***Revenues and costs drivers’ analysis***

**Marriott International and Johnson & Johnson**

The analysis illustrates the main drivers of revenues and costs of both companies. Analysis in writing is provided along with tables. The source of information is each company’s 10-K form. Comparisons are drawn between FY 2023 and 2022, and among competitors.

When analysing cost drivers for J&J, the predominant drivers are identified as COGS (costs of goods sold), Research & Development, and Selling, Marketing & Administrative. For Marriott, the cost drivers are identified as the costs associated with the lease and ownership of the properties, Amortization & Depreciation, and General – Administrative – other costs.

When it comes to analysing the revenue drivers, for J&J, these are identified as the revenue the company is generating by selling its goods, categorized by geography and segmentation. A brief explanation is provided as to which these categories and segments are. On the other hand, for Marriott, the revenue drivers are categorized as the average daily room rate, the occupancy rate, and the REVPAR which indicates the performance of the company by measuring the revenue it generates from its available rooms over a period. It's a currency figure that combines a hotel's average daily rate and occupancy rate.



***Table 1. Revenue Drivers of Marriot***

A good illustration of the various metrics and geographical exposure of the company is provided. The segmentation between the company’s owned properties and the ones it leases, demonstrates insightful data such as the fact that in every geographical area besides Asia Pacific excl. China, the company is generating significant higher REVPAR in the properties it owns compared to the ones it leases. This makes sense as the investment in owning a property is significantly higher than in leasing it, hence requiring a higher rate of return. Orthodoxically, the average room rate is much higher in owned properties than in leased ones. There is a lot of improvement in the company’s performance since 2022 as the industry is steadily recovering from the pandemic. In all the metrics and across all geographies, the company is scoring higher,



***Table 2. Cost Drivers of Marriott***

In the post-pandemic era, the company has seen expansion growth justifying its increase in owned and leased properties compared to 2022. Similarly for the General, Admin., other costs. On the other hand, the Depreciation & Amortization costs have decreased which might imply that the company being in a health expansion mode might be able to achieve better deals with its creditors by restructuring some of its long-term debts, hence spread the costs of some of its assets across a longer period of time. What comes as a very optimistic sign is that compared to 2022, all of the company’s cost drivers have been reduced relatively to its sales-revenues.



***Table 3. Revenues drivers of Hilton***

A comparison is conducted in one of Marriott’s main competitors – a company operating in the Hospitality Industry, internationally, and with a focus on prime locations and services. The occupancy rate is slightly higher perhaps because its lower rates, hence appeal to a larger public. As expected, a lot of improvement on its metrics compared to 2022.



***Table 4. Costs drivers of Hilton***

In the cost driver analysis, similarly to Marriott, Hilton has improved its metrics compared to 2022. However, an important insight is that its costs relatively to its sales are significantly higher than Marriott which as a more premium hotel, is generating more flexibility to its pricing and margins.



***Table 5. Johnson & Johnson revenue drivers***

The company is categorizing its products in two distinct segments for which a detailed table (**table 7**) is provided below. The segments are “Innovative Medicine including Covid19 vaccine” and “MedTech”.

In the U.S markets the company has improved its sales of “Innovative Medicines” by almost 10%, compared to 2022. It is lagging however the same performance on an international lever where it sees sales reduced by 2.5%.

In the “MedTech” segment it is performing much better, accomplishing an increase in both geographical areas by nearly 14% and 12.5% respectively.



Table 6. Johnson & Johnson costs drivers

The costs analysis demonstrates the company’s significant increased costs across all categories, compared to 2022. Notably, the biggest increase lies on the category of “Selling, Marketing & Administration”, perhaps reflecting the company’s acknowledgment in lacking the sales and promotion needed internationally, compared to domestically in the U.S. As per the comparison between its costs to its revenues, they are also increased compared to 2022.



***Table 7. Categorization of segments “Innovative Medicine” & “MedTech”***



***Table 8. Revenues drivers of Pfizer***

An example of measuring the revenues drivers of another competitor, that of Pfizer pharmaceutical company. In contrast with Johnson & Johnson, Pfizer has failed to increase its sales from 2022 to a dramatic extent. Its segments include the categories of “Biopharma” and “Business Innovation”. In all geographic regions has suffered less revenues, apart from the sales in “U.S – Business Innovation”, which have remained the same.



***Table 9. Costs drivers of Pfizer***

The nominal value of the GOGS and R&D of Pfizer have been reduced compared to 2022. However, the Selling, Marketing and Administrative has increased. Furthermore, the percentage of its costs/sales of 2023 is significantly higher than in 2022, although the company generated much less revenues.