

# Strategic analysis of hilton hotels in the uk



**ASSIGN  
BUSTER**

But later for the smooth operation they separated the international wing as another company called Hilton International Co. After this several critical incidents had happen in the company. The ownership of this international company had been gone through several hands. In 1967 the airline company called Trans World Corp. bought the Hilton International from its parent company the Hilton Hotel Corporation. Later they sold the company to United Air Lines in 1986. After trying to run it for one year the UAL Cop. Sold it to a British leisure and gambling company called the Land broke Group. As the company's ownership fully moved to another country the mother company decided to have mutual understanding in the overall operations of both companies ; as a result they had joint marketing operations , same logo, centralized reservation systems . This was aimed to minimize the confusion among the customers . By 2005 the mother company which is the Hilton Hotel Cop. Which run its business in America decided to buy the International Company from the British owners. As a result of this again brings the two Hilton companies back together as a single entity. By 2007 a private equity firm called Blackstone Group purchased the whole Hilton Hotel for Twenty Billion US dollars.

So a well developed contingency plan has the ability to speedily, smoothly and cost effectively responds to significant changes in the environment. In this we need to look failure points, reducing potential for failure etc. To recover we are setting trigger points, action plans , to review the overall objectives of existing plan, formalizing contingency plan actions to standard operating procedures (SOP) and creating a framework which can be continuously review and updated, with post event analysis etc.

So here if market penetration is failure I will go forward with product development which is having low level risk when comparing other strategies.

## **Environment and strategy.**

### **Functions**

Product- food and beverage products in Hilton restaurants offering guest a wider selection of dishes and healthier choices. They not only incorporate important elements such as nutritional values, serving size and standards but also locally produced ingredients which is good.

Price and promotion- price and promotion in restaurants is quiet amazing. The breakfast buffet is just £12. 95 which is a combination of both continental and English foods and dinner is contemporary European cuisine and carvery (buffet) for 21. 95. Promotion includes highlife cards for regular guests which gives 50% discounted price for lunch and dinner. For promotion with kids meal drinks are free as well.

People- The staffs and managers having a very good communication links and power distance is low to medium as well. The main strength is each and every staff working as a team and a team leader to control as well. So we are enable to make a good relationship with customers or in other words a good buyer- seller relationship. These all things help to realize that the reputation of brand that we are involved in, is in people's hands.

Process- In restaurants micros are a good technology which is using now to make good relation between waiters, chefs and the guest. The services of starters from 7min and main course 20min now a day.

Physical evidence- we are maintaining a better brand image now for extending customer service relationships, selection, value, low price and to challenge with competing brands. It is the element of service mix as well which allows the customer again to make judgement on the organisation.

## **Micro environment and Macro environment**

Environmental analysis enables an organisation to develop appropriate marketing strategies including the marketing mix. Environment can be divided into micro environment and macro environment. Important external forces that influence the marketing strategy include

Customers- customers will always look for quality of food rather than quantity. Most of the guests who are regular because they are meeting their needs. In the guest comments card 90% of the guest rating 7/10 which is good not excellent. The major marketing segment is internet and apart from that print media, brochures etc was there as well. The things like printed media will work inside the hotel wall posters of special offers, sports calendars etc to promote the guest.

Competitors- competitors with Hilton hotel is Mariots and novhotel which are upscale category but not luxurious category. The competition is taking place because they are patronized by same target customers, in same product class but there are differentiation, with a same geographic area and a similar price category. All of these hotels got good size, quality and interior decor in restaurants. But the price and value offered is just satisfactory when comparing to west eleven and the emarketig is not good enough as well. Both hotels having bit different strategies because they are concentrating

more in leisure guest when Hilton restaurant is focusing mainly for business customers which includes business executives and airline staffs.

## **PORTER'S 5 FORCE MODEL**

Barriers of new entry

Existing competitors entering

new attractive domestic market. Economies of sale.

Emergence of new entrepreneurial

players.

Supplier bargaining power

Importance of volume to supplier

Availability of skilled employees and management.

Powerful brands( customers married to loyalty scheme)

No of competitors

Ratio demand capacity

Industry profitability

Buyers bargaining power

Product differentiation

Willingness to pay for brand name.

Buyers incentives

Threat of substitutes

Switching costs

Price-performance trade

Of substitutes

Products for products.

Eg: same food ingredients and

Products by competitors in different names.

Five force analysis (source : porter 1980)

## **Macro environment**

it impacts on hospitality industry and affects all competitors. PEST framework is very helpful in carrying out an environmental analysis of the organisation. PEST stands for political, economical, social and technological influences.

Political/ legal:- political factors have a direct impact on the way of business operates. The political environment is not stable enough and things are getting changing in regular intervals. V. A. T is changing from January onwards from 17.5 to 20. Terrorism activities are increasing day by day.

Economic:-Global recession happened in the mid of 2008's affects badly to the Hotel industry nationally and globally. But now it's slowly recovering

from the second quarter of 2010 and expected to continue the level of growth in the coming years. Currency inflation is playing a major role in economic growth. Interest rates which are growing will affect partially as well. I. T has made a lot of difference in the current environment. Eg: If we take wi-fi or broadband in London 95% (est) of the people will use at home, work place or while travelling which is v. good, when comparing countries like Cuba which will be 5% or less which shows a huge penetration of I. T.

Social:- one of the sociological factor increased population growth which adversely affecting hospitality industry. Now a day's people are not spending much because of recession. When taking age distribution according to census of 2008 UK labour force is about 30. 3 million workers, roughly the same size as the combined labour force of California and Texas. What the demographic trends shows is people of age group between 16-34 only working 30% of the total labour force which is bad as young people not working and the others work a lot. London society consists of a cosmopolitan culture which is much much larger in the amount when comparing with other major cities.

Technological:-Introduction of ERP systems, e-models and High Speed Broadband systems increased their efficiency to serve their royal customers. But control measures have to take to mitigate the system failure risk, otherwise it will harmful the customer satisfaction.

## **Productivity**

Productivity is a measure relating a quantity or quality of output to the inputs required to produce it.

The benefits of marketing in Hilton are global reach, lower cost than traditional market methods, trackable and measureable results, personalisation, better conversion rates etc.

In the other hand the risk which facing are dependability of technology, security, privacy issues, worldwide competition through globalization etc.

The

Main current problem and challenge which facing cost effectiveness are increased commodity prices. So now a days what is happening is food cost is going higher.

## **Systems**

The use of intranet is more than extranet in restaurants. The use of intranet is dominated by email followed by new service and product information, market information, employee listing etc. Marketing information systems providing accurate and timely information about development in the market place.

Marketing control systems are good . The control procedures are looking and evaluating quarterly. most of the annual plan objectives are being achived. Provision is made to analyse periodically the profitability of different products, markets and channels of distribution. In my restaurant marketing auditor is responsible for all these systems.

## **Organisation**

Marketing organisation audit is mainly considered as effectiveness of the organisation activities as well as efficiency of the operation of a company.



The organisational structure supports most of the marketing activities. We got good working relation between sales and marketing. Product managers are able to plan profits and sales volume as well.

## **Strategy**

The mission statement was not that much clear and feasible. The objectives stated in a clear form to guide marketing planning. The markets are segmented at an average fasion. For overall marketing decision process key things which are using are marketing performance audit and marketing competency audit. Marketing resources are some what allocted optimally to prime market segments and marketing mix like product quality, service, promotion, distribution etc.