Marriot strategies essay

Strategies Marriott needs to pursue market development in Asia with new brands that extend its New World and Ramada presence. Marriott has acquired an operating and development team of experts with the Renaissance acquisition who are familiar with the market. It should use this advantage and its superior management abilities to reach its goal of 200 hotels in the area by the year 2000. Marriott can capitalize on synergies associated with managing New World, the owner of which has agreed to further expansion, in order to gain more market share in an area with high growth potential. A potential implementation problem with this strategy lies in the threat of sour relations between owners of the hotels and the Marriott (the operator).

The owners of the hotels must worry about financing in terms of generating enough net operating cash flows to provide debt service and acceptable equity returns while Marriott is more focused on earning management fees. This could be a potential conflict of interest, but Marriott has enough experience internationally and with management that this issue should not pose too many problems. Another implementation issue is associated with the brand names that Marriott has acquired. New World exists in China and Hong Kong while Marriott holds the Ramada brand overseas and HFS owns the US rights. The CEO of Ramada would like Marriott to sell the rest of the rights to HFS (Diamond).

I feel that it is in Marriott's best interest to hold onto the Ramada name because it gives the company many international properties, but to consider changing the name altogether to associate it more closely with the Marriott name. This would separate the US operations from the International, and allow Marriott to further capitalize on its brand equity. The New World name should be kept the same since it is so prevalent and well-known in the Asian market that Marriott wants to expand into. Marriott needs to use its high standard of operations in order to remain competitive in this expanding market. Marriott performs regular inspection of its hotels and has a hands-on approach that is very service oriented.

Marriott requires hotel owners to set aside a percentage of sales (usually 3-6%) for renovation and refurbishment of properties. This will be beneficial to some of the newly acquired Asian properties that are in need of refurbishment to meet the high quality standards of Marriott. The next strategy for Marriott to undertake is market development into the luxury segment of the lodging industry. This is a higher-margin segment that is not as dependent on economic forces. Marriott has already acquired Ritz-Carlton and is focusing on expanding this brand in Asia. Marriott is experienced in providing superior customer service and can use this factor to be successful in the highly service-oriented luxury segment.

Marriott should also look into the acquisition of the Four Seasons brand to give it a true edge in the luxury segment (Hoover’s Handbook of American Business, 1996). Marriott needs to focus on maintaining a superior style of management and customer service in this sector or the industry. It has the brand equity associated with the Ritz-Carlton name and it should capitalize on this equity in Asia to add to its first strategy of Asian expansion. Finally, for European expansion Marriott must use its international experience, especially in Europe, to make its Executive Residence brand a market leader. The Marriott name is already associated with a high degree of quality and customer service in Europe, and the research done my Marriott in Europe suggests the need for such a brand.

Marriott possesses financial resources and knowledge of the market that many of its competitors do not. In this way it can create synergies from economies of scale (based on other European hotels it already operates) in order to make the Executive Residence brand a success in 15 countries by the year 2005. This intensive strategy of product development is consistent with the Marriott’s aggressive position suggested by the Space Matrix (figure 4). In order to successfully implement this strategy, Marriott must use marketing to capitalize on the brand equity it already has in Europe. Marriott already knows that the demand for this type of brand exists, and now it must ensure that it is the extended stay brand of choice for global travellers. Marriott must utilize its superior customer service to make global travellers feel at home and provide them with laundry services, housekeeping and other amenities one would expect to receive during an extended stay.

Financing these new hotels will not be a problem with the release of 75% of the company’s debt due to the joint venture of its food services division. These new hotels will be added to the global reservation system that provides world travellers with the hotel of their choice, in this case extended stay. Employees in these new hotels will be locals, while all upper management decisions will rest with the parent company, Marriott International. In order to remain a market leader, Marriott should use its international experience and superior managing abilities to expand internationally in Europe and Asia and to become further involved in the luxury-end sector of the lodging industry. With its vast financial resources and the advantages it has gained through recent acquisitions, Marriott should be able to pursue the above strategies effectively and with efficiency to be the leading lodging and service management company in the world.