



STRATEGIC MANAGEMENT OF IBIS HOTEL

Presented BY

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Overview of Ibis Hotel

- Corporately known as ibis
- Formulated in 1974
- Currently has 1068 hotels in 64 countries across the world
- Famous for being economical and comfortable at the same time
- well equipped bed rooms and comfortable bedding
- High quality services

Strategic Decisions

- The strategic decisions are infrequent decisions that are being taken by top leadership of the organization and are highly important in terms of underlying actions, utilized resources and setting paradigm for future course of actions that may affect survival and health of organization in long run.

Non- strategic Decisions

- The non-strategic decisions are highly important for aiding achievement of strategic goals of organization and they encompass development of divisional plans, structuring the work flow, deciding the distribution channel and acquisition of different material and human resources

Strategic Decisions of Ibis hotel

- Expansion at international level
 - *Comes under category of corporate level strategy*
 - *Value creating*
 - *Enable to gain high market share*
 - *Internationalization is carried out through foreign direct investment*
- 15 minutes service satisfaction guarantee
 - *Developed by combining people's and pricing strategy*
 - *Taken by top leadership*
 - *Offers competitive advantage*

Strategic Decisions of Ibis hotel Continued...

- Low cost differentiation strategy
 - *Comes under the category of business level strategy*
 - *Offered global competitive advantage*
 - *Enhances experience of customers at competitive rates*
 - *Commitment with resources is required*

Non-strategic decisions of Ibis Hotel

- Training of staff for coping with complaints of customers and implementing 15 minutes satisfaction guarantee program
 - *Carried out by human resource management department*
 - *Training and trials are offered on regular basis*
- Extensive advertisement and promotion
 - *Carried out by marketing department*
 - *On continual basis*
 - *Helps in increasing marketing shares*

Difference of risk aversion and risk awareness

- Risk aversion refers to avoidance of risk by the organization and they prefer low return with known risks rather pursuing un-known risks with high returns
- Risk awareness is the ability of organization to get sensitized about the hazards of different actions and decisions of organization on people, policies and profitability of the organization

Risk Analysis of Ibis hotel

- The Ibis hotel has integrated system of risk management
- Multiple stakeholders are allowed to participate in risk assessment and management process
- The culture of risk awareness prevails in Ibis hotel
- The structures of risk management:
 - *Global risk management system*
 - *Common risk management system at regional level*

Risk Management Model of Ibis Hotel



Situational Analysis of Ibis Hotel

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. The Ibis hotel is located in commercial areas and can be easily reached 2. The Ibis hotel has strong global network. 3. Exceptional service quality based on 15 minutes satisfaction guarantee program 4. Offers huge customers value and comfort on economical prices 5. Hotel offers 24 hours kitchen and bar services 6. Three differentiated brands (3 personalities) for satisfaction of varying customer needs including ibis budget, ibis, ibis styles and ibis budget 7. The Ibis has gained ISO certification 	<ol style="list-style-type: none"> 1. High operational cost for offering comfort and relying on expert advices to design sound proof rooms in economical rates 2. Cost of developing and evolving good night's sleep solutions by exerts is substantial 3. The Ibis hotel is targeting mainly individual travelers as segment and distribution channel is not wide enough to attract business groups and troops.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Ability to emerge in new market and customer segments. 2. The ibis hotel may formulate alliances with the competitors at local level. 3. The integration with suppliers can be carried out by Ibis hotel. 	<ol style="list-style-type: none"> 1. The number of budget hotels is increasing at both local and global level offering threat of substitutes 2. Competition is likely to increase at global level and sustainability could be a threat 3. The bargaining power of suppliers and regulatory forces at international level may affect the functioning in long run. 4. The changes in demand and preferences of consumers might acts as a threat in long run.

Recommendations

- To expand target segment and expanding to encompass business groups segment along with travellers and individual customers
- To encompass differentiation and focus strategies along with low cost leadership
- To enter into strategic partnerships with competitors in international market
- To carry out merger and acquisitions at international level