

Brand Equity at Premium Inn

A Report

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1.0. Introduction

Brand equity plays an essential role in the hospitality industry as it helps drive revenue through strong brand reputation (Seric and Gil-Saura, 2019). Brand equity also influences guests' choice of hotels over competitors (Nuseir, 2021) and can lead to customers' willingness to pay a premium to be associated with the specific hotel brand (Nguyen and Chi, 2021). Brand equity as a concept has been extensively discussed by multiple authors (Shariq, 2018; Tasci, 2021). However, the most commonly cited models focusing on customer-based brand equity are those of Aaker (1991) and Keller (2001). Both these authors suggest that since brand is the most valuable asset, it is important to identify core customer-perceived elements that contribute to building brand equity.

Aaker (1991) conceptualised brand equity as the value of the brand, with a focus on its brand assets and liabilities. According to Shariq (2018), brand equity is broadly conceptualised as the value of the brand and measures how much a consumer may be willing to trust and engage with the brand. Troiville et al. (2019) similarly conceptualised brand equity as the value premium that an organisation is able to generate from a specific brand compared to other equivalents. Keller and Brexendorf (2019) defined brand equity as the added value that a brand can create in customers' minds, including positive perceptions, associations and resonance towards the brand.

In this report, the focus is on Premier Inn. Premier Inn operates a brand under the broader parent company, Whitbread Plc, which is a publicly traded firm on the LSE and is part of the FTSE 100 index. Premier Inn is one of the largest budget hotel chains in the UK and has over 800 hotels across the country (Figure 1).

Type of Premier Inn	Hotels
Premier Inn hotels in London	84
Premier Inn hotels in regions	745
Hub by Premier Inn	14
ZIP by Premier Inn*	1
Total	844

Figure 1: Profile of Premier Inn in 2023

Source: Whitbread (2023) report

Statista (2024b) reported that Premier Inn was one the most popular hotel brands in the UK in 2024 (70 per cent brand recognition), which could reflect good brand equity. The extensive market presence of Premier Inn makes it an ideal target for this report. The primary research objective of this report is to analyse the brand equity of Premier Inn using Keller's (2001) brand equity model and to examine how its positioning and customer perceptions contribute to brand equity. The report also discusses the potential marketing strategies of the firm which may contribute to brand equity.

2.0. Review of Literature

The core elements of the Keller (2001) CBBE model have been discussed in literature. For example, brand identity, also referred to as salience, involves building awareness of the brand and differentiating the brand from others within the external market (Ande et al., 2017). Brand salience is built by understanding the propensity of the brand to be thought of by the buyer when making a purchase decision. At this stage, as Quo and Wang (2017) contended, it is important that firms take steps to

understand the factors influencing consumers' purchase decisions and ensure that their brand stands out by communicating the clear unique selling proposition (USP).

The second step of the CBBE model (Keller, 2001) focuses on ways to communicate brand meaning including the performance and imagery dimension. According to Yousaf et al. (2017), brand meaning can help identify attributes and benefits association with the brand. Brand performance helps understand the effectiveness with which a brand meets customers' needs through specific factors like reliability, pricing, effectiveness and others (Piriyakul et al., 2024). Brand imagery, on the other hand, refers to the visual representation of the brand and the ability of the brand to build a narrative with visuals reflecting the brand's vision and mission (Keller, 2008). Brand imagery helps identify how the brand is able to satisfy the social and psychological needs of the brand. To enhance brand meaning, firms should continuously gather and analyse data to assess quality, satisfaction, customer experience and perceptions of visual elements (Keller, 2016).

The third step of the model is understanding what customers think about the brand, identifying customers' judgement and feeling. Consumers' judgement can be based on diverse parameters including quality, credibility and superiority. Customers' feelings or brand feelings relate to various factors about the brand, both positive (e.g. warmth, fun, excitement, security, self-respect, social approval) (Netemeyer et al., 2004) and negative. Consumers' judgement and feeling helps identify specific factors about the brand that appeal to consumers. The final step of the CBBE model (Keller et al., 2011) is brand resonance, which involves creating a powerful emotional connection (Salloum et al., 2017). It reflects behavioural loyalty, attitudinal attachment, active engagement and a feeling of community. Brand resonance is tracked by firms through diverse elements like loyalty programmes, referrals and social media engagement (Kar et al., 2023).

Though both Aaker's (1991) and Keller's (2001) models relate to brand equity, the Keller model is preferred by authors in the hospitality industry. For example, Owen James (2006) recognised that use of the Keller model is more relevant to evaluate how customers feel about the brand and reflects on elements like satisfaction and trust. In contrast, in the Aaker model, firm-centric elements such as proprietary assets like trademarks and patents are useful (Steenkamp, 2019). Another reason

why hospitality researchers have used the brand equity model is that it can delve into brand resonance (Cinar, 2020)—that is, ways to build brand customer loyalty and advocacy. In hotels, the customer experience and repeat visits play an essential role in influencing brand success. At the same time, as Kuhn and Alpert (2004) recognised, it is important to acknowledge the limitations of the Keller model, including its reliance on subjective customer perceptions, complexity linked to measuring brand resonance, and challenges of identifying external factors and market conditions.

3.0. Application of CBBE Model to Premier Inn

3.1. Brand Identity

As discussed in the introduction, Premier Inn is highly popular in the UK. Figure 1 shows that in 2024, brand awareness of Premier Inn was the highest (93%) when compared to its competitors, including Holiday Inn and Travelodge (89% each) (Statista, 2024b). YouGov (2024) also reported that Premier Inn has the highest ad awareness score amongst all hotel brands in the UK. When consumers were asked if they had seen an advertisement for specific hotels in the past two weeks, 22.8 per cent ranked Premier Inn as having the highest ad awareness. In contrast, its competitor, Travelodge, scored only 14.7 per cent (Figure 2).

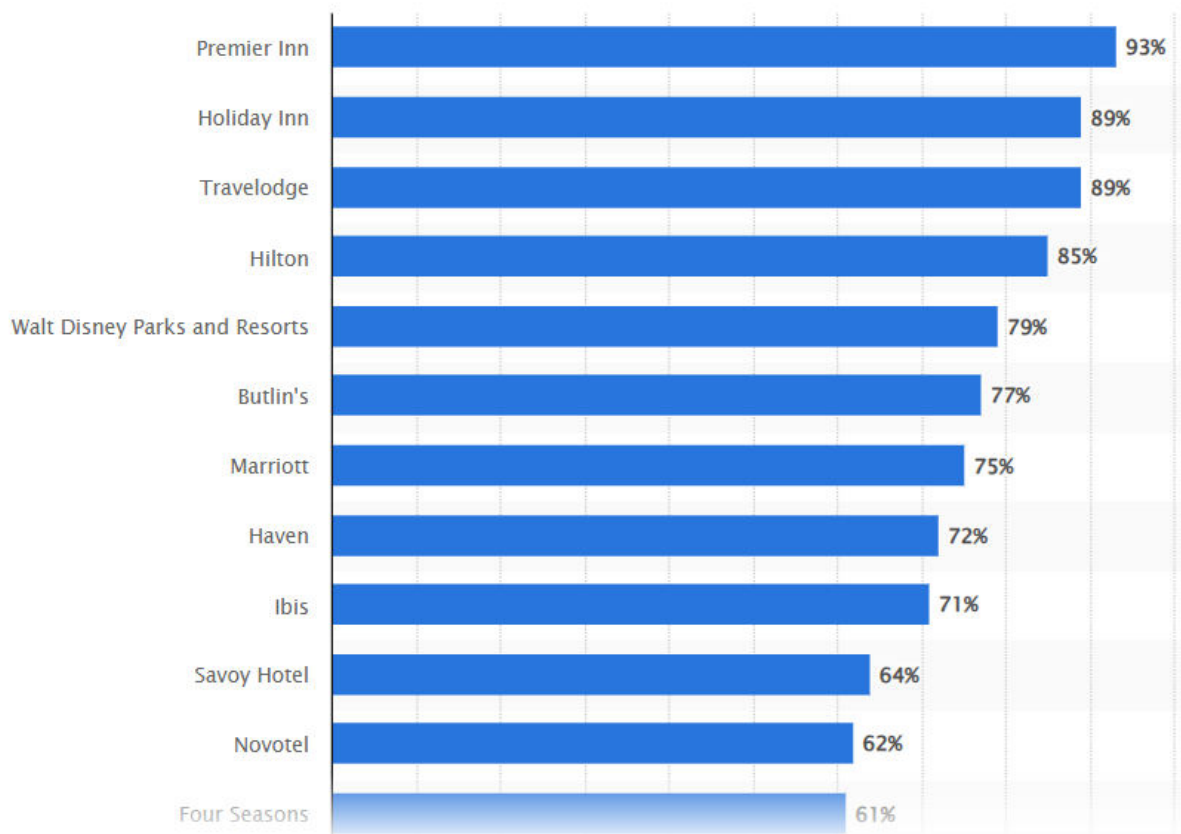


Figure 2: Hotels in 2024 by Brand Awareness

Source: Statista (2024b)

Ad Awareness in 2024: Top 10 hotels in the UK

Which of the following hotels have you seen an advertisement for in the past two weeks? (% of UK adults)

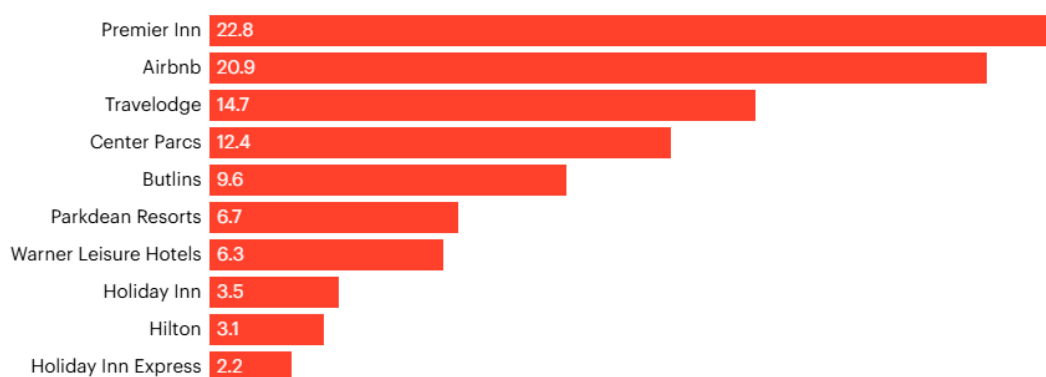


Figure 3: Ad awareness in 2024

Source: YouGov (2024)

According to Keller et al. (2011), successful brand resilience can be achieved by using a distinctive logo and design and having consistent marketing strategies. At

Premier Inn, the use of a well-known logo, its purple and white colour, and the Good Night Guarantee campaign are all steps to improve brand awareness.

3.2. Brand Meaning

Brand meaning helps understand what a Premier Inn consumer would associate with its performance and image. There is a strong perception of quality and value proposition. Ghandour et al. (2015) reported that the ongoing Good Night Guarantee assurance has helped assure consumers of cleanliness, customer satisfaction and sleep quality. This has been enhanced by steps taken to communicate these actions through social media. It is important to acknowledge essential steps taken by Premier Inn to improve brand performance. For example, in 2024, Premier Inn adopted a better reservation system which improved the search success rate from 16.23 per cent to 25.91 per cent. This means that more guests were able to choose rooms that met their specific needs.

Similarly, 86 per cent of guests at Premier Inn are happy or very happy with their experience. In fact, 54 percent of people who took the study had no other options for a hotel but Premier Inn. While 18% thought about staying in an independent hotel, 23% thought about another inexpensive hotel. Just thirteen percent thought about staying at a private bed and breakfast, while seventeen percent explored an economy or midscale hotel. Furthermore, just 7% of people thought about staying in a luxurious four- or five-star hotel, and only 12% thought about renting a house. Therefore, from a functional perspective, one can argue that Premier Inn is ranked amongst the top budget hotel chains for repeat bookings (Whitbread, 2023).

As part of brand meaning assessment, emotional and symbolic aspects need to be evaluated. This includes understanding the brand imagery. The Whitbread (2023) report held that the preference for Premier Inn is largely linked to its ability to be trustworthy and reliable for both families and the business traveller. Since 2016, Premier Inn has also taken steps to be more sustainable: it has reduced its carbon footprint and intends to reduce it by 50 per cent by 2025 (Premier Inn, 2018), further showing commitment to being a sustainable contributor to the tourism industry in the UK.

3.3. Brand Response

According to Kim (2012), when evaluating customer judgement, it is essential to determine the perceived quality, credibility and value for money of the brand. The perceived quality of the brand was so high that 25 per cent of customers may not visit a destination where a Premier Inn is not available. The Whitbread (2023) report also showed that customers were willing to stay for longer due to the perceived value for money. The average stay was 1.84 nights across all accommodation categories. However, among those who were attending for leisure, this increased to 2.91 nights. However, on Trustpilot, Premier Inn consistently ranks low for overall recommendation despite having high score for cleanliness and service quality in thousands of customer reviews. Furthermore, 85 per cent of consumers say that it offers value for money and would recommend it to others on that basis (Whitbread, 2023).

Brand response also involves understanding customers' feelings and emotional reaction to the brand (Keller, 2001). It is seen that consumers of Premier Inn are also willing to look at it beyond a budget chain. For example, Harden-England (2024) report that a revenue of £101 million was fuelled by consumer preferring more premium services including those who look at platinum or diamond plans. Therefore, this report argues that Premier Inn's commitment to cleanliness, comfort and value has created a sense of moderate to high perceived quality. It has also generated positive association between brand quality and brand value. Modern hotel customers want a seamless and immediate experience more than ever before. Technology integration facilitates the delivery of guest preferences with the appropriate degree of contact. Addressing this need, Premier Inn has worked to improve digital engagement and respond to consumer preferences.

3.4. Brand Resonance

Statista (2024a) recognises that 38% of hotel customers in the UK say they are likely to use Premier Inn again, which is indicative of strong brand loyalty. Similarly in a survey of Premier Inn consumers, 58 per cent of them did not consider other accommodation, while 31 per cent considered another budget hotel (Whitbread, 2023). Travellers on business or vacation who value consistency in their hotel experiences will appreciate Premier Inn's low prices, convenient online booking, and

high-quality rooms. A Good Night's Sleep Guarantee is only one example of the top-quality service it provides. Consistently high-quality service and accommodations across the estate increase customer loyalty. Its brand resonance is enhanced through targeted advertising. Whatever the purpose of a guest's visit, Premier Inn's 'Do Your Thing' campaign highlights that the hotel chain is an inclusive and friendly location where they can stay, as part of its 'Rest Easy' strategy (Whitbread, 2024). Promoting the brand's central concept, the campaign is a collaboration with The Diversity Standards Collective. The campaign, revolves around a 60-second commercial that has various guests, including businesspeople to leisure travellers and those of different genders and sexual orientation. These intend to highlight the brand commitment to creating an emotional connection with its audience.

The following figure summarises the brand CBBE model for Premier Inn.

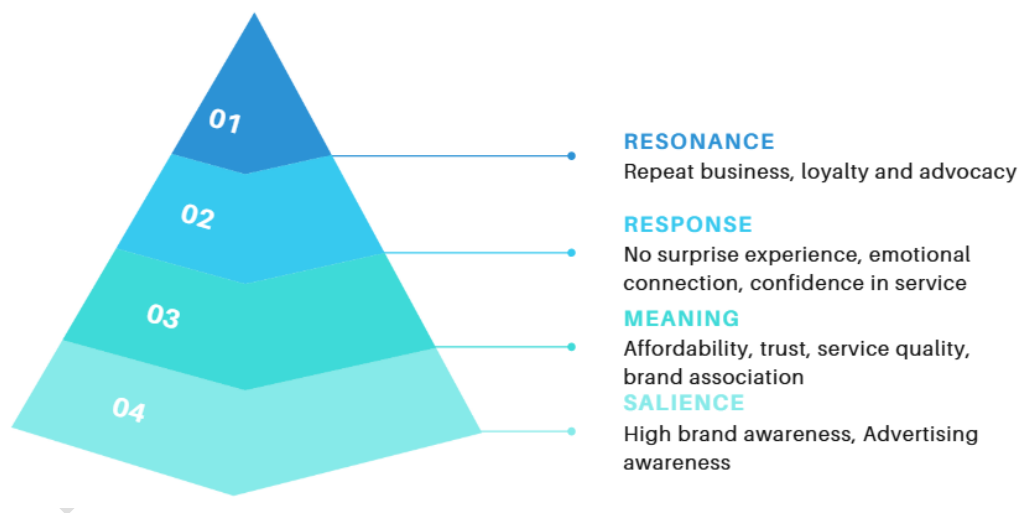


Figure 4: CBBE of Premier Inn

Self-created

4.0. Conclusion

Overall, this report contends that there is high brand awareness and salience, steps to generate brand meaning and resonance. There is a value proposition driven effort to establish customer loyalty. Though there is active engagement through social media, there remains concerns regarding its online reviews on Trust Pilot. There should be steps taken to improve its brand meaning and resonance through more digital channels.

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