



**THE KLAGAN REGENCY:
REBRANDING AND POSITIONING STRATEGY**

**KELLIT BINTI GIHOL
(2012920155)**

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**Faculty of Business Management
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CHAPTER 1:

INTRODUCTION

1.1 Background

Novotel 1Borneo is an Accor group from France and also one of the well known hotels in Sabah. It was officially opened in August 2008. Novotel 1Borneo Hotel was a 4 stars International Chain Hotel in which integrated with the 1Borneo Hypermall, the largest mall in Borneo with 1.5 square feet of shopping, leisure and dining choice. This hotel was strategically located along the Sulaman Highway and around 10 to 15 minutes from Kota Kinabalu City Centre. Besides that, it is also adjacent to University Malaysia Sabah (UMS) and near to the State and Federal Administration Government offices and Kota Kinabalu Industrial Park (KKIP).

Novotel 1Borneo Hotel however, able to maintain its operation under this hotel name until December 2014 and then had change its name to another brand name which is 1Borneo Hotel. One of the reasons why this hotel had change its brand name is because the hotel not able to achieve the profitability goals. By then, the owner of 1Borneo Hypermall has fully took over the Novotel 1Borneo Hotel management and operation.

Later, the new owner of this hotel change the name to 1Borneo Hotel but has maintained the management and operation of the hotel. However, the hotel management once again facing a difficult situation when the new owner (owner of 1Borneo Hotel) has sold this hotel to Klagan Hotel's owner.

The Klagan Hotel is situated at Warisan Square building which is strategically located in the heart of Kota Kinabalu city. The Klagan Hotel

1.2 Scope of Study

The scope of this study is focusing more on clients that participate in accommodation and events in the hotels especially at The Klagan Regency hotel, Kota Kinabalu, Sabah.

1.3 Problem Statement

Rebranding is one of the marketing strategies that applicable in making a good chances for a company or product to improve better and recover from damages that lead to rebranding. The current new hotel brand name had experiencing rebranding from Novotel 1Borneo Hotel to 1Borneo Hotel and then The Klagan Regency Hotel which may turn the hotel to be much better hotel than before.

But, of course there is costs for changing the name as stated by Stuart and Muzellec (2004) in (Nhat Hanh Le, Ming Sung Cheng, Kuntjara, & Ting-Jun Lin, 2014) especially when the former name was extremely well known to public. The problem that might faced by the hotel after rebranding is whether its current or prospective clients do accept the changes (Nhat Hanh Le et al., 2014).

Since The Klagan Regency is still new and currently in process of making some efforts in enhancing the new hotel image or identity in public, the big problem is people already have the Novotel 1Borneo or 1Borneo Hotel in their mindset when talking about hotel at 1Borneo Hypermall.

In addition, this new brand name is familiar for some people who know The Klagan Hotel but not in 1Borneo Hypermall area. So, in order to put a strong image of The Klagan Regency hotel in consumers' mind, rebranding implications need to be investigated and measure.