

International marketing assignment

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Banyan Tree Hotel and Resorts John Kaendera MBA6400 International Marketing Professor Paul Herbig 7-10-2010 Introduction Banyan Tree Hotel and Resorts Banyan Tree Hotels and Resorts had become a leading player in the luxury resorts and spa market in Asia. As part of its growth strategy, Banyan Tree had launched new brands and brand extensions that included resorts, spas, retail outlets, and even museum shops. The company had to contemplate how to manage its brand portfolio and expand its business while preserving the distinctive identity and strong brand image of Banyan Tree, its flagship brand.

In this case study we will answer the following questions: 1. How would you describe the appropriate target market(s) for Banyan Tree? How wide is its geographical reach-local, regional, global? The target market for Banyan tree is the high end market. These are couples that are well off and are able to pay \$2, 500 for four nights. The target audience is couples that are interested in romance and appreciate the finer things in life. Moreover, these are people that want excellent service but not at a very high prices. Those that are looking at a place to relax are the persons that come to the Banyan Tree.

In general the target segment was those in their 30s and 40s that wanted luxury accommodation that stressed romance, intimacy, privacy and rejuvenation. It targeted those that sought private individual villas that had love-nests for couples. Some other target audiences are corporate clients. The companies could hold their corporate meetings, retreat or special conferences at the Banyan Tree. The target audiences were high spending

companies like financial companies, information technology companies and aerospace industries.

Banyan Tree also targeted companies that wanted to conduct off site training programs including team-building programs. The reach of Banyan Tree is global. The reason is that its sales offices are located in the USA, UK, Thailand, Taiwan, South Korea, Singapore, Japan, Hong Kong, Australia and Germany. In short, Banyan Tree is targeting high end, premium customers that are seeking a few days of privacy among exclusive surroundings. Those that are seeking luxury at reasonable prices are the targets of Banyan Tree. Such couples are spread all over the world and belong to the upwardly mobile and successful person in their 30s and 40s.

Companies that are seeking an off site venue for training programs are also targets for the Banyan Tree. 2. In these markets, who are the main competitors? What are the competitive advantages of Banyan Tree (country- or firm-specific advantages)? Disadvantages? The main competitor of Banyan Tree is Aman Resorts, Four Seasons and Ritz Carlton. The other competitors are Le Royal Meridian Phuket Yacht Club and resorts within Laguna Phuket. These competitors are based on location. The competitors had the advantages of offering room rates as low as \$150 per night.

Moreover, the competitors offered a multitude of facilities like water sports and golf, dining options, day trips and excursions, and health and beauty treatments. These resorts also provided facilities like kid's club for the families that patronized them. The Le Royal had captured the high end of the luxury market and other competitors offered mainly room and suite type of

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accommodation. Many offered accommodation close to a beach. Banyan Tree has competitive advantages are that It offered exclusive love-nest type of accommodation that was based on romance, intimacy, privacy and rejuvenation.

The Banyan Tree offered an experience to its customers. It focused on having individual villas and this was an option not being offered by other top-class hotel chains. The competitive disadvantage of Banyan Tree is that it is not the lowest priced accommodation in the category, nor is it the highest of the top end accommodation. Moreover, Banyan Tree would not be a preferred destination for families that prefer accommodations with play places for children nor would it be preferred by guests that were seeking water sport.

The main competitors of Banyan Tree were the other luxury resorts/hotels in the area. Banyan Tree had differentiated itself as the destination for lovers. On the other hand other hotels and resorts would be preferred by the guests seeking water sport or children's play areas. 3. How important is the brand name to the target customers? How important is it for the brand to be considered local versus global? The brand name Banyan Tree is very important to target customers. It helps position the resorts. It evokes favorable perceptions in the minds of the target audience.

The brand Banyan Tree evokes an Asian feel and the environment. It was a brand the target market could identify with and have a passion for. The brand Banyan Tree was reinforced by the tagline “ Sanctuary for the Senses” Banyan Tree is a local brand with a global reach. It is important that the

brand be considered to be global. There was a trend now that customers select the resort first and then go to the destinations where the resorts are located. So, if the Banyan Tree is perceived to be a global brand then its guests are more likely to go to other destinations where the resort was located.

The brand signifies to the customer the type of accommodation they expect to find, the kind of service they will receive and the prices they will be charging. From the point of view of local brand, if a guest selects a destination and then searches for accommodation, then being a local brand helps. The name Banyan Tree helps evoke a local flavor and the global reach and marketing of Banyan Tree gives it an advantage of a global brand. Brand name is important to target customers in several ways. The reputation of the brand assures the customer of a standard of accommodation, service and location.

On the other hand a brand like the Banyan Tree evokes a passion about the product/ resort and attracts customers to go to the resort. 4. What alternative kinds of promotions are most likely to build brand equity further? How can product/service extensions do the same? What are the pros and cons of each? How would you evaluate the choice to launch a second brand- a good idea or not? Promotions like seasonal saving, complimentary meals and free-room-nights and tour inclusions only help build up sales but actually detract from brand equity.

These are sales promotions and create the impression that the company is discounting its services to attract customers. On the other hand

advertisements, online quiz section, travel toolkits or banners on websites help build brand equity. The best way to build brand equity is to provide excellent accommodation, perfect service and have world class locations. Extending the Banyan Tree brand to e-travel, leisure and lifestyle would reposition the brand and it would not be perceived merely as a brand related to mystery, romance and privacy.

The pros are that since Banyan Tree is known among luxury seeking premium customers, they might try out e-travel, leisure and lifestyle products. The Banyan Tree brand would help sell some of these products to the well-off. However, the down side is that the brand Banyan Tree would be repositioned as a general luxury brand related to leisure and travel. The idea of a second brand for travel, leisure and lifestyle has some merit. The Banyan Tree would be protected. Its perception in the minds of its customers would not change. The downside of this proposition is that KP will have to build these brands from the scratch.

This means not merely finding an appropriate name but matching it will appropriate levels of service and advertising. There will be a duplication of advertising efforts and the costs incurred by KP will be higher than the brand extension of the Banyan Tree. 5. How would you evaluate the probability of success in building the brand equity of Banyan Tree further? Any threats that could derail the effort? What would your recommendation be for the next few steps in the brand building efforts? The probability of success in building brand equity of Banyan Tree further will be high if KP follows proper steps.

The probability of success of building brand equity will be very high if KP sticks to using the name Banyan Tree to resorts only. These resorts may be located anywhere in the world. They may be located in the Caribbean. Such a resort would be called Banyan Tree Caribbean. However, what is important is that each resort should be built with similar design and facilities. In other words each resort should have individual villas with similar service, privacy and romantic ambience. This will strengthen the brand equity of Banyan Tree.

Promotions do not strengthen brand equity but well directed, placed and designed advertising increases the brand equity. If KP wants to protect and build the brand equity of Banyan Tree it should refrain from using the name of Banyan Tree for e-tourism services, lifestyle products or travel services. The reason is that weak services in these areas may lead to the weakening of the brand equity of Banyan Tree. Brand equity refers to a positive image established through name recognition; it also describes the financial value of a brand to the profits and the value that a brand adds to the service.

Banyan Tree has a high chance of adding financial value to the bottom line profits, if it is used for the purpose for which it was created. That is resorts that provide exclusive accommodation, privacy, exclusiveness, intimacy and luxury at reasonable prices. More and more resorts may safely be launched under the name of Banyan Tree and each will gain value from the name Banyan Tree. The threat to the brand equity arises from inferior resorts and services marketed under the name Banyan Tree or inferior travel or lifestyle products marketed under the name Banyan Tree.