

MARKETING STRATEGIES: A CASE OF HILTON HOTEL IN UK

By

Course

Instructor

Institution

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Executive Summary

The growing competition in the global hotel industry has resulted to players developing marketing strategies that not only ensure they are competitive, but also sustainable. Hilton Hotel is a global leader in the industry with a global presence and unique products and services that are of high quality targeting the high upscale market segment. This paper will analyse the current marketing strategies of Hilton from an international perspective and its specific operations in the UK market.

The data used was gathered from secondary sources ranging from company publications, books, journal articles and other online reports that focus on the hotel. It is evident that the current marketing strategy adopted by Hilton Hotel is effective in guaranteeing its sustained competitiveness in the upscale market. It was also evident that the middle class segment of the market has increased globally accounting for most tourists. The current marketing strategies are ineffective in ensuring the hotel taps into this segment of the market.

The paper went further and suggested various measures that will ensure the hotel taps into the growing potential of the middle class market segment such as service diversification and introduction of services that target the middle class income earner. The hotel can expand its profits if it implements the measures that will make it a significant player in the middle class segment of the market.

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Part A

Introduction

It is challenging as well as fascinating to market in the service sector of the economy. The approach of marketing a product and a service in a way that it makes customers be interested in the product and select it over the other in the global marketing is very complex and challenging. Thus, global companies develop comprehensive and yet dynamic marketing strategies that ensure their products and services are highly regarded by customers resulting to their competitiveness (Enz, 2009). Therefore, marketing goes beyond the normal processes, such as advertising and other promotional packages.

The America Marketing Association (2008) defines marketing as functions and processes within an organisation for generating, communicating, and conveying value to customers. It also involves managing the relationship between the organisation and customers in such a way that it benefits the organisation (Tan et al., 2009). Thus, marketing is a customer oriented approach to doing business. In consequence, the main objective of marketing is to generate and retain customers through satisfying their needs. This paper intends to analyse this concept in relation to Hilton Hotels and Resorts, a global market leader in luxury hotels.

Company Background

Hilton Hotel was founded in 1919 by Conrad Hilton (Hilton Worldwide, 2014). According to the historical information as stated by Hilton Worldwide (2014), the company has remained a market leader since its inception in terms of innovativeness in its services, products and amenities. In 1927, Hilton opened its first hotel that had air-conditioning and cold running water in public rooms. In the year 1947, the Roosevelt Hilton in New York City installed TVs in guest rooms, becoming the first hotel with such a feature. In 1948, Hilton founded the basis of modern day hotel reservation system by developing a multi-hotel reservation system. In the year 1950, Hilton advanced its services with specific reference to female customers by introducing a booklet that had telephone numbers and important names and a sewing kit (Applegate et al., 2008). The hotel went further and introduced a brand-wide direct call telephone services. The innovativeness of the company expanded further by introducing the concept of airport hotels through establishing San Francisco Airport Hilton in 1963 (Hilton Worldwide, 2014). The company enhanced its services to its customers through computerising its reservation services as early as 1973. This was further boosted by the introduction of customer loyalty program in 1987 (Atkinson & Brown, 2001). In terms of environmental sensitivity, the hotel is globally known for its leadership in promoting environmental sustainability through advocating the use of green products and energy in most of its subsidiaries (Enz, 2009).

Currently, Hilton is a global leader in the hotel industry dominating markets such as India, Japan, France, China, United States, United Kingdom, Russia, Italy, Germany, and Brazil (Hilton

Worldwide, 2014). In terms of cities, Hilton is a leader and the most preferred luxury hotel in London, New York, Chicago, Hawaii, and Las Vegas. Hilton Hotel has over 3,000 hotels distributed all over the world with over 100,000 employees (Hilton Worldwide, 2014).

Methodology

The analysis of the marketing of the hotel, as well as recommendations, will be developed based on a secondary data. This will culminate to the use of literature review as the main methodology in this investigation. The information sourced from these sources will not only be used in analysing the marketing strategy of the company, but also the development of recommendations of areas that require improvement to enhance the competitiveness of the hotel (Bryman & Bell, 2007).

As much as secondary data has some limitations, this study attempted to minimise the limitations of a literature review as a methodology through using secondary data sourced from academic journals, databases, scholarly articles, reference books, official statistics agencies and government publications as an approach of ensuring the level of authenticity and accuracy is the highest (Bryman & Bell, 2007). Factors, such as the purpose of the data collection, credentials of the authors, the quality of the source, the intended audience, and the coverage of the source, were used in ensuring the quality of the sources used in this paper is acceptable. In addition, most of the literature used in this paper was sourced from the investigation that applied quantitative, qualitative, and systematic review as the method of addressing the research issue the studies investigated (Bryman & Bell, 2007).

Situational Analysis

This analysis was developed based on information sourced from internet sources and company reports. The major part of the analysis was based on the company's current strategies as approached by Marketing mix concept.



The four P's of the marketing mix (Kotler & Armstrong, 2004)

Product

Hilton Hotel sells services to individuals as well as corporations. Most of their services are offered based on availability and thus are offered prior to booking. The competitiveness of the hotel is boosted by its ability to provide services beyond the customer expectations (Enz, 2009).

Brand name

Hilton is a five star hotel with a global presence. In UK, it is ranked the best in terms of customer numbers (Chon, 2012). The hotel has distinct patterns and styles based on its blue logo that defines its approach to the accommodation, hotel, and meeting room service provision. The level of professionalism is also excellent as compared to other hotels in the UK in terms of service to corporate organisations and private customers.

Functionality

Hilton Hotel thrives through its numerous functions such as banquets for medical groups, labour unions, government, religious groups, educational, parties, political clubs, private individuals, and corporate (Watson et al., 2007).

Price

This is an area that the company has implemented stringent measures to guarantee customer involvement and satisfaction (Applegate et al., 2008). For instance, the hotel has a different price rates for different customer classes depending on the needs of the customer and value the customer can afford. However, event rooms and accommodation rooms are valued at almost fixed values. On the other hand, the dining department has no specific value for meals. The pricing process in this case is implemented through a negotiated deal between the dining department and the customer (Enz, 2009).

Price strategies

The hotel applies skimming pricing strategy during peak periods operating at high prices. This allows the company to maximize its profits during the peak seasons (Chon, 2012). During low seasons, the hotel applies marketing penetration price, where the hotel accepts customers' requests at reduced prices.

Seasonal pricing

The recent global financial recession greatly affected the businesses of the hotel lowering its profits significantly. As a measure to handling the effects, the hotel introduced seasonal pricing where the price of services in the hotel are reduced during low season and raised during high season (Enz, 2009).

Flexibility

The flexibility of the hotel's prices is determined by the profile of its customers. Potential customer classes also receive special prices as a means of retaining them as customers (Atkinson & Brown, 2001).

Price discrimination

This is a common approach in most subsidiaries of the hotel. The locals are offered services at lower costs as compared to tourists. This is done as a way of utilising its global coverage and brand image to maximise its profits.

Place

The hotel has most of its subsidiaries in UK located at the heart of cities with access to airports. The hotel places its business in the most active part of the city this is mainly due to its features,

which include casino hotels, airport hotels, and resorts make its availability in terms of location broad based (Enz, 2009).

Marketing coverage is achieved in the company through sales and marketing personnel that are sent to other companies to market the services offered by the hotel. They are the main marketing communication tools for the company. Furthermore, processing in the company involves instant communication with an organisation owing to event booking to ensure expedited planning.

Promotion

The most common promotional strategy employed by the company is the incentive trips. These trips normally focus on potential customers. They are offered deluxe packaging that ensures potential customers are motivated to prefer the hotel over the others (Chon, 2012). Moreover, the company has a discount program that is designated in specific periods such as weekends where the customers are offered 50% discount.

Promotional strategies

The company's promotional strategies are founded on push promotion strategy where the customers are welcomed from the main entrance and escorted to their rooms presenting a positive impression from new guests.

Advertising

The main tools the company employs in advertising are media and print advertising. This allows customers to access information on the services offered by the hotel, the style, patterns as well as the offers available (Watson et al., 2007). The hotel magazine is a more comprehensive picture of services and offers offered by the hotel. More so, the company website as well as other websites are used frequently in advertising products and services offered by the hotel

Personal selling and sales services

The company has a sales department that sends its employees to potential customers planning an event such as a wedding, conference and seminar as an approach to personal marketing.

Sales promotion

The hotel has a membership card that is offered to its customers (Enz, 2009). Possession of the card allows its customers to access the services at discounted prices. It is also a gate pass that allows customers to enter the hotel without following the long channel of registration.

Public relation

The public relation practices by Hilton Hotel is the best not only in UK, but globally. This is evident from its global position as a leader in hospitality. This presents the hotel's publicity as strong, which is boosted by the fact that most dignitaries prefer the hotel when hosting their events.

Market segmentation

The chances of a company being successful in the service industry are limited as the scope of the market increases. Market segmentation increases specialisation of the company as per the customer needs to ensure a high level of customer satisfaction (Enz, 2009). Hilton Hotels in the UK serve the high end of the market with its products and services depicting high class status and hence expensive. The ability of the company to concentrate on the high end market has boosted its competitiveness as the company successfully meets customer needs in terms of quality and class (Enz, 2009). This is evident in the global ranking where it enjoys 23% of the upper upscale market segment globally. The company also employs geographical segmentation where most of its operations are located in regions that have powerful economies such as Europe, America, Australia, China, and the Middle East. Generally, the major business segments that are evident at the hotel are business clients, tourists, individual visitors, leisure vacationers who are offered services that meet their needs (Enz, 2009).

Part B

Michael Porter Competitive Forces Model Analysis

Threat of entry of new competitors

This threat is low due to the levels of establishment of the hotel industry in the UK. The possibility of a new player matching the achievements of established players is very low.

Established hotels have more knowledge about the market, which allows them adopt the best strategies that ensure they check on costs while maximizing profitability (Clarke & Chen, 2012). Merger and acquisition seem to be the only possible way of entry into such an industry where the new player trades using existing brands identity.

Competitive rivalry intensity

The hotel industry in the UK is very competitive. There are numerous well established players in the industry. This is undeniably a major threat to Hilton Hotel as high levels of competition limit its profitability due to its small market segment. However, most customers in this industry prefer to stick to their traditional service providers unless a competitor introduces changes that are so attractive to the customers (Hill & Jones, 2008).

Threat of substitute products

This threat is very low since it is hard for the services offered in this industry to be offered by a non-hotel business. The threat only exists within the industry where a player can develop distinct services that differentiate it from the others hence making it competitive. The competitiveness of Hilton Hotel is founded on its ability to fuse luxury with quality in such a way that it is incomparable in the whole of UK hotels (Enz, 2009).

Bargaining power of buyers

The buyers in the hotel industry in the UK have a high bargaining power due to the numbers of hotels in the UK (Enz, 2009). The customers can easily access services provided by its choice of the hotel in another hotel. This is a major test to the competitiveness of Hilton Hotel as its services are reproduced by many hotels in the UK.

The bargaining powers of the suppliers

The bargaining power of suppliers in the case of UK is low. The UK has a very open economy that allows businesses in the hotel industry to access the international market for products and services limiting the power of suppliers (Watson et al., 2007). This gives Hilton Hotel access to numerous suppliers that offer the best products and services that meet its quality standards and the needs of its customers.

PEST Analysis**Political factors**

The UK enjoys a stable political environment and legal framework that support economic development and investments. In this regard, the current political environment is very conducive for expansion of the hotel industry as it has limited number of tariffs enhancing the business environment (Enz, 2009).

Economic factors

UK is among the strongest economies in the world. In addition, there have been increased levels of business outsourcing from other economies that have been essential in speeding up economic growth. The levels of economic diversification provided the UK with a cushion from the recent global economic recession. The economic environment of the UK is very stable as it was among the few economies that quickly recovered from the global economic recession. Therefore, the hotel industry appears to have a gleaming future as the government has increased investments in the industry as a main source of economic diversification. Furthermore, the stable economic environment promotes hotel growth as an important tool that boosts the revenues of the industry as its success depends on the availability of excess cash in the economy to spend on luxurious products and services (Watson et al., 2007).

Social-cultural

The current government is focused on national development with environmental sustainability programs that focus on ensuring increased levels of sensitisation on the importance of recycling in protecting exhaustible resources (Hill & Jones, 2008). The recent green practices and initiative that focuses on adoption of greener sources of energy poses to enhance sustainability of the society. The green initiative will also positively impact the health status of the society as they will be utilising environmentally friendly products in their daily activities. This presents Hilton Hotel with an important competitive advantage in the UK market as consumers are becoming

more environmentally conscious and hence will prefer receiving hospitality services from an organisation that cares about the environment (Hill & Jones, 2008).

Technology

UK is globally known for its advanced levels of technological incorporation into most segments of the economy. In fact, there are numerous technological support structures that enable the country to be recognised globally in terms of efficiency in its economic processes (Enz, 2009). UK is also credited for its information communication technology infrastructure and network. This has been essential in promoting competitiveness of most businesses locally. The presence of high levels of technological application in economic processes has been central to the success of UK's hotel industry. For instance, high speed internet connection has enabled Hilton Hotel to successfully provide high quality and diverse internet services to its customers.

SWOT analysis of Hilton Hotel Operations in UK

Internal Factor Analysis Summary	
Comments	Internal Factors
	Strengths
Locations target airports, CBDs, and parks with access to good roads and huge numbers of clients.	Location

The hotels are large with facilities that support huge segments such as business persons, tourists and meetings as well as accommodation that ranges from rooms, suites to two bedroom apartments.	Size of the hotels
This results to expedited decision making process keeping the company at par with customer needs.	Privately owned family company
Globally known as a mark of quality and luxury sustaining customers globally.	Regular customers
Globally known as an icon of luxury.	Brand equity
Numerous variety on the menu that meet diverse cultural needs.	Variety of food
High quality products and services with high levels of customer satisfaction.	Quality
Considered one of the best globally in terms of luxury and quality.	Strong market position
	Weakness
Less focus on cost more focus on luxury and quality.	Marketing strategy
Focus on a small market segment handling celebrities and dignitaries.	Market concentration
All its services target upper upscale market segment.	Lack of differentiation
The hotel is too expansive limiting its ability to provide specialized care to its customers.	Size of the hotel
Less market share as the rich are very few as compared to others in the market.	Targeting only the rich

External Factor Analysis Summary	
Comments	External Factors
	Opportunity
Focus on the middle class income earners who form a major proportion of UKs population.	Expand on the target market
Enhance price competitiveness.	Service development at cheap price
Enhance affordability.	Introduce low priced services.
Target the upcoming middle class income earners in emerging economies as well as locally.	Increase market share
	Threats
Lower the costs of its services to enhance on its competitiveness.	Local and global competition
Marketing should target increasing awareness of the levels of peace and security in the UK and Europe in general.	Terrorism alert
Labor becoming costly and profits declining.	Increasing cost
Produce innovative, high quality and affordable services.	Mature hospitality industry market

Recommended objectives and market strategies

From the analysis of the marketing strategy adopted by Hilton Hotel, it is evident that the hotel is a success and most of its approach to marketing has earned it a competitive edge in the UK market. However, there are various improvements that can be initiated in the current status of the hotel so that it cannot only increase the scope of the customer base, but also enhance on its competitiveness. Below are some areas that the hotel can focus on as a way of fostering its competitiveness:

1. Introduce middle class services in the hotel

Studies analysing the general populations globally indicate the emergence of huge numbers of middle class income earners in the developing economies and emerging economies (Luck & Lancaster, 2003). At the same time, most of the visitors and tourists that come to the UK belong to the middle class segment of the market. This presents a very large segment of the market that is still growing and has not been exploited by the hotel. Development of products and services targeting this segment of the market will enable the hotel increase the numbers of customers hence most of its business segments will operate at capacity (Tan et al., 2009). The main focus of this objective should be the growing number of tourists from developing and emerging economies that are mostly in the middle class levels (Enz, 2009). The situation is even interesting due to the statistics that indicate that middle class tourists travel evenly throughout the year unlike the high end travellers that mostly travel during specific times of the year and holidays. This presents an opportunity that will guarantee high customer turnout throughout the

year. As a result, introduction of services targeting middle class earners will enhance profitability of Hilton Hotels in the UK.

2. Embrace innovation in the approach to dynamism

As much as dynamism will increase market coverage for the hotel, incorporating innovativeness in the approach to product and service dynamism is essential in maintaining the hotel's competitiveness in the industry (Applegate et al., 2008). The customer should incorporate technological aspects of innovativeness in the approach to managing customer needs and demands. Due to the increasing expansion of the hotel industry on a global scale, competitiveness is very high, use of cutting edge innovativeness is one of the tools that can enhance the hotel's competitiveness and hence market leadership (Tan et al., 2009).

For instance, Hilton Hotel has invested technologically in all its essential services by ensuring they are all integrated in the hotels web portal. This has increased efficiency at the hotel especially in room booking as the room information is updated regularly. Incorporating such innovativeness in other operations of the hotel is bound to positively impact the levels of customer satisfaction. The ultimate goal is improved productivity and hence profitability of the hotel.

3. Diversification

Many studies have proved that one of the most effective ways of minimizing risks in an organisation is through diversification (Applegate et al., 2008). Hilton Hotels-UK should consider increasing the scope of its products and services as an approach of minimising risks through spreading its services (Enz, 2009). Other than the excellent room services and outdoor activities, Hilton Hotels should increase the scope of innovative products and services especially those targeting corporate events and conferences. This will increase income from such services cushioning the hotel during low seasons when room bookings are lowest.

The fact that the hotel is not only well established in the UK, but all over the world, introducing other subsidiaries in the UK that offer services that are common for middle class income population will increase the competitiveness of the hotel in terms of profits. More so, diversification of the hotel's marketing strategy is necessary to increase the number of people the hotel reaches through marketing (Tan et al., 2009). This includes incorporation of new advertising avenues to the already existing channels. Some of the most promising avenue is the online advertising especially the use of social media, which has over 2 billion users worldwide. Such avenues will increase the level of exposure of the hotel to its customers.

The fact that the market for the hotel products and services varies with seasons, proper market segmentation is needed to ensure the hotel remains profitable during all seasons (Clarke & Chen, 2012). There are many potential customers that the hotel has not reached out to fully. For

instance, UK is a sporting country where sports run throughout the year. Developing marketing packages that target sporting personnel will ensure the hotel has customers throughout the year. Consequently, the hotel can achieve these objectives by accessing, contacting, and negotiating with potential customers in order to ascertain their needs (Lasune, n.d)

The current pricing policy that is fixated on seasons seems to be affecting profitability of the hotel. Developing a pricing policy that is flexible on a daily basis based on the hotel's occupancy rate may work well. This may increase the hotels efficiency as it will boost the sales during low seasons as the price will depend on the daily demands (Tan et al., 2009).

More so, as much as the hotel has developed customer loyalty programs, more efforts is needed to ensure that regular customers feel special. This should include implementation of customer relationship management that will make them feel like strategic partners of the hotel. This will be essential in the development of long term relationship between the hotel and its customers.

Finally, in order to increase efficiency of the hotel by implementing the above strategies and objectives, involvement of the staff in the process is very important (Luck & Lancaster, 2003). This includes training programs aimed at increasing efficiency and customer service output of the hotel. The hotel should also develop evaluation mechanism that will ensure its marketing channels are working to ensure it is at par with the current needs of the marketing development in the hotel industry.

Conclusion

This paper examined the current marketing strategies of Hilton Hotels based in the UK. The analysis provided insights into the current strengths, weaknesses and opportunities the hotel has in the industry. The paper went further and provided recommendations for handling the weaknesses, as well as opportunities. Generally, the current marketing strategy adopted by the hotel is efficient in maintaining its competitiveness in the upper upscale market. However, the opportunities that are emerging as a result of increasing numbers of middle class income earners globally are challenging to the hotel as its strategy will not be able to tap into those opportunities fully (Clarke & Chen, 2012). Therefore, the paper suggested several approaches of diversifying the hotels marketing strategy to enhance its competitiveness by not only maintaining its relevance in the upper upscale market, but also tapping into the middle class segment of the market.

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