

Report Structure

Cover Page

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Executive Summary

COVID-19 has had a significant impact on many people's lives, especially in terms of job, living, and finances. Several restrictions were established by the government during this pandemic in order to prevent the spread of the viruses and overcrowding in hospitals. In this position that we are in right now, the hospitality industry also is impacted. During this time, different countries impose various forms of restrictions on the business. Because consumers are not permitted to remain in hotels, several have declared bankruptcy or are closing. PESTEL, SWOT, McKinsey's 7S Framework, and Porter's 5 Forces are the frameworks that would be used to evaluate the state of the hotel business in this research.

Introduction

The SARS-CoV-2 virus causes Coronavirus Disease, commonly known as COVID-19, which is an infectious disease. The majority of those exposed to the virus will develop a mild to severe respiratory disease that will go away without the need for specific treatment. Some, on the other hand, will become critically unwell and require medical assistance. Serious sickness is more likely to strike the elderly and those with existing medical disorders such as heart disease, asthma, severe lung disease, or cancer and many more. COVID-19 can make anyone sick and cause them to get very ill or dead at any time. Being thoroughly informed on the disease and how it spreads is the best strategy to avoid and slow down transmission. One of the ways to prevent it by standing at least 1 foot apart from each other, always wearing a mask when going out and washing hands regularly (WHO,n.d).

When an infected person coughs, sneezes, speaks, sings, or breathes, the virus spreads in microscopic liquid particles from their mouth or nose. Larger breathing droplets to smaller particles are among the particles. If you are sick, it is critical to adopt respiratory etiquette, such as coughing in to flexed elbow, and to remain at home and also self-isolate until you are healed.

Hilton Hotels Corporation is the leading global hospitality company with more than 3,890 hotels and 642,000 rooms across 91 countries, as well as more than 135,000 crew members (Stipanuk, 94). The company owns or manages franchises for some of the most well-known and highly valued hotel brands. The Blackstone Group, a private equity business, owns Hilton Hotels Corporation. Forbes ranks Hilton as the 38th largest private company inside the United States (Stipanuk, 95). Hilton Hotels Corporation does indeed have a 93-year track record as industry leaders, making them the preferred destination for developers, travellers, partners, and members of the group alike. The Hilton Hotels Corporation is still one of the company's most well-known brands, as well as one of the most well-known hotel brands in the world. With locations in key city centres, conference centres, near the airport, and a handful of tourist hotspots and luxury hotels in popular vacation spots across the world, the company promotes both corporate and vacation travel

World health Organisation also known as WHO has continuously opposed international traffic restrictions from the start of a COVID-19 pandemic, and solely supports actions to reduce the danger of exporting and importation. Travel bans have been implemented in the past to prevent the spread of viruses, like those imposed in Mexico during 2009 H1N1 pandemic, West Africa during 2014 Ebola outbreak, and influenza (Pang,2021). Nonetheless, governments erupted in a frenzy, enacting a variety of travel restrictions. Border closures, entry or exit bans, visa suspensions, transportation suspensions, arrival quarantines, border screening, and other specific entry procedures are all examples of travel restrictions that range from mild to severe (Wang,2021). This will cause a huge impact towards the hospitality industry as their main revenues comes from the tourist that travelling in the country.

PESTEL

A PESTEL study is an abbreviation for a tool that is used to determine an organization's macro (external) forces. Political, Economic, Social, Technological, Environmental, and Legal are the letters that make up the acronym. The PESTEL analysis is to find out the benefits and drawbacks of employing it in a commercial setting. In marketing, a comprehensive situational analysis is required before any strategy or operational plan can be implemented (Oxford,2016). To detect changes in the macro-environment, this examination should be done every six months. Organizations that successfully respond in real time inside the macro-environment can set themselves apart from their competitors and gain a competitive edge.

Social Factors

The social elements, which emphasize on something like the social environment as well as recognising developing trends, are one aspect of the Pestel analysis. This allows a marketer to better grasp the requirements and desires of customers in a social situation. Changing family demographics, educational levels, cultural trends, attitude shifts, and lifestyle changes are all factors.

One of the social factors were done by Hilton as well as DoubleTree by Hilton Sukhumvit Bangkok hotel teams is bonding with each other to support two initiatives that helped their local communities, created jobs, and promoted environmental sustainability. Group Members gathered plastic bottles as part of the first initiative to promote an ambitious project by Wat Chak Daeng temple, which upcycles plastic garbage into monks' robes by first processing it into synthetic fibres. Since its

beginning last year, the upcycling effort has rescued 40 tonnes of plastic from garbage and employed local individuals. The robes then are sold to the public for THB 2,000 to 5,000, generating cash for the community (Hilton,n.d).

The hotel team's second effort was gathering food to donate to the Rangsit Babies Home, a nearby orphanage. COVID-19 has had a significant influence on the orphanages, that shelters for 250 children from age 0 to 6. The number of financial institutions has dropped substantially. Thus, Members of the team banded together and to collect somewhat food and water. This shows that the hotel would provide anything for the community as it can help them to bring up their brand name.

Legal Factors

An organisation must be aware of what is lawful and permissible in the jurisdictions in which it operates. They must also be informed of any legislative changes and the implications for corporate operations. Employment law, consumer law, health, and safety, international and trade regulation and constraints are all factors to consider. Political and legal elements overlap, but the key distinction is that political forces are guided by government policy, while legal factors must be fulfilled.

System - wide comparative revenues per available room fell 22.6 percent in the three months ended on March 31, 2020, principally due to lower utilization, and management and franchising fee income fell 18 percent. The decreases were caused by pandemic and the resulting drop on global hospitality, tourism and travelling that necessitated the entire or partial shutdown of many of Hilton's facilities.

Diluted profits per share were 6 cents as well as diluted EPS, modified for special items, were 74 cents for three months that ended March 31, 2020, compared with 54 cents as well as 80 cents, respectfully, for three months that ended March 31, 2019. For the three months ended March 31, 2020, net income as well as adjusted earnings before interest, taxes, depreciation, and amortisation were \$18 million and \$363 million, respectively, compared to \$159 million and \$499 million for the three months ended March 31, 2019.

Hilton Worldwide Holdings Inc reported a surprising quarterly loss as a recurrence of COVID-19 cases and fresh travel restrictions hurt reservations, bringing shares of the U.S. hotel company down 2.3 percent in premarket trading (Staff,2021). Even though occupancy rates have rebounded from April 2020 lows because to a relative ease in lockdowns, developing virus strains have hampered a quick recovery for U.S. hoteliers. "The strong momentum we witnessed during the summer and fall was disrupted by rising COVID-19 cases and stricter travel restrictions," said Chief Executive Officer Christopher Nassetta in a statement. Experts predict a broader distribution on COVID-19 vaccines later in the year to help kick-start a resurgence in holiday travel, leaving hotel giants like Hilton and Marriott, which rely more on corporate travel, to struggle for longer.

Hilton, the first big hotel operator to disclose profits, reported fourth-quarter revenue per available room fell around 59 percent down to \$40.68, missing the company's expectations of around \$45 per night. In the quarter ended Dec, Hilton investors suffered a net loss of \$224 million, or 80 cents per share, compared to a net profit of \$175 million, or 61 cents per share on previous year. According to Refinitiv data, Hilton lost 10 cents per share on an adjusted basis, missing analysts' projections of 3

cents per share profit. Revenue fell 62 percent to \$890 million, falling short of Wall Street's \$1.03 billion forecast.

SWOT

SWOT analysis which an acronym for strengths, weaknesses, opportunities, and threats is a framework for assessing a company's competitive position and developing strategic plans. Internal and external elements, as well as existing and future possibilities, are all evaluated in a SWOT analysis.

A SWOT analysis is a tool for taking a realistic, fact-based, information looks at an organization's, initiative's, or industry's strengths and weaknesses. The organisation must maintain the accuracy of the study by avoiding preconceived notions or grey zones and instead focused on real-world scenarios. It should be used as a recommendation rather than a prescription by businesses.

Strengths

A powerful brand, a loyal consumer base, a robust balance sheet, technological innovation, and so on are examples of strengths. A hedge fund, for example, may have created a proprietary trading technique that outperforms the market.

Hilton survived the storm by keeping true to its fundamental aim of filling the world with the warmth and comfort of hospitality of the year when the hotel industry faced unprecedented challenges(Hilton,n.d). Hilton pioneered industry-leading guest innovations, accomplished important growth milestones, and continued to positively influence communities across the world while the COVID-19 epidemic posed

unprecedented challenges to the travel and tourism industry. Hilton's resilient, capital-light business strategy enabled it to organically attain its 1 million room mark in the fourth quarter, even as the firm underwent its toughest test in its 101-year history. The pandemic shifted visitor behaviour, priorities, and worries in a hurry. Hilton reacted with start-up-like speed, relying on century of hospitality expertise to reassure travellers.

One of the innovations that were made is, Hilton in conjunction with Reckitt Benckiser, the maker of Lysol and Dettol, and with Mayo Clinic, Hilton CleanStay™, a company level of cleanliness and disinfection, was introduced (Hilton,n.d). On top of that, Hilton Honors members can now donate their Points to charities like World Central Kitchen, Clean the World, Project Hope, or Direct Relief to help fight the worldwide epidemic. Other than that Hilton launched WorkSpaces in the United States, Canada, and the United Kingdom, allowing for alternate remote working possibilities as it helps the employees to work safe at home during the pandemic time and continued to offer contactless guest experience choices via the free Hilton Honors app, allowing visitors to tailor their stay by selecting rooms, checking in and out digitally, and using their phones as digital keys. Hilton's Digital Key has now been used to unlock over 100 million doors throughout the world.

Porter's Five Forces

Porter's Five Forces is indeed a strategy for determining an industry's vulnerabilities and strengths by identifying and analysing five competitive forces which define every business. A five-forces analysis is widely used to define corporate strategy by identifying an industry's structure. Porter's model can be used to understand the amount of competition within an industry and improve a firm long-term profit in any sector of the economy.

Potential of New Entrants into an Industry

The force of new entrants into a market also has an impact on a company's power. The less energy and cash it takes a rival to establish a company's market and become a viable competitor, the more a well-established firm's position may be eroded. Existing enterprises in an industry with high barriers to entry will be able to demand higher prices and find a better deal because of the high obstacles to entry. In the industry wherein Hilton operates, achieving economies of scale is difficult. This will make cost savings easier for those that are producing and expanding large capacities. The hospitality business faces a slew of obstacles and challenges during COVID 19, limiting all functions and operations. They are not facing any competition at this moment, such as Marriott as well as other foreign hotels, since they are also shut due to the global pandemic issue (Barrero, et. al., 2020). This enables Hilton to now worry about the new entrants in the hospitality industry and focus on the existing competitors.

The Mckinsey 7S Model

The McKinsey 7S Model assesses a company's seven organisational designs. Its goal is to show how a company's performance may be improved by interacting with seven key elements: structure, strategy, skill, system, shared values, style, and staff. The McKinsey 7s Model emphasises the interdependence of the aspects indicated as "Soft Ss" and "Hard Ss," implying that changing one element has a domino effect when sustaining an effective balanced. By positioning "Shared Values" as that of the "core," the relevance of modifications in founding values from the other sections is demonstrated.

Hilton's strategy is versatile and flexible. This is a key part of Hilton's strategic planning and strategy development. Rigidity in strategy can cause a firm or a business to become stagnant, preventing innovation and progress in the face of changing consumer markets. The Hilton can benefit from its flexibility and adaptability by not just fast adapting and reacting to changing consumer habits globally, but also by locally and culturally adapting its products through localization for diverse countries and areas (Harvey,2020). Furthermore, the corporation is frequently able to forecast consumer market developments in advance and make strategic improvements to meet such trends.

Recommendations and Conclusions

It is reasonable to conclude that the proliferation of coronavirus has had a variety of effects on commercial activity in every industry around the world. The Hilton hotel is in the hospitality business. The Hilton hotel must adapt its business practises, just as the rest of the world must adopt a new standard of behaviour. The new normal now includes not touching one's face, social isolation, and wearing masks, among other things. This new normal has emerged as a result of the global spread of the coronavirus. The Hilton hotel must adopt new laws and regulations for such operation of its company in hotels that are concerned with the security and safety of Hilton's staff, employees, and guests. People with coronavirus symptoms should be treated in hospitals, according to safety precautions. Before entering the hotel or starting their shifts, all clients and hotel employees must be screened. This move will minimise the transmission of coronavirus, which will strengthen consumer trust and faith in Hilton, resulting in more hotel stays. This is a critical component of overcoming coronavirus crises. The Hilton hotel must develop policies for health, safety, and security that will assure the safety and security of individuals who would be Hilton guests, as well as the staff who will be working to increase the Hilton hotel's revenue. Thermal scanners must be utilised for each and every person entering the hotel's premises to prevent the spread of coronavirus among hotel employees, which will play a significant part in entrusting guests to remain in a hotel, improving Hilton's economic conditions. Steps must be performed to improve the hotel's status and increase revenue, which are closely tied to the customer's stay and participation of Hilton customers. The Hilton hotel must provide hygiene and cleanliness so that clients feel safe staying there. This will increase revenue for

Hilton hotels by encouraging customers to remain longer in hotels, which will boost business activity. This will be improved in order to strengthen corporate practises in order to expand and heal from the coronavirus problem.

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