

## **CASE EIGHTEEN**

### **Banyan Tree Holdings: Creating a Brand with IMC**

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#### **Case Objectives**

- To understand the need for marketing communications
- To explore the various strategies used in marketing communication to reach target audiences.

#### **Case Synopsis**

- Since its first Phuket resort launched in 1995, Banyan Tree Holding Limited now covers over 40 locations in 20 countries, with a strong presence in Asia and the Middle East. The Banyan Tree brand is renowned for its luxurious resorts and premium service, catering specifically to customers who value the exclusivity and its distinctive touch.
- Banyan Tree Holdings Limited is a leading player in premium resorts, hotels and spas in Asia, operating Banyan Tree Hotels and Resorts, Angsana Hotels and Resorts and integrated resort Laguna Phuket and managing the Indian-owned Oberoi Hotels and Resorts.
- The company's two leading brands Banyan and Angsana serve to represent its natural and Asian based identity. The Banyan Tree brand appeals to the high-end travelers with the themes of romance, intimacy and rejuvenation while the Angsana brand caters more towards younger and adventurous travelers with its exuberant and environmentally conscious theme.

#### **Case Questions and Answers**

##### *Question 1*

*How does Banyan Tree segment its market? What groups represent Banyan Tree's target audiences in its marketing communication strategy?*

- Banyan Tree segments its market by income level as well as lifestyle. Lifestyle is a person's pattern of living as expressed in his or her psychographics: activities, interests and opinions. Since the high-income earners have the ability and willingness to pay for the luxurious hotels and resorts and they indulge in exclusivity and privacy in a peaceful setting, the

theme of romance, intimacy and rejuvenation of the Banyan Tree caters well to the needs of this group. On the other hand, the authentic and nature-based theme of the Angsana brand suits the taste of the young and adventurous group more.

- The company must look at three factors: segment size and growth, segment structural attractiveness, and company objectives and resources to select its target markets.
- The target audiences for Banyan Tree's marketing communication strategies are: the affluent and leisure seeking group, the young and adventurous group as well as investors in some of its branches like the Banyan Tree Private Collection.

### *Question 2*

*What are the different ways in which Banyan Tree can communicate with its target audiences? What should its promotional mix be like? What factors influence your promotional mix decision?*

- Different ways in which Banyan Tree can communicate with its target audiences
  - Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by identified sponsor (E.g. bringing the message of eco-tourism and cultural tourism across)
  - Sales promotion entails short-term incentives to encourage the purchase or sale of a product or service (E.g. Banyan Tree Private Collection membership that comes with exclusive privileges)
  - Public relations involves building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories and events (E.g. playing a part in the Tsunami Relief Project in 2004 and the Turtle Head Start Program, projects supporting AIDS patients)
  - Personal selling is the personal presentation by the firm's sale force for the purpose of making sales and building customer relationships.
  - Direct marketing refers to direct connections with carefully targeted individual consumers to both obtain an immediate response and cultivate lasting customer relationships – the use of telephone, mail, fax, e-mail, the Internet, and other tools to communicate directly with specific customers.

- Factors influencing the promotional mix decision:
  - Target audience: to reach ultimate consumers of Banyan Tree, mass media is usually used. However, in promoting Banyan Tree to investors (intermediaries), personal selling is a better approach.
  - Stage of the product's life cycle: Advertising is particularly in the introductory and growth stage to increase the level of awareness of Banyan Tree among buyers as well as to stress the brand distinctiveness. Sales promotion plays the most important role in the mature stage to maintain loyal buyers.
  - Characteristics of the product: Since the services provided by Banyan Tree does not require ancillary services and the fact that it is not very complex to understand and low risk level, personal selling does not play a very important role in the promotion mix.
  - Decision stage of the buyer: advertising is more helpful in the pre-purchase stage while it has the least importance in the purchase stage. Personal selling is most effective in the purchase stage to encourage demand.
  - Channel distribution (more applicable to products than services like hotels and resorts of Banyan Tree)
- The promotion mix consists of the specific blend of the 5 promotion tools described above (advertising, sales promotion, public relations, personal selling and direct marketing). The two more important promotion tools Banyan Tree should focus on are advertising and personal selling, but advertising will be of greater importance. The hotels and resorts industry is probably in the growth – reaching mature stage and the largest target segment is the customers. Thus, massive advertising will be able to reach out to more customers as well as differentiate the Banyan brands from other competitors.

### *Question 3*

*What marketing communication and promotion objectives should Banyan Tree set?*

- The marketing communication and promotion objectives Banyan Tree should set depend on which stage in the hierarchy of effects the company wants to target: awareness, interest, evaluation, trial, and adoption.
- When Banyan Tree first came into existence, its promotion objective was to create awareness and raise interest in the brand. However, as Banyan Tree has become an established player in the Asian markets, it has achieved high visibility from its previous marketing campaigns. Banyan has also received

good evaluations, positive testimonies and good ratings for its service and experience. Hence, the well-known image of Banyan Tree correlates to top-class services in consumers' mind. As such is the case, Banyan Tree should target the trial and adoption (repetition) stages. This means to encourage prospect customers to become customers and current customers to visit Banyan hotels, resorts and spas again.

#### *Question 4*

*How should Banyan Tree set its promotion budget?* By percentage of sales: funds are allocated according to past or anticipated sales. This is a simple and financially safe approach but it carries an erroneous belief that sales cause promotion. Thus, excessive or insufficient promotion spending may occur.

- By competitive parity: to match its spending on promotions with its competitors on absolute terms or by proportion by point market share. This is important as competitors' promotions affect consumer responses which in turns affect Banyan Tree's sales. This should be used with another budgeting approach.
- By "All you can afford:" money is allocated to promotion after all other expenses are covered. This does not help to serve the company's promotion objectives well.
- By objectives and tasks: The company determines its promotion objectives, outlines the tasks to accomplish these objectives, and determines the promotion cost of performing these tasks. This is the best budgeting approach because it considers what the company wants to accomplish and tasks carried out are tied to the promotion objectives set by the company. The strength of the previous approaches are incorporated into this, and, thus, Banyan Tree should use this approach to set its promotion budget.

#### *Question 5*

*Evaluate the advertising messages of Banyan Tree. How would you improve its advertising strategy? What sales promotion tools can the company use to supplement its advertising efforts?*

- Advertising messages of Banyan Tree include "Romance of Travel" and the future advertisements targeting the eco-tourism and cultural tourism.
- The appeal used in "Romance of Travel" is by emotional appeal: create a setting of tranquility for rejuvenation and the romance of the scenery. This advertising message is quite successful probably because it is meaningful – it shows the benefits of visiting Banyan Tree hotels and resorts as the paradise for rest and romance. It can be believable if the message is supported by the

elegant and serene design of the hotels and resorts as well as the natural scenery. The message also adds the dimension of romance into the short period of residence in the resorts and hotels, rather than comfort and peace, making it different from what many other hotels and resorts groups promote.

- However, the advertising message left out another significant idea about making the stay adventurous. Banyan Tree can design two advertising message to promote its two very different brands: the Banyan Tree brand and the Angsana brand. Besides, “Romance of travel” is not very distinctive because competitors of Banyan Tree may easily replicate this message. Execution of advertising message can be improved by adding more concrete images to the core idea of “romance of travel” in the execution of the message to make it more credible.
- Sales promotion tools to supplement its advertising efforts:
  - Coupons/ vouchers or premiums for spa service, and hotel/ resort booking
  - Contests and sweepstakes with prizes as a stay in a Banyan hotel/ resort or spa service.
  - Loyalty program with rewards for frequent guests like exclusive lounges, special rates at Banyan hotels and resorts, invitations to exclusive events.

#### *Question 6*

*What direct marketing tools can Banyan Tree use to reach out to its customers?*

- Banyan Tree can consider direct mailing, a very efficient marketing tool in segmenting and targeting customers. It also provides a fast and convenient way to make bookings for rooms in Banyan hotels and resorts or spa treatment.
- Online retailing allows consumers to search for information, evaluate the available choices and make bookings through the internet. This form of marketing is convenient to consumers as they can access a huge pool of information in their own time and privacy. The easy accessibility to the internet facilitates the quick and efficient disbursement of information such as news releases or promotion programs. This online platform can serve to enhance the Banyan Tree image by providing information that is not marketed through personal selling or advertising.
- Banyan Tree can also consider door-to-door selling (direct selling) – direct sale of services through personal interactions. This is a good tool for marketing in Banyan Tree’s case as many Asians who stay at home during the day are housewives who might be Banyan Tree’s target audience for spa treatment and holiday travel packages. Some consumers also tend to prefer

one-to-one customer service and social shopping experiences to online and big-store shopping.

- Direct response advertising is seen in most marketing tools where the consumers are urged to respond to the message post by the company. Banyan Tree can make use of this to promote its promotion plans and special occasions by encouraging customers to call its hotline for bookings and enquiries.