

Internal Analysis

Resource analysis: Marriott International

Marriott International is a leading worldwide hospitality company with its headquarters near Washington DC in Bethesda, Maryland, USA. It manages and franchises hotels under a number of recognized international brand names including Marriott, Renaissance and Courtyard.

Table 3.1 Resource analysis: Marriott International

Resource Category	Analysis of Marriott resources
Physical resources	<p>Almost 3,700 operating units and 17 brands in the United States and 72 other countries.</p> <p>Properties range from luxurious (Ritz-Carlton) to budget (Courtyard and Fairfield Inn).</p>
Operational resources	<p>Each brand has a detailed set of operating procedures which is constantly updated and refined.</p> <p>Worldwide reservations system with industry leading costs per reservation.</p> <p>Common reservations system for all brands allowing for cross-selling opportunities.</p> <p>Large web sales volume.</p> <p>Marriott Rewards is one of the largest frequent guest programmes in the hospitality sector and is linked to over 30 international airlines.</p>
Financial resources	<p>Most hotels are financed by third parties with less than 1% of properties being company-owned.</p> <p>As a hotel manager and franchisor significant and more stable cash flows are generated than through real estate ownership.</p> <p>Strong balance sheet and profitability record.</p>
Human resources	<p>Over 150,000 employees worldwide.</p> <p>Extensive staff training and advancement opportunities.</p> <p>Consistently listed in <i>Fortune</i> magazine annual list of 100 best companies to work for in United States.</p>

Resource Category	Analysis of Marriott resources
Intangible resources	<p>Strong range of brand names many of which are clear leaders within their market tiers.</p> <p>Customer and owner loyalty achieved through a strong rewards programme.</p> <p>Distinct market positioning of each brand.</p> <p>Many hotels situated at scenic locations.</p>

Source: www.marriott.com

**THE - Tourism, hospitality and events*

Comments! Make conclusions based on VRIO analysis.

Core competencies: British Airways

In the airline sector all airlines have the competencies and resources required to operate flights between certain destinations. A company like British Airways (Kay, 1995) possesses core competencies relating to its:

- dominance of take-off and landing slots at London's Heathrow Airport;
- licences it holds to operate certain routes to which access is denied for other airlines; and
- brand attributes which act as the basis of its reputation for high quality service.

These core competencies, although initially identified by the author in the early 1990s, are still valid in the contemporary market. However, it could be argued that the web of cooperative partnerships with other airlines through the 'One World' strategic alliance in allowing for greater destination choice and flexibility of arrangements provides a further area of core competence for the airline. Thus British Airways has core competencies (or distinctive capabilities in Kay's terminology) in terms of strategic assets (Heathrow slots and licences), its reputation (brand attributes) and architecture (strategic alliance).

The possession of these core competencies enable the airline to charge premium prices for its products by targeting business travellers in particular and by altering aircraft seat configurations to accommodate a greater proportion of business and first class passengers. The airline has maintained a strong competitive position on the key Trans-Atlantic routes (partly built on its dominance at its London hub), which enjoy a strong level of premium traffic.

In this way, core competencies are applied to the marketplace and in so doing form the basis of an organization's competitive advantage.

1. Summarize the purpose of carrying out the resources and competencies analysis.
2. Give examples of VRIO resources and competencies for Marriott and for British Airways.

SWOT

Watch a video <https://www.youtube.com/watch?v=g12n6D6iWBM> Make a SWOT results table from the video example.

SWOT analysis applied to Macau

Macau, which lies on the western side of the Pearl River Delta, is one of the two special administrative regions of the People's Republic of China (PRC), the other being Hong Kong. The territory's economy is heavily dependent on gambling and tourism, but also includes manufacturing.

The sustainability of tourism development has become a leading issue of Macao in recent years. While the industry has grown dramatically over the last decade, such an issue has been expanding in importance in line with the growing contribution the industry makes to the territory's economy as a whole. With a population of about 500,000 and a land area of only 27.3 square kilometres, visitor arrivals have grown enormously and the increasing significance of the tourism industry has given rise to discussions regarding social and economic consequences.

Macau is a city with a blending of eastern and western cultures, has a mixture of Euro-Asian architecture and attracts large numbers of international tourists. Tourism employs approximately a third of the territory's workforce and generates about 40 per cent of the territory's gross domestic product (GDP).

Case SWOT

Table 9.1 SWOT analysis applied to Macau

Strengths	Weaknesses
The unique historical background and Sino-Portuguese cultural features	Limited natural resources for tourism development
Glamorous events take place all year around.	The average length of stay of visitors is short at about one day
Simplified entry procedures to southern China with most visitors not requiring a visa in advance	A shortage of qualified local workers for its continuing tourism development
Excellent transportation infrastructure	
Opportunities	Threats
Macao's application for UNESCO World Heritage site status (subsequently granted)	Adversely affected by external shocks such as the Asian Financial Crisis and SARS outbreak
The economic relationship with Mainland China has been getting much closer	Many tourists arrive by air from Taiwan, the 'Mainland-Taiwan' issues may affect these decisions to visit or use Macao for transit
MICE tourism has been developing and could be a new source of tourism growth in the future	Countries such as Australia, South Korea, Laos and Malaysia have increasingly competed with Macao in the gaming market
	Possible relaxation of gambling restrictions in mainland China

Macao is renowned as a gaming centre and indeed Macao is the world's largest centre for such activity. However, the tourism industry also comprises hotel and catering businesses, recreational activities and MICE activities. MICE (meetings, incentives, conventions and exhibitions) is a commonly used term which broadly covers the arrangement of symposiums, seminars, exhibitions, expositions, trade fairs, incentive events and cultural and sport events.

Based on the Macau example, match the strength that helps us to address business opportunities, the strength that helps us to avoid a negative influence of the threats. Underline which Weaknesses we can improve during the time.

- 3. Explain the underlying logic behind presenting a SWOT in this case.**
- 4. From a managerial point of view, what are the fundamental differences between strengths and weaknesses on the one hand and opportunities and threats on the other?**