

# Analysis of the hilton hotels essay sample

[Business](#), [Company](#)



Hilton Hotels is one of the market leaders in the hotel and gaming industry in the United States. Hilton is a well-known and distinguished name in fine hotels across the United States and worldwide. In 1999, Hilton expanded aggressively by acquiring the Promus Hotel Corporation, Hampton Inn and Suites, Doubletree Hotels, Embassy Suites Hotels, and Homewood Suites. Hilton Hotels Corporation has grown to become the world's most recognized and most successful hotel company (Hilton Innovation, 2007). With the 2006 acquisition of Hilton International, Hilton Hotels Corporation became a global force with more than 2, 800 hotels in more than 80 countries throughout the world. In an attempt to become even more aggressive, the Hilton's decided to change its direction by venturing into the gaming industry.

## Introduction

The purpose of this case analysis is to address the key marketing issue for the Hilton Hotels. The marketing strategies Hilton should pursue in the hotel and gaming markets will be discussed and recommendations will be made. In addition, the use and implementation of the SWOT analysis will be incorporated throughout the discussion. Information will be provided from the case study and the use of secondary resources for support of the marketing strategies recommended for the Hilton Hotels.

In an attempt to become a more aggressive business operation, Hilton Hotels decided to change its strategic direction by venturing into the gaming industry. With this strategy came not only new opportunities but also large elements of risks and competition. In 1994 the growth in the gaming segment declined with gaming operating income down by 7% from 1993.

The Hilton Hotels however had a 3% increase in occupancy from 1993 (Hilton Hotels Corporation, 2007)). In view of this, it is important to understand market needs and develop marketing strategies in tune with creating customer value for long-term performance (Tarasofsky, 2007) . A few of the key issues facing the Hilton Hotels is as follow:

The need to better target the needs of customer segments

To customize hotel services based on these needs

Competition with lower rates are a threat

Maximize market trends

Effectively attracting people to gaming segments through entertainment

Customer Needs

Customer-centric marketing pervades the core of the hotel and gaming industries. Therefore, opportunities in marketing increase when segmented groups of clients and customers with varying needs and wants are recognized. Markets can be segmented or targeted using a variety of factors.

The bases for segmenting consumer markets include:

Demographical bases (age, family size, life cycle, occupation)

Geographical bases (states, regions, countries)

Behavior bases (product knowledge, usage, attitudes, responses)

The profile for Hilton Hotel's customers consists of the following geographic, demographic, and behavior factors:

### Geographic

Hilton Hotels provides services to 130 nationalities at more than 150 locations.

Operates in more than 50 countries.

Major gaming operations in the U. S., Canada, Australia and Turkey.

### Demographic

Gambling budget market.

Gambling middle market

Premium high rollers

Convention Market

### Behavior Factors

Creating entertainment to draw people to the gaming tables and slot machines.

Gaming market is very variable.

People are attracted to casinos that pay-out and offer incentives to play.

Identifying specific groups of customers by these factors and other dimensions will enable The Hilton Hotels to promote to them more effectively based on their needs. For instance, an increase in the cautious business spender, price-sensitive traveler would prompt a possible expansion of the mid-priced segment to accommodate and serve both work-week business travelers and weekend vacationers.

### Competition

As pursuing the gaming market is relatively new to The Hilton Hotels, an additional strategy would be to analyze the competition and learn from their pitfalls. This would enable the Hiltons to make sure that their prices are competitive and that they respond to rival marketing campaigns with their own initiatives. This knowledge can create marketing strategies that take advantage of competitors' weaknesses, and learn ways to improve their own business performance. These weaknesses may be in the competitors' product range or service, marketing or distribution, even the way they recruit and retain employees (McDonald, 1998).

Several large hotels and casinos have the bulk of their rooms crowded in the upscale hotel market. The three main competitors for Hilton Hotels are:

Mirage and Excalibur casinos as they upgrade their casinos to be competitive.

Westin and Sheraton hotels are actively expanding their network of hotels and more price point competitive.

Economy hotels are attracting the middle to budget class travelers. Lower prices for bare basics are becoming more popular.

### Price, Distribution, Promotion, and Product Elements

Rates are one of the many variables that determine customer's decision in staying at a particular hotel. Prices differ from one market to another and from one location to another. Although Hilton brand is widely recognizable, they must offer their products for a price their target market is willing to pay.

Hilton Hotels can also leverage the Internet's growing success in the travel sector by forging distribution relationship with third party Internet travel providers, thereby boosting revenues. They can also identify the consumer behaviors, new trends, e-commerce alternatives of integrating Internet strategy with the brand awareness and driving more traffic to their websites (McDonald, 1998).

The Hilton Hotels marketing strategies should include a mixture of marketing programs in order to reach a variety of customer segments. These strategies should enhance brand recognition, increase brand awareness, broaden the customer base and eventually generate revenues (McDonald, 1998). One promotion example is a guest reward program where guest can earn points that can be used for accommodations, gaming chips and air travel. Also, seasonal discounts given to guest who purchase during the hotels' slow season reward customers who essentially assist in balancing cash flow.

### Market Trends

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The Hilton Hotels must constantly keep abreast of new trends in the markets. For example, the drop in the U. S. dollar may signify an opportunity for The Hiltons to focus on its traveling international guests. Missing such trends in customer demand could be devastating.

There have been two significant market trends from 1993 to 1994. Gaming revenue has increased for the period but revenue from the Casino operations has decreased causing some concern with Hilton. Large capital is required to reverse this trend as new themes and entertainment is needed to draw in the crowds to gamble. In attracting more high rollers into the casino, Hilton has opened itself up to more bad debt as it increases credit. Also, occupancy rates have risen and are five percent above the U. S. industry average. The current trend is to sustain this while the operating income falls for its gaming division.

### Balancing Hotel and Gaming Operations

Offering entertainment along with gaming can greatly expand market potential by attracting people to the games. However, the move to broaden market appeal can also be a distraction from the core business, with the effect of diluting returns on the casino floor. By gathering increasingly specific information about customers' preferences then appealing to those interests the Hilton Hotels can achieve a balance between hotel and gaming operations that will prove profitable.

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