

Marriot case study analysis

Business



**ASSIGN
BUSTER**

In 1927 J. Willard Marriot and his wife, Alice opened a root beer stand in Washington D.

C. , the Hot Shoppe. They served tamales, chili, and tacos during the winter months. In 1929 Hot Shoppes was incorporated in Delaware as Hot Shoppes Inc. Hot Shoppes went public in 1953.

Marriot's first hotel, the Twin Bridges Marriot was also opened in Arlington, Virginia. In 1966 Marriot acquired an airline catering kitchen in Caracas, Venezuela making it Marriot's first international expansion.

In 1967 Marriot changed its name to Marriot Corporation. By adding cruise lines in 1971, Farrell's ice cream parlors in 1972 and two theme parks near Chicago and San Francisco in 1976, Marriot Corporation became a billion dollar company. Marriot International was separated from the company in March of 1998 and sold off its senior living facilities in 2002 in order to focus business on leisure lodging.

In 2005, the Ramada International hotels were sold byMarriottto Cendant Hotel Group and continue to venture into upscale lodging and business through alliances and joint ventures and alliances. J. W Marriot, the son of J. Willard took over CEO in 1972.

PROBLEM STATEMENT

Does Marriott need to restructure their strategy to cover the needs of low income markets? Also, should they focus more on their international business rather than rely on their strength of the market in the U. S.?

EXTERNAL UDIT OPPORTUNITIES:

- Environmental and family oriented
- Decreased cost of land in the United States; Costs have declined due to recession.
- Eco-Tourism: Providing ecologically sustainable hotels to attract certain customers.
- Move into Asian market, there has been an increase in the Asian tourism and travel market.
- Franchising: there is opportunity for the Marriott to increase its franchises in the different countries around the globe.

THREATS

1. Vulnerability to terrorists attacks raise security and safety concerns: The tourism industry is affected by threats from terrorists attack after Sep 11, 2001. Marriott is a symbol of luxury and power has been a prime target of terrorist's attacks.
2. Labor issues: Some of the company's union contracts in New York, Chicago, Boston, and many other major cities are set near to expire.
3. Rising interest rates, this could affect the company's growth plans by increasing the financing costs.
4. High labor cost in America: there is high labor cost in America which is the largest market for Marriott International.
5. Increase of real estate in Asia: there has been high increase of real estate prices in Asia so it can affect the Marriott international to generate revenues from Asia region.

INTERNAL AUDIT STRENGTHS

1. Geographic presence: Marriott is one of the key players in lodging and hospitality industry with operations spanning 68 countries around the globe.
2. Global leader in the hotel market
3. Excellent strategies to attract and retain the customers
4. Marriott international is adopting the trend of ecofriendly tourism to sustain nature and the environment.
5. Franchising: Marriott international have large number of franchisees over 60 countries which facilitate the rapid expansion of its portfolio.

WEAKNESSES

1. Focusing too much on the U.S. instead of international establishment. Marriott international mainly focuses on the U. S. as its main market for the business. Marriott international remains reliant on the U.S.
2. Over dependence on luxury brands: Marriott international primarily focuses on the luxury products, but there is large population which cannot afford the luxuries.
3. Terrorism threats: Marriott international is being targeted by the terrorists and the extremists.
4. Lack of low cost lifestyle brand: Marriott international does not have a low cost lifestyle brand product portfolio many others already do.

ALTERNATIVES

1.

Apply eco-friendly efforts and eco-tourism across the chain to promote sustainability and open hotels world-wide while strategically placing them so that the environment can be preserved.

- a. PROS: Attract customers with ecological sustainability in mind.
- b. CONS: It could cost a lot of money to implement.

2. Acquire or establish hotels in Asia(S1, O4)

- c. PROS: The market has room to expand, by buying previously established hotels, or building new ones.
- d. CONS: Depending on where you intend to build or buy, the cost can be high.

3.

Allow investors in other countries to open Marriot Franchises. (S5, S1, S2, O7)

- e. PROS: By allowing them to use your franchise, you're making money and establishing your name in that country/region.
- f. CONS: You aren't doing it by yourself, you are relying on help.

4.

Expand in Asia, the travel and tourism is increasing and can be profitable.
(W1, O4.)

- g. PROS: With travel and tourism still increasing, this can be a great opportunity.
- h.

CONS: We will have to do it quickly at a low cost, this may not be attainable.

5. Engage in joint ventures with locals (hotels already established within the country); use their name, but ally with them. (W3, W1, O4, O6)

- i. PROS: By allying established hotels, we can go in and manage them, while still using their native people we can establish our brand.

Can also lower the risk of threats and terrorism attempts.

- j. CONS: The local hotels may not be up for that idea and it could go really wrong.

6. Build low cost hotels in the U. S.

to benefit the medium to low cost market. (W4, W2, O2, O5)

- k. PROS: We can target a different market that's not in need or want of a luxury hotel.
- l. CONS: We might lose our image of only having luxury hotels.

7. Hire within the company and within the community. (T1, S3)

- m. PROS: We can show the community that we care and want to keep jobs available to them.
- n. CONS: We will be narrowing our selection of outside employees.

8. Provide capital for franchises in Asian market to start or support operations. (S5, S2, T5)

- o. PROS: By doing this we can get hotels started faster.
- p.

CONS: Finding investors may be difficult.

RECOMMENDATIONS

Instead of focusing on only the U. S. market, its main market, it should focus primarily on the international market.

A large population cannot afford to stay at luxury hotels, Marriot should come up with a budget friendly hotel to cater to the low and middle income segment.

Marriott should make joint ventures in other high risk countries and use the local name. Marriot should research new materials to reduce cost and increase efficiency. Marriot should focus on the eco-tourism and apply eco-friendly efforts to keep up with rising trends. Marriott needs to tighten up security in international hotels to prevent terrorist attacks and the like.

CURRENT STATUS

On July 19, 2006, Marriott announced that all lodging buildings they operate in the United States and Canada would become non-smoking beginning September 2006. “ The new policy includes all guest rooms, restaurants, lounges, meeting rooms, public space and employee work areas On November 11, 2010, Announced plans to add over 600 hotel properties by 2015, the bulk of the additions will be in the emerging markets of India, where it plans to have 100 hotel properties and other countries include China and Southeast Asia.

There was a bombing at the Islamabad Marriott in 2008 and at the Jakarta Marriott in 2003.

On December 13, 2011, J. W. Marriott, Jr. announced he would be stepping down as CEO of the company, whilst remaining executive chairman.

It was announced that Arne Sorenson would be taking over as CEO as of March 2012. CONCLUSION By re-evaluating its marketing and sales strategies Marriott made moves into the International markets. They have found alternative materials to incorporate into new buildings and remodels. They need to work on their security to prevent more bombings. I feel like they are making the right moves and improving themselves to better help their customers and their employees.