

business report

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**Business Report – Comparison of Two Hospitality
Organisations
Corinthia Hotels vs Ibis Hotels**

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Financial Management for Hotel Industry

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Executive Summary

The report below will discuss comparing two hotels according to their business condition and future potential in the market. Corinthia Hotels and Ibis Hotels are two popular hospitality businesses in the country that will be analysed and compared with their financial management section and their sustainable approaches. A detailed analysis of their total revenue and their position in the respective market will be added. A brief discussion on the possible growth opportunities of both the hotels and their financial commitment to the CSR will also be demonstrated in the section below. Some recommendations will also be added for their further growth in the market.

Table of Contents

Introduction	4
Highlighting a detailed variation analysis of Corinthia Hotels as well as Ibis Hotels	5
Exposing the total revenue prospects of those upper-stated hotels	5
Exposing the market position of two Hotel Groups such as Ibis and Corinthia	7
Discussion on the growth potential of both the hotels	9
Highlighting CSR operation to financial commitments in both the hotels	12
Highlighting some recommendations for both the hotels	13
Conclusion	14
References	15
Appendix	18

Introduction

The phenomenon named Financial management is defined as the correct procedure of budgeting, managing, anticipating and controlling the available resources of a company to obtain the targets and objectives. The respective business practice is intended to surge profit levels by optimising the money usage of the enterprise. It deals with expenses, income, profitability, credit and available cash within the company. The particular report is focused on delivering a comparative analysis of the several financial aspects of two brands such as Ibis and Corinthia Hotels. The revenue margin, trends, sources and driving forces of the two hotels will be contrasted here. Different considerable factors associated with the market position of the mentioned hotel businesses will be also explored here. Apart from that, the CSR initiatives and growth potential of those mentioned hotels will also be illustrated here.

Highlighting a detailed variation analysis of Corinthia Hotels as well as Ibis Hotels

Exposing the total revenue prospects of those upper-stated hotels

Corinthia Hotels

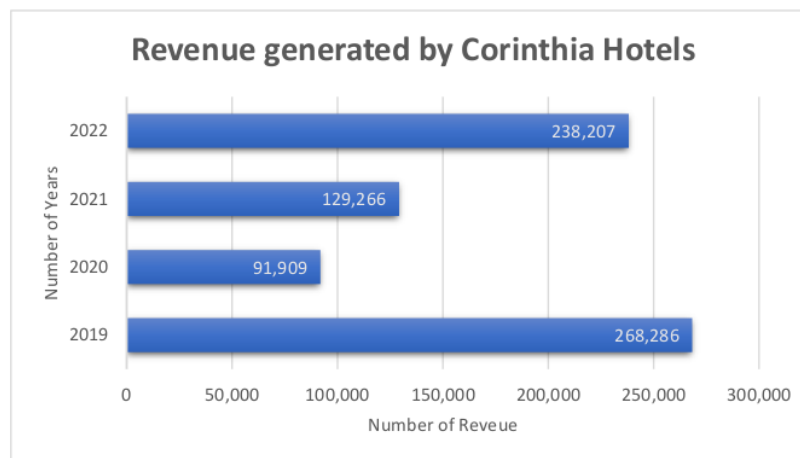


Figure- Revenue Margin of Corinthia for 4 years

Source- Author

Analysis: It is seen that the respective group has generated relatively less earnings in 2022 rather than in 2019. The revenue of the hotels has been recorded as \$75,649 million in the pandemic and the prime reason for declining the earnings for this hotel group was the pandemic. Substantial growth in revenue has been witnessed in 2021 because of easing the nationwide restrictions and the value has amounted to \$30,328 million in that year (Bhimani 2006).

Sources: The hotel group Corinthia has earned revenue streams by consumer spending majorly. Hence, income comes from hotel bookings, food and other accommodation prices, different events and others (corinthia, 2024). However, the pandemic waves have restricted domestic and international travel which hit badly the hotel operations as well.

Components for revenue degradation and trending factors: The changes in the purchasing and spending habits of consumers because of travel restrictions due to the lockdown in 2020 are some key factors for the fluctuations in income. The adaption of modern technology and the implementation of effective marketing tactics will be effective for the hotel businesses like Corinthia hotels to provide innovative services to the guests and increase the sales volume (Tranter *et al.*, 2014).

Ibis Hotels

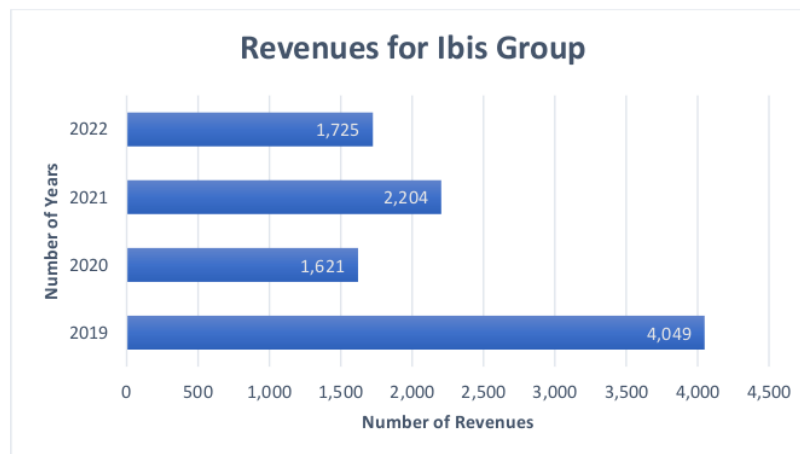


Figure- Revenue amount of Ibis Hotel Group

Source: Author

Analysis: The annual report of the Ibis group showcases that revenue prospects deviate from the Corinthia hotel. The revenue of the Accor group was reported as €4.22 billion in 2022 which was more than €2.2 billion in 2021 (statista, 2023). The surge in the revenue margin has caused because of the successful implementation of marketing strategies and high consumer demands after the pandemic



Sources: The sources for earnings of the mentioned hotel Ibis are quite similar to the previous hotel group. The income options include room bookings, beverage and food costs, renting events for conferences, weddings, conferences, amenities such as spa treatments and parking and others (accor, 2024). The above-mentioned hotel businesses should be required to inculcate effective marketing and advertising strategies to capture the market share and enhance sales volumes after the epidemic.

Components for revenue droppings and trending factors: The revenue for the respective hotel group Ibis has been affected significantly in 2020 and 2021 because of the nationwide lockdown restrictions. Hence, the key driving factors for the sharp hike in revenue in 2022 are innovative services, the adaptation of effective marketing strategies considering the tools and techniques and potential changes in the spending habits of customers (Walker, 2021).



Exposing the market position of two Hotel Groups such as Ibis and Corinthia

Corinthia Hotels

Market Share: The market position of the particular brand is separated by its luxury and premium quality and authentic services.

Financial Management for the Hotel Industry

	THE GROUP	
	2022 €'000	2021 €'000
Hotel and other properties		
Corinthia Hotel St George's Bay, Malta	36,384	36,951
Corinthia Hotel & Spa Lisbon	108,615	112,181
Corinthia Hotel Prague	89,438	90,909
Corinthia Hotel Tripoli	67,135	69,477
Corinthia Hotel Budapest	119,632	120,396
Corinthia Hotel St Petersburg	71,830	75,965
Corinthia Hotel London	512,990	533,156
Marina Hotel, St George's Bay, Malta	28,977	28,974
Radisson Blu Resort, Malta	34,028	34,654
Golden Sands Resort Limited	62,455	60,076
Corinthia Palace Hotel and Spa, Malta	32,717	32,000
Office block in London	4,574	-
	1,168,775	1,194,739

Figure: Market Share of Corinthia Hotels

Source: (corinthiagroup, 2022)

According to the annual records of Corinthia Group, the capital amount was €615 and the worth of the asset valuation was €1.544 billion. The upper image presents the changes in the anticipated net cash inflows for the hotel properties for two years. In 2022, the Corinthia Hotel in London has taken €512990 of the highest share of others.

Brand Perception: The finest quality and luxurious hospitality services with social commitment are the primary factors for a good brand image of Corinthia Hotel. Moreover, some brands of the group such as Corinthia Hotel Budapest and London became more famous in the global market for their improved services (Walker, 2021).

Customer demographics: The mentioned group has become a global luxury hotel network for their elevated services and tailor-made consumer experiences. The good consumer base of the hotel is highly dependable on the exclusive amenities, valuable treatments and personalised and premium services (Wild, 2018).

Ibis Hotels

Market Share: The market segment of the business Ibis Hotel Group is significantly aligned with the market share of Accor portfolio. As per the record of 2019, the mentioned group comprises 1218 hotels across 70 global countries. The budget-friendly hospitality services have influenced the hotel network to be key players in the market (accor, 2024).

Brand Perception: High-quality accommodations with low cost is one of the primary considerations of the respective brand. The implementation of modern marketing strategies, expansion tactics and competitive pricing strategies are some positive growth factors of the brand Ibis Hotels. Apart from that, the incorporation of sustainable initiatives and some business strategies associated with the changeable needs of the guests have enabled the businesses to improve brand perception successfully (Kunst, 2023).

Customer demographics: Ibis Hotels provides a diverse range of hospitality services to consumers at an affordable price rate. The comfortable accommodation and lodging services for visitors or travellers have increased the global presence of the specified brand. The offerings of particular hotel groups are immensely aligned with the prospective customers and their income and personal requirements (Walker, 2021).

Discussion on the growth potential of both the hotels

Corinthia Hotels

Techniques to expand in the market: In terms of highlighting the growth of the respective hospitality business in the country, the management should make some essential moves to make the business a luxury brand in the global market. All the necessary aspects of the hotel like their ownership, handling the properties, making an upgrade to all the services and other

things can also be a great approach towards its potential development for the future terms. In order to make a rapid development of the hotel, the management also can raise funds from different investors by showing the overall business condition. It will also help them to form a major growth to the business (Atrill and McLaney, 2021).

Effective marketing opportunities: Corinthia Hotel is a luxury brand property in the market that has a certain customer base that looks for luxury properties and high-quality facilities in the hotels. There are a lot of customers globally that come to visit the country and look for these types of hotels with facilities (Seal, 2019). In order to maintain that increased and satisfied customer base, the management of this hotel should introduce some better facilities and luxury properties. Besides that, people are also looking for innovative places. Therefore, the hotel should provide some new locations to their customers that can make them satisfied and grow their business.

Issues related to the growth potential: Corinthia Hotels might have taken multiple initiatives in terms of their growth, but there are still some loopholes that can lower the rate of development in the market. One of the major issues that the management of the business might face is the downfall of the economy in the country for various reasons (Mair *et al.*, 2018). The pandemic and inflation condition around the world has lowered the buying capabilities of the customers and that has impacted the business on a larger basis. Besides that, different types of laws and regulations in this industry and the change in the geographical aspect can also cause disruptions in the growth of this hotel business (Yacoub and ElHajjar, 2021).

Ibis Hotels

Techniques for market expansion: The pricing strategies and product offerings from this particular hotel business have been analysed for the people with diverse backgrounds in the

market. Their lower cost hotels with affordable services have attracted people of different portfolios. The management of this hotel is also trying to grab new areas that have demand for tourism from a lot of people (Jones and Wynn, 2019). This increasing property development will help to grow their business and make them gain a higher revenue. The respective business also contributes towards the environmental and ethical commitments of the people and therefore, modern people that are engaged in environmental initiatives are looking for this hotel.

Highlighting marketing prospects: The major advantage of this particular hotel is their affordable stays and low costs services. The business already has a global brand value and therefore, a lot of people around the world that look for the budget-friendly options for their vacation, relies on this particular brand. In order to grab a larger range of diversified customer base, the management should divide various customer segments and provide their hotels and other facilities according to those segments. People will find it easy and affordable to choose their convenient options and book their stays (Mueller and Sensini, 2021).

Issues in growth: Ibis Hotels will also find somewhat the same kind of difficulties that the previous hotel might have faced in terms of their growth possibilities. The uncertain character of the economy and its downfall will affect the business of the hotel and that will lower their revenue (Jagels, 2007). People also might shift their preferences according to the current trends and that also can lower the customer rate in their hotels.

Highlighting CSR operation to financial commitments in both the hotels

Corinthia Hotel

There are several sustainable initiatives taken by the Corinthia Hotels towards the benefit of the financial commitments. Multiple environmentally sustainable approaches have been organised by the management of this hotel business (Drury, 2021). The hotel also organises multiple charitable programs, has dedication to maintain the ethical standards and follow the sustainable approaches for developing a better community and environment across the globe (Ahn *et al.*, 2020).

Ibis Hotels

This particular hotel has also taken multiple initiatives towards maintaining the better health of the environment and the community. They have adopted a lot of approaches to foster the energies and use the sustainable ones for the benefit of this earth (Guilding, 2014). The management of the company also motivates in maintaining some socially responsible activities and also ethical ones for the betterment of the people around it. Providing equal pay and some other initiatives they have taken and that also has improved the financial aspect of the business (Rhou and Singal, 2020).

Highlighting some recommendations for both the hotels

Corinthia Hotels

The customers of this particular hotel chain look for the best and most innovative services in their hotels. Therefore, the authority of the hotel should include high standard facilities that can be provided to the customers individually. It will help in developing the financial condition and also improve the market reputation.

Ibis Hotels

The strategy of this particular hotel is also a great approach towards the development of the business for longer terms. However, there are a lot of budget hotels in the market that can give a good competition. In order to overcome those competition, the management of Ibis Hotels can improve their marketing channels and provide some improved services for the customers. It will help to attract more people and increase the business condition.

Conclusion

The upper stated report has investigated several operational aspects of two businesses such as Ibis Hotels along with Corinthia. It includes market position, CSR activities, revenue margin and growth prospects. From the revenue analysis, it is seen that the pandemic event and strict regulations of the government have impacted the potential revenue growth of both hotels negatively. By considering the comparative analysis, the business Ibis Group delivers affordable services and Corinthia Hotel aims to offer luxurious and premium services to the guests. Furthermore, some recommendations for the expansion and growth of those hotels have been derived in the report.

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Appendix

Income statement of Corinthia Hotels

INCOME STATEMENT – THE GROUP

	Notes	2021 €'000	2020 €'000
Revenue	6	129,266	91,909
Costs of providing services	7	(65,620)	(53,956)
Gross Profit		63,646	37,953
Marketing costs		(4,506)	(5,530)
Administrative expenses	7	(27,647)	(27,343)
Other operating expenses	7	(4,965)	(8,887)
Operating results before depreciation and fair value gains/(losses)		26,528	(3,807)
Depreciation and amortisation	7, 12, 15, 16	(30,613)	(35,779)
Other losses arising on property, plant and equipment	15	(5,353)	(2,925)
Impairment losses attributable to intangibles	12	-	(2,368)
Other operational exchange losses		(1,564)	57
Net changes in fair value of investment property	14	1,321	(5,228)
Net changes in fair value of indemnification assets	13	(6,228)	-
Results from operating activities	6	(15,909)	(50,050)
Net changes in fair value of financial assets through profit and loss	22	743	115
Finance income	9	506	702
- interest and similar income			
Finance costs	9	(24,984)	(23,554)
- interest expense and similar charges			
- net exchange differences on borrowings		(908)	(12,325)
Share of net gain/(loss) of associates and joint ventures accounted for using the equity method	18	1,124	(2,448)
Other gains/(losses)		(156)	-
Reclassification of currency translation reserve to profit and loss upon loss in joint control	18.4(ii)	-	(2,802)
Loss before tax		(39,584)	(90,362)
Tax credit	10	9,256	14,713
Loss for the year		(30,328)	(75,649)
Loss for the year attributable to:			
- Owners of IHI		(28,312)	(63,050)
- Non-controlling interests		(2,016)	(12,599)
Loss for the year attributable to Owners of IHI and non-controlling interest		(30,328)	(75,649)
Earnings per share	11	(0.05)	(0.10)

Financial Management for the Hotel Industry

INCOME STATEMENT THE GROUP

	NOTES	2022 €'000	2021 €'000
Revenue	6	238,207	129,266
Costs of providing services	7	(125,586)	(65,620)
Gross Profit		112,621	63,646
Marketing costs		(7,604)	(4,506)
Administrative expenses	7	(36,941)	(27,647)
Other operating expenses	7	(16,370)	(4,965)
Operating results before depreciation and fair value gains/(losses)		51,706	26,528
Depreciation and amortisation	7, 12, 15, 16	(29,164)	(30,613)
Other losses arising on property, plant and equipment	15	(100)	(5,353)
Impairment loss on property, plant and equipment	15	(1,207)	-
Net changes in fair value of investment property	14	(6,620)	1,321
Net changes in fair value of indemnification assets	13	-	(6,228)
Other operational exchange losses		(304)	(1,564)
Results from operating activities	6	14,311	(15,909)
Net changes in fair value of financial assets through profit and loss	22	(2,925)	743
Finance income	9		
- interest and similar income		440	506
Finance costs	9		
- interest expense and similar charges		(28,160)	(24,984)
- net exchange differences on borrowings		15,367	(908)
Share of net (loss)/gain of associates and joint ventures accounted for using the equity method	18	(61)	1,124
Other gains/(losses)		198	(156)
Reclassification of currency translation reserve to profit or loss upon loss in subsidiary		(264)	-
Loss before tax		(1,094)	(39,584)
Tax (expense)/credit	10	(1,248)	9,256
Loss for the year		(2,342)	(30,328)
Loss for the year attributable to:			
- Owners of IHH		(5,442)	(28,312)
- Non-controlling interests		3,100	(2,016)
Loss for the year attributable to Owners of IHH and non-controlling interest		(2,342)	(30,328)
Earnings per share	11	(0.01)	(0.05)

Income statement- Ibis Hotels Group

Financial Management for the Hotel Industry

Consolidated income statement

(€ in million)	Notes	1st semester 2022	1st semester 2023
Revenue	4	1,725	2,402
Operating expense	4	(1,520)	(1,955)
Current EBITDA	4	205	447
Depreciation and amortization		(107)	(131)
Current EBIT		99	316
Share of net profit/(loss) of equity-investments	5	(27)	9
EBIT including share of net profit/(loss) of equity investments		72	325
Other income and expenses	6	25	26
Operating profit		97	351
Net financial expense	9	(32)	(45)
Income tax	10	(25)	(48)
Profit from continuing operations		40	258
(Loss)/profit from discontinued operations		-	-
Net profit of the period		40	258
• Group share		32	248
from continuing operations		32	248
from discontinued operations		-	-
• Minority interests		8	10
from continuing operations		8	10
from discontinued operations		-	-
Basic earnings per share (in euros)			
Earnings per share from continuing operations		(0.01)	0.81
Earnings per share from discontinued operations		-	-
Basic earnings per share		(0.01)	0.81
Diluted earnings per share (in euros)			
Diluted earnings per share from continuing operations		(0.01)	0.81
Diluted earnings per share from discontinued operations		-	-
Diluted earnings per share		(0.01)	0.81

business report

GRADEMARK REPORT

FINAL GRADE

GENERAL COMMENTS

60/100

PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5



Comment 1

The statement lacks clarity and precision as it uses vague terms such as "relatively less earnings" without providing specific numerical comparisons between 2019 and 2022. A

PAGE 6



Comment 2

the citation of Corinthia (2024) lacks credibility as it is not a recognised academic source.

PAGE 7



Comment 3

The analysis lacks critical evaluation of the stated revenue figures, providing a surface-level comparison without examining the underlying factors contributing to the reported increase in revenue.



Comment 4

Components for revenue droppings and trending factors: The statement lacks specificity in explaining how innovative services and effective marketing strategies contributed to the revenue recovery in 2022. Additionally, attributing revenue drops solely to nationwide

lockdown restrictions oversimplifies the multifaceted impact of external factors on financial performance.

PAGE 8

PAGE 9

PAGE 10



Comment 5

The sentence lacks specificity and failed to provide concrete examples of what makes Corinthia Hotel's marketing opportunities effective. It is overly general and could benefit from incorporating data or specific strategies to support the claim.

PAGE 11

PAGE 12

PAGE 13

PAGE 14

PAGE 15

PAGE 16

PAGE 17

PAGE 18

PAGE 19

PAGE 20

GRADING FORM: FINANCE AS1 SEPT '23

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60

ENGAGEMENT WITH LITERATURE /10

Your work must be informed and supported by scholarly material that is relevant to and focused on the task(s) set. You should provide evidence that you have accessed an appropriate range of sources, which may be academic, governmental, and industrial; these sources may include academic journal articles, textbooks, current news articles, organisational documents, and websites. You should consider the credibility of your sources; academic journals are normally highly credible sources while websites require careful consideration/selection and should be used sparingly. Any sources you use should be current and up-to-date, mostly published within the last five years or so, though seminal/important works in the field may be older. You must provide evidence of your research/own reading throughout your work, using the Harvard referencing system, including 20 in-text citations in the main body of your work and a reference list at the end of your work.



The engagement with literature is satisfactory, but would have been considered expanding the depth of analysis by incorporating more varied sources and perspectives to enrich the content.

5

KNOWLEDGE AND UNDERSTANDING/20

Knowledge relates to the facts, information, and skills you have acquired through your learning. You demonstrate your understanding by interpreting the meaning of the facts and information (knowledge). This means that you need to select and include in your work the concepts, techniques, models, theories, etc. appropriate to the task(s) set. You should be able to explain the theories, concepts, etc. meaningfully to show your understanding. Your mark/grade will also depend upon the extent to which you demonstrate your knowledge and understanding. Guidance specific to this assessment: Display an understanding of the financial performance of the two hospitality operations. To be able to evaluate and interpret information gathered

using information learned in class as well as supported by independent learning.



the assignment reflects a solid understanding of the topic. To enhance, would have been provided more nuanced insights, particularly in connecting theoretical concepts to real-world scenarios.

12

COGNITIVE AND INTELLECTUAL /20

Guidance specific to this assessment: To be able to effectively draw comparisons and establish similarities and differences, both between the hospitality operations, but also when discussing the available literature with use of comparative analysis.



The assignment showcased cognitive abilities, but there's potential for greater intellectual rigor. Encourage critical thinking by questioning assumptions, presenting counterarguments, or exploring alternative perspectives to enhance the depth of analysis.

12

PRACTICAL SKILLS /40

Guidance specific to this assessment: Display a clear knowledge and rationale of how the approaches and principles discussed are practically implemented by the two organisations from the context of Financial Management.



Practical application is briefly touched upon. To strengthen practical skills, consider providing more real-world examples, case studies, or scenarios that directly connect theoretical

25

concepts to practical situations in the hospitality industry.

TRANSFERABLE SKILLS /10

Guidance specific to this assessment: You should write a report in a recognised format. All writing should be academic style, formal, focused, concise and subject specific. It should use a font of Arial 12 point or Times New Roman 12 point, and have 1.5 line spacing. All graphs, charts, and figures in the main body must be clearly referenced beside or beneath. Where possible they should not be on separate pages but should be incorporated within the text.



Transferable skills such as critical thinking, research, and analytical skills are evident. To further emphasize these skills, explicitly highlight instances where these skills are applied and discuss their relevance beyond the context of the assignment.

6