

***Comparison of
two organisations
Hilton Group Hotels and Accor
International***

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Table of contents:

Introduction.....	3
Total Revenue.....	3
Market position.....	5
Growth Potential.....	6
Financial commitment to CSR.....	7
Conclusion.....	10
References.....	11

Introduction.

This report will compare two different organisations' approach to their financial Management, analysing different financial area and perspectives. The chosen organisations are Hilton Group and Accor International.

In present with 7000 proprieties worldwide, Hilton is one of the fast-growing hospitality organisations. Conrad Hilton started Hilton's journey 100 years ago when he bought his first hotel in Texas in 1919. The business was as successful as until 1946 Conrad Hilton bought many hotels and created Hilton Hotel Corporation. Hilton Hotels continued to thrive, in 2007, during the height of the real estate bubble, Blackstone purchased Hilton Hotels for \$26 billion (Klain, Borden, 2023)

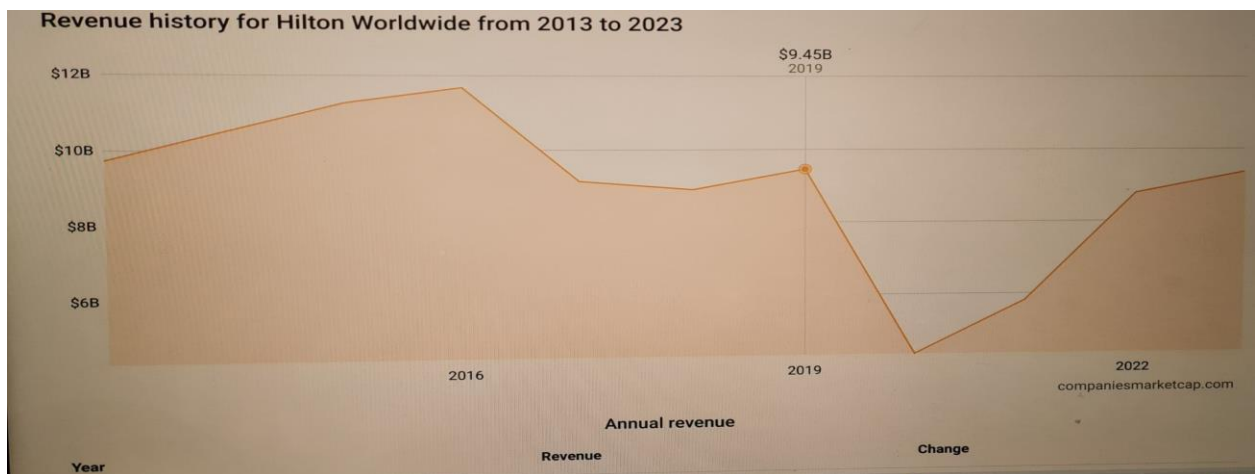
With 5400 properties in 110 countries, extraordinary in business, Gérard relentlessly sought out chances to broaden the Group's portfolio. With Paul Dubrule's pursuit of excellence spanned more than 40 years, during which time they established Ibis in 1974, bought Mercure in 1975, and Sofitel in 1980, oversaw the merger with Jacques Borel in 1982, introduced Formula 1 in 1985, incorporated Lenôtre in 1990, and acquired Compagnie Internationale des Wagons-Lits et du Tourism in 1991, among other significant milestones. These deeds would come to represent the core values of Accor Group.

Total revenue.

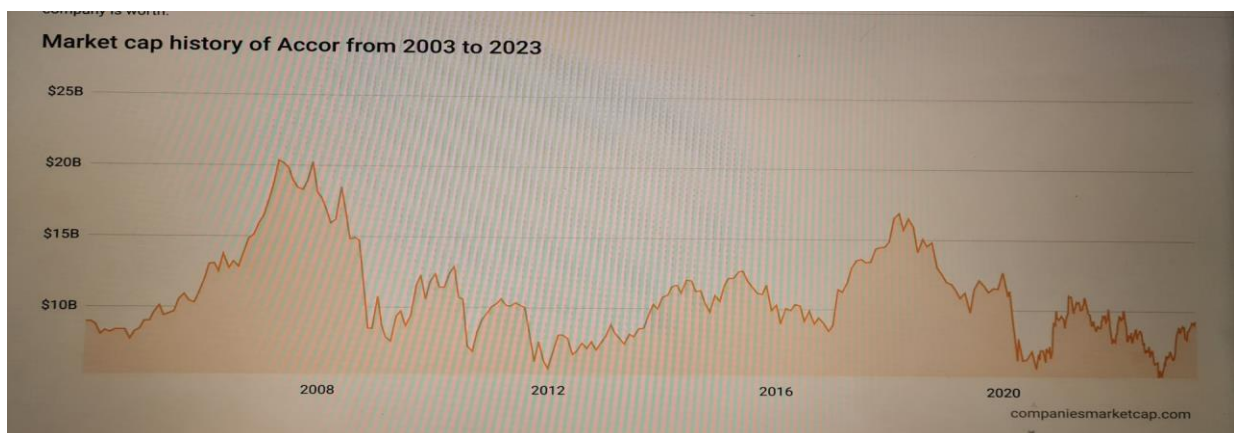
Adam Rowledge, General Manager, Georgian House Hotel Independent Hotelier of the Year 2018 affirmed "Strong financial management is such an important part of running a successful hotel and is a skill that many hospitality team members struggle with as they progress into management roles" (Martin, 2019). Revenue, which is determined by multiplying the average sales price by the quantity of units sold, is the money made from regular business operations. The top line (or gross income) figure is what is used to calculate net income by deducting costs (Hayes, 2023).

The most recent financial reports for Hilton Worldwide show that the company's

current revenue (TTM) is \$9.34 Billion. The corporation generated \$8.77 billion in revenue in 2022, an increase from \$5.78 billion in revenue in 2021. The total income that a business makes through the sale of its products or services is known as revenue while Accor's market capitalization was \$9.29 billion as of May 2023. According to the research, this places Accor as the 1569th most valuable firm in the world overall. The market capitalization, often known as market cap, is a measure of a firm's value that considers all the outstanding shares of a publicly listed company. (Companiesmarketcap.com, 2023)



Ref. Companiesmarketcap.com



Ref. Companiesmarketcap.com

Market position.

The significance of social media technologies in defining competition has increased in the hospitality industry. Online reviews give visitors more details to help them make decisions about which hotels will meet their wants and preferences for lodging and locations while also reducing their doubt about the quality of a certain hotel. Retailers like Trivago, Expedia and Booking.com are enabling customers to compare hotel rates and guest ratings based on previous customer's experiences. To compete in the hospitality services sector, using social media tools and having a presence on the major social media platforms is more important (Neirotti, Raguseo, Paolucci, 2016).

Hilton hotel will be positioned as an organisation that provides outstanding service as part of the marketing plan. To keep customers' loyalty, the strategy will be centred on developing and maintaining great customer relationships. Measures in customer relationship management will assist the hotel in better comprehending the requirements and expectations of its guests (Hilton Hotels& Resorts, 2023). Hilton Hotels & Resorts primarily caters to those who live a luxurious lifestyle, and as a result, the corporation charges more costs for goods and services that are thought to be of a comparable quality. The brand prioritises premium pricing to appeal to the elite social classes and high-profile business class. It makes itself stand out from the competition by employing a distinctive strategy. Hilton puts itself in a variety of portfolios with its numerous brand offerings: luxury, lifestyle, full service and focused service brands (Bhasin, 2018).

Accor Hotels have a variety of hotel rooms and services that offer under numerous well-known brands for various client segments, including luxury, midscale, and budget hotels that cater to all guest types, targeting business and leisure travellers. With the ambitious goal of designing the travel and lifestyle of the future, Accor is always reinventing its positioning. With its brands in food and beverage, nightlife,

wellness, and coworking, Accor offers new opportunities for living, working, and playing. Accor's suite of business accelerators enhances distribution, operations, and

experiences in the hotel industry to boost business success. Customers get access to one of the most alluring hotel loyalty programmes in the world (Accor, 2019).

Growth potential

Some of the important components of a company's growth potential are determined by its potential to improve earnings in the future, grow its staff, and boost production and distribution. Success depends on being able to recognise the various methods that can be used to expand and to discover whether the moment is appropriate for the company. The company's prospective growth represents how much it can expand in the future, either by fast recruiting new consumers or by selling more goods and services to the current clientele (Osborn Group, 2016).

By the end of 2023, Hilton anticipates expanding its presence in Europe by about 30%. Currently, the corporation is developing 217 hotels, totalling more than 35,000 rooms. In instance, Curio Collection by Hilton, Tapestry Collection by Hilton, and Canopy by Hilton have all contributed significantly to Hilton's growth throughout the region. Hilton's presence in these brand categories has nearly doubled during the past three years. Hilton's Collection and Lifestyle brands are still on target to unveil 15 new hotels in seven different European nations by the end of 2021, including Tapestry Collection, which debuted in Europe earlier this year (White, 2021).

Agnes Roquefort, Global Chief Development Officer, Accor affirmed “In 2021, we continued to reinforce our leadership position in the regions where we have historically led the competition, while building strong momentum in the key markets of North America and China. We are projecting an even higher pace of growth this year and are pleased to have resumed signing new hotels at a rate of one per day.” A pioneer in global hospitality, Accor is happy to provide an overview of its development plans for 2021 as well as its growth projections through 2022 and beyond. In total, 288 hotels and resorts with 41,000 rooms were opened by Accor in

2021. With an additional 1,200+ properties and 214,000 rooms in the pipeline, Accor's whole worldwide network will now include more than 5,300 hotels and

6

778,000 rooms that are open and functioning. A 3% net growth rate was reached by Accor's international development and design & technical services teams in 2021, with more openings and signings than any worldwide rival in its historical top markets (Accor, 2022).

Financial commitment to CSR

Specifically in the areas of economic, legal, ethical, and charitable duties and responsibilities, CSR (Corporate Social Responsibility) is a private corporate self-regulating framework that aids an organisation in being socially accountable to its customers, employees, shareholders, and the public. In addition to social, educational, and charitable initiatives like community volunteering, socially conscious company practises, cause promotion and activism, cause-related marketing, corporate social marketing, and corporate philanthropy, the definition has been expanded to consider the environment, specifically the reduction of waste and pollution in their supply chain (Amix, 2020).

Hilton Hotels are driven by value strategy, as it launched a new premium economy brand with the intention of providing guests with value, quality, and consistency. With a straightforward but vibrant design, cosy guest rooms, and dependable service at an affordable price point, Spark by Hilton will be able to satisfy the needs of travellers trying to get the most out of their trip expenses (Hogan, 2023).

The ability to continuously reinvent unique experiences and services for customers in line with their changing needs and new ways of living, travelling, and working, from hotel stays to dining experiences to working and meeting, is made possible by Accor's strong ecosystem of brands, value-added services & solutions, and powerful loyalty programme. Accor maximises performance and value for partners by providing a wide range of business solutions and knowledge. (Accor, 2023)

Sustainability. As one of the biggest hotel companies in the world, Hilton is aware of its obligation to safeguard local communities and the environment so that the places

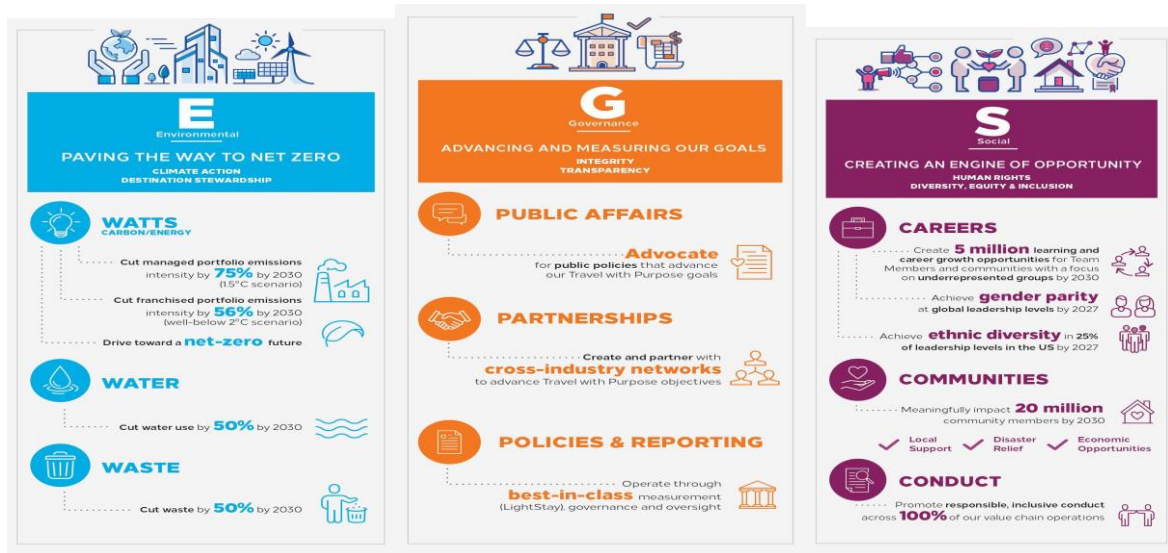
7

it operates can continue to be thriving and resilient for future generations of tourists (Hospitalitynet, 2022) Hilton has announced three new social impact goals in addition to its increased environmental targets, which further demonstrate its dedication to helping the communities in which it operates:

- By 2030, with an emphasis on underrepresented groups, create 5 million opportunities for team members and communities to advance professionally.
- By 2030, have a significant impact on 20 million community people through local aid, disaster relief, business possibilities, and other means.
- Promote ethical behaviour and inclusivity throughout every aspect of our value chain activities (Hospitalitynet, 2022)

Accor has a strong commitment to sustainable value generation and actively participates in charitable giving to the environment and local communities. The Group has ambitious goals built around four strategic pillars: working with people, involving the clients, innovating with partners, and influencing local communities. The Group seeks to act for "positive hospitality" and has established ambitious goals. And there are two principal areas of attention: food and structures (Accor, 2023)

Hilton President and CEO Chris Nassetta said "We are experiencing the lowest levels of supply we have seen in the U.S., overall. That continues to be met with very strong demand, and we have not seen any weakening in demand," We do not see leisure slowing down. On the business-transient side, there's still strong and growing demand, even pent-up demand. And on the group side, we finished the second half of last year with people getting more comfortable and planning events like crazy. The economics of supply and demand are just really good." (Ricca, 2023)



Ref. Hilton (2023)

In a statement, Accor affirmed that there had been “a sustained increase in the number of business and leisure domestic guests” and the organisation had “that confidence that our performance will continue to improve month after month, with prices already above 2019 levels” said President and CEO Sebastien Bazin (Hardin, West, 2022)



Ref.

Accor (2016)

Conclusion.

Hotels must maximise the income they may get from room sales at any given time. They must keep an eye on client demand and adjust room rates accordingly. They are attempting to increase sales incrementally by offering discounts to consumers who are unwilling to pay the existing price as well as supplemental sales from clients who are ready to pay more at the same time. Dynamic pricing, which adjusts prices for various clients to maximise income, is what is meant by this (Martin, 2019).

The most crucial thing a general manager will do is create a budget for a hotel. A budget is a set of objectives that spans the entire profit and loss statement, from top to bottom. The person in charge of that section of the profit and loss will now be given a budget amount to work with and, ideally, spend less than (unless authorised), or, in the event of a revenue target, to go over (Martin, 2019).

The money that remains in the company after all expenditures and expenses have been paid is known as net profit, often known as the bottom line. (Martin, 2019) In

The Practical Guide to Understanding and Raising Hotel Profitability, Adrian Martin affirms: “Nonetheless, improving net profit improves not just the return for the owners, but also the value of the business. It is rare that this can be done by focusing on just one area of a profit and loss statement, requiring a more holistic approach that involves deep-diving into every cost and revenue stream simultaneously: all the whilst dealing with day to day issues from customers and staff, while maintaining standards and keeping a watchful eye on the market trends.” Martin, 2019- pag 179).

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12

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