

## Title:

Private Label Water for the Hospitality and Lodging Industry

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## Summary:

Private label drinking water has been proven to be a powerful, cost effective method of promoting quality brand images and differentiating service offerings. Private label drinking water can aid the Hospitality Industry by building brand loyalty.

## Keywords:

Private label water, branding, private labeled water, Hospitality and Lodging Industry, brand loyalty, brand images, service differentiation, pure water, brand awareness, label quality

## Article Body:

The Hospitality and Lodging Industry in the United States is booming with strong growth in overall revenues and average price per room. Notwithstanding external factors such as international terrorism and the rapid rise in fuel costs, most industry forecasts predict continued growth in revenue.

Recent studies show however, that the industry suffers from a considerable loss in revenue and profits because of ineffective differentiation of service offerings and branding. This trend is recent because historically hotel customers have demonstrated brand loyalty.

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## Opportunity Lost

The Hospitality and Lodging Industry plays a major role in the U.S. economy with business travelers alone accounting for \$40 to \$50 billion in annual revenue. A recent study however, by a recognized research firm, concludes that up to \$20 billion in additional revenue is lost because frequent travelers are not loyal to specific hotel brands.<sup>1</sup>

This revenue deficit represents an opportunity lost for profitability and continued cash flow for the industry.

## Brand Loyalty Means Greater Profits

Most analysts and academics agree that loyal customers constitute the basis of a successful business because of new sales cost savings, the ability to sell additional higher margin features to loyal customers and word of mouth or informal referrals to new customers.<sup>2</sup>

The creation and maintenance of brand loyalty therefore is the strategic objective of many industries with no exception to the Hospitality and Lodging industry. As one study concluded "Loyal customers are logically at the heart of a company's most valuable customer group."<sup>3</sup> Therefore, the overall importance of customer loyalty could realistically benefit or impede the industry itself.

Without brand loyalty firms in the industry are forced to compete on the basis of price instead of quality; history has shown this to be a losing proposition.

The challenge to the individual manager is the best use of resources in order to create the highest level of customer loyalty. This applies to mid-market hotels as well as major chains and franchises.

## Traditional Efforts Are No Longer Effective

Reward programs and superior customer service are no longer enough to establish brand loyalty. Studies have concluded that hotels are failing to increase brand loyalty due to a lack of differentiation and traditional efforts such as rewards and points programs have become commodities in the industry. Because they are offered by most firms in the industry, rewards programs have changed from service differentiators to service requirements and cost centers. As a result, some analysts have concluded that rewards systems and points programs have become no more than a cost of doing business.<sup>4</sup>

As a result, there is increased concern that customer loyalty programs are failing to achieve their objectives of increasing customer loyalty and profits.<sup>5</sup>

Customer service and satisfaction is less of a factor now in establishing and maintaining brand loyalty primarily because competition has created a culture of exceptional customer service. Studies have also concluded that high levels of customer satisfaction do not guarantee brand loyalty unless competitors fail to offer the same level of service.

Many hotels are seeking better ways to create customer loyalty and are exploring the inherent desires of individuals to be loyal to brands they are comfortable

with. All industry participants, whether large high end hotels or mid-market firms, must develop more effective ways to develop and communicate their brand propositions.

#### Focus on Design, Services and Amenities to Help Build Brand and Loyalty

To create a memorable lodging experience and to better distinguish their brand proposition, many hotels and franchises are investing in redesigned facilities, new value added and telecommunications services and a broader array of amenities to create brand awareness and customer loyalty.

According to a recent analysis by PricewaterhouseCoopers, guests at hotels across the country are now greeted by a myriad of new amenities ranging from increased choices for checkout methods to high quality drinking water and in-room exercise equipment. Hotels are adding and improving amenities to achieve incremental revenues, respond to increased consumer expectations and create customer loyalty through quality branding.

In addition to investing in new services and amenities a unified and clear branding message must be developed and conveyed.

#### Design and the Brand Message

Developing an effective brand message is more than creating a brand statement. The brand message must appeal directly to the emotions of the customer in order to create enduring brand loyalty; and design is one of the most powerful tools for publicizing the brand. It is important to understand that quality of design will significantly improve the quality of the brand message and the resulting brand loyalty.

Therefore, extreme care must be exercised during the brand design and communication process to ensure that the brand message is not diminished.

#### Private Label Drinking Water

Private label drinking water is an ideal and powerful way to promote a quality brand. Essentially, private labeling allows businesses to design and develop a label with a custom message, which results in the creation and promotion of a brand with a clear, high quality message along with superior bottled water. Because of the immediate and permanent nature of the bottled water product, consumable advertising is created that leaves a lasting message in the mind of the consumer.

Some of the benefits of private label water include:

- A high-quality, custom message created that can be used or resold at a profit.
- Modifiable designs and messages to reflect events such as tournaments and promotions.
- Individual users who often carry the water with them, which extends the promotion of the product.
- Pure water that is popular and universally accepted as contributing to good health. The message of the private label effectively reaches more prospects as consumption increases and more hotels include high quality water in amenities packages.
- Effective cost that is low and results in a rapid response to the brand message.
- Consumable advertising, which creates a lasting message and impression that appeals to the consumer.

#### What to Look for in a Private Label Water Supplier

There are a number of private label water suppliers but they vary significantly in the quality of their product offerings. There are three areas to investigate when choosing a supplier, which include quality of water, quality of label design and production and quality of customer service. Each are expounded upon below:

##### Quality of Water

High-quality water in terms of health and taste is critical for the acceptance of the product and brand message. If the water is of low quality or tastes bad then the branding will fail. The best quality water on the market today is purified using a distillation, filtration and oxygenation process that removes all impurities including all toxins and bacteria, which ultimately results in a light, refreshing taste.

##### Quality of Label Design and Production

The label or message portion of the product is significant in the production process, whereas poor-quality labels send a poor-quality message and high-quality labels send a high-quality message. Production of a poor-quality message is a waste of money and adversely affects the brand image.

It is very important to acknowledge that the vast majority of the private label opportunities in the United States come from water resellers (not bottlers) with desktop-model "thermal" (or "thermal wax") printing devices. These "thermal"

devices have a quality level that cannot compare to even consumer-grade inkjet printers, which are very cheap in both quality and cost, typically ranging from \$10-\$20 thousand depending on configuration. Although the quality is decreased many companies use these printers because of the low cost, which will ultimately produce poor-quality labels.

In sharp contrast, a quality label, i.e., one that looks like a top-shelf brand that you might find in your local gourmet grocery store, needs to be produced with professional-quality equipment using professional-grade printing equipment. There are three types of printing equipment that can produce a high-quality label. These three types are as follows:

1. Rotary offset lithography
2. Flexography
3. High-quality digital presses

For the majority of smaller runs (approximately 10,000 units), digital equipment offered by Heidelberg or HP is the most cost effective solution, but instead of \$10-\$20 thousand, the minimum equipment costs for these professional solutions range from \$750 thousand to \$1.25 million per station.

These facts are very important to understand when choosing a private label bottler. Those who sell low-quality labels will have you believe that nothing better is available because of the short runs required by private label customers. However, nothing could be further from the truth.

In order to succeed, your label must be professionally designed and produced with high-quality materials using a printing process that renders a high-quality result. Waterproof lamination is also required for long-lasting labels. This is easily achieved for an affordable unit cost using the right equipment for the job.

### Quality of Customer Service

The design and production of private label drinking water is complex and requires intense interaction between the customer and supplier. Communication and a culture of customer service excellence is a prerequisite to the creation of an effective brand message and a successful product. Without a significant commitment by the supplier to customer service, the branding exercise will fail.

Choose a quality supplier to help develop your quality brand offering and realize greater revenue and profits.

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