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Business, Company

INTRODUCTION

Marriott International, Inc. is an international hospitality organization. It is a public organization and was founded by J. Willard Marriott in the year 1927 in Washington D. C. company has more than 4000 properties in about 78 countries. Company is still expanding and has 69000 rooms. Company revenue was reported to be $13 billion in the fiscal year 2013. Company has a total of 18 brands under which it operates or franchises. The company reports having vision statement to be the number 1 hospitality company in the world. (Marriott, 2014a)

Company's core values include putting people at priority whether guest or associates. Founder of the company has a strong believe in taking care of the associates, and they are going to take care of the customers. This is how company maintains a strong relationship with the customers by taking care of people who are going to provide service to the customers. Core value of the company includes excellence. Company believes in providing excellent customer service. Marriott is also known for good food, good service and fair prices. The next element included in the core value of Marriott is embracing the change. Company is not hesitant in challenging the existing practices and is adaptive to accommodate any changes that a required to meet customers' needs.

Company also operates with integrity and follows all the legal and ethical practices. All the day to day practices related to the environment, employees and supply chain activities are run considering the social corporate responsibility. The final element of Marriot's core value is the enthusiasm to serve the world.

Mission statement of Marriott international is, “ To enhance the lives of our customers by creating and enabling unsurpassed vacation and leisure experiences”.

ENVIRONMENTAL ANALYSIS

Environmental analysis is the assessment of the factors that surround the organization and might affect the future growth and operation of the organization. This analysis is performed to know about the internal and external factors that are affecting the organization. This analysis can also help the organization in developing plans, strategies and contingency plans. This way management can decide on the new strategies and revise old ones in order to stay in the business and flourish. If the organization does not perform environmental analysis and the new strategies are not made then, the results can be disastrous. (Hunger & Wheelen, 2003)

Internal analysis

Internal factors are the factors found within the organization. These factors can be determined by studying the internal environment of the organization. Since these are internal factors, organization can control these factors easily in comparison to external factors. (Freeman, 2010)

External analysis

External factors are those which are caused by external environment and organization has no control over them.

COMPETITORS

Following are the major competitor players in the hotel and leisure industry which are competitors to Marriot International.

- Intercontinental hotels group
- Cendant
- Hilton hotels and resorts
- Starwood hotels and resorts
- Accor

STAKEHOLDERS

Marriott International owns very few hotels, and it mostly franchises.

Following are the stakeholders in the Marriott international.

- Independent owners
- Employees and vendors
- Customers and communities
- Franchisees

Marriot is positioned among the other companies as a company that has several brands and caters every portion of the hospitality business. It has different brands to cater different markets. This way Marriott covers each market and has a wide portfolio in the hospitality business. There are two common ways by which companies in the hospitality business run their business. First one is to own all the hotels and other is franchising. Marriott international has many brands, and it has franchised worldwide. This strategy has enabled it to grow faster than many other companies in the same business.

Marriot international believes in differentiating strategy, and it does that by identifying the culture of each region and shaping its services accordingly. It also identifies the needs of the guest and provides services accordingly. For instance, an Arab guest will have different needs than an American guest. Marriott international keeps the cultural difference in mind and offers customized services that give the company an edge in the competition.

SCENARIO PLANNING

Scenario planning is a strategic management tool used to make long-term planning. There is a difference between scenario planning and strategic planning. Scenario planning is used for volatile conditions while strategic planning is used for stable environment. However, though the aim of both is to help organization in the future (Bradfield, Wright, Burt, Cairns, & Van Der Heijden 2005). Considering different possibilities gives the organization a futuristic view and to develop plans for the future contingencies. Marriott international mostly operates with the strategic planning for growth. They also have strategies aligned for future growth. One thing that is not covered in most of the strategic plans is a contingency plan. Organization mostly focuses on growth strategies.

SWOT analysis

Strength (Internal environment)

Company has several qualities, and those are proving to be strong factors. Company is one of the oldest chains in the hospitality business. This gives Marriot the advantage of experience over other new chains. Company has been operating in many countries and had a wide coverage. This gives the company the financial strength to operate in tough financial environment as the one hotel is backed up by a chain of profitable hotels. One of the strengths of the company is an international presence. Since the company is operating in many countries of the world, it can learn from many cultures and can learn new market tactics. One of the company's strengths is also multi-brand strategy.

Weakness (Internal environment)

Currently, there are many weaknesses in the structure and how company operates. Since most the hotels are not owned by the Marriott international and it franchises, due to which company cannot make changes easily. Company has to persuade the partners to make the investments. Currently, other competitors of Marriott international have a larger chunk of hotels owned by them. This gives them the ease of investment and they can adapt to the changing needs of the customers. Marriott international has a strong focus on the US and Europe market, and they own the hotel in these regions. Ignoring other markets can be dangerous. Company is not dividing the risk factor. Another weakness of the company is that it mostly focuses on the luxury brands. It is not catering the low-cost market.

Threats (External environment)

Hospitality market is becoming more saturated day by day. American market is saturated, and markets like UAE are getting the tourism attraction but at the same time, the hospitality market there is already saturated due to the fast construction plan going on.

A threat that Marriott is facing is from the world economy. If there are the economic crisis in the world then, all the hotels of the Marriot international will have fewer customers that will result in decreased revenue. Hospitality industry is very volatile. Marriot international is not focusing at the ownership due to which it is difficult to keep the customers loyal.

Opportunities (External environment)

Female travelling trending is increasing day by day. Marriott has an opportunity to shape its products according to the female traveler and gain benefits out of the increasing trend. Company can also launch brands that can cater low price market. This will help Marriott in covering all the segments in one market and achieve a bigger share of the total market.

STRATEGIC OBJECTIVE OF MARRIOT INTERNATIONAL

Marriot international’s first and the most important objective is to become the number one company in the hospitality business. Company achieves this objective by serving every culture of the world and accepting all cultural norms of the region it is operating. Marriot international translates this objective into departmental form and each department has its set of objectives working towards the bigger and mutual objective. Marriot has been serving its customers all over the world and the quality of service has been one of the hallmarks of the hotel.

Marriot formulates the overall strategic objectives of the hotel. Thus, the hotel identifies what they want to achieve in the next 5 years or 10 years. In order to achieve the strategic objectives, the hotel formulates small goals and these small goals lead to the long-term strategic objectives. Moreover, the hotel also manages and prepares the objectives for each department so that each department contributes to the overall success of the hotel. Each department of the hotel divides the departmental objective into measurable form and set the monthly targets. For instance, the target of the Human resource department can be turnover rate lower than 25%. If the Human resource department reduces the employee turnover to 11% then, this will fall in the green zone and the objective will be met. Similarly, the percentage is set for the guest satisfaction. If the hotel meets the 85% target then, it falls in the green zone. If the department objective is not met then, the hotel management finds ways to improve. One of the positives of the hotel is that the management focuses on all the departments and then with the passage of time, the hotel reviews the performance of these departments and then identifies whether any corrective measures are needed or not. Thus, this allows the hotel to modify its strategy according to the changing environment.

Marriott international has adapted to the environmental changes and changed to tackle the new problems. Company is continuously growing, and it is creating standards to be followed across all its hotels to maintain food and service quality.

CONCLUSION

Marriott international has been flourishing and growing in every way in new markets of the world. Company was reported to have $13 billion revenue in the fiscal year 2013. The revenue generated in the second quarter of 2013 was $ 3. 3 billion whereas the revenue generated in the second quarter of 2014 is $3. 5 billion (Marriot, 2014c). This shows growth in the overall revenue and other areas. Company has also been expanding its services in areas where it had limited presence (Marriot, 2014b). There are certain areas that can be changed for improvement. Company can invest in the hotels that will give it more control over the operations, and customer loyalty will improve. It is also recommended that the company start to cover another market segment of low price. This will help Marriot to grow further in saturated markets. It will also enable Marriott to minimize the effect of the world recession if not avoid. There is also a rise of new customers in the travelling industry. Females are travelling more often, and they have different needs. Working women percentage has also increased due to which more females are travelling nowadays to attend meetings and seminars. Marriott international can identify this opportunity and work out a plan to tap this guest category. Not necessarily there will be a need of the new structure. Company can realize benefits only working on the services it provides to the female guest coming to Marriott international.

References

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