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Hilton Hotels & Resorts' Strategic Marketing Audit Report

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1.0 Introduction

Throughout the span of history, this planet has observed many crises during its time, such as natural disasters, deadly diseases, economic failures, financial crises, and many more. Early into the new decade of 2020, the novel coronavirus (COVID-19) emerged itself and then started infecting humans all over the world. Due to this, each country had to take their own measures to protect its people and economy, which led to authorities imposing lockdowns. International borders also had to be closed to minimize the rate of infection, which in turn decreased travel activities, causing a direct impact on the hospitality industry especially.

The hospitality industry is becoming increasingly important to the global economy; however, the COVID-19 pandemic has forcibly exposed its vulnerability. The hotel business has a huge number of customers and employees, as well as considerable exposure to both national and foreign guests, which significantly increases the possibility for infection exposure and dissemination (Shapoval, Hägglund et al. 2021). The impact on revenue and supply chains is massive and unpredictable. Decisions to close hotels, restaurants, theme parks, and cinemas, as well as the overall disruptive influence of the travel ecosystem, all have a substantial impact on global tourism (Deloitte 2020). In addition to limiting domestic and foreign travel, curfews and standard operating procedures were imposed, compelling people to stay at home and businesses to function at or below capacity in compliance with the rules.

Hilton Hotels & Resorts is a worldwide full-service hotel and resort brand operated by the parent company Hilton Worldwide Holdings Inc. It is a multinational hospitality company based in the United States that maintains and franchises a diverse range of hotels and resorts. It was founded by Conrad Hilton in May 1919 and has now grown exponentially to include 6,215 properties in 118 countries all over the globe. Within the six thousand properties, Hilton has 18 brands across different market segments to cater to its customers, ranging from luxury, upscale, midscale, timeshare, and former. In this report, an audit of Hilton Hotels' strategic marketing will be conducted and analyzed to measure the aftereffects of the COVID-19 pandemic to the hotel industry as requested by the manager.

2.0 Main Findings

In this part of the report, there are five models of framework that are used to identify Hilton's marketing strategies. Using these models, this report determines the key issues from the audit analysis according to the models.

2.1 PESTEL Analysis

PESTEL analysis is a strategy framework used for evaluating a company's external environment by categorizing possibilities and threats into an acronym. PESTEL stands for Political, Economic, Social, Technological, and Legal. In this case, only two out of six PESTEL analyses will be studied and linked to Hilton Worldwide Inc.

2.1.1 Economic Factor

Economic factors have a direct impact on the economy's performance, which in turn has a direct impact on the company's profitability. Interest rates, employment or unemployment rates, raw material costs, and foreign exchange rates are all economic factors included in the PESTEL analysis. These elements are outside the control of the business but have an impact on its overall revenue.

During the COVID-19 pandemic where economic activities were kept at a down low, many countries implement low interest rates to encourage investors and stimulate the crumbling economy. Not only that, but loans were also available to be taken out at a cheap rate, all in order to keep the economy functioning even at a low frequency. This can serve as an opportunity for Hilton, as the loan could enable them to expand and further diversify their business due to the cheap availability of credit.

In addition, supply chains are also affected by COVID-19 due to the imposed restrictions and lockdowns. Raw materials are being transported very slowly, causing productivity levels to decrease. As a big and reputable hotel chain, the Hilton is backed by an outstanding and diverse portfolio of over 1,200 hospitality-focused suppliers from across the world. In fact, Hilton has a special subsidiary company among their many brands that handles supply management named Hilton Supply Management (HSM).

The pandemic has had a significant impact on the operations of numerous companies and as a result, people have less money to spend on various leisure activities, which is obviously not a good factor for the hotel. Multi-brand hotels like the Hilton not only focus on lodging and accommodation, but they also entertain their guests with recreational and wellness activities all underneath their own roofs.

2.1.2 Social Factor

Social factors refer to the demographic traits, norms, customs, and values of the population in which Hilton operates in. Consumer behaviour is greatly influenced by these social factors, and as a business entity, Hilton has no control over this environment. However, Hilton could recognise developing trends in the social environment and act accordingly. For a marketer, it allows for better grasp on the requirements and desires of consumers in a social setting. Considering that, it is crucial for marketers in order to target certain clients to the business. Furthermore, it reveals something about the local labour force and its readiness to work under given conditions.

The emergence of COVID-19 across the world has drastically affected the social factors environment due to the restrictions and lockdowns being imposed in each and every country. Lifestyles were changed as people were required to stay at home, mainly to minimize infection rates and to keep their country safe. With most people at home, the hospitality industry found it hard to sustain their businesses as people were not allowed to leave their homes except for emergencies. The tourism and hospitality industry were hit hard by the pandemic because travelling leisurely was not allowed. Due to this, most hotels lost their businesses. Even for an international hotel chain like Hilton was affected as well.

Not to mention, gatherings were mostly prohibited due to the airborne nature of the COVID-19 virus. Hotels not only serve as lodging and accommodation, but also other amenities such as restaurants, gyms, pools, convention halls, among many others. Hilton Worldwide's significant source of revenue is the hosting of corporate events. These business events are a significant generator of profit because corporate visitors frequently have substantial budgets

paid for by their companies and want a place to stay when the conference is done (Aussems, van Dijk et al. 2020). Especially for a huge hotel with extensive services like the Hilton, where it could act as a virus epicenter with many people gathering at one place for an extended time.

2.2 SWOT Analysis

SWOT analysis stands for strengths, weaknesses, opportunities, and threats and it is a framework for evaluating a company's competitive position and developing strategic plans. SWOT analysis evaluates internal and external environments, as well as present and possible future opportunities.

2.2.1 Strengths

Hilton Worldwide is a major operator in the hotel sector. It has a large global footprint and relies heavily on international travel, whether for leisure or business (Aussems, van Dijk et al. 2020). One of its strengths lies in its global brand and portfolio, operating its hotel and resorts business in more than 118 countries worldwide. With a wide global presence, its brand as an international hotel chain quickly became one of Hilton Worldwide's strengths.

Conrad Hilton established the company in 1919, making it one of the oldest in the hospitality sector. With over a century of experience in the field, it is safe to assume that they are true professionals at what they do. It has also pioneered innovative concepts such as the airport-hotel by opening the first one, a 380-room San Francisco Airport Hilton, and customer loyalty programmes during its tenure.

As a global powerhouse in the hotel industry, it is only natural that Hilton Worldwide has a loyal customer base stemming from its long history in the business. It even has its own loyalty program to cater to its client base known as the Hilton Honors (HHonors). This award-winning loyalty programme serves roughly 51 million members by supporting and providing targeted marketing, promotions, and tailored visitor experiences. Honors members account for more than 52% of Hilton brand occupancy and receive preferential pricing.

3.0 Recommendations

From the many analyses discussed in the audit report above, there are a few recommendations that Hilton Worldwide should consider in order to cope with the threats and opportunities that the COVID-19 pandemic brought upon the hospitality industry that almost crumbled many businesses alike.

First and foremost, an opportunity for Hilton lies in the expansion and diversification of its hotel business, as the pandemic forced many governments and authorities to lower interest rates and cheap credit availability. The company could take out loans easier and use the capital received to further enhance their hotel business model, perhaps even revamp the whole idea to be able to better accommodate post-pandemic conditions.

Other than that, one of Hilton's weaknesses are its high levels of debts. It is recommended that the debts be paid as soon as possible in order to avoid losing the business, worst that could happen is bankruptcy despite its huge global presence. The pandemic does not spare any businesses and people alike because it is that dangerous and detrimental to the overall economy.

Last but not least, Hilton should consider expanding to more regions in the Asia Pacific, as its overdependence on the US market could single-handedly be the demise of its business. It is better for Hilton to spread out its business portfolio and increase focus on other regions. The reason being that most countries have different rules and regulations, whereby in one country some things might be acceptable while others not. That creates an opportunity for Hilton Worldwide to better retain its business portfolio should the business fail in one country. Therefore, overdependence in one market is not a good sign for Hilton if they want to stay in business.

4.0 Conclusion

To conclude, Hilton Worldwide Inc., is a major player in the hospitality sector and even they are not unscathed by the aftermath of the COVID-19 pandemic. The pandemic affected a lot of industries in the world especially the hotel industry. For a big hotel chain like the Hilton, they had to reconsider their marketing plans as the pandemic changed a lot of things, with governments and authorities imposing laws and regulations to curb the virus.

In the report, Hilton's marketing strategies were discussed in detail, which are PESTEL analysis and SWOT analysis. These two models are a staple in the marketing world as one of the most effective and constructive approaches to marketing plans. From the PESTEL analysis, the economic and social factors were explained with the pandemic as the focus. On the other hand, from the SWOT analysis, Hilton's strengths were determined in order to evaluate the steps they should take to combat the pandemic by exercising their strengths to its fullest potential.

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