



A STUDY ON INTERNATIONAL HOTEL SERVICE IN CHINA:  
A CASE STUDY OF HILTON HOTELS

BY  
PU WANG

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT  
OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF  
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**Independent Study Title** A Study on International Hotel Service in China: A Case Study of Hilton Hotels

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**Program** Master of Business Administration (International Program)

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### Abstract

This research aim to study on “International Hotel Service in China: A Case Study of Hilton Hotels”, this study were qualitative methodology via in-depth interview, and content analysis. The study found that: 1) Market segment of Hilton hotels are mainly divided into the following categories: business hotels customer, customer for exhibitions and forums of all sizes, long-stay and short-stay guests, and middle-class travelers and convenient hotels customer, hotel's income mainly comes from three parts: First, the room income. Second, food income. Third, income from supporting services, Production plan Hilton has approximately 400 hotels in the Chinese market, and despite the impact of the epidemic on the tourism industry, The operation of the hotel includes internal operation and external operation. First of all, the internal operation is mainly the cooperation of various departments and personnel in the hotel, including the research and development of new products and technologies, the provision of high-quality housing services and talent training.3) Financial projection cash flow for 5 years, were Initial investment 32,000,000 (Ten thousand Yuan),ROI average per year 26.5 %, NPV 10,444,250 (Ten thousand Yuan) IRR = 21.3 % and Pay Back Period 3 years and 11 months.

**Keywords:** Marketing Strategies Chinese Cosmetic Brands

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## Section 1

### Introduction

#### 1.1 Company Description

Hilton Worldwide Holdings Inc., a subsidiary of Blackstone Group, is a multinational hotel management company. It has 18 excellent hotel brands, more than 6400 hotels and more than 1 million guest rooms in 119 countries and regions around the world. Hilton has been committed to realizing the founding vision of "making the world full of sunshine and warmth, and letting guests feel Hilton's hospitality", and has provided services to more than 3 billion guests in its century-old development process.

Nowadays, Hilton has been accelerating its expansion in the Chinese market since it entered China in 1988, which has opened 500 hotels in many cities in China.

#### 1.2 Current Situation Analysis

This paper analyses the current situation of Hilton based on the PEST theory and examines the external factors that influence its development, such as economic, social, political and technological factors, in order to understand the market and thus improve its business development. In addition, the Porter's Five Forces model is used to analyze the potential competitors of Hilton Hotels, the bargaining power of buyers, the bargaining power of suppliers, inter-firm competition and substitute products, to study the competitive factors of Hilton Hotels' corporate capabilities, the resources of the company and the core competencies of the company.

##### ① PEST

##### (1) Economic Factor

Against the backdrop of China's accelerated economic development, the country's gross domestic product (GDP) has continued to improve. According to data from the National Bureau of Statistics, it is known that China's GDP in the first nine months of 2022 was 87.01 trillion Yuan, while growing by 6.19% year-on-year. Looking at the indicator of the growth rate of China's GDP, China's growth rate for 2017-2020

has decreased compared to previous years, in addition, the sudden epidemic hit the market and China's growth rate in 2020 was the lowest. As the Chinese authorities continue to adjust their economic policies, the economy is gradually recovering and the GDP growth rate is gradually accelerating. The steady development of China's economy provides a favorable market environment for the development of Hilton Hotels.

### (2) Social Factor

Because of the rapid economic and social development of our country, people's incomes are rising and their willingness to travel is increasing, there are many opportunities for hotels to grow from the perspective of the hotel industry. In addition to this, as people around the world interact more and more frequently, the domestic people's consumer attitudes are changing and they feel less xenophobic towards foreign hotels, which is a very good sign for Hilton.

### (3) Political Factor

Hilton hotels are located all over the world and the political stability of countries becomes an important factor that affects how Hilton operates in different countries. Thereby, if a country is unstable, it will largely reduce the number of tourists in that country, which will have a negative impact on the hotel's revenue. Since 2018, China has encouraged the standardization of hotels and the improvement of service quality in the hotel industry. With the outbreak of the New Crown epidemic in 2020, the Chinese government has issued a series of policies to help the hotel industry to prevent and control the epidemic and resume work and production, and is actively planning the hotel industry's development priorities for the 14th Five-Year Plan period.

### (4) Technological Factor

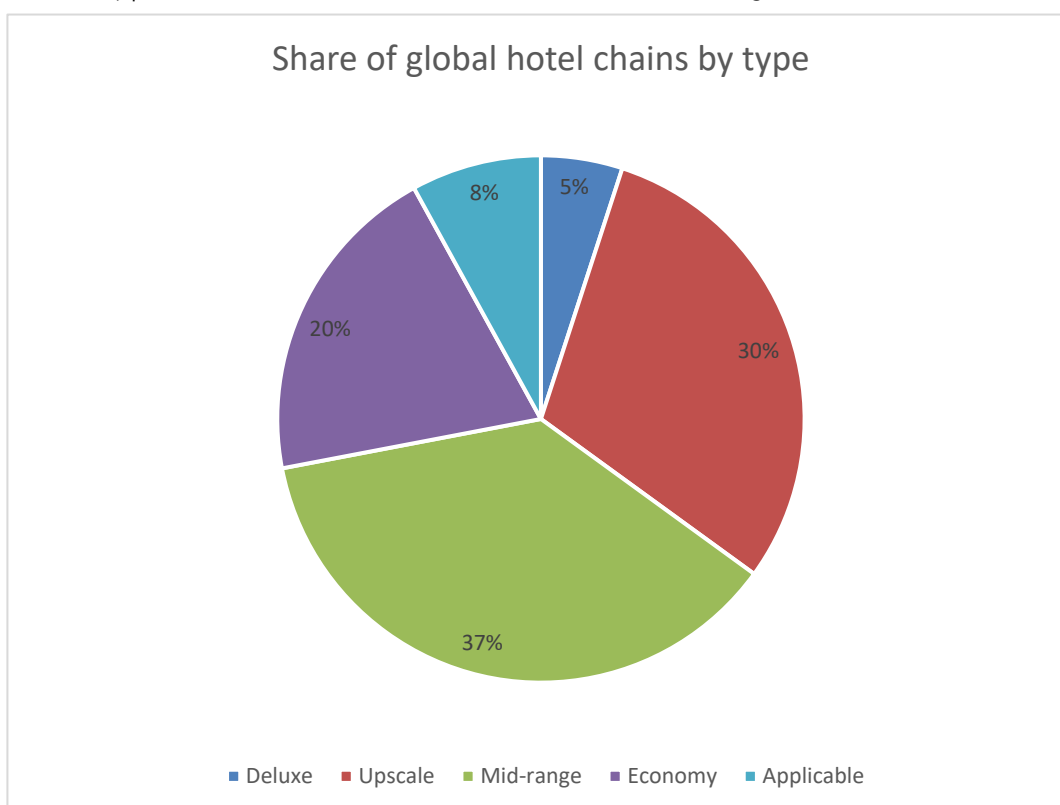
In today's highly competitive world, technology plays an important role in the marketplace. If a hotel wants to gain a relative advantage in the market, it must improve its intelligence to better serve its customers. Hilton Hotels attaches great importance to the promotion and application of technologies such as the Internet, artificial intelligence and cloud computing to empower the upgrading of the hotel's internal operations, management and procurement systems. Against the backdrop of

the Newcastle Pneumonia epidemic, Hilton hotels are rapidly developing intelligent services such as no-touch in order to reduce customers' fear of infection. Hilton Hotels hopes to serve its customers more humanely through the integration of technology and services, and has been increasing its investment in technology over the years.

## ② Porter's Five Forces Model

### (1) Existing competitors in the industry

Due to the phenomenon of following the trend in the market, many high-end hotels have convergent services, product differences are not obvious and competition between high-end hotel industries is very intense. According to the "China Theme Hotel Industry Market Analysis Report 2013-2017" data, the proportion of various types of hotel chains worldwide is shown in the figure below.



There are many major competitors to Hilton Hotels, such as InterContinental Group and Marriott Hotels.

a. Intercontinental Group. The InterContinental Group is the world's largest and most extensive network, with the widest range of multinational operations, as well as the largest number of rooms in the world.

b. Marriott Hotels. Headquartered in the United States, Marriott is the world's leading international hotel management company, with over 4,000 hotels in 74 countries and territories worldwide and over 300,000 employees.

#### (2) Potential entry threats for new entrants

Potential entry threats to new entrants arise mainly from barriers to entry into the market and the degree of responsiveness of existing players. Faced with the fact that the high-end hotel market in developed Western countries is highly concentrated and already in a state of saturation, with little room for industrial development, many hotels are looking at China, where the hotel industry is less developed and where China has huge market potential, and almost all large international hotel groups have already entered or plan to enter China. Although Hilton Hotels entered the Chinese market relatively early, with the further opening of the market and preferential policies in China, Hilton Hotels will soon face the possibility of a large number of potential competitors from larger hotel groups entering the Chinese market.

#### (3) Suppliers' ability to discuss supply

The ability of suppliers to supply goods is critical to Hilton hotels, as it determines whether the hotel can provide consumers with satisfactory goods and services at an appropriate price and also affects the cost of doing business for Hilton hotels. As China has relatively low labor costs and has been recognized globally as a world-class manufacturing base, it has a wide range of suppliers of good quality and inexpensive hotel supplies for Hilton hotels, with many manufacturers.

#### (4) Bargaining power of consumers

As the market positioning of Hilton hotels is high-end hotels, the main target consumers are domestic and foreign business people, foreign tourists and domestic high-class, such consumers are not highly price sensitive, and Hilton hotels are mainly set up in convenient transportation, first and second-tier cities and brand awareness than domestic hotel brand awareness. All in all, Hilton hotels in China have a large number of loyal consumers in China due to the brand effect.

#### (5) Analysis of alternative products

The threat of substitute products or services in the high-end hotel industry is not significant. For Hilton, its substitutes are mainly low- and mid-range hotels, but as the target market of Hilton hotels does not coincide with low- and mid-range hotels, the target market of Hilton hotels is high-end business people, large conferences and exhibitions and other people and events, which pay more attention to hotel class, overall services and functional facilities, therefore low- and mid-range hotels do not pose a substitution threat to Hilton.

### 1.3 Feasibility Analysis

#### ① Product and Service Feasibility Analysis

##### (1) S-strengths

According to the "2022 Top 50 Hotel Brands Report" released by Brand Finance, Hilton's brand value has increased by 58% to US \$12 billion and has become the most valuable hotel brand in the world. Hilton itself has a high brand effect, as a big brand, which has reliability and credibility, and is supported and trusted by Chinese consumers. And Hilton has a certain reputation both at home and abroad, whose hotels are located in various cities in China, with a number of up to 500 and a wide range of services. Then, Hilton Hotel has a long history of service development and rich experience. Hotel brands are diverse, and different hotel brands provide different levels of services to meet the diverse needs of customers. What's more, the hotel has complete service facilities. In addition to providing complete accommodation, the hotel also has a set of service facilities such as coffee room, conference hall, banquet hall, swimming pool, etc. The diversified development of brands has a high market share in China's hotel market, making each brand has a specific main target market, such as super luxury hotel Conrad, high-end hotel Hilton, and economy hotel Scandic. It is most important that Hilton focus on customer needs as the starting point, and innovate personalized service projects, establishing a dedicated marketing team, which often carries out various forms of promotional activities in China. At the same time, it pays attention to public welfare marketing and establishes a good corporate image.

## (2) W-weakness

Hilton's customer range is relatively narrow, mainly focusing on the high-end hotel market in China. And because of its fast expansion speed, the guarantee of its human resources and management system is facing a test. Not only that, Hilton's large-scale expansion has gradually shaken the relationship between its pursuit of short-term benefits and long-term reputation. There is still uncertainty about whether Hilton's original system and business philosophy can be skillfully grafted locally to achieve the expected goal of cooperation.

## (3) O-opportunities

The comprehensive group of the Joint Prevention and Control Mechanism of the State Council of China announced 20 measures to optimize the epidemic prevention and control, and the Ministry of Culture and Tourism subsequently optimized the trans-provincial tourism prevention and control policies. And the enthusiasm for domestic tourism was activated. Affected by the favorable policies, domestic travel is expected to usher in an outbreak. China's relaxation of epidemic prevention and control is conducive to the rapid development of the tourism industry. With the rapid development of the domestic E-sports market, E-sports hotels derived from "E-sports and accommodation" have become one of the fast market segments. Furthermore, under the upsurge of high-end hotel development, international hotels are favored by investors. Network technology is more and more developed, promoting the rapid development of marketing technology.

## (4) T-threats

The market demand is increasingly diversified. The global travel restrictions implemented in the past two years in response to the spread of COVID-19 have brought huge and obvious losses to hotel brands, and many Hilton brands have not yet recovered. China's hotel market is under great competitive pressure. International hotels such as InterContinental and Marriott are strong competitors of Hilton.

S	W
High brand value and brand effect Wide range of services Long history and rich experience Brand diversification High market share Service innovation Professional marketing team	Narrow customer range The guarantee of human resources and management system is under test Swing in the pursuit of short-term benefits and long-term reputation Uncertainty in achieving cooperation objectives
O	T
Favorable domestic policies Rapid development of tourism Emerging market development Development upsurge of high-end hotels Rapid development of marketing technology	Diversified market demand The epidemic has caused losses to the hotel brand Strong competitors

## ② Marketing Feasibility Analysis

With the relaxation of domestic epidemic control, people's enthusiasm for travel is aroused, which making China's tourism industry facing explosive growth, and continuing to increase the demand for hotels. It is a good time for Hilton Group to continue to add brand hotels in China, while Hilton Group's expansion in China has never stopped. There are various marketing channels for products and services, of which online marketing is the main way. With the continuous improvement of Internet technology and the increasing number of users using the Internet, the effect of using the Internet for advertising and publicity will be better than that of traditional paper media. The important thing is that the cost of online advertising is relatively low. Advertising is Hilton's main way of marketing. In addition to advertising on its official website, there are many channels for advertising.

## Suitable Mode for Hilton Group's Advertising Marketing

	Vehicle-mounted advertising	Aimed at mass consumers and is more suitable for regional enterprises. Mobility, accessible to a large number of audiences, and has a large range of dissemination and efficiency.
	Newspapers and magazines	Large circulation and wide coverage. Not subject to strict time constraints. Deliver information to readers many times.
	TV advertising	High audience rate and intuitive. Expensive.
	Subway advertising	Faced with different levels of consumer groups, high accessible rate of advertising. Enough advertising space, various forms and plenty of space for advertising creativity to play.
	Advertisements at high-speed railway station and aircraft stations	Most of the audience groups are high-level social elites, with high social status and vision, and strong purchasing power. The best place to put advertisements.
	Business district advertising	Takes up resources with large media specifications. Provides interactive advertising to increase the intimacy between consumers and brands. High cost.
	Social software advertising	Wide coverage without geographical restrictions. Complete advertising system. Data tracking, precision marketing. High cost performance.

### ③ Organizational and Financial Feasibility Analysis

Financial report data of Q3 International Hotel Group in 2020					
Hotel Group	Revenue	Year-on-year revenue	Net profit	Year-on-year net profit	
Hilton Hotels Group	US \$2.368 billion	35.39%	US \$347 million	43.98%	

Assets and liabilities data of Q3 International Hotel Group in 2020 (USD 100 million)								
Hotel Group	Assets	Year-on-year assets	Liabilities	Year-on-year liabilities	Asset-liability ratio	Shareholders' equity	Year-on-year shareholders' equity	Shareholders' equity ratio
Hilton Hotels Group	55.08	27%	64.22	0.12%	05.89%	9.14	8.97%	5.90%

Cash flow data of Q3 International Hotel Group in 2020 (USD 100 million)						
Hotel Group	Net cash flow from operating activities	Year on year	Net cash flow from asset activities	Year on year	Net cash flow from financing activities	Year on year
Hilton Hotels Group	11.99	5550.00%	-0.98	-188.24%	-12.30	32.19%

Revenue data of Q1-Q2 International Hotel Group in 2020

Hotel Group	2022Q1 revenue	Year-on-year revenue	2022Q2 revenue	Year-on-year revenue
Hilton Hotels Group	US \$1.721 billion	96.91%	US \$2.24 billion	68.55%

Comparison of revenue data of international hotel groups from 2020 to 2022						
Hotel Group	Revenue in 2020	Year-on-year revenue	Revenue in 2021	Year-on-year revenue	2022Q3 accumulated revenue	2022Q3 accumulated revenue/2021 revenue
Hilton Hotels Group	US \$4.307 billion	-54.43%	US \$5788 million	34.39%	63.29	109.35%

Source: Financial report of Hotel Group, compiled by Meadin Research Institute (note: all data are subject to the corresponding annual report data)

In 2022Q3, the overall performance of all international hotel groups recovered, and the operation recovered steadily: Hilton Hotel Group achieved a double increase in revenue and profit.

According to the month-on-month analysis of the revenue from Q1, Q2 to Q3 in 2022, the revenue of Hilton Hotels Group is in a positive growth trend, which indicates that the revenue of Hilton Hotels Group is recovering in the first three quarters. In addition, Hilton Hotels Group's accumulated revenue in the first three quarters of 2022 has exceeded the whole year of 2021, and its overall development is expected to be better than 2021.

According to the data of Hilton Hotels Group, Q3 revenue was \$2.368 billion, up 35.39% year on year and the net profit was 346 million US dollars, exceeding the expectation of the previous performance outlook. Thanks to the recovery of leisure and business travel, the system-wide average income per rentable room in the third quarter of 2022 increased by 29.9% compared with the same period in 2021 and 5%

compared with the same period in 2019. In the third quarter, Hilton Hotels Group opened 80 hotels around the world, adding 12900 rooms and achieving a net increase of 12100 rooms.

According to various financial data, Hilton Hotel Group has recovered from the epidemic more than ever before. At present, its overall development is better than that of previous years, and its revenue and profit have also been growing, with strong recovery and profitability.

#### **1.4 Research Objectives**

To study on “International Hotel Service in China: A Case Study of Hilton Hotels” the detail as follow:

Hilton Hotels has been developing as an international hotel in China for almost thirty years now, continuously exploring the Chinese travel and hospitality industry and now has extensive marketing experience with the Chinese market and consumers. Hilton Hotels has witnessed the growing economic development of China and the journey of China's travel and tourism hotels from their infancy to prosperity. Rather than declining, Hilton has maintained a steady growth rate for more than three decades, and has even set out five major development goals for 2025, namely driving brand growth, enhancing guest loyalty, accelerating digital development, building a localized and diverse high-end workforce, and strengthening the brand. This thesis focuses on Hilton Hotels as the target of this study, mainly by examining how Hilton, a representative international hotel, has developed in China, providing lessons for Chinese hotels and hotels around the world.

## Section 2

### Marketing Plan

#### 2.1 Segmentation, Target and Positioning

Hilton's ability to capture such a large market share in China is due to its advanced management model, which is mainly reflected in the following aspects.

##### ① Market Segmentation,

Extending the brand to distinguish a joint group into hotels of different quality and class. Hilton hotels are meticulously classified according to the characteristics of their customers, dividing them into business and non-business types, introducing different services for individuals and families, and using different hotels to provide different grades of services to meet different customer needs, Hilton hotels are mainly divided into the following categories.

(1) Business Hotels: Hilton's business hotels are ideally located and equipped with high quality services and special entertainment programs, the business hotels are the main product of Hilton.

(2) Conference hotels: Hilton's conference hotels cater for conferences, exhibitions and forums of all sizes.

(3) Full suite hotels: Hilton divides its customers into long-stay and short-stay guests. Each suite has two rooms. Each suite has two rooms and is equipped with a TV, microwave and refrigerator. Guests are provided with a morning meal in the morning, drinks in the evening and a complimentary business center.

(4) Hilton Garden Inn: The Hilton Garden Inn is aimed at the middle-class travelers and is marketed as a "four-star hotel at three-star prices". The Hilton Garden Inn is suitable for family travel or long stay business guests, with affordable prices and a beautiful environment.

(5) Convenient hotels: generally located near the airport, with a dense and convenient transport network, mainly serving passengers.

## ② Adopt differentiation strategies to find target markets

### (1) Brand franchising to further expand the market.

The development model of Hilton Hotels has gone through several stages: self-built model, management contracts, franchising, etc. In the 1990s, Hilton started to implement the "franchising" method for expansion, gradually selling its own hotels and only retaining the management rights and franchise brand rights. Hilton gradually shifted its business focus to high-end profit areas such as brand maintenance and market promotion.

### (2) Diversified brand development model.

Hilton has adopted a brand diversification strategy, based on market segmentation, using a brand diversification strategy of "main brand series of sub-brands", specializing in each market segment according to different brands. Each brand has a specific primary target market, which has greatly increased Hilton's global market share.

### (3) Focus on marketing.

Hilton's outstanding market performance is largely linked to its extraordinary marketing. Hilton places great emphasis on market research in order to quickly grasp market demand, which is an important basis for the group's marketing and decision-making. In addition, Hilton has significantly increased its brand awareness and influence through effective promotional activities. At the same time, Hilton is committed to marketing for the public good while pursuing corporate interests, to a certain extent, to build a good social image.

### (4) Innovative and personalized services.

Hilton hotels take the needs of customers as the starting point, and constantly innovate hotel design and services, so as to enhance customer satisfaction. Hilton hotels adopt a strategy of getting closer to their guests when developing products. As customers find it inconvenient and uncomfortable to stay in hotels, Hilton hotels have especially introduced TLC rooms, with the aim of minimizing the differences between hotels and homes, ensuring that guests have a pleasant stay, improving their sense of comfort, and reducing the anxiety they feel when travelling.

## 2.2 Marketing strategies


### ① 4Ps



#### (1) Product

Hilton Hotel is developing rapidly with the development of hotel management and service brand building. In the actual management, Hilton Hotel no longer only focuses on the results of service, but gradually focuses on the process and quality of service. In the process of purchasing and using products, it pursues high-level goals such as spiritual satisfaction, social affirmation and value realization. Hilton subdivides the Chinese hotel market and implements the brand diversification strategy (brand coverage ranges from super luxury to luxury to high-end to economic chain, covering vacation, business, travel and other lifestyle) to fully occupy the market segment and meet the needs of customers at different levels with different types of hotels. The following are 9 brands of Hilton in China:

Level	Brand	Characteristic
Luxurious		It is the top hotel brand of Hilton Group, focusing on the highest level of facilities and services. The style of the hotel is traditional European luxury style, but there is no lack of fashion elements.
		Compared with the traditional top luxury of Waldorf, the hotel is more youthful and takes a more

		<p>modern and avant-garde route. The hotel is full of modern fashion elements, but it does not lose exquisite luxury, and is deeply loved by young people.</p>
High-end		<p>Hilton's parent brand hotel, the most representative main hotel brand, mainly focuses on business and tourism. In China, Hilton is mainly concentrated in the Yangtze River Delta and the Pearl River Delta.</p>
		<p>Hilton's fast-growing high-end hotel brand in the world focuses on warmth and comfort, fashion and personalization. It is relatively common in China and is famous for the welcome reception of Yilin classic hot chocolate cookies.</p>

	 <p><b>EMBASSY SUITES</b> by HILTON™</p>	<p>The most special feature of this brand is the full-featured family design, which separates the bedroom from the living room independently. It is also one of the few family-style full-suite hotels specially designed for private use in the market.</p>
Midrange		<p>The main purpose is to provide busy travelers with everything they need to maximize the value of their journey. The brand culture of lightness, brightness and warmth has become a relaxed and pleasant atmosphere for guests staying in the hotel, and it is also a fast hotel with high convenience.</p>
		<p>Wooden decoration is mostly used, with a fashionable and warm atmosphere. The exquisite mural at</p>

		<p>the head of the bed is a highlight. Focus on providing "Hampton 100% satisfaction guarantee" as support for those travelers who focus on quality and pursue value for money.</p>
		<p>Hilton's permanent suite brand is comfortable and warm, with the style of living at home.</p>
		<p>It is a medium-range long-term accommodation hotel with innovative spirit. Take the route of young families, warm and delicate, specially designed for young travelers who are careful, price first, and intend to stay for months or more nights.</p>

## (2) Price

In terms of service prices, Hilton Hotels Group mainly adopts market pricing and independent pricing, which are priced according to the independent pricing model and adjusted according to market changes. Hilton's brands are mainly

distributed in first-tier, second-tier and coastal cities, facing the medium and high-end hotel market in China. Because of the large population of these cities, the high level of urban development and consumption, and the brand positioning in line with Hilton's brand value, Hilton has great development prospects.

### (3) Place

The main channels of Hilton Hotels Group include traditional channels and online channels. Specifically, hotel website advertising is the main channel for customers to recognize e-commerce websites. Among them, TV advertising has strong media orientation and intuition, and is the most acceptable form of media advertising for guests. And there are many types of terminal publicity activities, mainly including promotion meetings, popular science lectures, guest guidance and other forms.

Nowadays, more and more guests use the Internet to browse hotel details and book rooms, and the online transaction volume of hotel business is increasing year by year. Compared with traditional sales channels, online sales channels are more extensive and convenient. Hilton Hotel Group's outstanding business lies in its use of IT to assist customer service. From the fully functional customer information system to the self-service kiosk in the hotel lobby to the interactive website of content service, the Group's only goal is to make customers satisfied and become repeat customers.

Hilton Hotel Group makes it easy for customers thousands of miles away to select and book rooms by using its powerful high-tech combination, and can check in and check out without complicated manual services, improving the customer's travel experience. In addition, Hilton Hotels Group also provides floor plans for guests. Guests can use the network system to select rooms from the floor plan, browse room photos, and reserve a room before arriving.

### (4) Promotion

In terms of marketing, Hilton Hotels Group attaches great importance to market research to accurately grasp market demand, set up a professional marketing team, and comprehensively carry out marketing in the Chinese market. Therefore, Hilton Hotels Group focuses on group purchase, mainly on hotel companies, and has relatively few independent sales promotion methods. The marketing strategy of

Hilton's hotel website focuses on advertising, so that customers can understand Hilton's hotel through advertising. Secondly, various and efficient promotional activities have greatly improved the popularity and influence of Hilton's brand. In addition, Hilton Hotels Group also attaches great importance to public welfare marketing to establish a good social image of the company, which improves the actual marketing effect of the hotel through professional marketing services.

## ② 7Ps

The 7Ps complement the 4Ps by adding the elements Participant, Physical Evidence and Process Management to Product, Price, Place and Product.

### (1) People

As a part of the service industry, the attitude and service of the hotel staff becomes an important indicator for consumers to evaluate the hotel. The Hilton's reputation is based on the hotel's motto: "Are you smiling at your guests today? Hilton Hotels, an internationally renowned hotel management company with over 6,400 hotels and a presence in 199 countries worldwide, has adopted a common phrase as its corporate philosophy in order to achieve a sense of "home away from home" and to implement it into the minds and behaviors of every employee. Hilton Hotels places great importance on staff training in customer communication and emphasizes the aim of making all guests experience courteous, efficient and modern communication when communicating with customers, and hotel staff must follow the hotel's requirements.

In addition, the Hilton has a very flexible internal promotion mechanism and a humane management system, which has resulted in a high level of employee loyalty, with many employees who have been with the group for more than 5 years and even more than 10 years, and a high level of employee involvement in the group's governance.

### (2) Physical Evidence

Physical Evidence refers to the display of goods and services closer to the customer. Physical displays enhance the consumer's experience of the hotel, which in turn enhances the quality of service provided.

Hilton's strong financial, technological and human resources provide the

hotel with the strength to expand its brands, develop new products and collaborate across brands. Thanks to advanced information and technology resources, Hilton has launched online booking services such as the Honorary Guest Club Chinese application IOS and the Hilton Official Booking App, which largely facilitates customers' check-in and brings them a satisfactory stay experience. In view of the special circumstances of the epidemic, Hilton Hotels has introduced a flexible refund and cancellation guarantee system, which allows customers to change or cancel their orders free of charge within a limited period of time, regardless of the channel through which they booked, as long as they meet the condition of changing or cancelling 24 hours before check-in.

### (3) Process Management

Process Management refers to the process that customers go through before they receive a service. Long check-in queues can lead to dissatisfaction and even increased churn, which can be costly for hotels. On the one hand, Hilton Hotels has taken the industry's usual dilemma into account by planning room availability and introducing technology to enable self-service check-in. When it comes to long queues, Hilton addresses the psychological aspects of the customer, such as improving the length of time customers spend waiting in line for places, playing soothing music and providing comfortable service to relieve customers' anxiety. On the other hand, every Hilton employee is given the right to "make it right", which gives the ground floor staff the right to deal with customer complaints in the event of an unexpected situation, so that they can be resolved in a timely manner to avoid reducing customer satisfaction.

## Section 3

### Management & Operation Plan

#### 3.1 Management Plan

Hilton brand, as an international famous brand, can maintain the status of the world's top hotel brand not only because of its leaders' excellent management ability, but also because of the division of labor and cooperation of various internal departments. The hotel's economic income mainly comes from three parts: First, the room income. Second, food income. Third, income from supporting services. Among them, room revenue is the main source of hotel revenue. From the perspective of profit, the operating cost of room revenue is smaller than that of catering and commodities. Room profit is also the main source of hotel profit. Therefore, in the operation and management, the increase of room rental rate depends on the quality of service, and the improvement of service quality is the key. The management plan is divided into internal management and external management. Internal management mainly refers to the management of internal personnel and service quality of the enterprise, while external management mainly refers to the management of enterprise expansion and improvement of brand effect and brand image.

##### ① Internal management plan

(1) Improve and introduce advanced technology to create excellent housing experience.

(2) Scientifically and reasonably plan and organize the work of all departments.

(3) Strengthen employee training and improve the comprehensive quality of employees.

##### ② External management plan

(1) Continue to expand scale and target third-tier cities (not yet entered).

(2) Pay attention to market research, strengthen brand promotion and

do a good job in advertising promotion.

(3) Participate in public welfare undertakings to establish a good image of enterprises and improve brand effect.

### 3.2 Production Plan

In conjunction with the analysis of market research results, the development of the company and the external environment, the company will draw up a corporate development goal, i.e. a development strategy. This is followed by a realistic production plan to achieve the objectives step by step.

The principles of production planning are

- ① The principle of minimum projects
- ② The principle of independence and specificity
- ③ The principle of key items
- ④ Principle of comprehensive representation
- ⑤ Principle of appropriate margin
- ⑥ Principle of appropriate stability

To date, Hilton has approximately 400 hotels in the Chinese market, and despite the impact of the epidemic on the tourism industry, Hilton is confident in the future of its hotels. Its hotels are still positioned at the mid-to-high end of the market and continue to be managed under a delegated and franchised management model. Hilton plans to achieve its vision of having 1,000 hotels in China by 2025 and has set out five strategic objectives for 2025: to achieve branded business growth, diversified team growth, digital innovation growth, brand reputation growth and membership growth.

### 3.3 Operation Plan

In order to make the hotel operate better, a specific operation plan is indispensable. Through a detailed analysis of the advantages and disadvantages of

the enterprise and its external environment, we have formulated a series of concrete and feasible operation plans. The operation of the hotel includes internal operation and external operation. First of all, the internal operation is mainly the cooperation of various departments and personnel in the hotel, including the research and development of new products and technologies, the provision of high-quality housing services and talent training.

① Increase the research and development of new products and technologies.

Establish a technology research and development team, arrange reasonable division of labor for each member (market research, product design, technology research and development, fund control and management), allocate funds according to the funds required by the research, control the research cycle of products and technologies, and must closely follow the market demand. What's more, implement the incentive policy to reward each member according to the percentage of the estimated market value of new products and new technologies to complete the research and development before the specified time, aiming at supporting and assisting technological innovation.

② Provide high-quality housing services.

Before guests arrive at the hotel, they usually make room reservations through the hotel website. At this time, the hotel's room service has begun. The online customer service personnel need to communicate with the guests, understand the actual needs of the guests, and make preparations in advance. In case of insufficient room supply, inform the guests in time and help them arrange other suitable hotels. If the check-in formalities are handled directly offline, the Front Office Department is at the starting point in the process of providing housing services, responsible for the sales of guest rooms, while the Room Department is at the middle stage, responsible for most of the service work during the guest's stay. During the hotel stay, guests stay in the guest room for the longest time, and have many opportunities to access and enjoy the room service for a long time. Therefore, the hotel should invest the corresponding labor and equipment consumption, and how to organize the reception service scientifically and reasonably, that is, to ensure the service quality, meet the

needs of guests, improve the room rental rate, and increase the material consumption and operating income. Strengthen the supervision of housing service and ensure the quality of reception service and room arrangement. Therefore, according to the overall plan of the hotel, we should formulate the plan of the Housekeeping Department, determine the indicators of service quality, labor quota and material consumption, make a good plan of manpower allocation, and at the same time, we should formulate and implement various rules and regulations to ensure the realization of various indicators. Supervision in the process of room service is an important link to ensure service quality. First, it is necessary to strengthen the organization and leadership of each team, strictly implement the rules and regulations, strictly inspect each procedure, and implement the system of level-by-level room inspection by the foreman, manager, quality inspector, and room director, so as to achieve the check at all levels. Second, strengthen the contact between departments and timely transmit information. Room management does not exist in isolation. It needs to coordinate with other departments to form a unified whole to ensure the normal operation of business activities. Third, take the initiative to understand the customer's response, timely handle customer complaints, strengthen the feedback channel, and do a good job in reception services. The quality of room management ultimately depends on the satisfaction of guests. We should pay attention to analyzing the types of guests, studying the psychology of guests, grasping the opinions and requirements of guests at any time, finding out the general problems and the changing rules of personal needs, grasping the internal links and basic links in the process of room service, and constantly improving the quality of service. Do not forget to pay attention to the guest's rating and evaluation of the hotel service and improve the deficiencies.

### ③ Talent training.

Talent training is an important guarantee for improving service quality. The management of employees in enterprises starts with leaders. As the coordination center of interpersonal relationships, the leadership needs to set an example, actively lead the team to correct their work attitude and change their bad work style. Pay attention to the basic quality training of hotel staff, including ideological quality,

professional quality, psychological quality, etc. In daily hotel work, it can be embodied in rich hotel service knowledge, adaptable service ability and warm and thoughtful service attitude. We should also strengthen staff service knowledge and encourage staff to strengthen knowledge learning after work. Establish an enterprise WeChat group, release learning videos, and let each employee learn and punch in. For sales personnel, strengthen the training of various knowledge and basic skills of sales personnel. The training of knowledge mainly depends on the brain, and professional personnel can be hired for systematic marketing knowledge training. The improvement of skills mainly depends on actual combat. It is necessary to constantly carry out the communication and interactive learning of sales personnel. For example, let the poor performers go to the areas with good performance for training, arrange the employees with good business ability to take the employees with poor business ability and experienced employees to take the fresh one. Regularly organize excellent sales staff from all regions to gather together for experience exchange and sharing, and learn from each other. Not only that, Hilton requires sales managers from all over the country not only to encourage sales staff to improve sales, but also to lead the shift and be a good teacher for front-line sales staff. The most important thing is to establish a strict assessment and reward system so that employees' work achievements can be recognized and encouraged in a timely and fair manner, so as to better stimulate employees' enthusiasm for work and provide high-quality services to customers.

Then, external operation is the contact with external markets and customers, including contacting customers through the network, conducting research on external markets, actively seeking investment and cooperation and carrying out marketing.

① Establish contact with customers through the network.

Network technology has become an important means of communication today, and many transactions are also conducted on the network. Hilton should strengthen the communication and interaction with customers on the Internet, not only have special Chinese websites and APP, increase sales channels and publicity channels, but also enter major platforms, establish their own official accounts, and

actively interact with customers. Organize, analyze and summarize the suggestions and feedback of guests in a timely manner, and meet the requirements of guests.

② Market research.

Set up a special market research team to focus on customers and respond to market changes in time to respond to customer feedback and preferences. Recently, it has been found that China's pet friendly hotels are in the initial stage of development and have great prospects for development, which is a very good development direction. In fact, Hilton Hotels Group has operated more than 5000 pet friendly hotels worldwide, but has not entered the Chinese market. Because Western countries have different views on pets from China. It is necessary to conduct full research on the Chinese market to determine whether, when and scale of this plan should be implemented.

③ Actively seek outside investment and cooperation.

Seeking investment and cooperation can bring a lot of money to Hilton Hotels Group. At the same time, cooperation with local enterprises is also conducive to the implementation of localization strategy and faster integration into the Chinese market. Gradually sell some of its own hotels through the implementation of "franchise" (especially in areas with complex geographical characteristics, the effect of licensing to local people will be better) Only the management right and franchise brand right are reserved to achieve the purpose of expanding the market. Actively reach strategic cooperation with Yuexiu Commercial Investment, further strengthen the strategic layout of Hilton Hotels Group's diversified brand development, and comprehensively meet the multiple needs of guests seeking new experience and high security during the journey.

④ Carry out marketing.

Hilton Hotel Group's performance in the first-class market is closely linked to its first-class marketing to a large extent. First of all, we should pay attention to market research to grasp the market demand, and set up a special department to collect market information from all over China as the basis for the group's marketing and product development decisions. Secondly, proper publicity can improve the popularity and influence of Hilton's brand. Nowadays, online publicity is the most

effective way of publicity. Select some social platforms with large flow to promote. For example, cooperate with uploaders with a large number of fans and good video quality in bilibili's living area, or carry out advertising under the video. As a platform for people to share life and publish methods, Little Red Book is also a good choice. Thirdly, various promotional activities are also conducive to the marketing of Hilton's brand. With VIP event members, the hotel provides more preferential policies for VIP guests through "Hilton Honors". Honorary members can get "annual effective exchange" and "points and trips" through accommodation and consumption, and exchange them for free accommodation opportunities.

## Section 4

### Financial Projections

#### 4.1 Financial statement

Table 4 -1 financial statement of Hilton Hotel Group projection for 5 years

Year	operating income	increase in accounts receivable	increase in accounts payable	increase in taxes payable	increase in other payables	net cash inflow	increase in interest payables	increase in dividends payable	net cash outflow
2023	8,000,000	1,600,000	-1,000,000	-650,000	250,000	9,200,000	100,000	150,000	-4,200,000
2024	9,000,000	1,800,000	-1,100,000	-750,000	300,000	10,250,000	120,000	180,000	-4,250,000
2025	10,000,000	2,000,000	-1,200,000	-850,000	350,000	11,300,000	140,000	210,000	-4,300,000
2026	11,000,000	2,200,000	-1,300,000	-950,000	400,000	12,350,000	160,000	240,000	-4,350,000
2027	12,000,000	2,400,000	-1,400,000	-1,050,000	450,000	13,350,000	180,000	270,000	-4,400,000

#### 4.2 NPV, IRR,ROI and Breakeven Point

Table 4 - 2 Total Cash flow of Hilton Hotel Group projection for 5 years

Total(Ten thousand Yuan )	2023	2024	2025	2026	2027
Revenue	9,200,000	10,250,000	11,300,000	12,350,000	13,350,000
Factors (Discount rate 8 %)	0.926	0.857	0.794	0.735	0.681
PV Revenue (Discount rate 8 %)	8,519,200	8,784,250	8,972,200	7,077,250	9,091,350
Accumurate PV Revenue	8,519,200	17,303,450	26,275,650	33,352,900	42,444,250

From table 1

Initial investment 32,000,000 (Ten thousand Yuan)

NPV =42,444,250 – 32,000,000 = 10,444,250 (Ten thousand Yuan)

IRR = 21.3 %

ROI average per year =  $42,444,250 / 5 = 8,488,850$  (Ten thousand Yuan)

ROI average per year =  $8,488,850 / 32,000,000 \times 100$

ROI average per year = 26.5 %

Pay Back Period = 3 years and 11 months

### 4.3 Interview Result

Hilton Hotels Group, Inc. is a globally recognized hotel brand with operations in multiple regions around the world. This plan will assess the company's business prospects and present conclusions and recommendations by analyzing various aspects of the company's development status, feasibility, marketing plan, management plan, production plan, operational plan and financial forecast.

In the company profile, the historical background, mission vision, brand portfolio and range of services of Hilton Hotels Group, Inc. are presented. The development status analysis includes PEST and Porter's five forces model analysis, where the PEST analysis covers various aspects such as political, economic, social, and technological aspects, and the five forces model analysis includes various factors such as suppliers, buyers, potential entrants, substitutes, and competitors. Feasibility analysis, on the other hand, provides important support for developing a better business plan by assessing product and service feasibility, marketing feasibility, and organizational and financial feasibility.

The marketing plan is the core part of this plan, where the STP model is used to segment the market, identify the target market and determine the market positioning. Market segmentation includes several factors such as geography, industry, purchasing power and behavior, while differentiation strategy is an effective way to find the target market. In terms of marketing strategies, the 4Ps and 7Ps strategies are used to provide a more comprehensive marketing plan for the company's products and services.

Management programs, production plans and operational programs are used to ensure the overall operation and management of the company. Management

programs are divided into internal and external management programs and include various aspects such as human resources, marketing, and strategic planning. Production planning includes the development, production and release of products and services. The operations program covers all aspects of ensuring the proper operation of the company.

Financial forecasting includes various aspects such as financial statements, cash flow, NPV, IRR, ROI, and break-even point. Financial statement analysis includes solvency, operating capacity, profitability and return on investment analysis, which are effective indicators of a company's financial health. Cash flow, on the other hand, is a way to assess a company's future cash flow, while NPV, IRR and ROI are important indicators to assess the return on investment and risk of a company's projects.

We hope that this business plan can give Hilton Hotel Group, Inc. a strategy for future development.

## Section 5

### Conclusion and Recommendation

#### 5.1 Conclusion

Taking Hilton Hotel as the research object, this paper analyzes how international hotels can seize opportunities in China using PEST, Porter's Five Forces Model and SWOT. By analyzing the political environment, economic environment, social environment and technological environment of Hilton Hotel

The strengths and weaknesses of the external environment of its development. The analysis is then refined to the company's internal environment using Porter's Five Forces model to explore its resources, corporate capabilities and core competencies. It also examines the marketing strategy by analyzing the market segmentation and selection of target markets for Hilton Hotels. Finally, Hilton Hotels' financial data was analyzed to determine its profitability in recent years. This leads to the following conclusions. In 2020, the Chinese hotel industry experienced a difficult period due to the severe impact of the new Corona epidemic. However, within the crisis lies opportunity, and fortunately for Hilton Hotels Group, it has seized this opportunity. Through a series of effective online marketing and sales promotion, Hilton fought against the epidemic with an optimistic attitude and positive actions, and basically resumed hotel operations and established a good social image. However, Hilton Hotels Group still has big problems in operation and marketing, mainly the unreasonable operation and service system; Hilton Hotels has been preaching to consumers that "no matter where you go in the world, you can think of the same thing", which is more in line with the idea of old-school businessmen, but young people like diversity and diversification. However, young people like diversity and variety, while Hilton hotels give consumers a stereotypical impression. Hilton's profitability is unstable, judging from the magnitude of changes in free cash flow figures; promotions are also less frequent. With the gradual improvement of China's epidemic prevention and control efforts and the implementation of relevant favorable government measures, the recovery of the hotel industry will be further

accelerated. In the post-epidemic era, it is hoped that Hilton Hotel Group will be able to make timely adjustments and usher in greater development opportunities.

## **5.2 Recommendation**

To take a place in the fierce competition in today's society, we must learn to change, learn to innovate, be good at finding mistakes, and correct and adjust in time. The following suggestions are given to address the problems that have arisen in the operation and marketing of Hilton Hotel Services Group.

(1) Raise the awareness of service personnel and build a quality brand.

(2) Establish a guest-oriented culture system for different groups of people, build personalized services and improve guest satisfaction.

(3) Pay more attention to the consumption preferences of the younger generation, keep up with market demand, and innovate in hotel design style to make Hilton a more dynamic brand.

## Appendix

### Questionnaire

1. Do you often travel for business or pleasure?
2. What type of accommodation do you usually choose? (e.g., high-end hotels, budget hotels, B&Bs, etc.)
3. What factors would you consider to choose a hotel? (e.g., price, location, facilities, service, etc.)
4. Through what channels do you usually make hotel reservations? (e.g.: online travel platform, hotel official website, travel agency, etc.)
5. What is your demand for the following hotel facilities and services? (Please check each option, options include but not limited to: free Wi-Fi, 24-hour front desk service, free parking, gym, restaurant, swimming pool, etc.)
6. Have you ever stayed at a hotel owned by Hilton Hotels Group? If so, what are your impressions of these hotels?
7. If you have not stayed at any Hilton Hotels Group hotels, would you consider booking these hotels? If not, what are the reasons?
8. What unique services or experiences do you think the hotels should offer to attract your interest?
9. Do you have concerns about the environmental and sustainability aspects of the hotel?
10. Do you have any other ideas or suggestions for hotel accommodations and services?

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# CERTIFICATE

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