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Hilton Hotels Pestel

introduction

The UK hotel industry has been growing rapidly. As mentioned in Keynote(2009) that “ between 2004 and 2008 the value of the hotel market increased by 29.1% to reach £15.87bn in 2008”.

Keynote(2009) indicates that the UK hotel industry is based on two fundamental elements. These included corporate and consumer.

Hilton hotels are one of the most world class accommodations in the world, which is owned by the Blackstone group and operated in more than 80 countries(Keynote,2009). When looking at Hilton's financial situation,” in the year ending 31st December 2007, Hilton International Hotels (UK) Ltd had a turnover of £58.1m, compared with £65.4m in 2006”(Keynote,2009).

For competitor analysis it can be clearly said that Hilton Hotels has direct and indirect competitors. Direct competitors are, which include luxury hotels such as Ritz Carlton and Marriott hotels. Indirect competitors are accor hotels and substations such as staying in caravan

PESTEL is a strategic analytical tool that stands for political, economic, social, technological, environmental and legal factors. Hilton Hotels PESTEL analysis
The level of political stability that the country has in recent years.

involves the analysis of potential effect of these factors on Hilton’s revenues and its long-term growth prospects. The following is a brief Hilton PESTEL

Political Factors

Political stability is a basic requirement to success regardless of the industry. In the hotel industry in particular, political factors can influence the number of
The level of political stability that the country has in recent years.

visitors, both tourists and business travellers’ visits to a country in direct and indirect ways. For example, an ongoing delicate political situation Northern Ireland may discourage potential visitors to the region due to safety concerns. Moreover, following acts of terrorism in London on July 7, 2005, UK was temporarily branded as a place that accommodated a set of extremist religious organizations. Risks or threats of acts of terrorism are most likely to reduce the numbers of visitors to London and UK with negative impacts on Hilton

performance in this particular market. The level of political stability that the country has in recent years.

- The integrity of the politicians and their likelihood to take part in acts of corruption, as the resulting repercussions may lead to possible impeachments or resignations of high level government employees.
- The laws that the country enforces, especially with regards to business, such as contract law, as they dictate what Hilton is and is not allowed to do. Some countries, for example, prohibit alcohol or have certain conditions that must be fulfilled, while some government systems have insufficient amounts of red tape that discourage business.
- Whether or not a company's intellectual property (IP) is protected. For example, a country that has no policies for IP protection would mean that entrepreneurs may find it too risky to invest in Hilton
- The trade barriers that the host country has would protect Hilton; however, trade barriers that countries with potential trade partners would harm companies by preventing potential exports.
- A high level of taxation would demotivate companies like Hilton from maximizing their profits.
- The risk of military invasion by hostile countries may cause divestment from ventures.
- A low minimum wage would mean higher profits and, thus, higher chances of survival for Hilton

analysis for the UK market in particular. and

Economic Factors that Impact Hilton

Economic factors are all those that pertain to the economy of the country that Hilton, such as changes in the inflation rate, the foreign exchange rate, the interest rate, the gross domestic product, and the current stage of the economic cycle. These factors, and their resulting impact on aggregate demand, aggregate investment and the business climate, in general, have the potential to make a company highly profitable, or extremely likely to incur a loss. The economic factors in the PESTEL analysis are macroeconomic.

The economic factors that Hilton may be sensitive to, and in turn should consider before investing may include the following: However efficiently the financial markets operate also impact how well Hilton can raise capital at a fair price, keeping in mind the demand and supply. I The economic downturn lead to the decline in overseas tourism which influences turnover and profits in the hotel industry adversely. (Keynote, 2009).

I In tougher economic times, some less-expensive types of accommodation (e.g. Self-catering) becomes a great threat to the hotel industry.

I The recession brings hotels the opportunities to target guests with home-based stays instead of potentially trips abroad which is more expensive.

- The exchange rate of the country Hilton operates in would impact the profitability of Hilton, particularly if Hilton engages in international trade. The stability of the currency is also important- an unstable currency discourages international investors.
- A high level of unemployment in the country would mean there is a greater supply of jobs than demand, meaning people would be willing to work for a lower wage, which would lower the costs of Hilton
- The economic system that is currently operational in the sector in question- whether it is a monopoly, an oligopoly, or something similar to a perfect competition economic system.
- The rate of GDP growth in the country will affect how fast Hilton is expected to grow in the near future.
- The interest rates in the country would affect how much individuals are willing to borrow

Social

I The UK market incorporates a number of internationally well-known brands and chains. Hilton hotel is a strong brand, it has advantages to attract customers and it also cooperates with other companies and charity organisations.

I The short-breaks market could target the ageing UK population as well as an increasing number of adult households. (Keynote, 2009) the demographics of the population, meaning their respective ages and genders, vastly impact whether or not a certain product may be marketed to them. Makeup is mostly catered to women, so targeting a majority male population would be less population than targeting a population that is mostly female.

- The class distribution among the population is of paramount importance: Hilton would be unable to promote a premium product to the general public if the majority of the population was a lower class; rather, they would have to rely on very niche marketing.
- To some extent, the differences in educational background between the marketers and the target market may make it difficult to relate to and draw in the target market effectively. Hilton should be very careful not to lose the connection to the target market's interests and priorities.
- Hilton needs to be fully aware of what level of health standards, reactions to harassment claims and importance of environmental protection prevail in the

industry as a whole, and thus are expected from any company as they are seen as the norm.

Technological

I The Internet enables easier booking of rooms and provides all kinds of information about Hilton hotels including reviews made by previous customers.

I Social media provides a new way that Hilton Worldwide interacts with guests. The customers are sharing their hotel stories and through online services such as TripAdvisor, Twitter and Facebook. If the Hilton hotel is active and available through these popular channels, it can not only develop brand awareness but also attract new customers.

Legal

I It is necessary for hotels to comply with environmental related regulations and laws , reducing possible impacts on the environment from the operations of the hotel.

Environmental

I Due to Iceland's Volcanic Ash, most flights are delayed and airports are closed. Hotels are directly affected by this situation. The current weather conditions may significantly impact the ability of Hilton to manage the transportation of both the resources and the finished product. This, in turn, would affect the delivery dates of the final product in the case of, say, an unexpected monsoon.

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- Climate change would also render some products useless. For example, in the case of textiles, in countries where the winter has become very mild due to Global Warming, warm winter clothes have much less of a market.
- Those companies that produce extremely large amounts of waste may be required by law to manage their environmental habits. This may include pollution fines and quotas, which may place a financial strain on Hilton
- If Hilton should (knowingly or unknowingly) contribute to the further endangerment of an already endangered species may face not only the consequences from the law but also face a backlash from the general public who may then boycott Hilton in retaliation.
- While relying, in any percentage, on renewable energy may be expensive, it often receives support not only from the government but also from its customer base, who may be willing to pay a premium price for the products that Hilton may produce.

- [\[1\]](#)Hilton Worldwide (2016) *Open Secrets*, Available at:
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- [\[2\]](#)Heath, T. (2014) “Christopher Nassetta: The man who turned around Hilton” *The Washington Post*, Available at:
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