
Banyan Tree: The brand imperative



“There are only two advantages in life which are proprietary: technology and branding. Since I’m not a technologist, I decided that whatever business I was going to do next had to have a strong brand.”

Having left journalism to join the family business, Ho Kwon Ping, founder and Executive Chairman of the luxury hotel Banyan Tree Group, realised that his family’s various contract manufacturing companies were stuck in constant competition on the basis of cost alone, and that the hotel business could provide a vehicle for such proprietary brand creation. “The difference between us and some others is that, for many other companies having a strong brand is a reward for being successful in many things that you do but it’s sort of coincidental. It comes afterward; it’s a reward for success in other areas. For us, we’ve always said from the very beginning - having a strong brand is imperative for our survival.”

Ho attributes the success of the Banyan Tree Group, as opposed to other Asian brands, to his ability to understand Western consumer markets. While Ho’s upbringing has allowed him to straddle both East and West, this will not be key moving forward, he says. “The 21st century is really going to be the

age of Asia – both India and China. The huge consumer markets are going to be Asian ... Now there's a real opportunity for people of Asian origin, who have an instinctive cultural feel for where their consumers are moving towards, to come out and create a brand which can be primarily rooted in their own Asian context, but have a global relevance."

These new global opportunities have spurred the company to broaden its focus from spa resort hotels in Asia Pacific to various locations around the world. "If we don't become a global player, we'll be left behind." As outlined in an INSEAD case study (2003), *Banyan Tree Resorts and Hotels: Building an International Brand From an Asian Base*, the company re-evaluated its expansion strategy following the Asian financial crisis, which saw four planned projects in Indonesia abandoned as a result of the financial difficulties faced by local partners. Having identified its three major markets as North-East Asia, Western Europe and North America, the group is now trying to ensure that its hotels and resorts are accessible to these markets on a long-haul, medium-haul and short-haul basis; while selecting locations where the 'jaws' – the gap between room rates and operating costs – are highest.

From Japan to Tuscany in Italy, to Mexico, the Banyan Tree currently has some fifty projects in the pipeline, which include -- in addition to Banyan Tree signature spa resorts – city hotels and the Banyan Tree Private Collection, which will give members access to exclusive individual apartments and villas. Ho says the major challenge in moving from being an Asian brand to a global one is one of scale.

"For a relatively small regional company – even though we're listed – we run the risk of organisational diffusion, lack of clarity, lack of cohesion in decision-making [and] being diluted, so I think the big challenge as I see it, is to maintain cohesiveness in structure, in brand identity [and] in service standards."

Ho also intends to maintain the social responsibility standards practiced by the company since its inception. He says that he and his wife, Claire Chiang, a former Member of Parliament in Singapore, became interested in economic development and social activism, having grown up during the Vietnam War years. The Banyan Tree was also, therefore, "a vehicle for us, using business as a means to create something that we hope is beautiful and sustainable, but at the same time using business as a means to enable many of the deep-seated beliefs we have about CSR."

The core beliefs that inform the group's corporate social responsibility policies, which range from building and running resorts with as little environmental damage as possible to conducting community development and environmental projects at each resort, are "more fundamental to us than the notion of building a Banyan Tree," Ho says. "So there is no way we could possibly lose that."

Ho Kwon Ping is a member of INSEAD's East Asia Council.

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