

Example of essay on trends and opportunities in hospitality and tourism

[Business](#), [Company](#)



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Executive Summary

This paper is aimed at analyzing and discussing reasons behind success or failure of companies that operate in tourism/hospitality sector. For the research objectives the author chose Accor, a France-based company that has been in the market for over 45 years. The paper draws particular attention to factors that determine profitability and growth of Accor. The research findings revealed that the market sector in which Accor operates is capable of providing opportunities for large corporations as well as for small businesses. In tourism and hospitality it is essential to conduct supply and demand analysis as well as to spot tendencies in the market. The report concludes the analysis with a detailed list of recommendations which is briefly summarized below:

- Measure the potential of entering foreign markets (e. g. African countries, Latin America, United States)
- Build a healthy image among customers; invest in establishing long-term relationships with clients

- Consider service endorsement by public figures; start a marketing campaign in social media
- Make sure that the company's website is easy to use, simplify access to services

About the Company

In this paper Accor Company's strategy and vision are going to be analyzed for the purpose of determining a successful example in Hospitality and Tourism sphere. The paper is going to have brief information about the Company and its strategic vision, as well as an analysis of its actions in the market and how Accor reached its goals.

The full name of the company is Accor S. A. and it is a French company that represents a hotel group. The headquarter office is located in Paris, France. The hotel group operates on five continents and franchises more than 3500 hotels worldwide. Accor S. A. was founded in 1967 and nowadays more than 160 000 employees are working for this company. The average profit of the Accor Company is about 126 million euros per year, which makes it one of the most significant and powerful companies in Tourism and Hospitality field. Since Accor has proven to be one of the most successful companies in the area, it is believed that their performance can be treated as an example of how other companies might want to build their strategy.

One of the most remarkable things concerning Accor is that the company offers various services from luxury to economy. Since Accor is cooperating with various brands, it is able to offer unique services. So far the major objective for the company is to develop the existing achievements further.

There are several actions Accor undertakes every day in order to improve their services. The key actions are:

Accor is well aware of the saying " Customer comes first". From the list of the actions that the company takes it is apparent that the key to Accor's success is comprehension of what customer actually wants and needs. This approach has proven itself to be working and the company takes all the necessary actions to ensure their customers' satisfaction. Nevertheless, the company's vision can be summarized in their motto: " Because we're all committed to making our customers and employees smile—every day."

Moreover, the core values of Accor are truly showing why the company is operating on the market more than 45 years:

- Innovation is our trademark
- The spirit of conquest is our growth engine
- Performance is the key to our continued success
- Respect is basis of all our relationships
- Trust is the foundation of our management

Reasons for growth or failure

There are several critical reasons for Accor's growth. The most significant reason is that company is trying to improve the strategy and to figure out which aspects need to be taken into consideration in order to create a new model of actions and to increase the profit. In last few years the chairman of Accor Company decided to focus on two major goals: maximum operational performance and sustainable growth. Expanding is the major focus of the company that can be comprehended as a will to develop the services and to

include new strategies. New strategy includes the following actions - separating brands and owners by their functions, missions and their targets. It would save time and build a better performance.

The other way of making this strategy work out is to adjust services in order to meet the needs of customers and partners and to manage costs for both sides - Accor and their partners.

Moreover, Accor plans to improve three segments in order to strengthen brands: in luxury segment Accor is planning to make their services even more excellent and to increase brand equity, in midscale segment it is planned mainly to focus on innovation and to offer the customers something that differentiates from other companies, in economy segment the focus is more on securing the leadership.

Accor is planning to expand midscale and economy segments by finding the investors and to build a new strong position in European countries. However, this objective is lying on investors' shoulders and it is their responsibility to develop this area.

Moreover, the team (organization) was assigned to monitor how the new strategy works and what benefits it brings to the company. The major focus of this organization is to find clear and long-term vision and to follow it in a simpler way, to follow the specific KPIs and to fulfill two missions that were set by Accor.

The CEO of Accor shared the information in which countries the company is going to expand their business. As the major focus of the business and more than 70% of revenue come from Europe, Accor is planning to expand elsewhere in the world. However, USA is not a destination where the

company would like to expand their business. The basic reason is that it would take them a long time to build long-term relationship in US. Nowadays it seems impossible to start business in this country. However, other countries are taken into consideration.

African continent is a must for Accor's expansion. The company's prognosis for African countries is that there can be a boom on the market. The major challenge is to assess all the political conditions.

CEO also mentioned in his interview that even though European market is a huge part of the business, it is very hard to expand business further and in Latin America it would be easier to make it faster.

Recommendations

Based on the information retrieved from the company's website as well as from other reliable sources, it is clear that over the past years Accor has grown from medium-sized company into a large corporation. The reasons behind this growth can be seen in clear marketing strategy that the company has as well as in their vision and mission. Since the company is aiming at expanding further, it is essential to keep up with the development and to invest into services to make them even better.

The first suggestion that may enhance Accor's performance is to carefully consider entering foreign markets. So far Accor is well known solely in Europe, where the tourism sector is already developed. Over 70% of company's earnings come from Europe. Due to these reasons, there is hardly any potential in expanding the company within Europe. Instead, it is highly recommended to consider other markets. For instance, hospitality industry in

Latin America or in African countries is not developed at all. Accor has an opportunity of being one of the first companies in the sector. Clearly, it involves a lot of costs. However, if the strategy is created with all the risks in mind, it is possible to overcome these obstacles. On the other hand, expanding the company in the United States requires lesser investments and there aren't many European companies who entered the American market. However, American tourism sector is already brimming with companies, which are solely American-based. This means that due to lack of knowledge about the market it is likely to face serious problems upon entering the market. Moreover, American legislation differs from European laws and it may cause other difficulties and misunderstandings.

The second recommendation is aimed only at improving what the company already has. Accor's brand is already recognized among those who are well aware of the business sector. However, based on reviews that were found online, the need of building a more distinctive brand image is apparent. In order to achieve this goal the company should pay attention to its image among customers. Moreover, Accor, just like any other business, should invest in establishing long-term relationships with clients and adopt a strategy that will ensure that the customers will come back in the future. For example, Accor could come up with a reward system that would encourage clients to buy more in order to get various benefits.

After reading press releases issued by Accor, I concluded that so far the company is reluctant to invest into high-end marketing and advertising campaigns in order to promote their services. Based on customer reviews and analyses conducted by marketers, I believe that Accor should consider

starting a marketing campaign that would involve public figures or celebrities. Another aspect that Accor should pay attention to is social media marketing. So far word-of-mouth advertising as well as ads in social media have proven themselves to be great tools of brand management. Since Accor is not that active in social media, I guess the company should either hire a social media marketing expert or assign this task to one of the employees who is competent in this area. Moreover, social media marketing is very cost-efficient and it won't take much of company's resources to create a fully functioning Facebook or Twitter account.

The fourth and the final recommendation that I believe will enhance Accor's performance is to make sure that the company's website has a friendly user interface and is easy to use. So far most of the information that the company has listed on their homepage is split into tons of categories and subcategories as well as each page features several frames that are listed in a grid. Even though all the necessary information is present on the website, it might take a while for a customer to get used to design as well as to structure of the information. Moreover, a lot of useful information for customers and investors is uploaded in a format of a . pdf document, which requires download. Hence, it would be beneficial for Accor to publish a brief summary of this useful information right on the website in order to simplify the access to data.

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