

# Banyan tree essay



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Having identified the gap in the hotel and luxury resort industry, Banyan Tree Hotels and Resorts (BTHL) positioned itself in the niche upscale category of providing romantic, intimate and exclusive holiday experience to its guests. It was coupled with a natural serene setting with tailor made services. BTHL was exceptionally successful in positioning its point of difference in the minds of its customers. As a result of this competent customer segmenting and high levels of customer service, BTHL became an instant hit. The other hotels which were its product category competition wanted to co-brand themselves with BTHL and this led to creation of Angsana Spas which operated at other hotels or on a standalone basis.

BTHL created new brands Angsana Spa and Colours of Angsana Resorts while launching the spa and resorts to cater to a less upscale market. Adopting a brand extension strategy to bring the two under the umbrella “Banyan Tree” brand could have had a positive halo effect on the perceived quality of Angsana Spa and Colours of Angsana on one hand but on the other, it could have led to “Banyan Tree” brand dilution and dented the customer perceived value because the customers no longer would be able to identify with BTHL as a premium and exclusive experience. One of the key success ingredients for BTHL is the exclusive tailor made services for the guests like the private boat, musician, Buddhist monk and private chef etc. The labour to provide such elite services is currently available to the hotel in abundance and is cheap due to BTHL’s proximity to villages. However, if BTHL were to replicate the aforementioned style of its Asian operation in South America and Southern Europe, the cost of operation of the resort

would be significantly higher than it is for its Asian properties due to expensive labour and real estate.

Also, the Banyan tree spa, which uses Asian therapies and is core to the BTHL experience, may not be in congruence with the local culture in those countries. On the other hand, if BTHL followed its expansion strategy, it could offset the higher operations costs by commanding a premium for adopting environmental friendly and green operation policies. This expansion would result in diversification of geographical risks and open up a new market and source of cash flows for BTHL. Weighing the pros and cons of expansion in the South America and Southern Europe, my recommendation is that BTHL should stick to its core competence in Asia where its brand is already recognised and liked. As far as the expansion in Southern Europe and Southern America are considered, most of these are developed countries and to the BTHL management service and service standards do not just mean efficiency and productivity to as they do in most developed countries, it means a sense of hospitality which has a roots in cultural aspect of Asia. Hence even if the cost considerations were put away, the service which is quintessential element of BTHL's success may not be matched with the service at BTHL in Asia.

Instead, they can expand in other locations within Asia and leverage their brand and proven expertise in the region. Other points to consider.. Success factors: -Ability to spot the right location -Niche market -High CPV - Leadership -Travel experience (owner) -Low cost / bang for the buck -Blue ocean Brand Brand Identity Brand value/ ethics / CSR : Environmental friendly, preservation of eco system, bio- degradable products, customer

focus, -Brand Associations / Personality : Caring, Romance and intimacy, social and sensitive, private, cultural and authentic, -Brand Vision – sanctuary for the senses, building a necklace across the world -Brand Positioning (Category, POD, POPs, Value Prop) oPOD : Pricing, experience – intimate moments, private pools, spas and art gallery, building memories, romance, CSR, customer involvement(environmental reservation), sense of place (different place -> different experience) oPOPS : all attribute of luxury resorts(high service standard, 5 star training oValue Proposition – is ideal for ..

... provide target market segment because they provide...

.. better than their competition..

-Brand Elements oBanyan tree oTag line -Brand experience -Brand Essence : romance of travel Brand Internalisation -HR / Employee Welfare -Brand Standards -Physical Evidence -Processes -Product -Price -Place -Promotion Brand Architecture -Brand Portfolio -Product Portfolio