

# [Competition in the hotel industry](https://assignbuster.com/competition-in-the-hotel-industry/)

Hilton Hotels Corporation and Hyatt Hotels Corporation are global firms and operators of hotels, these two companies are in the same industry, hotel industry. Despite them being in the same industry and offering almost same and similar goods and services to the customers, they have different operational strategies. For instance Hilton Hotels uses cost leadership strategy while Hyatt Hotels Corporation uses differentiation strategy.

In cost leadership strategy, Hilton Hotels Corporation uses price as the key tactical tool with an objective of attaining market share leadership. In this strategy, Hilton Hotels Corporation always tries to be the lowest-cost producer, in comparison with other companies in the hotel industry. It remains the lowest-cost producer by organizing costs in promoting and non-promotion functions, for example, production, logistics and supply.

Hyatt Hotels Corporation on the other hand employs differential strategy in which it aims at distinguishing its product and service from the rival’s products and services. This diversity in products and services by Hyatt Hotels Corporation is in the brand image, product form, types, equipment, customer service, delivery channels and pricing. In this strategy Hyatt Hotels Corporation usually improve consumer franchise, built on brand loyalty. Also, the strategy raises margins and shuns the need to contest in the low cost unit of the market.

As a result of employment of different operational strategies, these two companies also have differences in harmonizing different activities in the value chain. For example, in the case of Hilton Hotels Corporation, the mode of operation involves production of products and services based on the customers’ requirement in a particular place where different branches of this Hotel are located. This help in reducing the cost of production by ensuring exact production which match the customers’ requirements. In the case of supply, Hilton Hotels Corporation usually gets their purchases from the wholesaler and in bulky. This ensures that the get economies of scale which help the company in getting discounts and thus lowers the cost of operation. Also, when it comes to Hilton Hotels Corporation, supplying its product to the customers, it supply in large quantities in order to save the cost of delivery from now and then.

Hyatt Hotels Corporation on the other hand has a completely different operational processes based on value chain. Since its strategy is focused on product and service differentiation from the rival’s products and services, it mainly focuses on the brand image and product form where the company ensures it present to the market the product which is unique in the market. Also, Hyatt is careful in delivery channels and pricing, which is opposite of Hilton which does not have much emphases on pricing and supply channel.

## Giant Noodles Inc.

As a result of the limited resources, Giant Noodles Inc. can only make a choice which the most appropriate, either expanding into other local dishes, marinated meat dishes that very common food in Spicyland or expanding their high-end noodle stores transnationally to neighboring nations. In order to advice the CEO of this company under the sets of the prevailing situations, I would ask the CEO about the size of the market for the local dishes, marinated meat dishes and the anticipated size of the market of the high-end gourmet noodle dishes in the neighboring country where it intend to expand its operation to.

The size of the market would be the basis of my advice to the CEO. Upon realizing that there is a good market for the local dishes, marinated meat dishes, I would advise the CEO to focus on the diversify into other local dishes which is commonly food in this area where this company is operating from. This would be the best idea considering that in this are people are very conversant with marinated meat dishes. This would make it easy for the company to operate in this area by offering the product that is known to the people. Considering the size of the population, which is big, the company will be able to have adequate market for the local dishes and thus collect adequate revenue and great profit margin.

## WAVES Inc.

While considering expanding into a foreign country, WAVES Inc. should evaluate global expansion strategy in order to assess the likelihood of success into the foreign market. One thing that WAVES Inc. is sure about is that Customers in Bonjovia have of late learnt about the joy of surfing. This is a good pointer that the firm will have the market of surfboards in Bonjovia. The only issue that WAVES Inc. needs to consider carefully is the issue of joint venture with a Bonjovian firm.

In giving my view on the joint venture, I would ensure that the CEO is well aware of the following issues and encounters of forming the joint venture:

Joint venture will enable the company integrate well in a new geographic markets or increase the technological knowledge thus helping it in the operation in the foreign country. Also, joint venture will help WAVES Inc. in getting access to larger resources, as well as technology and specialized staff (Kogut, 328).

However, there are challenges that accompany a joint venture. For example, joint venture structure provides no liability shield to the parties involved (Kogut, 331). In this case, WAVES Inc. has a personal responsibility for as a minimum of its portion of the company’s responsibility. In case of anything in the joint venture, WAVES Inc. will have a responsibility over it.

Other than joint venture, there are other alternatives available to WAVES Inc. The best alternative that I would recommend is the employing Bonjovian firm in undertaking a certain part of the work WAVES Inc. Company instead of having a joint venture.

## Work Cited

Kogut, B. (1998). Joint Ventures: Theoretical and Empirical Perspectives, Strategic

Management Journal 9: 319-332.