*Please discuss Ritz Carlton’s marketing strategy and how it achieved and maintains success in the luxury hotel industry. Address the following:*

* *What are the success factors associated with Ritz Carlton’s marketing strategy?*
* *What are some of the brand’s vulnerabilities?*
* *Provide recommendations for Ritz Carlton in order to further improve its marketing success.*

Ritz Carlton: Marketing Strategy

 Ritz Carlton is a luxury hotel firm that has become one of the most widely-acclaimed service companies. Since the company’s beginnings in the 1980’s, Ritz Carlton quickly developed into a luxury hotel renowned for both its impeccable facilities and its top-of-the-line customer service (Kotler & Keller, 2012). Currently, the luxury hotel firm is the only service company to have won the Malcolm Baldridge National Quality Award twice, and has spread its locations to 24 countries (Reiss, 2009).

**Success Factors**

Ritz Carlton largely owes its success to its high-quality customer service. The company places a huge emphasis on prioritizing customer needs, and this involves ensuring that employees are extremely well-trained and professional. According to CEO Simon Cooper, Ritz Carlton’s employees are “our ladies and gentlemen serving ladies and gentlemen” (Reiss, 2009). In order to ensure the highest quality service, Ritz Carlton employees are provided with lengthy training and orientation, which features topics such as making eye contact, smiling, and remembering customers’ names. Research demonstrates that 67 percent of customers leave a company due to dissatisfactory interactions with an employee (Hoffman, 2014). Therefore, by training employees and ensuring exemplary customer service, Ritz Carlton also maximizes customer loyalty and retention.

 Another key success factor for Ritz Carlton is their brand name. Ritz Carlton’s tagline, “Let Us Stay with You, It’s Our Pleasure”, combined with their well-known logo, has helped them achieve worldwide brand recognition (Ritz Carlton SWOT analysis, 2017). Ritz Carlton’s name is associated with luxury, high quality, and exemplary service (Ritz Carlton SWOT analysis, 2017), and this enables the brand to be attractive to its target market.

 Last, Ritz Carlton does a great deal of research on current trends in the market of luxury products and high-end items. The company is careful about the locations that they place their hotels, and they meticulously design their buildings to achieve a luxurious effect. Although they are on top of trends, CEO Simon Cooper states, “At Ritz Carlton, we want to set trends, not follow them” (Reiss, 2009), indicating that the company positions itself as a leader in the luxury market.

**Vulnerabilities**

Despite Ritz Carlton’s strengths, they do have several vulnerabilities that can impact their success. One key issue that has arisen is the company’s concentration of hotels in the Middle East during a time of conflict and political unrest in the area. COO Herve Humbler stated that the years 2008 and 2009 were extremely difficult for the entire luxury hotel industry, and that part of the slowdown was due to a significant decrease in hotels in Egypt and Bahrain (McDonald, 2011). In Bahrain, occupancy went down from 80 percent to 20 percent in just one day (McDonald, 2011). Therefore, Ritz Carlton’s Middle East focus has proven to be a vulnerability for the company given the political instability of the region.

 Another key vulnerability is the U.S. economy, which has contributed to the slowdown in business as well. As a luxury hotel company, Ritz Carlton is highly dependent upon a strong economy in order to attract customers who can afford to pay for their services. In Northeast America, for example, unemployment has risen significantly, correlating with a large reduction in customers for Ritz Carlton (McDonald, 2011).

 Last, Ritz Carlton’s brand name is associated with luxury and high-end spending. This makes the company less popular among people who are searching for more modest kinds of hotel accommodation. Moreover, this has given window to cheaper competitors, such as Hilton and Hyatt (Ritz Carlton SWOT analysis, 2017). Although Ritz Carlton’s focus on high-end service has helped them achieve brand name success, it also enabled other brands to successfully compete with the luxury hotel company.

**Recommendations**

 The following three recommendations are made in order to compensate for Ritz Carlton’s vulnerabilities. First, it would be important for the company to conduct research as to which locations in the Middle East are likely to experience a decline in tourism, and which appear to have greater stability. For example, Saudi Arabia seems to have retained its tourism due to its status as a prime destination for business travelers (McDonald, 2011). Due to the stability of tourism in Saudi Arabia, this Middle Eastern country should be a choice location for Ritz Carlton rather than countries such as Egypt or Bahrain, which are significantly less predictable (McDonald, 2011).

 At the same time, Ritz Carlton might want to develop a division of hotels that provides lower-quality service at a lower price. Much like Hilton Garden Inn, Ritz Carlton may consider opening an inn that provides high-quality service but more modest accommodations. This would allow the company to stay current despite a struggling economy and a failing tourism industry.

 Finally, Ritz Carlton would do well to continue working on their customer service. Customer service is a key quality of the company, and will be a key factor in helping them ride various challenges.

 In conclusion, Ritz Carlton is a leading luxury hotel company that is world-renowned for its exemplary customer service. Aside from customer service, the company also excels in brand name and in its ability to stay current by setting trends. At the same time, however, the company is vulnerable due to falling sales in the Middle East, a struggling economy, and competition from cheaper companies. It would benefit Ritz Carlton to consider several recommendations to ensure that the company maintains its value while increasing profit in the luxury service industry.

References

Hoffman, J. (2014). Secrets of the Ritz-Carlton’s “legendary” customer service. *PSA Financial.* Retrieved from https://www.psafinancial.com/2014/05/secrets-ritz-carltons-legendary-customer-service/

Kotler, P., & Keller, K. L. (2012). *Marketing management.* Upper Saddle River, NJ: Pearson Education.

McDonald, D. (2011). Luxury is back, but not everywhere. *Fortune.* Retrieved from http://fortune.com/2011/06/10/luxury-is-back-but-not-everywhere/

Reiss, R. (2009). How Ritz Carlton stays at the top. *Forbes.* Retrieved from http://www.forbes.com/2009/10/30/simon-cooper-ritz-leadership-ceonetwork-hotels.html

Ritz Carlton SWOT analysis, USP & competitors. (2017). Retrieved from http://www.mbaskool.com/brandguide/tourism-and-hospitality/2173-ritz-carlton.html