**REVENUE AND COST DRIVERS’ ANALYSIS**

**MARRIOT INC**

**REVENUE ANALYSIS**

* Food and beverages

-Restaurant sales

-Banquet/Events

-Room Services

* Room Revenue

-Average Daily Rate

-Occupancy Rate

-Number of Rooms

* Other Services

-Spa Services

-Parking

-Resort Fees

**COST STRUCTURE ANALYSIS**

Operating Cost can be divided into- Fixed and Variable Costs.

* Fixed Costs

-Property

-Administrative

-Insurance

* Variable Costs

-Labour

-Food and Beverages

-Utilities

**KEY INSIGHTS**-Marriot

* Revenue Drivers
* Room revenue (primary driver); Driven by ADR x Occupancy x Available rooms
* Food and Beverages Revenue: Correlates with occupancy rates and event bookings.
* Other Revenue: Supplementary services with varying correlation to occupancy.

**Cost Structure**

* Fixed Costs; 30-35% of the revenue
* Variable Costs: 40-45% of the revenue
* Semi-Variable: 15-20% of the revenue

**Peer Comparison**

* Key Competitors: HILTON, Hyatt, IHG.
* Industry Average RevPAR (2024): $80-100
* Marriot typically maintains premium positioning with higher RevPAR.

**JOHNSON & JOHNSON**

**Revenue Drivers Analysis**

* Pharmaceutical
* Prescription Drugs
* Volume
* Price/Mix
* MedTech
* Surgical Devices
* Orthopedics
* Vision

**Cost Structure Analysis**

Operating Cost can be divided into – Fixed and Variable Costs.

* Fixed Costs
* Research and Development
* Administrative
* Marketing
* Variable Costs
* Cost of Goods Sold
* Distribution
* Sales Commission

**KEY INSIGHTS**- Johnson & Johnson

* Revenue Drivers
* Pharmaceutical: Primary growth driver (50% of the revenue).
* MedTech: Stable growth contributor (45% of the revenue).
* Geographical Mix: US x international markets affecting pricing power (5% of revenue).
* Cost Structure
* Research & Development: 15% of revenue (Fixed).
* Cost of Goods Sold: 30-35% of revenue (Variable).
* Selling, General and Administrative: 25-30% of revenue (Semi-Variable).

**Peer Comparison**

* Key competitors: Pfizer, Medtronic, Abbott.
* Industry Average Operating Margin:20-25%.
* J&J typically maintains above-average margins due to diverse portfolio.

**PERFORMANCE COMMENTARY**: Both companies demonstrate strong market position but with distinct business models and drivers. Marriot’s revenue is highly sensitive to economic cycles and travel patterns, with significant operating leverage due to fixed property costs. Their success depends on maintaining premium positioning while managing occupancy rate effectively.

J&J shows more stability due to diverse portfolio and essential healthcare products. Their revenue growth is driven by innovation in pharmaceuticals and steady MedTech demand. The high R&D investment creates barriers to entry but requires consistent market success to maintain margins.

Looking forward, Marriot’s success will depend on adapting to changing travel pattern and maintaining pricing power, while J&J’s growth will be tied to pipeline success and MedTech innovation. Both companies have demonstrated resilience through various market cycles, supported by strong brand positioning and market leadership.