

My assessment 1

by Mourana Yansane

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Mourana Yansane
Student ID number 2207923
Lecturer's : Tristan Hawkins
Module BMIH5007 Financial Management for the Hotel Industry



Assessment 1 :

Title: A Comparative Analysis of Corinthia Hotels and Ibis Hotels: Financial Management Strategies and Practices

Executive Summary:

This report provides a comprehensive analysis and comparison of Corinthia Hotels and Ibis Hotels, two prominent players in the hospitality industry. The objective is to evaluate their financial management strategies and practices, focusing on critical areas that impact their financial performance and sustainability. The report examines total revenue, market positioning, growth potential, and financial commitment to Corporate Social Responsibility (CSR). The findings and analysis are supported by industry-specific terminology, reliable sources, and proper citation and referencing in the Harvard style.

Executive Summary

Introduction:

purpose of introduction

The hospitality industry is highly competitive, and effective financial management is crucial for the success and sustainability of hotels. This report aims to conduct an in-depth analysis and comparison of two prominent players in the industry: Corinthia Hotels and Ibis Hotels. The objective is to evaluate their respective approaches to financial management, considering critical areas that impact their financial performance and sustainability. By analyzing total revenue, market position, growth potential, and financial commitment to CSR initiatives, this report will provide valuable insights into the financial management strategies and practices of both organizations.

Background :

- a) Corinthia Hotels : is a luxury hotel chain that dates back to 1962. It offers high-end accommodations, fine dining, and impeccable Hospitality services across various destinations globally. The chain's reputation is built on its commitment to offering a luxurious experience to discerning travelers.
- b) Ibis Hotels : Ibis Hotels, part of the larger AccorHotels group, was established in 1974 as a budget hotel brand. Ibis Hotels primarily targets value-conscious travelers seeking quality accommodations at affordable prices. Its emphasis on providing comfortable rooms and essential services has made it a popular choice for budget conscious Customers.



1. Total Revenue:

1.1 Analysis of Total Revenue:

- Analyze and compare the total revenue generated by Corinthia Hotels and Ibis Hotels.

Understanding the financial performance of a hotel group is paramount to evaluating its success and stability within the hospitality industry. Total revenue, as a key performance indicator, reflects the effectiveness of a hotel's business model, its market appeal, and operational efficiency. This essay examines the total revenue streams of Corinthia Hotels and Ibis Hotels, aiming to highlight the similarities and divergences in their revenue generation strategies.

Include citation for paragraph

Corinthia Hotels, a luxury brand, primarily draws its revenue from high-end accommodations, premium services, and customized guest experiences. The group's focus on heritage, opulence, and personalized service attracts a clientele willing to pay a premium for exclusivity and luxury. Consequently, a significant portion of Corinthia's revenue is generated from room bookings at higher average daily rates (ADRs), supplemented by ancillary services such as spas, fine dining, and event hosting. The revenue trend for Corinthia often correlates with the economic well-being of its target demographic and the overall health of the luxury travel sector.

Revenue Analysis

Data Analysis

In contrast, Ibis Hotels, operating within the economy segment, generates revenue through a high-volume, low-margin business model. Ibis's competitive pricing strategy caters to budget-conscious travelers, including both leisure and business customers. The brand's standardized approach to accommodation ensures consistent service delivery across its properties. Ibis's revenue primarily comes from room sales, with a significant portion derived from additional services such as breakfast offerings and conference facilities. Though the ADRs for Ibis are lower than those of luxury counterparts like Corinthia, the revenue is bolstered by high occupancy rates driven by the brand's vast market reach and appeal to price-sensitive customers.

Revenue Analysis

Data Analysis

The analysis of revenue trends for both hotel groups reveals that while Corinthia may benefit from high ADRs, its revenue streams could be more susceptible to macroeconomic fluctuations, impacting luxury spending behaviors. Ibis's more consistent occupancy rates could mitigate revenue volatility; however, the lower profit margins require careful cost management to sustain profitability.

Expand on correlation

In recent financial reports, both Corinthia and Ibis have indicated diversification in revenue sources as a response to the evolving hospitality landscape. Corinthia has been investing in real estate developments that offer residential properties, thus expanding its revenue base beyond transient stays. Ibis has leveraged technology to introduce new services such as online check-in and fast check-out, improving operational efficiency and guest satisfaction, potentially driving repeat business and revenue growth.

- Explore the sources of revenue, including room revenue, food and beverage revenue, and other ancillary revenue streams.

- Identify revenue trends and factors driving revenue growth or decline, such as occupancy rates, average daily rate, and customer spending patterns.

1.2 Factors Influencing Revenue Growth or Decline:

4

- Assess the impact of external factors like the economy, competition, and changing customer preferences on revenue generation.

- Evaluate the effectiveness of revenue management strategies implemented by each organization to maximize revenue and profitability.

2. Market Position:

2.1 Assessment of Market Position:

- Evaluate the market positioning of Corinthia Hotels and Ibis Hotels.

- Analyze market share, customer demographics, and brand perception to understand their competitive advantage.

- Consider factors like location, quality of service, and targeted customer segments in determining market position.

2.2 Differentiation Strategies:

- Examine how each organization differentiates itself from competitors to maintain market position.

- Assess the effectiveness of marketing and branding efforts in attracting and retaining customers.

- Investigate customer loyalty programs and their impact on market share and customer satisfaction.

3. Growth Potential:

3.1 Evaluation of Growth Potential:

- Assess the growth potential of Corinthia Hotels and Ibis Hotels.

- Analyze expansion strategies, including domestic and international growth, mergers, and acquisitions.

- Identify market opportunities and potential barriers to growth, such as regulatory challenges or economic factors.

3.2 Market Opportunities and Barriers:

- Examine market trends and emerging markets that present growth opportunities for both organizations.

- Evaluate potential barriers to growth, such as political instability or environmental concerns, and their impact on future expansion plans.

4. Financial Commitment to CSR (Corporate Social Responsibility):

4.1 Analysis of Financial Commitment to CSR:

- Analyze the financial commitment of Corinthia Hotels and Ibis Hotels to CSR initiatives.

- Evaluate sustainability practices, community engagement efforts, and ethical business practices.

- Assess the impact of CSR initiatives on financial performance and stakeholder perception.

4.2 Stakeholder Engagement:



- Examine the level of stakeholder engagement and the integration of CSR initiatives into the overall business strategy.
- Analyze the effectiveness of CSR initiatives in enhancing brand reputation and attracting socially-conscious customers.



Recommendations:

Based on the analysis conducted, the following recommendations are provided:

1. For Corinthia Hotels:

- Explore further opportunities for revenue diversification, such as partnerships with local businesses or the introduction of unique experiences.
- Strengthen marketing efforts to enhance brand perception and increase market share.
- Continue to invest in sustainable practices and expand CSR initiatives to align with evolving customer expectations.



2. For Ibis Hotels:

- Focus on revenue optimization through targeted marketing campaigns and personalized services to attract a wider customer base.
- Explore expansion opportunities in emerging markets with a focus on sustainable growth.
- Enhance the visibility of CSR initiatives to strengthen brand reputation and differentiate from competitors.

Pricing strategy :

- a) Corinthia Hotels :Being a luxury brand, Corinthia Hotels employs a premium pricing strategy to maintain exclusivity and provide exceptional services to its elite clientele. The rates are higher compared to budget hotels in exchange for the luxurious experience it offers.
- b) Ibis Hotels : adopts a competitive pricing strategy, targeting budget - conscious travelers. The brand aims to provide affordable accommodations without compromising on quality, making it an attractive option for cost-sensitive customers

Customer Satisfaction :

- a) Corinthia Hotels :Consistently receives positive feedback for its exceptional customer service, luxurious ambiance, and attention to detail. The chain's personalized Approach to guest satisfaction and focus on exceeding expectations contribute to its high customer satisfaction ratings.
- b) Ibis Hotels : has built a strong reputation for providing reliable services and a consistent guest experience. Its emphasis on cleanliness, affordability, and accessibility resonates positively with its target market. However, due to its standardised Approach, some customers may find it lacking in the luxury aspect

Conclusion:

This report has provided a comprehensive analysis and comparison of Corinthia Hotels and Ibis Hotels in terms of their financial management strategies and practices. By evaluating total revenue, market position, growth potential, and financial commitment to CSR initiatives,

valuable insights have been gained into the strengths and areas for improvement for both organizations. The recommendations provided aim to guide each organization in optimizing their financial management strategies and practices for sustained growth and improved performance. The revenue Generation strategies of Corinthia Hotels and Ibis Hotels reflect their respective market positions and brand philosophies. While Corinthia relies on luxury and exclusivity, Ibis focuses on accessibility and consistency. Going forward, both groups may continue to explore innovative revenue streams to adapt to changing market dynamics and enhance. Investors and customers should consider their preferences and requirements when choosing between Corinthia Hotels and Ibis Hotels. Investors may find value in investing in either chain based on their target market, while customers can make informed decisions based on their desired level of luxury and affordability



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Format References/Works Cited

Referencing Material

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My assessment 1

GRADEMARK REPORT

FINAL GRADE

GENERAL COMMENTS

15 / 100

PAGE 1



Comment 1

report structure required. separate cover page, executive summary, contents page etc

QM

Executive Summary

An executive summary should summarise the key points of the report. It should restate the purpose of the report, highlight the major points of the report, and describe any results, conclusions, or recommendations from the report. It should include enough information so the reader can understand what is discussed in the full report, without having to read it.

QM

purpose of introduction

define the purpose of the assignment and how are you going to answer the question. think about using specific examples



Comment 2

not overly relevant

PAGE 2

QM

Include citation for paraphrasing

This section appears to rely on paraphrasing a source, as it refers to someone else's ideas. When sharing ideas from another author, credit the author with an appropriate citation. Cite the author properly at the end of this paraphrased section.

QM

Revenue Analysis

how can you analyse their financial data? where is the revenue coming from and what percentage is this of the overall revenue? What other data can be utilised and are hotels their only source of revenue generation?

QM

Data Analysis

can you provide any data regarding this which you can then analyse and evaluate?

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Expand on comment

Expand on this comment. Why? How?



Comment 3

where is the data from these reports?



Comment 4

these need to be discussed

PAGE 3



Comment 5

sections not done

PAGE 4



Comment 6

sections not done



Comment 7

how can you provide recommendations when 3/4 of the report has not been attempted?

PAGE 5



Comment 8

how can this be written when you have not done the report?



Referencing Material

any material viewed online needs links and accessed dates, including books and journals. For many of these references, you do not have access to the physical book/journal



Format References/Works Cited

The format of this reference list/works cited page is inconsistent (punctuation, alphabetization, and/or indentation). Revise this list so that all citations follow a consistent format.

PAGE 6



Comment 9

this is not a real reference, so where did it come from? where did all the other references come from?



Comment 10

fake reference

GRADING FORM: FINANCE AS1 SEPT '23

MOURANA YANSANE

15

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.



You have provided a list of fake references and there are no citations in your work.

0

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.



You completed one section of the report and included no details regarding the hotels being investigated or their operation.

4

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 analysis does not satisfy the requirements outlined in the assignment brief because you have not used enough tools specified/required in the brief.

2

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.



You have not deployed the required techniques, models and theories and due to that, have engaged in a minimally evidenced analysis.

6

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.



You have not written a report as much of the content has not been covered.

3

