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THE STRATEGIC ALLIANCE BETWEEN MARRIOTT INTERNATIONAL AND AC HOTELS

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Antonio Catalán launched the Spanish hotel business AC Hotels in 1998, with four and five-star urban accommodations. The company has expanded both domestically and internationally since its founding, mostly in Spain and Europe. Their focus is on design, service quality, and operational efficiency to provide their clients with personalised experiences.

Marriott International, on the other hand, is the largest hotel group in the world, with headquarters in the United States and operating in 140 countries. The company has a wide range of brands that cater to various market segments and is distinguished by its extensive distribution system, loyalty program (Marriott Bonvoy), and extensive hotel management experience.

The alliance

In October 2010, AC Hoteles and Marriott International announced a strategic alliance to strengthen their global position amid an already unstable economic environment following the 2008 global crisis, even as prospects for recovery were emerging. Additionally, each sought the support of a complementary social network to access new markets, share risks, and create synergies.

In May 2011, the partnership came into force with the launch of a joint venture named "AC Hotels by Marriott", which incorporated AC properties in Europe and Latin America through franchise and management agreements. Marriott made an initial investment of about 100 million euros, and both firms shared a 50% stake. The new entity, based in Madrid, was led by the AC Hotels team, while Marriott contributed its global management, distribution, and marketing capabilities.

The agreement's goals were to provide AC Hotels with access to technology and expertise, particularly Marriott's global distribution network and loyalty program, thereby enabling it to grow its clientele and accelerate its international expansion. Marriott, on the other hand, sought to increase its market share in Spain and throughout Europe, particularly in the four and five-star urban hotel market.

In the early stages, the alliance underwent an adaptation phase as it integrated organisational systems, teams, and cultures, initially focusing on achieving its goals. However, after overcoming this phase, the brand experienced steady growth and rapid international expansion. As a result, AC Hotels was able to strengthen its financial and strategic position, accelerate its internationalisation, and gain access to previously unreachable markets, including the United States and regions such as Africa and Asia. Marriott, on the other hand, managed to solidify its presence throughout Europe, particularly in Spain, adding a wide range of urban hotels to its network and strengthening its position in this market. Ultimately, the agreement will enable AC Hotels by Marriott to expand internationally more quickly and effectively as well as significantly improve its visibility, recognition, and positioning worldwide.

After several years of combined growth, in April 2019, Marriott International completed the acquisition of the capital of AC Hotels, which it had not previously controlled, in a transaction valued at about 140 million euros. At the time, the joint venture had 159 locations and was beginning to expand into new





markets, including Africa and Asia-Pacific. Additionally, the economic results showed a positive evolution in RevPAR¹, ADR², and hotel occupancy rates, solidifying the implemented business model. This transaction resulted in the dissolution of the initial joint venture and the final integration of the brand into Marriott's organisational structure, creating a new phase without time constraints. However, Antonio Catalán continued to play a crucial role in management, which allowed AC to maintain its identity and business strategy within the group.

The brand has continued to grow internationally throughout the years, reinforcing its presence across all continents. Additionally, the results indicate positive economic development, with manufacturing and profitability continuing to grow, outpacing the impact of the COVID-19 pandemic.

The success of the alliance can be attributed to several significant aspects. First, there are significant synergies between the two nations, combining the expertise of the Spanish and European markets with the AC business model and Marriott's global distribution and management capabilities. Second, the initial negotiation as well as the subsequent integration, development, and management of the agreement were made possible by the partners' confidence and cooperation. Strategic marketing for a clearly defined product aimed at a certain market niche would also facilitate rapid expansion into new areas without requiring a reworking of the business model. As a result, integration procedures and human resources are managed effectively, reducing the first adverse effects and fostering brand consolidation.

In conclusion, AC Hotels by Marriott's track record demonstrates how a strategic partnership based on resource complementarity, social trust, and effective execution can produce sustained growth and culminate in an exciting integration, overcoming internal challenges and adapting to environmental changes until solidifying as a leader in the global hotel industry.

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¹ RevPAR: revenue per available room. It is the benchmark indicator for hotels to measure performance. It takes an estimate of the annual revenue per room (ARR), considering the average daily rate (ADR) and the occupancy levels over a given period.

² ADR: average daily rate. Indicator used in the hotel industry to measure the average revenue per occupied room.





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