

# Effects of global recession on marriott hotels



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The hospitality industry is in the waist of venturesome , verdicts . there are two challenges , which are effecting hospitality industry, the first challenge is globalization and second one is economical recession.

Hospitality industry is hit by the global financial crisis, mostly tourism is involved with money, during economic recession, people don't like to spend much money for entertainment, they are started to think for saving money for basic needs like food shelter and family necessities.

Any way because of recession hotel industry is in risky position, according to economical data the hospitality industry need, find away to bring normal position.

### **Organization Background:**

Marriott is most popular and leading hotels in the world, first Marriott was opened by J Willard and Alice S Marriott, in Washington D. C (U. S), in 1927. also Marriott has more than 2800 properties, almost in 70 countries.

Marriott planning to open more hotels and resorts different places in different countries. they plan to target the business strategies; Marriott developed the" courtyard by Marriott concept" approach to new product development. Marriott gives customer card (for regular customers) it gives 30%discount on the bill. The major in come for the hotels is from rooms Marriott is very good at there.

1. Events: Weddings and meetings: Marriott gives different types of packages for the weddings, Marriott is one of the best places to celebrate the weddings, and Marriott provides special accommodation for the couple,

Marriott gives more facilities for sports, it's provided the golf court in Resorts, They provide number of banquet facilities with, qualities service. They main theme is give good service to the customers and build-up the business strategy.

2. Inquiries: Marriott hotel handles the business inquiries from all over the world, Marriott's human resources is exhausting survey of local market requested by U. K hotels in U. K. local knowledge of local staff is most comprehended for the local inquiry.

### **Rationale for the chosen topic:**

In this research on proposed topic due to my previous working experience in hotel Marriott, Hyderabad, India, there my position was a supervisor, during that time, my hotel was affecting by the economy crunch, not only that hotel but almost all hotels were facing same problem, the business has been getting down.

The human resources were having more problems, instead of taking new staff, they were using same staff for extra work, they cutting the jobs, and decreasing the salaries. And there were more competitions between other hotels, Therefore this topic persuade to research on the specified objective below.

### **Research objectives:**

The research objective is to critically investigate the affects of global recession on the tourism and hotel industry, in this process how hotel industry seek away from recession.

The research objectives are listed below:

- 1 . The first objective is to recognize the several challenges, lying in hotel industry.
2. The second objective is resolving the different, solutions to economic recession and constructs the intensity.
3. The third objective is to produce several strategies, which is allocated in the economic recession challenges, with another shove.

### **Research questions:**

This proposed research aims to answer the following questions: How can the credit crunch and recession change the hotel industry as a whole? Answering the above question will lead to the subsequent questions like: How would the Hotel Marriot take it up as a challenge? And what steps would it follow to overcome the recession? Why and how are they planning to reduce the accommodation tariffs? What are the reasons for the credit crunch and recession? And finally what procedures would they put in place in order to overcome the present recession?

### **Literature Re-view:**

In this recession period competition started between the hotels, the competition is depend on, quality of restaurants and type of acommbidation and tariff , hotel Starwood, Hilton, Inter Continental, the Accor groups are the main competitors for Marriott hotel.

“ In recent years the global tourism and hospitality industry has experienced many serious crises and disaster, including terrorist attacks political

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instability, economical recession". Ref: (Boniface and Cooper, geography of travel and tourism 476).

This proposal agree the above article , according to author , the hotel and tourism industries has been reaching problems with political and economical recession.

The economy is depending up on the state, when the economy is decreased the recession will happened. People taken the more loans and houses on mortgage, they couldn't know whether they can return or not, during the economy slumps they were unable to return the money to banks, at the same time the banks are started to get loses, hence the recession started.

After 9/11 attack the hotel industry has suddenly changed, they have lost major part of income.

Hotel industry is depended with luxury and expensive, during recession people have started to change their thinking's, as enjoyment is just part of life, instead of spending money for enjoyment they started saving money to important necessities. And people have no money, most of the employees are losing their jobs, they just scaring about their future.

During the recession the hotels has been facing more problems, because they can't afford the own money to run their business, and banks are not lending the money to any, business organizations.

" Unfortunately, the growth in the U. K sector has not been matched by the provision or detailed analysis of information sources. Typically supply side statistics are usually limited to room stock, where as demand side statistics

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are usually confined to occupancy percentage". Ref: (Paul, A. Phillips hospitality management 147-154).

According to author the hotel business is depended with occupancy percentage, when the room Occupancy rooms high automatically the profit would be high. According to research above statement shows, credit crunch and economical recession.

Credit crunch: where the low money to lending for business and interest rates are very high is called credit crunch. During the 2007 their for successful business, most of the business consumers facing more problems by credit crunch. Banks are scared to give loans for business, at the same time, customers also not depositing their money in banks, because the customers also fearing about credit crunch and they are keeping money with them. And high rates of interests also struggling business companies, no chance to start big business organization hotels. So credit crunch is affecting the major hotels.

" Although hotel insolvencies have increased by over 150% from the end of 2006 to October 2008 there will be further failure in 2009 when the full impacts of reduced demand will be felt". Ref: (Stephen Broom, Financial Times, nov23, 2008).

According to author, Hotels are loosing their profit by offering low rates of acommbidation; Marriott has been getting down the over all profit.

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“ Assesses changes occurring in the UK hotel market during 1997 and relates these to current and predicted future developments. Identifies the key issues affecting supply and demand, competitive success and likely impacts and influences on the UK market during 1998”. Ref: (Trevor Ward, Contemporary Hospitality Management 270-273).

According to Ward the key issues are raising on product and demand , most of the hotels following same way, just they decrease the room cost, they aim to attract the customers in the recession by the same way they has been gaining loses.

“ The general economic factors also affect the hotel industry, bad whether, the credit crunch and a decline in job, work against the industry as holiday travel is curtailed or eliminate”. Ref: (Roo Sadegi Financial Times, n. d.).

According to Roo, the hotel industry is affecting by whether and economical recession, most of employees are losing their jobs during the recession. It is hardly affecting the industry, employers also, not interesting to recruit the new staff, why means they are unable to pay wages to staff, so they are

cutting jobs frequently. Not only in U. K most of countries affecting by economical recession.

### **Data collection method:**

1. Primary data collection method
2. Secondary data collection method

### **Primary Data Collection Method:**

This primary data contain in-dept interview with the assistant general manager of hotel Marriott and customers, the interview for manager will be conducted by telephone, and whole conversation will be tape recorded.

This interview estimated to between half an hour to an hour, questions will be prepared advance in a particular schedule. The questions will be having clear idea about area, what we have to cover. This is research of process is devolved by (Gill and Johnson 1991).

### **Secondary Data Collection Method:**

Information will be gathered through online, books and news papers. This research proposal contains more information from online because no much literature about this research (Saunders, Lewis and Thorn hill). The data collection methods give brief idea about above research proposal.

### **Methodology:**

Research methodology performs the important function in explaining the type of research strategy that the researcher may assume pass leading a research and it clarifies how the research is departing. The research is very important so it has main intention as information of the examiners, examine

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and normal (Jankkowitz, 2005). It explains how data would be collected, and gives idea about which methods to be used.

As the principal intended of the researcher is to " investigate the affects of global recession on hotel and tourism industry with hotel Marriott, allocate access would be principally inductive in character. The data collecting method in-depth interview (Saunders, Lewis and Thorn hill, 2007), this interview will not be the prepared questions, it will be according participant, and would be very clear ideas (Alyan Bryman, Emma Bell, 2007).

### **Data Analysis:**

The research process contain both qualitative and quantitative data analysis approach, this is developed by (Saunders, Lewis and Thorn hill, 2007), data gathered through, in-depth interviews in telephone. This research will developed, based on grounded theory, use of this proposal is data analysis could carry out in a minor formalized.

This research could also create of the data management, statistical analysis software such as statistical package for the social sciences (SPSS). This software is admittance from the center; it will be used great full presentation of graphs, tables.

### **Resources Requirement:**

For this research proposal, required largely from on-line. And need library facilities for declared copies, books and literature Re-view. Even tough, its not obtain much literature review. The beginning of the ground work will presume the comprehensive utilize of telephone amenities. It is primary proper to the lengthy way to approach into Hotel Marriott and models supply <https://assignbuster.com/effects-of-global-recession-on-marriott-hotels/>

by the organization. Following interviews of customers also carried by telephone or internet rely on the interviewees` priority.

### **Time Scale:**

Table: Gantt- Chart (Feb 20th to Apr 29)