

Hilton hotels



Hilton Hotels are fashionable, full service properties that provide services related to catering, business travel and leisure to visitors. The corporation operates a chain of hotels (more than 500) across the globe (Icon Group International 2010). The porter's five forces is a simple tool that is very powerful in determining power of a business situation. The first power is the supplier power and this assesses how easy the prices of the suppliers can be elevated. In this case it's not advisable to have few suppliers to avoid being manipulated. 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 not sharp considerable 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).

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).

Impact of Recessiion

Recession is generally a period where the economy declines or the GDP goes down for a considerable period of time. This is usually accompanied by stock

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market drops, increased unemployment, as well as declining housing market. Recession occurs when there is an extensive slump in spending that is followed by an undesirable shock supply (economic bubble burst). The good thing about recession is that it gives governments a reason to keep strategic food reserves and to make necessary arrangements to combat this in future. The disadvantages are so many and they include; unemployment, bankruptcy, inflation and other undesirable effects. This is a situation that actually affects the sales of some of these branches of the Hotel badly based on the fact that the number of clients drops drastically. However, Hilton Hotel is better placed to deal with the problem of recession based on the fact that it operates from different regions in the world. As a result incase one of the regions is faced with a recession, the hotel has the choice supporting the affected areas from the region that is performing well (King 1997).

Recommendation

The corporation needs to move and make innovations that will ensure that the areas affected by recession are well supported through an integration of some collaborative management. Though most of the branches are independent, there should be collaborations in times of crisis to ensure that all the branches are sustained based on the fact that any part can face recession and if they do not collaborate some branches would end up running out of business (Grant 2005).