



Passport

**HILTON WORLDWIDE IN TRAVEL AND TOURISM
(WORLD)**

August 2013

SWOT: Hilton Worldwide

STRENGTHS

A global leader

- Hilton is the second largest hotel chain according to room counts and may surpass IHG in 2013. This gives the company significant scale and brand name recognition.

Broad portfolio

- Hilton's brand portfolio has recognised strengths in upscale, luxury and mid-scale, particularly in the US.

OPPORTUNITIES

Robust pipeline

- According to the company, it has the largest hotel pipeline in Europe and Middle East and the second largest in the Americas and Asia Pacific.

New food and beverage options

- New food and beverage options for Hilton, DoubleTree and Embassy Suites may help increase F&B revenue.

WEAKNESSES

Under penetration in Asia Pacific

- Even with 167 hotels in its Asia Pacific pipeline, Hilton still trails competitors' presence in what will be the largest region for value sales in 2013.

Lack of a budget and lifestyle brands

- A lack of budget and lifestyle brands may mean that Hilton is losing out on opportunities to competitors with those types of brands, such as Marriott and Accor.

THREATS

Too much growth?

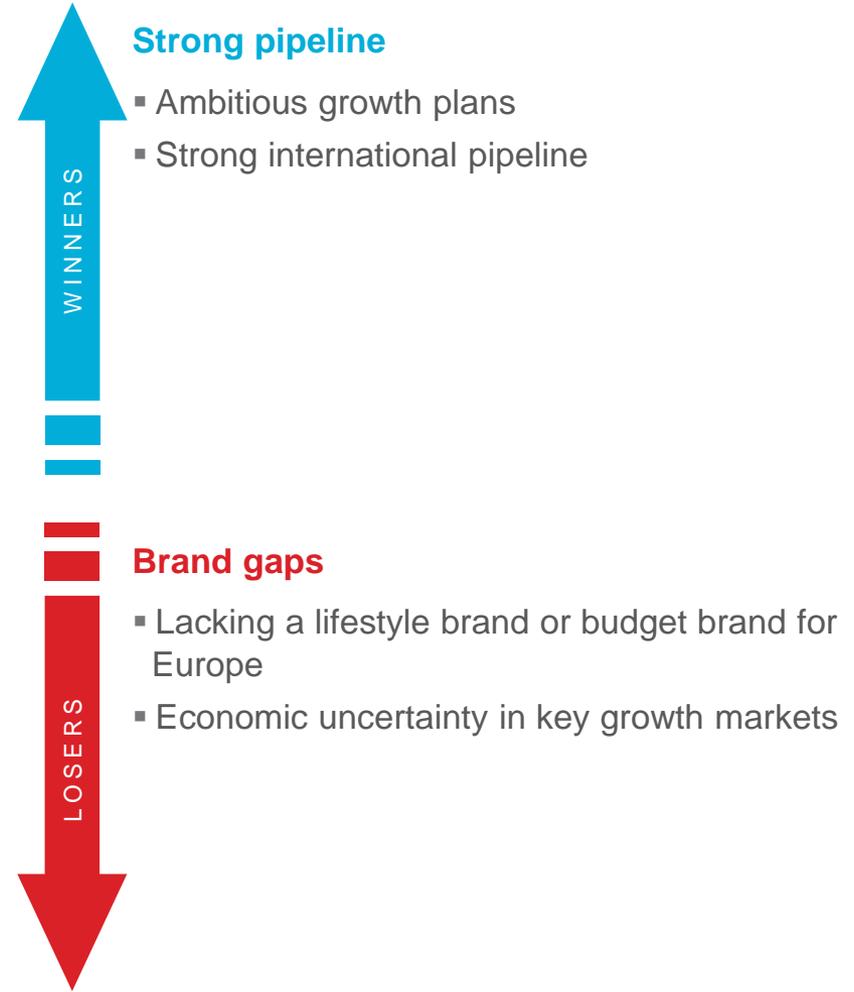
- With such a large pipeline, it could be that the quality of hotels may be at risk and there could be growing pains associated with adding so many hotels.

Unstable growth markets

- Economic uncertainty and political unrest are ramping up in some of the key emerging markets for Hilton.

Key strategic objectives and challenges

- The main objective for Hilton is to continue its growth. The company grew by a third since 2007 to 2012 and the goal is to grow by another third through 2017. Most of this growth will be internationally where Hilton lags behind Marriott and Starwood as far as outlets are concerned.
- However, key growth markets, such as the UK and China, for Hilton are facing economic uncertainty. The large pipeline may be cause for concern if quality has been sacrificed or operational issues arise due to the rapid growth.
- Another challenge is that Hilton may have gaps in its brand portfolio. It lacks a lifestyle brand (although DoubleTree has been able to bring in lifestyle independent hotels) and perhaps a budget brand in Europe which is experiencing a lot of innovation. It could be, though, that Hilton is content with its current line up and won't want to stretch itself thin. It does seem to have a hit with the relatively new Home2 Suites brand, so the company has some success with launching new brands.



Hilton Worldwide's global pipeline

Hilton Worldwide: Outlets Pipeline by Brand May 2013

	Americas	Europe	Middle East and Africa	Asia Pacific
	Hotels	Hotels	Hotels	Hotels
Waldorf Astoria	2	3	3	5
Conrad			2	11
Hilton	16	23	33	72
DoubleTree	27	21	16	60
Embassy Suites	33			
Hilton Garden Inn	107	39	7	16
Hampton Hotels	273	48		3
Homewood Suites	98			
Home2 Suites	78			
Hilton Grand Vacations				
Total	634	134	61	167

Note: Company reports

Hilton positioned well for growth

Brand portfolio evaluation

- With the ability to now launch a lifestyle brand, Hilton may be working on a new brand to fill that gap. It could also be evaluating the potential for other brands that could fit its gaps, such as a European budget brand or a brand built specifically for the Chinese market.

Continue on the path of international expansion

- Hilton has 407 hotel outlets internationally compared to Marriott's 632 and Starwood's 565. It's imperative to continue to expand internationally. Although some emerging markets are experiencing unrest and economic uncertainty, the long term trend is for these areas to grow wealthier, so it's important to have a truly global footprint.

F&B: a key differentiator

- As consumer expectations for dining change, Hilton is smart to introduce new dining concepts that address those shifts and will likely lead to an increase in F&B revenue.

Brand marketing is back

- Hilton's continued marketing campaigns, especially to promote new features at the brands, will likely boost the brands' profiles and keep them competitive.

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