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May 7, 2002

Marriott International Co.

Table of Contents

Marriott International Corporation: Portfolio	3
Marriott Lodging Services	
Marriott Senior Living Services	
Marriott Distribution Services	
Current Performance	4
Objectives and Strategies	4
Policies	7
<i>Strategic Managers</i>	
Board of Directors	9
Top Management	12
External Environment	
Societal Environment	
Economic Forces	16
Technological Forces	18
Political Forces	19
Socio-Cultural Forces	20
Task Environment	
Competitors	21
Conclusion	22
References	24

Marriott International Corporation: Portfolio

Marriott International, Inc. is a leading worldwide hospitality company with operations in the United States and 64 other countries and territories. It had system wide sales in 2000 of \$19.8 billion. The company has approximately 152,000 associates and is headquartered in Washington, D.C. Its operations include three major businesses (Webber, S.P., 2001).

Marriott Lodging Services operates or franchises over 2,200 hotels and resorts, totaling approximately 425,900 rooms and 6,300 vacation ownership villas worldwide. Its portfolio of lodging brands includes: Marriott Hotels, Resorts and Suites (full-service, 422 hotels including 13 conference centers); JW Marriott Hotels (deluxe, 17 hotels), Ritz-Carlton (luxury, 43 hotels); Renaissance Hotels, Resorts and Suites (quality, 118 hotels); Courtyard (upper-moderate, 543 hotels); Residence Inn (extended-stay, 380 inns); Fairfield Inn (lower-moderate, 471 inns); SpringHill Suites (upper-moderate all-suite, 77 hotels); Ramada International (mid-price, 129 hotels); TownePlace Suites (mid-price extended-stay, 96 hotels); Marriott Vacation Club International, The Ritz-Carlton Club, Horizons and Marriott Grand Residence Club (vacation ownership resorts, 53 resorts); and Marriott Executive Apartments (upscale serviced apartments, four properties). In addition, ExecuStay by Marriott manages more than 7,100 furnished apartment units for the corporate housing market, and Marriott Golf operates 26 golf course facilities around the world (Webber, S.P., 2001).

Marriott Senior Living Services operates 153 senior living communities throughout the United States offering independent living, assisted living and skilled nursing care. Major brands include Brighton Gardens, Village Oaks and Marriott MapleRidge assisted living communities (Webber, S.P., 2001).

Marriott Distribution Services provides food and related products to Marriott operations and external clients through its network of 13 distribution centers across the United States (Webber, S.P., 2001).

Current Performance

A vital component of Marriott's growth is its emphasis on strong relationships with its owners and franchise partners. Its focus on managing strong, profitable brands in partnership with these important investors—who are close to the market, understand the importance of customer preference, and share its commitment to brand leadership—has emerged as a win-win strategy for everyone. All of the established U.S. brands maintained or increased their RevPAR premiums versus the competition in 2000. Its owners and franchisees are attracted to both the outstanding quality of our brands and Marriott's commitment to their profitability. In return, their commitment to brand quality and growth allows Marriott to enhance the value of its brands and offer its products in markets around the world. Over 85 percent of the hotels added in 2000 were built or converted to one of its brands by owners or franchisees. Today, over 400 additional hotels with more than 70,000 rooms are approved or under construction (Marriott 2000 Annual Report).

Business and leisure travelers, meeting planners, owners and franchisees continue to prefer Marriott's brands by wide margins. The flagship Marriott Hotels, Resorts and Suites brand maintains a 3-to-1 preference over its nearest quality-tier competitor among frequent U.S. business travelers. About 80 percent of all U.S. frequent quality-tier business travelers stayed at a Marriott full-service property at least once last year, which reflects not only our brand strength but also our growing geographic distribution. Marriott International will continue global growth and expand its leadership position in the hospitality industry by building on its reputation for innovation and operational excellence (Marriott 2000 Annual Report).

Objectives and Strategies

The vision of Marriott International is to be the world's leading provider of hospitality services. Marriott International's goal or objective is to create significant value by aggressively building its brands and growing its businesses. Its overall

strategy is very simple- to become a unified force in the industry, built around winning brands (2000 Annual Report). Marriott International aspires to be the preeminent provider of a worldwide portfolio of preferred brands and services that fulfill customers' work life and leisure needs away from home as well as growth opportunities for associates, and attractive returns to shareholders and owners (Cross Brand Education, 2000). To grow leadership position in the 21st century, Marriott International is focusing on three key areas (2000 Annual Report):

- Sustaining rapid worldwide unit expansion by offering strong, profitable, preferred branded hotels to its customers, owners and franchisees;
- Building on its strong culture of innovation and operational excellence to provide its customers with the highest quality lodging and senior living experience; and
- Finding ever better ways to attract, develop and retain its valued, world-class team of associates and future leaders.

Marriott International's growth goals are aggressive. The new Marriott International formed in 1998 focuses predominantly on hotel operations. It has substantial investment capacity, and this should enable the company to continue to grow rapidly. Marriott plans to expand its 11 hotel brands, as well as open new timeshare resorts. For timeshare, it plans to double the cumulative number of timeshare intervals sold (Mather, S. and Todd, G, 2000). Between 1999 and 2003, it expects to open over 1,000 hotels and timeshare resorts, representing 175,000 gross room additions, increasing its distribution from 53 countries and territories to more than 75. Its U.S. lodging market share in 1990 was only 4.4 percent. Today its U.S. share is 7.5 percent, and its brands account for over 25 percent of all new hotel rooms under construction and in permitting in the United States. Its full-service brands—Marriott, Renaissance and Ritz-Carlton—represent over 45 percent of

the industry's pipeline of upper-upscale hotel rooms. Over 80 percent of the progress toward its five-year growth goal consists of rooms open or under development as of year-end 2000. The international presence has grown more than tenfold since 1990, but the company still has less than a one percent market share outside the United States. Over 20 percent of the hotels, or more than 17,000 rooms, in its pipeline are in international markets (2000 Annual Report).

There will still be organic growth outside the USA – initially through its four-and five-star brands- into primary city centers, airport and development resort locations. Once there are established, the company will move into secondary destinations, and only at this stage does Marriott plan to introduce its mid-market range. Nevertheless, it is at the mid-market level in particular that the group feels that it has a competitive advantage over most other groups. Marriott believes that it will be able to educate its market at the four-and five-star level and then reap the rewards of its quality reputation when the economy brands are introduced (Mather, S. and Todd, G, 2000). Of the companies taken over, growth at New World had been slow, with concentration on its home base of Hong Kong as well as on Mainland China, but little in the rest of the region. However, New World entered Vietnam early (taking over a site abandoned by Holiday Inn), as well as Myanmar. The New World name helps to distance Marriott from protest at its involvement in Myanmar, which is still not accepted politically (Mather, S. and Todd, G, 2000).

Marriott Senior Living Services begins 2001 with a new leadership team and a strong focus on operational excellence. Compelling demographics will drive demand growth in the assisted living industry. Combined with slower supply growth, this should result in improved performance in future years (Marriott 2000 Annual Report).

Marriott Distribution Services is growing steadily with the addition of new customers, expanded sales to existing customers, and the opening of a new

distribution center in Denver (Marriott 2000 Annual Report). As of Autumn 2000, Marriott International joined forces with Bass Hotels & Resorts, Chicago's Hyatt Hotels Corporation and ClubCorp USA to launch a new business-to-business (B2B) company, 'Avendra LLC.' This will be the world's largest Internet-enabled B2B hospitality procurement company. It is anticipated that the alliance of these four companies, which together manage or franchise over 5,500 hotel properties worldwide, will provide the critical mass to drive standardization and economies of scale for purchasing across the entire hospitality supply chain. Operations focus initially on the North America market, but expansion beyond the region is planned over time (Mather, S. and Todd, G., 2000).

Policies (Marriott 2000 Annual Report)

- 1) Customers: Whatever customers' travel plans, the Marriott portfolio of brands offers the right product at the right price by understanding the unique needs of each customer group, and tailoring each Marriott brand to respond to those needs. Marriott builds strong, enduring relationships that help it stay connected to its customers, through Marriott's unique blend of quality, consistency, personalized service and recognition.
- 2) Shareholders: By leveraging its strengths such as a diverse portfolio, strong customer, owner and franchisee preference, and a consistent profitable return on investment, Marriott International sustains its industry leadership and creates considerable long-term value for its shareholders.
- 3) Innovation: Through innovative uses of technology and current innovations such as Marriott Rewards Program, Sales Force Automation System, and new, more customer-focused information systems, Marriott International meets or exceeds the expectations of its customers, owners and franchisees more flexible and better.

4) Integrity: Whether Marriott's customers are attending a business meeting or vacationing, Marriott brand provides them with consistent, reliable, and comfortable accommodations and services.

5) Associates: The single most important factor in its success is its associates. They provide the outstanding service that keeps its customers coming back to Marriott. Marriott tries to meet the needs of associates with a consistent, long-term vision for its business, good compensation, fair treatment, career training, commitment to work-life balance and opportunities for growth.

6) Corporate Culture: Marriott's strong corporate culture and core values greatly influenced employees' decision to work Marriott. There are three elements of its culture as being very important: leadership, diversity and civic responsibility. The company is committed to attracting and developing future leaders who appreciate the value of all people and inspire exceptional performance.

7) Diversity: Marriott International is focused on building diversity in its company and ensuring that the companies it does business with understand its values. The number of its minority and women franchisees has more than doubled in the past four years. Minorities and women now represent over 60 percent of Marriott's management team and 21 percent of its corporate officers. Its purchasing from diverse suppliers reached \$150 million in 2000. As a global company, its customers and associates come from all walks of life and represent many languages and cultures. Its business relationship should reflect its customers and associates. Marriott International will continue to increase spending with diverse suppliers and vendors, contact with diverse owners and franchisees, and build diversity within Marriott's leadership.

8) Community: Marriott's "spirit to serve" is a philosophy that has embraced for more than 70 years. Marriott International has a large economic and social presence in each of its market, and it has pledged that these communities will be better place

to live and work because Marriott is there. Around the world, its associates give their hearts and hands to help prepare at-risk people for work, raise funds for sick children, mentor students and help clean up the environment. Working with organizations like America's Promise, Children's Miracle Network, Habitat for Humanity International, and local charities and community organizations in every market, Marriott and its associates contribute goods, funds and, most important, their time and energy to make a difference in the lives of others (2000 Annual Report).

Strategic Managers

Board of Directors

The following individuals are Directors on the Board of Marriott International. Each individual possesses the necessary qualifications and experience to hold this distinct position (2001 Proxy Statement, <http://www.marriott.com>)

- Richard E. Marriott, 62, is Chairman of the Board of Host Marriott Corporation. He is also Chairman of the Board of First Media Corporation and serves on the Federal City Council, the Board of Associates for Gallaudet University, the National Advisory Council of Brigham Young University, the Board of Directors of the Polynesian Cultural Center, and as a trustee of the Boys and Girls Clubs of America. Mr. Marriott has been a director of Marriott Corporation since 1979, served as a director of Old Marriott from October 1993 to March 1998, and has served as a director of the Company since March 1998. He is the brother of J.W. Marriott Jr.
- Gilbert M. Grosvenor, 69, is a Chairman of the Board of the National Geographic Society and a director or trustee of Chevy Chase Federal Savings Bank, Ethyl Corporation, B.F. Saul REIT and Saul Centers, Inc. He is on the Board of Visitors of the Nicholas School of the Environment of Duke University. Mr. Grosvenor served as a member of the Board of Directors of

Old Marriott from 1987 to March 1998, and has served as a director of the Company since March 1998.

- Harry J. Pearce, 58, is Vice Chairman of the Board of General Motors Corporation and a director of General Motors Acceptance Corporation, Hughes Electronics Corporation, Alliance of Automobile Manufacturers and MDU Resources Group, Inc. He is also Chairman of the U.S. Air Force Academy's Board of Visitors and Chairman of the Marrow Foundation's Board of Directors. He also serves on the Board of Trustees of Howard University and Northwestern University. Mr. Pearce served as a director of Old Marriott from 1995 to March 1998, and has served as a director of the Company since March 1998.
- J.W. Marriott Jr., 69, is Chairman of the Board and Chief Executive Officer of the Company. He joined Marriott Corporation in 1956, became President and a director in 1964, Chief Executive Officer in 1972 and Chairman of the Board in 1985. Mr. Marriott also is a director of Host Marriott Corporation, General Motors Corporation and the Naval Academy Endowment Trust. He serves on the Board of Trustees of the National Geographic Society and the J. Willard & Alice S. Marriott Foundation, and the Board of Directors of Georgetown University, and is a member of the Executive Committee of the World Travel & Tourism Council and the Business Council. Mr. Marriott has served as Chief Executive Officer of the Company since its inception in 1997, and served as Chairman and Chief Executive Officer of Old Marriott from 1993 to 1998. Mr. Marriott has served as a director of the Company since March 1998. He is the brother of Richard E. Marriott.
- Henry Cheng Kar-Shun, 58, has served Managing Director of New World Development Company Limited, a publicly held Hong Kong real estate development and Investment Company, since 1989. He is the Chairman of

New World China Land Limited, New World CyberBase Limited, New World Infrastructure Limited and Tai Fook Group Limited and a director of HKR International Limited and Kwoon Chung Bus Holding Limited, all of which are publicly held Hong Kong companies. Dr. Cheng served as Chairman and Director of Renaissance Hotel Group N.V. from 1995 to 1997. He served as a director of Old Marriott from 1997 to 1998, and has served as a director of the Company since 1998.

- Floretta Dukes McKenzie, 65, is the founder, Chairwoman and Chief Executive Officer of the McKenzie Group, Inc. She is also a director or trustee of Potomac Electric Power Company, National Geographic Society, Acacia Group, Group Hospitalization and Medical Services, Inc. She served as Superintendent of the District of Columbia Public Schools and Chief State School Officer. Dr. McKenzie served as a director of Old Marriott from 1992 to 1998, and has served as a director of the Company since 1998.
- W. Mitt Romney, 54, was appointed President and Chief Executive Officer of the Salt Lake Olympic Committee in 1999. He is also a director of Staples, Inc. Mr. Romney is a member of the Executive Board of the Boys Scouts of America and the board of the National Points of Light Foundation. Mr. Romney served as a member of the Board of Directors of Old Marriott from 1993 to 1998. Mr. Romney has served as a director of the Company since 1998.
- Roger W. Sant, 69, is Chairman of the Board of the AES Corporation, a global power company. Mr. Sant chairs the Board of The Summit Foundation and is a Board member of WWF-International, Resources for The Future, and The National Symphony. He was Board Chairman of the World Wildlife Fund-US from 1994 to 2000. Mr. Sant served as a director of Old Marriott from 1993 to 1998, and has served as a director of the Company since 1998.

- William J. Shaw, 55, has served as President and Chief Operating Officer of the Company since 1997. Mr. Shaw joined Marriott Corporation in 1974, was elected Corporate Controller in 1979 and a Vice President in 1982. In 1986, Mr. Shaw was elected Senior Vice President of Finance and Treasurer of Marriott Corporation. He was elected President of the Marriott Service Group. Mr. Shaw is also Chairman of the Board of Directors of Sodexo Marriott Services, Inc. He also serves on the Board of Trustees of the University of Notre Dame and the Suburban Hospital Foundation. Mr. Shaw has served as a director of Old Marriott since 1997, and as a director of the Company since 1998.
- Lawrence M. Small, 59, is the Secretary of the Smithsonian Institution, the world's largest combined museum and research complex, a position he assumed in 2000. Prior to becoming the 11th Secretary, he served as President and Chief Operating Officer of Fannie Mae, the nation's largest housing finance company, since 1991. Before joining Fannie Mae, Mr. Small had served as Vice Chairman and Chairman of the Executive Committee of the Boards of Directors of Citicorp and Citibank, since 1990. Mr. Small served as director of Old Marriott from 1995 to 1998, and he served as a director of the Company since 1998.

Top Management

Set forth below is certain information with respect to Marriott International executive officers (Securities and Exchange Commission, 2000).

<http://www.marriott.com/investor/information.asp>

- J.W. Marriott Jr., 69; Chairman of the Marriott International, Inc. Board and Chief Executive Officer.

Mr. Marriott is Chairman of the Board and Chief Executive Officer of the Company. He joined Marriott Corporation in 1956, became President and a

director in 1964, Chief Executive Officer in 1972 and Chairman of the Board in 1985. Mr. Marriott also is a director of Host Marriott Corporation, General Motors Corporation and the Naval Academy Endowment Trust. He serves on the Board of Trustees of the National Geographic Society and the J. Willard & Alice S. Marriott Foundation, and the Board of Directors of Georgetown University, and is a member of the Executive Committee of the World Travel & Tourism Council and the Business Council. Mr. Marriott has served as Chief Executive Officer of the Company since its inception in 1997, and served as Chairman and Chief Executive Officer of Old Marriott from 1993 to 1998. Mr. Marriott has served as a director of the Company since March 1998. He is the brother of Richard E. Marriott.

- Simon Cooper, 55; Vice President; President and Chief Operating Officer, the Ritz-Carlton Hotel Company, L.L.C. Mr. Cooper joined Marriott International in 1998 as President of Marriott International Lodging Canada and Senior Vice President of Marriott Lodging International. In 2000, the New England Region was added to his Canadian responsibilities. Prior to joining Marriott, Mr. Cooper was President and Chief Operating Officer of Delta Hotels and Resorts. Mr. Cooper is the Chairman of the Board of Governors for University of Guelph. He is a fellow the Board of Trustees for the Educational Institute of the American Hotel and Motel Association and is a member of the Board for the Canadian Tourism Commission.
- Edwin D. Fuller, 55; Vice President; President and Managing Director-Marriott Lodging International. Mr. Fuller joined Marriott in 1972 and held several sales positions before being appointed Vice President of Marketing in 1979. He became Regional Vice President in the Midwest Region in 1985, Regional Vice President of the Western Region in 1988, and in 1990 was promoted to Senior Vice President & Managing Director of International Lodging, with a

focus on developing the international group of hotels. He was named Executive Vice President and Managing Director of International Lodging in 1994, and was promoted to his current position of President and Managing Director of International Lodging in 1997.

- Brendan M. Keegan, 57; Vice President; Executive Vice President-Human Resources. Mr. Keegan joined Marriott Corporation in 1971, in the Corporate Organization Development Department and subsequently held several human resources positions, including Vice President of Organization Development and Executive Succession Planning. In 1986, Mr. Keegan was named Senior Vice President, Human Resources, Marriott Service Group. In 1997, he was appointed Senior Vice President of Human Resources for worldwide human resources functions, including compensation, benefits, labor and employee relations, employment and human resources planning and development. In 1998, he was appointed to his current position.
- William W. McCarten, 52; Vice President; President-Marriott Services Group. Mr. McCarten was named as President of Marriott Services Group in 2001. Most recently, he served as President and Chief Executive Officer of HMS Host Corporation from 1995 to 2000. He joined Marriott Corporation in 1979, was elected Vice President, Corporate Controller and Chief Accounting Officer in 1985 and Senior Vice President in 1986. He was named Executive Vice President, Host and Travel Plazas in 1992. In 1993 he became President of Host Marriott Corporation's Operating Group and in 1995 was elected President and Chief Executive Officer and a director of HMS Host Corporation. Mr. McCarten is a past chairman on the Advisory Board of the McIntire School at the University of Virginia.
- Terry Petty, 51; Executive Vice President; North American Lodging Operations

Terry Petty joined Marriott Corporation in 1984 as Vice President of Marketing and Planning for the newly acquired Host International business and subsequently held the following positions: Vice President of Consumer Marketing, Marriott Hotels; General Manager, Atlanta Perimeter Marriott Hotel; Vice President of Operations for Marriott Vacation Club International, and Senior Vice President of Hotels for the Western Region. In 2000, Mr. Petty was appointed to his current position.

- Joseph Ryan, 59; Executive Vice President and General Counsel
Joseph Ryan joined Old Marriott in 1994 as Executive Vice President and General Counsel. Prior to that time, he was a partner in the law firm of O'Melveny & Myers, serving as the Managing Partner from 1993 till his departure. He joined O'Melveny & Myers in 1967 and was admitted as a partner in 1976.
- William J. Shaw, 55; Director, President and Chief Operating Officer
Mr. Shaw has served as President and Chief Operating Officer of the Company since 1997. Mr. Shaw joined Marriott Corporation in 1974, was elected Corporate Controller in 1979 and a Vice President in 1982. In 1986, Mr. Shaw was elected Senior Vice President of Finance and Treasurer of Marriott Corporation. He was elected President of the Marriott Service Group. Mr. Shaw is also Chairman of the Board of Directors of Sodexo Marriott Services, Inc. He also serves on the Board of Trustees of the University of Notre Dame and the Suburban Hospital Foundation. Mr. Shaw has served as a director of Old Marriott since 1997, and as a director of the Company since 1998.
- Arne M. Sorenson, 42; Executive Vice President and Chief Financial Officer
Arne M. Sorenson joined Old Marriott in 1996 as Senior Vice President of Business Development, he was instrumental in the acquisition of the Renaissance Hotel Group in 1997. Prior to joining Marriott, he was a partner

in the law firm of Latham & Watkins in Washington, D.C., where he played a key role in 1992 and 1993 in the distribution of Old Marriott by Marriott Corporation. Mr. Sorenson was appointed Executive Vice President and Chief Financial Officer.

- James M. Sullivan, 57; Executive Vice President-Lodging Development
James M. Sullivan joined Marriott Corporation in 1980, departed in 1983 to acquire, manage, expand and subsequently sell a successful restaurant chain, and returned to Marriott Corporation in 1986 as Vice President of Mergers and Acquisitions. Mr. Sullivan became Senior Vice President, Finance-Lodging in 1989, Senior Vice President-Lodging Development in 1990 and was appointed to his current position in 1995.
- Stephen P. Weisz, 50; Vice President; President-Marriott Vacation Club International. Stephen P. Weisz joined Marriott Corporation in 1972 and was named Regional Vice President of the Mid-Atlantic Region in 1991. Mr. Weisz had previously served as Senior Vice President of Rooms Operations before being appointed as Vice President of the Revenue Management Group. Mr. Weisz became Senior Vice President of Sales and Marketing for Marriott Hotels, Resorts and Suites in 1993 and Executive Vice President-Lodging Brands in 1994. In 1996, Mr. Weisz was appointed President – Marriott Vacation Club International.

External Environment

Societal Environment

Economic Forces

- Economic Condition in South East Asia except China - threat - the economic news from East Asia gets worse by the day. Singapore is suffering its worst recession for almost 40 years: real GDP fell by 5.6% in the year to the third

quarter. Taiwan, Malaysia, Hong Kong, Thailand and the Philippines are already in or close to recession. Although Asia's financial system is less vulnerable to a sudden liquidity crisis, there is a risk of a deeper, more drawn-out deflation, exacerbated by domestic debt--similar to that in Japan (the Economist, 2001).

- Economic Condition in China – opportunity - China alone looks better placed than in 1997: the economic shock currently hitting China is milder than in the lead-up to the previous crisis, when deflation was more severe. Nor does its financial system look significantly more exposed (the Economist, 2001).
- Brand Recognition – opportunity - Part of Marriott's strength is the breadth of the market encompassed by its different brands, offering it an opportunity to move into a wide variety of types of location, be it city center, suburban, airport or resort, and enabling it to weather cyclical fluctuations in the economy and the industry in different parts of the world. Marriott's mantra for almost all regions is to be represented in major gateway cities, commercial centers and established resort destinations and then to expand into secondary markets (Mather, S. and Todd, G., 2000).
- International Management – opportunity - Marriott operates its properties under the broadest variety of types of operating arrangements. It is primarily a hotel management and franchise company but it also makes equity investments in terms of loans to hotel owners, minority equity investments and investment in the development of timeshare resorts. It has a large number of alliances with local investors and joint venture arrangements with overseas companies. Around 1% of hotels in the system are company-owned (Mather, S. and Todd, G., 2000).
- International Market Share – threat - Marriott remains primarily a US company despite its overseas growth and aspirations to be regarded as a

- truly international group. North America accounts for four fifths of Marriott's total room capacity, but Asia and Europe have an equal share of room stock of around 7%-although over the last three years, Asia has slightly increased its share at the expense of Europe (Mather, S. and Todd, G., 2000).
- Acquisition – opportunity or threat - Marriott's purchase of Renaissance gave it an immediate worldwide coverage. The Ritz-Carlton deal brought Marriott into Asia such as South Korea, Singapore, and Hong Kong. However, despite massive growth in its international coverage the past three years, Marriott International's US portfolio is still dominated by the US (Bailey, M., 1999).
 - Chinese brokerages will be allowed to go public for the first time and will be encouraged to merge under new rules proposed by securities regulators. The changes come as China tries to improve the efficiency of its capital markets ahead of its entry into the WTO. Brokerages will be able to raise money for themselves through initial public offerings or bond sales (Business Asia, July 2001).

Technological Forces

- Reservation System – opportunity - Marriott International's Marriott.com added an Express Reservations feature and customized content for business and leisure travelers, travel agents and event planners, making it easier and faster to plan trips (Hotel and Motel Management, Dec. 2000).
- High Speed Internet Service – threat and opportunity - If many in the lodging industry have their way, that's exactly what travelers soon will get. Perhaps the most significant move toward this end is the ongoing rollout of high-speed Internet access services across Marriott International's brands, which commenced in year 2000 (Jesitus, J., 2000).

Political Legal Forces

- International Conflicts – threat - The New World name helps to distance Marriott from protest at its involvement in Myanmar, which is still not accepted politically. Of the companies taken over, growth at New World had been slow, with concentration on its home base of Hong Kong as well as on Mainland China, but little in the rest of the region. However, New World entered Vietnam early (taking over a site abandoned by Holiday Inn), as well as Myanmar (Bailey, M., 1999).
- Lobbying – threat - Protocol is important. A multinational foreign companies will have a perceived rank when dealing with the government, equivalent to the level of the official he speaks to. Most American business lobbyists are considered senior enough to meet a deputy minister. A minister would probably be expected to see a chief executive. Such meetings, when they do happen, usually take place after months of informal negotiations between lower-level officials and lobbyists. By the time the formal meeting takes place, it is expected to be a choreographed event (the Economist, Feb. 2001).
- Host Government Policy for Foreign Investment – opportunity or threat - Among the key issues are potential new markets, capital availability, cheaper and abundant labor, the rise and growth of global tourism, and tax concessions or incentives granted by host governments, among others. In the U.S., decades of significant building led to a serious oversupply of hotel rooms. This in turn led to low occupancies and the need to develop new market niches and segmentation branding. Differences can and do pose formidable challenges to developers, but they can be solved with patience and sensitivity. It is important for developers to understand host countries and the market they deal with in terms of their domestic socio-economic condition,

political history, power structure, travel and trade trends, and other factors (Gee, C. 1994).

Socio-Cultural Forces

- Diversity – threat - Marriott International should focus on building diversity and ensuring that the companies it does business with understand its values. As a global company, its customers and associates come from all walks of life represent many languages and cultures. Marriott International will need to continue to increase spending with diverse suppliers and vendors, contract with diverse owners and franchisees, and build diversity within Marriott's leadership (Marriott Annual Report, 2000).
- Ethical Value in China – threat or opportunity - Many corporations are beginning to see that the opportunity that big emerging markets represent will demand a new way of thinking. Success will require more than simply developing greater cultural sensitivity. The more we understand the nature of these markets, the more we believe that multinationals will have to rethink and reconfigure every element of their business models. Economic development has flourished in East and Southeast Asia since World War II in a business and cultural environment that is markedly different from that prevailing in the West. The Asian values debate suggested alternative routes to growth with due consideration for local customs and belief systems. With respect to China, WTO membership may be a more effective deterrent to official corruption and bribe taking than the Communist Party's much publicized campaigns against it (Stoltenberg, C.D., 2000).
- Cultural Norms in Asia – threat or opportunity - Understanding do's and don'ts is critical if you are trying to build strong and successful business relationships with trading partners in the Asian region. Globalization of business doesn't mean you can afford to ignore regional respect. Asia is a

region, not a country. There are so many variances from one country to another that need to be understood. Therefore, it is important to make a genuine effort to understand local people and their culture (Business Asia, 2001).

- Business Ethics in Asia – threat - when conducting business in Asia, many hotel managers employed by companies based in the West find that some of their codes of ethical conduct inhibit fluid business dealings. Evidence from the recent collapses of business in the Philippines, Malaysia and Indonesia shows that corruption, nepotism and bribery are common occurrences and are accepted as part of general business life. It is also clear that these are not the only countries where such practices are common. There is much anecdotal and published evidence of projects, including hotel projects, which have foundered or have been rendered unprofitable or unmanageable by illicit and unlawful practices in China, Vietnam and Thailand (Reynolds, P., 2000).

Task Environment

Competitors

- Growing Intense Competition – threat - Accor and Century International Hotels launched five hotels in Hong Kong, Kuala Lumpur and Shenzhen, China, following the joint-venture agreement signed earlier this year. Three co-branded hotels are the 516-room Novotel Century Hong Kong, formerly the Century Hong Kong Hotel; the 418-room Novotel Century Kuala Lumpur, formerly the Century Kuala Lumpur Hotel; and the 276-room Novotel Century Harbourview, formerly the Century Harbour Hotel. The 152-room Watergate Century Hotel Shenzhen will be re-branded the Novotel Watergate Shenzhen, and the 210-room Century Inn North Point will be re-branded the Ibis North Point (Hotel Motel Management, Nov. 2001).

- Regional Competitors' Strategic Alliances – threat - Le Meridien and Nikko Hotels expanded the global strategic alliance they formed in 2000 to include all Nikko hotels in Japan and China. The worldwide sales, marketing and reservations network now includes 169 properties in 63 countries and territories. Five hotel companies formed the Asian Hotels Alliance. The companies, Dusit Hotels & Resorts of Thailand, the Marco Polo Hotel Group of Hong Kong, Landis Hotels & Resorts of Taiwan, Meritus Hotels & Resorts of Singapore and New Otani Hotels of Japan, developed a directory and launched a Web site. The group's future plans include a series of mini travel-marts, joint advertising and airline partner relationships. Shangri-La Hotels and Resorts opened its 16th hotel in Mainland China, the Shangri-La Dingshan in Nanjing. The 453-room property includes five function rooms and will open a health club and seafood restaurant in the fall (Hotel and Motel Management, Sept. 2001).

Conclusion

The future of Marriott International is expected to be even more promising than now. Marriott International can keep cruising in the global market, in every single direction stretching its brands for expanding market share, revenues, operating profits, as well as enhancing share of mind, share of heart of its customers. Some people might argue that the growth pace and size of scale Marriott International Corporations are pursuing is too fast and big. It may go too far too soon. In the long term, it could be in serious trouble to the degree, which it can't recover, once things go wrong. But, since Marriott International has a diversified portfolio, it may have little chance to get seriously damaged by fluctuating world economy. Besides, Marriott International is considered well immune to economic cycles, since Marriott

International is not a real estate hospitality development company, but a company mainly providing professional management services, franchising, or well-expert marketing services; the number of hotel rooms owned by Marriott International among a total of around 430,000 rooms world wide are less than 5,000. Its major asset is the brands that the company holds the right to use; Ritz-Carlton, JW Marriott, Marriott Hotel, Resort and Suites, Renaissance, Ramada International, Ramada Encore, Ramada Plaza, New World, Courtyard by Marriott, Fairfield Inn by Marriott, TownePlace Suites by Marriott, SpringHill Suites by Marriott, Marriott Vacation Club International, etc. As long as Marriott International can keep building strong recognition of its brands in the existing markets as well as expanding new markets, well appreciates its market environments, and enhances its strength and redresses its weakness, it will become the world's leading provider of hospitality services soon. No doubt the future of Marriott International will be bright.

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