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## BRAND STRATEGY IN HOSPITALITY

The CitizenM model

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# **BRAND STRATEGY IN HOSPITALITY**

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# **1 Introduction**

## **1.1 Background**

These days it is almost unimaginable to have a successful business or build your own company without a powerful and successful brand strategy, and the brand portfolio strategy is more relevant particularly for the hotel industry. In a modern world, brand awareness is one of the most important things to choose from among consumers, and also to the company's future growth and success.

Brands should be viewed as one of the leading indicators of our economies and postmodern cultures, from different viewpoints such as macroeconomics, microeconomics, sociology, psychology, anthropology, history, semiotics and philosophy

## **1.2 Purpose**

The aim of this thesis is to explain the importance of brand and its elements that strongly helps companies to achieve their goals and to be successful. As for companies it's an imperative to include hotels that live from their brand image: we go for a Hilton rather than a Marriott because we totally trust the good services these hotels are used to provide.

## **1.3 Case study**

The case study is about the new hotel chain CitizenM that has reached big results in a short time thanks especially to its brand strategy. CitizenM manages to avoid the red ocean of hospitality competition by creating a blue ocean perceiving how next-gen hotels need to be.

It represents the ultimate one of a kind hotel chain that fits the needs of the new generation of customers which look for affordable luxury.

It will be shown the key elements that make CitizenM successful.

## 2 The Brand

### 2.1 What is a brand?

Brands take on a major role in modern society, entering all areas of life: economic , social , cultural and even religion. Currently the largest and most advanced fields are hospitality, tourism, and management spheres.

A brand is considered as one of the most valuable assets in a company. This reflects the identity of the product, the distinctive name, slogan, or symbol that the public identifies with the product. The firm is often referred to its brand, in fact, and they become one and the same. A brand of a company brings with it a monetary interest in the stock market that influences the interest of the stockholder as it rises and falls. For those reasons, maintaining the brand's reputation is critical.

The web dictionary describes the brand as a "unique design, logo, image, terms, or a combination of these, used to create a brand image that identifies a product and distinguishes it from its competitors. This image is correlated with a sense of reputation, reliability and satisfaction in the mind of the customer over time.

Donna Antonucci gives us a better definition of brand: *“Brand is a company's established identification in terms of what products and services they provide but also in terms of agreement and other personal, non-tangible customer issues, the nature of what the company stands for. Branding something is when a company or individual makes descriptive and evocative communications, subtle and overt statements describing what the company stands for. For example, the brand is the most affordable, does it stand for superior quality, is it an environmentally friendly x , y, z service or product provider.”*

To fully understand the power of the brand, we just have to understand the Cheryl Burgess statement: *“A brand is a reason to choose”*.

### 2.2 Brand Image

Brand image consists of the direct association and experiences, which are built and kept in the mind of the consumer, while being in contact with a company. These links significantly affect the brand within the mind of the customer (Aaker, 1996).

Or put it another way, a brand identity refers to the perceptions and emotions of the customer about the brand. In fact, the brand image is the visual picture that customers make for a brand, and it contributes to its uniqueness especially compared to the other brands (Faircloth, 2005). There are 3 aspects to the brand identity: the product or service supplier's image, in other terms the corporate image; the user's image; and the good / service picture itself. While the general relevance and applicability of these three components varies by the particular offer category and by the company itself, all three sub-images are integrated into several leading brands' operations Biel (1992).

The brand image is evaluated against all other competitor companies by the interest the consumer has for a specific brand. Therefore, in this sense, brand identity is closely linked to brand loyalty, as the preference given to a specific brand by the customer correlates to continued purchases of branded product. The image of the brand is viewed as an attribute which is not really an item. The specific image that customers associate with the brand is described here, it is composed of all information related to the descriptive and evaluative brand. Over this a good brand image contributes to the effectiveness of Influence of brand messages on customer decision-making.

The brand identity plays a key role in the actions of the purchaser.

If the image of a brand is linked to the product / service quality and the organisation's attitude, a beneficial relationship and uniqueness in the mindset of the client will be created. Brand image can therefore be used as a tool to position a brand in the marketplace (Keller, 1993).

## **2.3 Types of brand**

There are nowadays multiple kinds and categories of brands, e.g. one of the classifications may include brands as particular product, product ranges, services, organizations, individuals etc. It's impossible to imagine any kind of product, service, company that is not related to his or her name or it's not known because of his brand image. In particular I will be focusing on the service type that is the main aim of this thesis. Service is a form of brand as company moves from the manufacturing physical product to delivering intangible services.

Service quality is obviously about the level of delivery that has to be high: in fact service brands compete on the maintain a consistently high level of service delivery.

There are diverse type of service brands:

- Classic service brands such as hotels, airlines, banks or car rentals
- Professional service brands such as management, consultancy or accountancy
- Agents as travel and estate agents
- Retail brands as supermarkets, restaurant and clothes stores

Nowaday is very challenging to sort the various type of brand because there are lot of them and modern classification is not clear. Brands are like humans: every day “appears and dies” one or another type of brand.

## 2.4 Service Branding

As the service sector expands, academics start to differentiate between products Branding and Branding Service. Services have multiple features which distinguish them from products. Which are: (1) intangibility, (2) variability, (3) perishability and (4) inseparability. The features suggest that services are not (1) subject to change by any physical sense; (2) service delivery may vary in the course of each service encounter; (3) can not be stored and disappear after it has been produced; and (4) operation is inseparable from service provider systems.

Branding has become an interactive, relationship-oriented tool to position into the market and reach target clients. Companies should therefore aim to match their mark identity with any other element of the firm vision. Brand image is of significant relevance as a good brand picture for service branding contributes to the strength of control of the brand's messages on the decision making of the customers. It is made up of associations held by customers towards a brand. The notion also represents the experience of consumers with the company or the service to which the brand relates. So it can be argued that brand image is the mental image combined which is related to the brand's name.

Brand image can be used as a differentiator against offers made by competitors. Service companies will therefore aim to create a brand identity that occupies a unique position in the minds of its customers.

## 2.5 Branding in Service Marketing

The key challenge in both service marketing and product marketing is to launch and maintain a solid, profitable brand (Palmer, 2011). Branding has moved from a corporate-provided property to a "collaborative, value-co-creation activity" that benefits the company and all stakeholders. Scholars have looked at branding from various viewpoints in the history of the term. Brands were seen as an image of the company, as a "partner" customer loyalty and as a promise to the customers. While all of those viewpoints are still true, branding has brought a new position to the beginning of the 21st century.

The brand is no longer perceived by directors as a "marketing engine" illustrated in logos , slogans, or symbols. Brands start identifying themselves as an asset, comparable to the personnel, infrastructure, or capabilities of the company. In any interaction a company undertakes with its stakeholders branding is recognizable. Furthermore, researchers nowadays consider brands as a continuous social process where stakeholders are the key actors in the development of brand value (Merz, 2009).

So it can be concluded that the established relationships and the shared trust between the company and its stakeholders make businesses succeed. Continuous and repeated interactions are required, where commitments are made and kept, in order to win stakeholder trust. The secret to a genuinely successful brand is the fact that credibility precedes the business and interested sides may rely on a history of fulfilled expectations even when aimed at new customers. That means that brands add value to the business. Thus, companies with good identities will reach a sustainable point of distinction, resulting in greater financial benefits (Aaker, 1996).

## 3 Hospitality Industry

### 3.1 One of the most dynamic industry

The industry of hospitality is considered to be one of the biggest industries worldwide (Ottenbacher, Harrington & Parsa, 2009). It is fairly new but is becoming increasingly common academic education.

Ottenbacher (p. 263) believes there is "no consensus on its scope and exposure of the field as a whole ».

Consequently, the authors describe hospitality by dividing it into different groups of industries, where the hotel and restaurant sectors are the most common (Ottenbacher, Harrington & Parsa, 2009).

While the housing industry has changed dramatically over the past decades, it has succeeded in sustaining and continuing to adapt to changing social, business and economic conditions (Vallen & Vallen, 2013). This leads to the industry being recognized as one of today 's largest and most dynamic industries, which continues to grow steadily (Gilmore, 2003).



The hotel industry has some great benefits, according to Gilmore, in the sense that it offers facilities for corporate transactions, meetings, and conferences, as well as for leisure and entertainment. Therefore, the hotel industry is commonly viewed as service-oriented, and people-oriented.

As for people-oriented, the aim of the thesis is to prove that CitizenM has reached its success by listening to the clients' needs and to understand how consumer must be the starting point to create a successful business especially in hotel industry.

The main elements to highlight are “hotel service”, “quality of service” and “customer satisfaction”. These key aspects are the bases on which the CitizenM success was grounded.

### **3.2 Hotel segments**

Earlier mention was made of the need for further subdivision of different segments under the word "hospitality." This category, also called the standard classification, differentiates between five different categories of hotels, namely – one-star, two-star, three-star, four-star and five-star hotels (Vallen & Vallen, 2013).

The key rating criteria for hotels are as follows: cleanliness, security, quality of furnishings, physical appointments, facilities offered and the luxury level included. Such requirements allow researchers to group hotels and, by doing so, allow them to more efficiently and effectively target each consumer segment by delivering products and services that meet specific needs of each group.

Although all groups share the same focus-warm customer welcome, they vary in terms of operation, varying from limited- to full-service operation. Limited-service hotels provide little more than a clean space and a decent mattress, while full-service hotels, on the other hand, provide superior value and a range of amenities, including lounges, room service, fitness facilities, etc. In terms of star hotels, both limited- and full-services may be available to different levels (Kamath, Bhosale, 2008).

As this study covers four-star hotels, more detailed information is only given on this particular category.

Hotels that are part of the category of four-star hotels are considered "excellent." Stays at hotels like these are supposed to be unforgettable. Four-star hotels will make sure they provide all the necessary facilities. These hotels have traditionally set high standards within their businesses; therefore, they guarantee high standards to its customers. The price paid for the hotels allocated to this category is therefore also higher than normal (Vallen & Vallen, 2013).

In the case of CitizenM that will be analysed in depth later on, it aims to target the new generation of travellers who desire smart luxury that meets the affordable luxury the company offers. It has managed to offer 4 stars services at lower prices, that is one of the most important elements of success.

### 3.3 Marketing in hospitality industries

Across the business sector, marketing principles are commonly used to advertise, sell and make consumers purchase goods, or services. Marketing strategies should not, however, be used solely for the purpose of marketing a product or service, they should be more concerned with meeting the needs of consumers by providing superior value (Tjiptono, 2007). Marketing should be seen as the process of interaction and exchange of value among different products and market-forming actors (Tjiptono, 2007).

Marketing concepts are defined as the theory and practice of choosing a target market, and "getting, keeping and increasing consumers by generating, providing and communicating the highest consumer value." The definition of marketing is therefore of great importance for the hotel industry, as delivering value to a consumer is one of the key concerns for the hotel industry.

The hotel business' service-oriented approach shows marketing tactics and marketing methods are distinct from those used in the product industries. Palmer (2011) defines services as *"producing an essentially intangible benefit, either in its own right or as a significant element of a tangible product which satisfies an identified need through some form of exchange"*. this meaning has several implications.

First, it can be said that services have several characteristics which distinguish them from products.

Services are intangible, since they can not be perceived by any of the physical senses and thus can not be verified before obtaining, leading to high degree of pre-purchase uncertainty. In addition, services are distinguished by inseparability, they are simultaneously generated and consumed; and service interaction is a shared experience. Lastly, services' perishability implies that they cannot be stored, they die immediately after being generated (Palmer, 2011).

The second conclusion that can be extracted from the service marketing concept is that services are not always isolated from tangible goods. Thus, although services are often intangible, they are distinguished, to some degree, by measurable details. It is the case with the hotel industry, in which consumers find the amount of all tangible evidence, the physical atmosphere of the hotel and the service they provide rather than measuring just service results.

Lastly, services have been shown to be a kind of exchange that results from identifying a need. This concept implies that hotel operators should not only offer the standard of service but should also be mindful of their customers' needs and wishes. Recent research has highlighted the critical role of service efficiency, and customer satisfaction as key strategies for service marketing managers.

In addition, the 4Ps, as well as the business setting, staff practices and service policies, should be designed in order to satisfy the needs of the customers, and should try to fulfill the customers. Such features and consequences indicate that marketing efforts should be differentiated from marketing in service and efforts toward products (Tsai, 2009).

### **3.4 Standardization and customization of hospitality industry**

Variability characterizes services. Variability exists due to human involvement in quality of service, which results in various service outputs. However, in the age of globalization, consumers are known for similar actions and for putting the same demands independently of where they are in the world. Standardization is seen as a way of reducing uncertainty by mitigating risks and regulating production quality. Additionally, the first is used as a management tool for forecasting, monitoring and influencing service interactions (Sandoff, 2005).

As per Sandoff (2015), clearly defined requirements and norms ensure that every customer will obtain the same information and achieve the same level of service. In addition, it is stated that standardization benefits not only the management, but also the employees of the organization, as it provides guidelines for surviving in different experiences, especially in difficult situations. In fact, standardization is known to promote the activities of workers at all levels of the enterprise.

In the particular instance of the hotel industry, however, high concentrations of standardization can lead to a loss of service genuineness (Lee, 2011).

Service interactions should be viewed as special experiences, in which the particular needs of each customer are taken into consideration. This technique to the delivery of service is known as customisation. In the service industries, customisation suggests some level of local market diversification.

## **4 Brand strategy**

### **4.1 Brand positioning**

Positioning is all about building a brand identity in target market imaginations. Positioning is the act of constructing the brand of the organization, and the particular image that the company wishes to form in the minds of the target consumers. To achieve good brand positioning, businesses should ensure that the brand values are perceived by the clients in the way the company wants to. In addition, businesses should ensure that their service provides the brand value previously described, and should therefore aspire to attract loyal clients (Keller 2008). The marketing campaigns should not just concentrate on what the brand offers, but also how this offering bundle differs from the competitors' bundle. Analyzing that a significant portion of the hotel's features are intangible, it makes differentiating very challenging for clients. To support its customers make that distinction, marketing departments seek to add value to the organization with specific images, logos and unique brand names indicating those intangible characteristics. There are three components that describe a successful positioning: the brand is differentiated; the brand clearly indicates the potential customer a particular advantage; the positioning strengthens an image.

### **4.2 Branding approaches**

Because customers are the most important stakeholders in the companies, it is essential to be able to influence them. Therefore, selecting the right methods is important for any branding and marketing cycle in today's business climate (Brand Management, Heding).

We distinguish 7 main approaches:

*The economic approach:* The brand in the traditional marketing mix.

This model consists of the theory of the traditional marketing mix variables (4 P's), which are essential for the development of a brand strategy. This is the simple, practical and economic form of marketing where marketers negotiate with consumers

on a demand basis so that they select goods they need or want by cost. Social and economic views also strike a balance.

*The approach to identity:* the brand in relation to corporate identity.

An ideal identity or image leads us to other shops. Companies as the main creators of brand value use visuals in marketing for example. In addition, the person we are talking to has an impact on our decisions. Similar kinds of people influence much of the same people.

*Customer approach:* brand as linked to customer associations

What is it that our buyers want? Measuring and analyzing how consumers actually behave to deliver an experience and products to suit their needs. Companies are aware of different customer segments so that they can offer just the appropriate kind of services to the target customer segment. Methods to study may be interviews and tests, for example.

*The approach to personality:* The brand as a real person.

This model uses product placements in movies, music videos and sporting events etc. to persuade fans or customers to purchase the same product. Sponsoring is the core of the strategy. Customers may choose the same brands as, for example, by purchasing clothing or accessories that their favorite character uses in a film. Branding by personality is successful because people often want to give us a idea of themselves, so the company should promote those behaviors or values.

*Relational approach:* The brand as a valid partner in the relationship.

Companies use interpersonal customer-to-brand relationships to build a sense of affection. Companies also hark back to their loyal customers for gift cards, direct emails and consumer events. With these activities, businesses are also looking to collect relevant data on the behaviors of their customers. Which is why, businesses should be strongly oriented on the unique needs of their customers. In addition , customers get a sense of respect and one-to-one conversation gives consumers the sense that as part of the company they are personally connected.

*The approach to the community:* brand as the focal point of social interaction.

People typically want to be a part of some social or cultural environment. The approach to the group makes use of ethnography and culture theories to explain clients.

*The cultural approach:* brand as part of the wider structure of culture

This strategy covers the cultural market dimension. What did we get to wear? Can we put the new generation of consumers into effect? This approach builds on the bird viewpoint to see and foresee what may happen in the future, and pays attention to how the environment is evolving and how patterns are affecting consumers, for example (Brand Management, Heding).

Almost always one approach to branding isn't enough. These days, a mix of several branding models have been proposed within a company. There is no correct solution or pattern for "the" right approach. All these approaches described however indicate a clear pattern. There is a significant shift away from traditional one-way brand communication to a strong focus on addressing the brand's based on the cultural factors. Between all these approaches, CitizenM company surely has been inspired by many of the approaches just described, but the 3 that best represent the major effect on the company success are the consumer, relational based and the cultural one (Brand Management, Heding).

### **4.3 Consumer-brand relationship**

Research has shown that consumers-brand relationships (Fournier 1998) are of a rather complex type, much like human relationships. Brand Relationship Theory reached a large audience when 'Consumers and their Brands: Evolving Relationship Theory in Consumer Research' by Susan Fournier was published. Building brand theories on human interaction ideas.

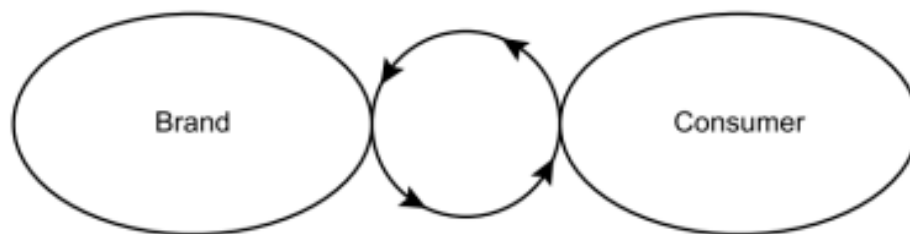
Brand relation theory is also a continuation of the brand loyalty theory. Loyalty is often closely related to a relationship's feeling. Loyal customers are respectable customers. Creating brand loyalty is about managing the long-term brand – consumer exchange, rather than a short-term transaction-focused exchange. But while brand loyalty is an indicator of how a customer consistently prefers the brand, the application of the brand

relationship theory provides explanations of how and why loyal customers purchase products (Brand Management, Heding).

First used in the service literature, the term 'relationship marketing' became an important notion in business-to-business markets, where customer partnerships are much longer than in business-to-consumer markets. A service encounter is defined in the literature on services and relationships as;' the dyadic interaction between a client and service provider' (Bitner 1990).

*In real life people relate to one another in many different ways. The same is true as to how they relate to the brands they buy. To reduce it simply to a matter of loyalty or lack of loyalty is like saying that you either marry everybody you meet or they will never be a meaningful part of your life. (Fournier 1998)*

The theory of brand relationships is based on a 'interpersonal' brand-consumer relationship, which means equal exchange between brand and consumers. Both parties contribute to the development of brand image, which happens in an ongoing exchange of meanings. The development of the relationship between brand and consumer is a never-ending process, influenced by changes in the same variable as human relationships (Brand Management, Heding).



Although the ongoing communication between brands and customers is the focal point of the relational approach, it is important to note that relationships are affected by contextual changes. The brand relationship theory also seeks to consider consumers' lives in a holistic way; suggesting that the consumer's environment is not distinguished from the study.

However, it is important to note that this approach focuses on the brand-user interaction, while recognizing the social context of the customer is the primary

component of the community approach, and in the cultural approach the influence of the consumer's cultural environment is defined.

The relational approach involves a major shift of assumptions in the wider context of brand management. Taking into account the methodologies and science and philosophy in the earlier approaches, this shift is an important step towards new brand concepts as something the consumer owns. The user is presented and evaluated using a lens focused on cognitive psychology and knowledge economics. The cognitive viewpoint implies a human point of view which also helps managers to monitor the production of brand images. Although the brand is analyzed in the mind of the consumer as a mental construct, the communication of the intended meaning is always meaningful (Brand Management, Heding).

In a consumer-based approach, the brand is analyzed as a cognitive construct in the mind of the individual consumer. As a result, the consumer has become the main point of interest in this approach. Suddenly he or she is considered to be the 'owner' of the company. The consumer-based approach incorporates an outside-in approach to brand management. Brand value formation takes place by shaping the brand connections kept in the minds of customers. Understanding the customer is also central to this approach to the development of brand value; however, it is important to remember that this approach implies a particular view of the customer. The customer is evaluated using hypotheses focused on cognitive science and the information-processing theory of consumer choice.

Brand strength corresponds in the minds of its consumers to strong, unique and beneficial associations. The idea that the brand is a cognitive building for the customer leads one to assume that the customer "owns" the brand and therefore governs the development of brand values (Brand Management, Heding).

#### **4.4 The Computer Metaphor**

The dominant metaphor of the computer in cognitive psychology is that the human mind processes the sensory data in much the same way as that of the computer.

The marketer is nevertheless considered to be very influenced by brand communication because the approach depends on the consumer being a cognitive individual. When the marketer feeds the most necessary information to the 'consumer

computer' then the client will do as intended and select the brand. One can program a machine to do the same thing every time, and this principle extends to the brand-consumer exchange of this method. In other words, the consumer is the focal point of this approach, but the marketer is still expected to control the brand. The approach assumes a linear interaction between sensory input and consumer choice of brand. In the brand-consumer exchange, the consumer seems all-powerful at first glance. But the "ownership" of the consumer approach is paradoxical; even if the consumer "owns" the brand, it is still regarded as a general entity that can "program" into intended action by the qualified communicator.



And just as a skilled computer programmer will configure the machine to function as expected, the marketer who wants to map the brand in customer's mind should be able to precisely pick and connect the correct brand elements to a buyer who responds accordingly (Brand Management, Heding).

## 4.5 Community approach

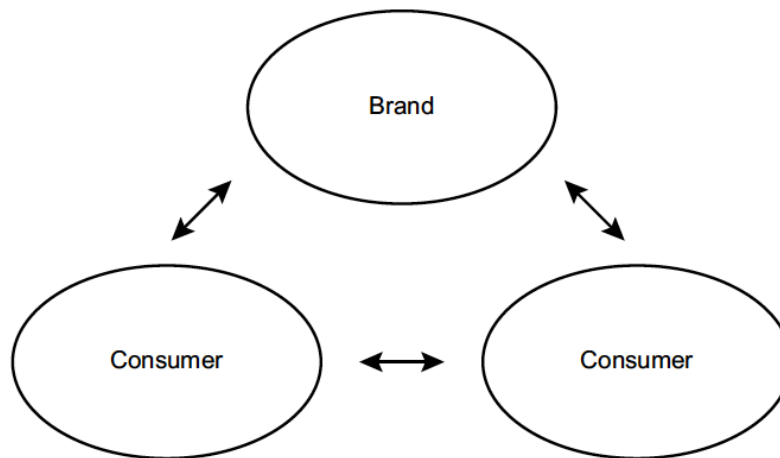
Searching 'Apple user groups' on Google, will results in over 22 million hits.

This shows the huge interest from consumers in sharing their Apple consumption experiences with other users at Apple.

Consumers shape brands around communities. The focus of social interaction among enthusiastic consumers is a brand in brand communities. These consumers share their user experience and brand stories with the community. Brand communities may rely entirely on consumer interaction.

Brand communities can be an extremely powerful force that affects brand value, as brand loyalty adds significantly to the social commitment of brand communities.

The group approach gives sense to the theories of how brand value can be built through the social connection between loyal brand consumers – the 'triadic' relationship: *"brand communities are social structures that represent the role of brands in consumer lives and how marketers connect customers and advertisers to products"*(Muniz 2001). In other words, there must be interaction between consumers if a brand community exists.



There are two categories of assumptions of the community approach. First, the idea of 'brand triad' means shifts in the understanding of the service-consumer trade. Secondly, the community approach applies brand marketing to a shared brand viewpoint. The study methods used in the brand communities are based on the scientific cultural anthropology tradition. These approaches reflect brand management's new assumptions as the tradition of ethnographic research is based on a socio-cultural and not an individualist perceived notion of person (Brand Management, Heding).

The community approach brings together classes of customers, shifting the basic conditions of the 'brand-consumer exchange.' The marketer doesn't have a conversation just with only one consumer, but with millions of potential consumers in the continuous brand-consumer dialogue that shaped the brand. The brand discussion will probably continue for long, after the marketer believes that the meeting has ended. Innovative rules of the game are applied to brand management, when numerous consumers can share good and bad experiences, their rumors and their astounding enthusiasm both in face-to-face settings and on the Internet.

## 5 Customers

### 5.1 Mobile citizens

*They cross continents as easily as others cross streets. We named our hotel after them – citizenM.*

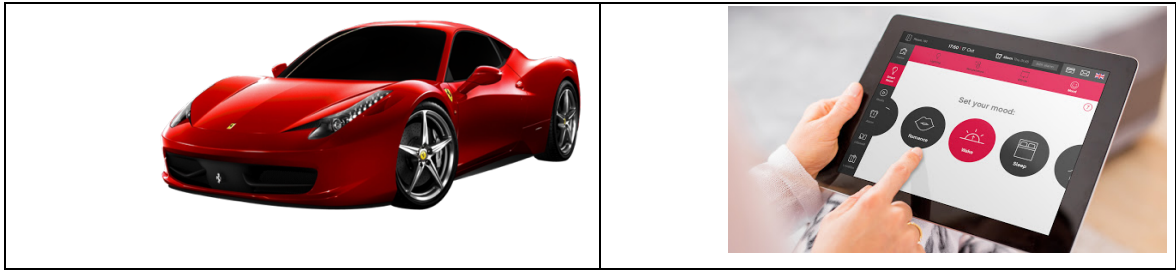
*Modern travellers have more important needs than chocolates on pillows. They love to mix and match their choices, like a Gap shirt with an Armani blazer, or a Zara coat with a Chanel bag. They take the train into town, but order champagne once they get there.*

*We took this type of traveller and called them ‘mobile citizens’, or citizenM for short.*

*Every decision we made, and continue to make in our hotels, is based around them and their ever-evolving appreciation of luxury and value. We call this ‘affordable luxury for the people’ (about CitizenM site).*

As the company states, they gives all their attention to the customer since their establishing and even before: CitizenM was born because of the continuos expanding of a new community.

This community is composed by those people, especially young people who travel a lot and look for the same thing: Smart Luxury. Nowadays is not important to have a 40 square feet room but a cool device like and iPad with whom control everything in the small and standardized room. In CitizenM hotels, the community element is visible quite everywhere and having a cup of tea in the sharing living room at the ground floor between mobile citizens is on the agenda. That’s because the generation of today gives importance to the human relationship and get acquainted with new people is probably the added value of travelling. It can be strange but having a big network of relationships is more important than having the latest supercar, the Ferrari is a pure luxury while the new relationship is a smart luxury.



The social benefits of branded products greatly improve brand loyalty. Community consumers are incredibly loyal and enthusiastic, but at the same time consumer communities are also self-sufficient consumers who can collectively reject marketing measures. Many of the benefits associated with consuming the brand are created or enhanced among the members of the community, leaving the marketer with limited options for influencing brand significance. This shift in negotiating power affects the establishment of brand importance and brand equity as brand value is negotiated primarily on consumer terms (Brand Management, Heding).

## **5.2 Customer satisfaction**

Recognizing and meeting the desires, preferences and behaviors of consumers is not easy, and understanding them does not guarantee market success, because consumer behavior is not logical. Among the methods that can verify customer purchase or service satisfaction, there is not a single, standardized method that would provide a comprehensive expression of this problem.

The principle of pleasing the consumer is interpreted differently. There is a concept of needs at its base, and their fulfillment. Different understanding of the associated needs and emotional states leads to alternating satisfaction treatment and a different approach to measuring it. A number of satisfied consumers are dependent upon presence of several businesses on the market. Customers are the main driver for market life and business growth. It is therefore obvious that firms that want to compete need to provide their customers with valuable and unique terms that will satisfy their needs. This satisfaction includes not only the feelings associated with the acquisition process, but also the environment before and after purchase execution.

If the company gets closer to customers, it will be easier in a long period of time to fulfill their needs and desires. Thus, a crucial factor in building the company's long-term success is continually satisfying the needs of the client. Often customer satisfaction is linked to customer gratification. Goods or services, which are a source of satisfaction, give their consumers the desired value. *"Satisfaction is a judgement, a customer opinion. The degree of satisfaction represents the difference between the vision of the customer of the expected product and the perception of the customer of the product delivered"* (ISO 10004, 2012).

### **5.3 Consumer decision**

All consumer decisions are influenced by numerous factors, including economic ones, such as: income, price, savings, loans, marketing tools impact, and non-economic factors such as: demographic, social or psychological factors. Realizing and satisfying the needs, expectations, preferences and behaviors of customers is not an easy task. The explanation for this is the fact that there is no acceptable customer behaviour. Consumers who buy a certain good have typically already explained requirements relating to its price, function or usage.

In a physical sense, they don't pay for the product but pay for value or what they expect from the product. Expectations have a different nature and they can be rather overstated or very modest at times. It is for this purpose that a business decision is followed by implementing and identifying the unique needs of the customer.

The market need is a request for specific goods and services."Consumer need is an indispensable state of possession or use of products, resulting from the level of human environment development achieved and its requirements as a bio-psychosocial structure." All consumption needs to apply to human labor goods. Another definition says that the need is a potential or actual condition of something's absence, what's necessary to keep a person alive and allow him to develop individually, gain and maintain a certain social status.

( GRZEGORZ BIESOK, Customer satisfaction).

## 5.4 Consumer decision making process

The Consumer or Buyer Decision Making Process is a tool that marketers use to identify and monitor a customer journey's decision making process from start to finish.

### Consumer Decision-Making Process Overview



- *Problem recognition*

The first stage of the process is to figure out exactly what you or the customer want. The consumer thinks something is lacking and wants to fix it to get back to work. If you can determine when the demographic target develops or wants these needs, it would be an ideal time to advertise to them.

In the case of hotel industry, imagine the situation a person needs to travel for leisure rather than for work and he/she has to find somewhere to stay.

- *Information search*

This is the process search level. One that continues to shift from old-fashioned shopping around to Google's new shop front. Information is gathered not only about stuff and things, but through recommendations and previous experiences with various products we may have had. A customer is starting to think about the risk management at this point. A customer can make the list of a pro vs. con to help make his or her decision. People often don't want to regret making a decision so it might be worth it to put extra time into managing risk.

The most trending method of seeking for information is comparing hotels in the same location with the use of third part engine such as Booking.

Here the potential customer filters his research due to his needs: if he recognizes himself as a mobile citizen who looks for smart luxury he will probably find CitizenM at the top of his hits. That's because the Amsterdam based company has the most competitive rates of his category.

- *Alternatives evaluation*

This is the time to start asking questions. Will this actually do the right thing for me? Need another product? If the answers are either "No it's not right" or "Yes I need another product" then stage 2 may start again. The transition from stage 3 to 2 may occur several times before reaching stage 4.

Once the customer has determined what will satisfy their desire or need they will start looking for the best deal. It could be focused on the price , quality, or other factors they find significant. Customers read a lot of reviews and compare rates, and then select the one that meets most of their criteria.

It's now that customer makes his final decisions and he or she is surely transports by the reviews, especially from people like him, probably mobile citizen as well. If a specific category reads customer reviews he/she will primarily evaluate the review made by a similar person.

- *Purchase decision*

Based on the information gathered, the consumer has now determined what to buy, and where to buy what they want.

At this stage, a customer either assessed all of the facts and came to a logical conclusion, made a decision based on emotional connections / experiences, or succumbed to advertising / marketing campaigns, or a combination of all of these.

- *Post purchase decision-evaluation*

The evaluation phase is likewise a crucial stage for both the business and the client. Has the company delivered on marketing / promotional strategy promises? Did the product meet expectations or go above?

When a consumer feels that the product has met or surpassed the promises made and their own expectations, they may become a brand ambassador influencing other potential customers in their step 2 of their next customer journey, thus raising the likelihood of purchasing your product again. The same can be said for negative feedback which can halt the journey of a potential customer towards your product if inserted at stage 2.

## 6 Case study

### 6.1 CitizenM

CitizenM started with the idea of disrupting the traditional hotel industry by creating a luxury hybrid hotel for modern travellers – eliminating the frustrations shared by these travelers. A new hotel breed designed around a new type of traveler – one that values a luxury hotel experience in the center of the city, but at an affordable price.

A hybrid hotel that is not just a place to sleep but to live, relax and play somewhere. Meeting people like-minded, and getting motivated. The moment you step through the door somewhere you feel at home. Somewhere with free Wi-Fi, comfortable furnishings and a great bed at the end of a long day to crash in.

Modern travelers have more requirements chocolates on pillows. They love mixing and matching their choices, like a Gap shirt with Primark trousers. They take the train into the city, but order champagne once they arrive.

This type of traveler is referred to as 'mobile citizens' or, for short, citizenM.

*Every decision we made, and continue to make in our hotels, is based around them and their ever-evolving appreciation of luxury and value. We call this 'affordable luxury for the people'.*

The company does not conform with the old-fashioned standards.

CitizenM is an attitude brand, a personality that's powerful but enjoyable. A brand that connects with the heart of the young, aimed at today's global traveler.

CitizenM can not be confused with any other hotel. They don't look like anyone else or sound like them. Hotels are colourful, trustworthy, and trendy. You do have the scent of a signature. And that's only the first feeling. When you're black and red in a beige sea, it's easy to stand out.

Rooms have all modern value for the traveller, like huge ultra-comfortable beds, unlimited free Wi-Fi and fun. The canteenM is still waiting for food and drinks 24/7. Every guest's best friend are the ambassadors. It's just undeniable: you know you are always at citizenM.

## 6.2 CitizenM approach

CitizenM disrupted the traditional hotel model to give modern travellers what they want – affordable luxury.

*“citizenM started with an idea to disrupt the traditional hotel industry by creating a luxury hybrid hotel for **today’s modern travellers** – eliminating the frustrations these travellers shared. A new breed of hotel designed around a **new type of traveller** – one who values a luxury hotel experience in central city locations, but at an affordable price”* (CitizenM specs online)

It’s evident that the CitizenM company main mission is to create a brand around a “*new type of traveller*”, a new consumer: CitizenM was born because of the customer itself. In the specific case this approach is specific of the consumer-brand relationship and the community approach.

## 6.3 CitizenM customer satisfaction

And It’s all about the vision of the customer that CitizenM plays the main role. The company centralizes all its work on the customer satisfaction using a unique method. While most of the hotel try to provide the highest number of services and with the highest quality resulting in room rates very expensive, CitizenM focuses only on the real needs of the mobile citizens in order to perfect those ones. In this way, the company manage to make relatively low rates but providing the best quality of the selected services. For instance, the mobile citizen appreciates more a bigger bed and a multifunction iPad in a small room with no space for a sofa rather than a spacious room with an obsolete light switch. So, the cost of a technological forefront small room is surely lower than an obsolete double squared room but the mobile citizen would absolutely prefer the first one. That’s one of the major strength of CitizenM: understanding the real needs of nowadays traveler and fulfill them.

One of the most important features a hotel must have for a smart and mobile traveler to be satisfied is a space where he can feel himself at home. Feeling at home gives people the peace and tranquility, when someone is home is free to do everything he wants and in the CitizenM hotels is the same.

*“Make yourself at home”*

It is the best phrase to describe the soul of CitizenM, managing to make the guest feeling at their homes is a huge goal, in order to reach this the company uses the 4 Ms which outline five different “home” spaces:

- CanteenM, your home fridge and pantry



This is the M in which you can sink your teeth, at 3.00 AM or 1.00 PM. Guests must feel free to eat what and when they want. Jet lag, late nights, early mornings and inexplicable cravings are all part of the world's exploration. CanteenM is a 24/7 pit stop for hungry people, offering only the finest food and drinks: barista coffee, new oven croissants, fun salads and much more.

- SocietyM, your own studio



This M is intended for meetings but not as you know it. We call 'societyM' our innovative meeting rooms and coworking spaces. They have plenty of daylight, ergonomic furniture, innovative chalkboard or whiteboard walls, inspiring art and design, and optional on-demand food and beverage packages. Or put it another way, the ideal setting for big ideas.

- CloudM, your own terrace



Elegant cloudM bars, where you can truly have your head in the clouds on the top floors of citizenship hotels. CloudM is also suitable for private hire and is accessible only to guests and their pre-approved friends (as at home). The trend of designer-furniture has been expanded to the clouds all the way, because the most stunning skylines in the world look best with a signature cocktail in hand.

- CoffeeM, your coffee station



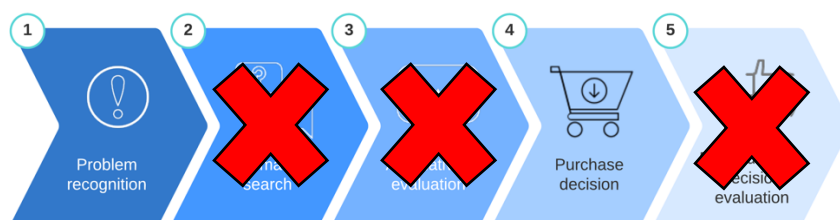
CoffeeM, an innovative counter concept, is a must-visit place for on-the-go coffee, to prepare you up before a meeting, or rescue you from the night before. Street-side cafes are the ideal pit-stop for busy travelers when constructing new hotels. CoffeeM provides hot drinks, ice-cream teas and new snacks everyday.

## 6.4 Mobile citizens decision making process

One of the most innovative and revolutionary features of CitizenM hotels is that each building around the world is more or less composed by the same sharing spaces such as the canteen or the terrace. Moreover the element that makes CitizenM hotels unique is the room: this is the place that most of all is part of the customer experience and if you find yourself comfortable in the 2 floor of the CitizenM hotel in London you surely be comfortable as well in the 65 floor of the CitizenM skyscraper in NYC. Why? Well, the rooms all around the world are of the same size, composition and furniture, it's like you choose a moving room you can carry everywhere in the world.

Imagine to create a second decision making process of a mobile citizen who has stayed in a CitizenM hotel and has found everything he/she was looking for at the time of booking: if this client would need to travel a second time he won't waste time searching information or evaluating alternative. Furthermore his or her reviews should be and would be as the first stay.

The skill of CitizenM company is manage to make customers feel as their homes in order to satisfy their specific expectations and questions in a way no one else has ever done before: this take mobile citizen not to waste time looking for a new hotel and hoping to receive the same services but choosing CitizenM hotels to be sure of the result.



Assuming this, it is possible to modify the traditional consumer decision making process by deleting those steps which CitizenM manage to make customer skip in their mind. If a mobile citizens experiences an incredible stay in the CitizenM hotels, the next time he will skip the researching phase, the alternatives evaluation one and at the end he will surely be satisfied and would give good reviews.

## **6.5 CitizenM and the Blue Ocean shift**

*“If there ever were a red ocean,”* observes Michael Levie, co-founder of CitizenM Hotels, *“the hotel industry would be it. It’s redder than red.”*

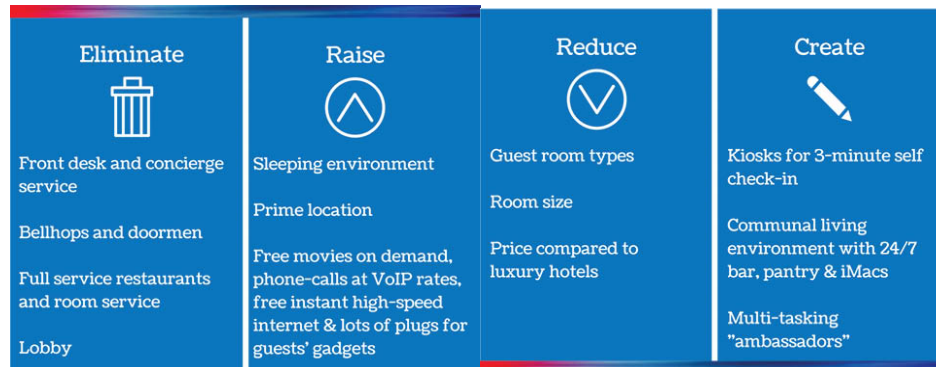
Four-star hotels provide four-fifths of what five-star hotels have to offer. Three-star hotels provide three quarters of what four-star hotels offer. And so on down to one-star hotels which offer about half of what two-star hotels are offering. In other words, they are all essentially competing on the same things. "In this industry," says Levie, "people think if they change the color of the paint on the walls or switch the type of chocolate on the pillow they have innovated."

Against this background, CitizenM's co-founders, Rattan Chadha and Michael Levie – both new entrants to the hotel industry – wanted to create a blue ocean with a new type of hotel chain. One that would capture the growing mass of frequent travelers – what they call "mobile citizens" – for business or pleasure travel.

The two founders observed that many of those "mobile citizens" visited either three-star hotels or luxury hotels. Trying to detect a blue ocean potential they decided to understand why luxury hotels were preferred by frequent travelers over 3-star hotels and vice versa. A host of insights began to emerge just as they did.

Despite all the factors on which the hotel industry is competing, it ended up turning out that only three factors did stand out as decisive in determining why frequent travelers traded up to five-star hotels over three stars: their feeling of luxury and beauty; their more luxurious sleeping environment; and their privileged location. As for those who opted for a three-star hotel over a five-star hotel, the price jumped out as the most popular factor, followed by another: Five-star hotels always felt too formal

and pretensive. A key blue ocean analytic, the Eliminate-Reduce-Raise-Create Grid (ERRC Grid), allows to lay this out.



By acquiring these insights, it has shown up the reasons for removing, decreasing, increasing and forming. The customers of neither five-star nor three-star hotels, for example, saw the front desk, concierge service, bellhops, or doormen bringing much added value. CitizenM saw these factors as factors which they should remove.

First, because the "mobile customers" they were targeting were not the sort of consumer who spent a lot of time in their space, they found that they could reduce the size of the room – and expense – because this also meant more rooms per square foot of the property.

And then, CitizenM increased the standard of the sleeping area with extra-large king beds, fine linens, decent sound insulation, comfortable towels and beautiful showers to maintain a high degree of comfort and luxury.

Finally, through these insights into the market, a new type of value was discovered. The front desk was deleted and replaced it with self-check-in kiosks which enabled guests to check in without lines. And in case support was required, front desk workers were replaced by multi-tasking 'ambassadors' who could support from providing instructions to shaking a drink with something.

## 6.6 The room

As mentioned in the previous paragraph, one of the main element that make CitizenM unique and successful is the room. There are no problems about deciding which category of room or size choosing cause there's no choice. Every room in every hotel around the world is identic as for square feet and furniture.

*We're not sure which part of our room is our favourite: the wall-to-wall beds and windows, powerful rain showers, or tablet-controlled ambient settings. Perhaps it's the fact that we only have one type of bed (king-size double), or that we stripped away all unnecessary and unwanted extras to give our citizens everything they truly need. Or maybe it's the free Wi-Fi and free movies. Take a tour and decide for yourself (CitizenM.com).*

- The bed



The bed stands in front of a floor-to-ceiling window, wall-to-wall window and is 2,2 x 2,0 m in super-king size. It's white bed-linen and pillows offer a comfortable area for watching TV on the flat LCD screen.

Night tables contain lamps on both sides of the bed. Below the bed is a huge drawer for storing an open suitcase or other personal belongings. Sockets in the front of the bed allow you to connect your laptop or phone.

- The bathroom



The items from the bathroom are positioned separately in the room to create maximum space. Two wide glass cylinders contain the shower and the toilet, a small cylinder has the washbasin and extra storage space. The shower consists of one fixed half cylinder, and two quarter cylinder sliding doors, all of which are transparent.

The taps on the stainless steel column operate the rain and extra hand shower, which also gives way to the citizenM amenities. The toilet is composed of a fixed half cylinder and two quarter cylinder sliding doors, made of dusty glass. The toilet ceiling as well as the shower ceiling are both transparent, revealing the led-strings colors on top.

- The beauty space

Efficient space utilization leads to a combination of mirror and storage space. A rotating stainless steel frame contains on one side a full-length mirror with theater lights, beauty supply storage compartments and on the other side a European, English and American socket.

## 6.4 CitizenM strenghts

CitizenM teams have rich experience and networks in order to allow prime locations in the world. It is not a chance to achieve higher productivity per square metre. Unique and profitable approach is the most important element in the hotel industry.

The following factors contribute to higher margins and higher per square meter profitability than any other hotel:

- *Successful lifestyle brand*

CitizenM built and introduced a powerful lifestyle brand in a way that is distinct from the crowd.

CitizenM is a mindset brand, and a powerful but nevertheless fun attitude. A brand that brings young people together at heart, aimed at today's global voyageur.

*" We 're what we're saying and we're not going to conform to the old standards."*

CitizenM has large, offline and online social networks and they are aware of how they can be able to leverage to reach the target audience.

The web-only distribution strategy enables to always offer travellers the best available rate. Rather than selling the bulk of our rooms to large groups or corporate accounts at a discount, they introduced one straightforward pricing model to all mobile residents, resulting in higher guest satisfaction and better results.

- *Smart design*

Each hotel is as individual as its host city but can be recognized immediately with sophisticated design and clean lines. You will find smart, standardized rooms beyond the exterior, where MoodPad makes the perfect atmosphere easy to set.

There are different features in each hotel, including rooftop bars (CloudM) and innovative meeting spaces (SocietyM), a gym with views over the city and visitors and passers-by (CoffeeM) in a coffee-shop.

The relocation of living space from innovative rooms to a comfortable public space makes possible, while maintaining high quality, to use only the half floor of a traditional upscale hotel room.

Efficient operations at the front and back of the house reduce the square meters required. This is the secret to CititenM success, as it means that it is possible to build two times as many rooms as conventional high-end hotels in a smaller floor and land area.

- *Centralised tech-based operations*

Hotels are run like a commercial store, combining light hotels with a high degree of centralization with smooth operations. Tech is the main confidence to help giving customers the best possible service and always have the best experience , regardless of which hotel they are visiting. CitizenM own software provides real-time updates for all our hotels. As they grow their portfolio, the software is fully scalable and easy to adapt to include new hotels.

Technology:

- 60-second check-in, 30-second check-out
- technology helps deliver genuine human service
- hotels centrally connected through proprietary software
- VoIP call rates and MoodPads in rooms
- real-time hotel monitoring for optimal guest experience

- *Standardised construction*

Built from fully prefabricated rooms, CitizensM is the first and only hotel of this kind.

Like a car, it all started designing a plan from the room for the first time.

In the factory, the parts – built in various places – are assembled where possible. They 're even making the bed here, hanging the TV and closing the doors. The precast rooms are covered in plastic, forced into the windows and delivered to the house, ready to become the next citizenM hotel.

## **6.5 CitizenM success**

A new value-for - money frontier of affordable luxury for frequent travelers has been opened in Amsterdam by CitizenM. It has since opened and is continuously expanding hotels in prime locations in major cities such as London, Paris and New York. CitizenM hotels today receive the highest guest scores in the hospitality industry, positioning them alongside five star hotels in the "fabulous" and "superb" categories. But its rooms are accessible to customers with three stars.

The consequence is an annual 90% hotel occupancy rate – 80% higher than the average in the industry. The labor expenses in the chain are 50% less than the industry average and the productivity of comparable luxury hotels is double that of square metres.

## 7 Conclusion

The central problem addressed in this thesis is how CitizenM has become a successful company in the super challenging world of hospitality in so little time.

Talking about the brand strategy CitizenM, creating a new brand in the huge world of hospitality is very challenging and risky but the company managed to create a unique and innovative hospitality concept that wasn't on the market so far. That's the reason why, despite being a new company, CitizenM is doing so well and has reached phenomenal results. Starting from the continuous changing in the things of everyday till the concept of a new target of customer that didn't exist 10 years ago. The main success of the company deals with the capacity of inventing a new hotel chain for the new modern travelers.

It is not like seeking for the best restaurant service and food or the most luxurious room but creating a perfect environment for the perfect potential customer: modern citizens.

They are all the young people of today and most of the people of tomorrow. CitizenM has put the roots for the next-gen hotels since it fulfills all the needs of the mobile citizens.

It's seems like the company has forecasted what the customer of the future will be and which needs should be satisfied in the future.

Apparently from the results the company has reached so far they had centered the target.

Branding is create something that is so different and unique from anything else and that people remember with pleasure. They remember their CitizenM experience. Memory, one of the most important element of human kind is the capacity of remember things that has happened: bad things and especially good things. If we enjoy a plate of spaghetti in a specific restaurant probably next time we want a spaghetti plate we will go for that restaurant cause we already know it tastes good.

Memory is one of the pillar of CitizenM since they design their hotels around the world quite identical especially for the rooms that are the same size and furnished in the same style in all the locations. It's similar even the type of experience customers are going to expect with the main theme of feeling as they are at their homes.

So now that memory is the key element of the company, we understand why customers that choose CitizenM for the first time rarely don't book the next holiday or job travel in a CitizenM hotel: if staying in a London CitizenM feels great, why should a customer change their "homes". Booking CitizenM hotels it's like carrying a holiday-house with anywhere you go, it's like travelling with a roulotte but with the comfort of a smart luxury hotel.

Being sure of finding the same services and the same experience is not always obvious when travelling. Even if travelling in the same hotel chains could seem the same thing, that's a huge abyss between the same name on the building and the room itself. People who stay in Marriott or Hilton can find their rooms comfortable or not moving from a location to another, if CitizenM hotel and room layout are appreciated they are appreciated all around the world, this is a great point in favor because customers never have doubts, they know exactly what they book.

CitizenM give the chance of booking the same hotel but in different cities.

Regarding the tech-based hotel, it's undisputed that nowadays people look over and over for technology devices everywhere they go especially in hotel.

It's very annoying going in a 5 stars hotel but not finding the USB connector near the bed.

Regarding technology, CitizenM is at the forefront, having the ultimate technology devices in all the structures, from the fast check-in to the multifunction iPad in the room.

So, all in all, CitizenM company has reached in so little time huge estimation in the hospitality world scaling lots of famous chains.

Its success once again is due to its capacity of creating a hotel brand founded on the needs of today's travelers but offering something no one was offering placing itself in a blue ocean, far away from the red ocean of traditional hotels.

It's plumbet that this kind of philosophy will be followed by lots of company in the next future and that CitizenM will be seen as the pioneer of a new type of hospitality.

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