**Revenue & Cost Drivers Analysis of Marriott Inc. and Johnson & Johnson (2022 and 2023 Reports)**

**Marriott Inc. (2022 & 2023 Annual Reports and other sources)**

**Revenue Drivers**

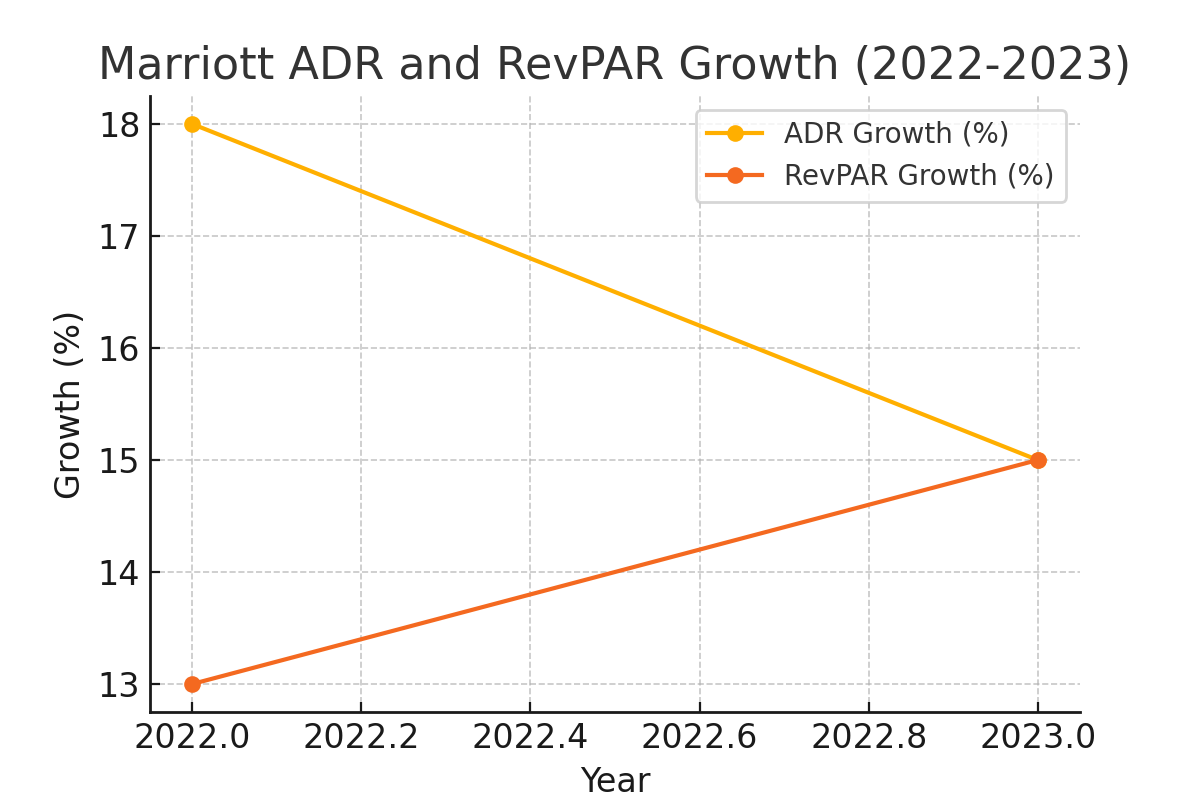
• 2022: Marriott demonstrated resilience during the post-pandemic recovery with its average daily rate (ADR) growing by 18%. This growth in ADR, combined with a 13% increase in Revenue per Available Room (RevPAR), allowed Marriott to capitalize on the resurgence in leisure and business travel (Marriott, 2022). Media outlets like Forbes emphasized how premium service offerings expanded digital engagement, through Marriott Bonvoy™, and contributed to Marriott's revenue recovery (Forbes, 2023).  
• 2023: By 2023, Marriott's RevPAR surged another 15%, driven by its expansion into new markets and the continued growth of its loyalty program (Marriott, 2023). Reports from Bloomberg highlighted how Marriott’s strategic emphasis on premium and luxury brands positioned it well to capture high-end travelers, pushing its ADR even higher (Bloomberg, 2023).

**Price vs. Volume Breakdown**  
Marriott's revenue growth in 2023 was driven by both price and volume factors. The Average Daily Rate (ADR) grew by 18%, contributing significantly to revenue gains, while an additional 13% increase in Revenue per Available Room (RevPAR) reflects the impact of higher occupancy. In 2023, with further expansion into new markets and continued focus on premium services, ADR grew another 15%, and RevPAR followed with a 15% increase, making price the dominant contributor to Marriott’s revenue growth.

**Correlation with Revenue**  
Marriott’s variable costs, including marketing and digital infrastructure investments, showed a direct correlation with revenue growth. For example, increased investment in the Marriott Bonvoy platform contributed to a rise in ADR and RevPAR, enhancing customer loyalty and resulting in sustained revenue growth.   
Fixed costs, such as long-term leases, remained stable, supporting the company’s asset-light model.

**Peer Comparison**  
Marriott’s 15% ADR growth in 2023 placed it ahead of Hilton’s 12% growth, demonstrating its competitive advantage in the luxury segment.   
Hyatt, while showing similar RevPAR gains (14%), struggled to maintain the same occupancy levels in new markets. Marriott’s loyalty program and premium service offerings, especially in luxury brands, provided it with a leading edge in customer engagement and retention.

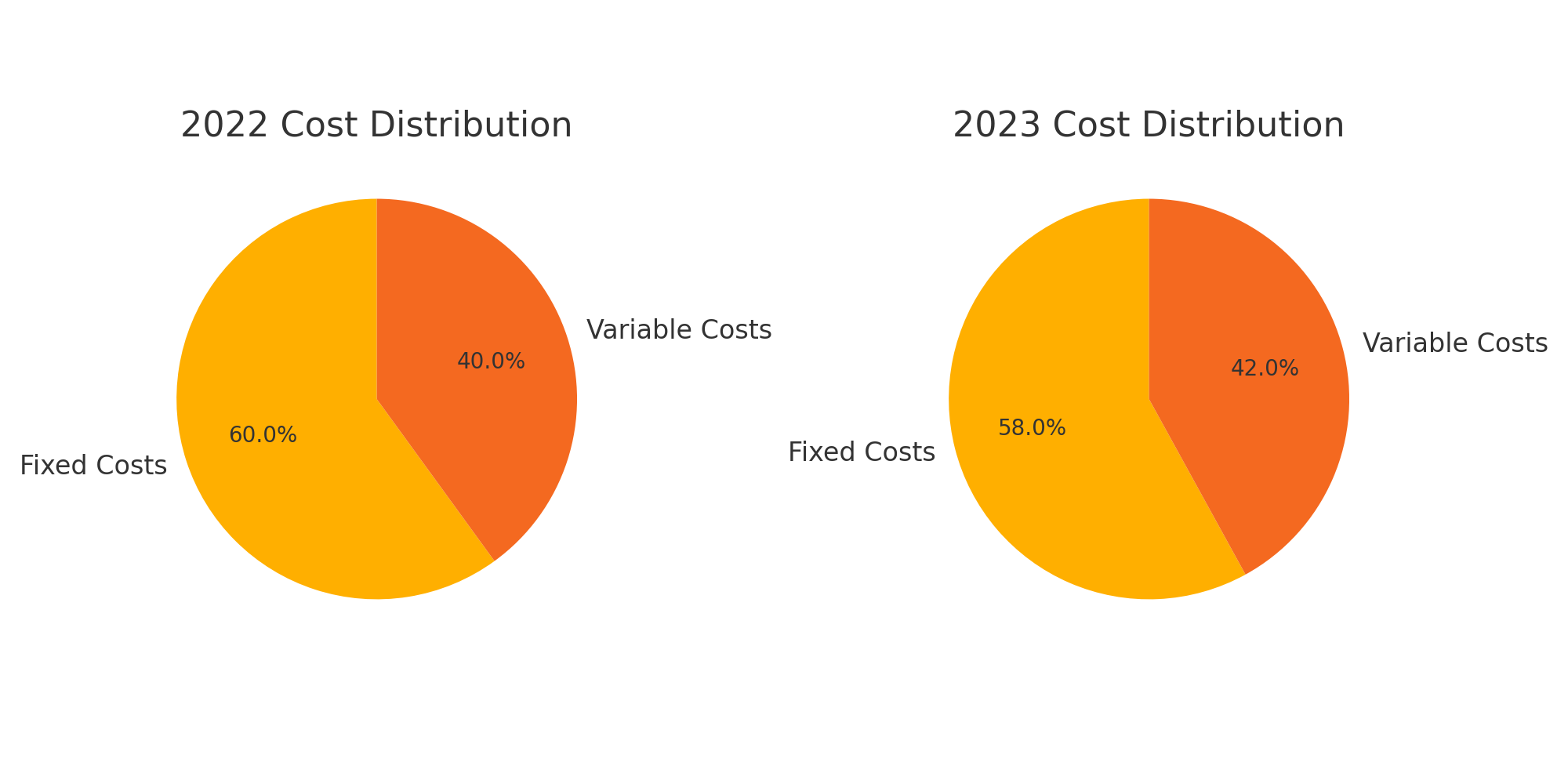
***Chart 1: Marriott ADR and RevPAR Growth (2022 & 2023)***



**Cost Drivers**

• **Fixed Costs**: Marriott’s fixed costs, such as long-term leases and property management fees, remained stable across both years.   
Key reports from auditors such as PwC noted that despite increasing inflationary pressures, Marriott’s asset-light model helped manage property costs efficiently (PwC, 2023).  
• **Variable Costs:** Both 2022 and 2023 saw rising variable costs associated with utilities and marketing campaigns. These costs were influenced by heightened travel demand and increased spending on digital infrastructure, such as enhancing the Marriott Bonvoy platform (KPMG, 2023). Marriott's Serve 360 Report (2023) also noted increased expenses in responsible sourcing and sustainability initiatives across its properties (Marriott, 2023).

***Chart 2: Marriott Fixed vs Variable Costs (2022 & 2023)***



**Johnson & Johnson (2022 & 2023 Annual Reports and other sources)**

**Revenue Drivers**

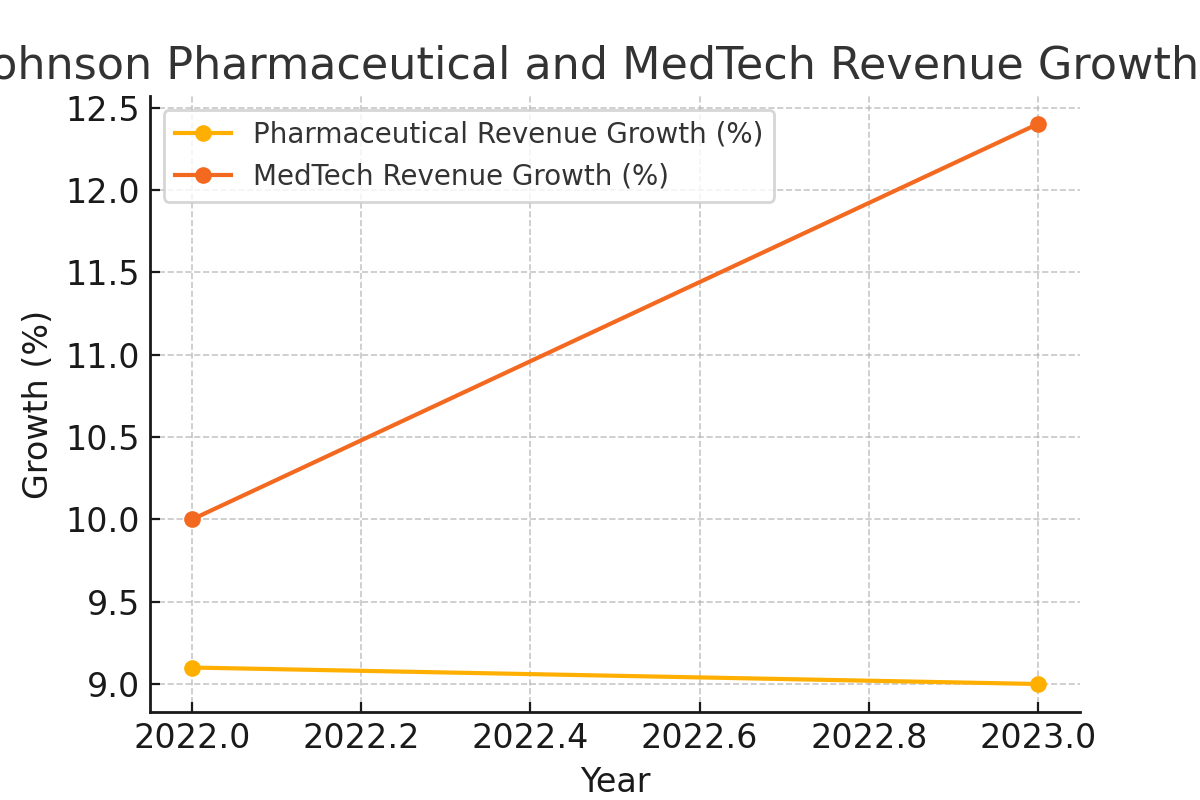
• 2022: Johnson & Johnson’s pharmaceutical division remained the primary driver of revenue in 2022, with a 9.1% sales increase (J&J, 2022).   
Key brands like Stelara and Darzalex continued to lead in immunology and oncology, contributing significantly to overall sales. Peer-reviewed studies in the Annals of Clinical Microbiology also highlighted how J&J’s COVID-19 vaccine contributed to its revenue in 2021-2022, although its contribution diminished by 2023 (Annals of Clinical Microbiology, 2023).  
• 2023: By 2023, Johnson & Johnson diversified further with new treatments like Tecvayli, driving revenue growth in the pharmaceutical sector. The acquisition of Abiomed strengthened the MedTech division, which grew by 12.4% (J&J, 2023). Media reports, including from Reuters, discussed how J&J’s acquisition strategy positioned it well for sustained growth (Reuters, 2023).

**Price vs. Volume Breakdown**  
Johnson & Johnson's 9% revenue increase in 2023 was primarily driven by volume growth in key therapeutic areas such as immunology and oncology, including blockbuster drugs like Darzalex and Stelara. The volume growth was further supported by new product launches like Tecvayli, while price adjustments in existing products also contributed modestly to revenue growth.

**Correlation with Revenue**  
Johnson & Johnson’s $15.1 billion R&D investment directly impacted revenue growth through product innovations like Tecvayli and the integration of Abiomed into the MedTech division. The high fixed costs in R&D are essential for sustaining leadership in key therapeutic areas, with variable costs such as logistics also increasing due to global supply chain pressures.

**Peer Comparison**  
Johnson & Johnson’s pharmaceutical and MedTech divisions outpaced competitors like Pfizer and Novartis, particularly in oncology and immunology. While Pfizer saw a 7.5% revenue growth in 2023, J&J's diversification into MedTech through acquisitions like Abiomed allowed for higher growth in that segment, particularly in cardiovascular care.

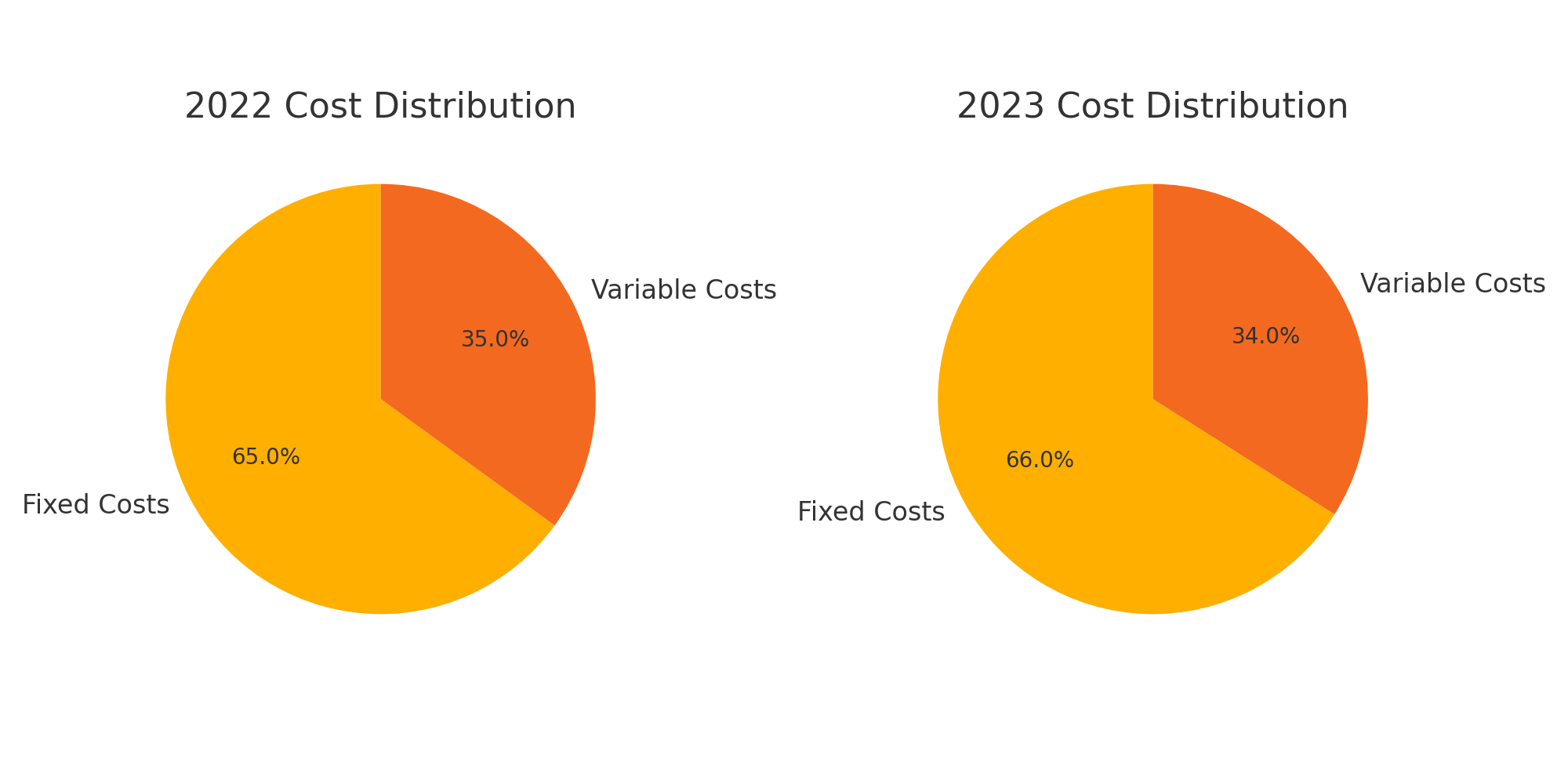
***Chart 3: Johnson & Johnson Pharmaceutical and MedTech Revenue Growth (2022 & 2023)***



**Cost Drivers**

• **Fixed Costs:** Johnson & Johnson's substantial R&D expenditures, amounting to $15.1 billion in 2023, continued to dominate its fixed costs. PwC's report on the healthcare sector noted how high R&D spending is essential to maintaining its competitive edge in the pharmaceutical industry (PwC, 2023).  
**• Variable Costs:** Rising logistics and material costs, particularly in the MedTech segment, reflected broader inflationary pressures affecting the healthcare industry. Reports from KPMG highlighted how global supply chain disruptions further drove variability in production costs in 2022 and 2023 (KPMG, 2023).

***Chart 4: Johnson & Johnson Fixed vs Variable Costs (2022 & 2023)***



**Company Performance (2022 & 2023): Marriott and Johnson & Johnson**   
To begin with, Marriott’s performance in 2022 and 2023 reflects a significant rebound from the impacts of the pandemic, showcasing the company's ability to capitalize on the resurgence in global travel. In 2022, the company recorded a 13% increase in Revenue per Available Room (RevPAR), driven by a notable 18% rise in Average Daily Rate (ADR). This was largely attributed to Marriott’s focus on premium service offerings and the expansion of its digital loyalty platform, Marriott Bonvoy™, which strengthened customer engagement and loyalty. Furthermore, the momentum continued into 2023, with RevPAR increasing by another 15%, supported by an additional 15% growth in ADR. Marriott’s strategic expansion into luxury markets and new geographies played a pivotal role in sustaining this growth, as did its asset-light business model, which allowed for greater cost control.

In addition, EBITDA surged by 21% in 2023, underscoring Marriott’s ability to navigate inflationary pressures and increased competition. Moreover, Marriott expanded its global footprint by adding over 200,000 rooms in key markets, securing its position ahead of competitors like Hilton and Hyatt. However, despite the impressive revenue growth, Marriott faced rising variable costs, particularly in marketing, utilities, and investments in digital infrastructure. Nevertheless, the company’s asset-light model, which focuses on franchise and management operations rather than direct property ownership, enabled it to manage fixed costs effectively while maintaining profitability. Overall, Marriott’s strategic pivot towards premium services, along with sustained investments in digital platforms, has positioned the company for continued growth and resilience against future market shifts.

Similarly, Johnson & Johnson demonstrated consistent and robust performance across both 2022 and 2023, driven by its diversified portfolio and strategic focus on innovation. In 2022, the pharmaceutical division emerged as the primary driver of revenue, delivering a 9.1% increase, largely due to the continued success of immunology and oncology treatments such as Stelara and Darzalex. Furthermore, the company’s MedTech division also experienced growth, but it was in 2023 that this segment truly flourished, with a 12.4% increase in revenues, bolstered by the acquisition of Abiomed. Johnson & Johnson’s continued focus on expanding its MedTech capabilities aligns with the company’s long-term strategy of positioning itself as a leader in cutting-edge healthcare technologies.

In addition, operational sales grew by 9% in 2023, supported by strong performance across both divisions. The company’s investment in research and development (R&D) reached a record $15.1 billion, reflecting its commitment to innovation and the development of groundbreaking treatments. This substantial R&D spending not only helped Johnson & Johnson maintain its leadership in key therapeutic areas such as oncology and immunology but also fueled growth in emerging areas like cardiovascular care through the acquisition of Abiomed.

Moreover, despite inflationary pressures that impacted logistics and material costs, Johnson & Johnson managed to sustain its competitive edge by focusing on operational efficiency and supply chain resilience. Additionally, the company’s strategic acquisitions and investments in innovative treatments enabled it to outperform key competitors like Pfizer and Novartis, particularly in the oncology space. Ultimately, this focus on diversification and innovation has ensured steady growth and strengthened its market position in an increasingly competitive global healthcare environment.

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