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Report on Hilton Hotel Group

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Executive Summary

This report examines the organisational structure, culture, strategic objectives, and recent developments of The Hilton Hotel Group. Hilton, a global leader in the hospitality industry, operates over 600 properties under 23 distinct brands. Due to its divisional structure, the business is adaptable and flexible in its dealing with various market. Hilton aspires to deliver exceptional hospitality through adherence to core values such as integrity, collaboration and ecological stewardship. Travel with Purpose aims to reduce carbon emissions, water use and waste by 2030 and improve equity and leadership. Carbon emission and water consumption reductions and community water initiatives are major advances.

Hilton introduced contactless check-in and stricter cleanliness standards to protect guests during the COVID-19 pandemic. Hilton has introduced "Spark by Hilton," a budget-friendly brand, for strategic purposes and is actively seeking mergers and acquisitions to strengthen its operations and market position. The organisation's goals are to continue operations and enter developing nations. The recommendation is investing in cloud-based technology to improve business operations and customer connectivity. Hilton leads the hospitality industry with its environmental sustainability and adaptability.

Table of Contents

Executive Summary	2
Introduction	4
Company Overview: Hilton Hotel Group.....	4
Organisation Structure	4
Mission, Vision and Goals	5
Organisational Culture.....	6
Recent change initiatives and their impact.....	7
Hilton Group's Strategic Direction	10
Conclusion	11
Reference List	12

Introduction

In the hospitality industry hotels, and resorts occupy a great proportion of the business. The sector plays an important role in shaping people's travelling experience (Holloway and Humphreys, 2022). One of the well-renowned brands in this field is Hilton Group. The company will be analysed and assessed here based on their organisational structure, culture, goals visions etc. Apart from that the initiatives adopted recently how much progress has been made and lastly the strategic direction of the company. All these aspects will be considered by introducing the relevant theories and approaches briefly.

Company Overview: Hilton Hotel Group

Founded in 1919, Hilton Hotels is one of the multinational American companies functioning worldwide with more than 600 properties with a collection of 23 discriminated brands (Hilton, 2023a). With its higher sales and brand value the company can create a strong position in the hotel industry. The hotel has the honour of being ranked as the number one brand on Fortune's list of top 100 companies based on employee survey satisfaction (Hotel Dive, 2024). The brand is known for its unparalleled hospitality whenever guests visit them. Most sought-after destinations are covered by the group with extraordinary staycation experiences. The brand has the prestigious reverence of being committed and responsible towards sustainability through its well-known ESG Strategy of Travel with Purpose motto (Lamo, 2019).

Organisation Structure

Divisional Structure: Divisional organisational structure is where employees are grouped into a definite sector based on market, products, regions etc. (Steiger et al., 2014). The organisational structure divides the corporation into semi-autonomous units which are self-directed sections. For large organisations, to ensure operational excellence, accountability and transparency such divisional segmentation has proved to be fruitful (Huczynski and Buchanan, 2013).

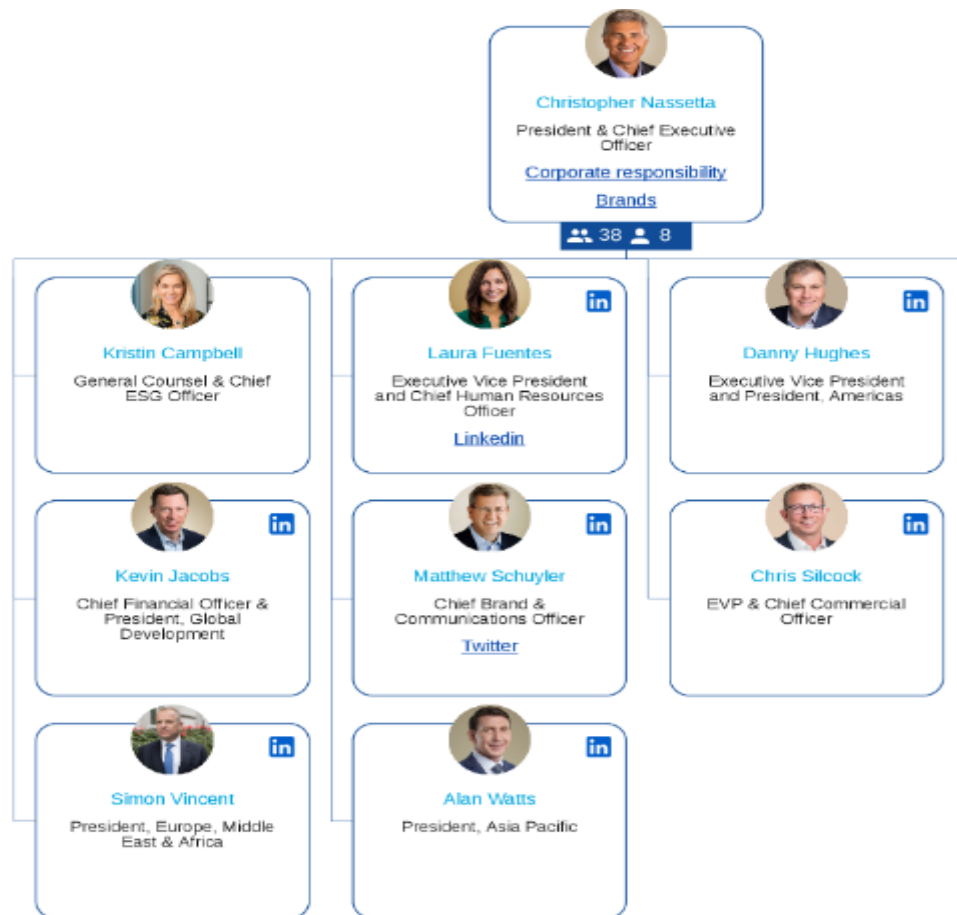


Figure 1: Hilton's Organisational Structure (Source: Dudovskiy, 2016)

The organisational structure of Hilton Hotels is known as the *divisional structure* as the company manages responsibilities across functional and geographic divisions. Hon's C-suite manages those divisions independently from one another (Dudovskiy, 2016). The company divides its properties according to its operations into three areas: Properties directly owned by Hilton are considered as ownership, properties which are franchised or managed by Hilton are known as Management and Franchise and lastly Hilton Timeshare (Grand Vacations) properties. Since 2008, Hilton Grand Vacations has overviewed timeshare, while Hilton Hotels & Resorts supervises ownership, management, and franchising (Hilton, 2011). The divisional structure provides Hilton the opportunity to expand with greater flexibility by being responsive to local market needs.

Mission, Vision and Goals

The Vision Statement of Hilton says the purpose is to provide an exceptional hospitality experience to every guest as many times as they visit and be the

torchbearer of light and warmth in the hospitality sector (Comparably, 2024). The Mission Statement is to ensure that Hilton is the first choice for every guest, every peer and owner. The values of the company are following ownership, teamwork, hospitality, integrity and leadership (Chen et al., 2011).

The Travel with Purpose Goal was adopted by Hilton in 2018 to ensure the following targets within 2030: reducing carbon emission of Scope 1 and Scope 2 by 75%, reducing water consumption in hotel management operations by 50% and activating 20 water projects to ensure pliability and access (Zeng, 2021). Reducing waste disposal by 50%, reusing food waste and zero soap extraction to landfills. Being committed towards the sustainability of the earth in all ways possible is the goal of the company.

Organisational Culture

Clan Culture: A company's culture says a lot about the company's outlook (Mullins, 2020). Among the popular organisational cultures, Hilton Group follows the Clan Culture where employee participation, consensus, morale, and recognition are noteworthy, and managers act as mentors. The clan culture ensures improved communication with consistency and kinship (Reidhead, 2020).

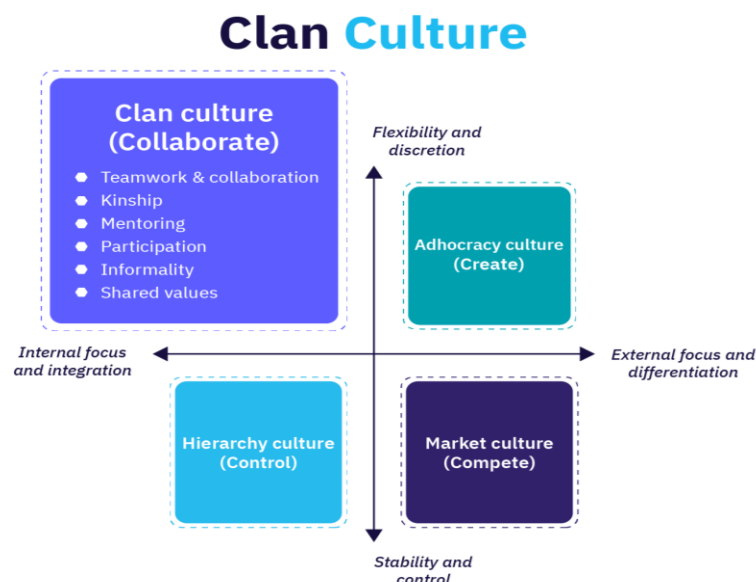


Figure 2: Clan Culture (Source: Smith et al., 2013)

To carve a unique competitive position in the market Hilton's corporate culture puts people first which is cognizant of the company mission and vision making the culture

an employee-oriented company (Lamo, 2019). The company being relevant its mission and vision ensure that guests enjoy commendable experiences by exerting integrity, ownership, leadership and teamwork efficacy and also being responsive towards nature. Hilton believes that employees if felt noticed, heard, prioritized and respected, will provide greater customer care. Through their employee recognition and value program, Hilton provides an annual CEO Light and Warm Award for CEOs who surpass expectations in replicating Hilton's mission, vision, and ethics (HiltonCareers Team, 2020). Hilton has the recognition of being "*World's Best Workplace*," and "*Great Place to Work for Millennials*" awards and other 45 recognized awards. The company considers their activity as '*diverse by nature and inclusive by choice*' (Hilton, 2023b). The assimilation of every member's voice with the perception of the Guest is what makes them successful.

Recent change initiatives and their impact

Change during Corona Days:

The worldwide lockdown owing to the deadly spread of coronavirus for more than a year trips were cancelled, and family vacations were postponed. As soon as the restrictions were lifted the travellers started packing their bags to quench their their theist to travel. The pandemic altered the hotel experience in a great way. Hilton Group introduced a very different way of travel standard in terms of room service, central reservations and customer service (hilton.com, 2021).

Altered hotel design is the first change consumers noticed. It was a challenging task to ensure safety and cleanliness by balancing the basics of human nature to engage with one another. After all, the reason why people choose to travel is cultural interexchange. Ensuring a contactless guest experience is another change that was introduced. The Hilton Honors App lets visitors experience check-in online, a specific digital key is allotted to guests let access their hotel rooms, amenities and other benefits. More emphasis on cleanliness is another change that was introduced (Reidhead, 2020). This has ensured more transparency and reliability. Hilton Cleanstay is the program which has been ongoing till now to ensure hygiene and reassurance. They were the first brand to introduce a comprehensive plan.

The environmental causes induced such changes and hotel industry is evolving to make guest experiences more personalised. The impact of such alterations are people now-a-days are more concerned regarding healthcare and well-being.

Travel with Purpose 2030 Goals:

Tripple bottom line theory is utilized by the group to ensure their business outcomes are not contradictory to social well-being, environmental wellness and economic prosperity. People, Planet and prosperity are the key priorities to ensure equitability, viability and endurability (Boley and Uysal, 2013).

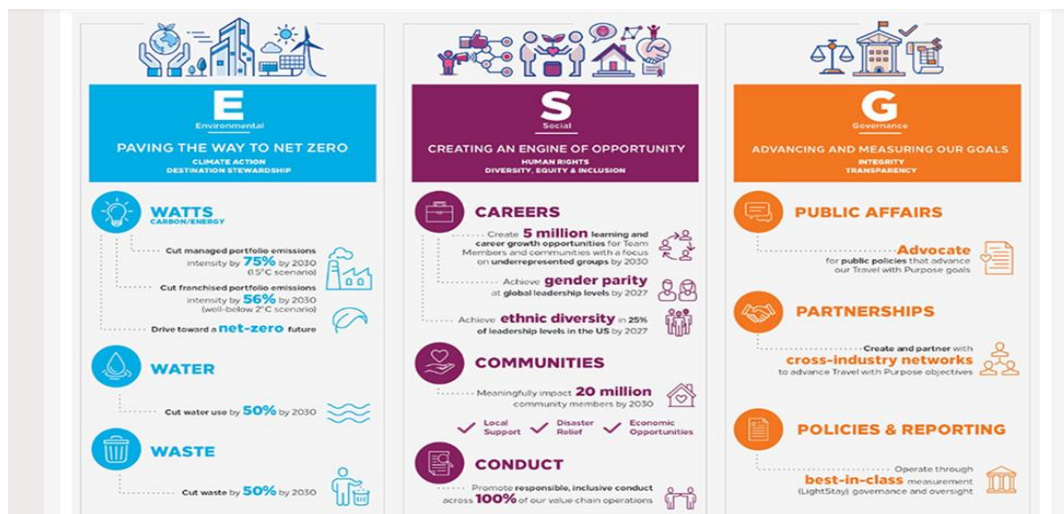


Figure 3: ESG program of Hilton (Source: Hilton, 2024)

By keeping alignment with the vision and mission of the company the goal of Travel with Purpose 2030 is introduced to ensure sustainability remains at the core of their activities. In May 2018, the goals were launched, and the company is ensuring that the targets are met and chased concurrently (Hilton, 2024).

Environment: These goals are paving the way to reach the target of net zero. In terms of Watts, The science-based targets of reducing scope 1 and scope 2 carbon emission intensity by 75% and scope 3 carbon emission from the sector of franchised hotels by 56%. SDG goals 7,2 and 13 are being fulfilled through this target. In terms of water, the target is to implement 20 community-based water projects and curtail water usage by 50% (Hilton, 2022). SDG goals 6, and 12 are kept in consideration here. Waste intensity will be reduced to 50%.

The progress in this sector is noteworthy because reducing the carbon emission intensity by 47% and 41% respectively managed hotels and all hotels. Hilton is believed to be the first net-zero carbon emissions hotel in the U.S. to achieve the science-based target of collaborating with Schneider Electric (smartenergydecisions.com, 2022). In terms of water, the progress is noteworthy in lessening water intensity by 34% and 38% in managed hotels and all hotels. Out of 20, 9 community water projects are completed. In terms of waste management the collaboration with the WRI Cool Food Program, completion of the trial with GOODR, and partnering with AI technology-based corporation Winnow to correctly predict food requirements are a few progress that are adopted (Christina, 2024).

Social: Within 2027 the goal is to achieve 50% der equality globally, and 25% ethnic diversity in the USA in the sector of career. For community expressively influences 20 million community members (Hilton, 2022).

Progress made in this arena is training on diversity and inclusion and unconscious prejudices and jeopardizing work environment completed in 98% managed hotels of Hilton. Hilton Global Foundation can influence almost 2, 80,000 community members by providing support and opportunities in various forms (Hilton, 2024).

Governance: Abiding by the government policies which will foster their travel with purpose goals. Observing imminent government regulations related to ESG disclosure requirements. Also in terms of conduct the idea is to ensuring inclusiveness within the operation 100% (Hilton, 2022). The necessity to be responsive while sourcing meats is also given emphasis. To foster the travel with purpose objectives building cross-industry networks is prioritized.

Hilton understand and considers that minimizing the environmental impact is their huge concern as it's mandatory to operate and build sustainable hotels and leaving minimal footprint behind. As the world temperature is increasing people of all walks of life are realizing how necessary it is to maintain the ecological balance. As a industry leading company it's Hilton's ethical duty to support the environmental and social causes. The impact of the changes and initiatives are business will be able to make positive changes and unlock new business opportunities as well.

Hilton Group's Strategic Direction

Spark by Hilton is a new approach to economy option

Market segmentation: It is a marketing strategy where a specific group of consumers are chosen for certain product lines in a way that will appeal to the consumer's interest. Companies focus on these small segments to update their product portfolios (TBH, 2023).

Recently Hilton Hotels has adopted a few groundbreaking changes in terms of strategic management. Hilton is a brand that is known for its lavish services and lush properties such as in Amsterdam and on the Hawaiian island of Maui, the Waldorf Astoria hotels in Beverly Hills, California (Dong, 2024). To change the strategic direction of the company the hospitality brand is now looking forward to serving guests who look for value rather than sophistication. In 2023, the company inaugurated its first economy-designed hotel in Mystic. This is addressed as a '*Premium Economy*' option namely Spark by Hilton where travellers will be provided with quality, consistency and value (stories.hilton.com, 2023). This new approach should attract more customers as the Hilton ecosystem has now introduced another product line. The reason explained by their chief brand officer is that they categorized customers based on segmentation. The economy segment can identify a distinct consumer niche and the brand did not have any offerings for them. To shape the company's future this segment of offering Spark can play an important role (Ricca, 2024). Spark is a conversion brand which is expected to grow fast. The product portfolio is diversified with a vision to target all consumer bases of the economy.

Hilton Opting for M&A Growth Strategy

Merger and acquisition: This growth strategy refers to an amalgamation of companies here a company may merge with another company or acquire some or most of its assets (Ghauri and Hassan, 2014).

Recently the industry leader announced two acquisitions where Graduate Hotels from Adventurous Journeys Capital Partners and acquiring a majority stake in Sydel Group and its NoMad brand. Analysis says Hilton opts for acquisition when there is a need to impress the stakeholders (Jelski, 2024). It is getting a tough balance with the inflation rate and keeping profits high. In today's scenario with the ever-increasing

interest rate and high material cost, acquisition can prove to be a great way (Zhang et al., 2020). By bringing variety to the brand portfolio the company can stay relevant by utilizing the various expertise of brands such as NoMad Hotel is known for its unique luxury local offerings. Hilton is looking for growth in the emerging market segment and also wants to expand in areas like India, Japan and China (Qubein, 2024).

Conclusion

This paper focused on analysing Hilton's structure and overall implications of the brand. A few important initiatives that have been adopted are the 2030 goals by aligning with the Sustainable Development Goals of the UN. The initiatives that have been taken to manage the pandemic crisis are commendable. Also, the new strategic approach of leaning towards merger and acquisition seems to be a smart move to capture the market niche. The company is moving forward by carrying the legacy of sustainability which is a must for today's challenges. The recommendation for Hilton Group will be to invest more in cloud-based technology to empower consumers and ensure more connectivity.

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