

INTERNATIONAL HOTEL MANAGEMENT
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Standard business report

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INTRODUCTION

Hospitality is a sectors in which various commercial activities are performed. The hospitality industry is a very vast industry that includes different sectors that are food and beverages, entertainment and recreation, event planning, theme parks and travel and tourism. The hospitality industry includes hotels ,restaurants and bars that offers accommodation and food and beverages services to the visitors (Ali, Danish and Asrar-ul-Haq, 2020) . Here, all employees and staff working in the organisation are required to treat and offer services to the visitors in a respectful manner. This report is made in the context of the Hyatt and intercontinental hotel group, these are one of the best known hotels that are recognised for the quality services they offer to the visitors. This report includes the marketing mix of the hotels and the different activities performed for the corporate social responsibility of the organisations. In addition to this, the recommendation on basis of the opportunities of growth and potential for outsourcing are also mentioned in the report.

MAIN BODY

Gross profit of Intercontinental hotels has been consistent over the years even when the covid struck. Their GP margin was over 80%. But on the other hand Hyatt hotel had been struggling in maintaining their GP margins. Initially their GP was consistent with slight difference from 2017 to 2019 being about 21%. But in 2020 there was a huge downfall by 100% when the covid struck. In 2021, the company started recovering and raised their GP margin by almost 11%. From the above discussion it can be understood that Intercontinental hotels have been consistent in maintaining their GP margin above 80% throughout the 5-year analysis whereas Hyatt hotels have a lower GP margin along with instability in maintaining their GP (Goryushkina and. et. al., 2019)

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●Return on investment

It calculates the return an investor gets on their investments. Higher ratio indicate better performance or better returns from the investments. In Hyatt's graph it can be seen that there was a negative return on ROI I 2017 which performed even worse in 2018 but then it started recovering

in 2019, being about 13%. It was consistent at 14% till 2020 and then fell again by 50%, i.e., 7% in 2021. But in Intercontinental hotels' case, it can be seen the company gained like over 20% return on investments in 2017 but there was a drastic decrease of almost 200% and the ROI became -24% in 2018. In 2019 it started recovering, being at 62% almost 300% hike. In 2020 it again went down by almost 20% and then went up by 100% in 2021 (Meira and Hancer, M., 2021)

From the above discussion it can be understood that in case of ROI Hyatt hotels have been more stable when compared with Intercontinental hotels.

● **Receivable turnover ratio**

It states if the company is able to recover its trade receivables on time. It can be seen that Hyatt was able to collect its receivables timely but there has been a decrease in 2018 of almost 2 percentage points. But it can be seen that the ratio has been consistent throughout the period of 2019-21. On the other hand, Intercontinental was comparatively lower as compared to Hyatt's. Intercontinental hotels have been showing a downfall in case of Receivable turnover ratio with a drastic downfall of almost 3 points in 2020. But then it started increasing in 2021 to 4:1.

From the above discussion it can be understood that both the companies are struggling to maintain stability in receiving trade receivable.



● Debt equity ratio

Debt equity ratio is such gearing ratio helps in ascertaining leverage employed by the company. Ideal ratio for debt equity ratio is 2:1. Hyatt has been consistent in maintaining their debt equity ratio by keeping it under 1. It means that they are not raising funds through debts to finance themselves. On the other hand, Intercontinental hotels have always avoided to raise funds through debts, but eventually, they raised debts in 2020 and 2021 which hiked the debt equity ratio to above 5 which is extremely risky as it is beyond the ideal ratio.

From the above discussion it can be understood that both the companies avoided raising finances through debts but eventually Intercontinental hotels gave in and started raising very big amounts of debt since 2020.

The Hyatt hotels are also best-known as the Hyatt hotels & resorts. This is a American organisation that is operating hospitality industry which quality services to all visitors of the hotels. It was founded on 27 September, 1957 and is headquartered in Chicago, United States. It was founded by the Jay Pritzker. Different luxury hotels, bars, resorts and different places for vacation are also managed by the Hyatt hotel. They are also expanding in international markets also. It has its hotels and restaurants in some of the most cool and beautiful destinations across the world. The hotel offers quality and delicious food and beverages, guest rooms, bars, restaurants and accommodation services to the visitors.

Intercontinental hotels group is recognised as the IHG Hotel and Resort. It is a British company that is operating in hospitality organisation, it is headquartered in Denham, United Kingdom. It was established by Jaun Trippe (Nave, A. and Ferreira, J., 2019). It is a luxury hotel brand that was created in 1946. It has been a part of the UK based intercontinental hotel group since 1998. It is one of the leading hotel companies and it is operating in more than 100 countries. The intercontinental hotel groups are known for offering quality services and delivering customer satisfaction and real hospitality to the people arriving in the hotels.

●Marketing mix

The marketing mix refers to those key elements that are analysed and evaluated in order to form different marketing strategies for the company. These include those factors and elements that are focused on while making marketing strategy for the organisation. The marketing mix of Hyatt and Intercontinental Hotels Group is as follows:

●**Product:** It is the types of various products and services which are offered by the company to the customers. These refer to those products that are manufactured by a company in order to satisfy the needs and demand of the customers that are present in the market place. This is done by the company in order to achieve better results and high profit margins. The Hyatt Hotels are known for offering luxury hospitality services to the guests (Nelly, Nelly, and Nagian Toni, 2020). They offer spacious rooms, banquet halls, gardens, bars, restaurants and various types of the foods and beverages to the guests arriving in the hotels. Whereas, the Intercontinental Hotel Group maintains the quality of the products and services. They offer detailed instructions for the easy usage of the different products offered by the hotel.

●**Price:** This is one of the elements in the marketing mix that generates revenue for the company. It includes various strategies that are formed in order to offer the products and services to the customers at affordable and reasonable prices. The prices set for the products should not be too high or too low. The Hyatt Hotel focuses on premium pricing strategy for the products and services that are offered by the hotel, as they are focused on catering the higher business class and upper class people of the society. Whereas, the Intercontinental Hotel Group also uses the premium pricing strategy as it sells its products for more money than its rivals (Nguyen and et. al., 2022). This is because it has more features, better quality products and services which make up for the high price.

●**Promotion:** In order to understand how the product fulfils the requirements or desires of the general public, information about the product's features is required. Promotion is the process that is used in order to promote the products and services that are offered by the company to the customers present in the market place (Park, J. and Min, H.K., 2020). The Hyatt Hotel has developed different strategies that will focus on specifically maintaining and increasing the brand image and value in the market place. Whereas, different platforms are used by Intercontinental Hotels Group in order to advertise and promote the services and products offered or rendered by the organisation. This can be very beneficial for the company as these platforms have the capacity of attracting a large number of customers towards the products manufactured by the company.

●**Place:** This is where and how customers purchase a products offered by the company. I refers to the location or place where the products of the organisation are stored and manufactured. With headquarters in Chicago, U.S.A., Hyatt hotels & resorts have established 679 properties under the same brand name and have a global presence. They are found in 56 nations. Whereas the intercontinental hotel groups, the company offers its products to approx 500 retailers in the nation. A very effective and efficient marketing strategy is used by the company in order to reach to a larger customer base. The Intercontinental hotel group uses two marketing channel for selling its products and services.

●**Corporate social responsibility**

It is a self regulating business model that is known as the corporate social responsibility that ensures that the company is also working and making efforts in order to improve the environment and reduce its impact on the nature and environment (Ramesh and. et. al.,2019). The companies should be aware of its impact on the society, economy and environment. In order to have a positive impact on these factors the company should perform different corporate social responsibilities. A business model known as "corporate social responsibility" encourages businesses to work together to improve society and the environment rather than harm them. The company should improve and modify its activities and procedures in order to improve its impact on the society and environment. A company can engage in self-regulatory Corporate Social Responsibility (CSR) activities to increase its social accountability to its stakeholders and the general public. The different factors which establishes the global CSR model with different strategies and vision which can be implemented locally and easily, are: personal and educational progression, well-being and sustainability of the environment, economic growth and investment, and The primary objective of Hyatt Thrive is to assist the business in communicating its engagements, different initiatives and focusing on and the quantity and quality it provides to the numerous communities it serves as a global company.

Whereas, the intercontinental hotel groups are creating "Great Hotels Guests Love" necessitates both respecting the environment and the communities in which they operate and acting ethically. Being a responsible business necessitates all of this. While building their business organization, they focus on performing their activities in order to promote and make a difference

across different countries and regions(Schwepker Jr, C.H. and Dimitriou, C.K., 2021). The IHG Green Engage™ system and other systems are used in order to offer better insights to the people regarding the issue that they can reduce their impact on the local environment through the reduction in energy consumed, conserving water resources and reduction in waste. It helps in being assured that the environment is peaceful, clean and beautiful.

●**Recommendation for the opportunities of growth**

Offering a great food and beverages experience is one of the most important way that can be used by the Hyatt and intercontinental hotel group in order to grab various opportunities in order to grow in the market place and in term of revenue. Encouraging group sales teams to focus on more than just weddings and business functions. Among the possibilities are: Local Book Clubs, annual planning meetings of the volunteer groups and political action strategy.

CONCLUSION

The above report concludes that there are different factors affecting the profitability and productivity of the company in a significant manner. these factors are required to be analysed in a proper manner in order to create better strategies and planning in order to help the business in achieving the organisational goals and objectives in a effective and efficient manner. This report has a detailed discussion of the marketing mix of the both the organisations. In addition to this the different CSR activities performed by the companies are also stated in the report.

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