

# Hilton group essay sample

[Sport & Tourism](#), [Hotel](#)



Hilton Group was founded by Conrad N. Hilton when he first bought a 40-room hotel named “ the Mobley” in Cisco, Texas in 1919. In 1943 the purchase of the Roosevelt and Plaza hotels in New York City made Hilton the first coast-to-coast hotel group in the United States. Enjoying a fast and steady expansion it became the first hotel company to be listed on the NYSE in 1946. Known for its propensity for innovation it was the first hotel chain in the world to install televisions in guest rooms in 1947. Hilton International was born in 1949, and the iconic Waldorf-Astoria in New York was purchased the same year. In 1954 Conrad N. Hilton makes the largest real estate transaction ever made at that time when he buys the Hotels Startler Company for 111 million dollars.

Hilton International will be acquired by Trans World Airlines in 1967. Two years later, the first DoubleTree hotel opens. Conrad Hotels are founded in 1982. The first Embassy Suites and the first Hampton Inn follows in 1984, Homewood Suites in 1989, Hilton Garden Inn in 1990 and Hilton Worldwide Resorts (vacation-ownership) in 2002. Home2 Suites starts in 2011, as a new concept in the extended-stay market. Having expanded their portfolio by 29 percent since 2007, especially in emerging markets where their count of rooms under construction increased from 6 to 66 percent today, Hilton Worldwide is today the fastest growing hotel group achieving the highest room growth rate. 2. 2 Activity Description

We clearly are here in the ‘ hospitality business’.

Within such business, Hilton and other major international chains offer a range of services much different from the domestic one (in terms of

accommodation types, F&B products, relaxation services, amenities, pricing formulas, fidelity programs, etc.).

The term hospitality is a title often used for different sectors of the hotel and catering industry but this term can also be applied for all products and services offered to the consumer away from home. “ The hospitality industry consists of all business operations that offer any combinations of the three core services of food, drink and accommodation to customers” (Knowles et al, 2001). Hilton’s primary business segments include hotels and timeshare operations. Hilton develops and operates timeshare resorts through Hilton Grand Vacations Company, which provides on-site management services to Hilton Grand Vacations Club resorts. The hotel segment contributes the largest share of revenues (approximately 87 percent in 2005) for the company. Revenue from the hotel segment includes income from owned hotels, management contracted hotels and franchises, and other fees. The company operates under the brand names, Hilton, Hilton Garden Inn, Doubletree, Embassy Suites, Homewood Suites by Hilton, Hampton, Waldorf Astoria, and Conrad.

## 2. 3 Industry / Market

### Description

Over the past few decades tourism and hospitality have become one of the fastest growing industries in the world. In 2008, the global hospitality industry has been estimated to employ around 60 million people and to contribute 950 billion dollars annually. However the quality of many of these

jobs can be argued about and as a consequence the hospitality industry faces great challenges regarding the recruitment and retention of skilled employees. Within the hospitality industry two sectors have been defined by some authors. The first being the accommodation sector which includes hotels, motels, hostels, and so on while the second one being the foodservice sector meaning restaurants, bars, night-clubs etc...

### Hilton's growth and forecasts

Hilton Worldwide (HW) was founded quite recently and rapidly grew up to become one of the global leaders of the hospitality industry. With 3, 843 properties, and more than 630, 000 hotel rooms globally, Hilton Worldwide is the largest hospitality company in the US by number of rooms. It is also listed as the 36th largest privately owned company in the United States according to Forbes's review. Impressive growth: 30 million HHonors members (fidelity program), with 3. 5 million members joining in 2011 alone. Most hotels are located in the Americas region with 3, 473 properties with a plan for the next 5 years to open 650 more hotels in the United States alone, 50 in Canada and 20 in Mexico. Expansion plans in Latin America are stronger than ever with entries in several new countries such as Panama and a portfolio expected to surpass 50 properties by the end of 2013. In Europe we count 230 properties which is expected to increase by over 50 percent during the next 5 years. Middle East and Africa count 56 properties with a plan to sign an additional 100 hotels in the next 5 years. In Asia Pacific region, 84 properties with a plan to open another 130, including 85 in China within the next 5 years.

## 2. External Environment Analysis

### 3. 4 PESTEL Analysis

#### Political

The rejection of visa application (especially by non-European and non-US nationals) will lead the booking cancellations of hotels. Economic

The economic downturn leads to the decline in overseas tourism which influences turnover and profits in the hotel industry adversely. (Keynote, 2009). In tougher economic times, some less-expensive types of accommodation (e. g. Self-catering) become a great threat to hotel industry.

The recession brings hotels the opportunities to target guests with home-based stays instead of potentially trips abroad which is more expensive.

#### Social

I The UK market incorporates a number of internationally well-known brands and chains. Hilton hotel as a strong brand, it has advantages to attract customers and it also cooperate with other companies and charity organizations. The short-breaks market could target the ageing UK population as well as an increasing number of adult households. (Keynote, 2009)

#### Technological

The Internet enables easier booking of rooms and provides all kinds of information about Hilton hotels including reviews made by previous customers. Social media provides a new way that Hilton Worldwide interacts with guests. The customers are sharing their hotel stories and through online services such as TripAdvisor, Twitter and Facebook. If the Hilton hotel is

active and available through these popular channels, it can not only develop brand awareness but also attract new customers.

#### Environmental

Due to the Iceland's Volcanic Ash, most flights delay and airports closures. Hotels are directly affected by this situation.

#### Legal

It is necessary for hotels to comply with environmental related regulations and laws, reducing possible impacts on the environment from the operations of the hotel.

### 3. 5 Competition Analysis

The first power is the supplier power and this assesses how easy the prices of the suppliers can be elevated. Hilton Hotel has already established itself and based on the fact that it has been in operation for a long time, its suppliers feel privileged to be linked with the multi-million business empire. The second is buyer power which refers to how trouble-free it can be for buyers to tamper with the price of the company. This also depends on the number buyers, the importance of buyers to the business, and the cost for switching to other alternatives. Powerful few customers can dominate a business. Hilton Hotel provides a wide range of services and products and is well diversified across the hotel industry (Wharton 2001). Competitive rivalry is the other power and this refers to the number of competitors and their capabilities. A lot of competitors that are offering similar or close products of a given business can pose a great threat to the business. Hilton Hotels

Corporation is a multinational company that is renowned for its unique services in hospitality, hotel and games and therefore has no significant competitive threat.

The company has built a competitive edge due to the fact that it has been in operation for a long time and has already built a consumer confidence based on the quality of its services (Wharton 2001). The fourth is the threat of substitution; this refers to a situation whereby the customers of the business devise a way of doing what the business does. The corporation has a solid integration features that stands out leaving the clients no other choice of substituting their provisions. Lastly is the threat of New Entry or the ability of other people to enter the market also affects the power of a business. In a business that costs little to invest, with few economies of scale, and with little protection of the important technologies, then it is easy for new competitors to come in. Applying this in the case of Hilton which has invested a lot of money in its branches, the business is indeed well established and for a new entry to reach this stage would be a big challenge (Icon Group International 2010).

### 3. Internal Analysis

#### Management at Hilton Hotel

One of the outstanding management models that is applied by the Hilton management is the Decentralization management model. This is because as much as those branches are co-ordinated in a similar manner, each branch has an independent management team that ensures that the branch maintains the stipulated standards of Hilton Hotels and that it does not run

out of profit (Icon Group International 2010). This is the reason why the entire business corporation does not crumble down when a few branches are hit by recession. The model encourages distribution of risks among other major benefits (Bradley, 1999). SWOT Analysis

Strengths: Brand, location, cash balance, reputation and professional standards... Weaknesses: Diseconomies to scales, ...

Opportunities: Acquisitions, asset leverage, emerging markets and expansion abroad, innovation, products and services expansion, takeovers...

Threats: Competition, cheaper technology, economic slowdown, fluctuations in exchange rates, price wars, product substitution... Brand Recognition -

Hilton has a good reputation and their name is well known. Hilton is a leader in the hotel industry. Diversification of Products - Hilton is more than hotels.

They also generate revenue from gaming and entertainment. By being involved in more than one industry, Hilton has a benefit of drawing from one part of its business if another part becomes less lucrative. Gaming and entertainment (as well as hotels) serve different customers' needs. While this diversity does not automatically insure success, it does help the company to balance out its profits across three areas of the business.

#### 4. HR Management

Widely recognized as a labor intensive industry, employing more people than other industries, hospitality is advocated as a solution for unemployment in many countries all over the world (Kusluvan, 2003). That being said, the hospitality industry offers rather low salaries and most times difficult working hours. " However, jobs in hospitality are characterized as low-pay, with



unsocial hours of work and predominant of young workers, students, part-time and seasonal employees, women and migrant workers" (Nickson, 2006). A modern approach to human resources management is essential in managing such a diverse workforce. The hospitality industry has specific challenges regarding employee retention, so it is important to address these challenges and maintain sound teams that inspire creative ideas and work willingly towards a common goal of delivering the best customer service possible. Hilton Hotels was among the first companies to implement online recruitment which has many advantages over the traditional way of recruitment (Mayock, 2008). The application process has become much more efficient, with shorter processing time and automatically uploaded CVs.

This way suitable candidate with right qualifications can be quickly identified. Another successful strategy implemented by Hilton is the Hilton Home program where reservation and call centre staff work from home (Hausman, 2008). Another field where Hilton Hotels is the industry leader is graduate recruitment and retention. The graduate program is called 'Elevator' and it won the award for 'Best Development Program for Young Employees' in 2005. The program lasts for 18 months; it includes a couple of international placements and combines operational experience with business development training. The aim of the program is to develop graduates into senior managers within five to eight years of starting the program.

Traditionally, hospitality companies are not very successful at graduate employment, and on average, only 30% of all hospitality graduates remains in the industry two years after graduation. According to a research carried out by Hilton, the most important factor in employees' decision to continue

their career with Hilton is the opportunity for development (The Training Foundation, 2009).

Hilton's research concluded that the most important factor in employees' decision to stay with the company is the opportunity for development. According to Jeff Ross, the managing director of Swiss-based Hospitality Graduate Recruitment the basis of staff motivation is early recognition of the employee's role. " It's a common misconception that people are more interested in salary, really they are more interested in a development plan and the recognition needed to grow." Increasing pay is widely used to reduce labor turnover and companies offering higher rates of pay usually demonstrate better staff retention rates. However, this strategy won't reduce staff turnover where people are unhappy with other aspects of their jobs (Nickson, 2006). Indeed, different people are not equally motivated by money. In fact it can be observed that money is more effectively used in recruiting staff than it is in retaining them. This strategy has another disadvantage in that it is easy for competitors to replicate whereas boosting staff benefits such as pensions, holidays and healthcare could make a difference especially if flexible benefit packages could be adjusted individually.

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