

Comparison of two hospitality organisations Intercontinental Hotels

Group and Accor International

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Module: Financial Management for the Hotel

Industry (BMIH50074)

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Introduction

Intercontinental Hotels Group, abbreviated as IGH, is a public limited business that manages, owns, franchises, and leases hotels worldwide in areas such as the United States, China, Asia, the Middle East, Africa, and Europe. IGH owns and operates hotels, resorts, and restaurants under the following brands: Holiday Inn, Hotel Indigo, Even Hotels, Kimpton, Hualuxe, Crowne Plaza, Holiday Inn Express, Holiday Inn Vacations, Intercontinental, Holiday Inn Resorts, Avid, Staybridge Suites, Candlewood Suites, and Intercontinental Hotels and Resorts. It also provides IHG Rewards Club, a customer reward system. IHG presently operates approximately 5600 hotels with about 830000 rooms. It was founded in 1967 and is headquartered in Denham, England (Intercontinental Hotels Group, 2023). On the other hand, Accor International is a French tourist multinational created in 1967 by Paul Dubrule and Gerard Pelisson. The firm presently owns, maintains, and franchises many types of assets such as hotels and resorts, as well as collaborates with various partnerships from other industries. In 2019, Accor was rated #1 as a top hospitality corporation in the European Union based on room count, and sixth globally. Accor has around 5100 hotels and 750.000 rooms spread throughout 110 countries, as well as 320.000 workers (Accor, 2023).

Total revenue

The amount of money collected by a company from its customers in exchange for the sale of products or services is referred to as revenue. Revenue is the first line item on an income statement from which all expenditures and expenses are subtracted to arrive at net income. Intercontinental Hotels Group's annual revenue in 2022 was \$3.892 billion, a 33.88% increase over the previous year. Intercontinental Hotels Group's yearly revenue in 2021 was \$2.907 billion, a 21.43% increase over the previous year. The yearly revenue of Intercontinental Hotels Group in 2020 was \$2.394 billion, a 48.26% decrease from 2019 (Intercontinental Hotels Group, 2023).

Full Year Results to 31 December 2022

	Reported			Underlying ¹
	2022	2021	% change	% change
REPORTABLE SEGMENTS¹:				
Revenue¹	\$1,843m	\$1,390m	+33%	+39%
Revenue from fee business¹	\$1,449m	\$1,153m	+26%	+28%
Operating profit¹	\$828m	\$534m	+55%	+53%
Fee margin¹	56.2%	49.6%	+6.6%pts	
Adjusted EPS¹	282.3¢	147.0¢	+92%	
GROUP RESULTS:				
Total revenue	\$3,892m	\$2,907m	+34%	
Operating profit	\$628m	\$494m	+27%	
Basic EPS	207.2¢	145.4¢	+43%	
Total dividend per share	138.4¢	85.9¢	+61%	
Net debt¹	\$1,851m	\$1,881m	(2)%	

"Business momentum remained very strong in the quarter, with the Group's RevPAR and revenue well above their 2019 levels," stated Sébastien Bazin, Chairman and CEO of Accor. With the exception of Asia-Pacific, where activity is presently rebounding, all regions showed growth in comparison to 2019. These solid results, along with tight operational and financial discipline, give us confidence that we will be able to meet the higher end of our full-year EBITDA target range of €610 million to €640 million (Accor, 2022).

The Group reported €1,149 million in sales for the third quarter of 2022, an increase of 83% year on year. This rise in activity is broken down as an 84% increase in Hotel Services and an 80% increase in Hotel Assets and Other. In comparison to RevPAR (change from 2019 stated throughout this release), the like-for-like revenue growth vs Q3 2019 is 9%. Changes in consolidation extent, mostly due to the consolidation of Ennismore, and the reopening of Pullman Montparnasse generated €14 million in favourably. Currency effects had a €60 million positive impact, owing mostly to the -14% US dollar (Accor, 2022).

In € millions	Q3 2021	Q3 2022	Change (reported)	Change (LFL) ⁽¹⁾ vs Q3 21	Change (LFL) ⁽¹⁾ vs Q3 19
Hotel Services	440	874	+99%	+84%	+9%
Hotel Assets & Other	153	283	+85%	+80%	+6%
Holding & Intercos	(4)	(9)	N/A	N/A	N/A
TOTAL	589	1,149	+95%	+83%	+9%

⁽¹⁾ Like-for-like: at constant scope of consolidation and exchange rates

Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a management concept in which a firm combines social and environmental issues into its operations. CSR helps a firm achieve balance in terms of economic, environmental, and social factors. Businesses have a habit of giving back to the society by implementing social practices that help the surrounding community. In terms of the IHG's environmental effect, the corporation has a credible impact in terms of carbon footprint reduction. Since 2013, the firm has effectively reduced its carbon impact by 15% (Intercontinental Hotel Group, 2023). From 2013 to 2017, the IHG also decreased the quantity of water lost per occupied room in water-stressed regions by 15% (Intercontinental Hotel Group, 2013). The corporation has also created a large-scale carbon-cutting campaign across the hotel estate.

The IHG is heavily involved in community initiatives. For example, through the IHG Academy, the corporation has provided career-building and real-life chances (Intercontinental Hotels Group, 2023). The corporation has collaborated with social groups and local organisations to assist local residents with skills and education. As a result, the vast majority of IHG participants are able to find work with IHG. The firm presently employs 13,633 people who have benefited from the IHG Academy (Intercontinental Hotel Group, 2023). Furthermore, the organisation has a disaster relief operation that provides assistance to workers as well as community people who have been touched by hardship (Intercontinental Hotels Group, 2023). Essentially, when a corporation decides to engage in a community activity, its stakeholders frequently consult with local authorities to establish the community's primary requirements. The travel and tourist industry should be more committed to natural resource conservation. As such, the IHG sees the start of reducing carbon footprints in the ecosystem as a positive undertaking for its business. On the other side, the company's construction of an Academy and hiring of Academy graduates is a positive gesture of giving back to the community. (Intercontinental Hotels Group, 2023).

According to the hotel's headquarters, the planned CSR programme and its operations at Intercontinental Hotels Group help to preserve the brand's reputation and please visitors, particularly those worried about ethical concerns (Onoufriou, 2020). Despite an increase in income of 5.2 percent, or more than 6,100 million euros, Accor's 2011 financial results show a significant drop in spending due to continuous growth. As a consequence, the sustainable development programmes had a significant influence on customer recruitment, and all spending was goal-driven. Furthermore, its business strategy is centred on long-term growth and CSR initiatives that aid in revenue growth (Onoufriou, 2020). The outcomes of the sustainability strategy and its execution were highly appealing after the first year, and the hotel's performance improved considerably. Changes connected to sustainability, such as cost savings, increased financial performance. The purported benefits include a 48 percent reduction in water consumption on bathrobes and towels, an 88 percent reduction in the amount of chemicals required in textile finishings, and a 20 percent improvement in bathrobe and towel life (Accor Hotels, 2018).

Company size and growth

The hotel business is one of the areas that contributes the most to economic growth. The future of the global hotel business is dependent on the methods implemented to reduce the impact of COVID-19 in their operations (Gursoy & Chi, 2020). During the pandemic, top organisations such as Accor were able to discover suitable tactics to deploy in order to remain operational. Accor is a major player in the worldwide hospitality business. The firm employs 158,604 people, making it quite substantial in terms of workforce size. It now has over 110 investors and a share price of \$31.97.

The company's expansion has been fuelled by certain fundamental beliefs inside the organisation as well as developments in the worldwide hospitality sector. Accor has evolved in terms of technology, company expansion, and market share. It is a global leader in enhanced hospitality, franchising, operating, and owning hotels, resorts, and vacation homes with French roots that are active all over the world (Maltseva *et al.*, 2020). Accor may be traced back to two friends, Gérard Pélisson and Paul Dubrule, who established Novotel in 1967. Their innovation and originality resulted in the formation of what is now known as the Accor Hotel Corporation. Since its inception, the organisation has provided unique services in 5,142 hotels in 112 countries, totalling over 753,398 rooms (Accor, 2023). The company's profitability may also be characterised in terms of financial measures, particularly profitability margin ratios. Given that the firm is publicly traded, an in-depth review of the company's financial performance is required. According to Appendix 5, the business's gross margin ratio was 12.85%, which is an excellent figure since it indicates that the company is not losing money while facing numerous obstacles in the industry and the globe at large (Altinay, 2020). The profitability of the firm indicates the company's development and success.

According to Djordjevic (2013), Intercontinental Hotels Group must also deal with several economic considerations when conducting business. The corporation has had to deal with excessive exchange rates. This is especially true in Europe, where it has multiple subsidiaries and is happy to accept British contributions from the European Union. As a result, the firm risks high currency rates and interest rates, as well as increased labour market circumstances in the UK because of Brexit. As a result of Covid-19, most nations, including the United Kingdom, have seen poor economic performance because of the lockdown, which has resulted in the dismal performance of most economies. Therefore, these have had a considerable negative impact on Intercontinental Hotels Group's sales in the key markets, as well as the company's growth. In recent years, there has also been an increase in GDP for most of the major markets, resulting in more money in people's pockets (Gheribi, 2018).

Intercontinental Hotels Company uses asset-light strategies, franchising, and third-party hotel management. The Holiday Inn key station network offers mid-service accommodation, whilst the Holiday Inn Express brand has limited-service sites. Intercontinental Hotels Corporation offers its Crowne Plaza and InterContinental chain markets, as well as its Stay-Bridge and Candlewood Suites extended-stay products. The majority of sales are generated outside of the United Kingdom, with over 100 nations in the United States, Europe, and Asia (Guix, Bonilla-Priego and Font, 2018).

Company market position

Nguyen defines positioning as "the strategic process of creating an identity or image of the brand or product in the minds of the target customers" (Nguyen, 2021). In other words, positioning is the image or notion that buyers have when they hear a brand or see an advertising. Thus, depending on the market in which it operates, the firm promotes itself in two ways: as an international corporation and as an independent hotel chain. Accor, as a multinational, is positioned in the market as a worldwide and powerful corporation that offers innovative and high-quality services to all of its clients, employees, and relationships. As a diverse corporation, each hotel brand in Accor's portfolio is recognised by its clientele based on market segmentation (Accor, 2018).

Without good placement, IHG may not have been as successful in segmenting and targeting this specific segment. According to John Davis, the art of placement is undoubtedly the most difficult and difficult, especially when dealing with the royal class section. It is not an easy effort to persuade this market that your services and goods are the finest. IHG most likely does brand positioning by focusing on the most opulent sections of the world, such as large cities, and setting high criteria for elegant service delivery (Davies, 2010).

Conclusion and recommendations

To be profitable and successful in this highly competitive market, which has been impacted by COVID-19, firms should use their worldwide presence and vast scale. In these difficult coronavirus times, Intercontinental Hotels Group and Accor should focus on providing differentiated unique offers, outstanding customer service, and the best quality service in all hotels through the integration of modern technologies.

Accor International should focus on the development of new goods and the application of innovative technology to compete with new entrants that pose a marketing threat to the firm. The firm is known to employ certain old technology and to not focus on more original items such as accommodation, which most new entrants do.

Intercontinental Hotels Group should guarantee that it improves the quality of its products while lowering its rates to attract more clients. This is because clients wield considerable market power and choose which hotel to stay at. As a result, ensuring that their hotels provide the greatest services at reasonable pricing would help them attract more guests.

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