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MULTI-BRAND HOSPITALITY OPERATIONS BRANDING STRATEGIES

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PART ONE

Introduction

Project CityCenter represents a massive investment for MGM MIRAGE and a significant turning point for Las Vegas; however, the complexity of marketing a 66 acre campus containing a 4,000 room hotel-casino, two boutique (400 room) hotels, two condominiums, and a 400,000 square foot retail complex is a challenge never before attempted by a resort-casino company.

The review of branding strategies will be designed to identify approaches for potential application to Project CityCenter, and analysis will determine the benefits and drawbacks of each approach. A review of Project CityCenter's goals will be conducted, and based on a synthesis of CityCenter's goals and the aforementioned branding strategies, recommendations will be generated to inform CityCenter's approach.

While a literature review will identify existing branding strategies across conglomerate hospitality operators, empirical research will be conducted to establish an understanding of Project CityCenter's objectives. The literature review will evaluate multi-brand operators from across a variety of industries including hotel, gaming, cruise lines, airlines, restaurants, timeshares, and car rentals to ensure a broad range of approaches are captured.

This paper conducts a review of multi-brand hospitality operators branding strategies to develop recommendations for the branding architecture at MGM MIRAGE's Project CityCenter.

Purpose

The purpose of this professional paper is to identify the optimal brand architecture for MGM MIRAGE's Project CityCenter through synthesis of a review of branding strategies throughout the hospitality industry and a review of Project CityCenter's goals. As Project CityCenter represents such a massive undertaking from both a financial and marketing perspective, a review of strategies external to MGM MIRAGE is critical; this paper endeavors to highlight branding strategies for potential adoption at Project CityCenter.

The project's significance is affirmed by Terri Lanni, Chairman and CEO of MGM MIRAGE, "Project CityCenter confirms a cultural and lifestyle revival of city living, reaffirms the growing sophistication and maturity of Las Vegas and sets a benchmark for new growth and exciting new experiences as the city moves into the next 100 years" (World Class Architects, 2005).

Justification

Academic findings and industry knowledge both affirm the importance of brands in acquiring market-share and generating customer loyalty. At the most rudimentary level, a brand enables a company to demand a premium for its product and avoid commoditization (Cai & Hobson, 2004). Through mergers and acquisitions within the hospitality industry and an ever-expanding network of holding companies, subsidiaries and sub-brands, organization of brands within a family also becomes critical. “A key to managing brands in an environment of complexity is to consider them as...[both] individual performers...[and] members of a system of brands that must support one another (Aaker, 241).” While some hospitality companies have executed coherent brand architecture strategies, others have not achieved the same successes in this area.

As “...direct and indirect links or synergies between brands...can present the greatest opportunity to increase the value...of the overall portfolio, (Petromilli, 23)” this review could be potentially useful for MGM MIRAGE to consider at this early stage, while it has time to position its brands strategically, rather than letting the market influence its brand strategy.

For MGM MIRAGE to fully reap the benefits of the project through revenue optimization across individual brands, a strong brand architecture that integrates the numerous components together and also with sister MGM MIRAGE properties is necessary to maximize customer lifetime value and loyalty. Historically at MGM MIRAGE, however, branding and positioning a network of properties has received less focus than branding the individual properties themselves. With the advent of CityCenter, the emphasis formerly placed on component branding is shifting toward a networked approach branding. Accordingly, this paper will outline a range of options for brand architecture and recommend the strategy most suited for

MGM MIRAGE in consideration of its stated goals and objectives. Recommendations will ultimately be presented to company senior management for their consideration.

Constraints

In development of this review, there are several constraints that should be highlighted. Self-imposed constraints, which are primarily designed to focus the scope of the review, include solely addressing branding structures of companies within the hospitality sectors. While this constraint will reduce the number and type of brand architectures reviewed for potential application to Project CityCenter, it will ensure that scale of the review remains manageable for both the researcher and the primary audience. Furthermore, limitation of scope will ensure that any strategy reviewed has previously been applied to entities in relevant industries.

Another constraint, one imposed by external limitations, is that the goals of Project CityCenter, which will ultimately be used to identify the brand architecture most aligned with achieving its objectives, may fluctuate throughout development. For example, as target markets of each components change, implications of these shifts travel throughout the brand network. Nonetheless, this review will be conducted based on goals most recently articulated.

Finally, that several of the brands that will be present in Project CityCenter, such as the hotel-casino, the condo-hotel, one of the boutique hotels, and one of the residential towers are, unknown, requires some degree of speculation in understanding their future brand equity and project-wide impact.

Glossary

There are several definitions which are specific to the context of this study and assist in providing foundations for this review. These terms include:

Brand: A brand is both the functional characteristics of a physical product (e.g., quality, performance, durability, safety, services, escape, and style) and “the sum of the good, bad, ugly and off-strategy.” A brand is otherwise defined as the visual, emotional, rational, and cultural image associated with a company or a product (Bedbury, 12). For the purposes of this paper, a brand represents a physical entity, such as an actively marketed hospitality property.

Branding: “Branding is the conscious strategy of turning a product or service offering into an image that transcends a product (Bedbury, 106).”

Brand Equity: “Brand equity is a set of assets (and liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a firm or services...to its customers (Aaker, 8).” For the purposes of this study, brand equity represents the strength of a brand.

Brand Identity: Brand identity is a set of associations created to represent what the brand stands for (Aaker, 68).

Brand Image: Brand image is the customer’s perception of the brand.

Brand Systems (Network): A brand within a set of commonly linked brands composes a brand system. Brands within a system usually fall into a natural hierarchy, and play a role in the system, relating to other brands in the system. Brand systems, rather than individual brands exploit commonality to leverage synergy; reduce brand identity damage; achieve clarity of product offerings; facilitate change and adaptation; allocate resources (Aaker, 242).

Brand Position: The part of the brand identity and value proposition communicated to the target audience and to illustrate a competitive advantage (Aaker, 71).

Value Proposition: A value proposition states the “functional, emotional and self-expressive benefits” that provide value to the customer (Aaker, 95).

Summary

This paper will outline brand strategies from across the hospitality industry for brand systems in consideration of potential application to Project CityCenter. The following section will both outline Project CityCenter’s objectives as well as tested brand strategies which could have potential application. The last section will analyze the strategies identified against the objectives of Project CityCenter to recommend the optimal structure. This paper solely focuses on brands from the hospitality industry to maintain a manageable scope as well as to ensure all described strategies are feasible for implementation. It must also be recognized that due the fluid nature of the planning process for new developments, Project CityCenter’s goals may continue to evolve throughout the course of this study, although best efforts will be made to ensure the information reflected is most current.

PART TWO

Introduction

Much of the success of Project CityCenter will be derived from the variety and diversity of its components. It is these components that will transform this new development of Las Vegas Boulevard into a true urban city.

Project CityCenter is a subsidiary of MGM MIRAGE, one of the world's foremost gaming and resort companies. It is the most expensive privately funded development in the United States, costing approximately \$7 billion to construct. The development of a sustainable vertical city is an unprecedented undertaking for Las Vegas.

Located on 66 acres between Bellagio and Monte Carlo, including several acres of strip-front real estate, the project includes a 60 story, 4,000 room hotel-casino; two 400 room boutique hotels; a 1,545 unit condo-hotel; 1,357 luxury condominiums; and 471,000 square feet of retail space (MGM MIRAGE Provides Update on Las Vegas Development Plans). Each of these components will be developed as different brands within CityCenter.

While the preceding sections have outlined the overall objectives of this review, it is critical, prior to evaluating branding strategies for their application to Project CityCenter, to outline the goals of Project CityCenter.

These objectives will ultimately inform evaluation of appropriate brand structures:

1. Project CityCenter should provide a coherent customer experience across all components and the campus.
2. Project CityCenter should be designed to maximize customer spending.
3. Project CityCenter should promote cross-property visitation to properties within the MGM MIRAGE family.

4. Project CityCenter must offer both variety of product, yet consistency of quality
5. Project CityCenter must offer unparalleled experiences for visitors, hotel guests, and residents.

Operationally, these requirements translate into offering visitors, customers, and residents products of tremendous variety, yet linked together by service quality and customer recognition. That is, guests and residents should be able to roam through the CityCenter campus (and to other MGM MIRAGE properties) and understand they are in a network of tightly linked resorts; the strategy is designed to enable Project CityCenter components to keep more market-share within the company.

In consideration of CityCenter's objectives, a review of branding strategies across other companies and industries will be conducted.

Brand Research

Significant research indicates the importance of branding, but relatively little of this academic work has focused on portfolios of brands (Rajagopal, 2004). According to Mercer Management Consulting, while brand management has advanced far “since the days when brands were tag lines managed by marketing executives and built by spending money on general advertising.” Additionally, although companies now recognize that brands are intangible assets that create value, calculating and using brand equity to drive decisions is often difficult for companies to act upon.

Furthermore, while historic brand-building efforts tended to focus on acquiring, launching, or aggressively extending brands, today’s efforts are much more concerned with driving organic growth in existing brands through organization and management of brands within a portfolio (Petromilli, 22).

Literature suggests there are several methods of branding across conglomerate companies. However, strategies for brand portfolio management have not evolved at the same pace as “people’s enthusiasm for creating and expanding these portfolios (Hill, Ettenson and Tyson, 2005).”

Brand strategies

Critical to managing brands in a complex environment is to understand them both as individual performers and as members of a system of brands. David Aaker, a renowned brand expert, contends that for a brand system to perform, “it must have a reciprocal relationship with each of its brands; they must support the system as much as the system supports them (Aaker 214).” In a system of brands, it is not uncommon for brands to become indistinct; portfolios of brands can “bloat, fragmenting marketing resources and destroying economies of scale...and

brands sometimes get lost in large portfolios (Hill, Ettenson and Tyson, 2005).” Furthermore, goals of a system of brands, like that of CityCenter, have distinctly different objectives than that of a single brand. According to Aaker (1996), a system of brands strives to:

1. Exploit commonalities to generate synergy across the set of brands. At CityCenter, although each component will have its own identity, commonalities would include an unparalleled customer experience delivered through unique offerings and quality services.
2. Achieve clarity of product offerings, ensuring that each brand image is strong in its own right, and not wholly dependant on other brands within the system.
3. Reduce cannibalization across brands by structuring sufficient separation through strategic brand positioning and target market identification. At CityCenter, each component would be designed to offer its own value proposition to its target market, unmistakable with that offered by sister entities (242).

While the brand system structures and hierarchical levels are neither exhaustive nor mutually exclusive, most literature reviewed agrees that there are several levels within a brand system. Aaker suggests that there are three primary levels within a hierarchy of brands, although not every brand system would contain that depth. The three types include corporate brands; family/range brands; and product line brands.

The corporate brand is positioned at the top of the brand hierarchy and identifies the corporation behind the product or service offering; Hyatt International, Trump Entertainment Resorts and Southwest Airlines are all corporate brands. A corporate branding strategy that strongly identifies all products with the corporate moniker, requires consistency in all of its products. This strategy offers substantial marketing efficiency, as advertising expenditures focus

on building one brand. The challenges of operating all products under a corporate brand is that customers expect that all new products are aligned and compatible, consequently restricting entries into new markets. Furthermore, for all products or locations to provide total operational consistency, there is the costly price of technology standardization and database integration.

Family/range brands represent the second level of brands within a hierarchy. While family/range brands rely on a corporate brand to link them together, the marketing emphasis is placed on them. Examples include MGM MIRAGE's Bellagio and United Airlines' Ted. Starwood uses this strategy with its brands, such as W and Westin, and promotes the connectivity of the sub-brands with their corporate brand. Likewise, Marriott uses this approach with its Fairfield Inn and Ritz Carlton Brands, but downplays their corporate ties; by offering products in different market segments, a company can meet multiple market segments' needs while endorsing the parent brand (Christensen, Cook and Hall, 2005). A family/range brand system enables a company to target multiple market segments through its range of brands, but it can be costly to operate as developing brand equity in a number of brands is resource intensive.

Product line brands are typically launched from a family/range brand, and enable a brand to attract distinct customer segments. MGM Grand Detroit uses this approach; the family/range brand is MGM Grand, and "Detroit" is essentially its differentiator. While MGM Grand Detroit benefits from corporate parent MGM MIRAGE's advertising, it benefits more from promotion of MGM Grand as the connection is stronger. This strategy enables a product line to firmly maintain its own identity, but benefit from the brand equity of the range brand.

Other marketing experts also suggest that brand structures simply consist of three levels: corporate, family, and product (Iacobucci, 98). Each type of brand structure emphasizes on over

another, or takes a hybrid approach. Nonetheless, there appears to be expert agreement that brand structures fall into hierarchies, and that each level plays critical role.

In many cases, brand strategies take hold over time, and sometimes they take hold of brands passively through inertia. But the cases that will be reviewed are those in which companies have actively forged a brand architecture. The framework used to categorize brand architectures will include corporate brands, family/range brands, and product brands.

Since multiple brand structures exist, and the purpose of this review is to ascertain which strategy, or strategies, are best suited for Project CityCenter, numerous examples across the hospitality industry will be reviewed. In this study, the natural hierarchy of brands would indicate that MGM MIRAGE is the corporate brand; Project CityCenter is the family/range brand; and the components within CityCenter, such as the hotel casino, the boutique hotels and other individual structures, are the product line brands. This study is intended to suggest the optimal brand arrangement to achieve the objectives outline for CityCenter.

Corporate brands

The Disney brand, which since its inception has been synonymous with family entertainment, operates four business segments: Media Networks, Parks and Resorts, Studio Entertainment, and Consumer Products. Each business seems to benefit from the Disney association, and in turn, the overall Disney brand does not rely on just one revenue stream (de Mesa, 2004). Although the parent brand links each of the range brands, or business segments, together, the overall emphasis resides on the corporate brand, thereby creating value in its sub-brands and enabling them to benefit from the halo effect (Petromilli, 26).

Best Western International, the world's largest hotel chain with over 4,200 independently operated hotels, has relied heavily upon its corporate moniker for property branding. With

thousands of hotels distributed in over 79 countries, developing family/range brands would have been a strategy that the company could have pursued to offer different products to different market segments. But the company, opting to use a single corporate brand, realized the importance of consistency in product. According to Si Sloman, Vice President of Operations for Best Western, "Our research showed consumers didn't like inconsistency relative to quality when they stayed at a hotel...with Best Requests, 16 amenity items would be required in every Best Western," to ensure consistency across all brands (Falbo, 2002). Thus, in response to customers seeking predictable quality, all marketing efforts are applied to the Best Western brand, setting consumer expectations for consistent quality, value, and service across all properties.

Similarly, Mandarin Oriental Hotel Group, operators of 21 luxury properties around the world, adheres to the corporate branding structure. Although the products are on different ends of the spectrum, Mandarin's strategy parrots that of Best Western's on the high end of the market. As Mandarin Oriental strives to promote only one brand, it has its entire business wherewithal riding on that one brand and provides customers a wholly consistent product

The Burger King brand, used at 11,000 restaurants in more than 60 countries and territories worldwide, is an example of a company relying solely on one product and emphasizing the corporate name. Being that the fast food market for kids is occupied by McDonald's, and Wendy's has the mature market segment (Swearingen, 2004), and as all of Burger King's financial success hangs on the ability to maintain its brand, the risks in total dependence on a corporate moniker emerge. For years, Burger King has fought to remain in its number two spot in the fast food world and has implemented several marketing strategies and advertising campaigns to strengthen its foothold; now it remains critical for the brand to connect with its core audience, which are adolescents, through not only the right message, but also

through a consistent message. The consistency in product and messaging is critical in maintaining the strength of the brand, as they are so closely tied with the parent brand.

Finally, Delta Airlines, one of the world's foremost passenger and freight flight carriers, emphasizes its Delta brand, rather than the brands of its business segments, or family brands. Regional carriers Delta Shuttle and Delta Connection are folded into the overall brand, and recently plans were announced for Delta to absorb Song, its low-fare market entry, that required millions of branding dollars. According to Ray Neidl, an aviation industry stock analyst, "[the low-fare spin-off model] has never worked in the past, and there was no reason to believe that it would in the future, even though the Song product proved popular with customers." Therefore, despite a misstep in offering a new brand to appeal to a different customer base, Delta will return to promoting its corporate brand, now understanding the expense and risk associated with launching a family/range brand (A Swan Song, 2006).

Family/range brands

But some major corporations downplay the corporate moniker and promote their business segments as family/range brands. This strategy enables a company to maintain several unrelated business lines, and prevents the corporate brand from sustaining damage brought on by a sub-brand. For, example, Avis Rent-a-Car, the world's second largest car rental enterprise, is held by Cendant Corporation. Cendant, whose portfolio also includes Days Inn, Super 8, Ramada, Howard Johnson, and Century 21, has built a company on premise that brand is the only asset of value. Chairman and CEO Henry Silverman, upon each purchase of a brand, liquidates assets to other firms to manage operations and depreciating assets as he sees the most value in owning the brand itself (Iacobucci, 75). Prior to the recent launch of its loyalty program, TripRewards, Cendant had not interconnected any of its brands, and each was a standalone family/range brand.

Likewise, Lettuce Entertain You Enterprises (LEYE) manages a variety of well-known restaurants, including Mon Ami Gabi, Joe's Seafood, and Maggiano's, among others. LEYE is the corporate moniker, only used to promote the loyalty program, Lettuce Entertain You Frequent Diner. The emphasis on the family/range brands dictates allocation of marketing funding; however, the ties promoted through the loyalty program suggest that LEYE intends for its revenue generating properties to have their own brand identities, yet customers will be rewarded for exploring the network of LEYE brands.

Similarly, Starwood, the holding company for several hotel brands, including St. Regis, The Luxury Collection, Sheraton, Westin, Four Points by Sheraton, W brands, straddles both the corporate and sub-brands. Although significant attention is paid to the promotion of individual brand identities, the Starwood name is used to promote cross-brand patronage. Starwood Preferred Guest is the primary branding vehicle linking Starwood holdings. The alliance of assets builds awareness and equity for the properties; this enables more effective marketing by allowing them to better market and cross-sell their hotels as well as retain customers within the family of properties (McMullen-Coyne, 2004).

Additionally, emphasis on the family/range brand can be seen in the cruise operator, Carnival Corporation. Carnival Corporation operates several cruise lines, including Aida, Carnival Cruise Lines, Costa Cruises, Cunard Line, Holland America Line, Ocean Village, P&O Cruises, Princess Cruises, Seabourn Cruise Line, Swan Hellenic, and Windstar Cruises. Each family brand contains product line brands, namely the ship families, but Carnival Corporation marketing dollars are spent to promote the family brands. This enables Carnival Corporation to plant solid footholds in many segments of the market (Carnival Cruise – Seaworthy, 2005).

Product Line brands

Finally, there is a level of branding that deconstructs a brand even further: the product line brand. Literature indicates that the product line brand, launched from a family/range brand, is not as common a brand structure as are the other two types previously described. An example of this structure is Holiday Inn Select, a product line of Holiday Inn Resorts, which is a family/range brand of Intercontinental Hotels Group. In addition to Holiday Inn Select, Holiday Inn SunSpree Resorts, and Nickelodeon Family Suites are other Holiday Inn product line brands. This strategy ensures that Holiday Inn can achieve market penetration across multiple customer segments while still leveraging the brand equity of its most valuable asset, Holiday Inn.

Similarly, the Hilton Vacation Ownership/Grand Vacations Club is a family/range brand beneath the Hilton Hotel Corporation moniker. Within Hilton's timeshare business segment there are 27 different properties identified and marketed by their location name. This is an example at branding at the product line, yet leveraging the brand equity of the corporate brand, Hilton, to compete in a crowded timeshare/fractional ownership marketplace.

Lastly, Harrah's Entertainment, the largest casino company, has several family brands. These brands include Harrah's, Caesars, and Horseshoe. Each location, be it Caesars Las Vegas, Caesars Indiana or Caesars Atlantic, is, in essence a product line brand, descended from the Caesars family brand, which is subordinate to the Harrah's Entertainment brand.

Through review of these brand system strategies, it is evident that companies have a multitude of options in determining the optimal allocation of marketing dollars and brand positioning.

Methodology

Previous research indicates that a formalized multi-step process, consisting of understanding the existing brand portfolio, assessing brand contribution and market positioning, addressing portfolio problems, and developing a plan, can be applied to determining the optimal arrangement of brands within a portfolio (Hill, Ettenson and Tyson, 2005).

Nonetheless, as some of Project CityCenter's brands, such as the hotel-casino, the condo-hotel, and others are new to both the market place and to the company, while others, such the Mandarin Oriental Hotel are well-established, development of the ideal brand architecture must be treated differently than management an existing portfolio. As many of the brands within Project CityCenter are new and their future equity untested, it prevents a full brand equity calculation approach to assessing the ideal brand architecture. However, to address the author's contemplated objectives described earlier in this review, the process will draw on existing branding strategies and marketplace knowledge.

The steps in architecting the ideal brand portfolio for Project CityCenter include:

1. Considering and operationalizing overall objectives to ensure alignment between company operating strategies and the proposed brand portfolio structure at Project CityCenter;
2. Identifying brands slated to comprise Project CityCenter, as well as brand strength/equity for existing brands, and contemplated positioning;
3. Considering both the problems and opportunities that the brands can be arranged to both surmount and capitalize on;
4. Developing an overall brand architecture, including hierarchies and management principles.

The development of management principles is particularly important, as brand decisions are often decentralized and ad hoc. Companies that commit to a portfolio approach will counter this tendency, leading to systematic and strategic growth (Mercer Management Consulting, 10). Failure to manage brands as a family results in a myopic view of all company assets.

Summary

Brand systems are designed to promote highest return-on-investment through highlighting brands that most resonate with customers, while maximizing customers' overall enterprise contribution to the company, rather than to a particular brand. Thus, brand systems can be designed to provide clarity into a company's set of products while delivering wholly unique customer experiences within each brand. Furthermore, the arrangement of brand portfolios can contain company costs through reduction of cannibalization and optimal use of resources.

Project CityCenter is a significant and complicated undertaking on many levels, with its underlying brand structure being no exception. The literature review points to the importance of a thoughtfully crafted brand architecture in a complex, multi-brand environment, and highlights the three main types:

1. Corporate, where products' emphasis is placed on the parent brand
2. Family/range, that place emphasis on a class brand that is subordinate to the corporate brand, but that links a number of products together
3. Product, which highlights that actual product or service being purchase rather than corporate ties

Each of the brand structures has associated costs and benefits. The next sections evaluate the reviewed brand structures for application to Project CityCenter's brands through use of the methodology outlined in a previous section.

PART THREE

Results

For Project CityCenter to truly reap the benefits of its component parts, it is critical that the parts are designed to work together, rather than developed in a vacuum. Failure to consider the overall entity in creation of the several hotels and residential structures will reduce the overall economic impact of the project and risk the creation of operational chaos and consumer confusion. Furthermore, promotion of all of CityCenter's brands equally could result in unnecessary marketing expenditures where the brands are cannibalizing one other.

Throughout this review, the importance of development of a thoughtfully architected brand structure emerges. The first section in the paper highlighted Project CityCenter's significance, both to MGM MIRAGE and to Las Vegas as a whole. It also illuminated the complexity that MGM MIRAGE will face in designing and launching several new brands in an already crowded marketplace.

In light of the importance of sound design from the beginning, the previous section highlighted traditional brand architecture methodologies; it also examined cases to which a multitude of approaches had been applied, analyzing both the benefits and drawbacks of these strategies. The final section of the paper, in consideration of Project CityCenter's environmental context, outlines potential branding strategies, ultimately providing recommendations for brand development and management.

As reviewed previously, Project CityCenter will be comprised of several components; these components include:

1. A 60 story, 4,000 room hotel-casino will be designed by world-famous architect Cesar Pelli. The hotel will be positioned as a contemporary and upscale resort for

- sophisticated, urbane, and affluent customers. The hotel-casino will distinguish itself from its sister MGM MIRAGE resort-casinos through its unique architecture, first-class amenities, and center-strip location. It will anchor Project CityCenter with its scale and height.
2. Mandarin Oriental, renowned for its luxurious, modern Asian hospitality, will operate a 400 room hotel. Currently Mandarin Oriental does not have any properties in Las Vegas, although its famed brand is well-known internationally. The property will be positioned as the height of refined luxury. The Mandarin Oriental will also include several hundred residential units.
 3. A 400 room boutique hotel will be developed by The Light Group. The Light Group has created the popular the Light nightclub and Caramel lounge at Bellagio as well as restaurants, night clubs, and ultra-lounges at sister properties. It will be an innovative, service-oriented hotel designed to cater to the young and affluent; the brand positioning is currently under development. This hotel will also include several hundred residential units.
 4. A 1,545 unit condo-hotel, designed by famed architect Raphael Vinoly, will offer a distinctive Strip location and access to the amenities of Project CityCenter.
 5. A luxury condominium complex will house 1,357 units, interspersed among the retail offerings, providing residents with the energy and convenience of an urban location.
 6. A retail environment consisting of approximately 471,000 square feet of retail space will include 80 high-end shops, restaurants, and bars. The space will be designed to offer a luxurious and eclectic city experience.

While the concepts of Project CityCenter's components have been finalized, their brands, with the exception of Mandarin Oriental, have not. In consideration of the previously articulated goals, and of the branding strategies reviewed earlier, the following sections review the application of these approaches to Project CityCenter.

These overall objectives suggest that the brand architecture of the CityCenter components should be structured to:

1. Provide a coherent customer experience across all components and the campus. This requires a degree of connection across all entities to ensure that customers recognize that they are in the CityCenter family through service, product quality, and touches of familiarity.
2. Maximize customer spending through a brand structure that promotes cross-selling and up-selling actively, through programs, services or signage.
3. Promote cross-property visitation to properties within the MGM MIRAGE family through programs, services or signage.
4. Offer a variety of products that are distinctly branded.

As discussed previously, these requirements suggest a structure of brands that offers visitors, customers, and residents products of tremendous variety, yet that are all connected through quality of experience.

For the purposes of this review, Project CityCenter serves as the family/range brand, as MGM MIRAGE is the parent, and as the individual entities at CityCenter are the product line brands.

The three primary branding structures reviewed all have different applicability to Project CityCenter. The first, a corporate branding structure, which is employed at the Disney companies

and at Best Western International, has tremendous application if a parent company has a strong brand and if the company wishes to deliver a consistent experience across all of its products. For Project CityCenter, if this strategy were applied, all entities would be branded as MGM MIRAGE. For example, the hotel-casino might be named and treated as the “MGM MIRAGE Hotel-Casino,” while the retail complex might be called, “MGM MIRAGE Shops.” In this scenario, a common look and feel would pervade each component, standardizing the customer experience across all touch-points.

Although this scenario would promote cross-property spending not only within CityCenter, but across the entire portfolio of MGM MIRAGE brands, a key strategy for the success of Project CityCenter is the distinctiveness of its elements. Components branded after the corporate moniker in a one-size-fits-all approach would hinder the creation of an environment characterized by an urban, eclectic feel and limit the number of market segments that could be targeted.

Although the use of MGM MIRAGE to brand the distinct elements would reduce marketing expenditures as the emphasis would be placed on one brand rather than several, the blurring of the uniqueness of each component would contradict a fundamental operating strategy of this project. Furthermore, this strategy is impractical as MGM MIRAGE does not even brand its current holding as MGM MIRAGE properties; Bellagio, MGM Grand, and Mandalay Bay all have distinct names and brands, firmly removed from their parent company. Therefore, a corporate approach such as this one is not feasible based on the business objectives.

The application of family/range brand approach to Project CityCenter would eliminate MGM MIRAGE from the branding vocabulary, instead focusing on the creation of a strong Project CityCenter brand. Project CityCenter would receive the intensive marketing resources

that its sister property, Bellagio, does. Each component within CityCenter would be identified by an individual name and have a distinct brand—yet all would be tied together by the mighty CityCenter moniker. While this approach would separate CityCenter entities from parent company MGM MIRAGE entities, it would still run the risk of blurring the distinctiveness of each urban element. While this approach would certainly promote cross-component spending within the CityCenter brands and would certainly contain marketing costs, it again contradicts the philosophy in creating a true urban environment.

The final approach might achieve the balance between brand individuality and connection. The obvious antidote to the problems that have emerged in application of the corporate branding and family/range strategies would be to adopt the third main strategy discussed: product line branding. This approach would highlight and promote the components, focusing on the individual brand equity, while reducing connection among them from public view. Marketing dollars would be allocated to promote the hotel-casino, the Mandarin Oriental, the boutique hotel, the condo-hotel, the condominium tower, and the retail complex all as separate entities. This approach, unlike the one previously reviewed, would enable distinct identity crafting.

However, there are two main drawbacks of this approach. First, it would fail to promote in-network customer spending. That is, the relative isolation of each component would lead to segregated customer spending, and likewise a situation in which the company would evaluate customers for their contribution to a product, rather than for their enterprise value. This could create unhealthy competition and potentially cannibalization across products and reduce overall customer spend to the brand portfolio. Secondly, the promotion of individual products would

consume significant marketing dollars, as they do not leverage the efficiencies that the branding of multiple products tightly linked to a corporate moniker can achieve.

In review of some of the examples of product line branding, some companies have linked their product brands back to family range brands, such as Intercontinental's Holiday Inn. If this strategy were applied to Project CityCenter, each component would be branded "Project CityCenter," and then distinct identities would be crafted for each component. This strategy enables the product brand to benefit from the strength of a well-established family/range brand while maintaining a portfolio of products that cater to different markets. Although these examples suggest this strategy offers the ability to market product brands to customers and mitigate all of the costs associated with launching several new brands by maintaining a strong association with the family/range brand, any strong connection to other entities erodes the individuality and eclecticism that the properties of Project CityCenter hopes to create.

Review of the three main branding strategies for application to Project CityCenter suggests that none of them would provide a perfect fit that enables brand individuality with an overall connection. The complexity of the number of brands at CityCenter, and in particular, the organizational history and number of layers, prevents the easy adoption of an existing strategy. Therefore, it seems that a branding hybrid approach could be achieved. This approach would promote the distinct product line brands, while linking them together under an umbrella, not unlike that which Starwood Preferred Guest does with its family of properties. The creation of a guest rewards or recognition program to link the brands would likely achieve the optimal balance.

However, the question remains whether the parent company or the family/range brand should be promoted; that is, should MGM MIRAGE or should Project CityCenter be the overarching link across properties?

That MGM MIRAGE has already invested in its MGM MIRAGE brand, and that it has not already invested marketing funds to promoting Project CityCenter, suggest that from an economical perspective, MGM MIRAGE should serve as the connecting brand. Furthermore, as the components of Project CityCenter will be positioned geographically between MGM MIRAGE's Bellagio and Monte Carlo, effectively expanding the 66 acre campus, the Project CityCenter moniker is simply an arbitrary geographical division. The name Project CityCenter may only be describing a set of proximate developments, and may not necessarily represent anything more than a collection of entities.

And if, in fact, the entities will be promoted individually, then the CityCenter family/range brand does not serve a significant purpose in the overall enterprise branding structure. Therefore, an MGM MIRAGE rewards program that could be extended across both the elements comprising CityCenter and other properties might provide the optimal connection and independence.

Even within the set of brands at Project CityCenter, a question emerges about their optimal arrangement. Should the hotel-casino, boutique hotels, residential complexes, and retail environment all be positioned equal and strong brands within a system, or should some of them receive higher billing, and more resources, than others? Based on the analyses reviewed, best practices would suggest that brands within a system should receive marketing investment proportional to contribution to enterprise revenue. That is, the hotel-casino, which will be most costly to construct and will also generate the most projected revenue across its gaming and non-

gaming facilities, would receive the most significant investment of resources and top billing.

Similarly, other brands within the set would receive promotion relative to their overall contribution, or business expectations. Nonetheless, both to provide clarity for the consumer and to offer a truly urban experience, each of the CityCenter brands should stand on its own. While this approach is potentially costly, it lays the groundwork for a true urban center.

Recommendations

Based on a review of Project CityCenter's goals in consideration of prevalent branding structures for multi-brand operators within the hospitality industry, there is a lack of a singular wholly applicable model to emerge. Rather, it appears that while Project CityCenter can adopt some best and common practices from existing brand architectures, the ultimate lay out of its brands must be customized.

Analysis in earlier sections suggests that for Project CityCenter to truly create an urban experience for customers, it is critical that the components within are branded at the product line level. This means that Mandarin Oriental, the hotel-casino, and the other components would all receive individual product billing. However, for the components of CityCenter to promote cross-component spend, and cross-property spend with other MGM MIRAGE properties, it is necessary to provide a degree of connectedness. This could be achieved through the introduction or expansion of a customer loyalty program, not unlike Starwood Preferred Guest.

Currently, MGM MIRAGE properties such as Bellagio and MGM Grand, are connected through the MGM MIRAGE Players Club. The customer loyalty program is targeted at casino guests only; for a program to fulfill the objectives of cross-property connection, a new program or an enhanced Players Club would need to target the non-gaming guest.

The program would continue to use the MGM MIRAGE moniker, rather than that of Project CityCenter for two key reasons. First, MGM MIRAGE is a more established brand than CityCenter, likely requiring less of a marketing investment to promote customer awareness. Secondly, the use of the Project CityCenter name would promote intra-CityCenter customer spend, but fail to encourage additional spend at geographically proximate properties, such as Bellagio, Monte Carlo, and New York-New York Hotel & Casino.

In this scenario, the Project CityCenter name would be reduced from marketing prominence and simply serve as the name of the project which encompasses that several components contemporaneously under construction. Within the project, each component, including the hotel-casino, two boutique hotels, condo-hotel, condominium complex, and retail environment, would be promoted separately under an individual brand. This approach would foster the eclecticism of an urban environment and enable the targeting of multiple customer segments. However, all operating components would be held to specific quality and service standards to ensure consistency in the customer experience.

Additionally, each component would receive a separate marketing budget; not all brands within Project CityCenter would be promoted equally. Rather, marketing investment would be proportional to the expected contribution of the entity.

While a key recommendation for brand development is to promote the product-line brands rather than the corporate name, ongoing brand management demands constant scrutiny to ensure the brands work together rather than compete. Therefore, ongoing studies to ensure that the different components are targeting different, or complementary, markets, is critical. Should it be discovered that stronger brands are cannibalizing others through appropriating market-share, the company must be quick to respond in strengthening the positioning and marketing investment of the weaker brands. It is this vigilance that enables the optimization of a system of brands.

Critical to the implementation of formation and management of a brand system is the level of managerial commitment. MGM MIRAGE has never before managed its brands systematically by allocating marketing dollars to its best performing brands and by eliminating cannibalization through strategic positioning. For these recommendations to take hold,

management must commit to evaluating its brands on both an individual and enterprise basis. While operators of individual brands are primarily focused on growth of that particular brand, senior leadership must recognize that some brands may have to endure sacrifice for the benefit of the enterprise system.

With a disciplined approach to managing a system of brands and an ongoing watchfulness, MGM MIRAGE can craft a brand structure that will deliver significant revenues, savings, and an a clear customer experience.

Conclusions

Review of the optimal branding structure for MGM MIRAGE's Project CityCenter and its components suggest that while no standard branding strategies can be applied, best practices from other companies can be adopted. These findings indicate that the branding strategies reviewed by experts are neither finite nor exact; however, they are general classifications that have been established to create order in an otherwise nebulous discipline. It is therefore, likely, that hybrid approaches must be developed to optimize arrangements of brands within a set.

There are numerous factors that influence the type of hybrid approach most fitting; some of these factors include:

1. Organizational history and operational precedents. In the case of Project CityCenter, it was a foregone conclusion, due to MGM MIRAGE's branding history, that the MGM MIRAGE moniker would not be heavily promoted in developing a strategy for CityCenter. It can be inferred that previous decisions can limit the options marketers have for branding new entities.

2. Level of prominence of existing brands. In the case of Mandarin Oriental at Project CityCenter, it is evident that the company should promote that brand. With the new brands contemplated for the hotel-casino, other boutique hotel, and residential complexes, MGM MIRAGE has significantly more latitude in designing the branding scheme.
3. Overall business objectives. In the case of Project CityCenter, a key ingredient in its development is the diversity and uniqueness of elements. Therefore, Project CityCenter would benefit from separately branded products. However, another objective is the promotion of cross-property patronage; therefore, a minimal connection should be created to link the brands subtly.
4. Resource constraints. If a company is unable to finance simultaneous marketing efforts to develop and promote brands, it will limit the number of brands that can be launched. In the case of Project CityCenter, significant resources will be applied in the development of brands.

Review of this key influences suggest that while development of branding structure is fluid and case-specific, it is also highly dependent upon company history, existing brands, objectives, and constraints. It can therefore be inferred that development of a brand architecture is a process highly dependent upon a business environment. While previous work, as discussed, has outlined general branding structures, this review indicates that few “hard and fast” branding architecture rules exist.

This review has also highlighted the importance of actively designing a branding architecture, rather than creating brands without regard to their environmental context. While

portfolio structures depend on a number of variables, a coherent structure provides the foundation for competitive positioning, effective use of marketing dollars, and future growth.

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