

EUROPEAN INSTITUTE OF INNOVATION, ENTREPRENEURSHIP AND TECHNOLOGY

MODULE

Operations Management in Hospitality

Strategic Service Vision and Operations Strategy in Hospitality:
Marriott International and McDonald's

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Matric Number:	DE240206
Date:	17 October 2025
Word Count:	1600

1. Strategic Service Vision Marriott International

Building an organisation that thinks and acts strategically starts with a clear vision of who it serves and how. The strategic service vision framework covered in Lecture 2 sets out four linked elements: the target market segment, the service concept, the operations strategy, and the service delivery system (Abdou, 2025). Marriott International, the world's largest hotel company, illustrates how a service organisation can apply this framework simultaneously to guests and to the associates who deliver the service, and why that dual application is central to its performance.

1.1 Target Market Segment

Marriott does not chase a single customer type. Its portfolio of more than thirty brands, unified under the Marriott Bonvoy loyalty programme, spans budget, midscale, upscale and luxury tiers, and both transient business travellers and leisure guests. This kind of portfolio segmentation is typical of large, diversified hospitality groups (Olsen, West & Tse, 2008). It lets Marriott capture guests at different life stages and spending levels while cross-selling loyalty benefits across brands, rather than forcing every property into a single positioning.

1.2 Service Concept

For the customer, Marriott's organising idea is dependable, welcoming hospitality delivered consistently regardless of which brand or country a guest chooses. The service provided includes standardised operating procedures refined over decades; the service received is a predictable, comfortable stay that reduces the uncertainty of travel.

For the employee, the service concept is inverted but complementary. Marriott's founding philosophy has long held that looking after associates leads them to look after guests, who then return (Marriott & Brown, 1997). This is not confined to head office: new associates are introduced to the company's core values on joining, and the ongoing "TakeCare" initiative frames employee wellbeing as Marriott's core employer value proposition rather than a peripheral benefit (LinkedIn Talent Blog, 2016). Marriott effectively treats its workforce as an internal customer whose satisfaction is a precondition for the external service concept to work.

1.3 Operations Strategy

Marriott's operations strategy channels resources toward the competencies that support this dual vision. Structurally, the company has moved toward an asset-light, franchise-and-management model, which frees capital for brand development, reservations technology and training rather than real estate

ownership. Quality and consistency are protected through detailed operating manuals and a widely referenced internal training culture, while cost and flexibility are managed through franchising, which shares capital risk with property owners while Marriott retains control over brand standards. On the people side, the strategy extends to recognition programmes, an annual global day of service, and wellbeing initiatives designed by associates themselves, which keep the "people first" value active rather than symbolic (Marriott International, 2000).

1.4 Service Delivery System

The delivery system is where the vision becomes daily practice. For guests, this includes property-level service standards, guest-feedback systems that feed back into operations, and a large-scale loyalty and reservations platform that personalises each stay. For associates, it includes onboarding built around company values, accessible support channels for personal and work-related difficulties, and decentralised wellbeing programmes that let local teams decide what support matters most in their community (LinkedIn Talent Blog, 2016). Both systems are deliberately linked: associate-facing mechanisms exist to make the guest-facing standards achievable in practice, not just on paper.

1.5 How the Vision Improves Performance

The value of applying strategic service vision to both audiences is best explained through the service-profit chain logic introduced in the same lecture: internal service quality drives employee satisfaction, which drives retention and productivity, which drives external service value, which drives customer satisfaction, loyalty and, ultimately, growth and profitability (Abdou, 2025). Marriott's history supports this chain: its people-first culture has repeatedly been credited with strong associate engagement, and the company has for years been ranked among the hospitality industry's most admired employers, a reputational asset that lowers recruitment and training costs and supports the consistency guests rely on across thousands of properties (Worthen, 2003). Because the same organising idea, serving associates so they can serve guests, runs through the target market strategy, the operations strategy and the delivery system, Marriott's strategic service vision functions as coalignment in the sense described by Olsen, West and Tse (2008): the firm's structure and resource allocation stay aligned with the value it has chosen to create, which is what allows the vision to translate into sustained financial performance rather than remaining aspirational.

References

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2. Operations Strategy and Competitive Advantage McDonald's

Operations strategy translates a firm's chosen positioning into decisions about quality, speed, flexibility and cost, the competitive dimensions introduced in Lecture 2 (Abdou, 2025). McDonald's, the world's largest restaurant operator by sales and roughly twice the size of its nearest competitor, Yum! Brands, is a useful case because its history shows both how these dimensions built its advantage and how neglecting one of them can erode it (Olsen, West & Tse, 2008).

2.1 Quality

McDonald's built its reputation on the QSC&V philosophy quality, service, cleanliness and value historically monitored through "mystery shopper" inspections of every restaurant (Olsen, West & Tse, 2008). Standardising quality across more than 30,000 units worldwide is itself a competitive method, since it lets a customer in one country expect the same product as in another. However, the case also shows the risk of drifting from this standard: during the company's 1990s expansion, franchise grading on cleanliness, speed and service lapsed, and by the early 2000s customer complaints about slow service, unclean restaurants and inconsistent food had made McDonald's the lowest-rated fast-food chain in a leading American customer satisfaction survey for a decade running. The "Made-For-You" cooking system, introduced to rebuild quality through fresher, made-to-order food, illustrates the trade-off directly: it improved food quality but slowed service and strained franchisee costs, ultimately undermining the speed dimension it was meant to complement.

2.2 Speed

Speed is treated in the lecture as a direct competitive lever, minimising total transaction time and waiting (Abdou, 2025), and McDonald's has long competed on exactly this basis through its drive-through format. Internal benchmarking measured average drive-through service time against competitors 163 seconds versus Wendy's 127 seconds and Chick-fil-A's 151 seconds and executives estimated that shaving just six seconds off transaction time could lift sales by roughly one percent (Olsen, West & Tse, 2008). This shows speed being managed as a quantifiable operating variable rather than a vague aspiration, consistent with the lecture's framing of speed as central to customer satisfaction in quick-service formats.

2.3 Flexibility

McDonald's has pursued flexibility along two paths: adapting its core menu to local tastes, such as introducing Anglo-Indian items and British-themed marketing after entering the United Kingdom, and

diversifying its restaurant portfolio to capture customers moving toward "quick casual" dining. Acquisitions of Boston Market, Chipotle Mexican Grill, Donatos Pizza and a stake in Pret A Manger were attempts to hedge against a maturing core brand by offering different service concepts under one corporate umbrella (Olsen, West & Tse, 2008). The subsequent divestment of Donatos and Chipotle, however, indicates that flexibility achieved through acquisition can dilute focus; McDonald's ultimately concluded that strengthening its core brand's own flexibility, for example through the value-priced "Dollar Menu", was a more sustainable route than running unrelated concepts.

2.4 Cost

McDonald's cost position rests on franchising and scale. Revenue is generated from a mix of company-owned and franchised restaurants, which keeps capital intensity lower than full ownership would require while still allowing McDonald's to enforce operating standards (Olsen, West & Tse, 2008). Scale across tens of thousands of units gives McDonald's purchasing and logistics advantages that smaller rivals cannot match, supporting a value-based pricing strategy. This is the same low-cost logic Sloan and Ford once contested in the automobile industry, adapted to food service: McDonald's competes on cost leadership and accessible pricing rather than premium differentiation, a positioning reinforced by the lecture's own example of McDonald's near-constant availability and convenience through its global, always-open network (Abdou, 2025).

2.5 Competitive Advantage

Taken together, these four dimensions explain both McDonald's historic dominance and its documented stumbles. Cost leadership and speed built the scale that makes McDonald's twice the size of its nearest rival, but the case shows that competitive advantage in a service business is not additive: gains in one dimension can come at the expense of another, as the Made-For-You episode demonstrates. McDonald's most sustainable advantage has proven to be the disciplined execution of QSC&V at speed and at low cost simultaneously, rather than any single dimension in isolation, which is consistent with the operations strategy view that a firm's competitive methods must be coherently aligned, not pursued independently (Olsen, West & Tse, 2008).

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