

Recommendations and justification for strategic options marketing essay



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Introduction

From the last three decades hospitality business environment is becoming more aggressive and competitive for the businessmen due to the impact of globalization. Therefore, it is mandatory for every businessman to develop and implement a comprehensive and profitable strategic planning for the survival of their business. “ A strategy indicating the opportunities to propose, specific targets, and the types of competitive advantages those are to be developed.”

(Dibb et al., 2006) “ So strategy preparation is the overall preparation that facilitates the goodness of management procedures. Of import provision takes you after-school the day to day activities of your governance or task. It provides you with the big picture of what you are doing and where you are going. Strategical planning gives you lucidity about what you actually want to achieve and how to go astir achieving it rather than a program of activity for day to day operations.” (Janet Shapiro et al., 1998). “ Strategical management is a continuous process that estimates and controls the activities of the organizations in which the organization is involved. It also helps to evaluate its potential competitors keeping in view the organizations set goals and strategies to achieve the organizational overall objectives. The implementations of these strategies are evaluated on regular basis and if these strategies are not working in the business environment to achieve the organizational goals then these are replaced by new strategies.

Stephan P. Robbins and Mary Coulter (2009: 180) tell us: “ Every organization needs a mission-a statement of its purpose.” This mission

induces the managers to take favorable actions to accomplish this mission. For instance, the mission of Brook Hotels is “ Brook Hotels is committed to realizing our guest’s needs.” This statement provides clues to what this organization sees as their purpose. They achieve this, by development and providing innovative dare and first-class hospitality products served by devoted attached highly disciplined vibrant people. In so doing, they always strive to create and sustain prominent returns and value and to honor their sociable and biology responsibilities to the fullest. The managers usually observe the two environments in the situation analysis. External analysis of hotel, so the managers know that what the competition is doing and what the labor supply is like in locations where it operates. Therefore, managers examine both the specific and general environment to see the positive and negative trends (opportunities, threats) of the hotel and then create and develop the strategies accordingly. Internal analysis of hotel provides you the important information of the hotel resources (financial, physical, human and intangibles assets) and capabilities (skills and abilities to do the activities). These resources and capabilities give the hotel a competitive edge. Tools that can be in use to evaluate acceptableness include what if analytic thinking neutral functions. After evaluation all the strategies are going to be implemented in a developed organizational structure and design in a way that the company goes towards the profitability. As we know that the hospitality industry is reaching at the maturity due to a large number of competitors and the effect of globalization. Therefore, in order to survive in such a competitive environment, everyone have to work out on the effective strategic formation and implementation. Thus, it is very important to have a good strategy because organization can only gain the sustainable growth if <https://assignbuster.com/recommendations-and-justification-for-strategic-options-marketing-essay/>

they have good plans for the consumers as they are the only source of all the revenues help in building a good reputation in the industry.

4. Company Introduction

The Hilton Hotels Corporation is recognized worldwide in hospitality industry. It owns over 514 hotels worldwide with over 176, 257 rooms. According to Forbes, it is ranked as the 43rd largest private company in the United States. It was founded by Conrad Hilton in 1919 in Cisco, Texas. The corporation has highly regarded hotel brands. Their brand portfolio includes:

Hilton

Conrad

Doubletree

Embassy Suites Hotels

Hampton Inn, Hampton Inn & Suites

Hilton Garden Inn

Homewood Suites by Hilton, and

The Waldorf Astoria Collection

Hilton is guided by the principles of Conrad Hilton, in which the company strives to:

Consistently delight customers

invest in team members

Be mindful of the environment

Deliver innovative products and services

Give back to the communities that are served

Expand the family of brands

Continuously improve performance

Provide a healthy, safe environment for team members, guests and customers

Create a culture of pride

Strengthen the loyalty of constituents

Hilton in recent years, have aimed to target those aged between 25 to 55, and therefore to become more appealing to the younger audience. Most of the Hilton brand hotels are franchised to independent companies.

4. 1 Vision

Hospitality is all about the individual and at Hilton; we pride ourselves on our unique service culture. Yes I Can! Is our company-wide philosophy which promises that each guest will be treated with a positive service attitude at every point of contact? The hotel manager, the waiter, the receptionist, the porter – everyone plays a vital role in delivering a memorable guest experience.

4. 2 Mission

We provide concern and leisure time travellers with a pick of first-class hospitality products that offering good economic value while reassuring good return to owners and shareholders and inspiration to employees.

4. 3 Values of Hilton Hotels

H - Hospitality: The organization is passionate about delivering exceptional guest experiences

I - Integrity: To do the right thing all time

L- Leadership: To continue its leadership in the industry and also in its communities

T- Team work: To perform the tasks in teams

O- Ownership: To be the owners of the actions and decisions taken.

N- Now: To operate with a sense of urgency and discipline (Hilton, 2010)

5. PESTEL Analysis

PESTEL analysis defines the external factors to business, depending on the market Ecological and Legislative factors are included. PESTEL analysis measures the market capability by indicating the areas of growth. Political factors include legislation, international legislation, regulatory bodies, government policies, government terms and change, funding, grants and initiatives and lobby groups. The economic factors comprise domestic economy, international situations and trends, taxation issues, seasonal issues, market and trade cycles, distribution issues and others. The social

factors include lifestyle trends, demographics, consumer attitudes, opinions, media views, brand, company, technology image, consumer purchasing patterns, fashion and role models, competing technology development, associated and dependent technologies, replacement technology solutions, maturity of technology information and communication and others.

Political Factors: – Considering the political factors Hilton Hotels have faced many political barriers on its way to success. One such incident is the Arab boycott of American companies. Arab countries have boycotted businesses with countries that do businesses with Israel even though the issue was not directly related to America. Most of the American companies like Ford, IBM and Hilton were blacklisted by the Arabs. Hilton Hotels continued to expand its business in Israel and Egypt along with promoting peace in the region. Hilton Hotel received no threat from Israel after opening its hotel in Egypt.

Economic Factors: – The internet is not severely alive to the efficient economic cycles. However, it is observed that the tourism or hotel sales are dejected due to unnatural economic changes in those countries from which customers are booking and reserving the products. These changes include in economic growth, interest rates, rising prices or currency fluctuations that can eliminate tourism organization's cost advantage and can have an adverse consequence on the margins. Hilton has formed alliances with various organizations and also strategic agreements to continue its prosperity.

Social Factors: – Sociology changes and changes in customers' attitudes towards new technology and internet in particular will have absolute wallop

on internet and hospitality industries respectfully. Time customers are Thomas More experienced and innovative in the use of engineering science. The social system of rules dimension moldiness includes the larger mixer and persuasion processes through with which the interests of the dissimilar social groups interact with one another and with the technology. Hilton has figured its services suitable for all the sectors. It has provisions for theatres, conference rooms for business delegates, U-shaped bedrooms and board rooms, dinner halls social gatherings and other similar activities.

Technological Factors: – Hilton has implemented electronic marketing as part of its technology drive. The rooms booked over the web for the Hilton hotel accounts for half billion dollars. Hilton has developed its own system of technological department for managing the international operations worldwide. Hilton is among the few hotels that use internet for booking rooms. Hilton has merged with various firms like Starwood for expansion and also for its technologic advantage. Hilton International use computers in their core information physical processing centers of selling and statistical distribution, front office, back-office, and beverages control. Information technologies are dispersing in eight key areas of hotel trading operations like selling, distribution, reservations and gross sales, telecommunications, guest accounting, room management, back-office, food and drinks, control energy management and safety and security. Merchandise distribution is a critically important mathematical function of Hilton International. Information technologies, such as computerized reservations systems and video brochures, aid hotels in selling and distributing their bed nights. For Hilton the employment of information technologies to nexus neurotic their front

office, back office and beverages departments may be essential for the businesslike and cost-effective bringing of their services. However, it aim not be decent to warranty the sales agreement of hotel bed nights without links to international selling and statistical distribution networks building bed nights cannot be sold.

Ecological Factors: – Hilton New York has unveiled eco-centric initiatives as part of its two-years of celebration of generating clean power with fuel cell technology. Hilton New York has performed various leading-edge initiatives throughout the hotel. (Organic Fertilizer Waste Vector Decomposition System) This system was set up to reduce the 8 tons of wet rubbish which is approximately equal to 5000 meals produced on an average at the building each day. This system facilitates the employees to dispose of table and kitchen scraps into unit which is a size of chest freezer. This system eliminates nearly 400 bags of garbage per day. (Water Purification System) Hilton New York has deployed an on-site water purification system created by the Natural Water. The Natural water system is connected to the existing water source. This water system of rules has eliminated nearly 12 000 expendable glass and plastic bottles from paper routine change of location in the hotel.

Legislative Factors:- The hoteliers in US are about to expect lobbying and assembly action that will feeling travel companionship taxation and card bank check which are important issues to the lodging manufacture according to the American Hotel and Lodging connection. The association believes that this move will certainly bear an impact on the industry. Chris Nassetta the CEO of the Hilton Hotels has same that it is a greater menace than people <https://assignbuster.com/recommendations-and-justification-for-strategic-options-marketing-essay/>

are giving it credit for. Building companionship executives fearfulness the execution of the this statute law as they would no choice but to brand up what they consider as incomprehensible gross by levying high monetary value onto hotels.

6. SWOT Analysis of Hilton Hotels

Hilton hotels corporation is also recovering from the event of September eleven the like all Major building corporations. This tragic homo event also delivered a financially annihilating blow to the traveling industry as a unit and to the building industry in particular. In order to fully recover and thrive in the coming old age Hilton mustiness assess its overall all strengths and weaknesses as it moves forward done the new millennium. The favorable grind analytic thinking sheds any easy on any of the pitfalls and opportunities that await the Hilton Hotels.

Strengths

Hilton Hotel Corporation is a well-established organization and industry leader in the hospitality industry.

It is well diversified across the industry with hotels in the high end, business and mid-priced classes in their product mix.

It also possesses solid integration features such as owning the companies that manufacture its furniture and has invested in online reservation travel enterprises

Weaknesses

It may be too narrowly focused making it exposed to a downturn in the global economy and other world-wide misfortunes that could limit global travel such as the bird-flu and a significant terrorist strike.

It may be defenseless to workers' strikes and crack down on undocumented workers in the U. S. Most of its holdings are in the U. S.

Opportunities

It should offer a range of characteristic and expert services to the high end guests and high whitecaps such as wedding planning & hosting, spas that specialize in personal services and personal trainers.

It should look to expand into or purchase a cruise line.

A cruise ship is little more than a hotel that floats this would essentially match what it currently doing with its leased properties

Gaming activities would spurt regulation, etc.

Take advantage of emerging markets, especially with business class and mid-priced markets.

Threats

It must be careful not overstretch its labors to mix entertaining and betting

The delay of credit and other side effects of betting can slowly but surely chew profits.

September 11th was a major blow to the hotel industry. A similar event could result in another down turn.

By studying national and regional industry trends Hilton Corporation will be capable to return advantage of opportunities that will enable growth piece identifying threats that may affect profitableness. Growing in the hotel and cordial reception manufacture will include a continuing focusing on gambling International enlargement and exploitation all media to promote its products to potential customers. One advisable strategy for Hilton is to emphasize the grandness of family in all its hotels including the gambling and gambling casino locations. Las Vegas has exhausted millions to attract families by adding children's attractions as well spring as the conventional casinos for the adults. Most of the hotels rich person at affair a little country devoted to colonnade games. However some hotels have luxuriant arcades plot areas and child attention centers motivated for those traveling with children Hilton Hotels Corporation, 2007. Hilton needs to ensure they are right field in the middle of this demographic of parents traveling with children. Spell the focusing can stillness be on the senior high school dollars that are tossed around in the casinos by the parents it will be critical that the edifice have the facilities usable that testament attract parents with children to check at the property. Since location is a greater requirement and holiday clip has become one of the few multiplications that families are capable to spend superior clip together, Hilton essential capitalize on this marketplace section.

7. Evaluation of the Strategic Options

After analyzing the internal and external environments, it is important for

Hilton Hotel Corporation to identify the strategic options that are available.
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This gives them the opportunity to select the most suitable strategic option for the corporation. The strategic options are evaluated on the following criteria:

The required resources

The degree to control over future strategies

The speed with which a change in the position of SBUs can be achieved

Strategic options

Environment

Competencies

Expectation of the company

Risk involved

Market Penetration

Gain market share for advantages

Superior resources and skill force to adopt this option

Increase return by using the current strategies

Low risk

Market Development

Current market is saturated, opportunity to enter new segment, new geographical areas

Current product portfolio can be used.

Increase return by using the current strategies

Medium risk

Demographic Segmentation

Focus on age and low income group to get competitive advantage

Skilled force to adopt this option using current product portfolio

Increase return by using the current strategies

High risk

Backward Integration

Become a furniture manufacturer

Skilled force to adopt this option with new product line

Increase return developing new strategies

Medium risk

Joint venture

Obtain local management to reduce risk

Distinctive skilled force with new and existing product

Increase return developing new strategies

Low risk

Recommendations and Justification for Strategic Options

After an internal and external analysis of Hilton Hotel Corporation and evaluation of the strategic options the following growth strategies for the company are recommended.

Market Penetration

Acquisition of motels

Market development

Excursionists

Demographic segmentation

Backpackers: 18-28 years, no children. Attracted to adventurous activity, consider themselves travellers not tourists, generally well-educated and cost conscious.

Empty Nesters: Parents whose children have flown the family nest, between 43 and 58 of age, well-educated and medium disposable income.

Backward Integration

Distribution of furniture manufacturer

Joint Venture

Expansion of businesses other than the western world

Strategies

Attractiveness

Company strengths

Level of importance

Market Penetration

(Acquisition of motels)

Very high

Highly recognized brand name in the western world

High

[Company doesn't have motels in US and UK]

Market Development

Obtain the market of

(Excursionists)

Very high

Highly recognized brand name in the western world

Very high

demographic segmentation

(Backpackers and (Empty Nesters)

High

Highly recognized brand name in the western world

high

Backward Integration

(Supplier of furniture)

Moderate

Highly recognized brand name in the western world

Low

Joint Venture

(Acquire some assets in Pakistan)

Moderate

Highly recognized brand name in the western world

Moderate

Conclusion

Marketing is the lifeblood for any business organization which can be defined as the collection and coordination of interrelated activities. The degree and the impact of marketing planning determines the success or failure of a business organization as they help in the analyzing the markets and also the needs of the customers. The founder of Hilton hotels is the Conrad Hilton

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which was renamed as Capital Hilton in the year 1977. Many celebrated guests have considered Hilton group of hotels as home away from home which was trademark for customer service and hospitality. Hilton group of hotels have been affected by the political controversies in the Middle East but it didn't confine its growth in the region. The organization went on to open its hotels in Egypt and Israel amidst controversies and also promoted peace in the process. Apart from political and legislative factors remaining of the PESTEL factor didn't affect the Hilton hotel's business across the world. The marketing planning lived up to the expectations of the expectations of the Hilton Hotels. The marketing approach used by Hilton is geocentric to a great extent. The hotel chains in the US failed to attract the guests at the beginning of 2002 vacation season later they managed to balance the figures. Therefore it can be concluded that the Hilton group of hotels is performing to standards of its reputation but there is plenty scope for the American based organization to develop further.

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