



DOUBLETREE

BY HILTON™

Business Model Canvas



AUSTAD, MAJA

BERGHEIM, SILJE HODT

BRANDSÆTER, GUNN KRISTINE

CRIȘAN, DORA-IOANA

GROZIA, MARIA DANIELA



Introduction:

Hilton Worldwide Holdings Inc. (HWHI) is a global hospitality company that owns, operates, manages and franchises a portfolio of luxury and full-service hotels and resorts, extended-stay suites, and focused-service hotels across the globe.

HWHI operates hotels under 17 various brands, DoubleTree by Hilton being one of them. A full-service, mid-scale, and flexible hotel, suitable for business and leisure travellers alike. DoubleTree by Hilton Cluj-Napoca affiliated to the Hilton family by a franchise agreement in 2014, after 9 years of operating as “City Plaza”, one of the first local business hotels to be opened after the Romanian communism era.

Part of the Hilton Honours loyalty programme, what sets DoubleTree aside as a brand is their detail-oriented approach (which also made famous their warm chocolate chip cookies), friendliness and mutual respect in relationships with their employees.

Customer segments

Their market focus is the corporate and business segment, from which the hotel also gets the majority of its income, but it is also a welcoming place for families/groups and individuals travelling with leisure purposes.

It focuses on selling directly to customers (B2C) and also to the other companies (B2B).

Value Proposition

DoubleTree by Hilton’s most important value proposition has to focus on hospitality. Immediately when the customers arrive at the hotel they are greeted with their signature warm welcome, a chocolate chip cookie. Being attentive to details such as focusing on the individual customer and their expectations, will make the customer visit another or the same Hilton hotel. Additionally, the SPA section, with swimming pools and a fitness area is intended to make the customers relax completely during their stay. DoubleTree by Hilton is also focusing on serving the local community to provide education for children in rural areas in Cluj-Napoca. In a world where the environment is becoming a more and more popular trend, Hilton has also reduced their plastic consumption and has begun to collectively select waste and introduced a new type of recyclable packaging for takeaway food.

Channels

The channels help the company to communicate with its customers. You could find information and book a room at DoubleTree by Hilton through websites such as their own, Hotels.com,

Booking.com, Expedia.com or travel agencies. Furthermore, DoubleTree by Hilton is trying to communicate with their customers through social media, such as Twitter - where they market themselves without any costs. Guests of DoubleTree by Hilton could benefit from the Hilton Honors programme, where they earn points from each stay at a Hilton Hotel. Since DoubleTree by Hilton cooperates with different airlines such as Star Alliance, customers could switch their Hilton bonus points to Star Alliance bonus points - to get discount or different advantages on their trips. Overbooking may be beneficial for DoubleTree by Hilton, but if they need to relocate a customer because of this, they partner up with different hotels in the area.

Customer relationships

DoubleTree Hilton keeps in touch with their customers through the service and loyalty tracker (SaLT), a platform for feedback - to be sure that the customer's experience was as good as they expected it to be. Furthermore, the employees receive hours of training to ensure they are well-prepared to handle any customer-related situation and that they embody the DoubleTree core values and share their corporate vision through the way they manage tasks, interact with guests and provide services. Guests of DoubleTree Hilton can also benefit from Hilton Honors, the award-winning guest loyalty program. Hilton Honors members who book directly through preferred Hilton channels have access to instant benefits, like a flexible payment slider that allows members to choose nearly any combination of points and money to book a stay, a member discount that can't be found anywhere else, and free standard Wi-Fi.

Revenue streams

DoubleTree by Hilton gets its main income from their customer who chooses accommodation. They also get an additional income from their Marco Polo restaurant. The income earned through their affiliate programs (Booking.com, Hotels.com, Expedia etc.) involves 10-12% from their overall income, while 65-70 % comes directly via email and reservation office bookings. DoubleTree by Hilton has used their profit from the past years to reinvest in their facilities and upgrade their equipment to reach the standards imposed by the Hilton chain. They kept renting rooms during these renovations, with only the SPA closed during these years. They have a profit margin which is between 33-34% this year. Additionally, the growth of their revenues has flattened a bit in the past couple of years, that being of sign of stability for the company, as they "do not budget for growth, but for stable".

Key resources

Physical, human and financial resources of DoubleTree by Hilton all come together to ensure their competitive advantage among the city's hospitality. From a panoramic view swimming pool and Italian and international cuisines at Marco Polo restaurant to Speakeasy concept bars like Syndicate Bar&Lounge, DoubleTree by Hilton has versatile meetings and events spaces to wow every attendee. Thanks to the dedication and attentiveness of its team members (75 employees with 9 heads of departments), DoubleTree by Hilton ensures the absolute best experiences for all types of guests, focusing on each individual's needs, and continues to be a symbol of comfort through contemporary accommodations and amenities.

Retention in the hospitality industry is quite low, and with so many entry-level positions (70-80% of all workers freshly hired), DoubleTree is making steps into keeping employees within the company. They provide proper induction training for 3 months, monitor their development and look for a "match" with the company's core values. They provide incentives for employees who wish to stay longer in a specific job, and they treat each one of their workers with mutual respect and mutual delivery on the promise.

Also, the opportunities which arise in the context of an economically expansive and lively city like Cluj are giving the company valuable directions to grow. The city hall and local authorities implement proper destination management and the domestic demand is increasing on a country level. Nevertheless, the threat of economic downturn or other political or legal instabilities like sudden changes in the fiscal code are alarming the financial resources of the hotel (to say the least).

Key activities

To succeed in a business model canvas, it is important to focus on the key activities. Key activities are about creating and delivering value for the company. Doubletree by Hilton has to maximize the most important activities, and decide which activities are less relevant for the company. The main activities at Doubletree by Hilton are based on services and bookings. For instance, the company prioritises and spend time to maximize service. They have a high focus on friendliness and the customer's experience. Therefore, they train their employees to provide best possible services to customers and to avoid complaints. If there are any complaints they are trained to see them from the customers perspective and do their best to solve the problem right away. If this is not the case, the manager will get the complain either on the hotel's e-mail or on one of the feedback platform, where it usually takes at least 24-48 hours to respond so

they receive a fair and calm answer. They also have activities such as managing and serving the local community.

Key partners

A good partnership is important for every company. It helps the company to focus on important tasks. DoubleTree by Hilton uses other hotels in the area, as Hampton by Hilton, to relocate overbooked customers or if a diamond member, which is entitled to a certain room accommodates to the hotel. DoubleTree partners with suppliers of Hilton Worldwide Holdings (centralised orders, globally signed contracts) to get food, beverages, consumables and such. They partner with CERT (National cybersecurity) for IT security at the hotel and Fundatia Noi Orizonturi to provide education for children.

Cost structure

Since they are the first DoubleTree by Hilton hotel to pave their way in Cluj, after a change of ownership and complete conversion in 2014 - they have a lot of rebranding costs such as refurbishment, facilities and amenities upgrade and safety system incorporation by crediting short- and long-term loans from the bank.

The cost structure shows DoubleTree by Hilton's expenses and costs. Most of their costs are both variable and fixed such as payrolls (29% of the revenue), administrative costs (insurance, depreciation on office equipment, office supplies and consumables etc.), utilities, maintenance costs, taxes etc. They also need to pay franchise royalties to the DoubleTree by Hilton chain. They additionally spend money on advertising.

Conclusion

DoubleTree by Hilton shows a good and representative picture of the Business Model Canvas. A possible risk is represented by customer complains when it comrelated to overbooking. Overbooking could be beneficial for the DoubleTree by Hilton as if someone cancels accomodation hotel is still fully booked. To avoid any complaints about overbooking and relocation they must be careful with positioning and carefully look at statistics showing customers who canceled (long before and last minute).

A good opportunity for DoubleTree by Hilton is to expand their SPA section currently containing a swimming pool and a fitness room. Expand their offer offers customer an even better chance to relax and therefore spend more money in the hotel.

The opportunities arising in the context of an economically expansion and lively city like Cluj are giving the company valuable growing directions. The city hall and local authorities implement proper destination management and the domestic demand is increasing on a country level. Nevertheless, the threat of economic downturn or other political or legal instabilities, like sudden changes in the fiscal code, are alarming their resources and budgeting (to say the least).

Short Group Report

GROUP 6

Austad Maja, Bergheim Silje Hodt, Brandsæter Gunn Kristine,
Crişan Dora-Ioana, Grozia Maria Daniela

The whole group has worked together with the task, we have had a lot of fun getting to know each other while working. If someone were late, they told the group on the group chat.

Everyone communicated well and agreed on the performance on the task. We had some discussions and disagreed on some parts, but this only gave us a better perspective on different views - which only helped the assignment. Process conflict also made its way into our group dynamic, making it harder to decide “who does what” and also the method or way to be done by. An important aspect of that is consisting of the approaches members have resorted to, making compromises and handling situation maturely when collaboration (the ideal conflict resolution strategy) wasn't suitable.

All the members benefited from the cohesion of this work-group, learning from one another and practicing skills, as well as bonding new friendships as an amazing bonus turnout.

From the group contract:

1. The whole group needs to contribute to every part of the assignment.
2. Communicate at all times - no one can “hop out”
3. If someone disagrees on the task or how we do the task- tell so we can get more perspectives
4. Show up on time- if not tell the group you are late or can not show up
5. Everyone should contribute to talking during the presentation and answering the questions afterwards
6. Show up with a good attitude
7. Learning from each other
8. Have fun