

# Hilton hotels corporation marketing analysis

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By Investing massive amounts of revenue Into developing their gaming division, the Hilton will become a destination resort that would encompass of all the suet's needs to keep them interested staying within the confines of the resort. Some considerations include how Hilton would get its market share of the billions of dollars in casino revenues. The percentage of gambling versus side attractions will influence the profit margins, depending on how much focus is placed on each area. The hotel chain can also strive to increase its overall occupancy rate of seventy percent while continuing to set the industry benchmark (Hilton Case Study).

In researching how to Improve marketing to attract customers, we must first look at where the Hilton stands today. Second, we must analyze what has worked In the past and see If we can apply past practices Into the current market. Third, we shall look at how the competitors are more effective by looking at their gaming plans, marketing structure, customer's spending habits and dollar/cost value based on guest surveys. Hilton entered the gaming market as an attempt to compete with the other big hotels for the gambling dollar. Investments in renovation and expansion caused Hilton to over- extend.

Although the investments were needed to compete, the hotel chain felt it needed to lure big money to its locations, and extend credit more than usual. Heavy hitters receive this same courtesy from other hotels, but this puts a strain on the operating cash flow, as chasing bad credit costs money, and slows up cash flow. Gaming revenue was already down, which was attributable In part to renovation and more so to extended credit that had

been difficult to reclaim. In today's market, families are a prime target. Big beautiful hotels are catering to families all along the Las Vegas strip.

Gambling is still the main focus, but today's gambler is more inclined to visit the "Casino Resort", a place that the kids can stay, have a good time and be entertained. Meanwhile, the parents can drop next month's mortgage money at the casino. This type of package appeals to the whole family. As far as quality of service, no one does it better than Hilton, because they create an environment that the customer, family or non-family guests will remember and to which they will want to return. The focus on entertainment is important, but Las Vegas is still "sin-city".

Three points are important, but a balance of adult-only and child-friendly entertainment is required. Tables of chance, card tables, slot machines, and lavish floor shows, with headliners people recognize, and the main source of revenue will continue to flow. Have shopping, kids activities, and outdoor recreation available, but not as the focus of why travelers should visit, and that will provide entertainment for the rest of the family. Hilton should pull back the extended credit. By doing so, they may lose a few customers, but the resulting loss of risk will increase bottom-line profit.

By changing the focus to families, the customers that discontinue patronizing the hotel for credit line reasons are not the desired target anymore. The chain should pay more attention to the middle-market segment, conventions, and sporting events such as youth tournaments and professional venues. In volume, the more people that move through the

doors, the more money there is to be made. With this said, room rates must stay within the \$100.00 a night rate with weekend promotions of Thursday through Sunday at a lower rate; perhaps 25% to 35% lower.

This would be a novel concept, as the industry generally promotes lower room rates Monday through Thursday. The food and beverage structure should remain the same, as it has proven to be more than adequate and very popular. The increase in competition can be dealt with through better values in room rates, children's activities, slot machines that pay off more frequently and the most important aspect of the business, service. Hilton could offer something that the other hotels do not: ensuring the employee responses to each customer's needs are met with enthusiasm and expedience.

People are paying for an experience along with the opportunity to break the house; give them what they are looking for. Word of mouth is far more powerful than any media advertisement. Hilton has entered the gaming industry. Gaming must focus on gambling and hotel must focus on hotel amenities and service. It would be the hotel's responsibility to insure the entertainment, promotions and accommodations were settled; leaving the gaming operations to generate gaming interest. Advertising would be a joint effort, but casino operations would focus on the age 21 and older market.

The two operations would report to the Chief Executive Officer and his staffs to ensure all objectives are met. It would be the CEO and staffs responsibility to ensure both lines were working hand-in-hand, while maintaining operate

operations. The purpose for this suggestion is to keep revenues separate so one function does not bear the full brunt of any losses that may occur. The casino will always show a bigger profit than the hotel, but by having separate bottom lines, profit and losses are easier to control.

The hotel/casino is one business, but must have two different mindsets as the casino and hotel does, and will operate much differently. Situational Analysis U. S. Based Hilton Hotels Corporation is a multi-billion dollar started the company in 1919 with his first hotel purchase. Since then the company as grown to over 2, 000 hotels globally, with several brand name acquisitions, including Ball's, Hampton Inn, Doublet Suites and Homeroom Inn. Besides standard hotel service, the Hilton Corporation runs casinos, vacation ownership businesses and luxury hotels, like the Conrad Line.

The Hilton Hotels Corporation earned in excess of \$3. 8 billion in fiscal year 2003 (Denominator, p. 4). External Vasoconstriction to the Denominator report, the Marriott and Hyatt Corporations are the Hilton Hotel Corporations biggest competitors. Lass Vegas is a gaming town, thus every hotel is expected to have gambling casinos within. The Lass Vegas Hilton website shows that they also provide live entertainment, including comics and headline musical acts, as well as hosting a million-dollar Blackjack tournament.

These factors, along with the attractive room packages and gambling activities, should be enough to maintain the occupancy rate and keep the gambling action constant. According to its website, the Lass Vegas Marriott

is a hotel with 278 rooms. The Hyatt franchise is located 17 miles away from the Las Vegas strip on Lake Las Vegas, but is a resort, casino and spa.

While the Hyatt is a luxury hotel chain, the Marriott is a corporation more in line with Hilton. The Marriott made over \$9 billion in fiscal year 2003; more than three times the Hilton Hotel Corporation (Marriott Denominator report).

**SOOT Analysis Strengths** Hilton Hotels Corporation strengths are that they are a reputable company, they have a large operation, and they are known worldwide. Hilton Hotels Corporation is recognized internationally as a preeminent hospitality company. The company develops, owns, manages or franchises approximately 2,100 hotels, resorts and vacation ownership properties. Its portfolio includes many of the world's best known and most highly regarded hotel brands, including [email protected],

[email protected], [email protected], Embassy Suites Hotel",

Hampton [email protected], Hampton Inn & Suite", Hilton

Garden [email protected], Hilton Grand Vacations [email protected] and

Homeroom Suites by [email protected], as well as many of the most famous hotels to be found anywhere, such as New York's Waldorf Astoria, Whiskey's

Hilton Hawaiian Village and Chicago Palmer House. The Hilton family of

brands and hotels offers guests and customers the finest accommodations, services, amenities and value for business or leisure (Hilton Hotels

Corporation, 1998, p. L).

To contend with a company of this magnitude is not an easy job for any of their competitors. Hilton Hotels Corporation is an enormous company as

mentioned above; so sizable that they had to split the corporation into six main divisions, totaling approximately 100, 000 employees worldwide. Hilton Hotels Corporation has been very successful since they were established in 1946. Their diversification profile is significant and ambitious; no matter where you customer service and efficient staffing by utilizing a call center to help them maintain their reputation for hospitality.

Hilton Reservations Worldwide handles reservations and information requests for thousands of hotel properties, under their various brand, positioning the company on the top of: Accurate antiradar forecasts Reduced management costs Excellent customer service An edge over the competitions company's strength does not solely lie in the size of the company but in the management of the company, the employees and their commitment to their customers. Hilltop's management promoted brand relevancy within minority markets. Their sales team strategic initiatives are to target the multicultural market.

In relation to their employees, Hilltop's are some of the finest. They are trained to do their jobs with care and make sure the customers are comfortable and happy. The customer personal profile allows the Hilton employees to treat each customer as a unique and special individual.

Weaknesses company has weaknesses; Hilton Hotels weakness lied in its inability to recover quickly from the attacks on America in 2001. Although Hilton Hotels is a large company in many locations across the country, they had to reduce their manpower due to the decline in business.

Matthew J. Hart (president and CEO) said; " we have had a lot of Job losses - about 2, 500 full-time equivalent Jobs out of a worldwide workforce of 100, 000. But we have no plans for any more, unless business gets worse" (Finch, 2001, p. L). The September 11 attacks left the whole nation in awe, in grief, and for many New Yorkers, jobless. The attacks left the airline and hotel industry to recover from lost sales. Another weakness the hotel industry is facing is the evident decline in supply.

The below chart shows how the demand to occupy the Hilton hotels has been a declining behavior during the last years: A closer examination of the demand cycle for economy hotels during the past several years reveals a pattern that is not consistent with other hotels. The rate of demand growth in this segment began declining during mid-2000, about nine months before a similar effect was felt industry-wide. In addition, as the industry's demand recovery has begun to accelerate the rate of demand growth, the economy segment has plateaued.

Of even more concern is that the number of rooms currently being purchased in this segment is still declining when compared to previous-years levels. (Look Smart Articles, 2004, p. 1) Opportunities mentioned earlier, Hilton Hotels Corporation is known worldwide; with this notoriety their reputation will carry them to expand their hotel empire even rather. Their opportunity lies in the growing international market. The company is expecting 4-5% fee growth in 2004 within; new management contracts in Austin, Houston, Omaha and Conrad Miami.



The company market overview reveals that recent trends in major markets are: Strong in New York, D. C. , Hawaii Stable in New Orleans, Boston Weak in San Francisco, Chatterer will always be a demand for hotels and resorts. Currently, Hilton Hotels are working on more room availability; 80% of rooms have been renovated within last five years, and they are expanding into new markets. They also have " Best Rates. Guaranteed", Internet easy access with a proprietary websites Self-service skittish kind of service assists in making the experience convenient for the customer.

Along with the convenience, Hilton Corporation and their six divisions take pride in making every building feel like home and ensuring the customer is satisfied and pleased with their accommodations (Hilton Hotels Corporation, 2003, s. 3-5). Threats few of the threats for The Hilton are competition, and a declining economy. The competition for The Hilton is not only other hotel companies, but restaurants and other service centers as well. Marriott is the main competitor of The Hilton amongst other hospitality companies.

Because Hilton is so grand and reputable, they have more room for error, which also makes them vulnerable. As time passes, the Hilton Hotels continue to strive for excellence and perfection. They make each new hotel or resort better than the last. Because of the continuous growth of this company, it has dealt with it's competition head on (Nair, 2001, p. 3). The second threat is the economic decline of this century. Since the September 11 the attacks in New York City, the American economy has been declining in all service industry areas.