

Caesars Palace — Position Retention through Revitalization

The Las Vegas market is one of the best markets in which to view product positioning in the hospitality industry. The casino hotels, resorts, and complexes have followed and supported the concept of “comparison to the newest” for decades. This case looks at a market leader for many years and the strategic steps it has undertaken over the past few decades to remain competitive and “in the game” with the new and spectacular mega-casinos.

This case focuses on Caesars Palace in Las Vegas. It examines Caesars Palace’s positioning technique through its development efforts. It also looks at how it is positioned compared to a few of its primary competitors. The Bellagio (www.bellagiolasvegas.com) and Venetian (www.venetian.com) were selected based on hotel and casino size, elegance and grandeur, and perceived position in the market.

It is difficult to position Caesars Palace in relation to its competitors. All three casinos and hotels have so much to offer their patrons. Each hotel and casino is impressive in its own right and brings elegance, opulence, and grandeur, among other things, to the table. Each has an impressive number of hotel rooms or suites, meeting spaces, restaurants, shopping areas, and entertainment.

However, Caesars Palace sets itself apart from the others because it has always been known and is still known as the “Golden Standard” of the hotel and casino industry. It continuously develops itself to maintain one of the top positions in the casino industry. Caesars Palace hosts major and prestigious events contributing to its “headquarters” positioning. It also hosts only the most well-known entertainers.

Caesars Palace was built in 1966 for \$25 million and over the years has had approximately \$1 billion in renovations. The Bellagio was built in 1998 for \$1.6 billion, while the Venetian was built in 1998 for \$1.2 billion.

Although Caesars Palace has been a premier hotel and casino since its inception, in the late 1990s it needed further expansion and renovation to maintain its dominance over the newer mega-hotels. In 1998, Caesars Palace spent \$600 million on expansion and renovations. According to the Palaces president, this new construction and renovation “effectively positioned the resort as the leading hospitality facility in Las Vegas.” This new construction increased its room count by 1,134 and its meeting and function space by 110,000 square feet, added 23,000 square feet in spa and fitness center space, included a 4.5-acre “Garden of the Gods” swimming complex, and added two new restaurants and a 5,000-seat special events center. The renovation also enlarged and remodeled the front desk area, expanded the front entrance, and enhanced the baggage handling system.

觀光餐旅個案分析試題

(限用答案本作答)

Caesars Palace also planned a \$475 million, 900-suite, all-suite wing, which would bring its room total to 3,350. This construction plan also included a 4,000-seat entertainment arena. Although the events of September 11, 2001, temporarily postponed the all-suite wing construction, Caesars Palace continued with construction of its 4,000-seat entertainment arena, the Colosseum. In addition to hotel and casino development, Caesars Palace positions itself through competitive pricing, as shown in Figure 1.

While Caesars has made a massive investment to remain competitive with the newer mega-casinos, it must continue to do even more. The Bellagio, Venetian, and whatever is on the horizon in the future have the strategic advantage of being newer in a market that inherently wants to "try the next thing." Caesars is to be complimented for its efforts to retain both its leadership positioning as "the" events and entertainment headquarters hotel.

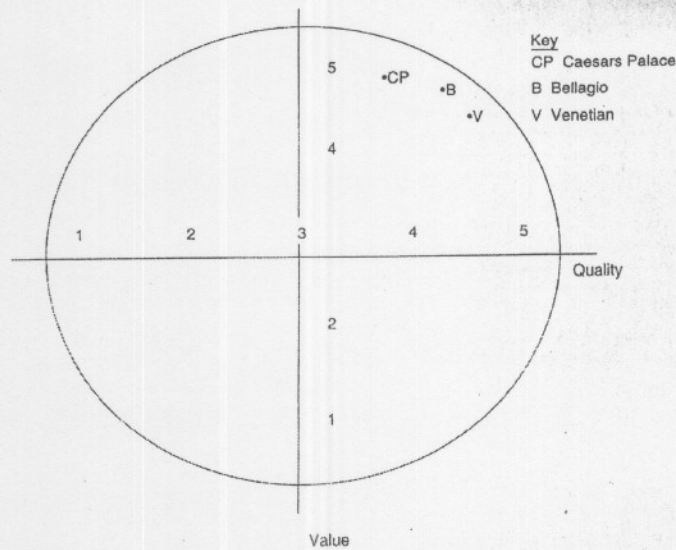


Figure 1 Caesars Palace Positioning Map

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【參考註解】

- Advantage (優勢、優點)
- Bellagio (貝拉吉歐賭場旅館)
- Caesars Palace (凱撒宮賭場旅館)
- Caesars Palace Positioning Map (凱撒宮定位圖)
- Colosseum (古羅馬圓形劇場)
- Disadvantage (劣勢、缺點)
- Dominance (領導地位、主導地位)
- Entertainment Arena (娛樂競技場)
- Grandeur (宏偉)
- Inception (開始)
- "In the Game" (「在博奕業中」或「在賽局中」)
- Opulence (富裕、豐富)
- Position Retention (保住定位)
- Regain (重新獲得、奪回) v.
- Retain (保留、保持) v.
- Renovation (整建、更新)
- Revitalization (再生、復甦、振興)
- Spectacular (壯觀的) adj.
- Strategies (策略)
- The Hospitality Industry (餐旅業)
- Undertaken (進行、從事) v.
- Utilize (利用、使用) v.
- Venetian (威尼斯人賭場旅館)

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(限用答案本作答)

Discussion Questions (個案問題討論)

1. Can you think of any other strategies Caesars' management might utilize to retain or regain its top position now and in the future?
(50 分)
2. Do you think "new" product has an advantage or disadvantage in the hospitality industry? Why? (50 分)

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