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Hilton Hotels & Resorts' Strategic Marketing Plan

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Executive Summary

The COVID-19 pandemic hit the planet unalarmed, causing millions to be affected. Businesses and individual lifestyles were in disarray even after a few years had passed. Almost everyone was forced to rebuild themselves back up, including big corporations like Hilton Hotel & Resorts.

Hilton Hotels & Resorts is a global brand of full-service hotels and resorts. Owning multiple brands under their name, they are one of the largest hotel brands in the world. Based on an employee satisfaction survey, Fortune magazine named Hilton Hotels & Resorts first on their Fortune List of the Top 100 Companies to Work For in 2020.

This report entails the strategic marketing plan for Hilton Hotels & Resorts post-pandemic. Using marketing instruments such as the SOSTAC model and the SMART goals, this report analyzes a strategic marketing objective in depth.

1.0 Introduction

The novel coronavirus (COVID-19) arose early in the new decade of 2020 and began infecting individuals across the planet. The primary concern of governments and corporations is the protection of their citizens. As a result, each country was forced to take its own precautions to protect its people and economy, which culminated in authorities instituting lockdowns. International borders were also closed to reduce the rate of infection, which reduced travel activity and had a direct impact on the hospitality industry. While this focus will continue, the ramifications for economic development and corporate profitability will result in a dramatic sell-off in global equity markets (Deloitte 2020).

The hospitality industry, who were among the first to be affected by the severe conditions, were responding rapidly and remaining focused on understanding and quantifying the operational and financial impact on their businesses. The hotel industry has many customers and employees, as well as extensive exposure to both domestic and foreign guests, which enhances the likelihood of viral exposure and spread dramatically (Shapoval, Hägglund et al. 2021). The aftermath of the pandemic was felt across the board, travel and hospitality were among the hardest hit industries. The first issue for Hilton, as with most hotels, resorts, and other tourist destinations, was dealing with the repercussions from cancellations (Grano 2021).

This marketing plan's purpose is to identify and analyze the issues that were caused by the pandemic, using tools such as the SOSTAC framework and SMART model. The main subject will be focused on the Hilton Hotel & Resorts as the case study, developing a suitable marketing plan for the famous hotel chain. PR Smith spent ten years developing SOSTAC, a logical planning method. The approach can be used to create any type of plan, including company plans, marketing plans, communication plans, and personal plans (Thai 2014). SOSTAC stands for 1) situational analysis, 2) objectives, 3) strategy, 4) tactics, 5) action, and 6) control. On the other hand, the SMART model is an acronym which includes 1) specific, 2) measurable, 3) achievable, 4) realistic, and 5) timely. The SMART model employs a set of criteria to guarantee that objectives are clearly defined and reachable within a certain time period. Working through each step of the SMART model might show areas where priorities and resources are out of sync (Boogaard 2021).

2.0 Main Findings

According to the previous report, one strategic marketing objective Hilton could pursue is brand diversification. As shown in Ansoff's Growth Matrix, brand diversification refers to the process of releasing a new product in a new market; examples of such strategies include McCafe, Nike's golfing line, and UberEATS (PriceBeam 2017). Nowadays, when Hilton's brand is mentioned around the world, the first image that springs to mind is undoubtedly their famous hotel chains. Hilton may benefit from brand diversification by expanding their current portfolio to include extra amenities and services such as restaurants, gyms, conference halls, and so on. Consequently, this approach would attract more customers, which would bring in profit for the corporation.

2.1 Situational Analysis

One of Hilton's strengths is its global presence, with hotel and resort operations in over 118 countries worldwide. Conrad Hilton founded the business in 1919, making it one of the most established in the hospitality industry. With almost a century of expertise in the area, it is reasonable to believe they are real experts at what they do. Hilton also pioneered revolutionary concepts such as the airport-hotel, room service, the minibar, and a central reservations system (Hilton Corporate Communication 2021). Even then, a key industry player like the Hilton Hotels was also affected by the pandemic.

It takes a lot of resources and effort to manage Hilton's franchises that are scattered across the world, more so when the pandemic is weighing their business down. According to a new analysis provided by the American Hotel & Lodging Association (AHLA) by Oxford Economics, state and local tax income from hotel operations would reduce by \$16.8 billion in 2020 owing to a substantial drop in travel demand (Mixon 2021). At this point, to keep their operations profitable, they need a solution that could mitigate the risks. A full return to pre-pandemic levels is not likely for leisure tourists until at least 2023. However, when it comes to business tourists, who are many hotels' bread and butter, recovery may be slower and more uneven.

Furthermore, the hotel business was evolving long before the epidemic. Traditional hotels were facing more competition than ever before, thanks to the emergence of non-traditional event venues and Airbnb. Moreover, a new generation of visitors was putting

pressure on the sector to become more ecological, digital, and regional. Hilton prides itself on their long history of operation since their founding year of 1919. However, as time passed, the difficulty became (and continues to be) the overall attitude about travel. In addition to the usual task of distinguishing itself from competing hotel options, Hilton had to overcome fresh reservations and concerns about travelling during a pandemic, which was critical to their company.

2.2 Objectives

The dramatic increase and effect of COVID-19 left businesses throughout the world with little time to devise new strategies to deal with the shifting commercial and political climate (Aussems, van Dijk et al. 2020). This meant that practitioners had to move rapidly, with little time to properly organise and plan their strategy. For a corporation of Hilton's scale, they have to come up with an applicable marketing plan to enforce and set the standards for other branches across the world.

One of the objectives Hilton Hotels could implement is brand diversification. Many studies have shown that diversification is one of the most effective means of reducing risks in an organization (Applegate, Piccoli et al. 2008). Aside from dominating the hospitality industry, Hilton Hotels could branch out into other sectors such as culinary, wellness, recreation, among many others. Brands are a traditional instrument on which a company's reputation is built; hence, the information a brand offers may be critical in eliminating confusion about the quality of a service and its provider (Castaldi, Giarratana 2018).

To relate brand diversification with the SMART goals, firstly it must be specific. Brand diversification is a wide topic as it has endless possibilities. However, in this case, Hilton Hotels could broaden their services, particularly those aimed at corporate events and conferences. This will improve the hotel's income from such services, cushioning it during off-seasons when room reservations are at their lowest. This approach has its disadvantages though, especially due to the ongoing pandemic which limits mass gatherings, hence corporate events might be out of the question until it subsides. Hilton Hotels could consider offering their empty rooms up for flexible workspaces. People all around the world have fully embraced a newfound feeling of flexibility throughout the course of the year, becoming increasingly comfortable with meeting via online video and gathering guests

from home offices all over the world (Hilton Corporate Communication 2021). Secondly, it is measurable in the sense that people may want a change of environment after being locked up in their homes, a few thousand would find the concept interesting and swarm to their nearest Hilton branch. Thirdly, the concept is achievable as Hilton has many empty rooms they could offer up, which would increase customer traffic and bring in profit. Moreover, it is realistic especially in the times of pandemic where the hospitality industry is suffering huge blows and needs to improve their profitability. Lastly, as the pandemic is slowly shifting to an epidemic, the timeframe Hilton has is quite unconstrained as the world adapts to living with the virus.

2.3 Strategy

Strategy refers to the path taken to reach any goals. In other words, building a strategy entail sketching a road map that depicts the path needed to be taken once the aim has been established (Antevenio 2019). In order to reach out to potential clients, Hilton needs a clear blueprint to execute their strategy. Marketing and advertising play a big role in this situation, as they are the ones at the forefront of the brand, representing the corporation to attract customers.

The first step would be to draw in people through blogs, social media, keywords, pages, etc. As the world progresses into the digital era, marketing and advertising should take advantage of the mass media by appealing to the general public. People's attention span has gradually lessened due to the fast-moving pace of the world, so it will be a challenge for Hilton to engage with their prospects. The second phase would be to convert strangers into hotel visitors using 'Inbound Marketing,' which tries to attract potential consumers with quality content to educate and build loyalty. Using marketing tools such as call to action, landing pages, forms, and contacts is a great way to entice strangers into becoming a regular customer of the hotel. Thirdly, once they have become patrons of the hotel, the marketing team could start sending promotional emails on occasion, to retain the current customer base by keeping them informed. Lastly, when they become satisfied customers, they themselves would be the promoters for the hotel through spreading word of mouth to their peers, ultimately benefiting the company.

2.4 Tactics

Tactics refer to the distinct instruments of the digital mix that Hilton may want to utilise to achieve the goals of their marketing plan (Antevenio 2019). Strategy and tactics may mean the same thing, but they slightly differ in marketing. Tactics involve more details compared to the rough sketch that strategy outlines. It encompasses the specific directions that the company may want to undertake. There are many marketing tactics that can be implemented, such as the marketing mix, SEO positioning, PPC campaigns, affiliate marketing, email marketing, and so on and so forth.

To stay true to its strategy, the tactics Hilton could utilise would be the affiliate marketing. Affiliate marketing is a type of advertising in which a firm pays third-party publishers to create traffic or leads to its products and services (Frankenfield 2021). Third-party publications are affiliates, and the commission fee encourages them to promote the firm. Out of all the tactics, affiliate marketing suits Hilton the best as they wish to communicate with their potential clients, especially when the internet boosts affiliate marketing. This practice was popularized by Amazon when they established affiliate marketing programs in which websites and bloggers place links to the Amazon page for a reviewed or discussed product in exchange for advertising money when a purchase is made. Affiliate marketing has become a multibillion-dollar business thanks to digital marketing, analytics, and cookies. Not to mention, programs like this could analyse the links that brings in leads and see how many converts to sales using internal statistics. Hilton Hotels should adopt this tactic as the benefits outweigh the risks.

2.5 Action

The fifth phase is to implement the chosen tactics and take appropriate action. This is where the hard work and campaign begins, the most important part of the SOSTAC methodology. After all, actions speak louder than words, as the famous saying goes. For this part, the 5W technique is essential in order to solidify the marketing process. The basic questions that the 5W holds will decide a campaign's success regardless of the channel via which it is launched. As such, it manifests as the outcome of deliberate and creative preparation, and execution.

The 5W stands for 1) who, 2) what, 3) where, 4) when, and 5) how. It is quite straightforward and self-explanatory. The first W points towards the target market, in this case, would be working millennials between the ages of 26-41 years. Hilton will be marketing flexible workspaces, therefore working professionals would be the perfect bunch that fits the 'who' from the 5W. Next, 'what' refers to the plan, which would be providing flexible workspaces. Hilton could offer day-use rooms containing a large workstation, an ergonomic chair, and improved Wi-Fi, providing a clean, flexible, and distraction-free setting for efficient remote working (Hilton 2021). 'Where' relates to the location, as in where Hilton plans to execute the strategy. Oftentimes, the location of a hotel plays a big role when it comes to reserving a room. Fortunately, hotels are ideally positioned in city centers and adjacent regions, providing connected workspaces with the advantage of being in a readily accessible section of the city (Bonome 2021). Fourthly, 'when' refers to the time period in which the strategy is executed. It is safe to say now is the perfect time to implement the plan as the pandemic is still ongoing, and people need different environments. The last W relates to how the business is going to accomplish the strategy, usually with a clear-cut approach like the affiliate marketing programs.

2.6 Control

The last section of the SOSTAC model looks at how the company will monitor and assess their performance to see if they meet the goals that were established. This also considers KPIs (Key performance indicators) to determine the effectiveness of the preferred digital marketing strategy (Roberts 2021). This ensures that the digital marketing strategy that is undertaken is producing results.

It is critical to keep an eye on things and make sure that the objectives, plans, and tactics are effective and that everything is under control. Monitoring and analysing whether Hilton is making progress toward the strategy's goals is critical to the company's success. Every month, Hilton can review its performance through an audit. The corporation has auditors who may evaluate the organization's work on a regular basis to assist in deciding whether there is a rise in market share once the efforts have been made.

3.0 Recommendations

There are a few recommendations that Hilton Hotels & Resorts should follow based on the numerous assessments outlined in the marketing strategy above in order to recover from the effects of the COVID-19 pandemic. The hotel giant could use the brand diversification strategy which is to start offering rooms for remote working spaces. Since the hotel has many chains around the world and a lot of spare rooms that were cancelled due to pandemic restrictions, and a target market that greatly needs a change of environment, Hilton could capitalize on the flexible workspace concept which perfectly accommodates post-pandemic conditions.

Besides, the brand differentiation strategy could also be branched out past their hospitality specialty to include culinary, wellness, recreation, and others. It might be a risk for Hilton as it is beyond their expertise, but with the resources and technology that they have, it is not impossible for them to.

4.0 Conclusion

To summarize, Hilton is a key player in the hotel industry, and they are not immune to the effects of the pandemic. They were forced to reevaluate their marketing strategy, to steer themselves away from potentially ruining the long-running hotel legacy.

In this report, Hilton's marketing plans were examined in depth, using the SOSTAC framework and the SMART goals. These two models have become a marketing industry standard as one of the most productive and constructive methods to marketing planning. Each term was explained and utilised to shape Hilton's marketing campaign.

2504 words

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