

TUI AG: Company Strategy & Performance Analysis

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Abstracts

TUI AG: Company Strategy & Performance Analysis

SUMMARY

TUI AG is one of the largest leisure, travel and tourism company in the world headquartered in Hanover, Germany. As of September 2016, the company operated a range of tour operators, 1,600 travel agencies, more than 300 hotels with 214,000 beds, 14 cruise liners, five airlines with about 150 aircraft. It has its presence in 180 regions and serves 20 million customers. TUI classifies its business into seven segments: Northern Region, Central Region, Western Region, Other Tourism, Hotels & Resorts, Cruises and All Other segments.

MarketLine Premium's company strategy reports provide in-depth coverage of the performance and strategies of the world's leading travel intermediary companies. The reports detail company operations in key geographies as well as comprehensive analysis of each company's growth strategy and financial performance. Furthermore, the reports allow benchmarking company performance through the provision of key performance indicators including: number of customers, direct distribution mix and online mix.

KEY HIGHLIGHTS

Strong distribution network helped it to strengthen its customer base

The company capitalizes on its strong distribution network which enables it to strengthen its customer base. Both direct distribution and online channels reported growth of 2% in 2016 over the previous year. The direct distribution mix (share of sales via own channels including online) increased from 70.0% in 2015 to 72.0% in 2016,

whereas online mix (share of online sales) increased from 41.0% in 2015 to 43.0% in 2016.

Significant decline in the performance of the Northern Region led to a decline in overall revenue

The Northern Region is a major business segment of the company as it contributes 41.0% of the company's total revenue. The segment reported a 6.1% decline in revenue to US\$7.7 billion in 2016 as compared to US\$8.2 billion in 2015. The EBITA declined by 14.2% to US\$486.9 million in 2016. This was primarily due to weakening of exchange rates and intense competition from its counterparts in spite of reporting a 2.0% increase in customer volume in 2016. Revenue was also affected due to poor performance in the Nordic Region. Increasing price pressure and lower demand in Turkey also contributed to overall revenue decline.

Strategic initiatives allow the company to improve its profitability

Certain strategic initiatives were implemented by the company with the aim to enhance the company's business operations and profitability. In December 2016, the company completed the acquisition of Transat to become a market leader in France. The deal adds two brands, Look Voyages and Vacances Transat to the company's portfolio. In July 2016, the company ordered ten new 737 MAX 8s and one new 787-9 Dreamliner aircraft from Boeing with the aim to modernize and expand its airline business. In the same month, the company entered into a contract with Etihad Aviation Group to establish a strong European leisure airline group to offer point-to-point flying services connecting major tourist markets. In November 2016, the company launched its fourth TUI Blue Pulse Schladming hotel in Austria, strengthening its product portfolio. The company also plans to launch Il Castelfalfi - TUI Blue Selection in March 2017.

SCOPE

Company Snapshot - detail key indicators and rankings of TUI AG in terms of revenue, net income, operating income, number of customers, direct distribution mix and online mix in the company's key markets.

Company SWOT Analysis - outlines TUI AG's Strengths and Weaknesses, and weighs Opportunities and Threats facing the company.

Growth Strategies - understand TUI AG's corporate goals and strategic

initiatives and evaluate their outcomes.

Company Performance and Competitive Landscape - analyse the company's performance by business segments such as northern region, central region, western region, hotels & resorts and cruises besides peer comparison on parameters such as revenue.

Key Developments - showcase TUI AG's significant recent corporate events, changes or initiatives.

ICT Spending Prediction - Understand how the company allocates its ICT budget across the core areas of enterprise ICT spend, namely hardware, software, IT services, communications and consulting.

REASONS TO BUY

How does TUI AG ranks among peers in terms of revenue globally?

What are TUI AG's main growth strategies and how successful has the company been at implementing them?

How has the company performed since 2014 in terms of its segments?

How has TUI AG performed in comparison to competitors such as Priceline Group, Expedia, Thomas Cook Group, H.I.S. Co. Ltd.?

What are TUI AG's strengths and weaknesses and what opportunities and threats does it face?

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