



MODULE NAME: FINANCIAL MANAGEMENT FOR THE HOTEL
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ASSIGNMENT: COMPARISON OF TWO HOSPITALITY
ORGANISATIONS: MARRIOTT INTERNATIONAL vs HILTON

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EXECUTIVE ANALYSIS

The present business report is focusing on the comparison of two important hotel chains, from a financial management point of view. The report is discussing the Marriot International and Hilton hotel chains. Both of the hotel will be analysed from a financial perspective, taking into account areas like total revenue, market position, growth potential, financial commitment to corporate social responsibility and other areas.

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INTRODUCTION

This study was conducted primarily using hotel financial information. In general, statistics show that both hotels will perform better in 2022 than in previous years. It can also be demonstrated that none of the hotels have sufficient assets to cover their liabilities (liquidity ratio). Hilton benefits more than Marriott. Given the importance of understanding the analysis of relationships, it is necessary to eliminate the shortcomings of research on this topic in our country.

HOTELS BACKGROUND

Marriott International Group is a global hotel management company that was established in 1927. Between 2016 and 2019, Marriott's revenue increased. As it added new properties all over the world, including the acquisition of Starwood Hotels & Resorts in 2016 (problem), Marriott's revenue increased year over year. 2021: Our History From 2019 to 2020, revenue decreased by 49.6%. The Covid-19 pandemic was primarily to blame for the drop-in sales volume. Marriott and the travel and hospitality sector as a whole have been profoundly affected by the pandemic. In 2020, Marriott's net income decreased by 11%. Covid-19 restrictions, weak travel and lodging demand, and temporary hotel closures all contributed to a decline in net income (LaGriddle Academy - Georgia Private Four-Year School, 2021).

Hilton Worldwide will be compared to Marriott International. In 1919, the company was established in Cisco, Texas. (Hilton's First Hilton, 2019) Hilton is a multinational hotel chain that faces competition from Marriott in the same sector. On the same day that Marriott International went public on the New York Stock Exchange under the symbol "HLT," the company's fiscal year ends. Marriott, on the other hand, operates 7,642 hotels per year under 30 different brands. Hilton owned 6,478 hotels and 18 brands as of December 31 (Hilton first Hilton, 2019).

TOTAL REVENUE

Marriott's ongoing efforts to acquire new customers, retain existing ones, and enter new markets are supported by the ideal corporate culture. Most importantly, hospitality companies understand the significance of innovation and the utilization of data for decision-making (LaGrige College, a Georgia-based four-year private university, 2021). Its data strategy and governance team devise and implements strategies to make it simple and quick for decision-makers to access integrated, high-quality data. The primary objective is to make the customer's experience as simple and pleasant as possible.

Marriott has gained a number of competitive advantages through its use of big data analytics. Companies are utilizing data to stay ahead of rival hotels and brands, discover new off-premise revenue streams like additional services and amenities, and ensure that communities delight both residents and tourists. However, revenue management and customer satisfaction are the company's primary priorities (Lagrange College - a four-year, private college in Georgia, 2021). Dividend management works out the best price so that the company can make the most money. The hotel chain is able to accurately measure demand trends and consumer behaviour thanks to its revenue management strategy, dynamic pricing automation.

Gross revenue is defined as: The sum of all sources of revenue that a business earns from the sale of goods or services. Gross turnover is calculated as the average selling price per item or unit multiplied by the number of units or units sold. According to Hilton World wide's latest financial report, the company's current revenue (TTM) is \$8.16 billion. In 2021, the company will generate revenue of \$5.78 billion, which is \$4.30 billion more than 2020's revenue (Hilton's first Hilton, 2019).

MARKET POSITION

The topic of segmentation and market positioning in the hospitality sector is frequently discussed in the literature, helping to gather relevant data for research. In general, the importance of the client in the hospitality sector in general, and the hotel company in particular, has aided in the development of consumer-oriented marketing tactics (Chen, Raab, & Stanford, 2015).

According to the official Marriott Hotels website, there are 45 Marriott hotels in the UK, 9 of which are located in London (Marriott Hotels Worldwide 2019). A study by Marriott, a London travel hotel chain, found that the company uses several characteristics to segment its market. These factors range from geographic and psychographic to user status and travel purpose segmentation (Ezeh 2017; Kotler et al. 2013). These hotels are mainly located in the central area, near the most famous attractions and historical sites, but scattered throughout the city. The physical location of such facilities is characterized by both geographic segmentation, which aims to attract people through the landscape, and demography, which emphasizes an exclusive and exclusive market, which requires an excellent location and a good standard of real estate.

The hotel industry is fragmented worldwide. Numerous SMEs exist. A whole industry cannot be influenced or controlled by a single company. In the entire world, no single company owns more than 5% of all hotel rooms. The Hilton hotel chain is expanding. It has about 5% of the world's space supply, which isn't much. The majority of Hilton's activities are carried out in the United States. However, it has begun to grow in international markets. It has a 9 percent market share in the United States. According to Hilton first Hilton, 2019, it makes up about 3% of the rest of the Middle East and Africa, 1% of Europe, and 1% of Asia-Pacific. One of the ten largest businesses in the United States is Hilton. This includes hotels, which have 58% of the market by volume of rooms. According to Hilton first Hilton (2019), Marriott (MAR) and Hilton (HLT) each hold 10% of the market.

GROWTH POTENTIAL

The number of rooms under development is used to gauge Hilton's expansion intentions. Its expansion goals in all markets are industry-leading (domestic and international). It has a 17.9% global market share in facilities under development. This is nearly four times the current market share of 4.5% (Cederholm, 2020). Hilton will be well-positioned to fulfil rising hotel demand by boosting capacity. The tourist industry's future prospects are promising. Investors should pay close attention to Hilton's expansion strategy and its impact on the company's stock price. Developing economies like China and India have the highest number of bedrooms in the world by number of rooms. Hotel companies like Hilton are trying to capitalize on growing demand in these growing regions (Cederholm, 2020).

Marriott International announced today that it plans to add 30 new hotels by the end of 2023 to expand its offerings in mainland China (Bethesda, 2022). The new hotel expansion is fuelled by growing demand for Marriott Collection properties in new destinations and additions to the existing portfolio of more than 460 hotels. companies in this field. Among the 67 properties in mainland China that are covered by Marriott's Select Service are Moxy Hotels, Fairfield by Marriott, Courtyard by Marriott, Four Points by Sheraton, AC Hotels by Marriott, Aloft Hotels, and Element Hotels (Bethesda, 2022).

Through a dual-brand program and a franchise model, the company has also increased its strategic presence in mainland China. The unusual design of the two-brand model will provide travellers with more options, satisfying their growing demand for adaptable lodging options (Bethesda, 2022). The company signed six dual-brand hotel projects in 2022, totalling 14 properties—three Fairfield hotels and two Sheraton Four Points hotels, respectively. According to Bethesda (2002), Marriott's franchise philosophy facilitates hotel openings and start-up while preserving brand excellence. Marriott collaborates closely with franchisees to recommend candidates for an initial general manager who, if appointed, will utilize Marriott's support, systems, and resources throughout the hotel's opening and first year of operation (Bethesda, 2022).

FINANCIAL COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY (CSR)

Hilton cares about improving the sustainability of our environment because they want their team members, owners and guests to continue to experience what they love about the world (Abdou, 2020). They actively seek ways to reduce environmental impact, with a particular focus on greenhouse gas emissions and natural resource management. Their priorities include reducing energy and water consumption as well as minimizing the amount of waste sent to landfill (Abdou, 2020).

Hilton Hotels & Resorts initially declared that Hilton-branded hotels will provide 1 million hotel nights to healthcare personnel combating the coronavirus epidemic to assist local and national governments (Li et al., 2015; Porter & Kramer). Shortly after, Marriott International declared that it will supply healthcare personnel with housing, basic protective equipment, food, and other critical supplies (Abdou, 2020). Regardless of the overall goodwill that such efforts might produce, it is critical to recognize that, owing to the nature of the crisis, these initiatives are fraught with danger (Shin, 2021). CSR benefits businesses in many ways, including improved profitability, reduced operating costs, better employee engagement, stronger community engagement, and enhanced reputation and market value. as well as good organizational image (Li et al., 2015; Porter and Kramer). A lot of the research that has been done on corporate social responsibility (CSR) in the hospitality industry focuses on how CSR helps three main stakeholders: customers, employees, and the community at large (Wong, 2019). A recent study (D'Acunto, Tuan, Dalli, Viglia, & Okumus, 2020) found that when guests evaluate their hotel experience, they do not take CSR into account. Corporate social responsibility programs, as stated by Randle, Kemperman, and Dolnicar (2019), have no effect on vacation choice behaviour. According to Suranti (2020), these contradictory findings suggest that additional research is required to investigate the effect of CSR on customer decision-making behaviour.

RECOMMENDATION AND CONCLUSION

Marriott's expanding pipeline of new hotels is powered by existing properties' great profitability, a diverse selection of good brands to build, a robust loyalty program, and cost savings afforded by the company's significant and strong trust. The company will report that 70% of its open and closed pipeline projects are owned by owners who control multiple Marriott properties, with about a third owned by ten-owner owners. Marriott-branded hotels or more (Marriott International is set to expand its portfolio with plans to add 30 Select Service Hotels in Greater China by the end of 2023, 2022).

May (1998) emphasized the importance of outsourcing and its relationship to strategy, explaining that strategic outsourcing is the process of identifying a firm's capabilities and capabilities through managerial efforts to increase market competitiveness. We can conclude that outsourcing has always been a resource and very important to a company's strategy (Langfield-Smith et al., 2000). Spin-off model Hilton hotels should adopt a "spin-off model" as it has been observed that very few organizations in the hospitality industry can change outsourcing by enhancing interactions between businesses and partners (Our Journey to 2030, 2022). Hilton Hotels' strategic planning and value creation activities can develop on the right track.

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