

Pros and cons of corporate branding essay



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The most important benefit of corporate branding is that the general brand recognition will increase. Instead of the individual brands only being recognized in locations where the properties resides, the corporate brand will represent all of the individual hotels and allow guest recognition to be realized wherever the properties are located. This will promote a universal brand that is focused on luxury service all over the world.

As a result, Rosewood might experience increased loyalty and cross-property visitation because visitors recognize the corporate brand from a previous stay and assume that properties of the same brand also share the same quality. This type of loyalty might translate into an increase in guest visits every year, and in turn, might increase the customer lifetime value (CLTV). Data indicates that Rosewood might be able to increase cross property usage rates from their historical levels of 5-10 % to 10-15 % (Dev & Stroock, 2007).

An individual brand strategy means that the properties of Rosewood not alone compete against individual hotels and corporate chains but also internal competition potentially cannibalizing on its own business' e. g. the Mansion on Turtle Creek and the Crescent Hotel which both are situated in Dallas, Texas. Loyalty and thereby repeated visits might further be increased with corporate branding by applying the proposed central reservation system (CRS) which may be used to cater for personal guest preferences.

According to Dev & Stroock (2007) regarding the example of the Aman Resorts, Scott wanted to create a similar strong brand that attracts guests to stay in Rosewood hotels only. It can be suggested that by using customer

information collected from all properties by the CRS, Rosewood will be able to predict more accurately guests individual preferences and thus increase quality and help fulfil expectations. Economies of scale might also occur by including a single centralized marketing operation in contrast to an independent effort, simplified messaging and creative work, and a single unified sales effort (O'Neill ; Mattila, 2009).

Cons The implementation of a corporate branding strategy will most likely take time. In the process Rosewood might lose a number of guests who currently identify themselves with individual property brands. It might be difficult to unify all properties while maintaining a unique atmosphere and a high level of quality as corporate design and service standards might lack flexibility to adapt to the cultural locations of each property. This may in turn lead to a loss of unique Sense of Place identity which each hotel currently enjoy (Dev ; Stroock, 2007).

It may be assumed that the individual properties may take better care of their guests as opposed to when corporate policies has to be maintained. The intimate VIP culture may be lost in the transition, and the corporate mind-set may compromise the unique values that have been established in each individual property brand. It can be assumed that cooperatives feel an emotional bond to the individual properties and own these rooms because they identify with the lifestyle that these individual hotels offer.

It can be argued that these guests will have difficulties identifying with a new corporate brand as their perception of exclusivity is very different from standardized services no matter how high the quality is. Since the local

property brands are already established with a prestigious reputation, and the Rosewood brand would have none while being implemented, these guests may oppose the corporate transformation. Finally, both among employees (internally) and guests (externally) in general, the change to corporate branding may bring discontent and resistance to those who do not adapt well to changes (Dev ; Stroock, 2007).

Rosewood has very low brand awareness and most guests have not even heard of the Rosewood brand, the few that have heard of it, are usually past Rosewood guests. Also, one travel agent stated in relation to the hotel guests: “ They may know the name, but there are no positive connotations like there are for Four Seasons [...]” (Dev ; Stroock, 2007, p. 12). It can be argued that Rosewood cannot compete with the Ritz Carlton or Four Seasons if the senior management intent to transform the Rosewood properties into standardized hotel-chain properties since both Ritz Carlton and Four Seasons are far bigger and have a world known brand reputation.

From a cost perspective, corporate branding can be relatively expensive to implement properly. Not only will it be expensive to execute and create brand recognition of the Rosewood brand throughout all properties, especially taken into consideration the low recognition level it has, but also due to the necessary brand incorporation with the hotel amenities like brochures, linens, pillows, bathrobes, towels, souvenirs etc. The corporate branding strategy will cost an extra investment in marketing of \$1. 000. 000 annually (Dev ; Stroock, 2007).

The new branding will include expenses in replacing the current hotel logo, homepage changes, corporate services, corporate language, corporate design, etc. Rosewood may experience a loss of commitment from the individual hotel managers who have up to now been able to act as entrepreneurs as they have had a great deal of autonomy and control over their hotels' brand and operations, and they may feel a loss of ownership within the corporate brand (Dev & Stroock, 2007).

Multi-branding is essentially the process of branding two or more widely similar and competing products by a firm under different brands. In the case of Rosewood, this would eliminate the local managers' decision-making powers in terms of branding and the senior managers would thus have the responsibility of branding all properties individually. This approach would lower multi-property visits and might also create a less local inspired environment, as it cannot be expected that the senior managers would understand the local culture and character from their office in Texas, as the local managers might.

This might deprive Rosewoods of its strongest competitive advantage, Sense of Place, and limit their market share (O'Neill ; Mattila, 2009). Multi-product branding is where a company uses one name (Rosewood) for all its products. This approach would possibly alienate loyal guests at well-established properties as they would not associate themselves with the new standardized brand that would lack uniqueness and local character because they essentially all would be the same.

This might also diminish the value of each property, as they would not be considered special and deprive Rosewood of its strongest competitive advantage, Sense of Place, over hotel chains as Ritz Carlton and Four Seasons. This approach might also make local hotel managers feel threatened in their autonomy and might make them more inclined to promote their own hotel (O'Neill & Mattila, 2009).