



CompStrat Consulting Inc.

Client 5: Marriott International Inc.

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A. EXECUTIVE SUMMARY

Marriott International, a global leader in the hospitality industry with 6000 properties in 122 countries, is experiencing growth in revenue attributed to their recent acquisitions, partnerships and incremental innovation in their core business space of luxury hotels. Though their core business currently looks in good shape, the lack of ideas for horizon two and three businesses could potentially lead to growth stall in future.

The trends in hotel and travel industry are changing, and these changes include the rise in personal travels, fall of business travel, mixing of business and leisure, i.e. bleisure trend and the rise of digital nomads. The core business of Marriott is dependent on business travelers, and this segment is the bread and butter of Marriott International, but the current trend of decreasing business travel as corporates are getting tighter with their travel budget and business travelers looking for more personal experiences can adversely affect Marriott in the long run.

In this report, we have performed substantial research on Marriott, their current partnerships, their acquisitions, their business model, their current strategy and market trends in hotel and travel industry. We evaluated why Marriott's growth is going to stall in the coming years. The growth stall is going to happen due to false assumptions by management about market and customers, value migration in the hotel industry and uncaptured value in this space. The value migration is happening due to two main reasons which include the rise of bleisure travelers and advances in teleconferencing technology. We analyzed threats to their core business using the competitive radar and identified companies which are competing to get the share of same value.

Further, in the report, we recommended how this stall can be prevented, and how Marriott can continue to be a growth company. To avoid the stall, we recommend the use of three horizon model and allocating resources judiciously to all three horizons. In the first horizon, Marriott should maintain and defend their core business. To do so, we explained and recommended partnerships with services such as Airbnb and HomeAway and extending their current hotel brands to address needs of new segments of bleisure travelers and digital nomads. In the second horizon. We suggested Marriott should extend their business to provide a fully integrated solution for their customers. This can be done by extending their business to air travel, by offering Marriott luxury apartments and be leveraging their competence in interior design and decoration. For the third horizon, Marriott should invest in developing advanced teleconferencing technology. To advance the teleconferencing technology, Marriot should use augmented reality, virtual reality and hologram technology to connect business people quickly and easily.

B. COMPANY OVERVIEW

B.1 About

Marriott International Inc. was formed in 1927 by J. Willard and Alice Marriott. The company has since been successfully flourishing under the family leadership for over 90 years. Headquartered in Bethesda, Maryland, Marriott is a leader in the global hospitality industry with over 6000 properties in 122 countries. There are over 30 brands under the Marriott umbrella offering a distinct and diverse portfolio of hotels, resorts, clubs and stays. They span across Ritz Carlton, St. Regis, JW Marriott, etc. for their luxury segment to Residence Inn, Element, etc. for their long stays. Known for its strong management, industry leadership and a deep-rooted service culture, Marriott has established itself as the extraordinary performer in the industry. It has around 375,000 associates at managed and franchised properties worldwide. Despite being in the hospitality segment, where it takes enormous effort and care to provide service to the customer, Marriott is considered as one of the best companies and the most ethical companies to work for¹.

B.2 Recent acquisitions and Partnerships

Marriott's most recent mega acquisition was their acquisition of the Starwood Hotels and Resorts in 2016². The 13.3 billion dollars acquisition added eight luxury brands in 60 countries to the Marriott umbrella. It has expanded in global footprint and is currently the largest in the world. This acquisition has caused reverberations in the luxury hospitality segment and at the same time created room for new fields of play. With the bigger empire is also the bigger challenge to create differentiation and integrating technology platforms among the competitors over the wide range of portfolio.

Marriott's most significant partnership in the recent past is its collaboration with Samsung and Legrand to cater to technology enabled settings within the rooms for the customers. With the evolution of technology and customer needs, customers look for comfort and a very personalized environment during the stay. Marriott is working on IoT inclusion in their hotels with which the customer can control the settings of his/her room remotely. One example is to set the temperature of the shower remotely. Marriott is also entering into discussions with their major competitor the Accor Hotels for adopting a data capturing strategy to drive customer loyalty³.

B.3 Business model canvas

Marriott is a worldwide operator, licensor and franchisor of hotels and resorts. Their business model focuses on managing and franchising properties and then collecting fees instead of owning the building outright. Having an overview of the company's portfolio and its recent partnerships, we are now going to

¹ <http://www.marriott.com/marriott/aboutmarriott.mi>

² <http://news.marriott.com/2016/09/marriotts-acquisition-of-starwood-complete/>

³ <https://marketrealist.com/2017/02/heres-whats-currently-priced-into-marriotts-valuation-multiple>

look at the current business model of Marriott International Inc. to understand their offerings, customers, operations and key stakeholders⁴.

| | | | | |
|--|--|---|---|--|
| Key Partners <ul style="list-style-type: none">● Franchisees● Owners● 3rd party booking sites● Travel agents● Corporate partners | Key Activities <ul style="list-style-type: none">● Hospitality● Hotel management | Value Propositions <p>A uniform travel experience you can trust.</p> <p>Leveraging the Marriott name to provide guests with a uniform, great travel experience</p> | Customer Relationships <ul style="list-style-type: none">● Some customer relationships are direct e.g. Through loyalty points.● Some customer relationships are indirect - through 3rd party internet sites, like Priceline | Customer Segments <ul style="list-style-type: none">● Leisure travelers● Business travelers● Corporate customers● One-off events |
| | Key Resources <ul style="list-style-type: none">● Hotels● Customer relationships● Hospitality industry expertise● Timeshares | | Channels <ul style="list-style-type: none">● Online 3rd party booking sites● Online booking channels● Travel agents | |
| Cost Structure <ul style="list-style-type: none">● Fixed assets costs● Depreciation● Management costs● Renovation costs● 3rd party partner fees | | | Revenue Streams <ul style="list-style-type: none">● Management fees● Customer sales● Business contracts | |

Fig 1: Business Model Canvas

B.4 Marriott's current strategy - The Three Horizons

Marriott is currently focusing on the extensive expansion of their empire by franchising hotels and properties globally. Their strategy is to aggressively expand and conquer unexplored markets and territories through franchises and management which offers stable income and footprint even during economic softness with less investment from the company's side. They are focusing on expansion into the Middle East and parts of Europe and Asia where they expect to capture new markets. We recognize

⁴ <http://investor.shareholder.com/MAR/secfiling.cfm?filingID=1628280-18-1756&CIK=1048286>

Marriott's efforts in introducing new brands like the 'Edition' to accommodate more customers under their portfolio.

From the business model canvas and from in depth research of their business strategy, we adopt the three-horizon framework to get a clear understanding of Marriott's growth plan for the future.

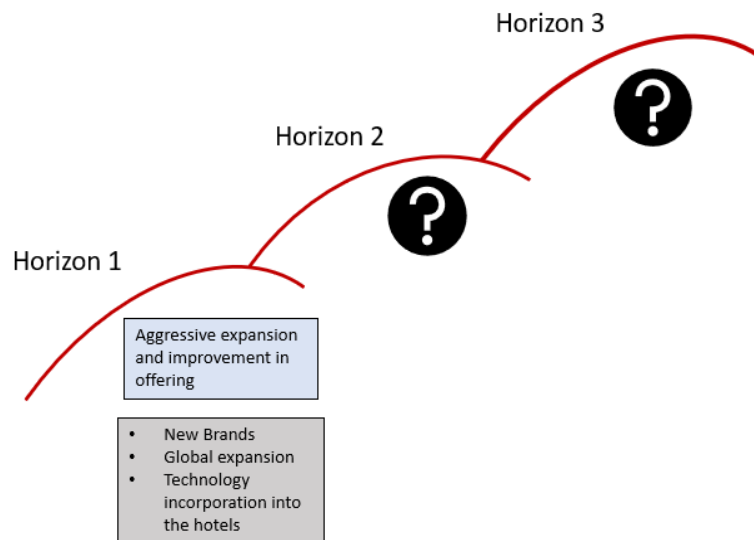


Fig 2: Strategy of Marriott explained in three horizons

While we learn that Marriott is performing great in their current business, we also observe that Marriott's management is failing to capture the opportunities outside its current business for the future with its existing capabilities and brand image.

C. MARKET TRENDS IN THE HOTEL AND TRAVEL INDUSTRIES

C.1 Increase in personal travel

The tourism industry had a seven-year peak in 2017⁵. International arrivals (overnight visitors) saw a figure of 1,322 million which is a 7% growth of the industry. The strongest growth was seen in Europe, Africa and Asia. With an increase in economic stability in the households and a change in the culture where people look for means to attain satisfaction not just professionally but also in their personal well-being and leisure, the travel for leisure and tourism is increasing consistently. Ease of travel barriers and improved connectivity also contributes to this growth. The industry is expected to see a 4%-5% growth over its average of 3.5% growth in 2018 and the following years. This trend becomes important as Marriott continually focuses on catering its business travelers and retaining them while little is done for the leisure segment whose generally don't prefer Marriott.

C.2 Fall of business travel

The last two decades has been tough on business travel. The number of business trips have decreased by 22% from 2000 to 2012, according to a study by the Global Business Travel association. However, travel spending has increased 3.6% during the same period, and reports from airlines or travel companies and hotels reflect this increase in revenue⁶. Why? Simply because travel has gotten that much more expensive. Prices in both economy and business class have increased considerably with demand. Global Travel Forecast shows that global airfares are expected to grow by 3.5% in 2018 and hotel prices are going to be up 3.7%⁷. For these reasons, corporate companies are being tighter with their travel budgets. The employees have to increasingly justify their travel expenses, gain approval of more managers and companies are performing a cost-benefit analysis before they approve travel.

C.3 Mixing business and leisure: the “bleisure” trend

The preferences of the decreasing segment of business travelers, especially Millennials, are shifting. 57% of companies now have a policy that allows their employees to extend the duration of their business trips for leisure purposes⁸. The fact that Millennials create families later in life than the previous generations⁹ contributes to that, as nobody is waiting for them at home and they want more time to explore. Also, the rise in social media pushes Millennials to look for unique experiences that they can share on their social networks¹⁰. Business travel is a way of doing this while still earning money. Moreover, a better work-life

⁵ <http://media.unwto.org/press-release/2018-01-15/2017-international-tourism-results-highest-seven-years>

⁶ <http://www.nytimes.com/2012/05/03/business/business-travel-is-rising-but-not-necessarily-the-travel-budget.html>

⁷ <https://www.meetingstoday.com/NewsEvents/IndustryNews/IndustryNewsDetails/RegionID/0/ArticleID/30951>

⁸ <https://www.forbes.com/sites/katiezimmerman/2017/06/06/how-millennials-are-being-creative-with-their-travel/#270065018a89>

⁹ <https://www.bentley.edu/impact/articles/nowuknow-why-millennials-refuse-get-married>

¹⁰ <https://travelbank.com/blog/news/business-travel-trends-2018/>

balance is now seen as necessary for efficiency at work and offering these additional days for personal travel is seen as a wise investment.

This trend is called “bleisure”. The job to be done is progressively shifting: “75% of millennials are looking for travel experiences where they can learn something new”. They are increasingly looking for more of a complete travel experience rather than a simple, comfortable accommodation¹¹. Previously, business travelers wanted services in the hotels associated with ease of doing work remotely, such as: wireless connectivity, in-room service, extreme comfort. But now, according to Marriott CEO Arne Sorenson¹², the business “bleisure” travelers want a strong leisure component in addition to the ease of doing work remotely, such as:

- Personal unique experiences,
- Local design,
- Local dining options,
- Special emotional connections.

As Kelly Phillips, Hilton’s senior vice president of global engagement and strategic accounts, says: “We’re seeing a growing desire by these [business] travelers to add a leisure component to their trip and experience the destination beyond the meeting room.”¹³

C.4 From luxury business travel to everyday low-cost business travel: the rise of Digital Nomads

In 10 years, 50% of the US workforce will become freelancers¹⁴. Among them is a new segment called the digital nomads.

Digital nomads are business travelers of another kind, they are freelancers working remotely with their own computer, without the need of a stable office. This gives them the opportunity to travel more often. Actually, with the expected rise in population, internet connection speed, and expected decrease in marriages/home ownership, airplane cost, time travel by plane in the upcoming years, the number of digital nomads might rise to 1 billion in 2035¹⁵. By extrapolation, we can expect that by 5 years from now, there will at least 300 million of such travelers¹⁶.

With 50% of the future workforce being freelancers, digital nomads are about to take the place of traditional business travelers, and yet, they have different needs. Indeed, digital nomads are developing their own platforms to look for accommodation¹⁷. AirBnB is an example of a platform created out of this

¹¹ <https://www.amexglobalbusinesstravel.com/the-atlas/millennial-business-travel-trends/>

¹² <https://skift.com/2017/12/05/marriott-ceo-sees-the-line-between-leisure-and-business-travel-blurring/>

¹³ <https://skift.com/2017/06/09/time-starved-business-travelers-are-missing-the-bleisure-trend/>

¹⁴ <http://www.trooptravel.com/digital-nomads-rise/>

¹⁵ <https://levels.io/future-of-digital-nomads/>

¹⁶ On the lowest ceiling, if we consider there is 1 digital nomad today in 2018 and 1 billion in 2035, so 17 years later, then by 5 years, there will be $1 \text{ billion} * 5 / 17 = 300 \text{ million}$ of digital nomads.

¹⁷ Examples: <http://www.nomadstack.com/rooms-for-digital-nomads/> and <https://nomadlist.com/>

phenomenon. Co-living spaces- spaces with the personal touch of a home, the comfort and safety of a hotel without the exorbitant prices- is a new trend targeted toward the digital nomads¹⁸.

It is not about business travel anymore: digital nomads travel, as a way of living. They are looking for¹⁹:

- Accommodations in cities with an overall low cost of living
- Accommodations for extended stays
- A safe, calm and productive ambiance
- Smooth process of renting/booking an accommodation
- Being able to meet people, create new connections, extend networking.

D. WHY MARRIOTT'S GROWTH IS GOING TO STALL IN THE NEXT 3 TO 5 YEARS

Before we explore the reasons why Marriott's growth is going to stall in the next 3 to 5 years, let's look at the company's performance currently. Marriott International had a revenue of \$17.07 billion for 2016, the second largest of any other company in the world, behind the InterContinental Hotels Group from the UK. Their revenues had been growing steadily, except for a set back in 2009 which they recovered from quickly.



Fig 3: Marriott International's Revenue

¹⁸ <https://www.travelinglifestyle.net/co-living-spaces-for-digital-nomads-remote-teams/>. Example:: <https://outsite.co/>

¹⁹ <https://quartzly.qz.com/1137138/the-inevitable-rise-of-the-premium-digital-nomad/>

D.1 When What You Know Is No Longer So

As described in the HBR article “When Growth Stalls”, there are five major causes that can result in a growth stall. These causes are: “When the premium position backfires”, “When Innovation Management breaks down”, “When a core business is abandoned prematurely”, “When talent comes up short” and “When What You Know Is No Longer So”²⁰. Starting with the premium position, the early signs that the premium position can backfire is that the company will observe a rapid market loss in a narrow customer segment.

With Marriott, we are observing the same trend as they are losing market share in bleisure travelers and the number of travelers looking for personal experiences on business trips are increasing. This has been acknowledged by Marriott CEO when he said “Increasingly, what we see is people are combining those trips, and when they are on business travel, they want to have personal experiences. Or they’re taking trips that have dual purposes associated with it”²¹. The leisure travelers are getting more comfortable with the private accommodation provided by Airbnb and it can be proved from the fact that, as per Phocuswright research, 1 in 3 leisure travelers used private accommodation in 2015 up from 1 in 10 in 2011²².

Looking at innovation management at Marriott, they are aggressively innovating in their core business and looking for providing more luxurious services to the business travelers. This can be seen from their innovation incubator hotel in Charlotte where they are experimenting with different services in their hotels and looking for feedback from the travelers using physical push button. They have services such as Flex fitness, LG studio in the dynamic meeting space, hosted arrival, immersive kitchen in stoke restaurants²³. They are looking to improve their offering in the current red ocean instead of searching for a blue one.

Lastly, the management has certain assumptions about the market which are proving to be untrue. The executives at Marriott are dismissing the threat of Airbnb and other such emerging platforms. As recently as December, a Marriott executive dismissed Airbnb as not “really making headway in the corporate environment, which is really our bread-and-butter business.”²⁴ This assumption is contrary to the fact that Airbnb is making inroads in business travelers segment and as per research, there are 250 companies signed up with Airbnb to book and manage business travel, the number of people using Airbnb for business purpose has been tripled and more than 250,000 companies used Airbnb including Alphabet Inc, Domino’s Pizza and Morgan Stanley²⁵. Airbnb is modifying its offering to attract business travelers and is

²⁰ “When Growth Stalls - Harvard Business Review.” <https://hbr.org/2008/03/when-growth-stalls>.

²¹ “Marriott CEO Sees the Line Between Leisure and Business ... - Skift.” <https://skift.com/2017/12/05/marriott-ceo-sees-the-line-between-leisure-and-business-travel-blurring/>. Accessed 1 Mar. 2018.

²² <https://www.nytimes.com/2016/07/24/travel/airbnb-hotels.html>

²³ <http://news.marriott.com/2016/10/marriott-hotels-introduces-worlds-first-hotel-innovation-incubator-m-beta-charlotte-marriott-city-center/>

²⁴ <https://www.nytimes.com/2017/04/16/technology/inside-the-hotel-industrys-plan-to-combat-airbnb.html>

²⁵ <https://www.bloomberg.com/news/articles/2017-04-28/airbnb-goes-after-business-travelers-with-new-booking-tool>

introducing AirBnB Plus, AirBnB beyond and corporate dashboard²⁶. Considering the reasons as discussed above such as premium position, incremental innovation and untrue assumptions about market and their customers, the growth at Marriott is bound to stall in coming years.

D.2 Marriott is too slow answering two major value migrations

D.2.1 Bleisure travel

Marriott is known to focus on the business travel segment much more than its competitors, like AirBnB²⁷ whose current revenue are 10% coming from this segment²⁸. If Marriott wants to keep this revenue stream stable in the upcoming years, it has to adapt its services to the rising trend of bleisure travelers, as explained above. Although Marriott is currently seen as a premium brand in the traditional business travel trend, it satisfies only a small part of the job to be done expected by the new generation of business travelers: the ease and comfort of doing work remotely.

Marriott's only action for the moment to be attractive to bleisure travelers is the creation, about 2 years ago, of an "Innovation Lab"-Hotel in Charlotte, North Carolina²⁹, called M Beta. For now, they emphasize on mobile services (self-serve mobile check-in, key and app, mobile concierge), entertainments rooms (with Netflix, YouTube...), modular furniture in rooms, open dining rooms to allow travelers to dine together and meet new people easily, as well as business-like meeting rooms³⁰.

Clearly, the current state of this innovation is not sufficient to offer the local experiences that bleisure customers are waiting for. As for our analysis, there is no emphasize on local design, local dining options, or the possibility to create unique emotional connections. The only part of leisure that Marriott is offering is the "entertainment" piece through digital media in dedicated rooms. Marriott is losing the sight of what bleisure travelers truly expect.

D.2.2 Teleconferencing: reducing the need of travel

With the advancement of technology, a lot of trends are shaping and redefining the travel industry. One of the most important trends is the rise of teleconferences and video conferences. More and more companies are adopting this system and keeping their employees away from business travel. The main reasons for this value migration from travel to tele and video conferences can be grouped into:

²⁶ <https://www.forbes.com/sites/johnnyjet/2017/08/22/are-business-travelers-using-airbnb/>

²⁷ <https://www.forbes.com/sites/bretttowens/2018/03/01/these-6-dividends-are-perfect-for-rising-rates/#4c0740096cd5>

²⁸ <https://www.forbes.com/sites/johnnyjet/2017/08/22/are-business-travelers-using-airbnb/>

²⁹ <https://www.cnn.com/travel/article/smart-hotels-digital-nomads/index.html>

³⁰ <http://news.marriott.com/2016/10/marriott-hotels-introduces-worlds-first-hotel-innovation-incubator-m-beta-charlotte-marriott-city-center/>

- a. Reduced travel costs and expenses:** This is a major reason which is driving the corporate companies to shift towards teleconferences. A report claims video conferencing could save US and UK firms a total of \$19 billion as well as reducing CO2 emissions by 5.5m tons³¹. Cisco, which has more than 200 telepresence rooms, figures it is avoiding \$100 million in yearly travel costs, and reducing its greenhouse gas emissions from air travel by 10 percent. H.P. says air travel among its offices with telepresence rooms is down 25 percent³². A typical corporate company could be charged by Cisco for building a high-end teleconference room from \$300,000 to \$750,000 in 2014. However, current options provide a company with similar setup for just \$15,000³³. Even though at first glance this expensive, when used extensively, these systems pay for themselves by reducing or eliminating the travel costs. And then, of course there are zero cost systems such as Skype and Google Hangouts which can be used from personal computers without employees having to leave their desk.
- b. Reduced employee burnout:** Whether long distance or not, travel can have an effect on the employee's physical health, his/her willingness to work and efficiency. Particularly in flight travel, jet lag renders employees near unable to work until the effect wears off. Telepresence in this regard, is a much better alternative as the employee typically does not undergo any physical exhaustion during the activity.
- c. Time saving and better productivity:** With travel, a significant amount of work time is lost, including the actual travel, pre-planning, post-planning and all the time lost in recovering from travel-based exhaustion. On the other end, with tele and video conferences, anyone across the world can join the meeting in just a matter of seconds and be ready to go. This means the employee doesn't need to get out of his work environment and rejoin it as in the case of travel.

All of the above said, people still perform business travel, just not as extensively. Business travelers now fly for important client meetings or to discuss large deals, where physical presence is necessary to convey the commitment on their part. However, even these days might be numbered as the technology continues to grow and deliver an even better telepresence experience.

D.3 Marriott does not seek to capture new values: Digital Nomadism

As explained in part C: 50% of the US workforce will become freelancers in 10 years. Among them, digital nomads. Worldwide, it is expected that there will be at least 300 million of such travelers in five years. They are becoming a totally new and interesting segment for Marriott, which it is not capturing yet. Can they expect to capture this value inflow without effort? No, because their job to be done and budget are strictly different from what Marriott currently offers.

³¹ <http://theconversation.com/is-this-the-end-of-the-road-for-business-travel-36226>

³² <http://www.nytimes.com/2008/07/22/technology/22meet.html>

³³ http://www.telepresenceoptions.com/2014/08/honey_- they_seriously_shrunk/

Digital nomads are looking for extended stays choices, with a price budget close to a normal rent, and as for now, Marriott offers three choices for extended stay lodging for business professionals: Residence Inn, TownePlace Suites and Marriott Executive Apartments³⁴. The first choice provides spacious suites, common areas and upscale service³⁵. The second choice has a DIY accommodation style, and the third one is designed to provide corporate residential accommodations for professionals on international assignment of 30 days or longer. All choices have prices above \$100 per night (in the U.S.), even for extended stays, which is out of budget for digital nomads.

Focusing on luxury segment makes Marriott miss the Digital Nomadism opportunity.

D.4 Competitive Radar

In our above analyses, we identified that value migration has been happening in the hotel space, from both Business travel to bleisure travel and Travel to Telepresence. In wake of these value migrations, all the companies which serve the spaces where value is migrating to, identify as competitors to Marriott. The Competitive Radar tool presented below analyses all the competitors of Marriott. Marriott needs to address all the threats posed by these competitors if it plans to continue its premium position.

Marriott International Inc. competes directly with other major hotel operators such as Hilton, Accor and InterContinental in the US and worldwide. Outside of this, Marriott's other competitors include alternate home providers like Airbnb and vacation home providers like HomeAway. There are also Boutique hotels which are small scale and attract tourists with their personalized attention and styled accommodations³⁶. New entrants in the sector are also continuously on the rise. In urban areas, shared accommodation and hostel providers are becoming increasingly popular. A traveler looking for one night's stay can choose a hostel because of strikingly low prices and availability compared to any Hotel or even Airbnb. Other new entrants are consumer goods and luxury fashion brands which are partnering with or opening their own chains of hotels³⁷ to further enhance their brand image. Examples range from furniture retailer West Elm to fashion brand Karl Lagerfeld to watch company Shinola. The furthest competitors are also the ones which can have the most impact in disrupting the hotel and travel industry. As we discussed above, while services like Skype and WebEx are increasing the convenience of video conferences, they are also eliminating the need for business travel, the core segment where Marriott operates. Uber, Lyft and other such services³⁸ have all invested in creating business travel programs with enhanced tracking tools with existing corporate booking services, hotels and corporate companies to reduce and manage the travel costs.

³⁴ <https://www.business.org/hr/benefits/marriott-vs-hilton-where-do-you-stay-during-business-travels/>

³⁵ <http://www.marriott.com/search/findHotels.mi>

³⁶ <https://www.covingtontravel.com/2016/02/9-characteristics-of-boutique-hotels/>

³⁷ <https://www.hoteliermagazine.com/new-wave-disruptors-shaping-hotel-industry/>

³⁸ <http://whiteskyhospitality.co.uk/business-travel-really-finally-truly-ready-disruption>

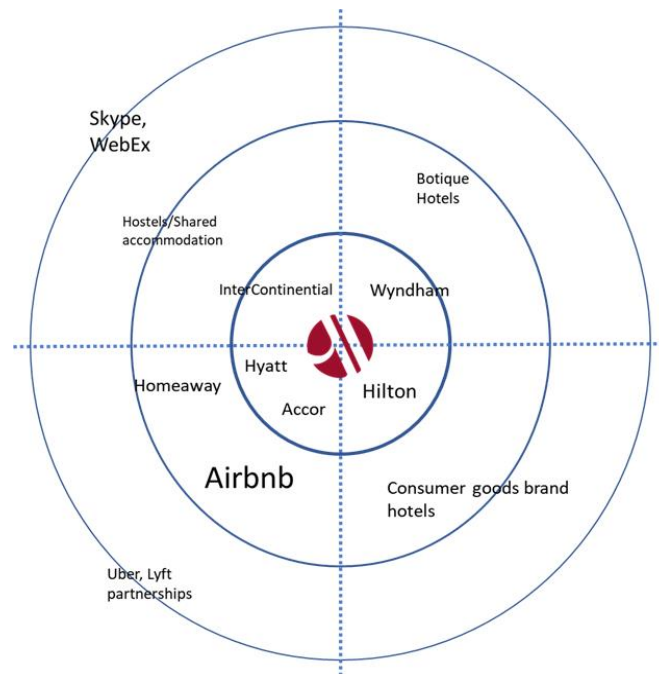


Fig 4: Marriott's Competitive Radar

E. RECOMMENDATIONS

Even with our prediction of Marriott's impending stall, we believe they can still prevent this by making certain managerial decisions. We recommend that Marriott's management refocus their business around the job to be done for the market and create products and offerings to address these needs. Customers generally want the quickest and easiest way to connect with people for business and the most affordable and comfortable travel experience for their vacations. To position Marriott as a company to address this job to be done, we recommend Marriott extend their hotel offerings in their current business, extend their current businesses to provide a fully integrated solution that addresses the market needs, and then leverage technological solutions to address customer needs. To shore up their existing business and prepare for the future, we suggest Marriott use three horizon model to illustrate their future businesses and as a tool to help decide resource allocation.

E.1 Horizon 1

We are projecting Marriott's horizon 1 business, their current core offering, to last for another 3 years based on market trends and improvements in technology. We suggest Marriott begins extending their product offering to account for changes in market demographics and needs and the rise of new services in the market. We recommend that:

- Instead of competing with services like Airbnb and HomeAway, Marriott partners with them and lists their rooms on those sites. Services like Airbnb connect customers (demand) with available accommodation (supply). Since Marriott is a supplier of accommodation, they should partner with

these services and view them as a channel to their customers like they view services like Priceline and Expedia.

- Marriott extends their current hotel brands to address the needs of new market segments like the digital nomads and bleisure travelers. Marriott can invest in creating new brands and hotels for these new segments or repurpose existing hotels to meet the needs for these customers.
- Marriott increases their offerings for leisure travelers by increasing their inventory of vacation homes. Since vacation travelers make up about 60% of the market, Marriott can leverage their brand reputation of providing quality accommodation and service to increase its presence in the leisure traveler segment of the market.
- Marriott enforces partnerships, possibly with its competition, with a “solar system” model. Since there is a rise in leisure travelers, along with the use of social media, customers are even more asking for one-time unique experiences. Their concept of brand loyalty is shifting towards having more diverse experience, so Marriott could leverage that by creating an ecosystem of possible one-time unique experiences available to their leisure customers, maybe through a new kind of cross-brand loyalty program. Marriott main brands would be the “sun” of this ecosystem and relevant competitors who have different set of offerings could be its planets gravitating around it.

E.2 Horizon 2

We are predicting that Marriott's horizon 2 businesses are about 3-5 years out. In this horizon, we are suggesting Marriott extend their business to provide a fully integrated solution for their customers. We are suggesting Marriott extend their core business to be more present in the lives of their customers. To do this, we are suggesting Marriott:

- Extend their business into air travel. This will complement their current ground transportation and accommodation services. This will ensure that Marriott is a one stop shop for all the travel needs a customer will face. From organizing flights, to ground transportation and then accommodation, Marriott will handle all the needs a traveler will have by providing a fully integrated solution.
- Leverage their competence in interior design and decoration and create an interior decoration service for homes and apartments. Since Marriott has deep knowledge in interior design and decoration and is able to test these designs out, they can create an interior design business to improve the designs of people's homes. This service could increase Marriott's customer base.
- Invest in real estate to create cowering spaces. Marriott has a lot of expertise in finding real estate at reasonable prices in metropolitan area. They can use this knowledge to invest in reasonably prices buildings and then create cowering spaces and compete against fast growing businesses like WeWork. This will also increase Marriott's customer base and position them to meet the changing needs of the market segments.
- Enter the real estate space by offering luxury apartments (Marriott Luxury Apartments) where people can experience Marriott in their everyday lives. Being the pioneer in providing the best ambience and comfort, this is an amazing space for them to venture into.

E.3 Horizon 3

We believe the horizon 3 businesses should be projected to be 5-7 years out from become a core part of Marriott's business. In this horizon, we suggest Marriott begin investing in teleconferencing technology

to address the needs of their business customers. Since these customers are using teleconferencing services (like Skype and Webex) more instead of traveling, Marriott needs to provide services in this space that can address customer's teleconferencing needs. Implementing nascent technologies like augmented reality, virtual reality and holograms to connect business people quickly and easily is a solution that solves customer needs, aligns with Marriott's vision and follows market trends.