

Rosewood hotels and resorts case study essay sample

[Sport & Tourism](#), [Hotel](#)



Rosewood Hotels and Resorts is a business that has 12 establishments worldwide. Until 2004, the company has run an individual branding strategy; but recent events, such as the adoption of a new President and CEO, have the company considering a corporate branding strategy.

Rosewood seems to have hit a roadblock with their current strategy; they are concerned that their guests do not fully understand the Rosewood brand. Rosewood believes if they are able to adopt a corporate brand, that their guests will recognize more of their facilities and become loyal which in turn could increase revenue because their guest's customer lifetime value will have risen.

Rosewood also believes that by implementing a corporate brand, they will have an advantage over their competitors. The main issue with their current branding is that their customers are unknowledgeable about their brand. If they instill a corporate brand, more guests will choose their Hotels over competitors. Rosewood believes that by becoming a company who runs a corporate brand strategy, they will be able to increase their cross-selling rate. According to analysis of guest data, corporate-branding properties had higher cross-selling rates among their properties than those that utilized individual branding. Research shows that having a corporate-branding strategy resulted in a 10% to 15% cross-selling rate; this is because up to 40% of their guests returned for another stay. We compare these numbers to those of the individual-branding's cross-selling rate of 5% to 10%. There are many pros and cons that Rosewood faces when changing from an individual

brand to a corporate brand. Until 2004, Rosewood Hotels and Resorts had individual amenities that could thrive on their own as an individual brand.

By switching to a corporate brand, Rosewood is increasing their brand awareness. Many people who have stayed in their high-end resorts have become accustomed to the lifestyle that the hotel provides during their stay. This is a huge part that Rosewood is trying to incorporate while trying to instill a corporate brand. This new strategy can help Rosewood become one strong entity, strengthening their position in the market. They are no longer limited to a particular market; they can acquire and accommodate many different guests. This new branding strategy can also help

Rosewood increase their cross-selling rate. By having one corporate brand, guests will be easier to manage within the Rosewood databases. Rosewood can use the database to maintain a portfolio on each of its guests thus creating a better experience or connection with the guests. If the guests are happy, the hotel and resort now has word of mouth advertising and repeated business. Guests may decide to book their next “ stay” before they leave their current one. There is a great amount of opportunity that comes along with this kind of branding. Like any strategy, acquiring a corporate brand will have some challenges. A big fear that Rosewood may have is becoming “ just another chain” hotel. When businesses decide to move toward a corporate brand, it almost loses the personalization it has with its customers.

If Rosewood is looked at as a chain, its guests will no longer be able to see that great of a difference between them and their competitors. Therefore, there is no reason to choose Rosewood Hotel and Resorts over another chain

other than price. Another thing Rosewood will have to consider by switching to a corporate brand is the routine and knowledge of its employees. Some of the managers may like to run each of the hotels in their own way with their own style. Clearly this style has worked in the past because it has gotten Rosewood where it is thus far. If they decide to change the branding strategy, they must come up with a standardization of how the hotels will be run; essentially, this strategy could give guests a different, perhaps unpleasant, stay because of the changes management must undergo. Finally, it is very expensive to run a new branding strategy. For years, Rosewood has run the same individualistic marketing campaigns to promote their hotels separately. Now, they will have to run a large campaign to get the corporate brand out there.

If people do not respond marketing strategy the way they are hoping, it could be detrimental to the company's name and business. According to Rosewood's Customer Lifetime Value Analysis, provided in the spreadsheet, the move to corporate branding will maximize customer lifetime value. The net present value of CLV seems to increase under corporate branding strategy; starting from \$378.49 and increasing to \$461.10, we see a gain of \$82.61. In addition, the revenue per customer also increases under the new branding strategy. Although there is an additional marketing cost per customer with the new branding strategy, it is worth the investment because the increase in revenue covers the cost. In years 2005, 2006 and 2007, with the new branding strategy in place, the probability of retaining customers increases compared to the individual

branding strategy. By increasing the number of retained customers, Rosewood will realize that they made the correct choice in switching their branding strategy from individual to corporate.