

Marriott international VRIO analysis and value chain essay sample

[Technology](#), [Development](#)



Marriott has a few distinctive competencies that are the driving force in their company. Superior efficiency is evident in their personnel. Marriott has been named by Fortune Magazine as one of the “ 100 Best Companies to Work For” and one of the “ Top 50 Companies for Minorities” (Marriott is, 2004). They are also very concerned with minimizing employee turnover because of the high costs associated with training new employees. Their recruitment process screens out people motivated by money, and focuses on people who are motivated by recognition (Have, 1991).

Superior responsiveness can be seen in their key account management incentive the company has in place. Marriott noticed that travel and entertainment expense is the third largest expense in corporations. This management incentive allows Marriott to focus on their potential customers and gain customer loyalty (Millman, 1996).

One of the intangible resources that Marriott has is its reputation. Not just their reputation with customers, but also their reputation with the community. The Marriott brand is a valuable resource. It is estimated that by adding the Marriott name to Fairfield Inn increased occupancy rates by 15%. Marriott fully exploits this resource by the global expansion that Marriott has undertaken (Tepeci, 1999). As for the reputation within the community, Marriott has received the Global Services Leadership Award, because of their commitment to the community, and their excellence in strategic business use of services (Marriott Receives, 2003).

Fairfield Inn, one of Marriott’s subsidiaries, initiated a program to benefit Habitat for Humanity. This will include donations, sponsorships, and

volunteer services. Marriott has also initiated the Spirit to Serve Our Communities Day which gives associates a chance to give back to their communities (Marriott's Fairfield, 2004).

Competitive Advantage

The VRIO analysis concluded that Marriott International has a competitive advantage in its primary industry. They have three resources that provide them with a sustained competitive advantage, and one resource with a temporary competitive advantage. It is the responsibility of every employee to generate a competitive advantage by creating and exploiting resources (Barney, 2002).

Prior Strategies

Prior strategies have played a large role in shaping Marriott's distinctive competencies. The use of technology to improve customer service has been a vital part of Marriott's strategies.

The use of computer based property management has improved efficiency in the hotels and allowed employees to focus on the customers demands (Serlen, 2004). Marriott has been very focused on retaining customers and building on their brand loyalty. By the use of technology they have been able to provide faster service and safer environments (Serlen, 2004).

Current Strategies

Marriott's current strategies include the continued process innovation and the globalization of their company. They are using technology to continually improve the process or property management. Marriott is currently in the process of testing the use of lobby kiosks to assist in guest check-ins and check-outs (Marriott testing, 2004). They are attempting to build on the competency of guest satisfaction and brand loyalty. Marriott is also exploiting its current competencies including their brand loyalty to continue to globalize their market.

Barriers to Imitating

One of the main barriers to imitating the distinctive competencies of Marriott is the cost of imitating these competencies. The monetary costs are not really an issue; however the cost in time and resources to implement these programs can be difficult.

The time involved obtaining employee loyalty and brand loyalty is very lengthy. These competencies cannot be purchased they must be obtained over a period of time, and involve many different aspects. The implementation of the Kay Account Management Initiative is very costly because of the specialized training it takes to implement such a system.

Adapting to Change

Marriott has been very successful of adapting to the trends in the industry. They have been able to implement the latest technology to provide efficient service (Marriott Testing, 2004). They have also been named as the

most admired company in the lodging industry by Fortune magazine. They were judged on the basis of “innovativeness, employee talent, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investment, and quality of product/services(par1)” (Marriott is, 2004).

Value Chain

The value chain consists of support activities and primary activities. Primary activities are divided into five categories. The first category is inbound logistics are the activities associated with obtaining the consumables that customers will need when they are staying in the hotels. The operations activities would include the housekeeping and the maintenance of the hotels. The outbound logistics includes building and franchising of hotels. The marketing and sells activities includes all the advertising and market research. The final primary activity is the service activity, which includes the customer service during check-in and check-out, and the bellhops (Middleton-The Value, 2004).

The support activities include the administrative activities including the property management systems, and the safety systems. Other support activities include the human resources which involve the hiring, training, and compensation of the employees. The technology and research is includes the implementation of computerized systems, such as the kiosks.

Some of these activities are being outsourced by Marriott. The facility management systems such as maintenance of the hotels are being

outsourced at some to the hotels (Friday, 2004). Marriott also has a partnership with Avendra to help lower cost in the purchasing systems. Avendra offers expertise in this area and supply chain management skills (Purchasing, 2004). I would not advise them to re-align their value chain.

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