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## **Introduction**

Hilton Worldwide Holdings is one of the largest global hospitality companies, with a diverse range of hotel brands spanning over 100 countries and territories. It offers a variety of products, including luxury, full-service and mid-market hotels, with a focus on providing excellent guest experiences and consistent brand experiences across borders (Jones, 2022). With its global presence and diverse range of offerings, Hilton is a prominent player in the competitive and dynamic hospitality industry. The hospitality industry has seen a transformation in recent years on account of technological developments and evolving customer expectations. Today's customers are seeking personalised, seamless and digital experiences, which has led to a need for hotel chains to innovate in the digital space (Buhalis and Leung, 2018). In this context, the use of artificial intelligence (AI) and data analytics has been important to boost efficiency and guest experiences (Ivanov and Webster, 2019).

As a result, companies such as the Hilton are always on the lookout for opportunities to improve customer engagement and gain a competitive edge in the global market. This report will explore the proposed introduction of "StaySmart+", a luxury guest offering that seeks to integrate AI guest engagement technologies, personalised travel services, and sustainable services. The project intends to enhance customer experience and efficiency, as well as build the brand's presence in the local and global markets. But the planning and execution of such a program requires an effective process of identifying, analysing and engaging with stakeholders. Effectively engaging stakeholders is essential for the success of projects, especially multinational service offerings. Freeman (1984) asserts that organisations need to attend to the interests and power of all stakeholders to achieve long-term success. As a result, this report will discuss the role of stakeholder engagement in the successful introduction of StaySmart+'s product, with various theories, models and applications of stakeholder engagement in the hospitality industry.

## **SWOT and PESTLE Analysis**

The situational analysis of Hilton Worldwide Holdings offers insights into the company's strengths and weaknesses, as well as the opportunities and challenges presented by its external environment. The SWOT analysis identifies key strengths and weaknesses of the organisation, as well as opportunities and threats in the external environment that could impact the success of the proposed StaySmart+ product. Hilton's key strengths include its globally recognised brand and its global geographic reach, with over 100 countries of operations. This allows the company to benefit from economies of scale and remain competitive in the hospitality sector (Jones, 2022).

Furthermore, the company has shown a strong focus on implementing new technologies, such as digital check-in and mobile apps, which enables the enhancement of innovative services such as artificial intelligence platforms (Jones, 2022). But the company also has internal vulnerabilities, including high operating and capital costs related to maintaining high-quality service (Kerzner, 2017).

Additionally, the company's performance depends on the dynamics of the tourism industry, and is thus vulnerable to market risks (Ivanov and Webster, 2019). Opportunities include the need for personalised and tech-driven customer service. Taking advantage of artificial intelligence, data analytics and sustainable practices is well aligned with customer expectations and presents an opportunity for Hilton to enhance efficiency and customer satisfaction (Ivanov and Webster, 2019). However, threats include competition from global hotel chains such as Marriott International, and economic factors, such as inflation and recession, which can impact consumer confidence and spending on travel and hospitality. The PESTLE analysis considers the overarching influences on Hilton. Politically, it must comply with different laws and regulations in different countries, which may impact its agility.

While SWOT and PESTLE offer structured environmental scanning, they remain largely descriptive tools and may fail to capture the speed and volatility of AI-driven disruption in hospitality markets, limiting their predictive value in strategic decision-making.

Economically, global economic conditions, inflation and exchange rates are key to consumer demand and revenue. Socially, the shift toward personalised, convenient and sustainable travel are impacting the hospitality industry (Buhalis and Leung, 2018). Technologically, the development of artificial intelligence, mobile applications and digital platforms is beneficial, but can be challenging and costly to implement. Legally, Hilton must adhere to robust data privacy and security regulations, particularly when creating AI-enabled services that access customer data (PMI, 2021). Environmentally, with increasing focus on sustainability, the need for sustainable projects and reducing environmental impacts is ever important. In conclusion, this review highlights the importance of the StaySmart+ project being aligned with the organisational capabilities and the environment to achieve success.

### **SMART Objectives (StaySmart+ Project)**

- Specific: Implement AI-powered guest experience system (StaySmart+) across 20 Hilton hotels globally.

- **Measurable:** Achieve a 15% increase in customer satisfaction scores within 6 months of launch.
- **Achievable:** Use existing Hilton digital infrastructure and technology partners to support rollout.
- **Relevant:** Aligns with Hilton’s digital transformation and sustainability strategy.
- **Time-bound:** Full implementation completed within 6 months of project approval.

These SMART objectives directly support Hilton’s digital transformation strategy by linking AI adoption to measurable performance outcomes.

### Stakeholder Identification and Categorisation

For the successful roll-out of the StaySmart+ service at the Hilton Worldwide Holdings it is essential to identify and classify stakeholders. Stakeholders can be categorised into internal and external stakeholders, who play a key role in the planning, implementation and delivery of the project.

| Stakeholder Type | Stakeholder Group                     | Roles and Responsibilities                                                    |
|------------------|---------------------------------------|-------------------------------------------------------------------------------|
| Internal         | Executive Management                  | Set strategic direction, approve budget, ensure alignment with business goals |
| Internal         | IT Department                         | Develop, implement, and maintain AI systems for StaySmart+                    |
| Internal         | Marketing Team                        | Promote StaySmart+, manage branding and customer engagement                   |
| Internal         | Hotel Staff                           | Deliver customer service and operate the StaySmart+ system                    |
| External         | Hotel Guests (Customers)              | Use the service, provide feedback, influence adoption and satisfaction        |
| External         | Suppliers / Technology Vendors        | Provide technical equipment, software, and operational resources              |
| External         | Government and Regulatory Authorities | Ensure compliance with data protection, labour, and environmental laws        |
| External         | Technology Partners                   | Provide AI expertise, platforms, and technical support                        |
| External         | Shareholders / Investors              | Provide capital and influence strategic corporate decisions                   |

### Roles, Benefits and Challenges of Key Stakeholders

For the StaySmart+ initiative to be successfully implemented within Hilton Worldwide Holdings, it's important to understand the roles and responsibilities of stakeholders and the benefits they bring, as well as the challenges they face. Different stakeholder groups have unique roles in supporting the development, implementation and long-term success of the project. The internal stakeholders are key to the delivery of the StaySmart+ initiative. Executive leadership sets the strategy, budgets, and ensures that the project is in line with the business strategy. They are crucial in gaining buy-in and promoting an environment for innovation. The IT team is responsible for the design, development and maintenance of the AI-based systems that underpin the StaySmart+ service. They are responsible for the system's performance, security, and integration with other technologies. The marketing team is responsible for marketing the service, branding and messaging the benefits of StaySmart+ to a range of market segments. The hotel staff play a crucial role in the operational delivery of the service, engaging with customers and ensuring the customer experience is delivered across the board (Jones, 2022). The project also involves external stakeholders. Customers are the primary users of the StaySmart+ service, and their involvement is crucial for its success and adoption. Their input helps to enhance the service. Suppliers offer critical resources, such as technology and supplies, necessary for implementing the system. Government agencies help ensure Hilton adheres to legal and regulatory requirements, especially in matters of data privacy, human resources, and sustainability. Technology providers offer expertise and resources to develop technology solutions, including AI-powered technology. Stakeholder participation has a number of advantages. Collaboration between stakeholders fosters innovation by bringing together different viewpoints; however, in large multinational hospitality organisations such as Hilton, excessive collaboration may also slow decision-making and reduce agility, particularly when rapid deployment of digital services like StaySmart+ is required in competitive markets. Stakeholder collaboration also promotes efficiency by clarifying roles and responsibilities (Lock, 2017). For businesses, the adoption of StaySmart+ can result in higher customer satisfaction, a positive brand image and increased revenue streams arising from occupancy and loyalty (Deloitte, 2023). But there are potential challenges for stakeholders. Employees may be resistant to change, especially with the introduction of new technologies and procedures. The financial burden of implementing AI-powered solutions and retraining employees can also prove challenging. Data privacy and security is also an important consideration, particularly as customer data is incorporated into AI systems. Additionally, stakeholder expectations from a cultural and global perspective can add complexity and tension.

### **Stakeholder Engagement Models and Frameworks**

For Hilton Worldwide Holdings' StaySmart+ project, it is essential to have models and frameworks that support communication, accountability and interests in the project. There are a range of models or frameworks such as the stakeholder matrix, RACI matrix, communication plan and engagement plan that can be used to manage stakeholders. A stakeholder matrix, or power-interest grid, is a simple way of classifying stakeholders according to their power and level of interest in the project. Although the power-interest grid is widely used to categorise stakeholders, it is relatively static compared to Mitchell et al.'s salience model which takes into account urgency and legitimacy, in addition to power and interest, and is better suited to dynamic digital transformation projects like StaySmart+ where power can shift. For instance, stakeholders with high power and high interest (such as management) need to be managed and involved in the process. But those with high power and low interest (such as regulators) need to be satisfied and informed that they are being complied with. And those with low power and high interest (such as hotel staff and customers) need to be consulted and kept informed to gain their support. The RACI matrix is effective in clarifying roles and responsibilities, increasing accountability and taking away role confusion; however, in fast-moving projects such as digital transformation in hospitality using AI, role allocation may not allow flexibility and responsiveness in times when urgent operational decisions are required. In the case of the StaySmart+ project, IT would be responsible for building the system, management would be accountable for decisions, the technology vendors and partners would be consulted for technical advice, and the hotel staff would be informed and trained on how to use the system.

The RACI matrix below clearly defines accountability and avoids role confusion in the StaySmart+ rollout.

| Key Activities / Stakeholders | Executive Management | IT Department | Marketing Team | Hotel Staff | Technology Partners | Customers |
|-------------------------------|----------------------|---------------|----------------|-------------|---------------------|-----------|
| Project strategy & approval   | A                    | C             | C              | I           | C                   | I         |
| System design (AI platform)   | C                    | R             | I              | I           | R                   | I         |

|                                         |   |   |   |   |   |   |
|-----------------------------------------|---|---|---|---|---|---|
| <b>Service marketing &amp; branding</b> | A | I | R | C | C | C |
| <b>Staff training &amp; onboarding</b>  | C | C | C | R | I | I |
| <b>System implementation</b>            | A | R | C | R | R | I |
| <b>Customer feedback collection</b>     | C | I | R | R | I | R |

R = Responsible | A = Accountable | C = Consulted | I = Informed

A RACI matrix helps to eliminate confusion, coordination and accountability issues. The communication plan is also crucial to ensure the flow of information to stakeholders is timely and relevant. This plan includes the type of information to be communicated, the communication channels, the frequency of communication, and the intended audience. For example, management may need monthly reports detailing the project's progress, whereas hotel employees may need to be trained and briefed as needed. Good communication ensures confidence, confidence and avoids potentially damaging miscommunication. Additionally, an engagement plan offers a strategy for engaging stakeholders throughout the project. It ensures stakeholder engagement strategies are tailored to their needs, expectations and influence. This could involve meetings, feedback sessions, workshops and reviews. Through stakeholder engagement in decision-making, the engagement plan ensures that stakeholders are committed to the successful implementation of the StaySmart+ service.

### **Stakeholder Engagement Process Using the 4C Model**

Stakeholder engagement is a key factor in the success of implementing the StaySmart+ concept in Hilton Worldwide Holdings. As a complex global hospitality company with operations across a range of markets, a coordinated approach is needed to engage with various stakeholder groups. The 4C approach - Communication, Collaboration, Consultation and Commitment - offers a useful structure to guide effective stakeholder engagement across the project cycle. Furthermore, conflict resolution approaches are needed to resolve differences and prevent project delays.

## **Communication**

Communication is the key to engaging stakeholders. In the StaySmart+ project, establishing clear, consistent and targeted communication is crucial. Management needs high-level information such as project updates, financial reports and risk assessments. On the other hand, staff at the hotel need operational communications like training news, how to use the system and the roll-out plan. Effective communication includes a mix of communication channels, such as regular meetings, email updates, dashboards and other internal communication channels (PMI, 2021). Frequent communication keeps everyone informed, minimises uncertainty and fosters trust. It also ensures everyone is on the same page and understands the goals and development of the StaySmart+ project. Lack of effective communication can result in confusion, resistance and project delays.

## **Collaboration**

Collaboration is about fostering collaboration between departments and external partners to deliver the project. The StaySmart+ project demands strong collaboration between IT, marketing, hotel staff and technology vendors. Each team has its own skills, and their integration is crucial for building an effective and easy-to-use AI-powered system. Collaboration across functional areas should be encouraged by workshops and project meetings, and by agile working practices. Although collaboration can foster innovation through knowledge sharing across functions, in large multinational hospitality organisations it may also create coordination complexity and slow down decision-making, particularly when rapid digital deployment is required.

## **Consultation**

Consultation is about gathering feedback and opinions prior to decision-making. It is an especially important part of a project that is focused on the customer, like StaySmart+. It is important to consult with customers, employees and technology partners frequently, to obtain feedback on system design and functionality, user experience and service delivery expectations. Methods of consultation might include surveys, focus groups, pilot testing and stakeholder workshops. Early stakeholder consultation can identify potential resistance; however, excessive consultation cycles may delay implementation and weaken competitive responsiveness in rapidly evolving AI hospitality markets.

## **Commitment**

Commitment is about getting stakeholders fully committed, engaged and supportive of the project. Commitment can be secured by establishing trust, showcasing benefits and making stakeholders

feel like they're part of the decision-making process. For employees, commitment can be achieved through training and communication about the benefits, and pilot initiatives. For external stakeholders like technology vendors and suppliers, contracts and service level agreements can aid commitment. Effective leadership is critical to drive commitment through vision, stability and accountability. Failure to achieve stakeholder commitment may lead to the initiative not proceeding due to a lack of buy-in or unwillingness to change.

## **Conflict Management**

In global projects like StaySmart+, conflict among stakeholders is common as different stakeholders have different agendas, expectations and needs. For instance, IT may be concerned about the system's security and functionality, while marketing may be concerned about customer satisfaction and time to market. Likewise, hotel employees might be reluctant to adopt new technologies for fear of loss of employment or heavier workloads. Therefore, strategies to manage conflicts are needed. This may include negotiation techniques to guide stakeholders to mutually agreeable outcomes (Elbanna, Bunker and Levine, 2015). Mediation is another, with the project manager facilitating a resolution to conflicts. Well-defined roles, as defined by a RACI matrix, also minimise role ambiguity and potential for conflict. Finally, proactive risk and issue identification through communication and consultation can also minimise conflicts. Clear decision-making processes promote fairness and reduce the perception of unfairness and exclusion. Finally, conflict is not always bad; if managed well, it can result in better ideas, creativity and stakeholder relationships.

## **Summary of Engagement Approach**

The 4C model is a valuable tool for stakeholder engagement in the StaySmart+ project. Clear communication, collaboration, consultation and commitment ensure clarity, teamwork, better decision-making and stakeholder buy-in. These techniques, coupled with conflict management, allow Hilton to successfully roll out an innovative, AI-powered service for the hospitality industry while building and nurturing stakeholder relationships around the world.

## **Impact of Stakeholder Engagement and Recommendations**

For projects like the StaySmart+ project at Hilton Worldwide Holdings, stakeholder engagement is crucial to success. In the international hospitality sector, where customer expectations are ever-changing and technological innovation is rapidly progressing, the capacity to effectively manage stakeholders affects organisational success, service delivery, and sustainability (Buhalis and

Leung, 2018). In this section the effects of stakeholder engagement on customer satisfaction, project outcomes and brand image are critically analysed, followed by suggestions for how it can be improved.

### **Impact on customer satisfaction**

A key benefit of stakeholder engagement is enhanced customer satisfaction. In the hospitality industry, customers are the primary stakeholders, and their concerns, expectations and feedback play a critical role in service. Through effective engagement between stakeholders like management, IT staff and employees, the result is a smoother and more personalised customer experience. For StaySmart+, active engagement ensures customer needs are well understood in the design phase and regularly updated with feedback. For instance, engaging with guests via surveys, online feedback tools, and testing and piloting services enables the company to develop AI-powered services that meet guest needs. While stakeholder engagement can enable more personalised and responsive service delivery, its effectiveness depends on consistent execution across global hotel operations, where variability in staff capability may limit perceived improvements in customer experience. However, AI-driven personalisation systems also introduce ethical concerns regarding customer data privacy, consent, and algorithmic bias, which may negatively affect customer trust if not transparently managed. Conversely, weak stakeholder coordination can result in misaligned service design and inconsistent implementation, ultimately reducing customer trust and perceived service quality.

### **Impact on Project Success**

Engagement is also critical to project success. Digital transformation projects on a large scale, like StaySmart+ involve a range of internal and external stakeholders, such as IT experts, managers, marketers, suppliers and technology providers. This ensures shared vision, effective communication and accountability. Engaging stakeholders throughout the project ensures risks are managed early, informed decision-making, and smooth implementation. This minimises delays, budget blowouts and opposition. Additionally, stakeholder engagement models like communication plans and RACI matrices help to clarify roles and responsibilities, avoiding overlap and confusion. Conversely, poor stakeholder engagement can result in disjointed decision-making, a lack of accountability and project failure.

### **Impact on Brand Reputation**

In the hospitality sector, brand reputation is crucial, and stakeholder engagement plays a role in shaping the brand's market reputation. Engaging customers, employees and partners in a positive way leads to increased trust, transparency and perceptions of organisational legitimacy. For example, Hilton's successful launch of a new innovative and customer-centred service like StaySmart+ will reinforce its image as a technology-forward and customer-oriented organisation. When customers are happy, they are more likely to leave a positive review, book again and recommend the brand to others, which adds to brand value. Further, engaging with employees enhances morale and service delivery, also enhancing brand image. But poor stakeholder relations can lead to brand damage, adverse publicity and competitive disadvantage.

### **Recommendations**

- Performance KPIs: Satisfaction rating of 90% or more, system availability of 99.5% or more and 15% growth in online bookings in 12 months. These will be owned by the Project Board, monitored monthly and presented on an executive live dashboard.
- Governance Structure: An AI Ethics & Data Governance Committee will ensure responsible data use, privacy and algorithm performance. A Project Board led by a Project Sponsor will review the project quarterly and be ultimately accountable for strategy and results.
- Operational Strategy: A roll-out (pilot → regional → global) will be adopted, with approval by the Project Board for each phase. Front-line staff will undertake compulsory AI training prior to roll-out in their region.
- Stakeholder Control System: Dashboards will track KPIs, risks and feedback in real-time; to be reported monthly to senior management. Critical issues (e.g., system down, data security, adoption rate not reached) will be escalated to the Project Sponsor within 24 hours via a clear path

### **CRITICAL EVALUATION**

While stakeholder engagement, SWOT and PESTLE analyses and AI use aid strategy development, they also pose risks for the StaySmart+ project. SWOT and PESTLE analyses are inherently static and might not reflect the fast-paced AI-driven changes in the hospitality industry; if Hilton over-reliance on SWOT and PESTLE, it could result in the company making outdated decisions which may not be competitive compared to its competitors who are moving fast. Moreover, incorporating AI in customer services presents significant ethical challenges, such as

privacy, surveillance and bias. Failure of Hilton to manage these risks could lead to a loss in customer trust, loyalty and brand reputation, particularly if customers perceive that their data is being exploited or not handled transparently. Also, although stakeholder engagement enhances collaboration, too much consultation can lead to decision-making delays. In a competitive environment, this may lead to lost opportunities for Hilton, as competitors may introduce similar AI-based services, leading to loss of market share and competitive advantage. Ultimately, a long-term lack of balance between efficiency and consultation may decrease organisational flexibility and innovation potential. In terms of finances, this investment in AI and training staff may impact on the return on investment (ROI). This may result in budget shortfalls, investor and management distrust if benefits are not realised in the anticipated time frame, and may impact future digital transformation plans. Ultimately, inadequate risk management may result in a cumulative effect of loss in customer confidence, reduced speed and innovation, regulatory fines and reduced global competitiveness, impacting the long-term viability of StaySmart+.

## **Conclusion**

Finally, the successful deployment of the StaySmart+ project at Hilton Worldwide Holdings is largely reliant on the process of identifying, analysing and involving internal and external stakeholders. This report has shown that stakeholders, such as management, employees, customers, suppliers, government, and technology partners all have a critical impact on the development, implementation and success of the project. When harnessed properly, they can lead to greater innovation, efficiency and customer value. The use of strategic analysis tools such as SWOT analysis and PESTLE analysis has identified the internal and external factors influencing Hilton's business environment, while stakeholder-management tools, such as the stakeholder matrix, RACI, communication plan and engagement plan, offer systematic frameworks for managing stakeholders and responsibilities. These models help to provide clarity, accountability and coordination across different stakeholder groups in a global, culturally diverse environment. Moreover, the report has highlighted that stakeholder engagement can be a challenge. Challenges like change resistance, cost of implementation and privacy concerns need to be managed to prevent disruption and ensure the successful roll-out of the StaySmart+ service. Consequently, the ability of the project manager to communicate, collaborate and address conflicts through systematic processes like the 4C model is crucial. Stakeholder engagement is a critical success factor, but it also introduces strategic trade-offs between inclusivity, speed, and control. While broad engagement improves legitimacy, it may reduce agility in implementing fast-moving digital innovations such as StaySmart+. As a result, businesses need to take a proactive

approach to managing stakeholders to achieve growth and successful project implementation in a rapidly changing hospitality landscape.

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