



Research

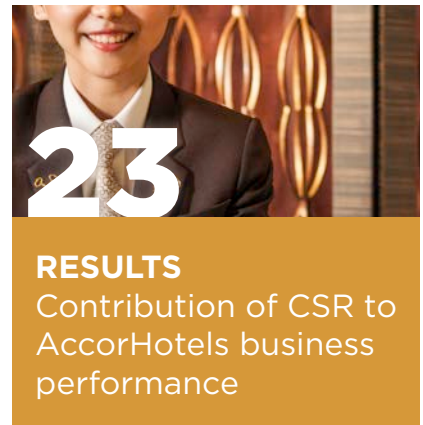
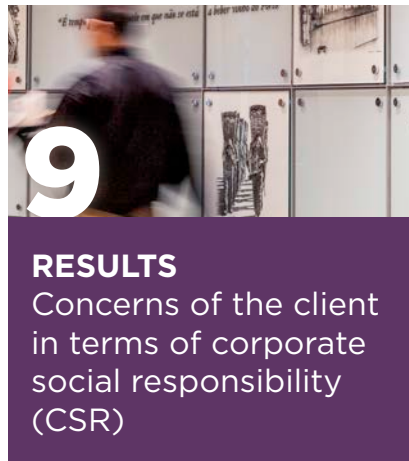
What are the links between business and CSR performance for AccorHotels's strategic and key B2B accounts

Paris, May 2015

This study has been externally verified by EY

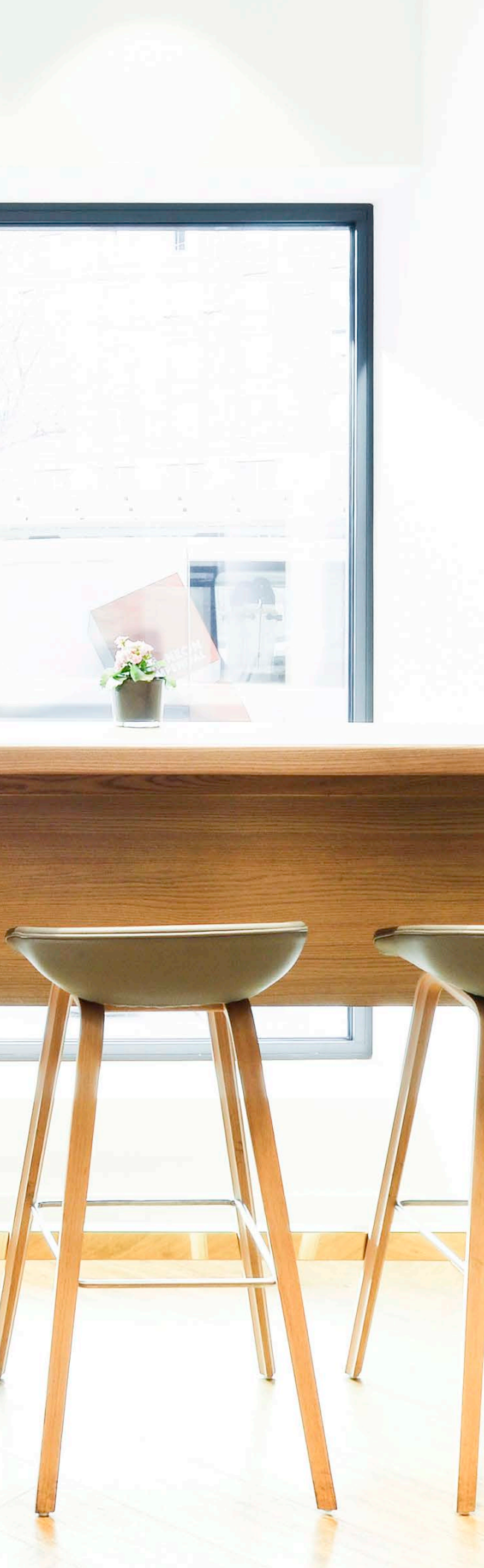


Table of content





Survey methodology



CONTEXT AND OBJECTIVES

In 2012, in the frame of a global study where AccorHotels tried to assess the benefits and costs of environmental certifications of its hotels, a focus was made on a potential link between business and certification, in particular for B2B clients. The sample of strategic and key clients was chosen to cover a significant contribution to AccorHotels's turnover with a limited number of accounts. The total turnover covered by this study is 224 million euros. This study has been updated in January 2015, based on the same sample of strategic key clients, except for one (MSN which is no longer a key account), in order to ensure the comparability of the data.

The objective of this study is to determine how the 2012 trends moved along and to sharpen AccorHotels's knowledge regarding the following stakes:

- The importance given by AccorHotels's B2B clients to CSR
- The weight of CSR performance in the selection process of hospitality suppliers
- The link between environmental certification of hotels and business performance.

METHODOLOGY

The questionnaire is composed of a dozen questions organised around 4 parts:

- ① General information
- ② Concerns of the client in terms of Corporate Social Responsibility
- ③ Importance of the Corporate Social Responsibility criteria for the client
- ④ Link between business and Corporate Social Responsibility performance of AccorHotels.

These questions have been designed to increase AccorHotels's knowledge of the practices of its B2B clients, while maintaining comparability with the previous study. The methodology, the questionnaire format and content have been pre-tested thanks to interviews with the Director of corporate strategic and key accounts sales and with one account Manager.

As in 2012, and in order to avoid disturbing selected clients, it has been decided to submit the questionnaire to the account Managers within AccorHotels. The questionnaire was administrated through an online survey platform between December 22nd 2014 and January 14th, 2015. It was filled in by the 30 account managers (26 in 2012) in charge of the 45 AccorHotels's B2B client selected for the study.

The methodology, results and executive summary presented in this study have been externally verified by EY.



Executive summary



Executive summary

Corporate social responsibility (CSR) is an important matter for the B2B clients and is taken into account in the supplier's selection process

- Most of the B2B clients (94%) perceive CSR as an important matter for their company.
- The importance of the CSR performance for the B2B clients in suppliers' selection process has increased by 6 points of percentage from 2012 to 2015, so as to reach 86%.

B2B clients communicate CSR requirements not only during the RFP process, but also during day-to-day business relationships

- 71% of the B2B clients communicate CSR requirements to the account managers
- 55% of the B2B clients communicate CSR requirements during the pre-selection phase or during the RFP
- 51% of the B2B clients communicate CSR requirements during business reviews or discussions.

CSR is an additional criterion in the B2B clients' selection process and continued gaining importance since 2012

- CSR is not a primary criterion since 13% of B2B clients have included it in their ranking methodology, this percentage being stable when compared to the 2012 study.
- However, the proportion of B2B clients that consider CSR as an additional criterion has increased by 2 points of percentage from 2012 to 2015, jumping to 87% in 2015.
- 53% of the B2B clients see CSR as a way of differentiating the best offer and tilting the balance, whereas in 2012, it concerned only 36% of the B2B clients.
- 33% of the B2B clients would even eliminate a supplier because of its CSR performance.

A majority of B2B clients manage sustainability performance through dedicated purchasing policies and their own ISO 14001 management system. B2B clients value the benefits brought by environmental management systems and, for B2B clients who already request specific certification / label in their selection process, ISO 14001 is the leading CSR standard.

- 73% of the B2B clients have a Sustainable Purchasing Policy or a Responsible Purchasing Policy
- 64% of the B2B clients manage environmental issues through their ISO 14001 environmental management system.
- 20% of the B2B clients already request specific certification / label during their selection process. 60% of these B2B clients specifically request ISO 14001 certification, making ISO 14001 the leading CSR standard
- A wider proportion of the B2B clients take into account specific parts of the ISO 14001 management system. For instance, 40% of the B2B clients take into account the compliance level of the hotels with Health, Safety and Environment regulation, which is one of the cornerstones of the ISO 14001 framework.
- Accounts manager have identified a strong potential interest of B2B clients for inclusion in their selection process of corporate CSR strategy (49%), environmental management systems (47%) and environmental certification (38%).

CSR is an asset of differentiation which contributes to secure turnover, but also to gain and maintain AccorHotels's preferred partner status, thus contributing to additional turnover generation

- 33% of the B2B clients would eliminate a supplier because of its CSR performance, the 2014 secured turnover associated with these clients being 36% of the turnover studied.
- CSR information provided by AccorHotels contributed to gain or maintain this preferred partner status for 11% of the clients representing 8% of the turnover.
- The percentage of accounts for which CSR contributed to a direct turnover growth has increased from 9% in 2012 to 11% in 2015.



9

Results

CONCERNS
OF THE CLIENT IN TERMS
OF CORPORATE SOCIAL
RESPONSIBILITY (CSR)

QUESTION 1:

LEVEL OF CONCERN OF THE B2B CLIENTS REGARDING CSR

This question has been added to the 2012 questionnaire in order to assess the level of concern of the B2B clients regarding their company, by CSR pillar. The data have then been averaged by category of importance to assess the global level of CSR concern.

Most of the B2B clients (94%)¹ perceive CSR as an important matter for their company.

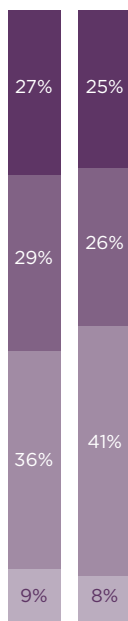
76% of the B2B clients identify the safety of their employees as a very important or an important concern, when the other social and environmental issues are identified as very important or important by 56% to 64% of the B2B clients. **These social and environmental issues are consequently considered more and more important by B2B clients**, since in 2012, they were identified as very important or important by 48% to 50%.

ACCORDING TO YOU,
WHAT IS THE LEVEL OF CONCERN OF THIS CLIENT REGARDING THE FOLLOWING CRITERIA?

- NOT IMPORTANT
- MODERATELY IMPORTANT
- IMPORTANT
- VERY IMPORTANT

Nber SPLIT BY NUMBER OF COMPANIES

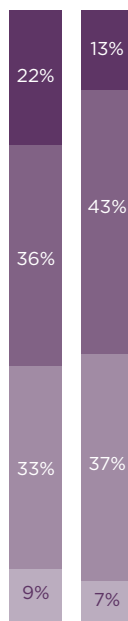
€ SPLIT BY COMPANIES TURNOVER



Nber



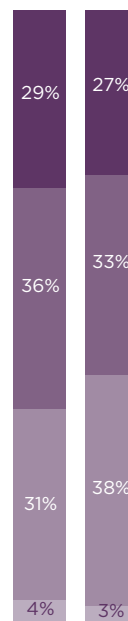
ITS SOCIAL PERFORMANCE
Competency of its employees, equal opportunity etc.



Nber



ITS ENVIRONMENTAL PERFORMANCE
Reduction of energy consumption, water consumption, water pollution, waste quantity, etc.



€



ITS SOCIAL PERFORMANCE
Respect of the local populations, human rights, business ethics, fight against sexual tourism, etc.



€



ITS SAFETY PERFORMANCE
Safety of its employee, prevention of work accidents etc.

1 / This is the average of the sum of the response « moderately important, important and very important » of each pillar.

QUESTION 2:

CSR GOVERNANCE OF B2B CLIENTS

AccorHotels B2B clients have a high level of maturity regarding CSR governance, and a majority of them have already implemented management tools that cover CSR issues from the strategic level to the operational level.

When 84% of the B2B clients have completed the first step of defining a CSR policy, a significant fraction of them have set up governance processes to manage the implementation of the policy (76%), set up CSR targets (73%), and set up Responsible / Sustainable purchasing policies (73%).

The best-in-class have set up an ISO 14001 environmental management system to fully address operational topics linked to environmental performance, and certified their ISO 14001 system (64%).

TO YOUR KNOWLEDGE,
DOES THIS CLIENT HAVE:

% OF ANSWERS "YES"

A policy covering
Corporate Social
Responsibility
issues

84%

A Governance
process to manage
the implementation
of the CSR policy

76%

CSR targets

73%

A Sustainable
Purchasing /
Responsible
Purchasing policy

73%

A certification of
its Environmental
Management System
following the
international standard
ISO 14001

64%



QUESTION 3:

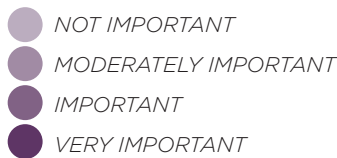
LEVEL OF CONCERN OF THE B2B CLIENTS REGARDING CSR IN THEIR SUPPLIER SELECTION PROCESS

This question mirrors question 1 for the supplier selection process of B2B clients. **86%² of B2B clients perceive CSR as an important matter for their supplier selection process; this percentage has increased by 6% compared to 2012 study.**

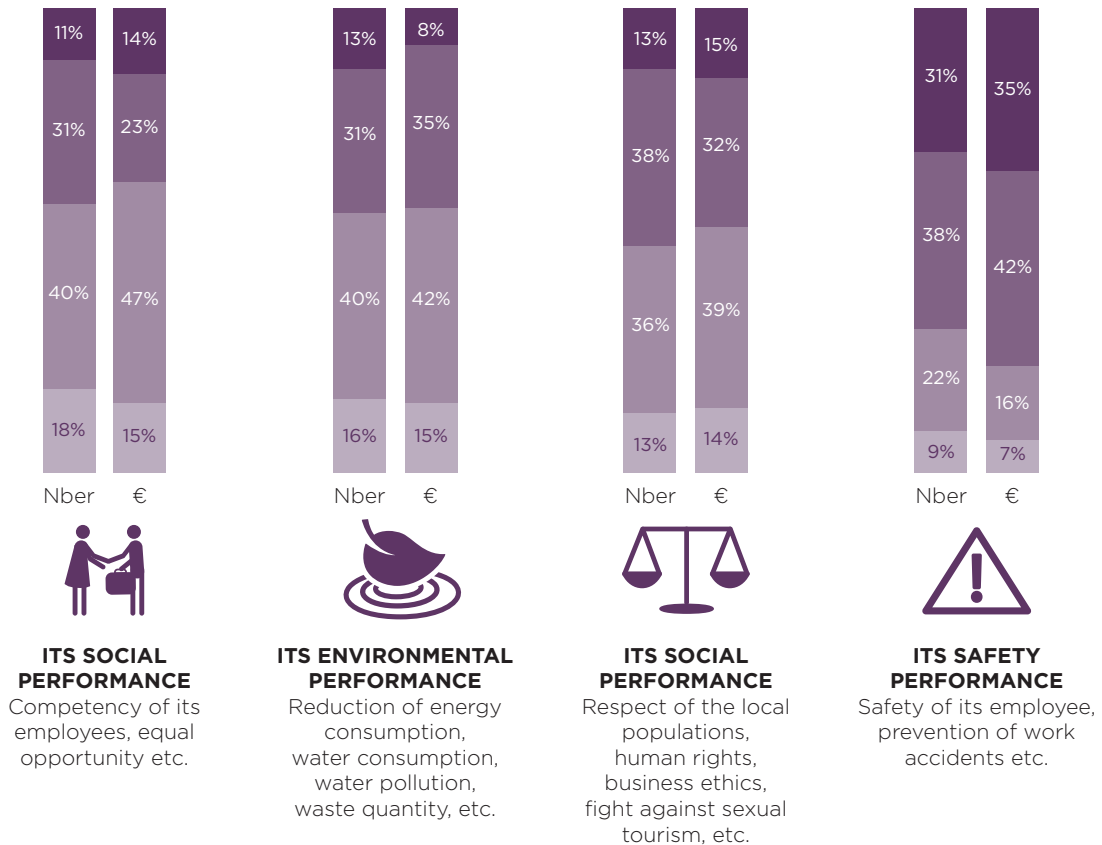
69% of the B2B clients identify safety as a very important or an important concern in their supplier selection process, when the other social and environmental issues are identified as very important or important by 44% to 51% of the B2B clients.

Though the 2012 questionnaire was limiting the question to the RFP process, not the full supplier selection process, it is worth mentioning that in 2012, only 24% of the B2B clients considered these CSR issues as important or very important in the choice of the supplier. **Social and environmental issues are considered more and more important by B2B clients in their supplier selection process.**

ACCORDING TO YOU,
HOW WOULD THE CLIENT QUALIFY THE IMPORTANCE OF BELOW PERFORMANCE CRITERIA
IN ITS DECISION TO SELECT A HOSPITALITY SUPPLIER?



Nber SPLIT BY NUMBER OF COMPANIES
€ SPLIT BY COMPANIES TURNOVER



QUESTION 4: RANKING OF REASONS FOR SUPPLIER CHOICE

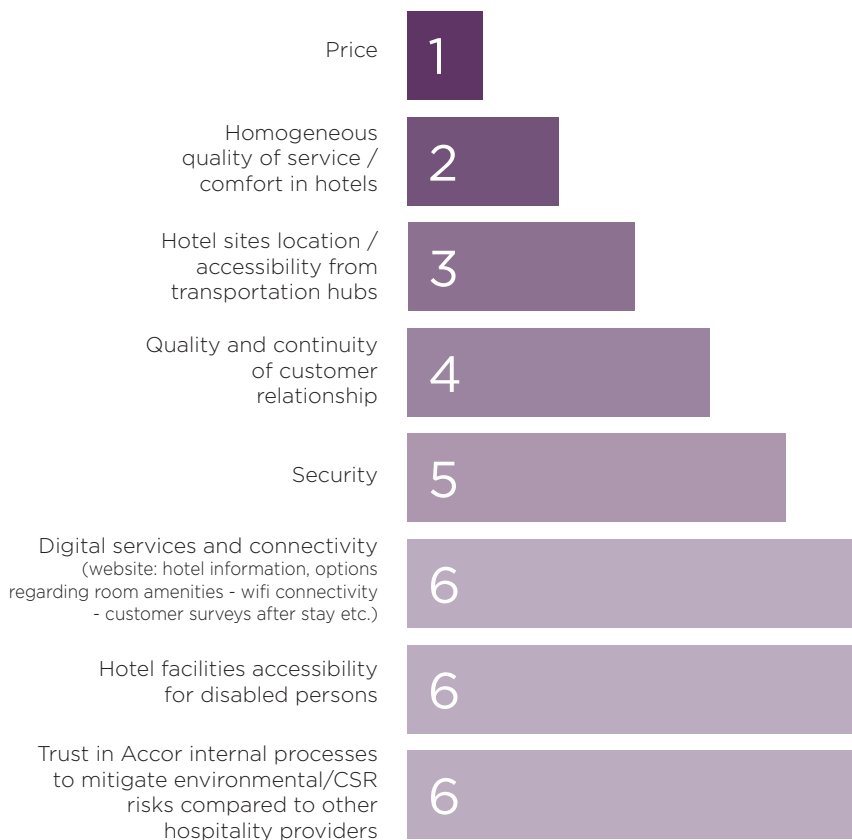
In this question, it was asked to rank the reasons the B2B client of the account manager would choose an AccorHotels hotel in its selection, from 1 being the most important to 8 being the less important. The question asked in 2012 was updated with new options to get a deeper understanding of the reasons for supplier choice by B2B clients.

In 2012, the three main reasons (ranked 1 to 3) were Price, Quality and Location. In 2015, Price remains on top of the list, B2B clients continuing being in a “Best Buy” strategy. The homogeneous quality of service and comfort within the global service offer of AccorHotels is ranked number 2, when site location and accessibility is ranked number 3.

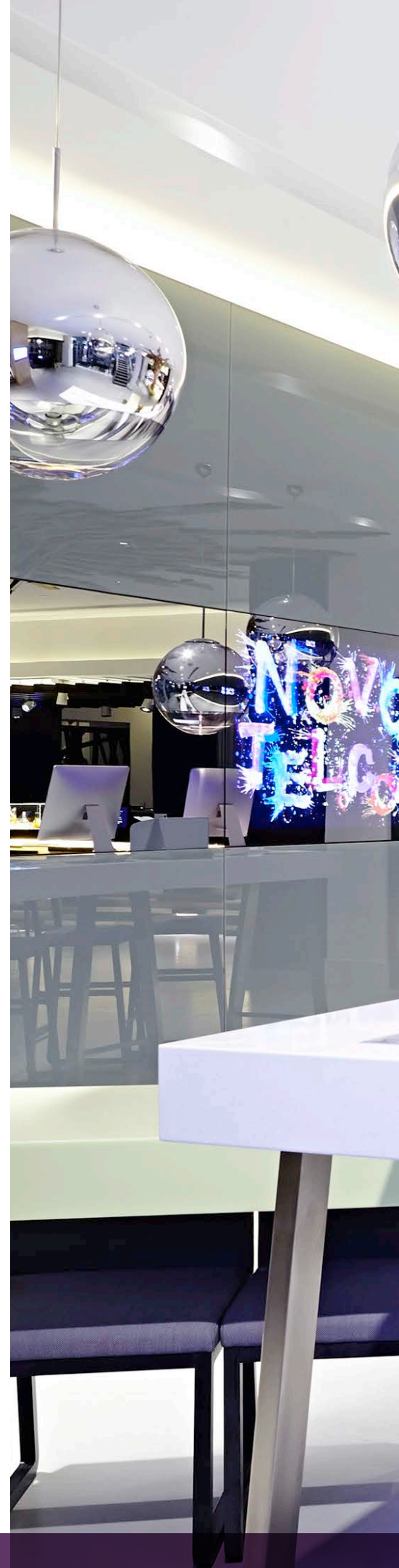
The trust in AccorHotels’s internal processes to provide better control of CSR risks compared to other hospitality suppliers is ranked number 6, with the same average ranking as digital services and connectivity, and hotel accessibility for disabled persons.

ACCORDING TO YOU, FOR WHICH REASONS IS YOUR CLIENT CHOOSING AN ACCORHOTELS HOTEL IN ITS HOSPITALITY SUPPLIERS SELECTION? (RANK THEM FROM 1 TO 8)

AVERAGE RANKING IS DISPLAYED ON BELOW CHART



2 / This is the average of the sum of the response « moderately important, important and very important » of each pillar.



QUESTION 5:

REASONS OF CONCERN OF THE B2B CLIENTS REGARDING CSR IN THEIR SUPPLIER SELECTION PROCESS

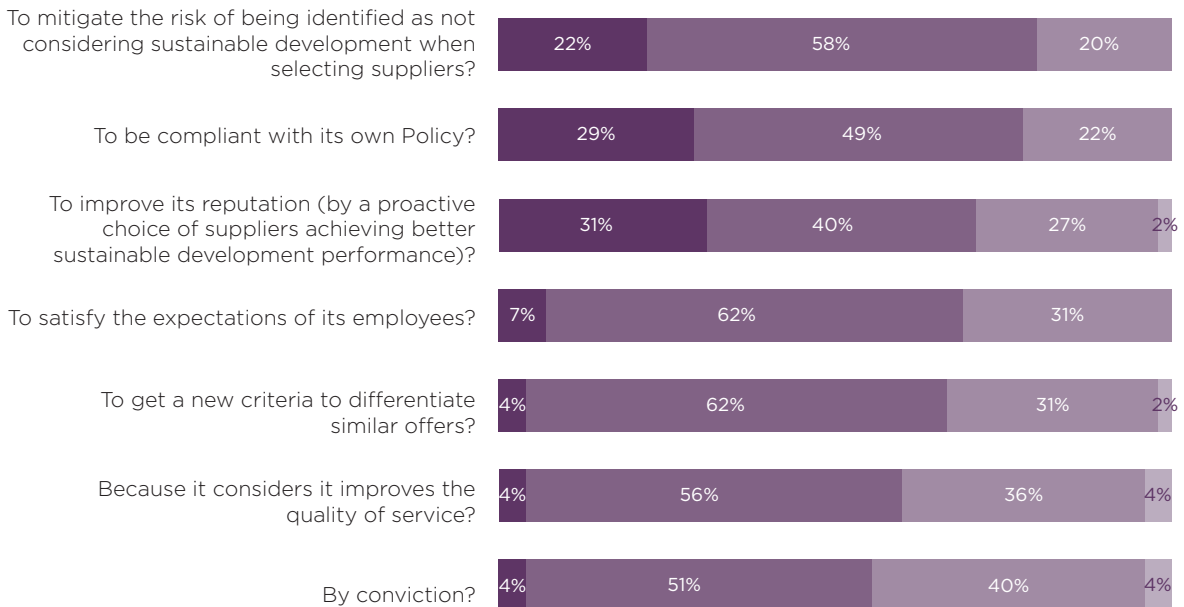
During the 2012 study, it was identified that the main two reasons of concern were reputation improvement (33%) and consistency with the B2B client's CSR approach (20%). In the present study, in order to get a deeper understanding of B2B clients' concerns, two choices related to reputation improvement were proposed, one proactive (linked to better sustainable performance), one defensive (linked to reputation risk management).

31% of the accounts identified the proactive reputation improvement through CSR performance as the main reason of concern, 29% identified the consistency with their own CSR policy (+9% against 2012) as the main reason of concern, and 22% identified risk mitigation as the main reason of concern.

Consequently, the present study reveals that the B2B clients are more concerned by CSR for proactive reasons (such as reputation enhancements through CSR performance, and compliance with their CSR strategy) than defensive reasons.

ACCORDING TO YOU,
FOR WHAT REASONS IS YOUR B2B CLIENT CONCERNED BY SUSTAINABLE DEVELOPMENT
IN THE SELECTION OF ITS HOSPITALITY SUPPLIERS?

- YES, MAIN REASON OF CONCERN
- YES, BUT NOT THE MAIN REASON OF CONCERN
- NOT A REASON OF CONCERN
- NO ANSWER



QUESTION 6:

LEVEL OF CONCERN OF THE B2B CLIENTS REGARDING CSR IN THEIR SUPPLIER SELECTION PROCESS

As in 2012, only 13% of the B2B clients have formally included CSR in their ranking methodology, making clear CSR is not a primary criterion of selection, and that the B2B client's concern are not yet translated into specifications in their RFP.

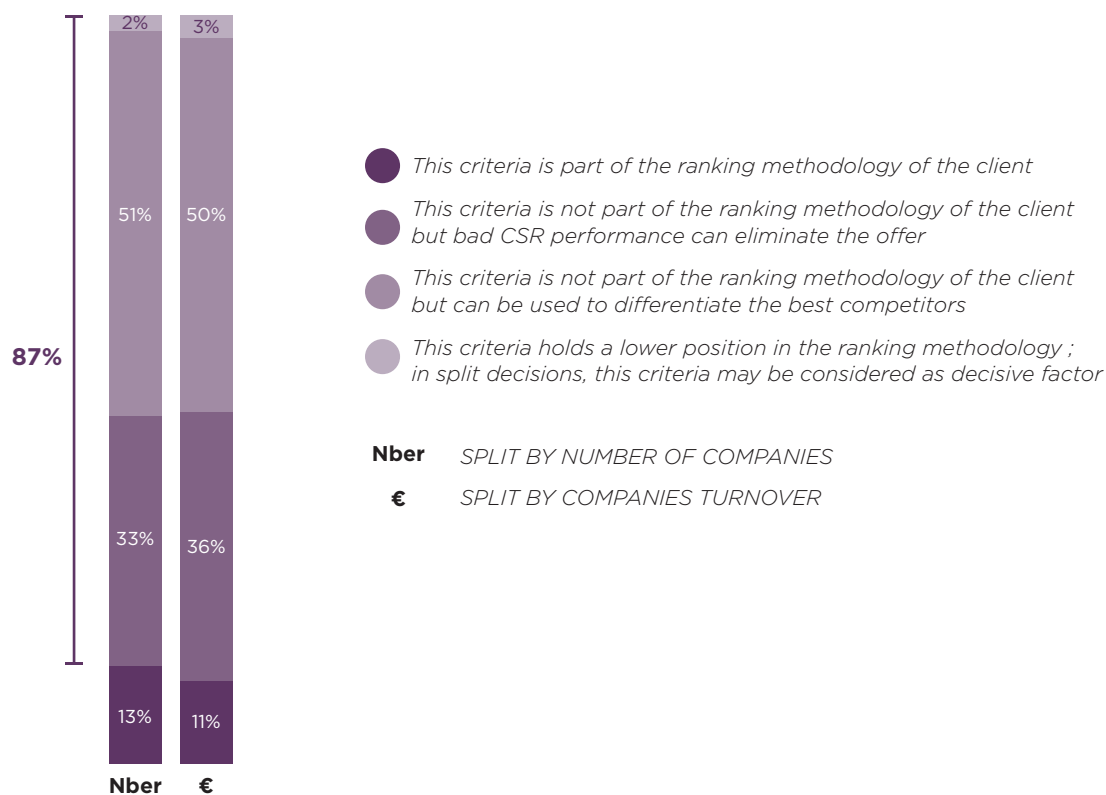
However, **the proportion of B2B clients that consider CSR as an additional criterion has increased in total by 2 points of percentage from 2012 to 2015, jumping to 87% in 2015.**

More than half (53%)³ of the B2B clients see **CSR as a way of differentiating the best offer and tilting the balance**, whereas in 2012, it was the case for only 36% of the B2B clients.

33% of the B2B clients would even eliminate a supplier because of its CSR performance compared to 38% in 2012, suggesting that the overall CSR performance of the global hospitality industry is improving, making this kind of elimination less frequent.

These results could be linked to those of question 5, and considered as supplementary data showing that CSR perception is shifting over the years from a mostly defensive criterion to a criterion linked to performance and value creation, while remaining an additional criterion when the market is focused on a "best buy" approach.

ACCORDING TO YOU,
HOW DOES THE CORPORATE SOCIAL RESPONSIBILITY PERFORMANCE OF THE HOSPITALITY SUPPLIERS AFFECTS THE FINAL DECISION OF YOUR CLIENT IN ITS RFP?



³ / Sum of the respondents saying that CSR criterion is not part of the ranking methodology of the client but can be used to differentiate the best competitors (51%) and that CSR criterion holds a lower position in the ranking methodology and, in split decisions, may be considered as decisive factor (3%).



Results

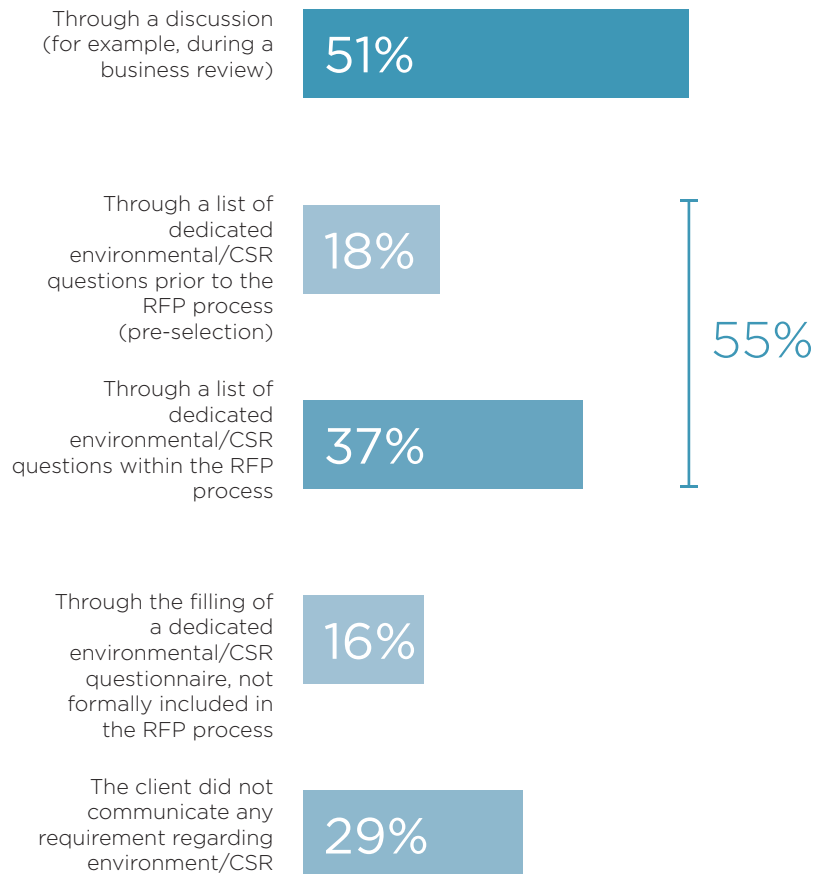
CORPORATE SOCIAL
RESPONSIBILITY
REQUIREMENTS OF THE
CLIENTS



QUESTION 7: WAY OF COMMUNICATION OF CSR REQUIREMENTS

71% of the B2B clients communicate CSR requirements all along the process of selection. If 55% of the B2B clients communicate CSR requirements during the preselection phase or during the RFP, 51% of the B2B clients communicate CSR needs during business reviews and discussions, and 16% require the filling of dedicated questionnaires to better assess the CSR performance of their suppliers.

HOW DOES THE CLIENT COMMUNICATE TO YOU ITS CSR REQUIREMENTS?
(MULTIPLE POSSIBLE ANSWERS)



QUESTION 8:

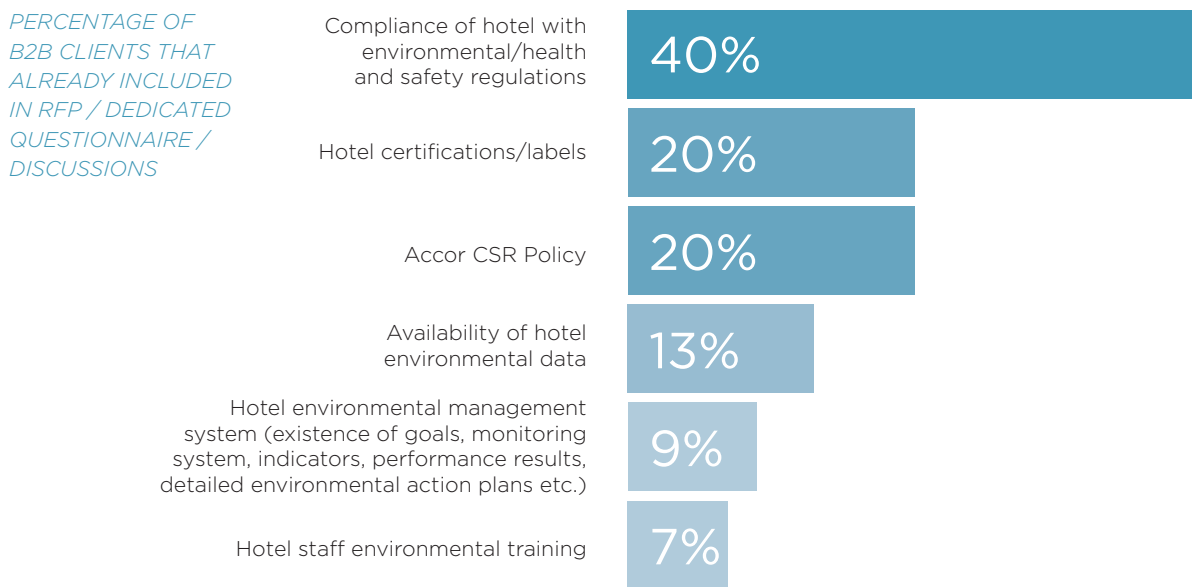
CURRENT AND POTENTIAL LEVEL OF CONSIDERATION OF CSR CRITERIA

This question first addresses the CSR criteria already included in the selection process, then addresses the CSR criteria for which a potential interest has been identified by the account manager.

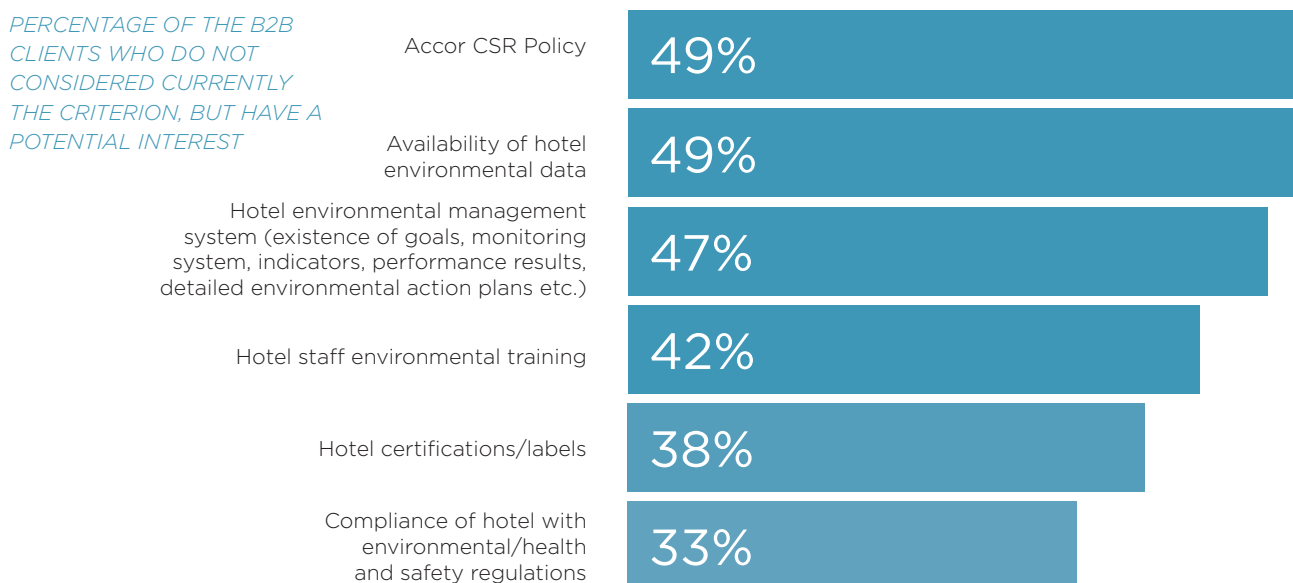
The main CSR criterion already required by customer is compliance to HSE regulation (40%), followed by hotel certification / label and AccorHotels CSR Policy (20% each).

It's worth mentioning that if 20% of the B2B clients already include certification / label in their selection process, **most of the criteria required can actually be addressed by environmental certification : HSE compliance, availability of hotel data on environmental impacts, environmental management system, environmental training.**

AMONG THE FOLLOWING CSR CRITERIA, WHAT IS THE CURRENT LEVEL OF CONSIDERATION BY THE CLIENT WHEN SELECTING HOSPITALITY SUPPLIERS?



INCLUSION IN THEIR SELECTION PROCESS OF CORPORATE CSR STRATEGY (49%), ENVIRONMENTAL MANAGEMENT SYSTEMS (47%), HOTEL CERTIFICATIONS / LABELS (38%).





QUESTION 9:

OPTIONAL QUESTION, TO FILL ONLY IF YOUR CLIENT PROVIDED DETAILED INFORMATION - AMONG THE FOLLOWING ENVIRONMENTAL DATA REQUIREMENTS, WHAT IS THE CURRENT LEVEL OF CONSIDERATION BY THE CLIENT WHEN SELECTING HOSPITALITY SUPPLIERS?

In question 8, it was identified that 13% of the B2B clients already considered the availability of environmental data, when 49% could potentially consider it.

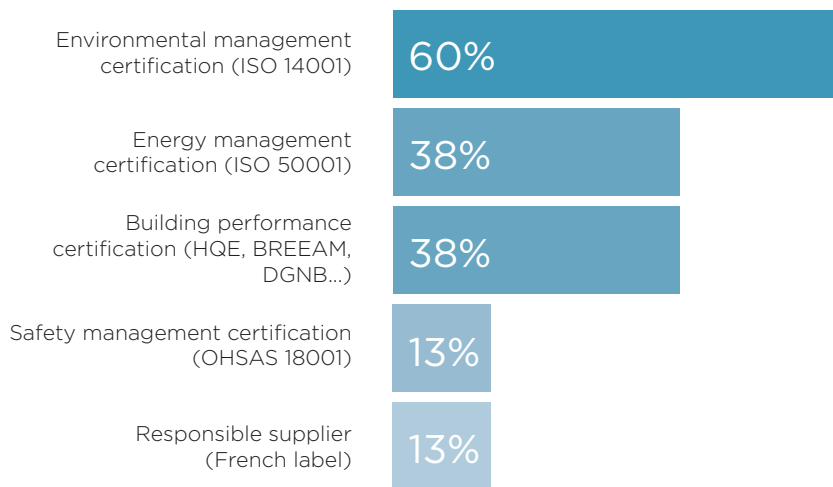
Optional question 9 was only filled by 13 accounts managers who highlighted no request of actual data was made, the requirement was only on the availability of data. The top 3 environmental data for which a potential interest by the client was identified by the account manager were: water consumption per night spent, energy consumption per night spent, waste data. **AccorHotels already reports the energy consumption in kWh per room available and the water consumption (volume of water consumed per client)**. AccorHotels should act proactively to embed environmental data to the tenders in order to answer the potential expectations and differentiate from competitors.

QUESTIONS 10&11: CERTIFICATIONS AND LABELS

20% of the B2B clients were identified by account managers as having provided detailed information regarding standards / labels that were considered for certification. This is consistent with the 20% of B2B clients identified in question 8 as requesting certifications / labels.

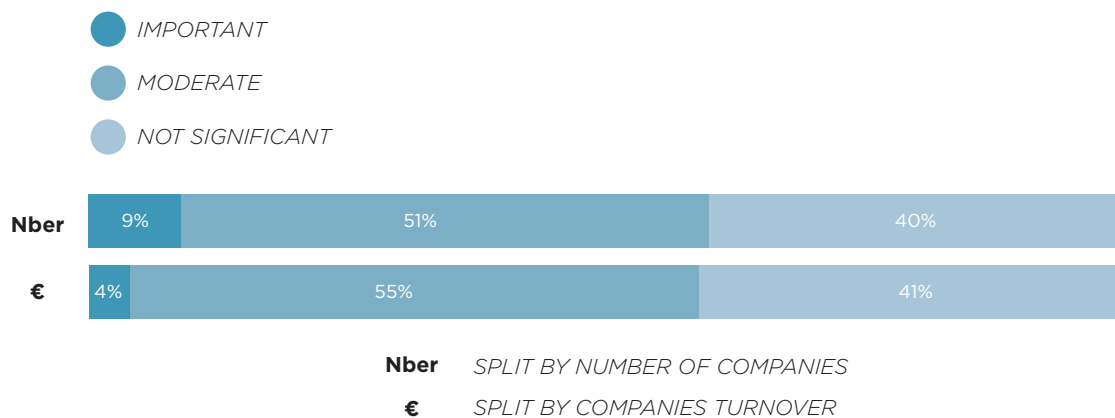
60% of the B2B clients requesting a certification requested ISO 14001 certification, making ISO 14001 the leading CSR standard.

OPTIONAL QUESTION,
TO FILL ONLY IF YOUR CLIENT PROVIDED DETAILED INFORMATION - WHICH STANDARDS / LABELS WERE CONSIDERED FOR CERTIFICATION BY THIS CLIENT?



Question 11 confirmed the results of question 8 and 10: the 60% of B2B clients who consider external certification as important or moderately important are consistent with the 20% who already require certification, and the 38% for which a potential interest has been identified.

ACCORDING TO YOU, WHAT IMPORTANCE IS GIVEN BY THIS CLIENT TO INTERNATIONALLY RECOGNISED EXTERNAL CERTIFICATION (PROVIDED BY COMPANIES INDEPENDENT FROM ACCORHOTELS) WHEN ASSESSING CSR PERFORMANCE OF THE OFFERS?





Results

CONTRIBUTION OF CSR TO
ACCORHOTELS BUSINESS
PERFORMANCE

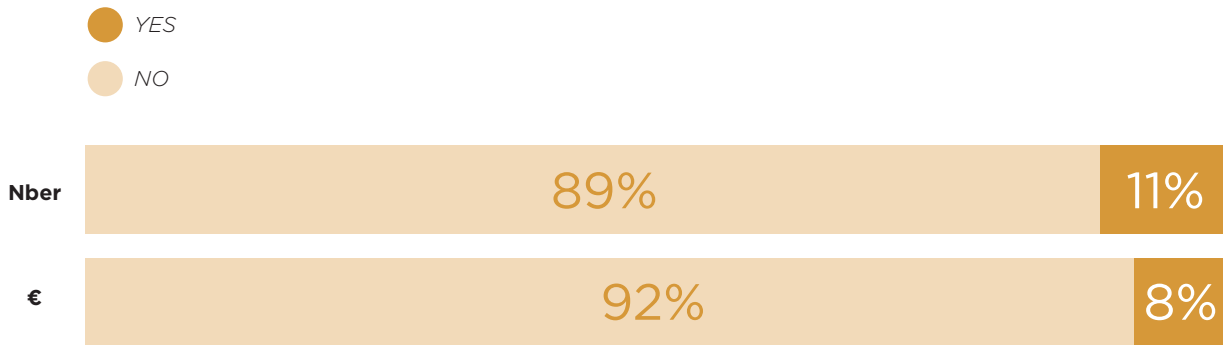
QUESTIONS 12&13:

CONTRIBUTION TO “PREFERRED PARTNER” STATUS

As seen in question 6, thanks to its CSR strategy and environmental certification, AccorHotels can ensure 36% of its B2B clients' turnover by avoiding being eliminated because of bad CSR performance.

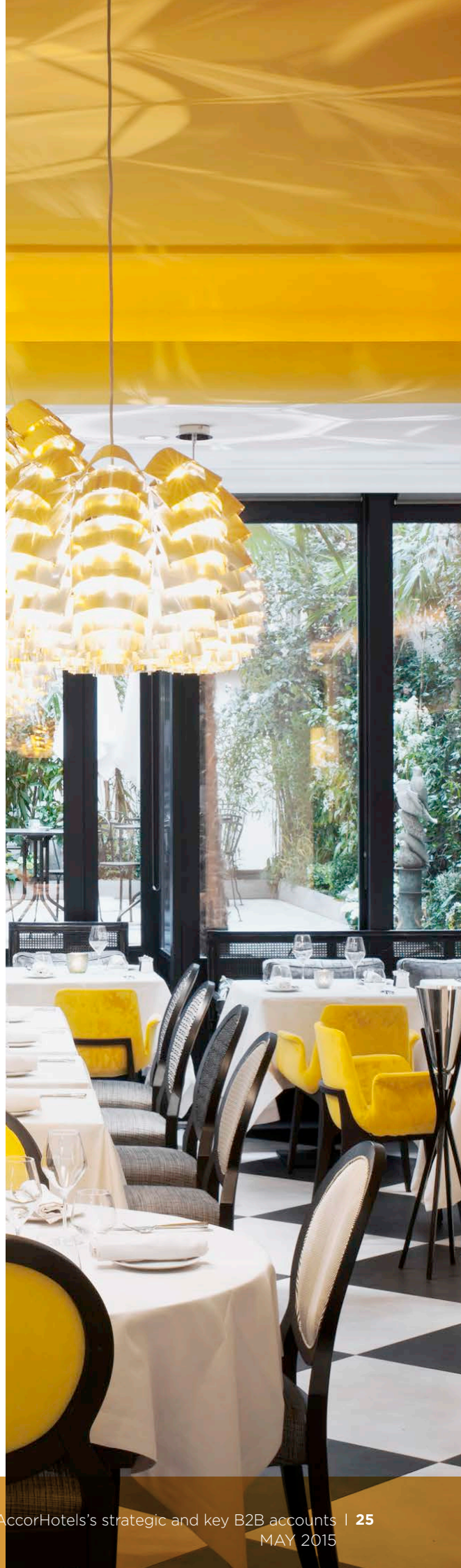
The CSR information provided by AccorHotels helped grant or maintain this preferred partner status for 11% of the B2B clients representing 8% of the turnover. The number of B2B clients for which CSR contributed directly to additional turnover increased by 2 points of percentage since 2012 (11% vs 9%).

DID THE ENVIRONMENTAL/CSR INFORMATION PROVIDED TO THE CLIENT HELP YOU TO GRANT/ MAINTAIN ACCORHOTELS'S “PREFERRED PARTNER” STATUS WITH THIS CLIENT?



Nber SPLIT BY NUMBER OF COMPANIES

€ SPLIT BY COMPANIES TURNOVER





Research

**WHAT IS PLANET 21 RESEARCH ?
A PLATFORM ACCESSIBLE TO ALL PLANET
21 RESEARCH IS A SHARED KNOWLEDGE
PLATFORM ON SUSTAINABLE DEVELOP-
MENT IN THE HOSPITALITY INDUSTRY THAT
IS BOTH FREE AND OPEN TO ALL.**

AccorHotels regularly enriches this platform with the results of new surveys, research or case studies of good practices, in order to improve the integration of sustainable development in the hotel industry by all players involved.

In addition, AccorHotels will make all of its methodologies available, thus ensuring that its surveys can be replicated and updated by other members of the hospitality industry.

Use of these methodologies is free, on one single condition: freely publishing the results, as AccorHotels does.

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