

teaching note

Marriott's Strategy to Survive an Economic Crisis: Invest and Reposition the Brand

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Summary of the Case

Background of the Study

The world has experienced a whirlwind of emotions and financial deficits with the global health pandemic. The hospitality industry has taken the hardest hit, considering that people were unable to travel or feel that it is a healthy decision without taking a risk. The willingness to travel after a pandemic has a significant amount to do with how a company adapts to the new normal. Marriott International has experienced hardships, such as the global financial crisis, that forced them to reposition its brands to adapt to the climate surrounding them. Cutting back on costs, while meeting customers' expectations was successfully achieved during hard economic times. Marriott used similar techniques to adjust to the new climate that COVID-19 created. A big focus was on creating the change that meets the demands of varied generations. This case study shows how Marriott invested and repositioned its brand in the past and how it may look similar or different when faced with the global pandemic while responding to consumers' wants and needs.

Why Marriott?

Marriott International, Inc. is a leader in the global lodging industry. With more than 7,400 properties in 138 countries and countless achievement awards, they are a well-known and well-liked brand. The global financial crisis in 2008 hit the hotel and lodging industry when leisure travel almost came to an abrupt halt, and a drop-in business revenue followed. Marriott is known for its family values and for incorporating similar practices into its operations worldwide. Since tourism is often seen as a discretionary consumer good, it tends to be more affected by adverse economic conditions than other sectors (Song & Lin, 2010). Marriott quickly changed their strategy both nationally and internationally when it came to attracting new business. Even while the company may have been unsure where they might be going or focusing, they brought new fresh ideas across the board. When unexpected things occur that are uncontrollable, Marriott International did not shy away from being different and aggressively adapted to change. They essentially concentrate on the next generation of customers throughout all their brands. After the financial crisis hit, global brands needed to shift their focus on what factors impact their financial performance. Marriott focused on cutting back on the cost that did not alter the perception of what the company valued the most: people. Marriott was able to reposition an international strategy that started with what they wanted to promise the guest. A business' brand communicates the promise they are giving to the consumer. Marriott invested in their future customer and conveyed this message by repositioning the brand of their product delivery internationally.

Target Audience

The target audience of this case study is:

- Undergraduate level hospitality courses.
- Graduate-level strategic management and hotel management courses.
- Workshops and training programs on handling a crisis in the hotel industry.

Educational Objectives/Learning Outcomes

The student will be able to:

- Identify the strategies that one hospitality company demonstrated to overcome a crisis.
- Demonstrate an understanding of the purpose of brand repositioning and investing for the hotel guest.
- Recognize how discussions will come into play when leading a team through unforeseen circumstances.

Classroom Discussion

As a class, the instructor could allocate time to discuss the following topics for the students to get a feel on the topic at hand and to prepare their minds on embracing these topics with the case study.

Discussion Topics:

- Branding and repositioning
- Embracing Change
- Risk Management
- Serving During a Crisis
- Brand Loyalty
- Valuing Consumers
- Adaptability to Future Crises

Theoretical Groundwork

The conceptual framework regarding the case includes crisis management and brand repositioning strategies. The principle of the theoretical groundwork illustrates how Marriott responded and adapted to the issues that arose from the levels of crisis. Shifting the focus to generational desires, cutting back on costs, altering business strategies, and staying creative to attract new customers are a few key responses to the crisis proposed. The hotel/hospitality industry has faced many challenges and persevered by shifting the focus to areas that wouldn't take away from the overall experience.

Teaching Plan

1. Introduction and learning outcomes (5-10 minutes)
2. Short lecture with participation on branding re-positioning and adapting to crises in the hotel industry. Discuss historical situations that would define a crisis where the hotel industry would have to adapt to their clients and the industry. (15-20 minutes)
3. Group discussions (15-20 minutes) – place students into small groups (3-5 students) to discuss the advantages and risks when it comes to brand repositioning. Walk them through discussion topics that are listed above.
4. Discuss the Marriott International Inc. Case Study (20-25 minutes)
The answer will vary based on students' understanding, interpretation, and perception of the case study. The sections of the case study will guide students on how to answer the following questions. Below are some possible answer choices for each question.

- a. How did Marriott take a risk when overcoming the impact of a financial crisis?
 - *Marriott took a risk by focusing on the generation shift, cutting back that didn't affect consumers' satisfaction, and dared to be different than any other hotel chain.*
- b. What type of constraints and challenges did Marriott International encounter when it came to its brand repositioning strategy?
 - *Continuing to build trust with the customers in hopes to enhance their experience.*
 - *Consumers do not always like change.*
 - *Willingness to travel- what things made customers more comfortable to travel*
 - *Adapting to consumers' needs- with the shift of focus on the changing generations, Marriott adopted a new focus that came with its difficulties.*
 - *Money flow and revenue were slow at first, it takes time and money to rebrand a hotel and fit the demands that consumers want.*
- c. What measures should Marriott International pursue in repositioning its brand in the wake of COVID-19?
 - *The importance of cleanliness and hygiene, making it known to consumers that this is one of the top priorities and that is visible to guests.*
 - *Implementing more of a 'contact free' environment- check-in, food, additional services, check out. Limiting the overall interaction between people.*
 - *Ensuring that the consumers and staff feel safe and valued- listening to what everyone needs during the time of a pandemic.*
- d. What were the key changes that made Marriott stand out from other corporations during challenging times?
 - *Marriott dared to be different from other brands- their focus shifted towards changing the generation, which catered to everyone.*
 - *Cutting back on the cost would not alter the consumer experience-the bacon example.*
 - *Brand repositioning attracted new customers while keeping the returners satisfied.*
 - *Marriott altered their business structure to create a franchise portfolio, which significantly positively impacted its earnings.*
- e. How does the crisis management theory provide variables that could help predict reactions after a crisis?
 - *Prevention and preparation a business can do before a crisis*
 - *The proper way a business should react during the crisis*
 - *Recording notes after the crisis on how the situation was handled to be able to reflect if a similar occurrence happens in the future.*
- f. How is Marriott regrouping from COVID-19? What are the new focal points to make consumers feel more comfortable traveling again? What insights from Marriott's response to the financial crisis of 2008 can be applied to crises such as COVID-19? What insights may not work?
Strong points are made throughout this case study. People are looking for different things now when they travel (safety, cleanliness, contactless service), which varies from how people felt after the financial crisis. There are a few responses that would work, but the Hospitality and service industry has been changed due to COVID.
- g. What can we learn from this case study in terms of adjusting to unforeseen pandemics and crises?
It would be interesting to see where their thoughts are on this topic and how we can apply it to current events occurring in the industry.

5. Summary (5-10 minutes)

- a. Summarize the key factors that Marriott decided to do when it came to branding repositioning and overcoming a crisis.
- b. Summarize the Marriott hotel case study findings.
- c. Ask each student to state one new thing they learned and how this could be applied to other businesses that are impacted by a new crisis such as COVID-19.
- d. Ask students whether they have any questions or comments related to what the company could have done further? Why they believe the company decided not to pursue them?

Research Questions

Below are examples of other research questions that can develop from this case study. When reviewing these questions with the students, have each student develop one new research question based on the discussion topics and what they learned from the case study.

Research Questions:

- How can a hotel business enhance the guest experience during a crisis?
- Is organizational change required more during or after a crisis?
- When is brand repositioning necessary for a business?
- With the pandemic impacting global consumers and their spending habits, opportunities are emerging for hotel companies to adapt to new market demands. What's next in the changing consumer behavior, and how should hotels brands position themselves for success after the COVID-19 crisis?

Additional Readings

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