

Business Report

by Ratna Begum

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Executive Summary:

This study examines Ibis Hotels and Corinthia Hotels financial performance, market position, growth potential and commitment to corporate social responsibility (CSR) Under the Accor Group, Ibis Hotels has a financial position of €351 million as it is operating profit and €258 millions of positive net profit. Its revenues are diversified, with Ibis Hotels bringing in €2,402 million in 1H 2023, while Corinthia Hotels focuses on luxury accommodation. Both chains target a broad demographic through affordability and reliability, while Corinthia Hotels caters to a niche market that seeks exclusivity and personalized experiences Both chains demonstrate a commitment to of CSR, using sustainable practices, community engagement and ethical sources. However, they face risks associated with economic downturns, market competition and operational challenges. A comprehensive risk management strategy is recommended to mitigate these risks, including constant monitoring of financial controls, maintaining competitiveness, and adapting to changing customer preferences Ibis Hotels should invest in sustainability and Corinthia Hotels should strengthen digital marketing efforts targeting the corporate travel market.

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Introduction:

Ibis Hotels, part of the Accor Group, has a robust financial profile and diverse service offerings, while Corinthia Hotels focuses on exclusivity and personalized experiences. The analysis also explores growth potential and market opportunities for both chains, considering their distinct market positions. It also examines their commitment to CSR practices, highlighting their efforts to contribute positively to the environment, communities, and ethical business practices.

Profitability:

In terms of profitability, Ibis Hotels outperforms Corinthia Hotels. Operating profit of €351 million is significantly higher than Corinthia Hotels' €18.7 million, reflecting better cost control. Additionally, Ibis Hotels reports a positive net profit of €258 million, demonstrating its ability to turn revenue into profit successfully. (IHI-Interim-Financial-Statements, 2023)



Financial analysis of Ibis Hotels and Corinthia Hotels

- Ibis Hotels shows healthy profitability, with operating profit of €351 million, above Corinthia Hotels' €18.7 million.
- Ibis Hotels reports a positive net profit of €258 million, indicating good earnings conversion.
- Ibis Hotels is in sound financial position with total assets, shareholders' equity, and investment.
- Ibis Hotels has shareholders' equity of €5,479 million, indicating good long-term value.



• Ibis Hotels maintains a strong financial position with cash and cash equivalents of €1,539 million, which means it can meet short-term obligations and invest in opportunities. (Issy-les-Moulineaux, 2023)



Total Revenue Analysis: Ibis Hotels vs. Corinthia Hotels

Ibis Hotels: Total Revenue

(1H 2023): €2,402 million (IHI-Interim-Financial-Statements, 2023)

Sources of Revenue:

Room bookings: Ibis Hotels leverages its extensive global hotel network to cater to diverse customer segments to generate significant revenue from room bookings

Food and Beverage Services: By offering a variety of food and beverage options to tourists, Ibis Hotels is increasing revenue through on-site restaurants

Supporting services: These services, which include venues, business centers and loyalty programs, generate additional revenue. (Ravanat, 2019)

Revenue Trends and Growth Drivers:

Global presence: Ibis Hotels' extensive global presence enhances revenues by attracting a diverse clientele from different countries.

Market recognition: A brand's reputation for reliability and affordability increases customer loyalty, leading to further revenue growth.

Integrating technology: Investing in digital channels and online listing systems makes listing easier and increases revenue. (Ravanat, 2019)

2. Corinthia Hotels: Total Revenue

(1H 2022): €238.2million (Anon., 2022)

Sources of Revenue:

Luxury Accommodation: Corinthia Hotels specializes in providing luxury accommodation for affluent guests who require first class facilities and services.

Personalized Restaurant Experience: Corinthia Hotels' luxurious restaurants create luxury and enhance the overall visitor experience.

Meetings and events: Corinthia Hotels can make money by leasing their luxury facilities for private events.

Revenue Trends and Growth Drivers:

Niche market positioning: Corinthia Hotels' revenue is generated through its niche market positioning by attracting affluent individuals with attractive luxury experiences.

Brand Exclusivity: The concept of exclusivity makes the brand more appealing and attracts customers who are ready to spend more for a special stay and luxury.

Luxury services: As the brand caters to a select customer base, continuous investment in luxury services and amenities continues to drive revenue growth. (corinthia-development-presentation-may-2023-compressed, 2018)

Factors Driving Revenue Growth or Decline:

Ibis Hotels:

Growth and Stop Mechanisms:

International expansion: Ibis Hotels' strategy of penetrating new markets and geographic areas contributes to consistent revenue growth.

Brand consistency: Supporting consistent customer service and brand retention builds trust and enhances repeat business.

Diversity: The diversity of accommodation and services attracts a wide range of customers, generating revenue from multiple sources.

Problems:

Competitive Market: Intense competition in the budget and midstream segments may affect pricing strategies and overall revenue growth.

Economic Sensitivity: In an interconnected global marketplace, economic downturns and volatility may affect travel habits, potentially impacting Ibis Hotels' revenue

Corinthia Hotels:

Growth and Stop Mechanisms:

Luxury brand: With its focus on exclusivity and luxury, Corinthia Hotels attracts high-end customers and boosts revenues.

Premium Events: Increase revenue by hosting private events and events using the brand's rich locations.

Market Placement: The strategy of positioning in high-end markets and high-demand areas facilitates higher returns.

Problems:

Economies of scale: The luxury market is vulnerable to changes in the economy, which can affect the ability of high-end consumers to afford high-end accommodations.

Limited market share: Operating in a relatively small market may affect the ability to achieve revenue growth, limiting overall market share.

Market Position

Ibis Hotels and Corinthia Hotels are two leading global hotel chains catering to a diverse clientele. Ibis Hotels has a large market share, especially in the budget and mid-range segments, due to its extensive portfolio of hotels. Its strength comes from its broad market share, which attracts a variety of customers seeking affordable and reliable accommodation. In contrast, Corinthia Hotels targets a niche market, emphasizing luxury and exclusivity, targeting a specific segment of high-end travelers. (Cheng, 2020)



Ibis Hotels targets a broad demographic of customers, including budget travelers, families, and professionals, thanks to its affordability and reliability and its brand is perceived as a trustworthy brand regularly, known for providing value for money. Its global presence and bespoke service offerings contribute to a positive brand perception among passengers.



Corinthia Hotels, on the other hand, targets an affluent and discerning consumer demographic, offering tailor-made experiences for luxury travelers and enhancing its reputation with unique features, attracting customers who seek quality accommodation beautiful and unique.

Brand perception plays a significant role in market positioning. Positive perceptions of Ibis Hotels stem from reliability and affordability, appealing to a wide audience. Corinthia Hotels, on the other hand, positions itself as a luxury brand that emphasizes exclusivity and personalized experiences for highly discerning customers. Understanding this market is particularly important in developing marketing strategies, services and experiences meet their respective unique customer expectations (group.accor.com/-/media/Corporate/Hotel-development/PD, 2020)

Growth Potential:

Ibis Hotels and Corinthia Hotels have unique growth potential with their market positioning, expansion plans, and responsiveness to market opportunities and constraints. Ibis Hotels can expand its market reach through its global presence, customer segments and on the implementation of sustainable practices. It can explore brand diversity and digital innovation to meet changing consumer preferences.

Market Opportunities:

An emerging market with a growing middle class presents a huge growth opportunity for Ibis Hotels. Services and products designed to meet the needs of business travelers can capture the corporate travel market share. Sustainable tourism is the kind of travel that meets growing environmental demands and attracts eco-friendly travelers. (Gutierrez, 2024)

Barriers to progress:

Stiff competition in the budget and mid-range hotel segment requires maintaining differentiation pricing strategies. Economic sentiments during uncertain economic times can pose challenges for Ibis Hotels.

Corinthia Hotels may consider expanding its luxury portfolio by opening new properties in prestigious locations, targeting high-end markets, and entering strategic partnerships with luxury brands. Differentiation through unique and personalized experiences, including wellness and spa services, can help drive growth in the luxury segment.

Wealthy travelers and affluent travelers provide growth opportunities for Corinthia hotels in a luxury market, where demand for luxury experiences is high. Holding exclusive conferences and events can help drive revenue above and Corinthia hotels have been established as a desirable venue for high-end events. The increased digital presence of Corinthia Hotels can expand its global reach and appeal to a wider audience.

Financial Commitment to CSR (Corporate Social Responsibility):

Ibis Hotels, part of the Accor Group, has demonstrated a strong commitment to Corporate Social Responsibility (CSR) policy. Demonstrating their commitment to environmentally friendly practices in terms of energy and water consumption, waste management and environmentally friendly operations, they have earned the Green Key certificate. Ibis Hotels also invests in energy efficient technologies such as LED lighting and smart building systems to Reduce environmental footprint. They also support the Accor Solidarity Foundation which supports projects aimed at helping vulnerable people around the world. They also interact with the community, support local businesses, acquire resources, and participate in community events. Ibis Hotels adheres to the Accor Code of Conduct which reflects the Group's commitment to integrity, transparency, and operational responsibility. They also impose ethical standards on suppliers, ensuring consistency with responsible business practices, ethical sources, and adherence to labor and human rights standards. (Anon., 2020)

The Corinthia Hotel Group is a leading company in prioritizing Corporate Social Responsibility (CSR) initiatives. Several CSR initiatives have been implemented including Earth-Check certification, waste reduction programs and community engagement. They also support the Corinthia Charity Foundation which supports a variety of charitable causes around the world, focusing on health, education, and social welfare. The hotel group also creates employment opportunities for local people, contributing to local economic growth. They also prioritize ethical sourcing, ensuring that suppliers adhere to sustainable practices. In addition, employee well-being is given priority, focusing on fair employee practices, employee development and positive working conditions. These policies demonstrate the hotel group's commitment to quality operations. (OVERVIEW OF OUR RECENT CSR ACTIVITIES, 2021)

Risk Management:

Both Ibis Hotels and Corinthia Hotels are known for their strong investment efforts and commitment to Corporate Social Responsibility (CSR). However, they face potential risks associated with their operations. Ibis Hotels is vulnerable to economic downturns due to its reliance on global travel and tourism, while Corinthia Hotels faces challenges in maintaining differentiation and pricing strategy due to intense competition in the budget and center hotel sections in therefore Sustainability is emphasized.

Corinthia Hotels operating in luxury markets may face challenges related to currency adjustment, as high-end customers may be more sensitive to recession Corinthia Hotels' small market share could constrain its revenues if are obtained limited in comparison to larger chains. Demand for high-quality travel and accommodation could be affected by global economic developments, and operational risks such as poor service quality or poor customer experiences could significantly affect their reputation. (IHI-Interim-Financial-Statements, 2023)

In order to mitigate these risks, both Ibis Hotels and Corinthia Hotels should assess and mitigate these risks through a comprehensive risk management strategy that includes constant monitoring of economic growth, remaining competitive including manufacturing, maintaining high performance standards, and adapting to changing customer preferences. (Issy-les-Moulineaux, 2023)

Conclusion:

Analysis of Ibis Hotels and Corinthia Hotels highlights their unique market position, financial performance, growth potential and commitment to Corporate Social Responsibility (CSR) Accor Group division Ibis Hotels has a large market share in various finance and mid-market segments, period a Corinthia Hotels only and focused on personalized luxury experiences Both chains identified growth opportunities and market challenges, with Ibis Hotels implementing sustainable tourism and Corinthia Hotels exploring new luxury properties and digital expansion but facing risks as it is associated with a slow economy, competitive markets and operational challenges. Both chains have strong CSR commitments, including sustainable practices, community

engagement, ethical development, and employee well-being. A comprehensive risk management strategy should be used to manage potential risks, including constantly monitoring economic conditions and adjusting for changing customer preferences

Recommendation:

Both Ibis Hotels and Corinthia Hotels are focusing on sustainable practices to enhance their brand image and attract eco-conscious travelers.

- Ibis Hotels has demonstrated a strong commitment to sustainability through its Green-Key certification and investment in energy-efficient technologies. Brands should explore renewable energy, reduce single-use plastics, and implement green initiatives in daily operations to further strengthen their position.
- Corinthia Hotels can participate in the corporate travel market by offering specific products and services for business traveler, such as business-friendly offices, easy booking, exclusive corporate pricing this strategy is the quality namely that business travel and Ibis Hotels rising for businesses demanding reliability and convenience meet accommodation to position it as a preferred option.
- Ibis Hotels needs to invest heavily in digital innovations to enhance the overall guest experience, such as contactless check-in, smart room control, personalized digital concierge services and customer satisfaction by leading technological advancements and brand aware travelers on meeting technical needs Can be effective.
- Corinthia Hotels must create its luxurious experiences, which include curated packages for dedicated events, exclusive partnerships with top brands and exclusive themed events held at the hotel and promote it intensify strategic digital marketing campaigns to extend its global reach and appeal to a wider audience.

- Finally, Corinthia Hotels should prioritize staff training for personalized service, especially in areas such as customer service and anticipating guest needs. A well-trained and motivated staff goes a long way to guest satisfaction and positive impressions.

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Business Report

GRADEMARK REPORT

FINAL GRADE

GENERAL COMMENTS

41 /100

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Comment 1

the statement made a direct comparison without considering the scale and nature of operations between Ibis and Corinthia Hotels. A more critical analysis would have been involved discussing potential differences in business models, target markets, and service offerings that might impact the operating profit and cost structures differently.



Comment 2

The statement lacks context on the timeframe and circumstances surrounding the reported net profit. A more critical analysis would have been involved discussing the factors contributing to net profit, such as revenue sources, cost structures, and potential one-time gains or losses.



Comment 3

the statement repeats the earlier comparison without delving into the specific factors contributing to Ibis Hotels' higher operating profit.



Comment 4

he statement emphasised positive net profit without providing benchmarks or industry averages for comparison

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Comment 5

The statement emphasises the strong financial position without discussing potential liquidity risks or market uncertainties.

PAGE 5



Comment 6

The statement lacks specific details on how Corinthia Hotels defines its niche market, and it assumes that attracting affluent individuals is the sole contributor to revenue.



Comment 7

The statement assumes that exclusivity automatically makes the brand more appealing without considering potential drawbacks, such as limiting the customer base or creating a perception of elitism. A more critical analysis would have been involved discussing potential trade-offs in brand exclusivity, considering the broader market trends, and evaluating the long-term impact on customer loyalty.

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Comment 8

The statement lacks specific examples or data to support the claim of strength coming from a broad market share. A more critical analysis would have been involve discussing potential limitations in targeting a broad market, considering customer preferences, and evaluating the sustainability of the claimed strength.



Comment 9

The statement emphasises positive attributes without providing specific data on customer demographics or brand perception.



Comment 10

The statement highlights positive aspects without considering potential negative perceptions or challenges faced by Ibis Hotels.

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Comment 11

The statement mentions achievements without providing context on the industry benchmarks or the significance of the Green Key certificate. A more critical analysis would have been involved discussing potential challenges in maintaining environmental standards, evaluating the effectiveness of energy-efficient technologies, and providing specific metrics on the reduction of the environmental footprint.



Comment 12

The statement lacks specific examples or metrics to measure the impact of Ibis Hotels' interactions with the community. A more critical analysis would have been involved discussing the long-term sustainability of community support, evaluating the direct benefits to local businesses, and providing specific data on the resources acquired and utilised.

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Comment 13

Did you double check the reference

GRADING FORM: FINANCE AS1 SEPT '23

RATNA BEGUM

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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 academic sources in this assignment could have been more diverse to enrich the discussion. Evaluating perspectives from various sources and critically analysing their viewpoints would have strengthened the literature review. Additionally, a deeper exploration of relevant literature could have provided a stronger foundation for the arguments by integrating diverse ideas more comprehensively.

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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.



While the demonstration of knowledge was adequate, a more profound understanding could have been achieved by delving deeper into core concepts. Exploring nuanced aspects and offering examples to showcase a more comprehensive

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grasp of the topics discussed would have added depth to the arguments.

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 exhibited cognitive skills were satisfactory; however, enhancing critical analysis and synthesis of information would have added more depth to the discussion. Encouraging a deeper exploration of alternative perspectives and presenting thoughts with greater clarity could have elevated the overall insightfulness of the assignment.

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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.



The incorporation of specific recommendations for Corinthia Hotels and Ibis Hotels reflects practical thinking. Expanding on the feasibility and potential challenges in implementing these practices would showcase a more practical approach to problem-solving.

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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.



he ability to identify and suggest transferable skills such as community involvement and technological innovation for both hotels demonstrates a broader perspective. Highlighting how these skills can contribute to long-term success and adaptability in the dynamic hospitality industry would strengthen the transferable skills aspect.

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