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Mandarin Oriental, Las Vegas: Building a unique brand in a unique city

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MANDARIN ORIENTAL, LAS VEGAS
BUILDING A UNIQUE BRAND IN A UNIQUE CITY

by

Garren Grieve

Bachelor of Science
University of California, Riverside
2003

A professional paper submitted in partial fulfillment
of the requirements for the

Master of Hospitality Administration
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Graduate College
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ABSTRACT

Mandarin Oriental, Las Vegas
Building a unique brand in a unique city

by

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A marketing plan tailored toward the Mandarin Oriental, Las Vegas. The hotel's performance has struggled along with the other two hotels at MGM Resort's CityCenter venue since its opening in December, 2009 with lower than expected business levels.

Creative marketing that focuses on the strengths of the hotel and the Mandarin Oriental brand, specifically in Las Vegas will set the young hotel up for the best success in the future. A comprehensive approach to the marketing plan includes numerous internal and external factors that will enable senior management to make sound fact based business decisions.

The marketing plan for the hotel sets addresses a comprehensive set of factors that impact the marketing for the hotel. The plan includes how Mandarin Oriental's corporate direction is incorporated into the property's marketing goals, an environmental analysis for the Las Vegas market, SWOT analysis, competitive analysis, and a political and legal review. Other factors that may impact the property's marketing goals that are covered include technology & social issues, global and property level marketing initiatives. A detailed budget and action plan is also included within the marketing plan to outline the keys to execution.

TABLE OF CONTENTS

ABSTRACT	2
PART ONE	4
Introduction	4
Purpose of the Study	5
Justification of the Study.....	5
Study Constraints.....	6
PART TWO.....	7
Introduction	7
Developing a Marketing Plan.....	8
Conclusion.....	15
PART THREE	17
Introduction	17
Executive Summary.....	17
Corporate Direction/Positioning Statement.....	20
Environmental Analysis.....	20
SWOT Analysis.....	21
Competitive Analysis.....	22
Political and Legal Review.....	26
Technology.....	27
Social Factors.....	28
Global and Property Level Marketing Strategies.....	29
Action Plan.....	30
Conclusion.....	36
REFERENCES.....	37

PART ONE

Introduction

The Mandarin Oriental, Las Vegas is a 392 room luxury hotel located at the forefront of CityCenter, the 76 acre modern metropolis that is the latest creation of MGM Resorts, International as a financial joint venture effort with Dubai World. The hotel sits on prime real estate directly on the Las Vegas strip, gaining the attention of thousands of pedestrians and other sightseers on a daily basis. Like many other hotels its size, the Mandarin has two restaurants, a spa, a full service pool, space for banquets, in addition to other unique first class amenities. Similar to the other two operating hotels at CityCenter, the Mandarin has a highly contemporary ambiance while creating a luxurious and warm atmosphere (Robison, 2009).

Aria Resort and Casino (4,000 rooms) and Vdara Hotel & Spa (1,600 rooms), both located at CityCenter, rival Mandarin's beauty with breathtaking views, amazing angles, and contemporary landscape (Robison, 2009). The presence of these two new, large resorts have not only casted an intimidating shadow on the Mandarin's ability to attract the attention of the luxury consumer but has also given the Mandarin additional exposure to new luxury customers. At lower price points with nearly equally appealing substance, the massive size of these two resorts enables MGM Resorts to provide larger marketing budgets compared to Mandarin Oriental. In order to survive long term, Mandarin Oriental must become streamlined and more creative in their marketing efforts on numerous levels.

Since its opening in December of 2009, the marketing team at the hotel has worked diligently to try to establish the hotel's name as the premier luxury hotel brand

utilizing several different marketing levers. Marketing channels that the team has used has varied from industry standard applications such as Twitter and Facebook to more non-traditional methods such as sponsorship events and tastings for local journalists.

Purpose

The purpose of this paper is to develop a marketing plan for the Mandarin Oriental, Las Vegas hotel that will help the hotel gain exposure among confirmed and potential luxury hotel consumers that visit the city. The paper will identify the strengths and weaknesses that the hotel currently carries and will provide suggestions to move the hotel in a positive direction from a marketing perspective. This marketing plan will outline strategies for the hotel's local and global marketing efforts while adhering to the Mandarin Oriental corporate marketing strategies and standards. These strategies and suggestions should provide insight and direction for the hotel to enable management to make educated marketing decisions.

Justification

Having an established marketing plan in place is imperative for the hotel's success as it will define the direction that the hotel is going with its efforts to attract existing and new customers to the hotel. This plan is critical because it enables all employees at the hotel to understand the strategy for the hotel and respond accordingly if questioned. It also will allow the marketing to set pre-defined goals to measure their success at the end of a specific term.

The location of the Mandarin Oriental, Las Vegas at CityCenter has made it challenging to secure the luxury consumer as lower cost alternatives with similar quality are increasing in appeal. The marketing plan shall define how the hotel intends to

reasonably set itself apart from its neighbors at CityCenter and other luxury competitors in the city.

Constraints

The largest self imposed constraint will be the assumption that prior marketing theories and applications executed at other hotels worldwide would be effective in this specific situation. Since past experiences can often be used as a building block to future success, a significant portion of the marketing plan will be developed based on research investigating similar hotels in Las Vegas and throughout the world. However, it cannot be assumed that the marketing strategies that have been developed for this situation based on marketing successes at other hotels would be effective in this situation.

From an external standpoint, forces such as the local Las Vegas economy could constrain the effectiveness of the strategies in the marketing plan. Although the economy was considered in the development of the plan, the economy could force the marketing to make alternative decisions in their marketing strategies.

PART TWO

Literature Review

Introduction

The development of a marketing plan for a hotel is a required annual exercise that serves many purposes. The plan not only provides a road map for the hotel for the next year, but it also ensures that marketing is executed in conjunction with a strategic plan that is set forth by corporate. Other benefits include assisting with the budgeting process, setting a bar for the hotel to meet certain goals, as well as provide an outline for all marketers at the hotel to adhere to for the year (Kotler, 2006).

A comprehensive strategic marketing plan is essential for all hotels looking to compete in the specific market they are in. The plan should always define the market segment for which the hotel is in, its competitors, environment, and the method for which the hotel intends to promote its product. It will involve a complete assessment of the property's position, both current and future (Link, 1993).

The primary reason, however, why a written marketing plan is important is so that communication can be established and/or improved between internal hotel and sales professionals (McCarthy, 2007). Some hospitality organizations will defer to establishing their marketing plans in a verbal manner. But by getting the plan written and established formally, it enables managers to set precedent for the organization's marketing facts. The marketing plan is both a fact and opinion based document that outlines the organization's position in the market and describes its reasonable targeted goals.

In this section, the components of a relevant marketing plan are outlined and their relevance is explained. These common components of the hospitality marketing plan are intended to fully exert the position and primary direction that the organization intends to go in.

Developing a Marketing Plan

Executive Summary

The executive summary, the first section of the marketing plan, is the overview piece of the plan for which executives will review the key components. This will be a short summary of the overall plan which will provide the ability for an executive to read and understand the key, high level points of the comprehensive plan. The executive summary will outline the objectives of the plan in quantitative terms and provide a brief summary of the expected results by executing the plan (Kotler, 2006).

An important first part of a hotel marketing plan is the introduction of the property. The property should be explained in full and will include a description of the physical and operational aspects. Additionally, further quantitative descriptions such as annual occupancy and profitability can assist with the justification of many of the ideas and proposed marketing directions provided in the plan.

In addition to the introduction to the property and an overall summary of the expected results by execution of the marketing plan, the executive summary shall also outline the timeline for which the marketing plans execution shall occur (Westwood, 2006). This will allow senior management to set reasonable expectations for when the marketing effort will conclude, thus enabling an executive to tailor these expected results and timeline in reports to their superiors.

The executive summary should also outline assumptions on which the plan is based. In the case of the Mandarin Oriental, Las Vegas, one assumption may be that the owner of the building that the Mandarin operates (MGM Resorts International) will provide adequate support for the Mandarin to operate, including financing, building maintenance, and support with securing required operating supplies.

Corporate Direction

As a unit of the Mandarin Oriental Hotel Group, Mandarin Oriental, Las Vegas must adhere to the corporate marketing standards, guidelines, and terminology that have been set forth by the parent company. In order to address these standards, the second section of the marketing plan will establish the company's corporate vision and standards. Additionally, stating these standards will show respect to the parent company that the property has developed the marketing plan with these standards in mind for the greater good of the hotel group as a whole. Aside from political respect to the hotel group, the primary benefit to having a consistent set of marketing directions that the brand will show consistency from property to property. This consistency is one of the key components to running a successful hotel brand. With a successful stay at one of the brand's hotels, the guest will expect the same success at the brand's sister property. This expectation is tied into many corporate goals, including marketing.

Corporate objectives are generally set by top management (Westwood, 2006). In order to maintain a reasonable acceptance of the plan within top management within the unit and corporate executives, the marketing plan must have corporate direction, objectives, and targets incorporated in the plan for it to be an effective communication tool with those who make they key decisions in an organization.

Positioning Statement

Once the corporate standards are communicated in the marketing plan, a positioning statement will be included within the plan. This statement will establish how the hotel intends on differentiating itself from others in Las Vegas, particularly in the luxury hotel sector. This positioning statement must be communicated to all sales and marketing colleagues within the hotel as well as any third party service suppliers such as ad agencies and public relations firms who may be assisting or augmenting the property's marketing team at a given time (Kotler, 2006). The reason for this is because all involved with the collective sales and marketing efforts must understand the hotel's current and intended position within the market.

The concept of positioning in a marketing strategy in a marketing plan calls for the creation of an image (Lewis, 1981). The positioning statement shall explain the attributes of the property in relation to its competitors so that the reader can understand what the difference is between the mentioned property as opposed to its reasonably adequate competitive neighbors. Often what marketers fail on when developing a positioning statement is that they don't take into consideration of what the consumers' actual needs and desires are. It is important for the positioning statement to communicate the actual defining characteristics off the hotel to the reader.

There are three elements that a marketer should use to establish positioning. The first is that an image is created. An image should be reflected to establish the authentic traits of the property itself. The perceived benefits of the hotel must also be communicated to the consumer. When the benefits are identified, the marketer can isolate target markets that would relate with the benefits. Lastly, the final element that a

marketer should use is differentiation of the brand. By demonstrating the unique attributes of the hotel to the consumer, the marketer is providing more transparency to the specific advantages that the hotel has over others. This transparency will allow clear communication of what makes the property different as well as set an expectation for the consumer on what to expect if they do visit the property for a stay (Lewis, 1981).

Environmental Analysis

At the completion of the executive summary and positioning statement, the environment surrounding the hotel will be explained. This is a critical part of the marketing plan because business opportunities in the hotel sector are shaped by environmental factors (Link, 1993). This is especially the case in Las Vegas where environmental shifts can occur rapidly throughout a calendar year due to large fluctuations in business levels. This environmental analysis shall include statistics such as total room inventory in the hotel's segment/area as well as identify key competitors who could impact the business of the hotel both in positive and negative ways.

The environmental analysis should also include major factors that would impact the marketplace in the upcoming year (McCarthy, 2007). For example, if a city is renovating its public transportation system near the hotel property, this could have a positive or negative impact on the hotel. It is important for these factors to be included in the marketing plan so that the sales and marketing team can understand how these factors will impact business for the better or for the worse. Understanding these factors will help in sales efforts.

Social factors also are included in the environmental analysis section of the marketing plan. Examples of social factors are crime and the change of demographics in

the area where the property is located (Kotler, 2006). If there is an escalation of crime in the area, a hotel will likely be significantly impacted by this factor. Any large swings of crime must be incorporated within the research of the marketing plan as it must be assumed that an increase in crime will have a negative impact on the hotel. If there is a large change of demographics, this could also impact the property either positively or negatively. Such demographic swings must be mentioned in the marketing plan as a factor that could impact business in either a positive or negative way.

Political and economic factors also are an important part of the environmental analysis. Any changes in legislation on the local level can impact the profitability of the hotel. For example, in Las Vegas, governor elect Brian Sandoval has refused to raise the room tax on a temporary basis to generate more revenue for the city (Vogel, 2010). A raised room tax rate in the city for which the hotel is located can impact the volume of business and should thus be included as a potential factor which can impact business. Other economic factors such as unemployment and visitation rates can impact a hotel's business significantly and careful consideration should be made in the plan if there are expected shifts that could impact the hotel.

The SWOT analysis (strengths, weaknesses, opportunities, and threats) will typically conclude the environmental analysis section. This section addresses the key positives and negatives that the hotel will encounter in the following year. As it pertains to the strengths and weaknesses, these refer to areas in direct correlation to the company (or in this case, property) and its products and/or services. Opportunities and threats are generally external factors that the hotel has little or no control over (Westwood, 2006). The SWOT analysis is a critical part of the planning process because it addresses the true

issues in regards to the hotel and enables the marketer to evaluate if the hotel has a legitimate chance to sustain its presence in the market.

Competitive Analysis

A comprehensive competitive analysis must be completed to allow the reader of the marketing plan to understand the collective competitive set that currently surrounds the hotel. In the case of the Mandarin Oriental, Las Vegas, its competitors will not only be the hotels located at CityCenter, but other smaller luxury properties located in the city of Las Vegas. Competition can be broad but in a city like Las Vegas, most of the Mandarin Oriental's worldwide competitors are present. The competitive analysis shall set forth both the tangible and intangible assets that a competitor of the hotel will have. Although tangibles such as room count and physical presence can illustrate many things about a hotel, it is often times the intangible things which can define a hotel and its competitors. Such intangibles include service level, cleanliness, staff knowledge, and the support staff (Kotler, 2006). These are all factors that would especially impact a luxury hotel which often distinguishes itself among its service as opposed to its physical stature.

With Las Vegas continuously evolving, it is also important to understand marketing trends throughout the city and how these trends will impact business. Visitor and competitive trends shall be discussed in the plan as a subset of the competitive analysis section. Additionally, industry trends such as local infrastructure development will be evaluated as well. Market potential is also an important subset of competitive analysis and is to be reviewed and reasonably quantified.

Competitive analysis is critical to the marketing plan because it enables the hotel sales and marketing staff to understand who and what competition they are actually

facing (McCarthy, 2007). It is important that hotel sales personnel understand who they are facing in the open market and what their competition's strengths and weaknesses are. This will enable sales managers to tailor their sales message to their clients in creative ways, which can often provide an advantage when trying to close a sale. Although it is certainly not advised to speak negatively about the competition, a sales colleague can strategically sell the property's strengths and mention less of the property's weaknesses as compared to the competition.

The competitive analysis section enables the marketing professional to evaluate strategic and tactical differences and similarities in product marketing between their hotel and the competition (Hiebing, 2004). It also allows the marketing plan to contain information from past marketing efforts against the competition and evaluate the success of these efforts. Additionally, the competitive analysis can also evaluate competitors marketing tools and modify them to work in the marketer's hotel as well.

Strategy & Objectives

Once the environmental analysis is completed, marketing objectives, opportunities, strategies, and tactics will be discussed (Link, 1993). Strategies will include several ideas on new marketing initiatives and potential packages that can be offered in the upcoming year. These will be relevant to the local market as well as to those traveling from out of town. The marketing plan will include a schedule for which marketing activities will take place, generally tailored to a seasonal approach.

Marketing strategy is a broad directional statement indicating how the marketing objectives will be achieved. Strategy enables the concepts that are required to accomplish the objectives of the marketing plan (Hiebing, 2004). Typically we see

marketing strategy concepts act as broad categories that help plan to format objectives that will be more specific. For example, when strategizing competition, a hotel can state that they would like to force more pressure on the competition in order to gain additional business. However, objectives allow a marketer to set a goal to quantify just how much market share they intend to take from the competition.

As it relates to the planning of marketing activity itself, two of the most important approaches to avoid when planning strategy are reactionary approaches and opportunistic approaches (Peters, 2008). By taking a reactionary approach to marketing, the hotel is simply executing a plan after sales has slipped due to other competition. By the time the hotel's marketing team has reacted with a marketing scheme, it is usually too late. Often times, opportunists such as third party marketing companies can sell an organization on purchasing sales and marketing services. Although there can be some advantages to these services, the hotel marketing team must avoid immediately buying from marketing opportunists without first planning for these services ahead of time. Marketing professionals should pull these services as they have planned and at the level that they feel they are needed. By planning these services, marketers allow themselves to properly budget and take charge of their own marketing instead of being taken advantage of by other marketing opportunists.

Conclusion

The multiple components of the marketing plan are all important because they allow the reader to fully understand the direction of the hotel's proposed marketing moving forward. The marketing plan allows marketers to establish their clear expectations for the hotel and paint the competitive picture amongst the hotel's peers.

The plan also enables marketing managers to perform an annual assessment of the organization and to objectively think through all of the steps of the marketing process in a compacted amount of time (Bowen, 2002). Additionally, by acting as a team throughout the process, marketers learn to become not only team players but also learn to develop dynamic strategies and tactics from others throughout the process.

The following marketing plan in section three will do just this for the Mandarin Oriental, Las Vegas in hopes to set bright goals for the hotel while still being reasonable in its expectations based on the local Las Vegas market.

PART THREE

Introduction

This section sets forth the marketing plan for the Mandarin Oriental in the year 2011. Its focus is to define the current condition of the hotel, the condition of its competitors, and the direction for which it should move in the coming year. This section will examine various environmental elements including external and internal conditions, strengths and weaknesses in the current environment, and other potential threats and opportunities for the hotel. An external condition that will be considered in the analysis understands who the hotel's competitors are.

The Mandarin Oriental is a 392 room luxury hotel located in Las Vegas, Nevada, USA. The 47 story hotel features discreet luxury right on the strip by offering guests a non-gaming oasis of oriental calm. Located at the south end of the Las Vegas Strip, the hotel provides an ideal location to be in the center of the action while outside yet satisfies the guest within with plush, quiet accommodations. Room sizes range from 500 square feet for standard rooms to 3,100 square feet for the largest suites. The hotel offers a 7,650 square foot ballroom with dramatic views of the strip. Culinary excellence is featured in the hotel with the all-day dining restaurant MOzen Bistro and the hotel's signature fine dining restaurant, Twist by Pierre Gagnaire (Mandarin Oriental Website, 2010).

Executive Summary

With its continued struggle in many key tourism and economic indicators including a 15% unemployment rate, the City of Las Vegas faces one of its largest tourism challenges yet (Smith, 2010). However, with encouraging year to year monthly

performance in gaming revenues, taxable sales, and visitor volume, the city is also showing increased encouragement in an otherwise negative nationwide economic slump.

Las Vegas room inventory at the end of 2010 is 150,732 rooms as compared to 148,941 rooms just a year ago. Room additions are primarily due to the new Cosmopolitan of Las Vegas adding an additional 2,000 rooms to the strip. Although the addition of the Cosmopolitan will add just over 1% of room inventory as a whole, its close location next door to CityCenter will be monitored closely in the coming fiscal year.

With its location at CityCenter, the Mandarin Oriental, Las Vegas (MOLAS), will most certainly continue to benefit from Aria Resort and Casino, Vdara Hotel and Spa, and Crystals Retail's marketing efforts syndicating a message of CityCenter as a luxury destination. This presence has provided the Mandarin with the ability to include itself within the unique and diverse offerings of CityCenter, including luxurious accommodations, modern architecture, dozens of dining options, cutting edge art, entertainment, and technology.

Now that the hotel has one year in operation, we can now focus on the clear cut advantages that have allowed the hotel to grow and gain prestigious accolades in this short time period. Recently named an AAA Five Diamond Resort, "MOLAS" is one of only a few who have accomplished such a feat in such a short time. Furthering the early praise for the hotel, Forbes ratings, one of the most prestigious hotel rating outlets in the world, recently recognized The Spa at Mandarin Oriental as a Five Star Spa joining only 19 others in the world.

Corporate executives shall be our strong focus for our mid-week strategy. In addition to corporate executives, groups must also be a large focus for mid week as our convenient location and non-gaming atmosphere provide a stellar setting for getting business done. Weekend targets will be leisure business travelers who seek pre and post extensions of their travel.

The strong weekend drive market, particularly from luxury seeking individuals originating from Southern California, will continue to be a key target for us with our advertising initiatives. With the recent accolades and prestige from the spa, we intend to more aggressively advertise with the spa in mind to this market with many seeking profitable extended stay spa treatments.

With continued success with the operations in some of the most profitable areas of the hotel such as the spa and the food and beverage outlets, as well as slightly heightened expected room occupancy, the primary goal for the hotel is to increase revenue for the hotel by 25% for the year 2011 over 2010 levels. We expect to hit this goal as we now have an established guest database from guests who stayed with us in the year 2010. With a solid base of return customers who now know and understand the property, we expect to firmly build upon what we started in 2010. Additional revenue will prove to be even more profitable for the hotel from a percentage standpoint as several operational departments have synergized their teams for greater efficiency with one year of business to learn from.

The sales and marketing team intends to accomplish this incremental revenue with the same 21 approved positions that were primarily in place in 2010 to operate the department. The resources that the department currently has, like other departments,

have become more knowledgeable with the property and its strengths. We fully expect to provide even greater results in 2011 with the business relationships we have already established and built in all segments. Additional savings in travel costs and synergies will allow our sales and marketing team to accomplish travel at a cost of \$100,000, roughly 20% less than 2010 to accomplish the same goals.

Corporate Direction / Positioning Statement

As part of the prestigious Mandarin Oriental Hotel Group, the Mandarin Oriental Las Vegas is the city's premier luxury non-gaming hotel that provides its guests with:

- Breathtaking views of the world famous Las Vegas Strip from spacious luxury rooms designed by legendary designer Adam Tihany
- Popular cutting edge technology and in room entertainment
- Award winning, diverse restaurants including Twist by Pierre Gagnaire
- Forbes Five Star Spa at Mandarin Oriental, Las Vegas – honored for its featured exquisite elegance and service and Asian authenticity
- Meeting and event space that has proven to be the most intimate space in the most unexpected and vibrant areas in the world

The experience at Mandarin Oriental Las Vegas is similar to that at any other Mandarin Oriental Hotel Group Hotel. Guests will enjoy the legendary quality service, the feeling of status, and the overwhelming accommodations as would be the case at any other Mandarin Oriental property.

Environmental Analysis

The Mandarin Oriental, Las Vegas has positioned itself in a city that has seen declines in many key economic areas. The unemployment in the city has risen to 15%,

and although new residents have risen from year to year by nearly 5%, passengers at McCarran International Airport have stayed relatively neutral from 2009 (Smith, 2010). These indicators, among others, show that the local Las Vegas economy has not improved. However, the city continues to have some bright spots with the relatively stable convention attendance as well as the addition of a new terminal at McCarran Airport which will expand the airport to grant additional space for more travelers.

SWOT Analysis

The 2011 SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis for Mandarin Oriental, Las Vegas is as follows:

Strengths:

- Recognition by Forbes and AAA as one of the finest hotels in the world
- Strategic position within CityCenter
- World class spa
- Unique meeting space
- Legendary Mandarin Oriental Hotel Group (MOHG) brand recognition

Weaknesses:

- Limited meeting space compared to other larger Las Vegas hotels
- No indoor walkway to Crystals Retail
- Limited pool days due to weather
- No casino

Opportunities:

- Incorporate other marketing opportunities with MOHG sister properties

- Seek luxury seeking corporate executives from all major sectors to conduct meetings and conferences in our intimate space
- Take advantage of location next to Crystals and develop luxury co-branding initiatives and events
- Provides those who love to stay at Mandarin Oriental the opportunity to gamble in a brand new modern casino in Aria

Threats

- Strong competition in Las Vegas among experienced hospitality professionals
- Existing competitor property refreshes in Las Vegas which emulate and rival the look and ambiance of the brands at Mandarin Oriental and other CityCenter venues

Competitive Analysis

The luxury hotel sector in Las Vegas, for which the Mandarin Oriental is categorized, is undoubtedly different than that of any other city in the world. The reason for this is because competitors can be wide ranging. Luxury hotels are not always advertised the same way in Las Vegas as they are in other major metropolitan cities. Many hotels in Las Vegas offer a version of the luxury “hotel within a hotel”. These hotels frequently cater to high rolling gamblers and other high level business executives making a visit to Las Vegas. The hotel within a hotel concept provides the exclusivity of a smaller boutique hotel with the location and advantage of sharing common amenities with guests and visitors of the larger hotel. In Las Vegas’ case, the most desirable common amenity in the larger hotel is the availability of a casino.

Although the Mandarin Oriental carries a highly unique set of characteristics and competitive advantages, it does have its share of competitors. We have identified three primary direct competitors for the hotel utilizing a set of similar criteria that the Mandarin Oriental carries. Here are the criteria in order of consideration:

1. Global brand, common competitors with Mandarin Oriental in other areas of the United States and the world.
2. Hotel must be a 4 or 5 diamond property
3. Non-gaming property
4. Must have a high quality spa
5. Competitive with similar target groups for banquet business
6. Similar room count

These are primary characteristics that make Mandarin Oriental unique in the Las Vegas market. Due to the large gaming presence in the city, there is a significant lack of luxury hotel properties in Las Vegas that carry similar characteristics when compared to other metropolitan cities. The competitors below compete directly with the property in most of the common categories. However, in order to compete with the Mandarin Oriental, these properties generally have to lower their room rates as Mandarin's location on the strip and the fact that it is new provide for a competitive advantage among the competitive set.

Mandarin Oriental, Las Vegas at a Glance:

AAA 5-diamond rated hotel; Forbes 5-star rated spa; strong international brand attracts business travelers and leisure customers alike; group business includes corporate and

weddings, among others; opened for business 12/4/2009; 392 rooms; residential component; rates: \$595 - \$3,995/night.

Competitors at a Glance:

- Four Seasons: 5-diamond hotel; strong brand name attracts corporate clients; maintained 5-diamond status; 424 rooms; rates: \$379 - \$3,500/night.
- JW Marriott: 4-diamond resort; gaming hotel located in the Summerlin area in west Las Vegas; Marriott uses its rewards program to promote loyalty among its corporate clients; 545 rooms; rates: \$209 - \$379/night.
- Loews Lake Las Vegas: 4-diamond resort; non-gaming luxury hotel which carries a national name; mostly a group hotel and less known for its corporate market popularity yet has shown growth in this area recently; 493 rooms; rates: \$159 - \$189/night.

With its location on the Las Vegas strip and its unusually large size for a 5-diamond luxury hotel, the Mandarin Oriental carries significant distinct differences when compared to its competitors. Unlike some of its competitors such as the Four Seasons Las Vegas, Loews Lake Las Vegas, and JW Marriott Summerlin, the Mandarin Oriental is the largest free standing luxury hotel on the strip.

A primary competitor to the Mandarin Oriental, Las Vegas' Four Seasons hotel is located on the gigantic campus of Mandalay Bay Hotel and Casino. The hotel has its own porte-cochere and segregated entrance into the hotel, which enables separation from its large casino neighbor (Wagner, 1999). The Four Seasons and its 424 guestrooms has been the only ultra luxury name brand on the strip for nearly 10 years. The hotel is an AAA Five Diamond award winner and has consistently maintained this status. Its strong

name brand consistently attracts corporate entertainment clients. The Four Seasons is the only Five Diamond luxury competitor located on the strip that has a strategy geared towards corporate clients.

Another hotel for which the Mandarin Oriental considers a relevant competitor is Loews Lake Las Vegas, located in Henderson, east of Las Vegas. Since the takeover of the 493 room resort from Hyatt, Loews has thrived by offering luxury accommodations with particular success as of late with significant corporate group business (Watkins, 2010). Additionally, with the closure of the Ritz-Carlton Lake Las Vegas (another secondary competitor to the Mandarin Oriental) in May, 2010, Loews is taking advantage as the only luxury hotel of its kind in the area. Although the property sits 17 miles from the strip, Loews is a significant secondary competitor of the Mandarin Oriental's as it competes for its Las Vegas area core corporate business.

The last hotel that the Mandarin Oriental considers as a relevant competitor is the JW Marriott located in the west Las Vegas master planned suburb of Summerlin. The Marriott's 548 guest rooms which sit on 54 acres offers comparable luxury features to those at all of the aforementioned hotels (Eisen, 2006). The JW Marriott's large 40,000 square foot spa, named Aquae Sulis is similar to The Spa at Mandarin Oriental in that it attracts a luxury consumer who has the resources to spend significantly at a spa (Urell, 2005). The Mandarin Oriental Hotel Group prides itself on its property's spas and although any local luxury spas should be recognized as challengers, the Spa at Mandarin Oriental, Las Vegas has distanced itself from all others in the city with its recent Forbes five star award.

The Mandarin Oriental, Las Vegas has positioned itself among its competitors to provide the highest quality luxury accommodations and service to its guests. Unlike its primary competitors, the hotel has distinguished itself by having a distinct advantage of being located right on the Las Vegas strip. With this location, business travelers do not have to go far to meetings or social gatherings. Leisure travelers can enjoy the centralized location as well, yet have the opportunity to relax in a highly intimate environment found to be highly unusual on the strip.

In addition to its distinct location advantage on the strip, the Mandarin Oriental's 5-star Spa at Mandarin Oriental, Las Vegas is the only 5-star rated spa at a non-gaming property in Las Vegas and only 20 in the entire world. This provides a significant advantage for the hotel for all groups concerned as its quality is unmatched among its primary competitors in the aforementioned.

Political and Legal Review

With the downturn in the US economy in the last few years, there have been examples of politicians on the national stage who have given Las Vegas a less than favorable reputation. One example of this occurred when President Barack Obama said in a speech in 2009 that corporations who receive federal bailout funds should be warned not to spend taxpayer dollars in Las Vegas (Spillman, 2010). Local Nevada and Las Vegas leaders from both sides of the political fence have disagreed with the President and have defended Las Vegas as a legitimate, world class tourist destination. Locally, Las Vegas Mayor Oscar Goodman has pushed for the development of more projects that would help the Las Vegas economy such as a new arena, baseball stadium, and other large scale projects such as a high speed train to Las Vegas. These projects would

arguably help hotels in Las Vegas, including Mandarin Oriental in the long term as these projects would help increase tourism and thus expand the demand for hotel rooms in the city. However, with stalled funding throughout Las Vegas and the highest unemployment rate in the nation, these proposed projects are not anticipated to be built for several years.

No significant laws have been passed that would significantly impact our forecasts in this marketing plan for the Mandarin Oriental, Las Vegas in 2011.

Technology

The Mandarin Oriental, Las Vegas now has presence on a worldwide platform as it now has Facebook and Twitter pages, like many other local Las Vegas casino companies have such as Harrah's, MGM MIRAGE, and Wynn (Kirby, 2010). On the hotel's Facebook page, a beautiful photo of the property is shown at sunset with the large structure towering over New York, New York Hotel Casino. Also on the page, numerous positive comments in regards to the hotel exist. Like many other hotel properties, Mandarin Oriental, Las Vegas is the latest company to take the marketing of the hotel global via Facebook and the internet.

The Mandarin Oriental Hotel Group (MOHG) has also developed a mobile website and an "app" for the iPhone which will provide property details, real time reservations, latest offers, and "cities by MO" – a sophisticated electronic tour guide of attractions in the city a guest is staying in (Mandarin Oriental Website, 2010). This is a required implementation as set forth by the MOHG in 2010. Due to the popularity with mobile technology and particularly "smart phones", we expect to undoubtedly help with

exposure for the hotel as well as provide additional convenience for our return stay guests.

Social Factors

The rapid development of consumer shopping online now has provided consumers with a distinct advantage of becoming smarter shoppers when looking for a hotel room. Although the Mandarin Oriental Hotel Group has an interactive worldwide website and room bookings can be done online, it is well documented that the Mandarin's pricing is generally higher than its competition as the quality is usually higher. This will certainly impact the hotel's business; however, it is debatable if this is a negative aspect or a positive one for the hotel.

With the current economic landscape, many consumers understand that Las Vegas is one of the best travel deals in the United States at this time due to the significant decrease in visitors to the city in recent years. Any potential visitor who is shopping for the best rate will most certainly find a better rate than what the Mandarin Oriental is offering at their lowest rate. Although it may be contrary to most hotels around the city, the Mandarin Oriental intentionally sets itself on the high tier of the pricing scale for numerous reasons. By paying a higher rate, luxury consumers have the confidence that they will receive the highest quality product, which the hotel is committed to providing. The Mandarin Oriental Hotel Group prides itself on tailoring their offerings to the luxury customer that expects more and that is willing to provide more for this higher quality product.

In addition to the individual consumer, the hotel has seen a large number of hotel-only group business. In particular, groups visiting Las Vegas to attend shows for

consumer goods such as automobiles, technology, and textiles have shown that groups of individuals also want a different luxury accommodation which was virtually unavailable on the strip until Mandarin opened. The hotel has also hosted numerous luxury seeking actors, entertainers, and musicians.

Global and Property Level Marketing Strategies

The Mandarin Oriental Hotel Group has become creative with its approach in advertising its hotels. One example of this is through a unique marketing program driven by the corporation. The group has recruited famous celebrities from actors to athletes from around the world to promote the brand in exchange for a \$10,000 donation to a charity of their choice (Mandarin Oriental Website, 2010). This program is called the “fan” club, in reference to Mandarin Oriental’s trademark fan logo. This creative marketing strategy helps individual properties in the group such as the Las Vegas property gain notoriety as a hotel that is of high enough quality enough for high profile worldwide celebrities to stay at.

The hotel group on a corporate level has set numerous marketing initiatives in place worldwide but it also has a very close control over the marketing initiatives at the property level. Protecting the Mandarin Oriental brand is the most important part of the hotel group’s ability to provide a consistently quality product worldwide. As with the standardization of hotel operations, it is no different from the marketing perspective. Prior to the releasing of any marketing effort on a local level, corporate approval generally will be continue to be made to ensure it is consistent with the worldwide branding standards that the corporate marketing team has implemented. This level of approval of course allows the corporate office to be in control of the brand at all times

and provides a natural check and balance for each property. In addition to the approval process, this corporate submission also allows the corporate office to act as a hub to continuously improve the marketing at other properties. If specific advertising or marketing is working well at one property, then perhaps it will be successful at another property within the chain.

As with the free flowing exchange of information from property to the corporate hub, one message is common throughout all Mandarin Oriental properties. The Legendary Quality Experiences (LQE's) have been established by the corporation as a guide for all colleagues in the company to delight and satisfy guests. The LQE's are consistent across the world and are expected to be executed by each colleague while on duty (Mandarin Oriental Website, 2010).

Mandarin Oriental, Las Vegas from the property perspective has expanded its strategies from traditional print and digital media to include itself in marketing opportunities provided by the hotel's owner, MGM Resorts International. By taking advantage of its location at CityCenter, Las Vegas, Mandarin Oriental has been able to include itself in local marketing opportunities furnished by MGM Resorts. These channels include highway sign accessibility and in-room advertising throughout CityCenter's two other hotels – Aria Resort and Casino and Vdara Hotel and Spa. Other worldwide notoriety given to CityCenter for its diverse and unique set of world famous architects has promoted Mandarin Oriental as well as a worldwide destination.

Action Plan

As a newly named five diamond resort, the Mandarin Oriental, Las Vegas must utilize its strengths of award winning service and luxury to gain recognition among those

who have the desire to spend for these amenities. Due to the massive size of hotel offerings in Las Vegas, this message can sometimes be lost in the sprawling Las Vegas marketing jungle. What is most important for the hotel is to continue to identify and execute messages in relevant marketing channels. In order to advertise towards young, affluent professionals, funds shall continue to be allocated for investment in electronic marketing initiatives. Constant updates to the Mandarin's pages via social networking sites such as Facebook and Twitter will be essential in order to keep upcoming popular culinary events updated and maintain a buzz about the hotel. When influential young professionals embrace the hotel for its luxurious and entertaining features, this will inspire and attract other new, young customers to become interested in the hotel.

Goals for 2011 for our key segments:

Segment	Room Nights	Average Rate	Marketing Strategy
Corporate	8,000	\$250.00	Shows, FAM Trips
Grp Corp (Meetings)	30,000	\$250.00	Shows, International
Grp Corp (Conv)	5,000	\$500.00	Calls
Grp Leisure	5,000	\$300.00	Calls, Events
Leisure Individual	40,000	\$500.00	Calls, Direct Mail
Leisure Wholesale	10,000	\$300.00	Shows

With Las Vegas' numerous group events throughout the year, the following are the key events that Sales and Marketing will target for the year 2011. Our goal for the days of each of these events is 90% occupancy or higher. Additionally, our goal is to have at least one significant group (50 rooms +) for each event.

January:

Consumer Electronics Show (CES): 100,000 visitors

National Association of Homebuilders: 75,000 visitors

February:

Superbowl weekend: 100,000 visitors

Chinese New Year: 100,000 visitors

MAGIC Apparel Show: 50,000 visitors

March:

March Madness, College Basketball: 100,000 visitors

April:

National Association of Broadcasters: 100,000 visitors

May:

Memorial Day Weekend: 100,000 visitors

August:

MAGIC Apparel Show: 50,000 visitors

October:

Columbus Day Weekend: 100,000 visitors

November:

Aftermarket Specialty Equipment Show: 100,000 visitors

There are many key factors to the hotel's success. Marketing must establish the Mandarin Oriental as the ultimate destination for unique and prestigious special events. Such events will give the hotel the exposure it needs to promote its brand to a larger affluent audience. From the corporate standpoint, the hotel must establish additional

convention travel throughout the city and use strategic levers to promote upgrades at a competitive price. We expect to increase this business by 20% in 2011. From the leisure standpoint, it is imperative that the hotel drive their marketing to direct accounts more aggressively. Due to our established existing guest database and incorporating direct mailing initiatives, we expect this segment to increase by 25% in 2011 since we did not yet have these contacts in 2010. Leisure sales would include sales to wholesale and travel agencies primarily in North America and Europe.

Promotions for the hotel that have been successful include bed and breakfast offerings (hotel room plus in-room dining service), and buy two nights get one night free. In order to establish the consistent high rate citywide, these promotions shall continue to be offered at strategic times that will benefit the occupancy of the hotel. These promotions help with the consistency of the occupancy to enhance levels as well as boost the potential for food and beverage outlets to have more success with more guests staying at the hotel.

The sales and marketing team shall have a diverse travel schedule and will travel over 50 different dates throughout 2011. The purpose of this travel is to promote and sell the great benefits of the Mandarin Oriental, Las Vegas to many segments. Although many of the events will take the team overseas into Europe and Canada, the majority of sales trips will be conducted throughout the United States focusing primarily on securing Group, Leisure, and Corporate business.

Sales & Marketing Budget (non-labor), 2011

Expenditure	Responsible	Total Amount
Travel & Entertainment	GM, DOSM, Sales Mgrs	\$100,000

Meeting Entry Fees	GM, DOSM, Sales Mgrs	\$ 20,000
Advertising	DOSM	\$250,000
Direct Mail	DOSM	\$ 25,000
Public Relations	DOSM	\$ 75,000
Sales Materials	DOSM	\$ 30,000
Contingency		<u>\$ 40,000</u>
		\$540,000

The 2011 Sales and Marketing budget as assigned is a “bottom to top” budget as mandated by corporate marketing. The budget assigned here reflects all non-labor related charges for the Sales and Marketing activity for the hotel. The travel and entertainment expenditure includes airfare and rental car for all travelling colleagues as well as expected entertainment charges as well. The General Manager (GM), Director of Sales and Marketing (DOSM), and Sales Managers will be responsible for attending these events. The advertising expenditure includes production, outdoor, TV, Radio, and Newspaper advertising. The public relations expenditure includes special events, news releases and any applicable special articles. The sales materials expenditure includes brochures and other gifts as well as exhibits for trade shows. The Director of Sales and Marketing is responsible for all Sales and Marketing activity for the hotel. All Sales and Marketing related expenditures over \$1,000 must be approved by the General Manager.

Overall for 2011, we expect an increase in total room occupancy of 25%, mostly as a direct correlation to our existing customer base and our dynamic marketing strategies for the year. Our travel budget has decreased due to efficiencies and we intend to focus

on successful marketing strategies that we implemented in 2010 such as art shows at Mandarin Bar as well as Twist which are promoted via the internet, among other channels. We expect greater business from our entertainment clients as well as we have recently hired an entertainment group sales manager.

Conclusion

The Mandarin Oriental certainly has many positive aspects to its current marketing campaign. The campaign includes numerous industry leading technology applications, celebrity backing, as well as traditional marketing techniques such as print ads and television appearances. The brand name is strong and is synonymous with luxury. The direction of the hotel's marketing is imperative to the success of the hotel, especially in an extremely competitive Las Vegas market.

By providing the highest in quality, the Mandarin Oriental sets itself apart from all of its competitors. The potential challenge that the hotel will face in the near term is the reduction in overall luxury guests in the city of Las Vegas. With stale and even reduced visitation and a less than robust outlook for some time to come in Las Vegas, the hotel will have to put out the highest quality product while maintaining itself with the highest rates in the city.

Even with the slow economy, Las Vegas does have some bright spots including continued convention business. Having marketing initiatives established and key target segments identified, the hotel is moving in the right direction. Key corporate events and other social events such as luxurious weddings have provided the most profitable piece of business for the hotel thus far and this will continue. By reaching to a global audience in

a global Las Vegas economy, the hotel should gain the same respect its sister properties have as the premier flagship luxury hotel in the city.

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