

Marriott international

Business



Marriott International was founded by J. Willard Marriott and Alice S. Marriott in 1927 in Washington, D. C. They originally named it the Hot-Shoppe and began as a simple nine-seat root beer stand. By 1957 Marriott opened his first hotel, which he named The Twin Bridges Marriott.

By 1965, Marriott had become a significant player in hotel industry, the business was handed over his son, Bill Marriott Jr., who aggressively expanded the assets at a rapid pace by acquiring a cruise line and two Great America Theme Parks and at the same time opening several new hotels. Marriott International, Inc. was formed in the year 1993 after the split of Marriott Corporation company into two separate companies. Marriott International, Inc.

is the world's leading lodging and contract services company and has two operating groups namely Marriott Lodging with more than 1, 350 lodging properties, that generates about 60 percent of the company revenue, and the Marriott Service Group which is the contract services operation. The hotel industry key roles were in the development of trade, commerce, and travel within the United States. The Marriott International Inc. has annual revenue of turnover of 103. 6 billion.

In 1998, the hotel industry recorded one of its highest profitability in grossing net earnings of \$20. 9 billion up from a loss of \$5. 7 billion in 1990 by the year 2000, Marriott International Inc. had recorded a profit level of that reached \$24 billion. However, harsh economic conditions and the effects of the aftermath of the September 11 terrorist attacks on United States of America

caused a decline of the industry's profits by 33%, although industry analysts expect conditions to improve and return to normal by 2004.

The Marriott International Inc. hotels were ranked in the top ten of the Best Big Hotel, Restaurant and Leisure Companies in 2004 according to the Forbes Platinum List. The ranking took into consideration return on capital, sales, and earnings per share. Currently, Marriott hotels have approximately 4.2 million hotel rooms on 41,000 different properties across the United States.

One third the hotel rooms are located at suburban locations, with another forty-two percent build along busy highways. The rest are located within the cities, airport strips, and at different resort sites. According to American's hotels analysis's report about twenty-four percent of lodging consumers are leisure travellers willing to spend a substantial amount of money such as eighty-seven dollars per room per night while forty percent of travellers willing spend ninety-five dollars per room per night. According to hotel analysts the hotel industry is divided into two main categories. The full and limited service enterprises hotel categories the full service enterprises are hotels with large properties of about two hundred and eighty rooms and which generate almost half of their operating cost from sales made in them while limited service, are smaller establishments with about one hundred and thirty rooms and with no food and beverage services on offer.

The Marriott International with more than 2,600 lodging properties in the U.S and sixty-five countries can be equated to an economy class and Ritz-Carlton which is a franchise can qualify to be a first class. The hotel

operation and management has been successful in running the hotel in three different levels to ensure that it fully fits in and meets all the strategies the market dictates. The levels of operation have been through straight ownership of the properties, the management agreements, and franchising or licensing a brand name. The three have led to the tremendous growth and expansion of the Marriot hotels industry over the years.

In November of 2003, Marriott International entered its first merchant deal with Travelocity whose main work was to explore the available rooms online, and provide clients with a better inventory of rooms so as to choose. The travellers involved had an increased pricing flexibility. In exchange, the Travelocity on its side was to benefit those who have with will not undercut these reduced rates being offered to them by Marriott. Marriott International has played an important role in the global hotel industry, the management expression the will to enter to China is which is currently a hot market, and they have been able to open and operate thirty-two hotels in China, and there were thirteen under construction and the number was being set to increase to the India markets. To maintain his market niche Marriott International has actively been involved developing quality workers for the future market.

Marriott International Inc. has been instrumental in motivating students who intend to aspire and for the company. Marriott Performance Marriott International, Inc. is a known worldwide operator and franchiser. The company generates 75 percent of its earnings for its operations from hotel operations and the remaining 25 percent from timeshares.

Most of the properties are based in the United States. Marriott brand has a multi-channel central reservation system where customers have the chance to choose the rooms of their preference. Marriott relying on management and franchisee fee as its main source of income because it is not affected by customer numbers. An increase in the number of hotels and the number of rooms available for rent provides the expanding capacity of the Marriott's company to effectively cater for the growing number of travelers. These can be presented in a table that shows Marriott's past performance compared to its revenues; Marriott's Past Performance

Number of Properties	Average Daily Rate
2,832	

The Marriott has from the table has a total of 2,832 hotels across the globe, and the continuous occupancy increase per average room during the last three years. In 2008, the revenues of \$12.

879 billion were posted with a net income of \$362 million. The company remained profitable in the first half of 2009, although net income dropped by 56% to \$84 million because it adjusted in restructuring and other operation costs. The weak global economy and the subsequent economic crunch have negatively impacted luxury travel business leading to reduction in a 37% and 23% in international and timeshare sales. During the third quarter of 2009, the company made a net loss of \$466 million marking a significant drop in its consecutive profits. The timeshare segment during the same quarter was quite weak and recorded losses of over 33% to \$254 million. Due to these Marriott embarked on a rigorous campaign to promote their market within the United States.

Although the company had sufficient operating cash flow of over \$597 million, its cash debt coverage ratio clearly indicated that cash flow from <https://assignbuster.com/marriott-international/>

operations were be insufficient to meet liabilities. This meant that the company could face liquidity issues if the situation is not reversed. Marriott ended the year with \$3.4 billion in revenues which were a drop from the previous year's value of \$3.8 billion in revenues. The business segments Marriott's operations in were grouped into five namely the North American Full-Service Lodging and limited-Service Lodging, the International Lodging, Luxury Lodging, and Timeshare.

Marriott developed and operates the markets timeshare which are owned under four separate brand names which comprises of hotels, resorts, conference centres and club-sports each operates under a unique brand name, namely: Marriott, JW Marriott, Renaissance, and Renaissance Club Sport. The table shows the segment revenue in 2009; MAR Revenue Segments 2010 (in millions of \$) 2009 (in millions of \$) North American Full Service North American Limited Service Depending on customers financial ability the customers can be categorized into low-medium income groups and high-income groups. The kind of income determines the type of hotel the customer so wishes to choose. For example customers with high income will tend to stay in an upscale luxurious hotel, while those from a low-medium income may not be in a position to afford. And Marriott has worked effortlessly to meet the demands of all their customers.

The economic slowdown has more significant impact on the business which depends on travelers due to increase on the airfares. Other factors that greatly affect the industry are acts of terrorism, war out breaks and outbreaks of certain contagious diseases because individuals are never willing to expose themselves to any event that will threaten their personal

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The stiff competition facing the Marriott from other competitors is generally based on the quality of rooms, restaurants, meeting facilities and services, attractiveness of locations, availability of a global distribution system and price. Marriott has lagged behind some of its competitors who are more present in more countries than it as the table highlights;

Comparison to Competitors

Competitor	Number of Hotels	Number of Rooms (Thousands)	Geographical Presence (Countries)	Occupancy (Percentage)	Average Daily Rate (USD)	RevPAR (Revenue Per Available Room in USD)
Intercontinental						

The following table compares Marriott's performance to its competitors in 2006. Marriott Plans to Double Presence in Europe by 2015 As part of its aggressive the Marriot Internal Inc. aimed at accelerating global reorganization.

Its plans were to double its portfolio in Europe by 2015. The company has 174 hotels in Europe, and envisions and intends to increase its portfolio from 40, 000 rooms to 80, 000 rooms by 2015. The first European Residence Inn, which is an extension of an extended of Marriot Internal Inc brand, will open in Munich in 2012. Other plans indented are the development pipeline in Europe which includes including the Renaissance Moscow Monarch Center Hotel (2010), the Courtyard by Marriott Budapest (2010) and the JW Marriott Hotel Ankara (2010). According to McPherson, Europe is the largest market in the world and has numerous potential for Marriott through ambitious expansion goal. The expansion plans to Europe include two brands; a boutique-lifestyle which is collaboration between Ian Schrage and Marriott and an Autograph Collection, which comprises of a number of independent hotels and resorts from around the world.

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The hotels represent upper-upscale and luxury properties with distinctive personalities. The chief development officer expects the Autograph Collection to be a very popular conversion brand in Europe because Europe is an iconic which is independent and small hotel groups. PAST AND CURRENT STRATEGIES According to Bill Marriott who is the chairman and the company chief executive officer, the company's main strategy states "Sustainability means being a good corporate citizen and environmental steward, and promoting economic growth, diversity and inclusion in our communities worldwide." His statement is a commitment to the company's environmental issues and climatic change initiatives the company wants to initiate. Marriot in partnership with Conservation international has managed to be the first internal company in the globe to calculate its carbon footprint and launch an integrated environmental strategy whose aim was to address climate change. Some of the steps the company is taking are the new five-point environmental strategy and other long-term goals such as; water, waste and energy, green buildings, carbon offsets, and employee and guest engagement.

Among Marriott past strategies that have seen its huge success lies in it's across over 65 countries currently, Marriott's hotel brands which include the Renaissance Hotels and Marriott Hotels & Resorts, several courtyard and Fairfield Inn, the Carlton luxury chain and resort, the time-share properties, vacation clubs , rental housing units, the 45 golf clubs it manages and operates and the company's approximately 151, 000 employees as at of 2007. The executive strategies and responsibilities of the Marriott international Inc. are the environmental and climate change issues which are

headed by the company's Green council. The Marriott International biggest challenge that produced several challenges to its entire business empire was its Bedding Program initiative in 2004. The differing ages of hotels and different brands brought in the issue of variation in bedding specifications with some cases the mattresses and they had to be replaced across the entire globe to create some uniformity.

The major challenge come in because project teams was supposed to work across different time zones, languages and various cultures and government regulations to achieve a successful outcome. Effective and efficient communication in order to achieve significant result became the challenge. The owners of the franchisees entities were bear full responsibility to ensure that they meet and comply with the Marriott standards and the introduced new operational measures. They became unsupportive of a change and the implementation of the bedding program was significantly delayed because of the financial burden involved. The nature of products required was quite substantial because it involved over 1, 850 different products such as mattresses, pillows, sheets, pillow cases, etc., and this forced a big challenge of tracking and distribution.

The mass nature of the Bedding Program presented a challenge in itself. The Marriott's procurement process proved to be a challenge itself because the clear picture of what was exactly required came to be when the order was placed and getting a good deal was not easy either. In some cases the project team used developed wordless training videos and job aides to demonstrate how the beds should be made in its attempt to overcome language barriers. The actual cost of the program came in under budget at <https://assignbuster.com/marriott-international/>

\$190 million with its completion by the end of the first quarter of 2006.

Among the external initiatives Marriott made include a \$2 million commitment with the Amazonas State and the Amazonas Sustainable Foundation to protect 1.4 million acres of endangered rainforest that was disappearing at a very fast rate and at the same time generate carbon offsets through the project.

It is through this project commitment whereby the company was able to develop its five-point environmental strategy. The Marriott through its partnership with Conservation International has helped support the publication of the "Sustainable Hotel Siting, Design and Construction Guide". In addition, the company is currently participating in the International Tourism Partnership's Environmental Bench program whose mandate is to establish best practices and measure results. The Marriott Company has provided energy consumption and source data to Conservation International so as to calculate its GHG emissions. The calculation included electricity and gas consumption at almost all of its managed hotels.

The report made recommendations for improvements and Marriott established a goal to reduce GHG emissions by around 40,000 tons annually through setting various energy use and renewable energy goals for some of its properties. These efforts have successfully cut CO₂ emissions by nearly 4 million pounds which is a major boost to the environment making it to receive the "Star of Energy Efficiency" award in the hotel industry. Through its participation in EPA ENERGY STAR Partner of the Year in 2005 and 2006, the Marriott was awarded with the ENERGY STAR Sustained Excellence Award for its continued leadership in matters environmental in 2007. In one <https://assignbuster.com/marriott-international/>

of its past strategies, Marriott was the first hospitality member of the US Green Building Council which provides guidelines on the how first hotel and conference centers should be built so as to meet LEED standards. In line with these standards, Marriott has set a goal to update all its hotel design in line with the US Green Building Council's LEED standards by the end of 2009. Through its power saving strategies, state of California has recognized the Marriott Company with its fifth annual “ Flex Your Power” award for its efforts to conservation energy.

For example in 2006, Marriott saved over 4, 700, 000 kWh of electricity and 136, 000 therms of natural gas which amounted to over \$672, 000. The company has arranged for its workers and other employees on travel to use hybrid rental vehicles with Smart Way certification so as to conserve the environment. In another attempt under the renewable energy, Marriott opts to put solar power installations at up to 40 hotels by 2017 with a New York City hotel managed by Marriott being the first to have the solar power panels installed in 2008 with a combination of a tri-generation plant to provide electricity, cooling and heating on-site. Such high-efficiency turbines are expected to reduce CO2 emissions by 1, 700 tons in a year. In its quest to conserve the environment the Marriott Company will provide carbon offset opportunities to its customers, the Marriott has also introduced a “ green meeting” offering in its spirit to preserve the Rainforest. The Marriott supply chain management has engaged its vendors to supply greener products such as the rolled out of pens from recycled plastics and environmentally-friendly towels.

In its effort to fight climate change, the Marriott Company is working on new fuel efficiency and emissions reduction technologies to ensure that individual operating lines have varying annual fuel reduction plans in place to effectively conserve the environment. The company has been an active participant in association and collaborations aiming at fuel efficiency methods, production of cleaner fuels and emissions trading for the shipping industry. Marriot Vision. The vision of the company has been “ To be the world’s leading provider of hospitality services” since its inception in 1927. It has maintained a spirit of hard work, integrity, service for all its customers and other stake holders in its pursuit of excellence. From a simple single a root beer stand to a global lodging company, Marriott has stood by its vision from the knowledge and experience gained over the years.

Thus today Marriott International has become an acknowledged leader in the hospitality industry offering the most comprehensive lodging portfolio around the world. Marriot culture has never duplicated and has remained commitment to quality, and passion and this is what keeps guests coming back to Marriot. The Marriott Hotels mission statement is: “ Our commitment is that every guest leaves satisfied.” The company mission is achieved using total quality management (TQM) principles to continuously improve preference and profitability of the Marriott international hotel. Marriott International, Inc.

- SWOT Analysis Marriott International, Inc. SWOT Analysis report examines the company’s key business structure, and provides summary analysis of its key revenue lines. The company has remained a global hospitality company that operates in franchises hotels facilities and lodging facilities, it operates <https://assignbuster.com/marriott-international/>

primarily in North America with its headquarters in Marriott Drive, Washington, DC. The Marriott Company has employed about 151, 000 people and recorded revenues of \$12, 990 million by close of the financial year (FY) ended December 2007. The revenue increase is driven by stronger demand for hotel rooms worldwide. The company operating profits was \$1, 188 million during FY2007, up by 9.

3% from the previous year's profit. The net profit stood at \$696 million in FY2007, which was an increase of 14. 5%. The SWOT analysis provides very important information that is helpful for the Marriott to match the firm's resources and capabilities to the competitive environment it operates in. The Marriott SWOT analysis fits into an environmental scan framework as shown below;