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Management for the Hotel Industry**

**Business Report - Comparison of Two
Hospitality Organisations Shangri La and
Travelodge**

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Introduction

In modern world of business, financials show the key factors that will aid the overall growth of the company. For this reason, financial statement analysis is critical to know the overall capacity of the company how it can rearrange its capital and move forward by enhancing the quality of the current scenario in the market. The proper way of doing business is to make sure the CSR and other activities are aligned with the company in various scale which will foster growth as well as long term revenue earning for the company in various scale (Yu, 2008). This business report will focus on various aspects of business from the term of financial analysis in revenue growth as well as others to know two big hotel chains Shangri La and Travelodge on how they achieve such quality in the work by using proper methods to enhance the quality of the work. This report will lastly summarize on how to enhance the experience from these hotels to improve the overall quality of the work which will aid the overall growth and foster free cash flow for the companies. This business report will concisely focus on the prospect on how to analyse, improve and recommend for a company.

Financial Analysis on Revenue of Shangri La

The Shangri La hotel is a global chain which is focused on different sources which will focus on the fact that the total revenue of the company will be earned through this. For this reason, they show consolidated revenue earning. So, if we look at the consolidated earning we will get following result:

	2023 USD Million	2022 USD Million	2023/22 % Change
Consolidated Revenue	2,141.8	1,462.1	46.5%
Effective share of revenue of the Company, subsidiaries and associates ^(Note 1)	2,769.2	1,915.4	44.6%
EBITDA ^(Note 2) of the Company and its subsidiaries	522.2	174.4	199.4%
Effective share of EBITDA ^(Note 2) of the Company, subsidiaries and associates	873.6	441.6	97.8%
Profit/(loss) attributable to owners of the Company			
- Operating items	129.0	(161.6)	N/M
- Non-operating items	55.1	3.1	1,677.4%
Total	184.1	(158.5)	N/M
Earnings/(loss) per share (US cents per share)	5.17	(4.44)	N/M
Net assets attributable to owners of the Company	5,222.4	5,254.0	-0.6%
Net assets per share attributable to owners of the Company (USD)	1.47	1.47	0.0%

(N/M: Not meaningful)

Figure 1: Financial Highlights of Shangri La Hotel (Annual Report, 2023 Shangri La Hotel)

1. The consolidated revenue is on the rising position. The revenue increased from 1462.1 million USD to 2141.8 million USD from the year 2022 to 2023. This has attained staggering 46.5% revenue increase which is substantial amount.
2. The effective share of the company is also on the rise. It shows the EPS is also on the rise as per demand. The effective share of revenue increased from 1951.4 million USD to 2769.2 million USD.
3. The total profit increase from a loss of 158.5 million USD to 184.1 million USD which is around 342.2 million USD.
4. It reflected the overall cash followed the trend too. It has increased significantly.
5. Though there is no share dilution as the net asset per share stayed the same.

	Year ended 31 December				
	2023	2022	2021	2020	2019
Results	USD'000	USD'000	USD'000	USD'000	USD'000
Profit/(Loss) attributable to:					
Owners of the Company	184,139	(158,519)	(290,575)	(460,161)	152,485
Non-controlling interests	17,537	(28,933)	(53,844)	(50,423)	17,235

	As at 31 December				
	2023	2022	2021	2020	2019
Assets and liabilities	USD'000	USD'000	USD'000	USD'000	USD'000
Total assets	12,862,586	12,633,506	13,474,267	14,008,158	13,722,073
Total liabilities	7,394,543	7,208,991	7,424,403	7,693,411	7,218,040
Total equity	5,468,043	5,424,515	6,049,864	6,314,747	6,504,033

Figure 02: Five Year Summary of Shangri La (Source: Annual Report of Shangri La,2023)

Financial Analysis on Revenue of Travelodge

The financial revenue of Travelodge has some insights about the company. Though there are several point we need to know that, it is not like Shangri La Hotel which will signifies the overall growth in the long turn.

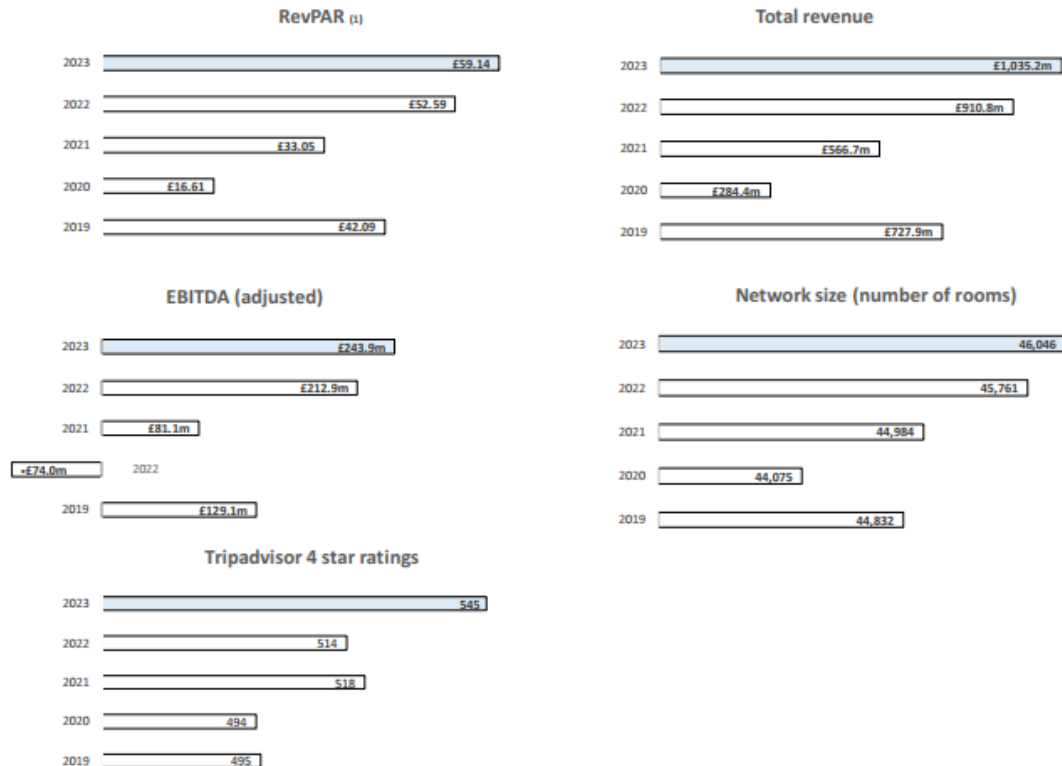


Figure 3: Financial Outlooks of Travelodge Hotel (Source: Annual Report, 2023 Travelodge)

1. The RevPAR has significantly higher than the previous year. It is increased from 52.69 million GBP per year to 59.14 million GBP per year.
2. The total revenue is also increased from 910.8 million GBP to 1035.2 million GBP. The total revenue was significantly growth compare to the previous year. But it is not as staggering growth as the Shangri La.
3. The adjusted EBITDA also increased from 212.9 million GBP to 243.9 million GBP which is quite minimalist growth in the market.
4. There is not big investment as the room quantities did not improved compare to before.

Market Position of Shanri La Hotel and Travelodge Hotel

Market Share

There is a disparity in the market shares of Shangri-La and Travelodge Hotels in the United Kingdom (Zhao & He, 2008). Despite Shangri-La's reputation for high-end accommodations and services, Travelodge may yet have a larger portion of the market. A select number of Shangri-La hotels may be found in the United Kingdom, serving as havens for the well-heeled and corporate elite. The extensive UK property network of budget option Travelodge gives it a larger market share. Because of its extensive network of hotels in urban, suburban, and wayside locations, Travelodge has been able to increase its share of the UK hospitality market and attract more budget-conscious tourists, families, and individuals looking for affordable accommodations (Wu, 2021). While catering to distinct customer bases, both companies assist vacationers with meeting their specific accommodation needs.

Customer Demographics

Because of their respective positions in the hospitality industry, Shangri-La and Travelodge Hotels in the United Kingdom cater to a wide variety of customers. Shangri-La is a popular choice among business executives and affluent vacationers because to its opulent rooms and attentive staff (Universities, 2014). People with disposable wealth, business travellers, and luxury tourists often visit this establishment because of its opulent amenities and well-known brand. People looking for affordable hotels, including families, tourists, and budget-conscious travellers, are what Travelodge is all about. The value-driven amenities and accessibility offered by

Travelodge appeal to customers with a wide range of income levels and travel preferences (Tarrant, 2018). Shangri-La caters to affluent clients with its sumptuous services and experiences, whereas Travelodge provides affordable, functional lodgings to a diverse range of UK tourists.

Brand Perception

In the United Kingdom, guests have distinct impressions of Shangri-La and Travelodge. Luxury, elegance, and exclusivity are highly prized by wealthy visitors and corporate leaders, who often choose Shangri-La as their destination. Shangri-La is known for its exquisite accommodations and impeccable service, which attracts discerning visitors who develop a strong affinity for the brand. But if you're a frugal visitor looking for a quality accommodation at a reasonable price, Travelodge is a reliable and practical option (Slivar et al, 2017). Because to its convenient location, consistent service, and reliability, Travelodge draws a diverse group of budget-conscious travellers. Two major UK hotel chains, Shangri-La and Travelodge, cater to distinct types of tourists with distinct names and offerings.

Growth Potential

Strategy About Expansion

The growth of Shangri-La and Travelodge hotels in the United Kingdom is closely tied to the respective identities and demographics of both hotel chains. Shangri-La, a luxury hotel and service brand, grows in a deliberate and selected manner. The creation of high-end real estate in prestigious global markets in well-known cities and locales is its main priority (Page & Connell, 2020). In order to attract affluent tourists and corporate executives looking for first-rate experiences, Shangri-La's expansion strategy places an emphasis on quality rather than quantity. As part of its more aggressive expansion strategy, Travelodge taps into a variety of regions in the United Kingdom by offering affordable rates. To cater to budget-conscious tourists seeking high-quality accommodations at affordable rates, Travelodge establishes locations in urban centres, suburbs, and along highways (Liu, 2020). With an emphasis on cost and accessibility, Travelodge has been able to increase its share of the UK hospitality industry and meet the varying needs of its large customer base (Litteljohn, 2012). Shangri-La sticks to its high-end niche while Travelodge goes all out, showing how the

two brands in the UK hotel industry target distinct populations and have different brand positions.

Strategy About Expansion

Brand positioning & target demographics determine the market possibilities of Shangri-La and Travelodge, two UK hospitality brands (Klaythong, 2011). Shangri-La has a chance to capitalise on the growing demand for its world-class hotels and services among affluent vacationers and business professionals. The opulence and seclusion of Shangri-La allow it to tap into affluent vacation spots in the United Kingdom and other wealthy global markets. Shangri-La can stand out in the premium market by providing its wealthy customers with exclusive deals, tailored service, and unforgettable experiences (Johnson & Vanetti, 2008). On the other hand, Travelodge caters to budget and mid-range tourists in the UK, where opportunities to fulfil their unique needs abound. By entering new markets in urban, suburban, or roadside areas, Travelodge may take advantage of the rising need for affordable lodging. Travelodge may be able to streamline operations, provide better customer experiences, and maintain its competitive edge in the budget hotel market with the use of technology and innovation (Jeng et al, 2022). While Shangri-La targets high-end consumers with its premium products and bespoke services, Travelodge may take advantage of the growing demand for budget hotels by increasing its footprint and enhancing its value offers in a variety of UK cities.

Corporate Social Responsibility through Financial Commitment

The varying sums paid by Shangri-La and Travelodge Hotels for CSR initiatives reflect the brand values, ambitions, and resources of each hotel chain. The luxury hotel chain Shangri-La places a strong emphasis on corporate social responsibility (CSR) initiatives that foster environmental consciousness, civic engagement, and moral enterprise (Guix et al, 2020). This investment allows Shangri-La to implement activities that promote employee welfare, community development, and environmental conservation throughout its global hotel network. In an effort to attract socially conscious customers and further its reputation as a responsible luxury brand, Shangri-La has launched a number of corporate social responsibility (CSR) initiatives (Erbakanova, 2016).

The financial constraints and cost-effectiveness of the inexpensive hotel company Travelodge may cause them to reduce their CSR spending (Chibili, 2019). Despite a potentially smaller financial investment than Shangri-La, Travelodge may take part in CSR initiatives including community partnerships and environmental sustainability. While being competitive in the cheap hotel business and prioritising client benefits or operational efficiency, Travelodge's CSR endeavours aim to keep costs low.

Reflecting their respective brand identities and market sectors in the UK hotel business, Shangri-La and Travelodge both place a high importance on corporate social responsibility (CSR) (Benhadda et al, 2016). However, Shangri-La is able to make a higher financial commitment to CSR projects due to its premium positioning and stronger financial resources.

Recommendations

Shangri La Hotel

1. Shangri-La offers a wide range of financial solutions to encourage better results.
2. To start, optimising cost structures and increasing profitability may be achieved via efficient operations and procurement (Bailey, 2007).
3. Secondly, it may increase revenue by looking into expanding markets or by offering a wider range of items to draw in more customers.
4. Technology has the potential to streamline operations, enhance visitor experiences, and increase efficiency while decreasing expenditures.
5. Sustainability initiatives save operating expenses in the long run and align with CSR goals.
6. Lastly, increasing market share might be achieved via strategic partnerships or mergers.
7. Taking these measures would help Shangri-La strengthen its finances and maintain profitability in the cutthroat hotel industry.

Travelodge Hotels

1. A variety of monetary options are available to the Travelodge Hotel to enhance performance.

2. Improving earnings could be as simple as optimising revenue management to boost hotel occupancy and ADRs (Audit et al, 2008).
3. Secondly, it may be cost-effective and provide better service to guests to use online booking and automated check-in systems.
4. Adding facilities or services, or entering a high-demand industry, could also increase clientele.
5. Potentially increasing earnings are strategies for cutting costs, such as optimising procurement and increasing energy efficiency.
6. Increased income and recurring business could be the result of happier customers and more satisfied site visitors.
7. Using these strategies, Travelodge Hotel may be able to boost its bottom line and grow sustainably in the cutthroat hospitality industry.

Conclusion

The financials of a firm are a representation of the most important variables that will contribute to the overall development of the business in the current world. Because of this, it is essential to conduct an analysis of the business's financial statements in order to get an understanding of the overall capacity of the firm, as well as the ways in which it may reorganise its capital and go ahead by improving the quality of the existing situation in the market. Making sure that the corporate social responsibility (CSR) and other activities are aligned with the firm on a variety of scales is the correct method to do business. This will not only encourage development but will also result in long-term income generating for the company on a variety of scales. The purpose of this business report was to concentrate on a variety of elements of company, including financial analysis, revenue development, and other aspects. Additionally, the study had investigated two major hotel chains, Shangri-La and Travelodge, to learn how they attain such high levels of quality in their work by using appropriate strategies to improve the quality of their work. Finally, this study has included a summary of the ways in which these hotels may improve their customers' experiences in order to boost the overall quality of their work, which will both contribute to the general development of the company and encourage free cash flow. This business report has concentrated on the potential of how to assess, enhance, and suggest products and services for a firm in a condensed manner.

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