Global Brands Value Chains Create Competitive Advantage

Adriana N. Marchetti

*The Peter J. Tobin College of Business St. John's University, New York City, USA*

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Abstract

Marriott International, Inc., is an American international hospitality company that operates a broad portfolio of hotels and related lodging facilities. Founded by J. Willard Marriott in 1927, the company is based in Bethesda, Maryland, USA. In May 1927, the company began as an A&W Root Beer franchise in Washington, DC. Founders J. Willard and Alice Sheets Marriott started their business by selling cool drinks in the hot, muggy Washington, DC summers.

Since then, Marriott International has established itself across 139 countries with 8,000+ properties offering around 1.5 million guest rooms. This paper will explore Marriott International’s products and services, global reach, corporate structure, value chain analysis, and more. This research highlights Marriott International as a Global Leader in the Hospitality Industry.

Keywords: Marriott International, Value Chain, Organizational Structure, S&P 500, Customer Loyalty, Supply Chain

Introduction

Marriott International, Inc. is a global hospitality company that operates, franchises, and licenses lodging properties. The company was founded in 1900–1985 by J. Willard Marriott and Alice Marriott and is headquartered in Bethesda, Maryland. Founded as a modest nine-seat root beer stand in 1927, the company has since evolved into a vast portfolio of over 8,800 properties across 139 countries and territories, comprising over 30 leading brands (Marriott, 2024). Figure 1 shows Marriott’s portfolio of brands at year-end 2023.
Marriott’s outstanding business practices have earned it a reputation as a top employer. It operates based on five fundamental values: prioritizing people, striving for excellence, embracing change, acting with integrity, and serving the world (Marriott, 2024). Marriott’s mission is to “enhance the lives of its customers by creating and enabling unsurpassed vacation and leisure experiences” (Eschenbrenner et al., 2023). Their vision statement is “To be the World’s Favorite Travel Company.” In addition to lodging, Marriott offers flight and hotel packages, car rental services, and timeshare vacations. They also operate loyalty programs, including Marriott Bonvoy, which offers contactless features like mobile check-in and checkout, mobile key, mobile dining, and mobile requests. Marriott’s target market includes many guests, such as budget-conscious families, wealthy singles, business travelers, family vacationers, and executives. Marriott’s multiple brands target people in each section of the market, from budget stays to high-end luxury stays and even extended stays. Marriott has an option for everyone. Figure 2 shows how Marriott International segments its target market.

Figure 1. Marriott’s portfolio of brands at year-end 2023.
Source: Marriott Annual Report 2023
As previously mentioned, Marriott’s global presence spans 139 countries and territories. Marriott is the world’s largest hotel chain in terms of room count. In 2023, Marriott International had an estimated 1.5 million guestrooms worldwide, 400 thousand more than top competitor Hilton that year (Statista Research Department, 2024). Figure 3 shows Marriott as a leading hotel company worldwide in terms of guestroom count.

![Target Market of Marriott International](image)

<table>
<thead>
<tr>
<th>Brand</th>
<th>Target Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marriott Courtyard</td>
<td>Over-the-road travellers</td>
</tr>
<tr>
<td>Ritz-Carlton Hotels</td>
<td>Luxury travellers</td>
</tr>
<tr>
<td>Marriott Conference Centers</td>
<td>Corporates that conduct meetings</td>
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<tr>
<td>Marriott ExecuStay</td>
<td>Targeted at people needing month-long accommodations</td>
</tr>
<tr>
<td>Marriott Vacation Clubs</td>
<td>Travellers seeking to shop for timeshares</td>
</tr>
</tbody>
</table>

Figure 2. Target Market of Marriott International.
Source: Shastri 2023
Figure 3. Leading hotel companies worldwide as of June 2023 by number of guestrooms.
Source: Hotel Management, Statista 2024

**Corporate Governance**

David S. Marriott is Chair of the Board of Marriott International, Inc. He was elected to the Marriott International Board of Directors in March of 2021 and assumed the position of Chair of the Board in May of 2022. David Marriott is only the third Chair of the Board in the company’s 95-year history, preceded by his father, J.W. Marriott, Jr. (Bill), and grandfather, J.W. Marriott. David joined Marriott International in 1999 and has held a number of operational roles during his 22-year career with the company. As President, US Full Service Managed by Marriott, he oversaw more than 330 hotels operating under 14 brands in 34 states.
and French Polynesia. In this capacity, he oversaw Hotel Operations, Human Resources, Sales & Marketing, Finance, Market Strategy, Information Resources, and Development & Feasibility. Previously, David served as Chief Operations Officer in the Americas Eastern Region from 2010 to 2018, where he was responsible for hotel operations in 23 states. Figure 4 shows the names and credentials of the Board of Directors for Marriott International.

Anthony G. (Tony) Capuano is the current Chief Executive Officer of Marriott International. He assumed the position in February 2021 and was also appointed President in February 2023. Before his appointment as CEO, Mr. Capuano held the position of Group President of Global Development, Design, and Operations Services, a role he took on in January 2020. Mr. Capuano started his career at Marriott in 1995 as a member of the Market Planning and Feasibility team. From 2005 to 2008, he served as North America’s Senior Vice President of Full-Service Development. In 2008, his responsibilities expanded to include the U.S., Canada, the Caribbean, and Latin America, and he was named Executive Vice President and Global Chief Development Officer in 2009 (Marriott, 2024). In October 2021, Benjamin T. (Ty) Breland became the Executive Vice President and Chief Human Resources Officer. Figure 4 shows the names and credentials of the Marriott International Board of Directors.

Source: Marriott website
Resources Officer. Prior to this appointment, Mr. Breland held the position of Global HR Officer for Talent Development & Organizational Capability since 2016.

During his tenure at Marriott, Mr. Breland served in various senior human resources positions, including Global HR Integration Officer and Regional Vice President of Human Resources for the Eastern Region of the US (Marriott, 2024). William P. (Liam) Brown currently holds the position of Group President for the United States and Canada and is responsible for developing and managing Marriott’s portfolio in the region. Mr. Brown has been with Marriott since 1989 and has held several leadership positions, including President for Franchising, Owner Services, and Managed by Marriott Select Brands, North America from 2012 to 2018. Before his current role, he served as President and Managing Director of Europe from 2018 to 2019, followed by Group President of Europe, Middle East & Africa in 2020 (Marriott, 2024).

Felitia O. Lee joined Marriott as the Controller and Chief Accounting Officer in August 2020, with the responsibility of overseeing the company’s global accounting operations. Before joining Marriott, Ms. Lee was the Senior Vice President and Controller for Kohl’s Corporation since 2018, and prior to that, she held the position of Vice President and Controller of Pepsi Beverage Company (Marriott, 2024). Kathleen K. (Leeny) Oberg, who assumed the role of Executive Vice President and Chief Financial Officer in January 2016, was additionally designated Executive Vice President, Business Operations in October 2021. In February 2023, Ms. Oberg began leading the Company’s Global Development organization and was appointed Chief Financial Officer and Executive Vice President, Development. Before her current role, Ms. Oberg served as the Chief Financial Officer for The Ritz-Carlton beginning in 2013. She first joined Marriott as part of its Investor Relations group in 1999 (Marriott, 2024).

Drew L. Pinto, who joined the Company in 2004, assumed the role of Executive Vice President and Chief Revenue & Technology Officer in February 2023, responsible for leading global sales and support channels, revenue management, and digital and information technology strategy for Marriott International. Mr. Pinto has held various leadership roles, including Global Officer, Global Sales, Distribution, and Revenue Management from January 2021 to February 2023, and Senior Vice President, Distribution & Revenue Strategy from January 2019 to
January 2021 (Marriott, 2024). Rena Hozore Reiss was appointed Executive Vice President and General Counsel in December 2017. Prior to her current position, she was Executive Vice President, General Counsel, and Corporate Secretary at Hyatt Hotels. Before her tenure at Hyatt, she was an attorney in Marriott’s law department from 2000 to 2010 (Marriott, 2024).

Lastly, Peggy F. Roe assumed the role of Executive Vice President and Chief Customer Officer in February 2023, responsible for overseeing the development and execution of all aspects of Marriott’s global consumer strategy. Since joining Marriott in 2003, Ms. Roe has held various leadership roles focused on growth and innovation, including Global Officer, Customer Experience, Loyalty, and New Ventures from January 2020 to February 2023, and Chief Sales and Marketing Officer, Asia Pacific from October 2013 to December 2019 (Marriott, 2024). This is an abbreviated list of the Marriott Operating Committee, including only those with dealings in North America. Figure 5 shows the names and titles of each person on the Marriott Global Operating Committee in the order they appear on the website.

Figure 5. Marriott International Global Operating Committee.
Source: Marriott website
Customer Value

The main source of value created by Marriott for their customers is the service they provide. Marriott is truly valuable to its customers when it provides a seamless, unparalleled experience. Marriott believes that investing in guest experiences is what fosters brand loyalty. The experience a customer has comes in many parts. One part of the customer experience is technology. The technology developed and employed by Marriott enhances customer stays through mobile apps, digital guest services, contactless check-in and checkout, chat, service requests, mobile keys, and more. Another key component of the guest experience is the products used during stays, including food, beverages, toiletries, and other items provided by the hotel (Eschenbrenner et al., 2023). Because of the importance of material goods used in guest services, supply chain management is a necessary part of Marriott’s value creation. The supply chain must be managed to ensure consistency across Marriott properties.

S&P 500 Review

Marriott International’s standing in the market is reflected in its inclusion in the S&P 500 index. As a member of this index, Marriott’s stock is subject to the influence of macroeconomic factors and market trends that affect the broader index. The S&P 500 index is a benchmark that encompasses 500 of the largest publicly traded companies in the US across a range of economic sectors. This means that changes in the S&P 500 can impact investor attitudes and trading activity, including for individual stocks such as Marriott. In times of economic prosperity and stability, Marriott’s stock may exhibit a correlation with the S&P 500, indicating investor positivity and trust in the organization’s capacity to produce revenue and profitability. Conversely, during economic recessions or times of market instability, Marriott’s stock may encounter increased fluctuations as investors evaluate the influence of macroeconomic factors on the company’s activities and financial outcomes. Investors can gain valuable insights into Marriott’s financial health, competitive position, and market sentiment by analyzing its stock performance relative to the S&P 500 over time. By observing historical correlations and deviations between Marriott’s stock returns and those of the S&P 500, investors can gauge the company’s sensitivity to broader market movements. This information can help them make informed decisions about portfolio allocation and risk management strategies. Thanks to its strong brand recognition, expansive
network, and customer loyalty programs, Marriott is renowned for its impressive market share. The company’s innovative approach to hospitality and unwavering commitment to delivering exceptional guest experiences have enabled it to maintain a competitive edge in the industry. Despite facing challenges from disruptions such as the COVID-19 pandemic, Marriott remains agile and adaptable, continuously evolving its business strategies to meet the ever-changing needs of travelers worldwide. Figure 6 shows Marriott’s stock price in relation to other tourism firms. The data shown is from January 2022 to mid-April 2023. While Marriott’s stock price is slightly less than that of its competitor, Hilton, both are very visibly affected by the same trends.

Figure 6. Daily stock price index.
Source: Yahoo Statista, 2024
Value Creating Activities

Marriott International is committed to delivering exceptional experiences to travelers worldwide by offering a diverse range of products and services. At the core of its offerings are hotel accommodation services, which span a vast network of properties. Supporting this core product is a complex supply chain involving many upstream components, including real estate, construction materials, furniture fixtures and equipment (FF&E), linens, toiletries, and amenities. To ensure that all properties meet the brand’s exacting standards for quality and consistency, Marriott partners with a network of real estate developers and construction firms to build or acquire hotel properties. Additionally, through partnerships with suppliers, Marriott can source high-quality FF&E, linens, toiletries, and amenities - all of which are crucial elements in providing guests with a comfortable and memorable stay across its properties. Marriott’s food and beverage services are a crucial component of its offerings, encompassing its properties’ restaurants, bars, and banquet facilities. This service is supported by a comprehensive supply chain that spans upstream components such as ingredients, produce, beverages, kitchen equipment, utensils, and tableware. Marriott places significant emphasis on sourcing only the freshest and highest-quality ingredients for its culinary offerings, collaborating closely with suppliers to ensure consistent food quality across its diverse range of dining establishments.

Additionally, investments in top-of-the-line kitchen equipment and staff training are key value-generating activities contributing to the overall guest experience and satisfaction (Marriott, 2020). Marriott is at the forefront of hospitality technology services, utilizing innovative solutions to optimize operational efficiency, enhance guest services, and maximize revenue management. Their comprehensive approach involves leveraging software, hardware, networking equipment, and data security solutions from a variety of trusted technology vendors. By investing in state-of-the-art reservations, property management, and data analytics technology, Marriott is committed to simplifying operations and elevating the guest experience. With the support of their technology partners, Marriott seamlessly integrates these solutions into their hotel operations, empowering their properties with greater efficiency and innovation (GlobalData, 2022). Marriott’s customer loyalty programs, including the highly regarded Marriott Bonvoy, are integral to cultivating lasting customer relationships and brand loyalty. These programs rely on a complex supply chain of upstream components such as marketing and advertising services, customer
relationship management (CRM) systems, and partnerships with airlines, car rental companies, and other service providers. Through skillful partnerships and targeted marketing initiatives, Marriott elevates the value of its loyalty programs, providing members with a variety of benefits and exclusive experiences that motivate repeat business and encourage customer engagement. Marriott International prides itself on maintaining a diverse network of suppliers from various industries to support its operations and provide exceptional guest experiences. The company works closely with hospitality supply providers, including Standard Textile and Ecolab, to ensure top-notch cleanliness and comfort in its properties through high-quality linens, toiletries, and cleaning products. Marriott also collaborates with food and beverage suppliers like Sysco and US Foods to guarantee the freshness and quality of ingredients used in its extensive dining offerings. Technology-wise, the company partners with companies like Oracle Hospitality and Cisco to implement innovative solutions for reservations, property management, and guest services, improving operational efficiency and customer satisfaction. Marriott’s engagement with construction firms, such as Turner Construction Company, and architectural firms, like Gensler, ensures that new properties or renovated existing ones align with Marriott’s brand standards. Lastly, the company partners with marketing and advertising agencies, including WPP and Omnicom Group, to promote its brand and loyalty programs, driving customer engagement and brand awareness. Through these partnerships, Marriott is committed to maintaining excellence and sustainability throughout its supply chain, enhancing the guest experience across its global portfolio of hotels and resorts. Figure 7 provides examples of how different business functions add value to Marriott.
The hospitality industry is a multifaceted landscape, and Marriott is aware of the challenges it presents. One prominent obstacle is the intense rivalry from other hotel chains, competing for their market share and customer loyalty. Hilton Worldwide Holdings Inc. stands as a direct competitor to Marriott, with a vast global presence and a diverse portfolio of hotel brands. To stay ahead in this competitive environment, Marriott is constantly pushing the boundaries of innovation and differentiation to capture and maintain the loyalty of its esteemed clientele. In addition, Marriott and Hilton face challenges posed by technological advancements and evolving consumer inclinations. The advent of online travel agencies (OTAs) and platforms such as Airbnb has the potential to jeopardize the conventional revenue streams of established hotel chains. To remain competitive, Marriott has made significant investments in its direct booking channels and digital infrastructure, utilizing data analytics and tailored marketing strategies to enrich the guest experience and foster brand loyalty. Along with the challenges unique to its
industry, Marriott encounters larger economic obstacles, along with others in the field, such as globalization and inflation crises. As a prominent worldwide organization, Marriott must skillfully navigate geopolitical tensions, currency fluctuations, and regulatory uncertainties across its varied markets. Economic downturns in significant regions can reduce travel demand, reducing hotel occupancy rates and revenue per available room (RevPAR), impacting Marriott’s financial standing.

**Conclusion**

In conclusion, Marriott International is a global leader in the hospitality industry, with a vast portfolio of over 8,800 properties across 139 countries and territories. Its business practices prioritize people, excellence, integrity, and serving the world. Marriott’s target market includes a wide range of guests, and its multiple brands cater to each section of the market, from budget stays to high-end luxury stays. Marriott is also a top employer, and its corporate governance is led by experienced professionals with a long-standing history with the company. With its global reach, outstanding services, and commitment to customer satisfaction, Marriott International continues to set the standard for the hospitality industry.

**References**


