

Marketing of hilton hotel corporation



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The concept of marketing is not limited in the recent years to just promoting the products or services of a company; instead it has developed into a full-fledged art or a science of creating a long lasting brand image in the competitive world. The simplest definition of marketing is to devise strategies while anticipating the needs of customers in order to keep and retain them. The marketing process include a series of activities related to promotion, making marketing strategies, broadcasting, online promotions, giving good customer service and many more. Marketing management can be termed as using the marketing resources of an organization in order to meet the objectives of the company. This report explores various concepts of marketing and discusses about the one year marketing plan of a company called as Hilton Hotels Corporation. The one year marketing plan discussed in this report includes various stages of marketing management including SWOT analysis, marketing objectives, different strategies, estimating the results of the plan and so on. This report is intended to be used for further academic research and to give an insight into the key concepts of marketing to the reader. Thus we shall now discuss about the marketing plan step by step. But before starting, we shall have a small discussion on the Hilton Hotels.

Hilton Hotel Corporation is one of the leading hospitality chains of luxury hotels founded by Conrad Hilton. Currently the Hilton chain consists of more than 3, 500 hotels spread across more than 80 countries of the world. In 2002, the revenues of the hotel increased from USD 3. 8 billion to 8. 3 billion with a growth rate of 16% which is higher than that of Marriott (7%) and

Starwood (5%). More analysis on the hotel including Porters analysis, PEST analysis and SWOT analysis is discussed below.

Macro Environment

Political: The Hilton brand itself puts the company into a leading position in the hospitality industry. Over the years, Hilton has matured enough from its political support and has expanded its business to more than 80 countries across the world. The company has corporate policies that support different governments by using more and more environment friendly products in order to please its customers. Hilton pays a lot of import duties on various products and thus adds a small amount to the GDP of various governments.

Economic: The acquisition of various chains of hotels made the company more strong economically in recent years. The company gives part of its business units or hotels as franchisees and thus adding more to its revenues. The Hilton London hotel is positioned in a very posh market of the city that covers both business as well as leisure. Thus markets like these makes Hilton's economical position very strong as compared to its rivals.

Social: The hotel provides hospitality to both business as well as leisure seeking guests. Thus the type of services provided in the Hilton hotels depends on the particular needs of the customers. Hilton contributes lot of revenues to the Hilton Community Foundation that serves the community in need and thus adding more value to its social responsibility.

Technology: All the Hilton Hotels are equipped with the latest technological instruments and facilities. The main intention of using updated technological

devices is to enhance the lifestyle of its guests. As far as information technology is concerned, the whole system is monitored by a dedicated team and thus all the data related to customer information is used to know more about its customers.

Porters forces Analysis

Threat of new entry

There are already big players existing in the hospitality industry like Marriot and Choice International and thus the competition is intense. In these circumstances, the new entrant has to face lot of difficulties in surviving in the highly competitive global market. But if the new entrant is powerful enough to make an impression then it can cause some problems to the existing players as their market share can be decreased. This is a world of technology and the new entrant can bring different technologies in order to impress customers. Thus there is indeed a threat of the new entry.

Power of Buyers

The customer as a buyer of the products or user of the services has lot of power as any company cannot make money unless its products are sold or services being used. There are millions of guests that use the services of Hilton Hotel and thus if something ever goes wrong, then the customer can easily switch into a different Hotel. Thus consumer taste and preferences is the biggest power the customer community has got.

Power of Suppliers

Hilton hotels have lot of suppliers all over the world including the ones that provide hospitality products along with the travel agents and the cab service companies. All these suppliers are really powerful in terms of the rates given to a particular company. The rivalry between the hospitality companies pose a big threat of increase in the rates of supplied materials and services. Thus indeed the power of suppliers is a very key issue for the company and can hinder the performance if something goes wrong.

Competitive Rivalry

Rivalry refers to the idea of struggle between hospitality companies in order to increase the market share. Hilton did various mergers and acquisitions in order to gain competitive advantage. Most of the companies give loyalty rewards and membership privileges in order to retain customers and also to have an edge over their rivals. Hilton provides exceptional services to business guests and also to other class of travellers and thus this makes Hilton highly competitive.

Threat of Substitutes

The products and services of different industries which can satisfy the needs of customers in a similar manner is the biggest threat of the substitute products. For example, Hilton charges its customers for the cab services they use for sight-seeing and travelling and thus this can be affected if the traveller chooses local public transport for travelling. Thus there are many substitute products out there in the market that can affect the performance of the hotels.

SWOT Analysis

Strength: The biggest strength of Hilton Hotels is the location of their hotels. Every hotel is carefully opened in the location easily accessible via public transport and near famous tourist places that ensures constant flow of guests. The quality of services provided is also a big strength of the company through which it has created a successful brand image. Moreover the company have a huge investment budget reserved for marketing its products and thus this can help in reaching more customers.

Weaknesses: The biggest weakness of Hilton is the interior designing of the hotel and which needs to be improved. Apart from it, huge amount of debts can give a lot of financial problems to the company. Finally, apart from hospitality, there are other partner businesses that the company needs to concentrate otherwise it can hinder the overall performance of the company.

Opportunities: The hotel has a big opportunity to offer a wide range of executive services to its customers so that it helps in their retention. They can also have personal interaction with the customers and can know about their likes and dislikes. The hotel is trying to buy a cruise line so that it can attract the guest preferring to travel by sea. Finally there is a huge scope for the company in the gaming industry.

Threats: The biggest threat for the company is over expansion and mixing gaming with hospitality. Moreover the 9/11 attacks gave a massive blow to the hospitality industry and thus a similar event can lead into a loss for the company. Finally, there is intense competition in the industry due to which

Hilton has to revise its old strategies and make long term strategies that are sustainable.

Corporate and Marketing Objectives

“ To fill the earth with the light and warmth of hospitality” is the main motto of the Hilton Hotel. The key marketing objective of the hotel chain is to build a sustainable market leadership worldwide with the thriving hospitality industry and strong future forecasts. With the mission to become the supreme hospitality corporation and the first preference of its guests, the company has achieved a strong presence in the international hospitality community. It has become successful in consistently delivering high quality services to its customers and thus it thrives hard to achieve its corporate and marketing objectives.

Marketing Strategies and Analysis

Segmentation: Market segmentation is a process of dividing a large segment of market or an industry into smaller segments having the same needs or having similar characteristics. Figure 1 shows the market share in USA stating a strong position held by Hilton Hotels. The product range of the hotels include different facilities and amenities, online services, rewards and benefits and the products that come under the global Hilton brand. The price of one night per person depends on the location of the hotel. For example, the Hilton hotel in London would be more expensive as compared to the hotel in South Africa. As far as promotion is concerned, Hilton spends considerable amount of money on online promotions and advertisements and also supports annual social events.

Figure 1: US Hotels Market share

Targeting: Target marketing is a process of dividing a huge market in smaller segments and concentrating into a particular segment. In this process, all the marketing efforts and resources are applied into that particular segment of the market. For example, the hospitality industry witnesses different types of travellers including business, leisure, and family holidays and so on. Hilton targets all types of customers and makes sure that all the needs of these different customers are fulfilled. For example, for business travellers Hilton provides conference facilities, meeting rooms, teleconferencing and so on. Thus as per targeting, Hilton develops different products and facilities as per the needs of the target market.

Positioning: Market positioning can be termed as a process in which the company creates an impression in the minds of its customers. As discussed earlier, the two programs initiated by the hotel got positive feedback from the customers and also a lot of appreciation. Hilton knows what its customer's demands are and thus the hotel management makes strategies to fulfil those demands. Market positioning also involves regularly monitoring the products and services and their performance in the market. For this, Hilton regularly monitors the feedbacks from its customers and thus if a change is suggested by a customer, it is readily being made.

Ansoff Matrix

Figure 2: Ansoff Matrix

Igor Ansoff presented the Ansoff Matrix (Figure 2) that concentrated on the company's current situation and its products and markets. The matrix

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considers different ways to grow via the existing products and market and the new products and market. Thus based on these combinations, Hilton Hotels seems to penetrate the different markets by giving wide range of products and services in an affordable price. The products include the rewards and benefits and also the facilities provided in all the hotels. After penetration, the company started to develop new facilities and also improved its performance in the market. Having increased popularity and being a choice of millions of customers, Hilton has a big opportunity to further penetrate into the existing market and reach newer markets and also develop their products for the new and existing markets.

Thus being a clear market leader in terms of hospitality, Hilton has major acquisitions under its brand. These include Homewood Suites, Promus Hotel Corporation and many more. In 2007, the company became one of the biggest hospitality companies in the world with around 3, 500 hotels across 80 countries. But as far as competitors are concerned, Starwood, Marriot, Sheraton and Wyndhan are giving tough competition. The main marketing strategy of the company is to differentiate itself among its competitors in terms of giving exceptional customer service. Apart from it, building an effective brand image and increasing the communication with the customers is also a part of its marketing strategies. Finally, Hilton launched two important marketing programs in order to attract more and more customers and keep existing customers. These programs are guest loyalty program and the Hilton membership privileges. These programs were designed to give rewards to loyal customers for using the hotel services again and again. The important features of these programs include discounts and rewards, earning

points and miles at same time, VIP treatment and many more. Thus these are the main marketing strategies of Hilton Hotels. We shall now discuss about the hospitality market in more detail for the marketing plan.

Marketing Mix

Place: The key channels of marketing are direct, advertisements and the internet. Customer preference also depends on the location of the hotels. Any customer would prefer locations near to public transport or near to the local tourist places. The hotel management believes that the key to the success of a hotel is its location

Product: The Company gives exceptional services and facilities to its guests. Apart from it, they also give various rewards and benefits to the members of the hotels. All these services are carefully implemented in order to attract and retain customers. The product range includes honeymoon packages, bars, conference facilities and many more room amenities that are provided.

Price: Hilton Hotels acts as cost differentiator in the hospitality industry. The hotel has very competitive prices compared to its competitors and also gives attractive facilities. The rates of room include all the applicable taxes and are per night and also vary according to location. For example in London, the price of room of Hilton hotel at canary Warf starts from £99 per night whereas in Wembley, the price starts from £46 per night.

Promotion: Hilton hotels spends considerable amount of money on promotions and online marketing. Public relations are very important for the company and hence, it offers lot of sponsorships to various community programs to reach more customers. Finally the facility of web check-in helps

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the customers to save their time and also updates them with latest offers and promotions.

Thus after the marketing analysis of Hilton Hotels, we shall now have a look at the one year estimated budget for marketing. This budget will help the company to have an insight on the marketing expenses for one year and also will assist to monitor its performance.

Marketing Budget

Estimated Marketing Budget in £

Advertising in Television

£1. 2 million for 12 months

Radio Promotions, Marketing Companies, sponsorships

£3 million for 12 months

Website Maintenance

£50, 000 for 12 months

Other Promotions

£160, 000

Community programs

£240, 000

Field Marketing

£0

Business Guests seminars

£100, 000

Marketing staff Training

£50, 000

Other Miscellaneous Expenses

£200, 000

Total Marketing Expenses

£5. 05 million

Evaluation, Assumptions and Plans

Thus after the discussion of the marketing plan, we shall now evaluate the plan and make further assumptions. The two marketing programs initiated by the hotel were very successful and also received positive feedback. But likewise, all other hospitality companies have started to follow the similar programs and practices and thus Hilton needs to device another innovative and sustainable plan to attract the customers. Further assumptions can be made that there can be new entrants and the current competitors can decrease their process in order to gain competitive advantage. Moreover further assumptions can be made regarding the VAT increase and its effects on the customer response. Finally, Hilton needs to have a backup plan so that if the designed plan fails then it doesn't have to waste time and resources to start from the scratch. One backup plan can be designed by

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investing into new venture like the gaming industry so that both the industries can be merged and used collectively to attract different customers.

Conclusion

Thus as we have discussed the marketing plan for Hilton hotel, one can clearly say that Hilton indeed has lot of potential to become the leading hospitality company in the world. Marketing is the biggest medium to reach customers and convey the brand value to them and thus if used in a proper way, it can help in achieving milestones. Finally, I would like to state that this art of marketing can help Hilton hotels in all possible means and also to increase its market share. Thus with these discussions and theories, I conclude the marketing plan for Hilton Hotels Corporation.