging companies that possess multiple brand products clustered in the same corporate programs result in a decreasing value proposition (for example, increasing operational costs but declining service delivery quality) for the hotel owners and franchisees. Similarly, mass branding could decrease the quality of services as it tends not to promote personalized services expected by guests ('Upscale hotels will', 1999).

RESEARCH BACKGROUND

Previous studies show mixed findings about the effects of new information on parent brand's evaluations. It has been suggested by a number of researchers that an inappropriate brand extension, in particular, could create damaging associations that may be very difficult for a company to overcome (Aaker, 1990; Dacin and Smith, 1994). In contrast, a number of researchers posit that there are no dilution effects or positive effects that fortify and enhance the image of the parent brand and its extensions (Keller and Aaker, 1992). This study suggests that stimulus information of perceived quality and brand effects (that is, brand reputation, brand class and brand awareness) will have an impact on attitudes toward extended brand (that is, brand attitude), and consequently on attitudes toward a lodging brand portfolio (that is, portfolio attitude). Furthermore, familiarity and fit between extended hotel brands and lodging brand portfolio is expected to moderate the evaluation process (See Figure 1).

Perceived quality

Perceived quality in this study is defined as the customer's perception of the overall quality or superiority of a product or service with respect to intended purpose, relative to alternatives (Zeithaml, 1988). Quality has been identified as one of the most important factors related to the strength of a parent brand and overall brand attitude (Helloufs and Jacobson, 1999). Aaker and Keller (1990) insist that perceived quality is a bottom-line measure of the impact of a brand identity and reflects a measure of goodness that spreads over all elements of the brand. In general, the use of the well-established brand name in brand extension strategy indicates the consumer's evaluation about the quality of a new product for the new

Figure 1: Research framework.

extension product. Previous research revealed a positive relation between the product quality of a parent brand and evaluations of its extensions (Aaker and Keller, 1990; Sunde and Brodie, 1993).

Brand effects

Brand can be defined as 'a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and differentiate them from those of competitors' (Kotler, 1997, p. 442). Gardner and Levy (1955) assert that a brand name informs consumers about the body of associations that has been built and acquired as a public object over a period of time, such as attitudes, a set of ideas and feelings that consumers have about brands. Introducing a new brand typically has a high failure rate and requires a huge investment. Hence, many firms have relied on established brand names to enter new markets and grow successfully.

For the purpose of this study, brand name effects for the extended hotel brands are separated into brand awareness, brand class and brand reputation for more defined investigations. Brand reputation has been identified to be an important construct that affects consumer behaviors (for example, Brown and Dacin, 1997). *Brand reputation* in this study is viewed as the overall impression and perception of an extended hotel brand. A favorable brand reputation provides a basis for differentiation and positioning of a product from those of competitors, as well as creates positive attitudes and feeling toward the brand (Aaker, 1990). While *brand class* refers to the level of the product class that customers perceive toward a hotel brand, ranged from very low to very high class (Oh, 2000), *brand awareness* refers to brand recognition and aided awareness (Keller, 1993; Laurent *et al.*, 1995). Oh (2000) claims that brand class and brand awareness need to be distinct because these may not only have different effect on consumer's evaluation toward hotel brands but also cause confounding effects that may reduce the causal relationship among brand effects. Prior studies state that high brand awareness increases the probability that the brand will be purchased because the brand is positioned in the consumer's evoked set.

Brand attitude

The concept of attitude occupies a central role in explaining consumers' behavior. Consumers generally prefer an extended product introduced from comparatively well-liked brands. One of the major purposes for initiating a brand extension strategy is to take advantage by leveraging the favorable attitude of its brands to other products. Although the literature has used a variety of definitions for extensions, this study defines extensions as the general term describing both brand and line extensions in a lodging portfolio that is consistent with Aaker and Keller (1990). Although brand extension seems to be an attractive strategy that provides competitive advantages in the marketplace, managers need to be aware of its potential risks. Buday (1989) observes that 'each new introduction under a parent brand umbrella forces the consumers to redefine what the name stands for' (p. 29). Gürhan-Canli and Maheswaran (1998) assert that monitoring brand name dilution or enhancement is one of managers' critical tasks to avoid negative perceptions as well as to enhance existing equity associated with a brand. This study measures both attitude toward brand extensions and toward the brand portfolio. Brand attitude toward the lodging portfolio (that is, Parent brand – PB) refers to an overall evaluation of a lodging brand portfolio, whereas brand attitude toward an extended brand (that is, Extended Brand – EB) refers to an overall evaluation of the extended brand.

Fit and familiarity

On the basis of related literature, this study suggests that familiarity and fit may moderate the transfer of favorable attitudes toward extended hotel brands to the lodging brand portfolio. Prior studies indicate that consumers who have high familiarity with products process information and evaluate these products differently from those who are less familiar. Consumers who have high familiarity with a product effectively categorize information and develop knowledge structure compared to less familiar ones (for example, Cohen and Basu, 1987). Therefore, attitude transferability between extended hotel brands and a lodging portfolio may be different, depending on how familiar consumers are with the relationship between the brand portfolio and its brands. In addition, perceived fit between a parent brand and its extended brand is important for transferring brand attitude between those two (for example, Aaker and Keller, 1990; Dawar, 1996). Previous studies define fit as the degree to which consumers view the extension brand as being similar to the existing product affiliated with the brand (for example, Aaker and Keller, 1990). That is, transfer of positive attitude depends on how well an extended product is perceived to represent the parent brand. This study views fit as the similarity and interrelationship among products in the same brand portfolio. Specifically, it is operationalized as similarity and consistency between a brand portfolio and its extended brands.

RESEARCH METHODOLOGY

The current study used a survey method based on non-experimental research design. Existing rather than fictitious hotel brands were explored so that the lodging brand portfolios could activate the genuine brand

effect and associations. Four hotel brands from two lodging portfolios, which have diversified many hotel brands into different market segments of the industry, were included as sample products. The sample for this study included faculty and professional and scientific staff members randomly drawn from a large University. Four versions of the questionnaire were prepared, and each customized for the four hotel brands; the items were structured identically for all versions. The questionnaire was composed of measurement items that were used in the literature or slightly modified for the purpose of this study using seven-point scales (for example, Zeithaml, 1988; Aaker and Keller, 1990; Selnes, 1993; Dacin and Smith, 1994; Laurent *et al*, 1995; Laroche *et al*, 1996; Oh, 2000). Table 1 summarizes the number of items and measurement for each construct.

Multiple regression analysis was used to test the proposed research framework. Moderating effects of familiarity and fit were analyzed by including them as separate independent variables in the regression equations (Cohen and Cohen, 1983). To reduce the effects of multicollinearity, the independent variables were mean-centered, as described by Cronbach (1987). Before the main multiple regression analyses, further consideration was given to mediating effects of perceived quality and attitude toward extended hotel brand. To this end, mediating effects were analyzed on the basis of the sequence that was proposed by Baron and Kenny (1986): (1) regress the mediators on the independent variables; (2) regress the dependent variables on the independent variables; and (3) regress the dependent variables on both the independent variables and mediators. The following is the regression analysis sequence used in this study:

$$\text{Model 1: } PQ = \alpha + \beta BRep + \beta BCL + \beta BAwa + \varepsilon$$

$$\text{Model 2: } BAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \varepsilon$$

$$\text{Model 3: } BAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ + \varepsilon$$

$$\text{Model 4: } PAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ + \varepsilon$$

$$\text{Model 5: } PAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa \\ + \beta PQ + \beta BAtt + \varepsilon$$

$$\text{Model 6: } PAtt = \alpha + \beta BRep + \beta BCL + \beta BAwa + \beta PQ \\ + \beta BAtt + \beta Fit + \beta (Fit * BAtt) \\ + \beta Fam + \beta (Fam * BAtt) + \varepsilon$$

Where *BAtt*=Attitude toward the extended hotel brand (Brand Attitude); *PAtt*=Attitude toward the lodging brand portfolio (Portfolio Attitude); *BRep*=Brand reputation; *BAwa*=Brand awareness; *BCL*=Brand class; *PQ*=Perceived quality; *Fit*=Fit between extended hotel brand and lodging portfolio; *Fam*=Familiarity of the relationship between extended hotel brand and lodging portfolio; β =Regression coefficient; α =Constant; and ε =Error term.

RESULTS

Of the 800 randomly selected individuals from more than 3000 faculty and professional and scientific staff members at the sample university, 244 useable questionnaires were collected, yielding a 30 per cent response rate. Descriptive statistics of the variables appear in Table 2. Approximately 49 per cent of the respondents were male, 58 per cent of respondents ranged in age from 36 to 55, and 19 per cent were 56 or above. In general, 33 per cent reported an annual household income of between US\$70 000 and \$99 000, and another 32 per cent reported for more than \$100 000. Respondents stay around 13 nights (median = 10 days) in a hotel per year. The mean values ranged from 2.40 for one of the familiarity items to 5.51 for one of the brand attitudes toward the portfolio brand item. Cronbach's α of reliability ranged from 0.89 to 0.99, indicating that the multiple items of each variable consistently measured the purported construct.

The average within- and between-construct correlations among the individual measurement items showed that the items measuring the same construct tended to be correlated more highly with each other than with the items measuring different constructs. In addition, measures do not correlate too highly with the measures from which they are supposed to differ. Therefore, these results provided evidence of convergent and discriminant validities. Furthermore, ANOVA analysis indicated no significant differences in brand purchase involvement for the four different hotel brands used in this study, indicating that use of the four hotel brands caused no difference in purchase involvement. On the basis of these results, the within-construct items were summed for input in subsequent regression analyses. The scores for all items are summed and a mean is taken to provide an overall score for the evaluation of the identified brand attitude toward extended brand. The mean values for summed scores ranged from 2.52 for familiarity to 5.47 for brand attitude toward the parent, and the standard deviations ranged from 0.90 for brand attitude toward extended brand to 2.01 for familiarity, indicating that each variable had sufficient variation for subsequent hypothesis tests.

Table 3 presents the results of regression analysis, following the process stated earlier. The variance inflation factors in all six regression models were smaller than 4.5, which indicates little multicollinearity. The regression results in Model 1 ($R^2=0.58$) showed that brand reputation and brand class possessed a significant explanatory power for perceived quality. Before the main regression analyses, consideration was given to potentially mediated effects of perceived quality on attitudes toward a extended hotel brand (Models 2 and 3). A significant portion of variances accounted for by the independent variables in Model 2 ($R^2=0.74$) and Model 3 ($R^2=0.77$). The result showed that perceived quality completely mediated the effect of brand class on attitude toward extended brands, whereas partially mediated the effect of brand reputation. The effect of brand reputation had both direct and indirect effects on attitudes toward extended brands. In fact, brand reputation had much stronger direct effects toward extension brand attitudes than indirect effects through perceived quality. Brand awareness was not statistically significant

Table 2: Interitem descriptive statistics and reliability

Variable	Measurement ^a	Mean	SD	α	Mean ^b	SD ^b
Perceived Quality (6 items)	Poor–excellent	5.16	0.97	0.96	5.09	0.99
	Inferior–superior	5.09	0.97			
	Extremely unfavorable–extremely favorable	5.15	1.01			
	<i>In terms of product and service quality</i>	5.05	0.99			
		5.02	0.99			
		5.09	1.03			
Brand Awareness (3 items)	Not very aware of–very aware of	5.19	1.88	0.89	4.56	1.55
	Not known at all–very well known	4.69	1.54			
	Never heard of–heard of a lot.	3.80	1.67			
Brand Reputation (2 items)	Two global measurement items that	5.21	1.31	0.93	5.18	0.96
	Measured reputation of extended brands	5.17	1.22			
Brand Attitude (4 items)	Very negative–very positive	5.03	0.93	0.96	5.02	0.90
	Dislike very much–like very much	5.07	0.94			
	Very unfavorable–very favorable	4.94	0.95			
	Very bad–very good	5.05	1.00			
Familiarity (2 items)	Much less familiar–much more familiar	2.40	1.92	0.96	2.52	2.01
	Much less knowledgeable–much more knowledgeable	2.63	2.19			
Portfolio Attitude (4 items)	Very negative–very positive	5.45	0.96	0.97	5.48	0.94
	Dislike very much–like very much	5.47	0.98			
	Very unfavorable–very favorable	5.48	0.94			
	Very bad–very good	5.51	0.99			
Fit (3 items)	Dissimilar–similar in terms of product	4.53	1.12	0.93	4.53	1.11
	and service quality, and brand	4.65	1.18			
	reputation	4.41	1.26			
Brand Class (1 item)	Low class–high class	4.80	1.03			

^aAll items were measured on a seven-point scale of 1=low to 7=high.

^bThe scores for all items are summed and a mean is taken to provide an overall score.

($P > 0.05$) in all regression analyses, signifying that it did not affect both perceived quality and brand attitude toward the extended brands.

The results from Model 4 ($R^2 = 0.12$) and Model 5 ($R^2 = 0.18$) also showed that attitude toward extended hotel brands completely mediated the effect of perceived quality on portfolio attitude evaluations. The regression results (Table 3) in Model 6 ($R^2 = 0.27$) showed that interaction effects of familiarity and fit, as well as the attitude toward the extension brands had a significant explanatory power for attitude toward a lodging portfolio. The results further indicated that the interaction variables accounted for significant amounts of additional variance in lodging portfolio attitude. Furthermore, the main effect of both fit and familiarity were not significant; only their interaction term appeared to be significant, confirming the psychometric definition of a moderator variable.

DISCUSSION AND CONCLUSION

This study examined the effects of extended hotel brands on the lodging portfolio. In summary, perceived quality, brand class and brand reputation were significantly related to consumer attitude toward

Table 3: Regression analysis

Model ^a	Unstandardized estimate (B)	SE	Standard estimate	t-Value	VIF ^b
<i>Model 1 (Dependent Variable=Perceived Quality)/R²=0.58^c</i>					
Brand Reputation	0.51	0.07	0.53	7.51*	2.16
Brand Class	0.32	0.06	0.35	5.77*	1.62
Brand Awareness	-0.04	0.04	-0.07	-1.18	1.55
<i>Model 2 (Brand Attitude)/R²=0.74^c</i>					
Brand Reputation	0.74	0.05	0.77	13.91*	2.19
Brand Class	0.08	0.04	0.09	1.88	1.62
Brand Awareness	0.03	0.03	0.06	1.20	1.58
<i>Model 3 (Brand Attitude)/R²=0.77^c</i>					
Brand Reputation	0.59	0.06	0.61	10.27*	2.81
Brand Class	-0.01	0.04	-0.01	-0.12	1.92
Brand Awareness	0.04	0.03	0.07	1.56	1.56
Perceived Quality	0.28	0.05	0.29	5.22*	2.34
<i>Model 4 (Portfolio Attitude)/R²=0.12^c</i>					
Brand Reputation	0.19	0.12	0.19	1.66	2.75
Brand Class	-0.09	0.09	-0.10	-1.07	1.91
Brand Awareness	-0.05	0.05	-0.08	-0.93	1.53
Perceived Quality	0.29	0.11	0.29	2.71**	2.32
<i>Model 5 (Portfolio Attitude)/R²=0.18^c</i>					
Brand Reputation	-0.10	0.14	-0.10	-0.74	4.29
Brand Class	-0.09	0.08	-0.10	-1.08	1.91
Brand Awareness	-0.07	0.05	-0.11	-1.34	1.55
Perceived Quality	0.15	0.11	0.15	1.35	2.66
Brand Attitude	0.50	0.14	0.48	3.53*	4.13
<i>Model 6 (Portfolio Attitude)/R²=0.27^c</i>					
Brand Reputation	-0.18	0.14	-0.18	-1.28	4.50
Brand Class	0.00	0.09	0.00	0.01	2.26
Brand Awareness	-0.06	0.05	-0.10	-1.18	1.71
Perceived Quality	0.09	0.11	0.09	0.83	2.84
Brand Attitude	0.48	0.14	0.46	3.41*	4.30
Fit	-0.04	0.07	-0.05	-0.60	1.53
Fit × Brand Attitude	0.19	0.06	0.21	3.11*	1.10
Familiarity	0.05	0.03	0.12	1.71	1.21
Familiarity × Brand Attitude	0.08	0.03	0.17	2.48**	1.15

^aDependent Variables in parentheses.

^bVariance Inflation Factor.

^cF < 0.01.

*P < 0.01; **P < 0.05.

extended hotel brands. Among the examined brand effect variables, brand reputation appeared to exert the strongest positive influence on brand attitude. The results stress the important role of brand reputation and brand class play in attitude toward extended hotel brands and consequently on lodging portfolio attitude, which has been largely neglected in branding research, especially in the hospitality discipline.

The results indicated that the attitude toward extended hotel brands was found to exert a significant positive influence on attitude toward lodging portfolio. That is, consumers' favorable evaluations of the extended hotel brands are important to subsequent evaluations of its lodging portfolio. In particular, the importance of holistic portfolio management was supported by the noteworthy role of familiarity and fit,

which were incorporated into the research framework. Results demonstrated a moderating role of fit and familiarity in the process of attitude transfer from extended hotel brands to its lodging portfolio. It is noticeable that these two variables play a limited role of an intervening condition rather than being generically related to the lodging portfolio brand attitude. That is, fit and familiarity only moderated the relationship between attitude toward extended hotel brands and lodging portfolio without having any main effects.

Consumers who are highly familiar with the relationship between the lodging portfolio and extended hotel brands seem to categorize information more effectively than those who are less familiar. The effect of extended hotel brands on its lodging portfolio seems to be stronger for the consumers who are familiar with the relationship between the lodging portfolio and its extended brands. In comparison, the existing network of associations seem to be relatively weak when consumers are not familiar with the relationship between the lodging portfolio and its extended hotel brands. Results also indicated that the transfer of a positive attitude from the extended brands to its portfolio brand was facilitated by how well the extended hotel brand was perceived to fit the lodging portfolio. That is, consumers' evaluations of lodging portfolio vary systematically as a function of the fit between the portfolio and extended hotel brands.

Results of this study provide several practical implications. In order to maximize profits from a lodging portfolio, management needs to clearly understand how consumers perceive extended hotel brands and its effects on lodging portfolio. Nardoza (1998) asserts that lodging firms need to effectively integrate businesses, develop customer-focused business strategies and deploy advanced technologies to gain competitive advantages after consolidation. Although many lodging companies have marketed their hotel brands separately, commensurate investments have been absent for holistic brand portfolio management. Results of this study revealed that consumers' perceptions of extended hotel brands were found to affect how they perceived the lodging portfolio. Although lodging companies use a variety of different branding strategies for their brands, joint promotion strategy is widely used in order to improve marketing efficiency and loyalty programs among member brands. It is especially true in the case of online marketing to generate bookings for member hotels and brands. This study revealed that familiarity and fit between a lodging portfolio and its extended brands enhances the attitude transferability. Results of the current study indicated that it is important to understand the attributes of a hotel, which influence consumer behavior and the synergies that exist among extended hotel brands in the same lodging portfolio.

Some limitations of this study caution for interpretation and generalization of the findings to all lodging portfolios. This study focused on four hotel brands belonging to two lodging portfolios that had extended their products into various market segments. This limited scope of this study provides several directions for future research. In particular, major lodging companies use different branding strategies among their lodging brands within its portfolio. Some lodging portfolios consist of

hotels with individual brand names that are all different from each other, whereas other lodging portfolios use mixed branding strategies that use individual brand name, sub-branding with family brands and/or corporate brand name for their hotels. In addition, future study may include the number of hotel brands in the lodging portfolio and more specific dimensions of familiarity and fit.

Some methodological problems are inherent as this study was correlational with a convenience sample. Although the proposed model was built on the basis of a careful review of literature and with theoretical justifications, the cross-sectional data limit strong causal inferences. In addition, the sampling frame was narrow (that is, faculty and staff members from one university) and may limit applicability and generalizability to other consumer segments. Relatively low R^2 for a couple of regression analyses also indicate a need for future research to integrate not only extended brand-related variables, but also lodging portfolio-specific variables in the research framework (for example, corporate reputation, corporate image, number of brands, horizontal versus vertical brand extensions). Further efforts are also needed to evaluate the model's applicability across various market situations, products and industries (for example, extended stay, timeshare, foodservice and senior living facilities).

REFERENCES

- Aaker, D.A. (1990) Brand extensions: The good, the bad, and the ugly. *Sloan Management Review* 31(4): 47–56.
- Aaker, D. and Keller, K.L. (1990) Consumer evaluation of brand extension. *Journal of Marketing* 24(1): 27–41.
- Baron, R.M. and Kenny, D.A. (1986) The moderator-mediator variable distinction in social psychological research: Conceptual, strategic, and statistical considerations. *Journal of Personality and Social Psychology* 51(6): 1173–1182.
- Barwise, P. and Robertson, T. (1992) Brand portfolios. *European Management Journal* 10(3): 277–285.
- Brown, T.J. and Dacin, P.A. (1997) The company and the product: Corporate associations and consumer product responses. *Journal of Marketing* 61(1): 68–84.
- Buday, T. (1989) Capitalizing on brand extensions. *Journal of Consumer Marketing* 6(Fall): 27–30.
- Cline, R. (2002) The outlook for the U.S. hospitality sector: How and when will recovery begin? http://www.hotel-online.com/News/PR2002_1st/Feb02_ClineOutlook.html.
- Cohen, J. and Basu, K. (1987) Alternative models of categorization: Toward a contingent processing framework. *Journal of Consumer Research* 13(3): 455–472.
- Cohen, J. and Cohen, P. (1983) *Applied Multiple Regression/Correlation Analysis for the Behavioral Science*, 2nd edn. Hillsdale, NJ: Erlbaum.
- Cronbach, L.J. (1987) Statistical tests for moderated variables: Flaws in analyses recently proposed. *Psychology Bulletin* 102(3): 414–417.
- Dacin, P. and Brown, T.J. (2006) Corporate branding, identity and customer response. *Journal of the Academy of Marketing Science* 34(2): 95–99.
- Dacin, P. and Smith, D.C. (1994) The effect of brand portfolio characteristics on consumer evaluations of brand extensions. *Journal of Marketing Research* 31(2): 229–242.
- Dawar, N. (1996) Extensions of broad brands: The role of retrieval in evaluations of fit. *Journal of Consumer Psychology* 5(2): 189–207.
- Enz, C.A., Potter, G. and Siguaw, J.A. (1999) Serving more segments and offering more products: What are the costs and where are the profits? *Cornell Hotel and Restaurant Administration Quarterly* 40(6): 54–62.
- Forgacs, G. (2006) Brand asset and a balancing act in the hotel industry. *Hospitality Industry Trends*, 5 August.
- Gardner, B.B. and Levy, J.L. (1955) The product and the brand. *Harvard Business Review* 33(2): 33–39.

- Gürhan-Canli, Z. and Maheswaran, D. (1998) The effects of extensions on brand name dilution and enhancement. *Journal of Marketing Research* 35(4): 464–473.
- Hausman, G. (2002) ISHC's top ten issues. Hotel Interactive, <http://www.hotelinteractive.com/news/articleview.asp?articleID=1658>.
- Hellöfs, L.L. and Jacobson, R. (1999) Market share and customers' perception of quality. *Journal of Marketing* 63(1): 16–25.
- Keller, K.L. (1993) Conceptualizing, measuring and managing customer-based brand equity. *Journal of Marketing* 57(1): 1–22.
- Keller, K.L. and Aaker, D.A. (1992) The effects of sequential introduction of brand extensions. *Journal of Marketing Research* 29(1): 35–50.
- Kim, W.G. (2008) Branding, brand equity, and brand extensions. In: H. Oh and A. Pizam (eds.) *Handbook of Hospitality Marketing Management*. Burlington, MA: Butterworth-Heinemann, pp. 87–118.
- Koonce, M. (1998) Consolidations and acquisitions: The role of sales and marketing. *HSMIA Marketing Review* 15(1): 20–21.
- Kotler, P. (1997) *Marketing Management*, 9th edn. Englewood Cliffs, NJ: Prentice Hall.
- Laforet, S. and Saunders, J. (2005) Managing brand portfolios: How strategies have changed. *Journal of Advertising Research* 45(3): 14–27.
- Laroche, M., Kim, C. and Zhou, L. (1996) Brand familiarity and confidence as determinants of purchase intention. *Journal of Business Research* 27(2): 115–120.
- Laurent, G., Kapferer, J. and Roussel, F. (1995) The underlying structure of brand awareness scores. *Marketing Science* 14(3): G170–G179.
- Loken, B. and Roedder-John, D. (1993) Diluting brand beliefs: When do brand extensions have a negative impact? *Journal of Marketing* 57(3): 71–84.
- Nardoza, F.J. (1998) Beyond consolidation in the lodging industry – Getting ready for the next millennium, http://www.hotelonline.com/Trends/KPMG/Articles/1998_BeyondConsolidation.html.
- Oh, H. (2000) The effect of brand class, brand awareness, and price on customer value and behavioral intentions. *Journal of Hospitality and Tourism Research* 24(2): 136–162.
- Petromilli, M., Morison, D. and Million, M. (2002) Brand architecture: Building brand portfolio value. *Strategy and Leadership* 30(5): 22–28.
- Pierce, A. and Moukanas, H. (2002) Portfolio power: Harnessing a group of brands to drive portfolio growth. *Strategy and Leadership* 30(5): 15–21.
- Selnes, F. (1993) An examination of the effect of product performance on brand reputation, satisfaction and loyalty. *European Journal of Marketing* 27(9): 19–35.
- Sunde, L. and Brodie, R.J. (1993) Consumer evaluations of brand extensions: Further empirical results. *International Journal of Research in Marketing* 10: 47–53.
- Tauber, E.M. (1981) Brand franchise extensions: New products benefit from existing brand names. *Business Horizon* 24(2): 36–41.
- Trivedi, M. and Morgan, M. (1996) Brand-specific heterogeneity and market-level brand switching. *Journal of Product & Brand management* 5(1): 29–39.
- Upscale hotels will lose guests from the effects of consolidation and mass branding. (1999) http://www.hotel-online.com/News/PressReleases1999_2nd/June99_MassBranding.html.
- Varadarajan, R., DeFanti, M.P. and Busch, P.S. (2006) Brand portfolio, corporate image, and reputation: Managing brand deletion. *Journal of the Academy of Marketing Science* 34(2): 195–205.
- Zeithaml, V.A. (1988) Consumer perceptions of price, quality, and value: A means end model and synthesis of evidence. *Journal of Marketing* 52: 2–22.