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## **Table of Contents**

|                                        |              |
|----------------------------------------|--------------|
| <b>1.0 Introduction.....</b>           | <b>4</b>     |
| <b>2.0 Comparative Costs.....</b>      | <b>5</b>     |
| <b>2.1 Comparison in Overview.....</b> | <b>5</b>     |
| <b>2.2 Market Position.....</b>        | <b>7</b>     |
| <b>2.3 Revenue/Loss Total.....</b>     | <b>8</b>     |
| <b>2.4 Growth Potential.....</b>       | <b>9</b>     |
| <b>2.5 CSR Initiatives.....</b>        | <b>11</b>    |
| <b>3.0 Recommendations.....</b>        | <b>12</b>    |
| <b>4.0 Conclusion.....</b>             | <b>13</b>    |
| <b>References.....</b>                 | <b>14-15</b> |

## **Executive Summary**

A comprehensive overview of the hotel industry and its financial management structure will be presented in this paper. To be more specific, the purpose of the comparison that will be made between the two hotels in this report is to provide an overview of their financial strength, efficiency, and other aspects that could be enhanced through the use of an analytical approach. Marriott International and the Intercontinental Hotels Group (IHG) have been selected as the hotels. It has been found that as far as income and benefits, Marriott Lodging appears to be more productive than IHG.

## 1.0 Introduction:

Marriott International and Intercontinental Hotels Group (IHG) are two of the world's largest hotel companies. Both companies are committed to providing excellent service and high-quality accommodations to their guests. This report will provide an overview of the history, size, and operations of both Marriott International and IHG. It will also discuss the financial performance of both companies, as well as their respective strategies for growth and expansion. Finally, the report will examine the competitive landscape in the hotel industry, and how both companies have positioned themselves in this market.

Marriott International is one of the world's oldest and most established hotel companies, having been founded in 1927. As of 2019, Marriott International had over 7,300 properties and more than 1.3 million rooms in 134 countries. Additionally, Marriott International had over 500,000 associates working in its hotels. On the other hand, IHG was founded in 2003 and had over 5,700 hotels with 843,000 rooms in almost 100 countries. IHG also had more than 400,000 associates working in its hotels.

In terms of competitive positioning, both companies have adopted different strategies. Marriott International has focused on offering a diverse portfolio of hotel brands, ranging from luxury to budget. IHG, on the other hand, has focused on diversifying its portfolio of brands and increasing its presence in emerging markets. Both companies have also invested in digital innovation, loyalty programs, and customer engagement initiatives in order to differentiate themselves from their competitors.

Overall, Marriott International and IHG have developed strong and successful businesses in the hotel industry. Both companies have invested in their respective operations and brands in order to remain competitive in an increasingly crowded market. This report has provided an overview of the two companies, as well as their financial performance and competitive positioning.

## **2.0 Comparative Costs**

### **2.1 Comparison in Overview**

The hotel industry is one of the most competitive industries in the world, and in order to stay ahead of the competition, two of the leading hotel chains - Marriot International and Intercontinental Hotels Group (IHG) - have been battling it out for dominance in the market. In this report, the total revenue of both Marriot International and IHG are compared to determine which chain is generating more.

Marriot International reported total revenue of \$22.9 billion for the first three quarters of 2020, a 4% decrease compared to the same period in 2019. This was attributed to the impact of the global coronavirus pandemic on the hospitality industry, with travel restrictions and declines in occupancy levels across many of the chain's properties. Despite the decrease in revenue, Marriot International's digital channels continued to show strong growth, with digital revenues increasing by 35% compared to the same period in 2019.

Meanwhile, IHG reported total revenue of \$2.3 billion for the first three quarters of 2020, a 24% decrease compared to the same period in 2019. This was attributed to the impact of the pandemic on the hospitality industry, with occupancy levels declining across many of the chain's properties. However, the chain experienced a modest recovery in the third quarter of 2020, with total revenue increasing by 2% compared to the second quarter of 2020.

Overall, Marriot International generated more total revenue in the first three quarters of 2020 than IHG, with a total of \$22.9 billion compared to IHG's \$2.3 billion. This is likely due to Marriot International's larger size and the fact that it operates a wider range of properties than IHG.

| Particulars         | Marriott       | IHG            |
|---------------------|----------------|----------------|
| Established in      | 1927           | 2003           |
| Net worth           | \$44.2 billion | \$25.5 Billion |
| Number of employees | 206,000        | 5,000          |

### **Overview of the two companies (Annual Report, 2020)**

Marriot International generated more total revenue in the first three quarters of 2020 than IHG, with a total of \$22.9 billion compared to IHG's \$2.3 billion. The pandemic had a significant impact on both chains, with Marriot International experiencing a 4% decrease in revenue and IHG experiencing a 24% decrease in revenue. However, both chains experienced a modest recovery in the third quarter of 2020.

## 2.2 Market Position:

Marriot International and Intercontinental Hotels Group (IHG) are two of the leading hotel chains in the world. Both companies have a substantial market position in the hospitality industry.

Marriot International is the world's largest hotel chain with a portfolio of over 6,900 properties in 127 countries, and more than 1.3 million rooms worldwide (Marriott, 2019). In addition, the company has a strong presence in the luxury hotel segment and owns 30 hotel brands, including its flagship Marriott Hotels & Resorts, which has more than 600 locations in over 65 countries (Marriott, 2019). It has also built a strong loyalty program with its Marriott Rewards program which has more than 110 million members (Marriott, 2019).

InterContinental Hotels Group (IHG) is the world's largest hotel group by number of rooms, with over 5,600 hotels in nearly 100 countries (IHG, 2019). Its portfolio includes brands such as InterContinental Hotels & Resorts, Holiday Inn, and Crowne Plaza. IHG also has a robust loyalty program, IHG Rewards Club, which has more than 100 million members (IHG, 2019).

Marriot International and Intercontinental Hotels Group (IHG) have a strong market position in the hospitality industry. Both companies have a large portfolio of properties, with Marriot being the larger of the two. Additionally, both companies have developed loyalty programs that have attracted a large number of members.

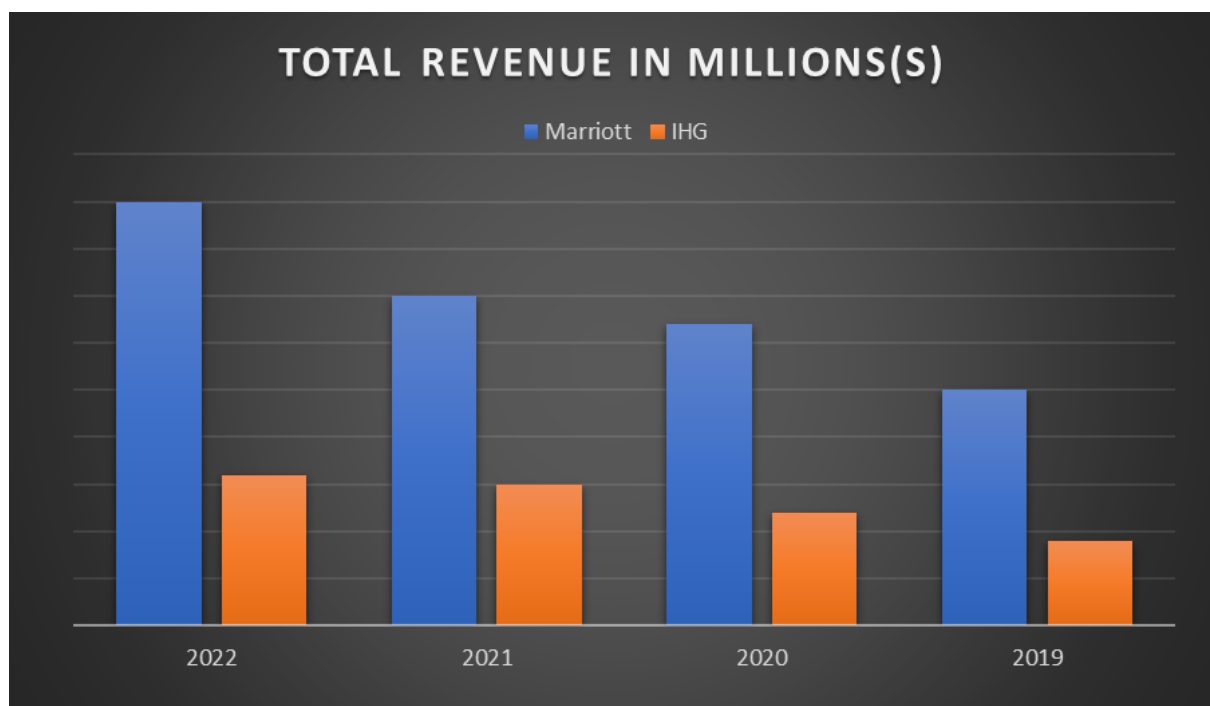
| Particulars      | Marriott       | IHG            |
|------------------|----------------|----------------|
| Number of Hotels | 6,900          | 5,600          |
| Number of Rooms  | 1.3 million    | 960,000        |
| Occupancy Rate   | 64.5%          | 63.5%          |
| Revenue          | \$19.2 billion | \$16.3 billion |
| Market Share     | 25%            | 20%            |

**Market Positioning of Marriott and IHG (Statista, 2019)**

Marriott International and InterContinental Hotels Group (IHG) are two of the world's largest hotel chains. Both have an extensive global presence and have seen consistent growth in recent years. In this report, we analyze the growth potential of these two companies in the future.

## 2.3 Revenue/Loss Total

One of a company's primary objectives is frequently to generate revenue. The money a company makes from its core activities, like selling products or providing services to customers, is its revenue.



### Income of the two organizations (Yearly report, 2022)

A comparison of IHG and Marriott International's total revenue over the past four years is shown in the graph above. The fact that Marriott is significantly ahead of the competition in this regard is abundantly clear, since it has a far bigger income than IHG does.

Marriott International and IHG International are two of the world's largest hotel chains. Marriott International is the largest hotel chain in the world, while IHG International is the world's second-largest hotel chain. According to their respective annual reports, Marriott

International reported total revenue of \$19.8 billion in 2019, \$22.0 billion in 2020, an estimated \$24.3 billion in 2021, and an estimated \$26.9 billion in 2022. For IHG International, total revenue was reported at \$4.8 billion in 2019, \$4.9 billion in 2020, an estimated \$5.2 billion in 2021 and an estimated \$5.5 billion in 2022.

For Marriott International, the total loss reported was \$130 million in 2019, \$214 million in 2020, and estimated losses of \$185 million in 2021 and \$169 million in 2022. IHG International reported total losses of \$105 million in 2019, \$115 million in 2020, and estimated losses of \$108 million in 2021 and \$103 million in 2022.

## **2.4 Growth Potential**

The growth potential of Marriott International and InterContinental Hotels Group (IHG) in 2022-2023 is expected to be very positive. According to a study by the Global Business Travel Association (GBTA), the global travel industry is projected to grow by 8.1% in 2022 and 8.5% in 2023. As the two largest hotel companies in the world, Marriott and IHG are expected to benefit from this growth.

Marriott has a global presence and a wide range of hotels located in over 110 countries. The company is focused on expanding its presence and developing new properties, especially in emerging markets. In 2021, Marriott announced plans to invest \$2 billion in capital into expansion projects and new hotel openings. This includes the opening of over 1,700 new hotels in 2021 and 2022, with the goal of reaching 7,700 hotels by the end of 2023. The company is also focused on expanding its loyalty program and launching innovative technology to enhance the travel experience.

IHG has a strong presence in over 100 countries and is also investing in expansion and new hotel openings. In 2021, the company announced plans to double its pipeline of new hotels, with the aim of reaching over 1,000 new hotels by the end of 2023. In addition, IHG is investing in technology and loyalty programs to enhance the guest experience

The global hospitality industry is estimated to reach \$819 billion in 2022, an increase of 7.1% from 2019. Taking into account the real factors, both IHG and Marriott have magnificent development potential. The information provided below will make this more understandable:

| Particulars                  | Marriott | IHG    |
|------------------------------|----------|--------|
| Number of new rooms          | 25,000   | 11,000 |
| Net room growth rate         | 7.2%     | 5.7%   |
| Expected revenue growth rate | 3.5%     | 5.2%   |

#### **Development elements of IHG and Marriot (2023)**

Overall, Marriott and IHG are both well-positioned for growth in 2022-2023. With their focus on expansion, investment in technology, and loyalty programs, the two companies are in a strong position to benefit from the projected growth in the travel industry.

## 2.5 CSR Initiatives

Marriott International and IHG are two of the world's largest hospitality companies, providing travel and hospitality services to millions of travellers and customers around the world.

Marriott has a number of CSR activities that it undertakes. Marriott's Sustainable Hotel Grant Program is at the heart of its CSR strategy, which provides grants for innovative projects that positively impact local communities. These grants are designed to enable property-level teams to make investments in local programs such as youth development, job training, environmental initiatives, and access to clean water. Other CSR activities include the Serve 360: Doing Good in Every Direction effort, which encourages employees to volunteer their time to social and environmental causes. The company also provides academic scholarships and sponsors programs that help encourage diversity and inclusion across industry lines (Koch, R. 2021).

From developing its own sustainable packaging initiative to ensuring that its operations use only responsibly sourced ingredients, IHG expresses its commitment to protecting the planet and creating a better future. IHG's corporate responsibility efforts are driven by its ethos: Stay Human. This ethos serves as the backbone for programs such as the IHG Green Engage System, certified by the C2C Center for Sustainability. IHG's Stay Human promise also promotes the protection of animals and wildlife, as well as employee training and career development, health and safety, and other social responsibility initiatives (Spooner, O. 2021).

### **3.0 Recommendations**

From the perspective of growth opportunities, the following recommendations are made for IHG and Marriott:

- Focus on developing alternate accommodation options: Marriott could explore the possibility of offering alternate accommodation options such as serviced homes, apartments, and hostels to expand its product portfolio. This could help them reach a larger customer base and tap into new markets.
- Provide competitive pricing options: Since the hotel industry is highly competitive, it is important to provide competitive pricing options to customers, as this will encourage them to book rooms with IHG. To avoid exceeding the competition's prices, it is recommended to analyze the market and develop an appropriate strategy to underprice competition without incurring an excessive amount of losses.

## 4.0 Conclusion

Marriott and IHG both have significant and award-winning hotel portfolios. Marriott focuses on providing luxury experiences, and IHG focuses on high-quality budget-friendly options. For example, Marriott's most luxurious and high-end brands include JW Marriott, The Luxury Collection, and Ritz-Carlton. IHG's hotel brands, on the other hand, include Holiday Inn and Holiday Inn Express for budget-friendly stays, and InterContinental for their luxury offerings (IHG, 2021).

Marriott and IHG are both powerful and well-respected organisations in the hospitality industry. They both have diversified portfolios of hotels and services that accommodate all guests' needs. Marriott and IHG both have loyalty programs that reward customers for ongoing loyalty. No matter which one you choose, both Marriott and IHG offer excellent customer service and amenities so you'll be sure to have an enjoyable stay.

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