

## BUSINESS & COMPANY RESOURCE CENTER CURRICULUM SUPPORT DEMONSTRATION

### ABOUT THIS DOCUMENT:

The screenshot displays the Business & Company Resource Center interface. At the top, there is a navigation bar with links for Home, Company, Industry, Articles, and Advanced Search. A search bar is present with the text 'Enter your search terms:' and a 'Company Search' dropdown. The main content area shows the search results for 'Walt Disney Co. (DIS)'. The company profile includes the following information:

- Current Company:** Walt Disney Co.
- Address:** 500 S Buena Vista St., Burbank, California 91521, United States
- Contact:** Tel: (818) 560-1000, Fax: (818)560-1930
- Business:** Services: Entertainment company, including: motion picture film production for film, video and television industry, theme park operator. Retail: Gifts and novelty items. Finance: holding company.
- Variant Names:** Disney Walt Co. - Inverted Name, The Walt Disney Co. - Legal Name, Walt Disney Productions - Name Change, For Kids Worldwide Inc. - Acquisition
- Auditors:** PricewaterhouseCoopers LLP
- SIC Codes:** 7812 - Motion Picture, Video Tape Production, 7819 - Services Allied To Motion Pictures, 7996 - Amusement Parks, 5947 - Gift, Novelty And Souvenir Shops, 6719 - Holding Companies, Not Elsewhere Classified

The following is a simulation of an assignment given to students at a top university's business school of program. The research to complete the project was conducted by Thomson Gale using the *Business & Company Resource Center*, a comprehensive business information database that meets core curriculum requirements for undergraduate and graduate case study work in finance, economics and marketing.

The goal of this research paper is to demonstrate the depth and breadth of *Business & Company Resource Center* as a potential single source of business information. This is a simulation of a the research available to the student as part of completing the project for an Operations 400 level course, requiring the student to analyze a global organization, in this case Marriott International.

Additional research projects available for viewing were completed using the Business and Company Resource Center include other simulations of coursework at various colleges and universities throughout the country in the areas of Competitive Strategy, Information Systems for Product Management, Marketing Planning, SWOT Analysis, and Strategy in Information Goods Markets.

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**Industry:**

Hotels and Motels

**Company:**

Marriott International Inc.

With annual revenue of 103.6 billion, the hotel industry plays a large role in the development of trade, commerce, and travel in the United States. The industry reached record profitability in 1998 grossing \$20.9 billion in pretax profits, up from a loss of \$5.7 billion in 1990. In 2000, the industry recorded its most profitable year ever as profit levels reached \$24 billion; however, economic conditions resulting in the aftermath of the September 11 terrorist attacks caused a 33% decrease in industry profits. Nevertheless, industry analysts expect conditions to improve, and predict pre-2001 profits to return sometime in 2003 or 2004.<sup>1</sup>

In a 2004 Forbes Platinum List, Marriott Hotels was ranked in the top ten of the Best Big Hotel, Restaurant and Leisure Companies; companies taken into consideration for this competition were ranked based on return on capital, sales, and earnings per share for current as well as past five years for companies with revenues of at least \$1 billion.<sup>2</sup> A leader in the hotel and motel industry, Marriott International was founded in 1927 by J. Willard Marriott and Alice S. Marriott. The company, originally known as the Hot-Shoppe, began as a nine-seat root beer stand in Washington, D.C. By 1940 Mr. Marriott owned and operated five restaurants, and in 1957 he opened his first hotel, The Twin Bridges Marriott, in Arlington, Virginia. From 1955 to 1964 Mr. Marriott became a significant presence in both the food and hotel industries, and in 1965 he handed over the company to his son, Bill Marriott Jr., who began to expand the assets of the company at a rapid pace, acquiring a cruise line and two Great America Theme Parks, as well as opening a number of new hotels.<sup>3</sup>

Currently in the United States, there are approximately 4.2 million hotel rooms located on 41, 000 different properties, which works out to approximately one hotel room for every seventy-four citizens. Of these hotels, one third are located at suburban locations, and another forty-two

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<sup>1</sup> Business and Company Resource Center: Industry Overview; Hotels and Motels (SIC 7011).

<sup>2</sup> Business and Company Resource Center: Business Ranking Display Page

<sup>3</sup> Business and Company Resource Center: History/Chronology Display Page – Marriott International Inc.

percent are situated alongside highways. The remainders are located in cities, along airport strips, and at resort sites. Furthermore, according to the AH & LA (American Hotel and Lodging Association), about twenty-four percent of lodging consumers are leisure travelers, and another twenty percent are staying in a hotel for family or personal reasons. Forty percent of travelers stay at the hotel for one night, twenty-seven percent for two nights, and the remainders spend three or more nights. The typical leisure traveler is willing to spend eighty-seven dollars per room per night, whereas the typical business traveler is willing to spend ninety-five dollars per room per night.<sup>4</sup>

Most analysts divide the hotel industry into two main categories: full and limited service enterprises. Full service enterprises are typically large properties averaging about two hundred and eighty rooms, and often generate roughly thirty percent of their operating income from food, beverage, and such services as restaurants, room service, and meeting spaces. Limited service hotels, on the other hand, are smaller establishments which average about one hundred and thirty rooms, and do not offer food and beverage services or extra facilities; they rely on room sales for nearly ninety-five percent of their revenue base.<sup>5</sup> With more than 2,600 lodging properties in the United States and sixty-five other countries and territories, Marriott International operates and franchises hotels in both of these categories. According to a Marriott marketing executive, typically speaking, Marriott Renaissance Hotels can be equated to the economy class, Marriott to premium economy, JW Marriott to business class, and Ritz-Carlton to first class.<sup>6</sup> Resorts, hotels with gambling facilities, and conference/convention center hotels represent three smaller but important industry categories; accordingly, Marriott International offers vacation ownership resorts, executive apartments, furnished corporate housing, and conference/convention centers.<sup>7</sup> In addition, Bill Marriott predicts an increase in the number of timeshares purchased through Marriott International in the next few years: "We've grown that business at about twenty percent a year over the last several years and we look to the future to continue to grow at about just around twenty percent a year. People love the timeshare."<sup>8</sup>

In dealing with hotel operation and management, there are essentially three forms of participation in the hotel and motel industry: straight ownership of properties, management agreements, and franchising or licensing a brand name. Most large hotel companies are active in all three categories, keeping themselves flexible to utilize varied strategies as the market dictates.

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<sup>4</sup> Business and Company Resource Center: Industry Overview; Hotels and Motels (SIC 7011).

<sup>5</sup> Business and Company Resource Center: Industry Overview; Hotels and Motels (SIC 7011).

<sup>6</sup> Business and Company Resource Center: News/Magazine Article Page: Asia Africa Intelligence Wire, 5-Sept-05.

<sup>7</sup> Business and Company Resource Center: News/Magazine Article Page: PR Newswire, 2-Sept-05.

<sup>8</sup> Business and Company Resource Center: News/Magazine Page – CEO Spotlight: Marriott International, CEO Wire, 6-June-2005.

Since the 1980's, managing other people's hotels has been a widespread activity; this trend away from straight ownership has given franchising a vast appeal. Large chains are franchised mainly on the basis of brand name recognition. The operator either pays a straight fee or gives a percentage of the establishments' revenue in exchange for access to a name to which customers associate standards, consistency, and trust.<sup>9</sup> In 1978, Marriott International sold eight of their hotels to Equitable Life Insurance for \$92 million as the first step in a plan designed for the company to shift towards management as opposed to ownership. In 1985 they acquired Howard Johnson & Co, and immediately sold the hotels to Prime Motor Inn to run. In 1998 Marriott International was listed as a separate public company for the first time.<sup>10</sup>

As the travel industry becomes increasingly sophisticated and global in nature, hotel operators have developed competitive advantages through agreements of various kinds with industries that serve travelers. These programs usually offer 'points' of some sort for air travel, hotel visits, or car rentals, and are geared towards fostering brand loyalty from both individual leisure travelers and corporate solo travelers alike.<sup>11</sup> Marriott International engages in such a customer service initiative with their 'Marriott Rewards' guest loyalty program. Through this program, travelers redeem their earned points for special Marriott gift checks that can be used as payment towards Marriott hotel rooms or at Marriott hotel restaurants. In the aftermath of hurricane Katrina, Marriott generously allowed their customers to donate their reward points to the Red Cross, who would then be permitted to apply these points towards assisting in providing meals and accommodations for those affected by the event.<sup>12</sup> Another common practice in the hotel industry has been for hotel operators to engage in close relationships with travel agencies and tour operators; hotels will often put forward discounted rates to groups that book a number of rooms at the hotel as a means of guaranteeing business. In addition, this also provides the hotels with a form of free advertising because customers who consult travel agencies or tour guides are being supplied with information about that hotel. In November of 2003, Marriott International entered its first merchant deal with Travelocity, an online travel agency. Under the agreement Marriott offers Travelocity clients with a better inventory of rooms to choose from as well as increased pricing flexibility. In exchange, Travelocity will not undercut these reduced rates being offered to them by Marriott.<sup>13</sup>

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<sup>9</sup> Business and Company Resource Center: Industry Overview; Hotels and Motels (SIC 7011).

<sup>10</sup> Business and Company Resource Center: History/Chronology Display Page – Marriott International Inc.

<sup>11</sup> Business and Company Resource Center: Industry Overview; Hotels and Motels (SIC 7011).

<sup>12</sup> Business and Reference Center: News/Magazine – PR Newswire, 02-Sept-05.

<sup>13</sup> Business and Company Resource Center: News and Magazine Page – Travel Weekly, 24-Nov-2003: 62(47).

Since increasing numbers of U.S. travelers are leaving the country for both leisure and travel, many U.S. chains are expanding overseas. Most of the major U.S. hotel companies have already expanded to Europe and are likely to continue to increase their global presence to accommodate the growth of international travel.<sup>14</sup> Marriott International plays a key role in the global hotel industry. From 1992 through 2000, Marriott has acquired and/or built hotels in Hungary, Bangkok, Nassau, Puerto Rico, Aruba, United Kingdom, Lebanon, Hong Kong, Israel, Armenia, Germany, and many other countries. Currently, Marriott International operates more than 2400 hotels in over 65 countries.<sup>15</sup> Although eighty-five percent of Marriott's revenue is generated within the United States, the remaining fifteen percent is a significant enough amount that they are focusing a lot of attention on their international facilities. In an interview with CNBC Anchorman Tyler Mathisen, J.W. Marriott Jr., CEO of Marriott International stated that China is currently a 'hot' market, and that Marriott currently has thirty-two hotels operating in China, and another thirteen under construction. Furthermore, he expects there to be over one hundred Marriott hotels open in China within the next seven or eight years. He also commented that the Caribbean is also a 'hot' location at the moment, and that there are increasing markets in India, Europe, and the Middle East – particularly in the Emirates and Egypt. Marriott predicts a steady increase in the number of Marriott International's overseas hotels over the next few years.<sup>16</sup> In fact, they have announced an aggressive expansion program that will see them add between 75,000-90,000 bedrooms to their global portfolio between 2006 and 2008; countries specifically identified in this plan include Moscow, Beijing, China, and Tokyo.<sup>17</sup>

Marriott International is ranked as the lodging industry's most admired company and the best place to work by Fortune magazine. The company is actively involved developing quality workers for the future, and in motivating students who aspire to work for the company to attain a quality education. The company holds regular workshops for individuals wishing to learn about the construction, financing and operation of hotels, and provides a forum through which interested parties can meet with company executives, owners, and community financiers. They are also engaging in ambitious minority outreach efforts, and have nearly three hundred hotels that are owned by women and minorities; they plan to double this number within the next five years.<sup>18</sup>

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<sup>14</sup> Business and Company Resource Center: Industry Overview; Hotels and Motels (SIC 7011).

<sup>15</sup> Business and Company Resource Center: History/Chronology Display Page – Marriott International Inc.

<sup>16</sup> Business and Company Resource Center: News/Magazine Page – CEO Spotlight: Marriott International, CEO Wire, 6-June-2005.

<sup>17</sup> Business and Company Resource Center: News/Magazine Page – Marriott Eyes Asia and Europe for expansion, Caterer and Hotelkeeper , 9-June-2005.

<sup>18</sup> Business and Company Resource Center: News/Magazine – “Marriott's Ambitious Outreach Yields Significant Gains in African American and Hispanic Hotel Ownership. PR Newswire, 16-Aug-05.

## Resources

- Business and Company Resource Center: TFN Financials Display Page, Marriott International.
- Business and Company Resource Center: Company Profile Display Page, Marriott International.
- Business and Company Resource Center: News/Magazine Article – “Marriott’s Ambitious Outreach Yields Significant Gains in African American and Hispanic Hotel Ownership.” *PR Newswire*: 16-Aug-2005
- Business and Company Resource Center: News/Magazine – “25000 job shadows.” *Training*: 2003: 40 (11), 18.
- Business and Company Resource Center: News/Magazine – “Marriott Rewards to Redeem Points to Help Hurricane Victims.” *PR Newswire*: 2-Sept-05
- Business and Company Resource Center: News/Magazine – “Brand Conscious Marriott targets quality business hotels in Asia.” *Asia Africa Intelligence Wire*: 5-Sept-05
- Business and Company Resource Center: News/Magazine – “Marriott, Travelocity enter Merchant Deal.” *Travel Weekly*. 24-Nov-03
- Business and Company Resource Center: News/Magazine – “Marriott Eyes Asia and Europe for Expansion.” *Caterer and HotelKeeper*: 9-June-2005
- Business and Company Resource Center: News/Magazine – “Marriott International – Chairman and CEO Interview.” *Finance Wire*, 31-May-2005.
- Business and Company Resource Center: News/Magazine – “CEO Spotlight: Marriott International.” *CEO Wire*, 6-June-05.
- Business and Company Resource Center: Industry Overview Display Page – Hotels and Motels (SIC 7011; NAICS 721110).
- Business and Company Resource Center: History/Chronology Display Page – Marriott International Inc.