

Strategic analysis of marriott international hotel tourism essay



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The strength lodging market affects how rooms can be sold and rates that can be charged, to accommodate travellers lodging needs. The industry is a multifaceted industry, array of accommodations, attractiveness and conveyances for easy enjoyment. However, the industry is generally seasonal limiting economic viability of vacationers.

Marriott International Inc., a worldwide operator and franchisor of hotels and lodging facilities, with preference to Marriott Courtyard, as shown in Figure 1.1.

Marriott Courtyard maintains a strong corporate culture; “ It is people serving people”, which leads to there core values and keys to continued growth and satisfaction, that inspires the best performance during travel, engineering an experience with human touches that help achieve and recharge. The courtyard is an upper-moderate price select-service hotel aimed primarily at transient business travel, designed with genuine Caribbean hospitality for guests to feel like “ home away from home”, located minutes from Port-of Spain, closely to an entertainment complex and the National Stadium. 165

2.0 External Environment

The lodging industry is highly competitive, which impacts the ability to compete with other hotels for customers. The Marriott Courtyard has a number of brand competitors and therefore, must avoid such threats in order to capitalise on the available market opportunities. Courtyard must maintain the ability to remain competitive and to attract and retain travellers which

depends on the success in distinguishing the quality, value, and efficiency of the lodging products.

2. 1 Pestle Analysis

2. 1. 1 Political Factors

Trinidad remains politically stable and the rising affluence of its population continues to provide solid base for sustained growth, which will trigger investor's confidence in the hotel industry that leads to investments for the Marriott. Additionally, hotel development means stable taxes for the government, hence, easy for foreign investors to get approval for investment. However, the unpredictability and volatility in the political environment of the host market increases risk and uncertainty, which declines firms from entering with heavy resource.

2. 1. 2 Economical Factors

Trinidad is a profitable economy in oil and gas; however, if the economy declines, problems arise since oil is unpredictable and currency exchange rates fluctuate. Thus, an increase in inflation rate would have an adverse effect on customers' purchasing power and would reduce the overall sales in the hotel industry causing difficulties at Marriott. This would have a significant effect on sales, since customers may seek to satisfy their physiological needs before any other. Customers have a fixed budget when they plan their vacations, thus, if force to spend more on airfare their ability to spend on hotel room declines, also, business travellers are slowing down, because is cheaper to conduct meeting via the web and conference calls.

2. 1. 3 Social Factors

Attaining a distinctive atmosphere has become a pivotal concern for hospitality managers, where workers render personal services to customers and try to retain them. Thus, demand for products is not brought about by the quality of services, but, psychosocial factors that motivate individuals towards life. Therefore, Marriott's attributes is to get customers satisfied in order for a return visit.

2. 1. 4 Technological Factors

The lodging industries continue to demand the use of sophisticated technology and systems, which refines, updates, or replace with advance. Thus, Marriott greatly reduces the ability of intermediaries to undercut the published rates at hotels; intermediaries continue to use a variety of aggressive online marketing methods to attract customers.

2. 2 Porter's Five Forces

Competitive Factors

Michael Porter nature of competition within an industry is defined by the market power of customers and suppliers, level of inter-firm rivalry, strength of substitutes and entry to barriers. The lodging industry is competitive, which impacts the ability to compete successfully. Marriott's profitability depends on differentiation by branding to capture specific a market, efficient operations, effective marketing and economies of scale in operations via the following:-

2. 2. 1 Power of Buyers / Suppliers

The power of buyers, in this case is the travellers, the hotel industry is relatively high and extremely important, and due to the options within the industry, as well as buyer has full information. High buyer bargaining power is negatively related to the industry attractiveness.

2. 2. 2 Potential Entrants

The pricing power is moderate which has a significant entry barrier, due to high capital requirements and also unavailability of infrastructure. There is also an incentive being offered by the government to smaller hotels which is being a threat to Marriott.

2. 2. 3 Substitutes

As with many industries, there are many substitutes that can interfere with the hotel industry. The pressure from substitutes often put pressure on the lodging industry. The substitutes are mainly the generic and budgeted competitors, thus, it is high; positioned to use low price as a defence against substitutes. That is, private rental, boutiques, guest houses and Inns.

2. 2. 4 Rival Competitors

Marriott is best positioned to complete offensively on basis of the prices which is most affordable, as compared to Hyatt, Hilton and Carlton Savannah, which are, close in proximity to Marriott, and are more brand recognition with high brand loyalty.

Therefore, Marriott's attractive analysis is shown below:

Table 1-1

Attractiveness Analysis

Description

Scale

Attractiveness

Market Size

Growth

Seasonality

?

High

High

?

+

—

Bargaining Power of Buyers

Bargaining Power of Suppliers

Potential Entrants

Pressure from Substitute

High

Low

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Moderate

High

–

+

0

–

Source:

671

2. 3 Industry Life Cycle

The industry growth of sales and output initially is very high and rising. However, the rates of growth will quickly slowdown as the rate of entry becomes greater than the growth of profits. Eventually the competition in the industry will change, in such a way that the growth rate of sales and output stabilises and will eventually converge to zero.

Figure 1-2

Industry Life Cycle

Hotel Industry

Development Growth Maturity Decline

Source: 64

2. 4 Key Success Factors and Competitors Analysis

The success factors limits dimensions that ensure successful competitive performance (Rockart, 1979), which satisfy the overall goal attainment.

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Thompson et al. (1992) found that the important considerations for hotel selection and return of frequent travellers must have clean and comfortable rooms, convenient location, size, prompt and courteous service, safe environment and friendly employees. Table 1-2, scale the factors with rating of one to five (1-5), five (5) being the highest.

Table 1-2

KFS and Competitors Analysis

KFS

Marriott

Hyatt

Hilton

Carlton Savannah

Appealing Room

3

4

4

4

Prompt and courteous service

5

2

3

2

Convenient Location

4

4

3

3

Size

1

4

4

3

Operational cost

3

4

3

3

Occupancy rate

3

4

3

3

Additional Amenities

1

5

3

4

Source:

Key Success Factors

Guest bedroom comfort level is important, because persons using a hotel room would like comfort and needs to feel like home. Thus, all three competitor rooms rated one point higher than Marriott, because, there rooms are very exclusive and fit the brand of the hotels. However, the speed of guest service and courtesy represents the importance of customer experience. This is a competitive edge that places emphasis on returns of travellers, which affects operational issues. Thus, Marriott has excellent customer service which extends to guests due to constant training of staff.

Additionally, location critically affects the ability to draw customers; such importance, visibility, accessibility, and convenience which attract the market. Travelling in a foreign country is difficult. Thus, a well-located hotel significantly navigates unfamiliar places, which leads Marriott equally ranked with Hyatt, both centrally-located, having business travellers increase productivity by allowing more time to work. Similarly, Hilton and Hyatt led with four points and Marriott the lowest due to the smallest in size, as it caters only for business travellers, with a disadvantage of sending guest to their competitors, when overbooked.

Competitor Analysis

Thus, analysing competitors is a very important aspect and understanding the different levels on which the company may be competing. These levels are used to define the competitive set and allow the company to determine and understand who wants their customers. Due to the current economic development, faced with softening demand, Marriott have taken steps to reduce operating costs, related to the competitive nature of the industry, with focus in maintaining customer loyalty, owner preference, and associated satisfaction, to help increase market share, where the occupancy average daily rate is eighty-nine percent (89%). 356

2. 5 Customer Analysis

Courtyard itself caters to the demographic group of executive mature customers; Marriott's perspectives identify customers expectations are service quality, although the theme is monetary value for accommodation. However, these buyers purchase via the internet and travel agencies, for the purpose of facilitating meetings, conferences, and other related business <https://assignbuster.com/strategic-analysis-of-marriott-international-hotel-tourism-essay/>

stay. Thus, buyers purchase when through the business week. Revenue is seasonal (cyclical) and depends on the health of both the local and national economy.

2. 6 Spectrum of Turbulence

Marriott's degree of turbulence would be ranked moderately, because the hotel is adaptable to changes, where its complexity is global socio-political, the familiarity of events is extra-potable, rapidity of change is comparable to response and the visibility of future is forecastable. This is so, because the Courtyard is standard

3. 0 Internal Analysis

3. 1 Resource Audit

3. 2 Value Chain

3. 3 Mc Kinsey 7S Framework

Hard Elements

Strategy:- The Marriot courtyard aims at sustaining competitive advantage by targeting the business customer and providing for business activities.

Structure : The Marriot courtyard build their structure flat to build an adaptive, innovation-friendly organization, establishing an inspiring culture and empowering employees.

Systems: formal and informal procedures for getting things done through policies, procedures vision and mission.

Soft Elements

Shared Values – Values that determine the culture of the organization.

Style – Leadership style includes participative which encourages staff participation in decision making processes

Staff – staff morale is high as they feel part of the organization and share in the roll out processes

Skills – Staff are trained in the hospitality field to ensure that customer service and quality service is given.

Reference