

Strategic Management (LCMB7003)

Strategic Analysis of Intercontinental Hotel Group



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Table of Contents

Introduction	3
Background	3
Mission and Objectives.....	3
Macro-Environment Analysis.....	4
PESTEL Analysis.....	5
Micro-Environment Analysis.....	6
Industry Life Cycle.....	7
Porter's Industry Five Forces Analysis.....	8
Internal Analysis.....	9
Strategic Resources and Capabilities.....	11
Value Chain Analysis.....	11
Primary Activities.....	13
Secondary Activities.....	13
VRIO Analysis of Distinctive Resources and Capabilities.....	14
SWOT Analysis.....	15
Strategies to Sustain Competitive Advantage.....	16
Growth Strategies.....	18
Recommendation.....	19
Conclusion.....	19
References.....	19
Appendix.....	21

List Of Figures

Figure 1: External Analysis.....	6
Figure 2: Porter's Five Forces Analysis.....	9
Figure 3: Competitive Advantage.....	17
Figure 4: Ansoff Growth Strategies.....	18

1. INTRODUCTION

COVID-19 has significantly impacted the tourist sector, making it difficult for many businesses to remain in business. But because of its strategic management decisions, Intercontinental Hotel Group (IHG) has been able to maintain its competitive edge. IHG has been able to provide distinctive experiences, cut expenses, and attend to the particular demands of its consumers by concentrating on distinctiveness, cost reduction, and market segment targeting (InterContinental Hotels Group PLC, n.d.). IHG has set itself apart from its rivals and attracted new clients by introducing new brands, loyalty programmes, and technological investments. Additionally, they have been able to offer competitive prices by putting cost-cutting measures into place and using the resources of franchisees. They have been able to comprehend the particular demands of their clients and provide specialised services as a result of their concentration on certain market sectors. Overall, despite the hurdles posed by the COVID-19 pandemic, these strategic management decisions have allowed IHG to establish and maintain a competitive edge.

2. BACKGROUND HISTORY

Located in Denham, England, Intercontinental Hotel Group (IHG) is a global provider of hospitality services. The business was established in Burton-upon-Trent, England, in 1777 as a brewery. It was purchased by Bass plc in 1988, and in 2003 it was split out as a different company (IHG, 2019). IHG is one of the top hotel chains in the world, operating more than 6,000 hotels across more than 100 nations. The company's brands include of avid hotels, Holiday Inn, Holiday Inn Express, Hotel Indigo, Kimpton Hotels & Restaurants, Crowne Plaza Hotels & Resorts, InterContinental Hotels & Resorts, and Kimpton Hotels & Restaurants. In the hotel sector, IHG has a strong history of innovation. It debuted as the first Holiday Inn hotel in Memphis, Tennessee, in 1946, serving as the model for contemporary accommodations. Customers could reserve rooms at every Holiday Inn hotel from a single location because of the company's 1965 introduction of the first centralised reservation system. IHG has also been a leader in corporate responsibility and sustainability. The corporation has set ambitious targets to lower its water use and carbon impact and to utilise more renewable energy (Bader, 2005). IHG has also started several initiatives to aid regional communities and advance diversity and inclusion. Today, IHG is a market leader in the hospitality sector, renowned for its premium brands, outstanding service, and dedication to social responsibility and sustainability.

3. MISSION AND OBJECTIVES

The mission of Intercontinental Hotel Group is to become the most favoured hotel company in the world by giving guests unique and unforgettable experiences while also generating

long-term value for shareholders. The business has established several strategic goals to fulfil its mission and preserve its competitive edge (Saloner, Shepard and Podolny, 2005). These goals include expanding and solidifying its brand portfolio, putting a priority on sustainability by minimising its environmental effect and encouraging social responsibility, and investing in digital solutions to improve guest experiences and streamline operations. The COVID-19 pandemic has, however, posed considerable problems for the travel and tourism sector, prompting the corporation to change its goals in reaction to the pandemic's effects on the market. Despite these obstacles, Intercontinental Hotel Group is actively striving to adapt and innovate to fulfil the shifting demands of both its clients and the industry at large (Fotiadis, Polyzos and Huan, 2021).

4. MACRO-ENVIRONMENTAL ANALYSIS

The tourist sector, particularly Intercontinental Hotel Group (IHG), has been significantly impacted by the COVID-19 epidemic. Following is a breakdown of the macro-environmental factors that the pandemic's IHG have been impacted by:

- **Economic factors:** The epidemic has slowed the world economy, leading to a decline in business and vacation travel. Travel restrictions and lockdown measures have resulted in a considerable drop in occupancy rates and income, according to IHG.
- **Technological factors:** The pandemic has stepped up the implementation of technology in the hospitality sector. IHG has made technological investments to advance its mobile and online check-in procedures, cleanliness, and safety practices.
- **Social Factors:** The pandemic has altered consumer choices and behaviour. When choosing hotels, guests are now more concerned about cleanliness and safety (Jones, 2009). IHG responded by starting its "IHG Clean Promise" effort to guarantee a greater level of hygienic practises.
- **Political factors:** Due to the pandemic, border closures and travel restrictions have affected IHG's business operations and income. The tourist sector has also been supported by government programmes including tax reductions and stimulus packages.
- **Environmental Factors:** The epidemic has emphasised the value of sustainability and social responsibility in the travel and tourism sector. IHG is continuing in working towards its environmental objectives, which include cutting back on water and carbon emissions.

In conclusion, both the tourist sector and IHG have been significantly impacted by COVID-19. IHG may decrease the risks and difficulties brought on by the pandemic and eventually stay competitive and sustainable by adjusting its tactics to the shifting macro-environmental conditions.

5. PESTEL ANALYSIS

The PESTEL analysis of COVID-19's effects on the Intercontinental Hotel Group (IHG) and the overall travel and tourism sector:

- **Political factors:** To stop the virus from spreading, governments have imposed travel restrictions and border closures. IHG's occupancy rates and foreign travel have both significantly decreased as a result. The operations and income of IHG have also been impacted by government rules and regulations.
- **Economic factors:** The pandemic has slowed down the world economy and triggered a recession, which has led to a decline in business and leisure travel. Due to travel restrictions and lockdown measures, IHG reported a considerable drop in income. Numerous people working in the tourist sector have lost their jobs as a result of the pandemic's economic effects, and many of them are now struggling financially.
- **Sociocultural Factors:** COVID-19 has altered consumer tastes and behaviour, with travellers giving cleanliness and safety greater consideration when booking lodging. IHG responded by starting its "IHG Clean Promise" effort to guarantee a greater level of hygienic practices (Bader, 2005). The epidemic has also brought attention to the significance of sustainability and social responsibility in the tourist sector.
- **Technological Factors:** The pandemic has sped up the implementation of technology in the hospitality sector. IHG has made technological investments to advance its mobile and online check-in procedures, cleanliness, and safety practices. The epidemic has, however, also brought attention to the global digital gap and the need for more investment in internet infrastructure.
- **Environmental Factors:** Covid-19 has reduced carbon emissions and pollution as a result of a decline in air travel and other modes of transportation. The pandemic has nevertheless also brought to light the vulnerable the tourist sector is to natural calamities and climate change.
- **Legal Factors:** Governments have put measures in place to help the tourist sector, including tax cuts and stimulus packages. To protect the safety of its visitors and staff, IHG and other tourism-related businesses must also adhere to health and safety laws and standards (Fotiadis, Polyzos and Huan, 2021).

The PESTEL research concludes by highlighting the enormous influence COVID-19 has had on the travel and hospitality sector and IHG. IHG may reduce the dangers and difficulties

brought on by the pandemic and carry on doing sustainable business in the long run by comprehending and adjusting to the shifting macro-environmental conditions.



Figure 1: External Analysis

(Source: Team, 2022)

6. MICRO-ENVIRONMENTAL ANALYSIS

A micro-environment study of COVID-19's effects on the Intercontinental Hotel Group (IHG) and the larger tourist sector is provided below:

- Customers: As a result of the pandemic, consumer behaviour and expectations have changed, and travellers are now more concerned about cleanliness and safety when making hotel reservations (Voegeli, 2021). IHG responded by starting its "IHG Clean Promise" effort to guarantee a greater level of hygienic practises. IHG's occupancy rates have decreased as a result of the decline in travel demand and travel-related limitations.

- **Competitors:** All tourist sector participants have been impacted by the epidemic, with many hotels and airlines experiencing financial setbacks and employment losses. IHG has reacted to the changing climate by making technological investments to strengthen its mobile check-in and online booking systems and its cleanliness and safety procedures.
- **Suppliers:** IHG depends on a variety of vendors, like food and beverage distributors, linen distributors, and cleaning service providers. Global supply chains have been affected by the pandemic, which has led to shortages of some goods and delays in deliveries.
- **Intermediaries:** Travel agents and online travel agencies (OTAs) are the main intermediaries used by IHG to market and sell its properties. IHG and other hotels' sales have decreased as a result of the pandemic's impact on travel demand. But IHG has also put more of an emphasis on direct reservations made through its own website and reward programme.
- **Employees:** Many people working in the tourist sector, including IHG staff, have lost their jobs as a result of the epidemic, and they are now struggling financially. To deal with the drop in revenue, IHG has adopted cost-cutting measures and laid off some workers. However, the business has also offered financial help and mental health efforts to support its employees.

The microenvironment study indicates the potential problems that IHG and other businesses in the tourist sector are facing as a result of the epidemic (Saloner, Shepard and Podolny, 2005). IHG can manage the difficult climate and come out stronger in the long run by comprehending and adjusting to the demands of consumers, rivals, suppliers, middlemen, and workers.

7. INDUSTRY LIFE CYCLE

Several hotel brands, including InterContinental, Crowne Plaza, Holiday Inn, and Kimpton, are run by the international hospitality company Intercontinental Hotel Group (IHG). The hotel sector is thought to be in its final phase of development according to the industry life cycle model (Quek, 2012). This is due to the industry's lengthy existence and the fact that it has achieved a stable condition with a high degree of consolidation. There are several established businesses with well-known names in the market, including IHG, and there is fierce rivalry. New competitors and disruptive technologies, like Airbnb and other home-sharing services, are also threatening to disrupt the market. More travellers are now searching out alternative lodgings as a result of this change in consumer behaviour.

IHG has reacted to these developments by investing in innovation and technology to improve the guest experience and set itself apart from rivals. In response to the COVID-19 outbreak, the business, for instance, has introduced new cleaning and safety procedures as well as a mobile app that lets visitors check in and access their rooms using their mobile devices. IHG and other well-established firms are concentrating on innovation, differentiation, and preserving customer loyalty to stay ahead of the competition, therefore the hotel industry is anticipated to continue in the mature stage in the upcoming years.

8. PORTER'S INDUSTRY FIVE FORCES ANALYSIS

The Intercontinental Hotel Group (IHG) and the hotel sector as a whole have been severely damaged by the COVID-19 outbreak (Bastias, 2022). The hotel business was examined using Porter's Five Forces in the context of the COVID-19 pandemic, as follows:

- The threat of new competitors: The epidemic has raised the entrance hurdles for the hotel sector. It is less expected that new rivals would enter the market given the drop in hotel room demand and the financial difficulties the sector is facing. However, some current participants could want to broaden their portfolios by going into the hotel business, which might up the level of competition.
- Suppliers may now have greater bargaining power since an outbreak has interrupted supply chains and led to shortages in some places. Additionally, the pandemic may cause some suppliers to have financial difficulties, which may impair their capacity to provide products and services.
- Purchaser negotiating power: As hotel room demand has decreased due to the pandemic, purchaser bargaining power has grown. Customers have a variety of lodging alternatives, including home-sharing websites like Airbnb, which puts pressure on hotels to provide affordable rates and top-notch services.
- The threat of alternatives: The epidemic has increased interest in alternatives to traditional lodging, such as home-sharing websites. To lessen their chance of contracting the virus, customers can choose to stay in a private home rather than a hotel (Bader, 2005). This puts pressure on hotels to provide unique services that set them apart from possibilities for home-sharing.
- Rivalry among current rivals: As hotel companies vie for a smaller client base, the pandemic has raised rivalry among them (Jones, 2009). In response, several hotel chains have implemented stricter safety and sanitary standards, decreased room prices, and provided discounts to draw guests.

Overall, the COVID-19 epidemic has made it difficult for the hotel business to operate. While the prospect of new competitors may have reduced, suppliers may now have greater negotiating leverage, while buyers' negotiating strength and the threat of replacements have both grown. As businesses compete for a limited pool of visitors, rivalry among current competitors has grown more intense. To preserve their market position and come out of the pandemic stronger, IHG and other hotel firms will need to continue adapting to these shifting conditions.

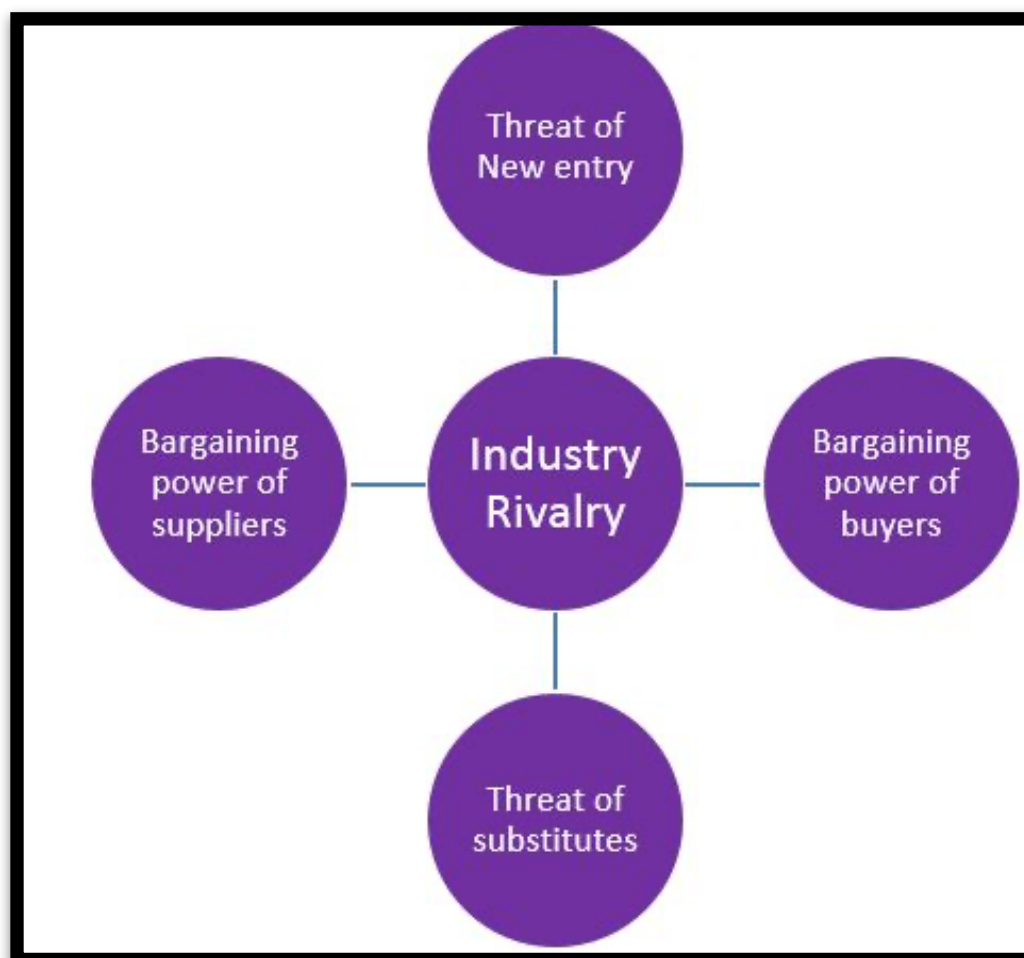


Figure 2: Porter's Five Forces Analysis

(Source: Team, 2022)

9. INTERNAL ANALYSIS

Assessing the Intercontinental Hotel Group's (IHG) strengths and weaknesses, which are elements under the company's control, is a component of an internal study (Barney and Hesterly, 2015). Here are some things to think about:

- IHG is a well-known hotel chain with great brand awareness around the globe. Customers may choose from a variety of alternatives and receive consistently high-quality service thanks to its varied collection of hotel brands, which also includes Intercontinental, Crowne Plaza, and Holiday Inn.
- Global presence: IHG has more than 6,000 hotels spread across more than 100 nations. As a result, the business may reach a large audience and provide services to clients in several areas.
- Channels of distribution that are effective: IHG has effective channels of distribution, including its website, mobile app, and agreements with online travel companies. This enables the business to effectively communicate with consumers and handle reservations.
- Technology and innovation: To increase productivity and the guest experience, IHG is investing in these areas. This covers the application of digital key technology, mobile check-in, and artificial intelligence (Bhatia, Roy and Kumar, 2022).
- IHG has a franchising model, which enables it to grow its company while spending less money upfront. Additionally, this model offers owners and investors a tested business plan and assistance from IHG.

IHG must address the following areas of weakness, though:

- IHG relies on third-party platforms, such as online travel agents, for reservations even though it has effective distribution channels. High commissions and less control over the client experience may arise from this.
- Despite having a global presence, IHG has a limited presence in some markets, which may restrict its ability to expand.
- dependence on the hospitality sector IHG depends on the strength of the hotel sector because it is a hotel firm. As a result, the business may be more vulnerable to market fluctuations and changes in consumer behaviour (Houdré, 2008).
- IHG's franchising concept is dependent on the accomplishments of its franchisees. Franchisees that don't perform well might damage the IHG's name and reputation.
- IHG has several advantages that help it stand out in the hotel business, but it also has issues that must be resolved if it is to keep its competitive edge and achieve long-term success.

10. STRATEGIC RESOURCES AND CAPABILITIES

The Intercontinental Hotel Group (IHG) and the hospitality sector as a whole have been significantly impacted by the COVID-19 outbreak. Despite the difficulties, IHG has several strategic assets and abilities that have allowed it to adjust to the shifting environment and keep up its competitive edge (Barney and Hesterly, 2015). Here are a few of the most important tools and talents IHG used throughout the pandemic:

- **Strong brand recognition:** Customers have a variety of alternatives and a consistent level of service thanks to IHG's varied array of hotel brands, which includes Intercontinental, Crowne Plaza, Holiday Inn, and others. This has helped the business succeed despite the pandemic's hurdles by retaining existing clients and gaining new ones.
- **Global presence:** IHG has more than 6,000 hotels spread across more than 100 nations. The organisation has been able to respond to local conditions and laws while maintaining a consistent level of service because of its broad reach.
- **Digital capabilities:** To improve the guest experience and limit touch between guests and staff, IHG has invested in digital capabilities including online booking systems and smartphone check-in (Chang, McAleer and Ramos, 2020). Due to increased customer caution towards physical contact during the epidemic, this has become especially crucial.
- **Operational flexibility:** IHG has shown operational flexibility by introducing new cleaning procedures and more accommodating booking and cancellation rules. Customers have felt more at ease and reassured as a result of this.
- **IHG has solid relationships with major businesses in the hospitality sector, including online travel agents and airlines.** During the epidemic, these collaborations have promoted reservations and income.

Overall, IHG has been able to handle the pandemic's hurdles and maintain its competitive edge in the hospitality sector thanks to these strategic resources and competencies. IHG can continue to adapt to changing circumstances and satisfy changing consumer requirements by making use of these resources and competencies.

11. VALUE CHAIN ANALYSIS

Value chain analysis is a great technique for comprehending the crucial tasks and operations that provide value for both a business and its clients. The Intercontinental Hotel Group's (IHG) value chain analysis is summarised in the following manner:

The activities involved in locating the raw materials, supplies, and machinery required to run the hotels, such as linens, toiletries, and food and beverage items, are referred to as inbound logistics. IHG collaborates with suppliers to guarantee prompt delivery of certain goods.

The essential tasks required to manage hotels, such as housekeeping, front desk work, serving food and beverages, and maintenance, are referred to as operations. IHG makes investments in training and development initiatives to make sure that its staff members can offer visitors a high-quality experience.

The activities involved in getting the final product to clients, such as making hotel bookings and going through the check-in and check-out processes, are referred to as outbound logistics (Voegeli, 2021). IHG reaches clients through a variety of distribution methods, such as its website, mobile app, and agreements with online travel companies.

Advertising, incentives, and loyalty programmes are just a few examples of the marketing and sales operations that go into promoting the hotels and encouraging reservations. IHG uses a range of marketing strategies, such as social media marketing, digital marketing, and joint ventures with airlines and other travel agencies.

Service: This covers all actions taken to assist guests while they are staying, such as room service, concierge services, and customer service (Jones, 2009). To improve the guest experience, IHG makes investments in customer service training programmes and makes use of digital technology.

Infrastructure: This refers to the tools and devices, such as facilities and technological systems, that are required to support the hotels' main operations (Bhatia, Roy and Kumar, 2022). IHG makes investments in infrastructure and technology to support the operation of its properties.

Human resources: This refers to the procedures used to hire, train, and manage personnel as well as to manage their performance. IHG places a high importance on talent management and makes investments in employee development initiatives to make sure that its staff members have the abilities and knowledge necessary to provide customers with a high-quality experience (Bastias, 2022).

The value chain analysis for IHG emphasises how crucial each of these operations is to generating value for the business and its clients. IHG can preserve its competitive edge in the hospitality sector and offer a top-notch experience to its customers by concentrating on three key initiatives and consistently enhancing its operations.

12. PRIMARY ACTIVITIES

The Intercontinental Hotel Group (IHG)'s main objectives consist of:

- Inbound logistics is the process of locating and acquiring the raw materials, equipment, and supplies needed to run the hotels, including linens, toiletries, food, and drink items.
- Operations: This activity covers the fundamental procedures needed to manage hotels, including housekeeping, front desk work, food and beverage delivery, and maintenance.
- The activities involved in transporting the final product to clients, such as making hotel reservations and following through with check-in and check-out procedures, are referred to as outbound logistics.
- Advertising, incentives, and loyalty programmes are just a few examples of the marketing and sales operations that go into promoting the hotels and encouraging reservations.
- Service: This activity entails the procedures used to help guests while they are staying, such as room service, concierge services, and customer service.

IHG's major operations are generally focused on providing clients with high-quality hospitality services, while the secondary activities assist the primary activities by providing the tools and infrastructure needed to make it happen.

13. SECONDARY ACTIVITIES

The following are some of Intercontinental Hotel Group's (IHG) additional activities:

- Procurement: This refers to the procedures used to locate and acquire the items and services required to supplement the main operations. IHG purchases products and services from a range of vendors, such as food and beverage vendors, cleaning vendors, and IT vendors.
- The procedures involved in creating and maintaining the technological systems required to support the core operations, such as reservation and customer management systems, are referred to as technology development (Senevirathna, 2016). IHG makes significant investments in the creation of new technology to support the operations of its hotels and improve the guest experience, such as its IHG Rewards loyalty programme and mobile app.

- The procedures involved in managing and advancing personnel, including as hiring, training, and performance management, are referred to as human resource management. IHG places a high importance on talent management and makes investments in employee development initiatives to make sure that its staff members have the abilities and knowledge necessary to provide customers with a high-quality experience.
- Infrastructure: This refers to the tools and devices, such as facilities and equipment, that are required to support the main activities. IHG makes infrastructure investments to support its hotel operations, such as property upgrades and renovations to uphold and improve the standard of its properties.

In general, IHG's secondary operations are concentrated on assisting the primary activities by offering the required tools, infrastructure, and personnel to make them feasible (Sutthijakra, 2011). IHG can preserve its competitive edge in the hospitality sector and give its visitors a top-notch experience by concentrating on these ancillary activities.

14. VRIO ANALYSIS OF DISTINCTIVE RESOURCES AND CAPABILITIES

The value, rarity, inimitable nature, and organisation of a company's resources and competencies are assessed using the VRIO analysis methodology. Here is an example of how VRIO analysis was used with IHG (Intercontinental Hotel Group):

Brand recognition and reputation: IHG has established a strong reputation for offering high-quality hospitality services, making its brand name a valuable asset. Because this resource is uncommon and hard to duplicate, IHG has a long-term competitive edge (Houdré, 2008). Additionally, it is well-structured and backed by brand management and marketing initiatives. Consequently, it is a useful, unique, and well-organized resource. In general, it is a unique skill for IHG.

Global reach: IHG has a wide network of hotels spread across several nations, which allows them to take advantage of economies of scale. This resource is uncommon since it would be challenging for rivals to create a comparable network of hotels (Chang, McAleer and Ramos, 2020). It is not, however, a particularly difficult organisational competence to duplicate, and neither is it. As a result, although being valuable and uncommon, it does not distinguish IHG from its competitors.

IHG Rewards Programme: The IHG Rewards Programme is a useful tool that allows IHG to stand out from other hotels. The programme is uncommon since it is exclusive to IHG and challenging for rivals to imitate (Voegeli, 2021). Additionally, the programme is well-structured and backed by technological infrastructure, making it challenging for rivals to

copy. Overall, it is a valuable, uncommon, unique, and well-organized resource that gives IHG a significant advantage

IHG's technology systems, like its reservation and customer management ones, are excellent tools that serve to enhance the guest experience and boost productivity. Due to their high development and maintenance costs, these systems are unusual and challenging for rivals to imitate (Kock et al., 2020). They are not a special organisational competence, but neither are they especially difficult to duplicate. As a result, although being valuable and uncommon, they do not distinguish IHG from its competitors.

In conclusion, IHG's name, reputation, and IHG Rewards Programme are distinctive assets that give the business a long-term competitive advantage. Although IHG's worldwide reach and technological infrastructure are priceless and scarce resources, they do not stand out as particular strengths for the business.

15. SWOT ANALYSIS

The following is a revised SWOT analysis of the Intercontinental Hotel Group (IHG) taking COVID-19 into account:

Strengths:

- great brand awareness: Throughout the pandemic, IHG was able to maintain customer loyalty and confidence thanks to its great brand recognition.
- IHG has a diversified portfolio of hotel brands that enable it to serve various market segments, which has been useful during the pandemic since various traveller types have varied demands.
- Strong financial position: Despite the difficulties, IHG was able to weather the financial effects of the pandemic thanks to its strong financial position. The firm reported outstanding financial performance in 2020 (Bhatia, Roy and Kumar, 2022).
- Strong loyalty programme: By providing enticing prizes and perks, IHG's loyalty programme has assisted in keeping clients during the epidemic.
- Strong operational skills: During the pandemic, IHG was able to respond to changing customer demands by introducing new cleaning and safety procedures thanks to its strong operating capabilities.

Weaknesses:

- Dependence on a few important markets: IHG is sensitive to the effects of the pandemic in the US and Europe because it relies on a few important markets.

- Dependence on franchisees: IHG's dependence on franchisees restricts its ability to regulate the customer experience and brand standards, which can be difficult during a pandemic when upholding uniform standards is crucial (Sutthijakra, 2011).
- IHG has a limited presence in certain important areas, like China, where its competitors are well-established and the epidemic has had less of an impact.
- Travel demand is down as a result of the pandemic, which affects IHG's revenue and profitability.

Opportunities:

- IHG can seek expansion into other countries like Asia and the Middle East where the epidemic has had less of an impact or where there are growth prospects.
- Technology and innovation: IHG may use them to boost efficiency and improve the guest experience, for example, by implementing contactless check-in and other safety measures.
- Health and safety efforts may be given top priority by IHG to reassure clients and keep their business.
- Ecologically friendly tourism: IHG may take advantage of the expanding demand for tourism that is environmentally friendly by investing in eco-friendly practices and projects, which can be a differentiator in a competitive market (Kock et al., 2020).

Threats:

- IHG is subject to fierce competition from rival hotel companies and other types of housing, which has gotten worse since the epidemic.
- Economic and political instability: During the pandemic, in particular, economic and political volatility in important markets may influence IHG's sales and profitability.
- Consumer tastes and behaviour have changed as a result of the pandemic, which might affect IHG's business strategy and sources of income (Bastias, 2022).
- Concern about the pandemic uncertainty: IHG faces difficulties when planning and forecasting because of the uncertainty surrounding the pandemic's length and effects.

16. STRATEGIES TO SUSTAIN COMPETITIVE ADVANTAGE

By using Porter's general methods, Intercontinental Hotel Group (IHG) has put into practice strategies to maintain its competitive advantage:

IHG has distinguished itself by providing distinctive and individualised experiences to its visitors. They have introduced new brands like InterContinental and Kimpton, which provide visitors with a unique experience (Abbott, 2022). Additionally, they have introduced IHG Incentives Club, a loyalty programme that provides customised incentives and advantages

to visitors. IHG has been able to draw in new clients and keep its existing ones by using this differentiating technique.

Cost-saving initiatives have been put in place by IHG, including lowering energy use, optimising employee numbers, and investing in technology to make operations more efficient. They have also adopted a franchise model, which enables them to benefit from the assets and knowledge of franchisees while spending less money upfront. IHG has been able to lower expenses and provide consumers with competitive prices because of our cost leadership strategy.

IHG has concentrated on particular market categories such as business travellers, families, and affluent travellers (Bastias, 2022). To target these markets, they introduced brands like Holiday Inn Express, Staybridge Suites, and InterContinental. IHG has been able to recognise the particular demands of each of its clients and cater services to them thanks to this focus strategy.

Overall, IHG has been able to maintain its competitive edge in the industry by combining differentiation, cost leadership, and focus initiatives. By providing distinctive and personalised experiences, cutting costs via effective operations, and concentrating on certain market sectors to meet the specific demands of their clients, they have set themselves apart from the competition.

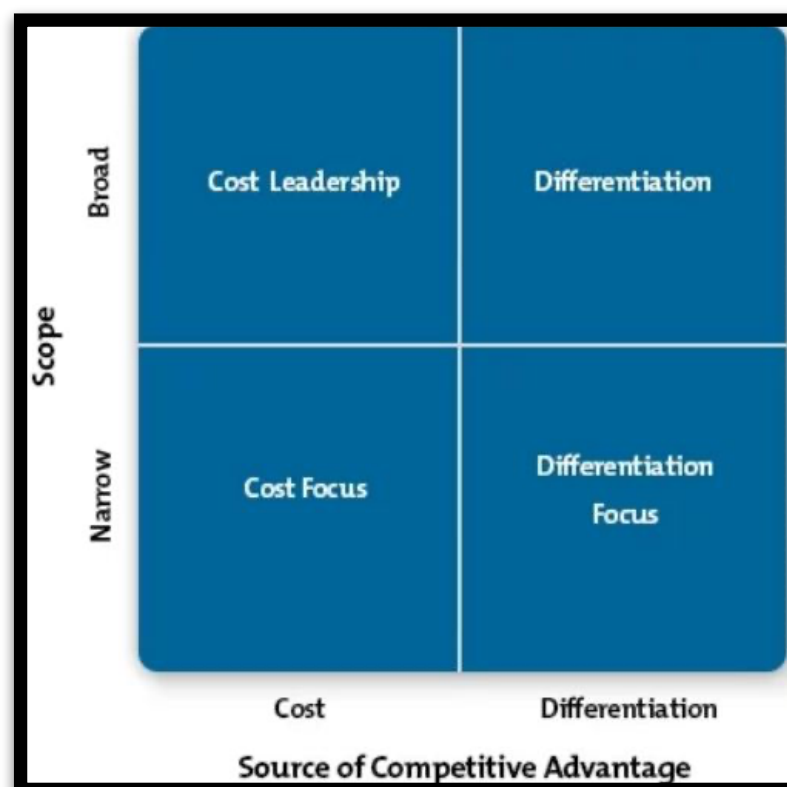


Figure 3: Competitive Advantage

(Source: Team, 2022)

17. GROWTH STRATEGIES

Using the Ansoff Matrix as a framework, Intercontinental Hotel Group (IHG) has used several growth initiatives to grow its business and gain market share. Here are a few instances:

- **Market penetration:** To grow its brand's visibility through new hotel openings and improve the guest experience at its current locations, IHG has put in place several initiatives (Voegeli, 2021). This includes putting more of an emphasis on boosting direct reservations through digital marketing and their rewards programme, IHG Rewards Club.
- **Market Development:** By growing its geographic footprint in already-existing areas and entering new markets, IHG has pursued market development initiatives. To expand its hotel portfolio in emerging areas, notably in Asia and the Middle East, they have explored franchise partnerships and management contracts (Škare, Soriano and Porada-Rochoń, 2020).
- **Product Development:** To improve the guest experience and draw in new clients, IHG has launched new goods and services. This includes innovative technologies like keyless access and smartphone check-in, as well as the introduction of fresh hotel brands like the luxury boutique brand Kimpton Hotels & Restaurants.
- IHG has worked to diversify its revenue streams by extending its operations into complementary industries including vacation ownership and corporate travel management. To broaden their reach and diversify their revenue streams, they have also partnered with organisations like Amadeus and Mastercard (Kaushal and Srivastava, 2020).

IHG has generally concentrated its growth strategy on market penetration, market development, product development, and diversification, which has assisted them in growing their company and gaining market share.

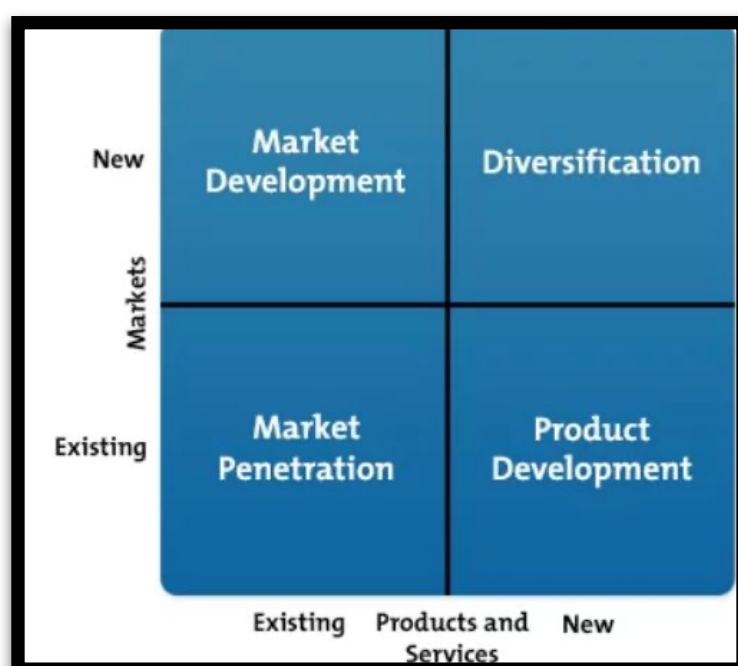


Figure 4: Ansoff's Growth Strategies

(Source: Team, 2022)

18. RECOMMENDATION

The Intercontinental Hotel Group (IHG) should keep concentrating on individuality, cost cutting, and market segment targeting in order to maintain its competitive edge in the face of continuous problems in the tourist business. In particular, IHG may make technological investments to improve the guest experience and optimise operations while also utilising the information gathered through its loyalty programme to provide tailored services to its clients. IHG may also continue to enter new areas and introduce new brands to appeal to a larger group of clients. Additionally, to adopt cost-cutting initiatives and maintain competitive pricing, the corporation needs to engage closely with its franchisees. Even in the midst of ongoing challenges like the COVID-19 epidemic, IHG can continue to be a leader in the hotel sector by continuing to give priority to these strategic management decisions.

19. CONCLUSION

As a result of its strategic management techniques, Intercontinental Hotel Group has developed a competitive edge that has enabled it to differentiate its brand, experiment with technology, and give sustainability a high priority. The COVID-19 epidemic, however, has posed important difficulties for the travel and tourist sector, and Intercontinental Hotel Group has not been exempt from these difficulties. Despite the pandemic's negative financial effects on the business, it has stuck to its fundamental principles and prioritised the health and safety of both its visitors and staff. Looking ahead, Intercontinental Hotel Group is still in a strong position to adjust to shifting market dynamics and carry on with innovation in the post-pandemic era.

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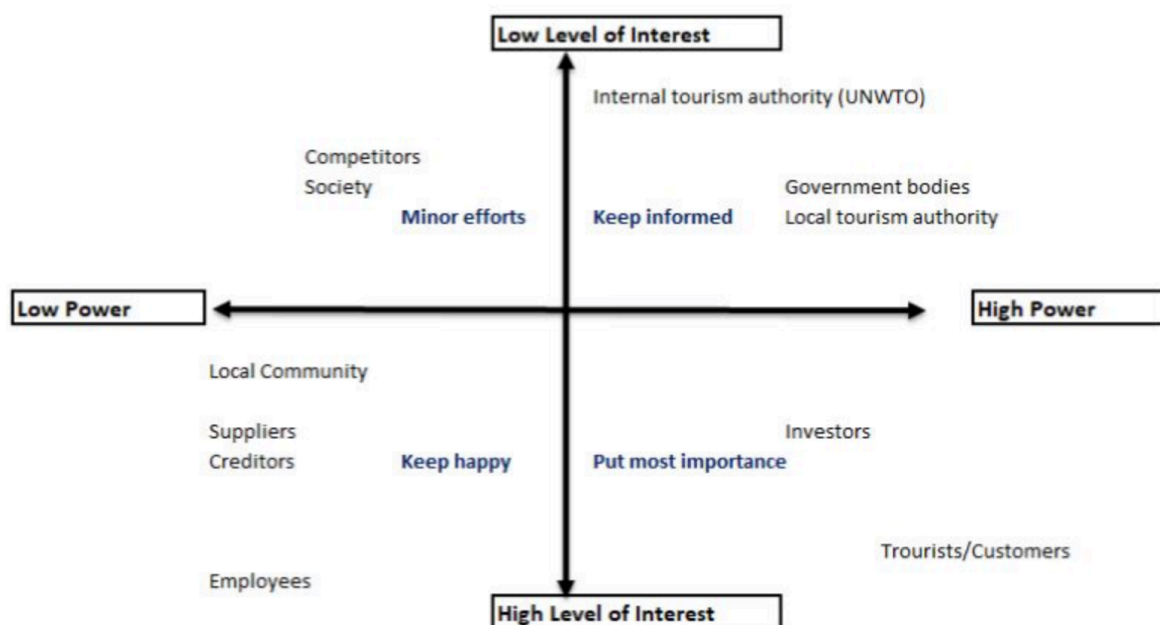
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21. APPENDIX



External Environmental Analysis Of InterContinental (IHG) Hotels And Resorts: Stakeholder analysis

IHG ANALYSIS

(Team, 2022)

Stakeholders of IHG Hotels and Resorts	Internal/External
Local tourism authority	External
Internal tourism authority (UNWTO)	External
Employees	Internal
Tourists	External
Local community	External
Investors	Internal
Creditors, financial service providers	External
Government Bodies	External
Competitors	External
Utility service providers	External
Society as a whole	External

STAKEHOLDER ANALYSIS

(Team, 2022)