

teaching note

The Making of an International Hotel Brand: A case study of the Langham

Summary of the case

The Langham London was a legendary, standalone hotel with a history and heritage of over 140 years, a rich culture of hospitality, and a high standard of service. The hotel was acquired by the Great Eagle Group in Hong Kong in 1991, and today its Langham Hospitality Group manages 22 hotels with over 8,000 rooms in Asia, Australasia, North America, and Europe. The making of the international hotel brand Langham began in 2003; it has taken a decade to build Langham as an international hotel brand. This case study traces how the Group transformed itself from an asset owner into a hospitality group that manages not only its own properties, but also the properties of others. It discusses how management philosophy, corporate culture, corporate structure, brand architecture, hotel portfolio, brand identity, and communication have contributed to the brand building, and reviews the financial implications over the years.

The case study shows that the Langham Hospitality Group has a quality-driven and customer-oriented management philosophy, and a corporate culture and structure that supports organic business growth and nurtures the spirit of entrepreneurship, innovation, and adventure. The Group changed its brand architecture from a “house of brands” comprising a group of standalone brands such as Great Eagle, Hilton, Langham, Meridien, and Sheraton to a “branded house” comprising the Langham and its affiliated brands.

The Langham brand was positioned at the top end of the luxury market to create high brand value. Shortly after the Langham was established, another brand, Langham Place, was developed and positioned slightly differently as a dynamic hotel that provides its guests with a refreshing, inspiring, and pleasing hotel experience. The Eaton hotel brand was inherited by the Group and is designed to appeal to guests who believe in what they know and are less concerned about an institution's popularity.

With this brand architecture, the Langham Hospitality Group has established a strong business base in Hong Kong and has continued to grow its hotel portfolio to include properties in Los Angeles, Chicago, New York, Sydney, and a number of cities in China. The financial performance of the Group over the years has been encouraging, and it is well poised to benefit from the positive outlook of the tourism market in the Asia Pacific.

Teaching objectives and target audience

After studying and analyzing this case study, students should be able to (1) describe the challenges of branding a hotel, (2) compare the advantages and disadvantages of independent hotel brands, (3) evaluate the decisions made by the Great Eagle Group in relation to

hotel branding, and (4) appraise the Langham's brand communication.

This case study is aimed at postgraduate students taking subjects related to (1) Hospitality Marketing and (2) Strategic Management in Hotel Management.

Recommended teaching approach and strategy

Students should be given time to read the case. The following questions could then be posed for discussion. Students should be encouraged to find out the latest situation with regard to the Langham Hospitality Group's hotel portfolio. Additional information about the Langham brand prints is provided in these teaching notes for discussion.

Theoretical concepts covered in this case study

Brand architecture, total quality management, corporate culture, branded house, house of brands, brand identity, brand communication.

Questions related to branding and marketing:

- What does a hotel brand do for its customers?
- How does a multiple brand strategy help hotels to develop their businesses?
- What do brand equity and value mean?
- How does branding help to maintain or enhance service quality?
- How does advertising build brands?
- What is the difference between a “house of brands” and a “branded house”?
- What does brand heritage mean?
- What is the role of brand architecture in the hotel business?

Questions related to the Langham case

1. How should the brands be developed, diversified, or consolidated?

The Great Eagle Group has successfully transformed its business by collecting its own and franchised brands into a portfolio of its own brands. The Group realized that the hotel asset business is capital intensive and the return period is relatively long. The hotel management business, in contrast, is knowledge-based and much less capital-intensive. A strong brand to which customers can relate can contribute significantly to the hotel management business. The successful transformation of Great Eagle's hotel business from a predominantly asset-ownership business to a hotel management consultancy known as the Langham Hospitality Group reflects the importance of branding.

There are four brands under the Langham Hospitality Group: The Langham, Langham Place, Eaton Hotel, and Eaton Luxe. Each of these four brands has a unique target market and characteristics.

The Langham was developed based on its legendary history. The brand conveys a sense of luxury and elegance that can only be found in key cities, such as London, Sydney, Chicago, Hong Kong, and Shanghai. The unique brand positioning sets it apart from other brands such as the InterContinental, Four Seasons, and Shangri-La. This is an important brand attribute that should be maintained and protected.

The Langham Place brand offers an upscale and chic yet more relaxed hotel environment. It is a more dynamic brand that enables the hotels to be more creative and fun. The customers are more technology savvy and hence they prefer this style to the more traditional luxury brand. Langham Place is a brand with a lot of potential.

The Eaton brand offers style and comfort at a more affordable price. Eaton hotels also provide more customized services to guests. With the success of the Langham and Langham Place brands, it is important to differentiate them from Eaton Hotels to keep the brands separate and avoid cannibalization. It seems that Eaton could capitalize on the success of the Langham and Langham Place brands and achieve more success in China than in other parts of the world.

The Eaton and Eaton Luxe brands do not seem to have a very clear brand distinction in terms of their differentiation and segmentation. A stronger effort may be needed to differentiate the two brands, or they could be consolidated into one brand.

The Langham Hospitality Group plans to continue its momentum by pursuing growth in hotel management consultancy and maintaining the quality of its brands. Growth means increasing the number of hotel management contracts and improving the revenue per available room. Quality means protecting and enhancing the value of the brands. Some brand development priorities may need to be set.

2. What are the key selling points of the brands that the Group could use to pursue its hotel management consultancy business?

Choice of branding

The Langham Hospitality Group offers a choice of branding with the Langham, Langham Place, Eaton Luxe, and Eaton brands. Each brand offers a different hospitality style, market positioning, and target customers. With this diversified brand offering, the Group is often able to find the right match for its clients. With a choice of branding, the Group and its clients have more options in running the business.

Legendary history

The Langham London was a standalone hotel with a history and heritage of over 140 years, a rich culture of hospitality, and a high standard of service. The hotel exemplifies the unique European

hospitality heritage, which lends an aura of luxury to the brand and its properties. This helps to position the brand at the top end of the luxury hotel segment.

Total Quality Management (TQM)

The Langham Hospitality Group practices TQM. A team in the corporate office implements and monitors TQM at the hotel property level. The team helps each hotel property to operate more effectively and efficiently, and to increase customer satisfaction. TQM helps colleagues from different functions, levels, backgrounds, and countries to share a common vision and strive for performance excellence.

Marketing communication

The Langham Hospitality Group has implemented a marketing communication program to support the hotel properties. The communication program, which includes brand identity, advertising, PR, and a comprehensive range of collateral materials, helps to reinforce the brand positioning and sets the brands apart from their competitors. The centralized marketing could be adapted by any hotel property in the Group to continue the brand-building effort.

Reflecting local culture

While marketing is largely centralized, the Group recognizes that each location has its own unique culture and market needs. Therefore, each Langham, Langham Place, and Eaton Hotel has its own characteristics. For example, The Langham Hong Kong has the award-winning Tang Court that offers exquisite Cantonese food; The Langham Huntington Hotel and Spa in Pasadena offers generous meeting facilities and a garden setting; and Langham Place Beijing Capital Airport has a stylish display of art pieces. The local flavor is reflected in each hotel's mission statement, which affords the hotels flexibility in their operations.

Loyalty Programs

The Langham Hospitality Group has developed the "1865" loyalty program to encourage repeat patronage. There are four tiers of benefits, Explorer, Gateway, Voyager, and Destiny, that offer different benefits for different customer segments. Hotels branded under the Langham brand have immediate access to the loyalty program, which helps to generate customers.

Financial performance

The healthy financial performance of the group since 2005 demonstrates to hotel owners the success of the branding, and gives potential hotel owners the confidence to adopt the Langham branding and award their hotel management consultancy business to the Group.

Agility

The Langham Hospitality Group is a relatively small hotel management company compared with some global hotel management

companies. Some hotel owners may prefer to work with a small company so that they can become an important partner of the company. The Group is considered to be agile and nimble, and able to respond quickly to economic uncertainty and tension.

3. What should be the development strategy in China given its promising potential?

Strong branding

China holds considerable growth potential for tourism and hotel businesses. A fast-growing consumer segment in the country craves a luxurious lifestyle and aspires to the finer things in life. Some hotel developers want European luxury as part of their offerings. The Langham Hospitality Group has the double advantage of being an Asian company and a provider of European luxury. As an Asian company, it knows Chinese consumers well. As the owner of a 140-year-old European luxury hotel brand, its European heritage is inherent. This unique characteristic of the brand should be strengthened in China. The key is to maintain brand consistency and quality excellence in service delivery across all properties.

Brand architecture

The Langham Hospitality Group should make good use of the existing brand architecture to develop the Chinese market. The Langham was developed based on its legendary history and sense of luxury and elegance. The Langham Place brand offers an upscale and chic yet more relaxed hotel environment. Eaton hotels offer style and comfort at a more affordable price. With the success of The Langham and Langham Place brands, it is important to differentiate them from Eaton Hotels to keep the brands separate and avoid cannibalization. It seems that Eaton could capitalize on the success of the Langham and Langham Place brands and achieve more success in China than in other parts of the world.

Centralized marketing effort

In a vast country such as China with considerable regional differences, it can be very costly to market a hotel brand properly. The Langham Hospitality Group should centralize its marketing efforts in the corporate office to ensure that marketing is allocated an adequate budget, brand consistency is maintained, execution is appropriate, and the brand image is well protected.

Collaboration

It would be a good idea to work with industry partners such as credit cards and airlines to jointly promote the hotel services. Credit cards and airlines could provide a large customer base for the Langham Hospitality Group to tap into.

Relationship marketing

The Langham Hospitality Group has a loyalty or membership program in place. The program should be reviewed to ensure that it meets

the needs and wants of Chinese guests, such as offering Chinese tea and breakfast. Guests should be treated with sensitivity and understanding without too much localization.

Location

A hotel presence in the right location adds a lot to the brand value. By operating and managing more hotels in first-tier cities such as Beijing and Shanghai and second-tier cities such as Hangzhou and Dalian, the hotel brand would gain more exposure to potential customers, who will become familiar with the “imported” hotel Langham brands, which is important in the Chinese market.

Human resources

Quality-driven and customer-oriented service is one of the Langham Hospitality Group’s strengths, and ultimately it is the hotel employees who deliver the service. Given that the Group plans to expand quickly in China, it is important to ensure a good supply of people for such development. It is crucial that the Group is able to recruit, train, and retain staff members at all levels who will embrace the Group’s culture and deliver quality service that is congruent with the brands.

4. How could the Group further develop its hotel brand equity in terms of marketing communication?

Being relevant

The Langham brand has a history of over 140 years. Is it still relevant today? Are the other affiliated brands complementary? How can the brands be made more relevant today? As a relatively young organization, the Langham Hospitality Group should review its brand portfolio from time to time to ensure that the portfolio is appropriately structured for global expansion and remains relevant to today’s consumers.

Use of images

The use of images is very important for a hospitality group to communicate its brand message. The right photography and images should be used to promote The Langham’s legendary luxury and sophistication, Langham Place’s opulence and artistry, and Eaton’s comfort and relaxed environment. This use of imagery can better connect with customers’ lifestyles and needs. As it is difficult to describe brand messages in words, the appropriate use of images would help customers to feel close to the brands.

Public relations

The use of public relations could also help the group to build up its brands. Editorials, blogs, and travel features deliver messages from a third-person perspective that is more convincing to potential customers. The Langham Hospitality Group could engage writers and invite them to visit the properties and experience the hotel service. The writers would later express their own opinions of the experience.

Continuous engagement with luxury lifestyle publications could also help the brand to connect with its target customers.

Internet marketing

The Langham Hospitality Group should step up its Internet marketing and adopt a more aggressive strategy in targeting its customers. For example, the Group could profile its customer database and promote the hotel among high-potential customers. The Group could also make more use of the hotel website to create unique campaigns and stronger word-of-mouth through social media. They could consider working more closely with companies such as Google and TripAdvisor.

Corporate Social Responsibility (CSR)

Today's travelers are concerned about whether a company cares about the community and the environment. They tend to prefer to stay in hotels that are more environmental friendly and care about the community. The Langham Hospitality Group and its employees could actively engage in CSR activities to demonstrate their social responsibility.

Additional information

Langham is a surname that originates from one or perhaps all of the villages called Langham in the counties of Suffolk, Dorset, and Norfolk in the United Kingdom (Surname Database, 2013), and means "the long farm."

Surname Database. (2013). Langham. <http://www.surnamedb.com/Surname/Langham>. Retrieved September 13, 2013.

Brand Prints of The Langham and Langham Place

	The Langham	Langham Place
Positioning	The Langham is a luxury brand that offers exceptional bespoke service in an environment of timeless elegance and rich traditions. The Langham is a world of whimsical indulgence that captivates the senses.	Langham Place is a contemporary luxury brand that defines Modern British Allure, offering thoughtful and generous service in a world without borders, where cultures collide. It is a luxurious home for the global nomad.
Character	Enchanting, elegant, legendary, haven, poise, luxurious, innovative, timeless, indulging, wonderland.	Thoughtful, Stylish, Dynamic, Culturally Savvy, Unexpected, Generous, Understated, Inspiring, Clever, Luxurious, Immaculate
Guest Psychographics	They seek indulgence They love being pampered They appreciate tradition They have high expectation They value exclusivity They are experienced They are discerning They know the finer things They have freedom of choice	They are successful They are influential They are social They are intelligent They are culturally savvy They are worldly They are creative
Guestroom	Detailed, layered, timeless, elegant "The Romance of Travel"	Openness, clean lines, light colors, tactile finishing

Brand Prints of Eaton Luxe and Eaton

	Eaton Luxe	Eaton
Positioning	Great service, great value, great style. Eaton Luxe is an urban lifestyle hotel concept, full of comfort, convenience and connectivity offering a new way to stay and play. A hub of casual interactive food and drink concepts bringing people together to work, play and socialize. Eaton is also about sustainable living through eco-friendly hospitality solutions to limit our footprint on the environment. It is the ideal hotel for the discerning, responsible traveler, interested in staying in a five star hotel, however at a reasonable price.	Great design, great prices. Eaton is a modern high design hotel concept, at affordable prices, offering an honest, comfortable and effortless hotel experience for the smart traveler. Eaton is also about sustainable living through eco-friendly hospitality solutions to limit our footprint on the environment. It is the ideal hotel for the smart, responsible traveler, interested in a fun and affordable stay.
Character	Grand Dynamic Cosmopolitan Convenient Balanced Stylish	Essential Accessible Vibrant Simple Trendy Comfortable
Guest Psychographics	They are frequent travelers They look for an elegant level of comfort They want a carefree stay They expect high level of commitment and friendliness They are looking for 5 star services and amenities They are looking for value They like to entertain They want to be rewarded They live a balanced life	They are fun-seeking They are self-sufficient They want value for money They seek comfort and convenience They want to be engaged They are trend-seekers They are the next generation
Guestroom	Classic, modern styling with elegant furnishings	Simple clean lines Concise and uncluttered

Revenue and EBITDA of the Langham Hospitality Group by Region in 2012

	Revenue HKD million	EBITDA HKD million
Hong Kong	1,620.0 (39.6%)	642.7 (61.5%)
Europe	528.7 (12.9%)	147.5 (14.1%)
North America	1,132.5 (27.7%)	109.0 (10.4%)
Australia/New Zealand	756.3 (18.4%)	122.4 (11.7%)
Others	57.2 (1.4%)	24.2 (2.3%)
Total	4,094.7 (100%)	1,015.4 (100%)