
ASSIGNMENT 1

QUESTION 1

PURPOSE:

The purpose of this assignment is to develop learners' ability to identify and evaluate an organisation's business level strategy and analyse how a business relates to its environment and customers.

REQUIREMENT:

Read the article below and answer the questions given:

Marriott Executives Explain the Brand's Internal Strategy Shift at MIT

Greg Oates, Skift

- Feb 03, 2016 7:30 am <https://skift.com/2016/02/03/marriott-executives-explain-the-brands-internal-strategy-shift-at-mit/>

Two of Marriott's key executives responsible for driving the hotel group's corporate culture turnaround spoke at the MIT Design Driven Innovation conference this week in Boston.

Matthew Von Ertfelda, VP of insight, strategy & innovation, discussed the marketplace factors driving the company's future brand strategy and development. Then Mariana Cavalcanti, VP of digital guest experience, gave an overview of how the brand is using technology to personalize the guest experience.

"Startups, entrepreneurs and disruptors are basically changing the game before most of us honestly can even learn how to play it," said Ertfelda. "They are honing in on complacency in areas where the consumer has been overlooked or egregiously underserved."

He explained three primary behavior and attitudinal shifts among consumers booking hotels today that impact everything Marriott is doing looking forward.

The first is the rise of millennials and Gen Z travelers who "forced Marriott's hand" to develop new hospitality brands over the last few years, which includes the recent merger with Starwood Hotels.

The second primary factor guiding Marriott's development is the continuing competition from online booking platforms, which Ertfelda said "threatens our direct relationship with the customer."

The third factor is the exponential rise of Airbnb worldwide, and to a lesser extent, other room-sharing companies. "That is threatening brand preference, and brand preference for us underpins performance," concluded Ertfelda.

Marriott executives have been pushing their internal shift in corporate policy hard since the company's Blueprint for Innovation initiative kicked off three years ago. Everyone at corporate up to Marriott CEO Arne Sorenson has publicly stated that Marriott needed to completely pivot toward a younger audience to remain relevant.

The MIT presentation was a continuation of that. Ertfelda showed a corporate video with scenes including Sorenson examining hotel models at the Marriott Innovation Lab in the Bethesda HQ office. He also highlighted Charlotte Marriott, which the company owns, that is scheduled to open this summer as a test vehicle for all of Marriott's newest product and digital innovations.

MARRIOTT SHIFTS EMPHASIS TOWARD A 'PEOPLE COMPANY'

The large international hotel brands like Marriott have always taken the brunt of criticism from independent hospitality groups and the industry at large about how the big chains lack a personal connection with their guests.

In fact, all of the small hotel groups position themselves as a foil to the legacy brands. Their very identity is based on their "independent spirit," such as referenced this week by the Commune and Destination Hotels CEOs speaking about their merger, and the idea that, "We're not Marriott."

So all of the top brass at Marriott have been out in the field over the last year talking about how Marriott places the individual hotel guest, hotel associate, and member of the local community as its highest priority.

"We attribute a lot of our success to actually having a higher purpose, and our higher purpose as a company is to transcend travel to transform lives by putting people first," said Ertfelda. "That means the lives of our associates, the lives of our guests, and lives of the people in the communities in which we operate. People and community will always be at the heart of what we do."

QUESTION:

(a) Why did Ertfelda say that Millennials and Gen Z travellers have forced Marriott to develop new hospitality brands over the years? Include the general characteristics of these generations in your answer.

(10 marks)

(b) Explain how online booking platforms could have "threatened Marriott's direct relationship with the customer". How could Marriott overcome this issue?

(10 marks)

(c) Why would Airbnb be a threat to brand preference for hotels like Marriott? Explain using concepts in business level strategy.

(10 marks)

(TOTAL: 30 MARKS)

Assignment Format:

- a. Provide references using the American Psychological Association (APA) format.
- b. References should generally be latest (year 2014 onwards).

Notes:

- **Assignments should be submitted according to the due date.**
- Plagiarism is not acceptable. If you are not sure what is meant by plagiarism, refer to the various websites which discuss this matter, e.g. owl.english.purdue.edu / handouts.

