Marriott

After analysis, I found that Marriott had a 14.3% year on year revenue increase. This can be broken into subs sections based on product and service, and price and volume. They are producing good revenue increase compared to their peers, with air bnb, hyatt and ihg producing less yoy revenue increase.

Price

The change in price year on year explains 14.77% (2.1%) of the 14.3% year on year revenue increase. Incentive management fees had the highest average selling price over the period but decreased by the average selling price of owned and leased properties.

Volume

Of the 14.3% year on year revenue increase, 74.29% (10.62%) is accounted for by volume. They sold more incentive management fees, whilst owned and leased properties volume decreased over the period. Compared to their peers, they are producing more volume of sales, with air bnb, hyatt and ihg producing less year on year.

Base management fees revenue increased by 18.5%, driven by a solid price and sales volume increase. This shows a product with good price inelasticity and good market research, as when the price increases the sales stay the same. This represents good market research, as they have increased their revenue without sales decreasing. Cost drivers of base management fees based on labour correlate with revenue 86% and operations 46%, depending on variable costs such as performance monitoring hours and contract negotiations hours, and financial reporting hours.

Franchise fees revenue increased by 13.5%. A minor price increase and barely any increase in sales volume suggests that this product is a popular product that can be improved to increase revenue. Labour cost drivers correlate 44% with revenue, and operations 36%. Depending on variables such as implementation hours and review hours.

Incentive management fees revenue increased by over 40%, driven by a solid price increase and a small change in sales volume. This indicates good price inelasticity and market research for the product, as sales volume remains the same even through a price increase. Labour cost drivers correlate 39% with revenue, depending on variables such as performance related costs and fee calculation hours.

Owned and lease fees revenue increased by 14%, driven by a significant price change and a drop in sales volume. This indicates the company potentially losing out on revenue if they continue to raise the price, due to the sales volume drop. Cost drivers correlate 74.4% with revenues, depending on variables such as processing and implementation hours.

Cost reimbursement revenue increased by 12.35%, driven by a solid price increase and minimal sales volume decrease. Cost drivers correlate 99% with revenues, depending on variables such as contract negotiations hours and performance monitoring hours.

Johnson & Johnson

After analysis, we see a 19.38% year on year increase in revenue. This can be broken down into sub sections of product category and variable effect. Compared to its peers, Johnson & Johnson is producing good revenue increase. Merck and co., and Pfizer both saw decrease in year-on-year revenue.

Price

The change in price each year can account for 19.5% of the 19.38% year on year increase in revenue. Consumer products and pharmaceuticals realised higher change in average selling price each year, partially cancelled out by a decrease in the price of medical devices. This indicates good market research to develop a price that will not change the sales volume.

Volume

The change in volume accounts for 38.12% of the 19.38% increase in year-on-year revenue. The company sold more medical devices overall, whilst sales of pharmaceutical devices and consumer products decreased overall. This indicates more market research needed in order to generate revenue from all products effectievly. Johnson and Johson have sold more than their rivals, with Pfizer, Eli Lily & Co and Merck & Co. producing less volume of sales.

Pharmaceutical products increased the company’s revenue by 280m, helped by a 25% increase in price, that resulted in a decline in volume. The company should look at the demand for their products, and whether the volume can increase to increase sales. In terms of cost, cost drivers for pharmaceutical products correlates 86% with revenue generated. Variable factors such as research and development hours contribute heavily to this figure.

Medical devices also increased revenue by 6% (143.6m) and was a good driver of sales growth. Medical devices demonstrated good momentum due to increases in price and volume, due to a good increase in sales volume and having a price decrease. This highlights a demand increasing due to price drop, which signifies the company has research its product and market effectively. The cost drivers for medical devices correlate 72% with the revenue generated. Variable costs such as research and development and marketing contribute depending on hours spend and revenue generated respectively.

Consumer products also increased the company’s revenue by 6%, due to a steady price increase and decline in volume. This indicates the product as being price elastic, due to the increase in price meaning a decrease in volume sold. The company can assess this market and competition to pricing options moving forward. Cost drivers for consumer products correlate 69% with the revenue generated. Variable costs such as manufacturing contribute to this figure depending on labour hours.