

BUSINESS REPORT – COMPARISON OF CORINTHIA HOTELS AND IBIS HOTELS

Financial Management for the Hotel Industry BMIH5007

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Student Name: Marika Henszek

Student ID: 2208214

Module Lead: Tristan Hawkins

Executive summary

The hospitality industry is highly focused on creating memorable experiences for tourists in the Global context. Financial Management remains a key pillar for every hotel chain while diverse strategies define success. The report critically appraises the financial management strategies of Corinthia Hotel Group and Ibis Hotel Group, which are considered as the key players in the hospitality industry.

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Introduction

Financial strategic management is highly required for every firm to recognize their business performance and obtain proper decision in future context. In that aspect, the entire context will be focused to present comprehensive analysis of financial strategic management between Corinthia Hotel Group and Ibis Hotel Group. The analysis will be based on the total revenue, growth process, market position, and CSR initiatives.

Total Revenue

Corinthia Hotels: The hotel is the operator and developer of business in Europe, and Africa, and the middle is based in Malta. The organization was founded by Alfred Peshani in 1962 and it is considered the luxury hotel group with an impressive trajectory in hotel revenue over the past years. The organisation has recorded 95.8 million Euros in revenue growth in the year 2022, which was a record of 61.2 million Euros from the same period last year (WhoswhoMT, 2024). In the year 2023, the organization has obtained 282,017 Euro as revenue, where the gross profit is 120640. The major source of revenue streaming is based on the diversity of the organization where different segments are included such as room booking process, dining services, Spa, and event hosting with various amenities making the entire revenue growth (Corinthia group, 2023). The source of generating revenues for the organization by Radisson Blu Resort and Spa Golden Stamps is highly included in the consolidated figure from the financial year of 2021 by holding 50% shares (Mason, 2022). The sustained upward trend in the total revenue has been attributed to a combination of factors where global economic stability has created an environment for the organization.

That helps to deliver a luxury travel environment for tourists and that positively influence the room booking process and even hosting. The firm performs effective marketing strategies that help to increase its total revenue by promoting its brand visibility on the social media platform and delivering a high clientele approach. The organization has been committed to providing a premium experience for the tourist and reflecting personalized services in an exclusive way resulting in a high rate of customer retention in the context of revenue trends (Garvey and Loughhead, 2023). The source of revenue

for the organization strategically balances and mitigates risk-associated dependency on the single-income streaming program. The organization is focused on premium offerings by targeting market campaigns and contributing to sustained revenue growth.

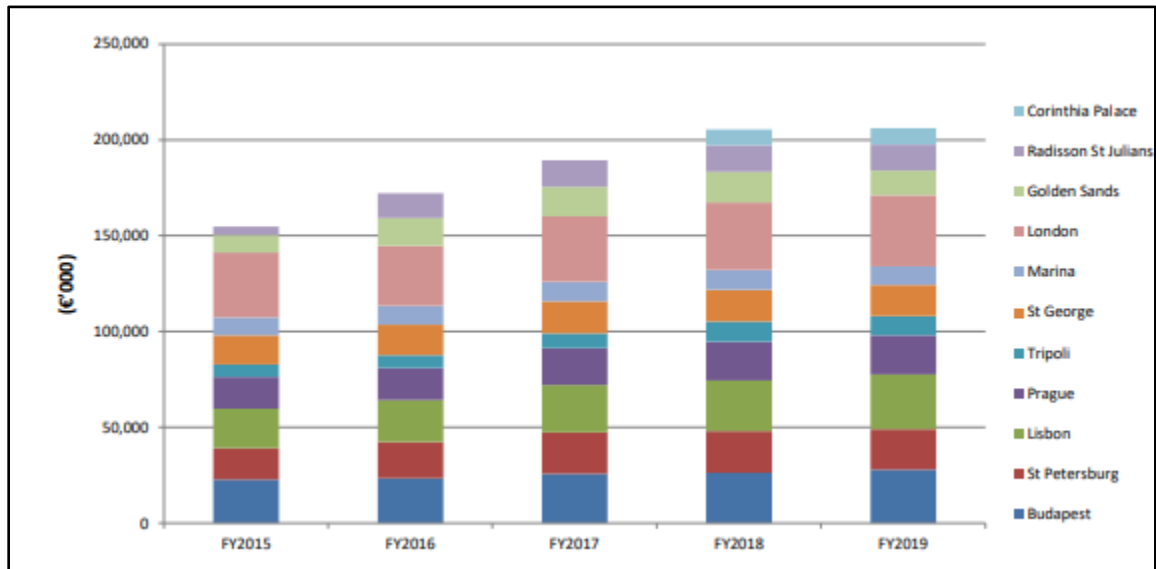


Figure 1: Revenue by Hotel

(Source: Corinthia group, 2023)

Ibis Hotels: It is a French brand of economy hotel owned by Accor. The organization was created in 1974 in France. The organization has consistently maintained a robust Hotel revenue position. According to the financial year of 2022, the organizational performance is affected where total revenue growth is 4224 euro. In the year 2023, the organization obtained 1286 million Euro 13% increase in revenue from the previous year of 2021 for the premium, mid-scale, and economic divisions. 17% has been an increase in revenue growth due to providing luxury life exhibitions in the global environment (Cambon, 2023). The organization has performance management and franchise programs, and it provides an effective revenue growth of 225 million in the year 2022, which indicates a 15% growth of revenue for the organization and a 10% relative growth in the year 2022 from the hotel assets and other segments. In Germany, 13% of the region's room revenue has been considered an effective growth approach

for the organization, and a 25% revenue growth increase from the region of Middle East Africa Asia Pacific of the room booking process (Vinod, 2022).

Moreover, the revenue trend of the organization has been representing the residents in the face of economic fluctuation. This has been attributed to a strategic focus on first effective operation and resulting in a lean construction that enables complete pricing across the different budget segments. The organization has been offering diversified services based on ranging from budget to rent accommodation for tourists (Group Accor, 2023). Effective diversification allows the organization to tap into different markets and mitigate the risk associated with the economic trance effectively for the specific travel segment.

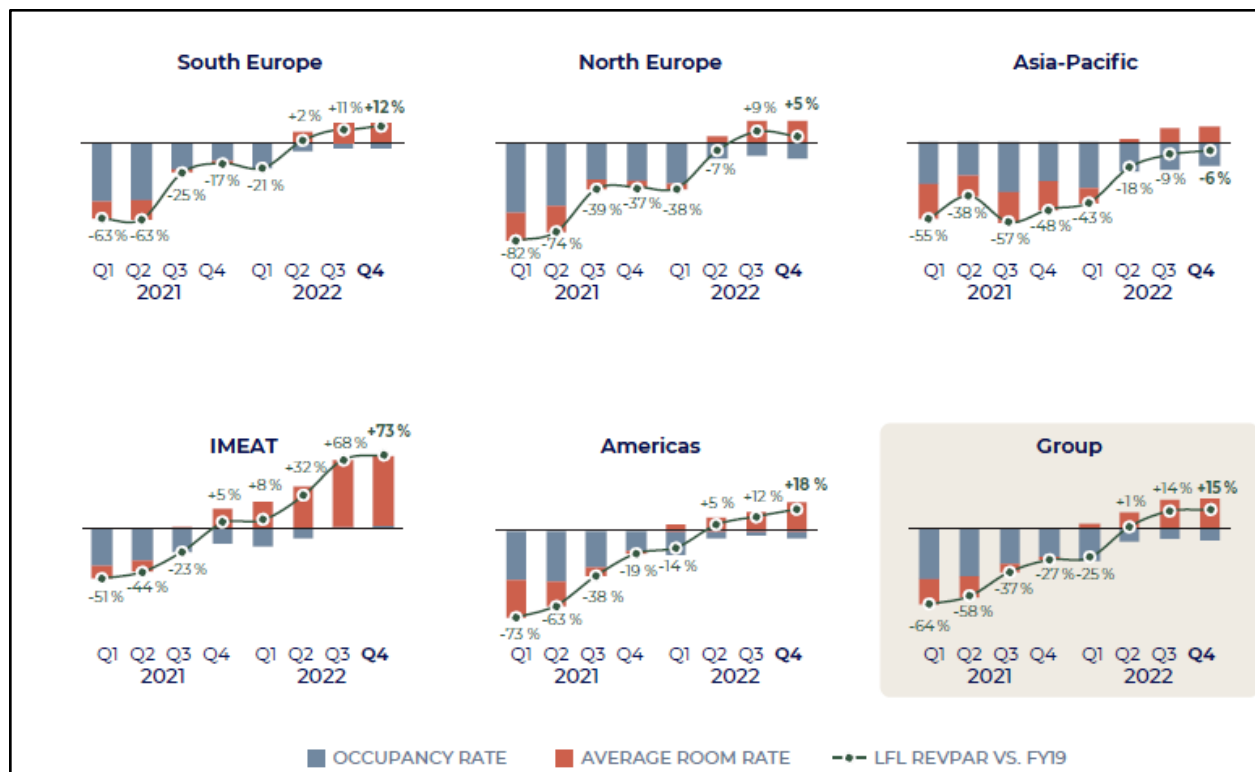


Figure 2: Group RevPAR trends by region (in %)

(Source: Group Accor, 2023)

After representing the different financial performances of both organizations, it has been demonstrated that organizations have effective performance. Corinthia focuses on the

luxury segment and it takes advantage of premium offers for consumers whereas Ibis has adopted diversified approaches with different budgeting segments to ensure the residence in the face of economic uncertainties. The respective numerical values and strategic approaches highlight the differences between them with successful financial management strategies in the hospitality industry.

Market Position

Corinthia Hotels: The organization has positioned itself as a luxury brand in the global hospitality atmosphere and it is targeting up-skills who seek an unparalleled premium experience. The market share has been smaller in numerical terms compared to some competitors at 10%. The brand enjoys remarkable recognition among a niche demographic that creates a sense of exclusivity. In the 2021 financial year, 50% shareholding has been done by the organization in Golden Sands and the share of profit has been obtained by the organization at 6100 euro in the year 2023 (Corinthia group, 2023). With the market share, the organization has strengthened its entire business operation by cultivating brand loyalty by targeting potential consumers. The brand perception is highly crafted around the pillars of luxury, the promise of a unique and unforgettable experience, and personalized services. This approach has resulted in a loyal customer base with a customer retention rate of approximately 70% reflecting the success of the organizational performance and focusing on delivering a distinct luxury experience (Abdrakhmanova and Moghavvemi, 2022). The approach has been identified as an effective position in the business market where the market strategy has been focused on exclusivity and differentiation. It has been emphasizing a unique offering that led to an average annual revenue growth of 8% and demonstrated the effectiveness of the business strategy.

Ibis Hotels: On the other hand, the organization has created a large group of employees with a different market position strategy. The organization deliberately targets a broader market segment by ranging from budget-conscious travellers to those who are seeking medium-range accommodation. The organization has achieved a substantial market share by holding around 15% of the Global Hotel market (Press

Accor, 2023). The broader market position allows the organization to characterize diverse customer demography and contribute to effective experience for them. The brand's perception of the organization is built on the base of reliability, consistency, and delivering value for money. The organization has been providing effective customer satisfaction at the rate of 80% approximately by displaying the commitment to the delivery of consistent and reliable experiences. The market position of the organization is underscored by the numerical development age including the annual occupancy rate at 75% and it has been indicated the ability to capture a large share of the accommodation market by targeting the white range of medium income range of travellers. Moreover, the value-for-money proposition has been considered an effective strategic approach for the organization day-by-day (Dumoulin and Giacomel, 2020). Therefore, it has been critically understood that the Corinthia Hotel has focused on exclusivity whereas Ibis Hotel provides advantage in a broader position in strategy by capturing a large market share.

Growth Potential

Corinthia Hotels: The hotel has been focused on bringing effective growth of business operations through strategic expansion into the emerging luxury travel market. The organization has been focused on investing in new properties and partnerships as well as on enhancing customer experience with effective growth (Lagarias *et al.*, 2022). This initiative has helped organizations to meet the commitment to continuous enhancement of customer experience. Moreover, potential barriers also exist such as the impact of economic downturns on luxury travel and the necessity for sustaining innovation to meet the evolving customer expectations. The strategic partnership is considered a significant opportunity for organizations to perform the high in the travel program (Martinović. and Mišić, 2022). Exclusive arrangement of event collaboration and target market campaigns help the organization to emerge in the business market potentially by delivering effective customer experience. The digital transformation and personalized service would provide concrete metrics to manage the strategic decisions in the business.

Ibis Hotels: The organization has been focused daily with a substantial global presence by maintaining significant growth. The aim of the organization is to capitalize on its business growth and deliver opportunities in emerging markets (Rachmawati *et al.*, 2020). Different project revenue of business market helps to enhance the precisions of growth projection and influence to create further investment in the technology with a specific budget to enhance the customer experiences appropriately. Moreover, the potential barrier of the management is to understand consumer preferences in the changing business environment (Sakovska *et al.*, 2021). In order to minimize the issue, the organization has focused on adopting the changing customer preferences by conducting continuous market research. The numerical metrics are a percentage increase in customer satisfaction that targets it through personalized services to meet the business goal (Kozhukhivska *et al.*, 2022). Additionally, the organization has also maintained a cost-effective operation to attract all demographic consumers by promoting more innovation to stay competitive in the dynamic hospitality landscape.

In contrast, it has been understood that both organizations have adopted unique approaches in order to present their business differently and focus on enhancing the precision of their decision-making process better in the evolving hospital industry.

Financial Commitment to CSR

Corinthia Hotels: The hotel has highly demonstrated a robust financial commitment towards corporate social responsibility (CSR). Sustainability practices are highly integrated into the operation of the organization by focusing on maintaining energy efficiency and waste reduction approaches (Debattista, 2022). The organizations have been also focusing on adopting eco-friendly initiatives by minimizing their carbon footprints. In the context of the community engagement initiative, the organization has supported local business and cultural preservation by contributing a positive brand image in the hospitality industry. The financial commitment towards CSR is highly based on the growth of responsible tourism within the luxury segment (Črnja, 2022). Apart from that, the organization has been focused on taking the initiative of CSR by

maintaining the Environmental Act under the ethical aspect, ensuring a holistic approach that resonates with socially conscious consumers.

Ibis Hotels: On the other hand, the hotel is part of the Accor group that highlights its commitment to CSR by taking initiatives such as Planet 21 (Ibis Accor, 2024). It has been referred to as Agenda 21 where the Action Plan was adopted by 173 heads of state at the 1992 Earth Summit in Rio de Janeiro. It has been providing support to the organization to maintain sustainability practices in the business by minimizing the environmental impact under the hospitality industry and increasing the consciousness to save the environment in a healthy way. Community engagement and ethical business practice are also embedded in the ethos of the group. The financial allocation for CSR activities is highly connected with the global-scale operation of the organization and commitment to responsible business practices (Rini *et al.*, 2022). The organization might enhance its business in the future based on CSR by emphasizing local community engagement in every location of its business. Tailoring the CSR initiative to address the particular community the organization required to create a more profound and positive impact that allows to meet the commitment of Business Ethics practice.

Recommendation

Corinthia Hotels: Based on the ever analysis it has been identified that organizations need to focus on targeted marketing to expand their customer base without compromising the luxury brand image. It is highly required for the organization to strengthen its partnership program with high-end travel agencies. It will help organizations to improve their business collaboration and open new opportunities to create more business growth in the luxury context. Even also, the organization needs to focus on creating digital transformation and personalized service to enhance the overall customer experience to ensure sustained growth.

Ibis Hotels: The firm needs to capitalize on its global presence by focusing on growth opportunities in emerging markets. The firm needs to promote its business on the social media platform by creating more investment in technology and personalized service to enhance customer loyalty in a cost-effective way. Effective innovation helps the

management of the firm to meet the changing preferences of consumers to sustain the business group in the global hospitality industry.

Conclusion

After completing the entire comparative analysis, it has been identified that the report provides valuable knowledge into the financial management strategies of Corinthia Hotel Group and Ibis Hotels. By understanding the entire approach of the initiative, it is understood that the stakeholders of the organization are able to maintain the decision-making approaches to ensure financial stability under the segment of revenue performance, market positions, growth potential, and CSR programs. That helps organizations to ensure their business performance effectively in the dynamic hospitality industry and able to foster their continued success in a respective way.

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