HCM348
HOSPITALITY AND TRAVEL MANAGEMENT

Course Team   Johnson J. Zogore (Developer/Writer**) –**
Jos, Plateau State, Nigeria
Dr. (Mrs) Rahila Gowon (Content Editor) -
University of Jos
Mrs. Ofe .I. Inua (Course Co-coordinators) –
NOUN
Dr. O.J.Onwe (Programme Leader) – NOUN

NATIONAL OPEN UNIVERSITY OF NIGERIA

CONTENTS **PAGE**

Introduction

The course, Hospitality and Travel Management (HCM348), is a core course with two credit units. It is prepared and made available to all students who are taking the B.Sc. Hotel and Catering Management (HCM) programme with specialisation in Hospitality and Travel Management. It is tenable in the Faculty of Agricultural Sciences. The course is a useful material to you in your academic pursuit as well as in your workplace as managers and administrators.

What you will Learn in this Course

The course guide is made up of fifteen units, covering areas such as the development of the hospitality and travel industry, organisation of the hospitality and tourism industry, services offered by the industry, the fundamentals of geography and its importance to tourism. It also covers areas like sales and administration procedures, how the economics of the hospitality and travel Iindustry works and the different classification of hotels and services.

This course guide is meant to provide you with the necessary information about, the nature of the materials you will be using and how to make the best use of the materials towards ensuring adequate success in your programme. It covers the practice and knowledge of how the hospitality and tourism industry works and how to run a successful hospitality outfit. Also, included in this course guide are information on how to make use of your time and information on how to tackle the Tutor-Marked Assignments (TMAs). There will be tutorial sessions during which your instructional facilitator will take you through your difficult areas and at the same time have meaningful interaction with your fellow learners.

Course Contents

The course consists of the basis of hospitality and tourism management, and all the other components that were instrumental to the inception of the industry, the industry's evolution and development. It will treat the management and leadership of the hospitality and tourism industry, and also the different sectors of the industry. It also deals with the economics of the industry and its pricing system.

Course Aims

The main aim of the course is to expose you to the nature of the hospitality and tourism industry and the necessary skills for managing it successfully. The course also aims at having greater appreciation of the hospitality and tourism industry.

The aims of the course will be achieved as follows.

- Describing the development of the hospitality and tourism industry
- Discussing the importance of transportation to the development of the hospitality and tourism industry.
- Describing the different approach tools for successful sales.
- Explaining what marketing means in the hospitality and tourism industry
- Discussing the different classification of hotels
- Discussing the responsibility of a corporate travel manager

Course Objectives

At the end of this course, you should be able to:

- explain the development of the hospitality and travel industry •
elaborate on the importance of transportation to the development
   of the hospitality industry
- discuss the different approach tools for successful rules.
- discuss what marketing means in the hospitality and travel industry
- discuss the different classifications of hotels
- describe the responsibility of a corporate hotel manager.

Course Materials

Major components of the course are as follows.

1. Course guide
2. Study units
3. Assignments
4. Recommended study materials and textbooks

Study Units

There are fifteen units in this course, which should be studied carefully.

These units are as follows.

Module 1   A Historic Perspective

Unit 1   Industry Overview
Unit 2   How the Industry Works
Unit 3   Rail, Ground Transportation and Accommodations
Unit 4   Tours, Cruise and Administrating Procedures
Unit 5   World Geography and Documentation

Module 2   Hospitality Administration

Unit 1   Sales and Administration Procedures
Unit 2   Domestic, International Fares and Ticketing
Unit 3   Computer Reservation Systems
Unit 4
              The Role of Travel Agents and Tour Operators

Module 3   Classifications of Hospitality Services

Unit 1   Marketing a Full House
Unit 2   Classifications of Hotels and Services
Unit 3   The Economics of the Hospitality and Travel Industry Pricing
Unit 4   Systems and the Hospitality and Travel Industry Leadership
Unit 5   and Management in the Hospitality and Travel Industry
              Labour Relations in the Hospitality and Travel Industry
Unit 6

Module 1 gives an overview of the hospitality and travel industry. It also highlights the roles of the various types of transportation systems, accommodation and climate as factors that influence the sustainability of the industry. Module 2 focuses on the administration of the entire industry from the perspectives that range from sales procedures, fares, computer reservation systems to the role of both travel agents and tour operators. Module 3 consists of the classification of hotels and the various services they provide, while the concern of module 4 is the role of leadership and management in the industry in question. It also discusses the role of labour union, as a means of maintaining checks and balances, between the industry's management and its employees. The course (HCM348) consists of 15 units. A three hour period is recommended for each unit which comprises introduction, objectives, main content, conclusion, summary, self assessment exercises, Tutor-

Marked Assignments, as well as recommended references and further reading. These I believe, will be of tremendous help in your bid to achieve the aims and objectives of the course.

The table below serves as a study plan that will guide you throughout the study of this course

Unit		Title of study unit	Weeks/ activity	Assignment
		Course Guide	1	TMA 1 to be submitted
MODULE 1		**A HISTORIC PERSPECTIVE**		
	1	Industry Overview	2	Assignment
	2	How the Industry works	3	Assignment
	3	Rail, Ground Transportation and Accommodation	4	Assignment
	4	Tours, Cruise and Administration	5	Assignment
	5	World Geography and Documentation	6	TMA 2 to be submitted
MODULE 2 HOSPITALITY ADMINISTRATION				
Unit	1	Sales and Administration Procedures	7	Assignment
	2	Domestic , International Fares and Ticketing	8	Assignment
	3	Computer Reservation Systems	9	Assignment
	4	The Role of Travel Agents and Tour Operators	10	TMA 3 to be submitted
MODULE 3 CLASSIFICATION OF HOTELS AND SERVICES				
Unit	1	Marketing a Full House	11	Assignment
	2	Classifications of Hotels and Services	12	Assignment
	3	The Economics of the Hospitality and Travel Industry	13	Assignment
	4	Pricing System	14	Assignment
MODULE 4 THE MANAGEMENT OF THE HOSPITALITY AND TRAVEL INDUSTRY				
Unit	1	Leadership and Management in the Hospitality and Travel Industry	15	Assignment
	2	Labour Relations in the Hospitality and Travel Industry	16	TMA 4 to be submitted
		Revision		
		Examination		
		Total		

Assignment

There are many assignments in this course and you are expected to do all of them. You are to attempt them and submit same for grading by your tutor.

Tutor-Marked Assignment

In doing the tutor-marked assignments, you are to apply your transferred knowledge and what you have learnt in the contents of the study units. These assignments, which are many in number, are expected to be turned to your tutor for grading. They constitute 30% of the total score for the course.

Main Content

Each unit contains self assessment exercises of about 2 to 3 depending on the sub units in each unit. These exercises are meant to help you assess your understanding of the material in each sub unit and the unit in general. At the end of each unit, there is a tutor-marked section that contains two questions which cover the material studied in the unit. These assignments should be submitted to the tutor for marking. These tutor-marked assignments will take up 30 percent of the total score of the course.

Final Written Examination

At the end of the course, you will write the final examination. It will attract the remaining 70%. This makes the final score 100%.

Conclusion

The course, Industrial Relations (HCM348), exposes you to the issues involved in hospitality and tourism industry management, and how to manage them. On the successful completion of the course, you would have been armed with the materials necessary for efficient and effective management of the hospitality and tourism industry.

BLURB

HCM348 Hospitality and Travel Management

HCM348 Hospitality and Travel Management is a 2-credit course to be taken in the third year of undergraduate degree programme in tourism. It will be available to all learners as a core course in the programme.

The course is made up of fifteen study units and course guide. It introduces learners to the basics of tourism and the various levels of hospitality and travel management including factors influencing travel, how travel has influenced the hospitality and travel industry and the leadership and management skills of the industry. Learners will be able to build on this foundation as they pursue their studies in the hospitality and travel management.

REFERENCES/FURTHER READING

In addition to the main text, you will find the underlisted References/Further Reading and internet websites useful for your studies. It is therefore advisable that you make the best use of them.

Arrow, K. J. (1992). *The Limits of Organization.* New York: www. Norton.

Baily, M. (2001). "Travel Business. Rooms at the Top." *Asian Business,* 27, 9 September, 2001.

Ball, S., Jones, P., Kirk, D. & Lockwood, A. (2002). Hospitality Operations Systems, London: Continuum.

Baumol, W. J., Panzar, J. C. & Willig, R. D. (1992). *Contestable Markets and the Theory of Industry Structure.* New York: Harcourt Brace Jovanovich, Inc.

Beerler, D. & Kurshenbaum, H. (1999). *Roles of the Labour Leaders.* Chicago Roosevelt University Press.

Bennis, W. (2005). *On Becoming a Leader.* Reading, Mass: Addison Wesley

Boas, M. & Chain, S. (1986). *Big. Mac The Unauthorized Story of McDonald's* – New York: E. P. Dutton.

Brotherton, R. (2000).*An Introduction to the UK Hospitality Industry: A Comparative Approach.* Oxford: Butterworth Heinemann.

Davidoff, P. & Davidoff, D. S. (1999). *Sales and Marketing for Travel and Tourism.* Alban, Delmor:Blackhill Inc.

Dietz, T. & Rosa, E. (1997). "Effects of Population and Affluence." New York:. *National Academy of Sciences,* 94, 175-9.

Dittmer, P. R. & Griffen, G. G. (2003). *The Dimensions of the Hospitality Industry: an introduction.* New York: Van Nostrand Reinhold.

Dorf, M. E. (2002). *Restaurants that Work.* New York: Whitney Library of Design.

Eddystone, C. N. (2001). *Managing Hotels Effectively: Lessons from Outstanding General Managers*. New York: Van Nostrand Reinhold.

Edwards, C. (1997). *"Travel Agents Assail Commission Cuts".* San Diego: Associate Press, September 23, 1997, P. 2

Eyster, J. (2003). "The Revolution in Domestic Hotel Management Contracts". *The Cornel Hotel and Restaurant Administration Quarterly,* 34,1, February, 2003.

Fairlie, R. (1996). "Dividing the Pies." *Travel Weekly,* November 8, 1996, P. 1.

Fairlie, R. (2003). "Dividing the Pies." *Travel Weekly. November 8, 2003, P. 7.*

Fisher, W. P. & Bernstein, C. (1981). *Lessons in Leadership: Perspectives for Hospitality Industry Success.* New York: Van Wostrand Reinhold.

Godwin, N. (2001). *Complete Guide to Travel Agency Automation.* Alban, Delmar: Blackhill Inc.

Goeldner, R. C. & McIntosh, R. (1990). *Tourism Principles, Practices, Philosophies,* 6 th Ed. New York: John Wiley & sons.

Griffen, G. G. & Dittmer, P. R. (1993). *The Dimensions of the Hospitality Industry: an Introduction.* New York: Van Nostrand Reinhold.

Griffin, R. W. & Ebert, J. R. (2004). *Business.* 6 th Ed. Upper Saddle River. New Jersey: Prentice-Hall.

Halvorsen, R. & Smith, T. (2001). A Test of *Quarterly Journal of Economics,* 106, 123-40

Harseel, J. V. (1994). Tourism: an Exploration, 3 r Ed., Englewood Cliffs, New Jersey: Prentice-Hall.

Harssel, J. V. (2004). Tourism: an Exploration, 5 th Ed., Englewood Cliffs. New Jersey, Prentice-Hall.

Hasek, G. (1994). "Tourism's Green Machine." *Hotel and Motel Management*, October 3, 1994 Vol. 209, No. 17, Pp. 25 – 26.

Heal, G.M. (1995). Depletion and Discounting – a Classical Issue in the Economics of Exhaustible Resources. *in "Environmental and Natural Resource Mathematics. Providence, RI:" American Mathematical Society, 33-43.*

Hunkins, P. & Armstrong, D. G. (1984). *World Geography: People and Places.* Columbus: Ohio Charles Merit Publishing Company.

International Air Transport Association, www.iata .org.

International Civil Aviation Organization, www.icao.org
Johnson, R. (1999). "A Framework for Developing a Quality Strategy in a Customer Processing Operation." *International Journal of Quality and Reliability Management 4.*

Jupiter Communications www.jup.com

Kaplan, M. (1995). *Leisure: Theory and Policy.* New York: John Wiley & Sons, Inc.

Kasavana, M. L. & Brooks, R. M. (1991). *Managing Front Office Operations.* East Lansing, Michigan: The Educational Institute of the American Hotel and Motel Institute.

Kotter, J. P. (1990). *A Force for Change: How Leadership Differs from Management.* New York: Free Press.

Landberg, D. E. (1994). The Hotel and Restaurant Business, 4th Ed. New York: Van Nostrand Reinhold.

Lane, H. E. & Hartesvelt, M. (1993). *Essentials of Hospitality Administration. Englewood Cliffs.* New Jersey: Prentice-Hall Inc.

Lane, H. E. & Hartsvelt, M. (1999). *Essentials of Hospitality Administration.* Englewood Cliffs, New Jersey. Prentice-Hall.

Law, D. (1994). "Making Diversity Work." *Restaurants and Institutions, 208, 4.*

Lewis, R. C. & Chambers, R. E. (1990). Marketing Leadership in Hospitality: Foundations and Practices. New York: Van Nostrand Reinhold.

Lorsch, J. W., Baughman, Reece, J. & Mintzberg (1998). Third Ed. *Understanding Managemen.* New York: Harper & Row.

Lumberg, D. E. (2000). The Tourist Business, 7 thEd.. New York: Van Nostrand Reinhold.

Lundberg, D. E. (1990). *The Tourist Business.* 6th Ed. New York: Van Nostrand Reinhold

Malthus, T. (1798). *Essay on the Principles of Population*. New York: Modern Library.

Mariami, J. (2001). American Eats Out. New York: William Morrow.

Marsh, G. P. (2004). *Man and Nature – or Physical Geography as Modified by Human Action*. New York: Charles Scribner.

Mayo, E. J. & Jarvis, L. P. (1991). *The Psychology of Leisure Travel: Effective Marketing and Selling of Travel Services.* Boston: CBI Publishing Company.

Meddlik, S. & Butkarat, A. J. (1994). *Tourism: Past, Present And Future.* London: Heinemann.

Mill, R. C.& Morrison, A. M. (1995). *The Tourism System: An Introductory Text*. Englewood Cliffs, New Jersey; Prentice-Hall.

Mill, R. C. & Morrison, A. M. (1995). *The Tourism System: An Introductory Text.* Englewood Cliffs, New Jersey: Prentice-Hall.

Morris, A. M. (1998). *Hospitality and Travel Marketing, Albany, New* York: Delma.

Robbins, S. P. (2001). Management 3 ^rEd. Englewood Cliffs, New Jersey: Prentice-Hall.

Seth, P. N. & Bhat, S. S. (2005). *An Introduction to Travel and Tourism.* New Delhi: Sterling Publishers Limited.

Shrank, R. (1997). *Ten Thousand working Days.* Cambridge: M. I. T. Press.

Sloane, A. A. & Witney, F. (1997). Labour Relations, Sixth Ed. Englewood Cliffs, New Jersery: Prentice-Hall.

The International Hotel Association, Paris, "The Management Game: How to Keep One step Ahead." *Hotels,* 27, 6, May 2003.

Tour Wholesaler Industry Study, Tocuhe Ross & Co; 1996, P. 68 as cited in Mill and Morrison, Op, cit., P. 400.

Troy, T. N. (2003). "Hospitality Association Waging War in Minnesota." *Hotel and Motel Management,* 208, 15, September, 6, 2003.

Wahab, S., Crampton, L. J. & Routhfield, L. M. (1993). London: Tourism International Press.

Wahab, S., Crampton, M. A. & Rothfield, M. L. (1993). *Tourism Marketing.* London: Tourism International.

Walker, J. R. (1999). *Introduction to Hospitality.* Upper Saddle River, New Jersey: Prentice-Hall

White, D. D. & Bednor, D. A. (2001) .Organizational Behaviour: Understanding and Managing People at Work. 2nd Ed.

World Tourism Organization (WTO) Vol. 232, No. 13, July, 2007.

www.bhar –online.org.uk

www.htt.org.uk

CONTENTS   PAGE

MODULE 1   A HISTORIC PERSPECTIVE

Unit 1   Industry Overview
Unit 2   How the Industry Works
Unit 3   Rail, Ground Transportation and Accommodation
Unit 4   Tours, Cruise and Administrating Procedures World
Unit 5   Geography and Documentation

UNIT 1   INDUSTRY OVERVIEW

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
            3.1   Development of the Hospitality and Tourism Industry
            3.2   The Development of the Hospitality and Tourism Industry
                        and World Events
            3.3   The History of Restaurants
                        3.3.1   Demand for Hospitality Services
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Reading

1.0   INTRODUCTION

The hospitality and travel industry is typically associated with the management of hotels, motels, clubs, restaurants, fast food establishments, and institutional catering organisations that prepare food for seminars, schools and hospitals etc. In understanding the hospitality and travel industry we have to look at the history, evolution and most importantly the, future of the industry. This means having knowledge of the administration of the industry, seasons for its existence, customers and patronage.

The concept of hospitability is as old as civilization. It has developed from the ancient custom of breaking bread with a passing stranger to operations of today's hospitality conglomerates. The word hospitality itself is derived from the French word, hospice, which means to care/shelter for travellers. Increase in trade and travel made some form of overnight accommodation a necessity. More so because travel was slow, long and hazardous, many travellers depended solely on the hospitality of private citizens before the gradual growth of inns and towers.

1

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   describe the development of the hospitality and travel industry •
relate the development of the hospitality and travel industry to
          world events
•   state the history of services rendered by the hospitality and travel
          industry.

3.0   MAIN CONTENT

3.1   Development of the Hospitality and Tourism Industry

In ancient Persia, travelling was done in large caravans that carried elaborated tents for use along the caravan routes. Once in a while, the caravans stopped at Khans- i.e. the combination of stables, sleeping accommodation and fortresses which provided shelter against elements such as sand storms. During the period, accommodation in Asia surpassed those of the Western World. In England, for example, the stage coach became a favoured method of transportation, although a two and a half hours journey by car, took about three days, which made it necessary for wayside inns. As travelling increased so did the number of wayside inns. As the quality of the inns improved, more people travelled. (Walker, 1999, Pp. 13-16). The travel industry evolved from the stage coach to the railroad. Around 1800, the first British passenger rail road was constructed, and by 1870 there were some more railroad tracks in the United States of America. With this development, accommodation facilities in terms of structures and services changed. The old post houses and roadside inns were first replaced by restaurants and gradually hotels sprang up. (Wahab 1993, P 204).

Among the pioneers of the hospitality and tourism industry was Fred Harvey, in 1876. He opened a small railway restaurant quite different from others of its kind because it served good and well cooked food and offered good services. The business was good and others followed in his footsteps. Later that same year, Harvey opened his first hotel. The nineteenth century saw more innovations in the industry as better methods of preserving food through canning and vacuum packing made out-of-season culminated in peoples' delight. The 1950s witnessed incredible growth in both air and road transportation as inter-continental flights were not just frequent but took less time. They could travel at up to 600 mph carrying 125 passengers. As a result, a booming economy, business and leisure travel grew. Business people liked to eat well, while mass tourism began as millions could afford vacations, thus the

hospitality and tourism industry boomed and is now the largest industry in the world (Mariami, 2001, pp. 122-123)

3.2   The Development of the Hospitality and Tourism Industry and World Events

The development of the Hospitality and tourism industry has contributed to some global events. Colonial inns and taverns were based on the British type and early colonial inns and taverns in America. During the American Revolution, the taverns were called the Kings Arms because they became the arsenal of the British general cage.

There was a famous tavern called the Frances Tavern. It was the revolutionary headquarters of General George Washington and it was the same place in which he made his famous farewell address. By 1794, during the French Revolution, the chiefs of the noble houses were scattered by the revolution, and many crossed the Atlantic to America, especially to New Orleans which is named after a French city. Due to more development in the tourism and hospitality industry, there were far better methods of preserving food through canning and vacuum packing. In 1809, Napoleon I, awarded a Prize of 12,000 Francs to the inventor, Nicholas Apart. However, Napoleon's actions were because his armies were depleted more from deficiency, disease and starvation than from wounds. The invention greatly helped him. Also, the nineteenth century saw the development of hospital feeding that reduced mortality rates (Darf, 2002, P. 39).

In the sixteenth century, travellers from Western Europe that travelled to Constantinople, known as Istanbul in Turkey, enjoyed a drink now known as coffee, which they decided to bring back on their return journey. By the next century, coffee houses were all over Europe. In 1675, Venice already had dozens of coffee houses, including the famous Café Florian in the Piazza San Marco. The Café is still filled to capacity up till date. In 1683, the siege of Vienna by the Turks was lifted and a man called Kolschitski, who received the credit of saving the city of Vienna from destruction, was given the permission to open the first coffee house in central Europe. It was in that coffee house that the first cup of coffee sweetened with honey and lightened with milk was served.

3.3   The History of Restaurants

The French Revolution took place at about the same time the American Revolution took place and this was one of the reasons for the birth of the restaurants. In 1533, a restaurant the Tour D'Argent was opened. It was the only restaurant in the whole of France. Although inns served meals, they were not primarily eating places as the Tour D'Argent. The father

of modern restaurant, M. Boulanger, sold soups at his all night tavern which he called the Soups Restoratives (restaurants), and that became the origin of the word restaurant. During that period, only the traiteurs or caterers were allowed to sell cooked meals to the public. Boulanger, who was not contented to let his culinary repertoire rest there, challenged the traiteurs' (caterers') monopoly by creating a soup of sheep's feet in a white source. The traiteurs (caterers) took the case to the French Parliament. Boulanger won and soon opened his restaurant called the champ d'Oisealu; and in subsequent years other restaurants sprang up all over France.

In 1782, the Grande Taverns de Londres was opened. Three years later, Aux Trois Frères Provencaux was opened and by 1794 there were about 500 all over Paris. The French Revolution was responsible for the propagation of the concept of restaurants; because it was during the revolution that chefs of the noble houses in France scattered. Some stayed in France, while others fled to other parts of Europe. A lot of others crossed the Atlantic to America and opened restaurants especially in New Orleans, known as the one true French corner of the new world. By the early 1800s, the English had started to borrow the concept of the restaurant from their French neighbours.

SELF-ASSESSMENT EXERCISE

Give a brief history of restaurants.

3.3.1 Demand for Hospitality Services

Accommodation, foodservice and travel are the primary concerns of the hospitality and travel industry. The demand for accommodation has increased drastically in recent times due to increase in travelling for both leisure and business, which are linked to advancement in technological development and transport systems. For example, the evolution of the transport systems, which started from the train to the car and later to the jet airplane, has made travel faster, convenient and attractive. The demand for and supply of services of the hospitality and travel industry particularly accommodation, are due to the increase in wealth and disposable incomes which have also led to increases in the patterns of business and trade, as well as leisure and tourism.

Demand for accommodation can be in many ways depending on the nature or purpose of the travel e.g. business or pleasure, which of course is determined by funds (price), location or destination and facilities. In the United Kingdom and the United States of America for instance, the accommodation industry is characterised by facilities such as bed and breakfast, and little private hotels which have conveniences for short

stay usually by travellers who are in transit. By the nature of their sizes, these facilities are privately owned and managed.

Food service, which is the second reason for the existence of the hospitality and travel industry, is more or less determined by the consumers and consumption patterns, which are also determined by what is referred to as socio-economic groups. Such groups can further be categorised based on age, levels of education, occupation and incomes, through which the hospitality market has been segmented. However, in recent times, this classification has been replaced by what is regarded as life style of groups based on people's attitudes, values and expectations. Accordingly, a number of reasons have been advanced on why people like to eat away from their homes. These include economics or status, convenience, variety, having fun, culture and/or tradition. Travel, being the third determining factor that influences and sustains the hospitality and travel industry derives its historical development from five perspectives as follows. (McIntosh and Goeldner, 1999, p.75).

Pre-industrial Revolution (i.e. prior to 1840)

- The railway age
- The automobile age
- The Jet aircraft age and
- The cruise ship age.

4.0 CONCLUSION

In this unit, you have learnt that the hospitality and tourism industry has been going through massive changes and development through factors influencing the evolution of the travel industry. The hospitality and tourism industry, while being influenced, was also influencing some other world effects. The exclusive restaurant of the past may still be the exclusive restaurant of today, but the average citizen or individual can choose from an array and a variety of restaurants. We live in a world where the airplane and the automobile have made almost every place in the world accessible. What tourists and travellers have now is not the problem of where to eat but that of choice.

5.0 SUMMARY

The first reference to the hospitality and tourism industry can be traced back to ancient Greece and Rome, where increases in travel and trade made overnight accommodation a necessity. The Persians also created sleeping stables called Khans . This helped them as shelters from thieves while travelling in caravans and against natural elements like sand storms. As colonies turned into towns, travelling increased and taverns

sprang up to cater for travellers. These taverns also became social and political gathering places which were a sign of French growing influence. The French Revolution also influenced the development and establishment of restaurants.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Briefly explain the origin of the term hospitality.
ii.   Explain the origin of the development of the hospitality and tourism industry.
iii.   State the concept of modern hospitality and tourism.

7.0   REFERENCES/FURTHER READING

Dorf, M. E. (2002). *Restaurants that Work*. New York: Whitney Library of Design.

Mariami, J. (2001). *American Eats out*. New York: William Morrow.

Wahab, S., Crampton, L. J. & Routhfield, L. M. (1993). *Tourism Marketing*. London: Tourism International Press

Walker, J. R. (1999). *Introduction to Hospitality*. Upper Saddle River, New Jersey: Prentice-Hall.

UNIT 2   HOW THE INDUSTRY WORKS

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
        3.1   Organisation of the Hospitality and Tourism Industry
        3.2   Hospitality and Employment Categories
        3.3   The Impact of Changing Travelling Patterns and Modes of
               Travel on the Hospitality Industry
               3.3.1   Identification of a Specific Market
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Reading

1.0   INTRODUCTION

The primary purpose of many hotels and other outfits in the hospitality industry is to provide services to people who are travelling or visiting. The opportunity of staying at a specific accommodation sometimes depends on the location. In the hospitality industry, a primary factor leading to guest registration is the location of the hotel. Examples could be cited of hotels, adequate within themselves, but suffering from low occupancies because of their location. Among actions that have been taken to increase occupancies of individual properties include factors like, identification of specific markets, bookings, advertising and promotion, group tours and conventions, also accommodation marketing which consists of both product developing and product promotion.

Hospitality has emerged as the way hoteliers and caterers would like their industry to be perceived. The term hospitality conveys an image that reflects the tradition of services that goes back to the earliest days of inn-keeping. Hospitality is made up of two types of services, i.e. the provision of accommodation for travellers and people staying away from home, while it also provides sustenance for people eating away from home and other catering services.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   explain the organisation of the hospitality and tourism industry •
describe the operations of the hospitality and tourism industry •
analyse the impact of changing travel patterns and modes of
        travel of the hospitality and tourism industry.

3.0   MAIN CONTENT

3.1   Organisation of the Hospitality and Tourism Industry

To identify a large number and variety of tourism organisations that are
involved in the hospitality and tourism industry, the following factors
are responsible for the growth of these organisations. The industry has
continued to have smaller units owned by individuals despite the fact
that there is also a growth of large companies. The industry is also made up
of different sectors and each of these sectors has its own particular
services to cater for specific needs. An example is the difference in the
service rendered by hotel/motel in providing accommodation for
travellers and people not sleeping at home, and also a café or fast
food/restaurant that only serves those who are interested in eating
outside. Another sector in the hospitality and tourism industry can be
found in out-door caterers and event planners. Therefore the different
sectors in the industry have really enhanced the growth of this
organisation (Brotherton, 2000, P. 24).

Another factor responsible for the organisational growth of the industry
can be attributed to its wide spread in terms of location, with some types of
operation like the fast food/restaurant concentrated around population
centres. Some other types of operations in the industry do not
necessarily have to be carried out in and around population centres e.g.
parks and gardens and game reserves. The industry has grown in the
aspect of being a very large employer, offering a wide range of job
opportunities and employment categories.

3.2   Hospitality and Employment Categories

In looking into the operations of the hospitality and tourism industry and
how organisations go about delivering their products and/or services, we
have to understand the two major aspects in which the industry operates.
Accommodation and food services are the two essential types of
operations. Under these two essential operations, we have three main
types of operations, i.e. product processing operation; customer

processing operation and information processing operation (Johnston, 1998, P.6). Looking at the activities in the industry, most of them (activities) are a combination of all the three i.e. product, customer and information.
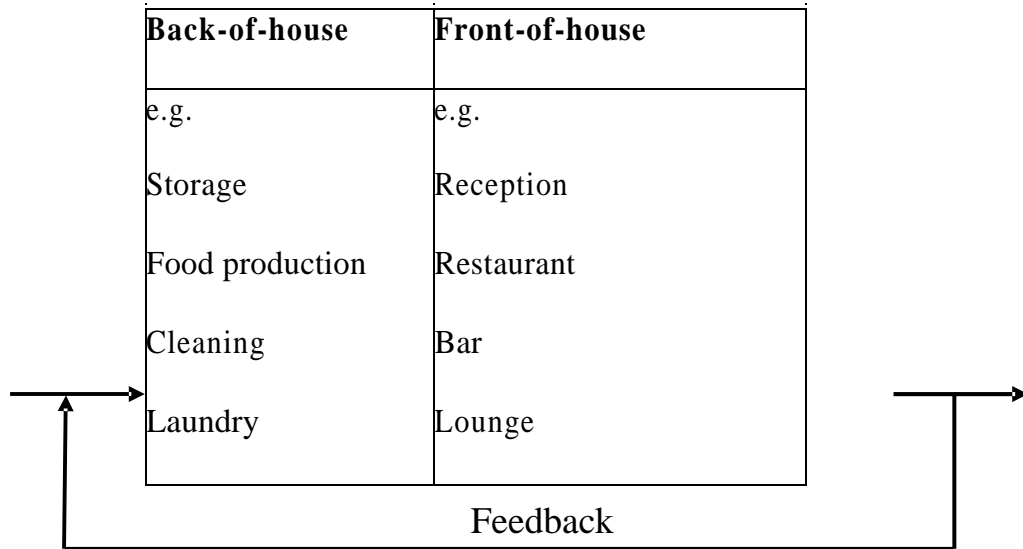
This concept of the three types of operations gives a good understanding in differentiating between accommodation and food services. The accommodation operation deals more on customer process operation, with little or no product processing operation (e.g. room servicing). It deals with information processing in the form of reservations, check-in and billing. In food service operation the combination of the three types of operation is in a different proportion, which is, the product processing operation, including the meal, the customer processing operation (the meal experience), and lastly, little information processing. See also Ball et al. (2002, p. 6).

In recent times, due to complexity in the hospitality and tourism industry, it is quite difficult to differentiate between food service and retail and also distinguish between operations within the hospitality and tourism industry. Examples are distinguishing between an automatic vending machine selling can soft drinks in a shopping centre and another selling them in paper cups in a cafeteria. Would the vending machine in the shopping centre be retailing and the one in the cafeteria catering? Or if a single organisation produces banquets for occasions, provides lunch for offices and handles outdoor services, how can that industry be easily classified?

To understand these two major aspects that make up the hospitality and tourism industry, experience has shown us that the operations analysis is helped by what we call systems model theory or "flow process charting" system. The system puts forward four key elements namely; inputs, processes, outputs, and feedback. These are characterised by processes carried on at'back-of-house' that is out of sight of the customers, and other processes performed in the "front-of-house", meaning the customers are being involved. A vivid understanding of this is illustrated in table 2.1 below.

Table 2.1:   **General Systems Model of Hospitality Operations**

Source: Adapted from Jones (2002)

Back-of-house	Front-of-house
e.g.	e.g.
Storage	Reception
Food production	Restaurant
Cleaning	Bar
Laundry	Lounge

Feedback

From Table 2.1.you can see that in the hospitality and tourism industry, typical back- of-house processes include material storage, food production, cleaning, and laundry, while front-of-house operations include guest reception, restaurant services, bar operations and lounge. In an accommodation operation, the system model or flow process charting system shows the accommodation operation as a customer processing operation. It is possible to identify two systems. The first, known as the 'core system', makes provision for space to sleep. The second, known as a sub system, or ancillary offered services like cyber cafe, swimming pool, laundry, meals, drinks and others. These subsidiary services (ancillary services) are illustrated in figure 2.2 below.

Fig. 2.2: **System Model of Accommodation**

| Reservation | Reception | Overnight Stay | Payment |

Restaurant

Bar

Room Service

Laundry Service

Telephone & Fax Service

Conference Facilities

Banqueting Facilities

Leisure Facility

Source: Modified from Jones, 2002

3.3   The Impact of Changing Travelling Patterns and Modes of Travel on the Hospitality Industry

The travel industry has had a lot of influence and impact on the hospitality and travel industry, the rail system of transportation notably is synonymous with the hospitality industry. Before the use of the rail system, most English aristocrats were moving around the continent between the 17th and 18 centuries in carriages and coaches which were so uncomfortable due to the bad conditions of roads. The bad roads also made the journey very slow, hence the need for inns by the road sides (Wahab et al 1993, Pp. 204 – 214). The development of a steam locomotive in the early 1800s and later the improved engine train in 1825 and 1870 made it possible to travel several thousand miles across the United States, France and other parts of Europe with ease. With this development there was a change in accommodation. The roadside inns and other poor eateries gave way to hotels that were suitable to the railway stations. These improvements in the transportation system led to the development of spas, and other resorts in Europe. At the time the railway was enjoying patronage and was still expanding its services; another mode of transportation was in the making, and by 1900 cars became a reality. Therefore an alternative form of travelling gradually replaced the train.

The automobile was a very convenient mode of travelling due to its size and because it could pick a whole family, and also travel without restrictions. The railroad, the location and manner of accommodation like restaurants had to also change. Roadside rest homes and restaurants were built to serve a whole family. In the mid 1800's, the steamship replaced sailing ships which was faster and comfortable. This led to an increase in transoceanic travel, usually by the rich and wealthy who were attracted to luxury liners. Still, when the steam ship business was basking in the euphoria of profit and expansion, another form of transportation was in the making that would replace the railroad, passenger ship and even compete with the automobile on long distance journeys. It was the aeroplane which also changed the face of the hospitality business due to speed and convenience.

The industry had to be able to accommodate and feed a large number of people at the same time. Also, business people could fly in and out of a city in one day for meetings or appointments, property became bigger and meetings at airport hotels became a frequent occurrence. See also Lorsch, et al. (1998, P.216).

One of the greatest impacts of the industry lies in the diversity and categories into which its customers fall. The hospitality travel industry has classified or segmented its customers into the following class: the commercial travellers who are usually the most consistent patrons of accommodation. They usually travel to transact business not really to utilise the hotel facilities (Lane and Hartesevelt, 1993, pp. 6-9). The tourists and vacation travellers are very important customers to the growth of the hospitality and tourism industry. These categories of customers are important because they usually travel during the summer and also during the weekends, thereby spending longer nights and using most of the facilities the hotels have to offer. The group and convention categories are also profitable for a hotel because group meetings require a whole block of rooms, and are more likely to patronise a lot of the hotels ancillary systems which include business centre, (Telephone, fax, etc) food and beverage outlets, conference centres and special rooms.

3.3.1 Identification of a Specific Market

In most cases, the hotel probably needs not cater for the entire market served by the destination in which it is located. Seldom does even a giant hotel account for more than 10 percent to 20 percent of the total room capacity of the destination. Therefore, the starting point in marketing a given property such as hotel might well be the selection of one sub-market i.e. based on income, age, nationality, family status and interest groups. After selecting a sub-market tourist destination e.g. hotel can adapt the facilities to better serve that smaller group. An example can be seen of a ranch near a town that is witnessing a large number of visitors. These visitors arrive at the resort area to participate in the annual summer cultural activities. This same resort sees a market in families with small children interested in the attractions around it. A supervised programme for the children has to be developed and inaugurated, so that parents can leave their children to enjoy themselves while they attend concerts and other events. The bar at the night club may be the majority profit centre for many hotels. There are examples of "dry" resorts that cater for the sub-market of travellers who object to the use of alcoholic beverages. There are also those that cater for the swinging younger set, leaving the quieter travellers to other accommodation. By adapting to special needs or desires, accommodation can serve sub-markets, often with a resulting improvement in occupancy. Also, hospitality is the key to continued success. The guest is all important and should be so treated. A pleasant, helpful, interested attitude on the part of staff members that come into direct contact with the guests is paramount. Such attitude can do much to produce the return of satisfied guests and recommendation to others.

SELF-ASSESSMENT EXERCISE

What are the major aspects in the hospitality and travel industry and what are the types of operations that help in differentiating them?

4.0   CONCLUSION

In this unit, you have learnt that the hospitality and tourism industry comprises of two sectors i.e. accommodation and food service. The origins and historical development of the industry can be seen from the size and sale of the industry which makes it one of the largest industries in the world. You are now able to analyse the hospitality operations, accommodation and food service system. Lastly, the travel industry as an essential part of the hospitality and tourism industry had undergone a lot of changes and has continued to evolve with time and technology in the process of carrying the hospitality and tourism industry along. It is also enhancing the growth of the hospitality and tourism industry.

5.0   SUMMARY

Hospitality and tourism has been made possible by changes and improvements recorded in the transportation business. Throughout the evolution of the different modes of transportation and also the preferential shift from one means of transportation to another, (i.e. train, bus, car, ship, planes and cruise liners), the population of people travelling has definitely caused the choice of destinations and types of accommodation to change.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Identify, compare and contrast the kind of hospitality operations of three hotels in your immediate environment.
ii.   Briefly describe how the hospitality and tourism industry is organised.

7.0   REFERENCES/FURTHER READING

Ball, S., Jones, P., Kirk, D. & Lockwood, A. (2002). *Hospitality Operations Systems*. London: Continuum.

Brotherton, R. (2000). *An Introduction to the UK Hospitality Industry: A Comparative Approach*. Oxford: Butterworth Heinemann.

Johnson, R. (1999). "A Framework for Developing a Quality Strategy in a Customer Processing Operation". *International Journal of Quality and Reliability Management 4.*

Lane, H. E. & Hartesvelt, M. (1993). *Essentials of Hospitality Administration,* Englewood Cliffs, Now Jersey: Prentice Hall Inc.

Lorsch, J. W., Baughman, R. J. & Mintzberg, (1998). (3rd Ed.) *Understanding Management*. New York: Harper & Row.

Wahab, S.; Crampton, M. A. & Rothfield, M. L. (1993). *Tourism Marketing.* London: Tourism International.

UNIT 3   RAIL, GROUND TRANSPORTATION AND ACCOMMODATION

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
    3.1   The Importance of the Rail as a means of Mass Transportation and its Relevance to Accommodation in the Tourism Industry
    3.2   The Importance of Automobiles to the Growth and Development of Accommodation in the Hotel and Tourism Industry
    3.3   The Demand on Accommodation due to Technological Advancement in the Transport Industry
        3.3.1   The Revival and Sustenance of the Passenger Rail Systems
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Reading

1.0   INTRODUCTION

The world travel, hospitality and tourism council declares the travel, hospitality and tourism industry to be the largest industry, a leading producer of revenue in the world. It employs about 300 million people and also the world leading industrial contributor to the world's economy. It produces 10 percent of the World's Gross National Product (GNP). The suppliers of a variety of transport services play a significant role in making it possible for travellers to visit, see, experience and enjoy destinations and facilities. The primary objective of the transport services is to attract customers to their own facilities. Major suppliers of travel services may join tourism organisations in the promotion of destinations. For anybody to embark on a journey through any means of transport, the person must have a destination in mind. Passengers, as well as variety of goods and services, are transported from origin-to-destination and the most important factor for choosing a destination is accommodation.

The hospitality industry has undergone great changes and improvements as transportation modes have improved from one form to another. These improvements have an impact on the people that travel. Also, it has an impact on the choice of destination and the type of accommodation. In this unit you shall be studying rail and ground transportation and how it relates to accommodation, hospitality and the tourism industry.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   explain the importance of the rail as a means of mass transportation and its importance to accommodation in the tourism industry
•   discuss the importance of automobiles in the growth and development of accommodation in the hospitality industry
•   discuss the challenges and demands facing the accommodation institutions due to technological advancement.

3.0   MAIN CONTENT

3.1   The Importance of the Rail as a means of Mass Transportation and its Relevance to Accommodation in the Tourism Industry

The development of the locomotive steam rail system was in the early years of the 1800s and a much improved engine was developed by 1825 in Britain. By 1930, the United States had its first railway line. Prior to the advent of rail travel, tourists had to travel by horses and carriages; and by the time rail travel came into being, it was by comparison far much better, efficient, less costly, more comfortable and even much safer. The railroad had now replaced the stage coach, carriages and horses and thereby replacing various river and canal travels. This inevitably changed the choice of accommodation. The carriage and other horse power means of transportation could only convey a handful at a time, while the rail system could transport a lot of people at the same time to the same destination. Therefore, the railway brought immense changes to the tourism and accommodation industry. Little taverns that could cater for a handful of travellers now gave way to hotels that were built near the rail stations, in order to cater for the mass transportation of passengers and tourists the rail system was able to convey (Meddlik and Butkart, 1994, p.20).

Before the invention of the rail system, a number of travellers and tourists could travel for, sometimes, months before getting to their destinations. However, with the invention of the rail system, a journey of several months could be achieved in six days by more tourists at a particular time. The railroad also had excellent dining chairs and sleeping berths in order to ensure passengers' safety and comfort. Although the invention of the automobile after the Great Depression and the World War II threatened the railway industry, it came up with innovations to avert its collapse. Now we have bullet trains, mostly found in Europe and Asia, which can move at a speed of 250 miles per hour (see Hasek, 1994, P. 38).

3.2 The Importance of Automobiles to the Growth and Development of Accommodation in the Hotel and Tourism Industry

Due to its convenience and relatively low cost per passenger, the automobile became the preferred means of transportation against the rail system of travel, and it became the most popular means of travel by family units. The automobile was a very convenient mode of transport because it was not restricted to routes traversed by railway and the rigid schedules of the railway. Another great advantage the automobile had in ground transportation at that time was that it provided tourists with vehicles for use at the destinations, while the rail system only took tourists to their destinations and left them to find their ways around (Griffen and Dittner, 1993, P.29).

The importance of automobile to the development of accommodation and the hotel and tourism industry was very tremendous. Before the invention of automobiles, hotels, accommodation and restaurants were mostly found in and around train stations. But with the development of the automobiles, there was a great growth in intercity travel and an inevitable change in the location and design of accommodation. The design of accommodation changed to conform to the family unit because the automobiles encourage travel by family groups. Also, most accommodation and eateries sprang up within the cities and on roadsides to cater for people and families. These newly built facilities had to be built with car parks to accommodate the automobiles. Another interesting development that happened in the hotel and tourism industry was the conversion of locations not served or used by railroads into tourist destinations (Mill and Morrison, 1995, P.18).

3.3 The Demand on Accommodation due to Technological Advancement in the Transport Industry

The demand that the accommodation sector had was due to the immense growth and evolution in the transport sector. As the transport industry gets modernised and more efficient in transporting more and more number of people at a single time, accommodation has to increase to cater for the increasing number of tourists and businessmen. More space also has to be created around this accommodation to serve as car parks (www.**htf .org.uk**). From a historical background, the rail system has played a major role in the development of the hospitality and travel industry. It was when the rail road served as the major means of transportation that the old houses, inns and taverns along turnpikes and carriage roads, gave way to hotels, convenient to the railway stations. Trains had dining cars and sleeping compartments to give passengers the required comfort. The depression of the 1930s and World War II caused a decline in the use of the railroad and that decline was accelerated by the invention of the automobile.

The automobile has become the most popular transportation mode for tourists' use. Its convenience and flexibility of the car has given it an advantage over the train. Automobiles have made it possible for the family to travel as a unit, and successful accommodation have been developed to serve the type of travellers, who are the middle income family group. The demand for accommodation in the hospitality and tourism industry has developed a lot by travellers, tourists and those on business trips. Such a rapid growth has been fundamentally linked to the transport system and the technological progress of the last 150 years. Advancement from the railroad to the automobile and unto another mode of transportation like the airplane has made travelling on large scale possible for both leisure and business. This amounts to a serious demand for accommodation in the hospitality industry (www.bha-online.org.uk).

3.3.1 The Revival and Sustenance of the Passenger Rail Systems

The Great Depression of the 1930s and World War II created a decline in rail road usage which was accelerated by the invention of the automobile. The freedom of the open road gave automobile travel a competitive advantage over train travel. In order to prevent a complete collapse of the passenger rail systems, the United States of America government created AMTRAK in 1971. AMTRACK is a semipublic organisation; eight of the fifteen members of its board are selected by the President of the United States, three by the railroads, and four by

preferred private stockholders. AMTRACK is subsidised by the U S congress in amounts ranging from $ 500 million to $800 million per year.

This subsidy represents between 35 and 50 percent of its total revenue. AMTRACK has eliminated many unprofitable lines and improved overall efficiency and service quality. However, despite these efforts, many passengers opt for the speed and sometimes price advantage of airlines. To counter this, AMTRAK offers special prices on regional or transcontinental travel. Tour packages are also popular, particularly with retired people who prefer relaxing and watching the ever-changing scenery to driving.

Although the US experienced a decline in rail travel, railroads in Europe and Asia play far more important roles in passenger and freight transportation. Railroads are more cost-effective and a more efficient means of transportation especially in densely populated areas. Europeans have developed trains that can travel up to 250 miles per hour. For instance, the French Tries Grande Vitesse (TGV, very high speed) runs between Paris and Marseilles in three hours. The channel tunnel links England with France and enables both trains and automobiles to travel the twenty-three miles of the English Channel.

As with the United States of America, the Japanese and European rail systems are heavily subsidised by their respective governments. .Without such subsidies, the roads and the air would be more congested. A lot of Americans visiting Europe take advantage of the Eurailpass. The Eurailpass which must be purchased from travel agents outside Europe, allows visitors to travel throughout continental Europe.

SELF-ASSESSMENT EXERCISE

How did ground transportation/automobile change the pattern of the accommodation sector?

4.0   CONCLUSION

The rail and ground travel have been great contributors to the early tourism industry and accommodation. Technologically, travel by train was a pioneer and a great developer of the tourism and accommodation industry, but it gradually lost its role in the tourist industry because it lacked the convenience of the automobile. Meanwhile, the automobile is the most popular means of transportation for tourists' use because of its convenience and flexibility. Also, due to the technological advancement in the transport industry, accommodation is stretched to the limits to meet up with the ever increasing number of travellers and tourists. The

rail and ground transportation have been the main influence in the hospitality and tourism industry. Also, it has an economic impact to the world's economy and the hospitality and tourism industry's economy.

5.0   SUMMARY

The changes that have occurred in the transportation industry have had a great impact on the number and type of people who travel. As a result of the changes in the number and type of travellers, there was also a change in the destinations visited and types of accommodation used. The development of tourism started before the industrial revolution and continued parallel with the improvement of means of transportation. Also, physical needs, business, leisure, the desire to experience other peoples' culture and an interest in meeting new people are some of the reasons people travel.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Outline the importance of the rail system as a means of transportation for the hospitality and tourism industry.
ii.   How did the automobile impact changes on the accommodation sector of the hospitality and tourism industry?
iii.   What are the challenges and demands faced by accommodation sector due to technical advancement?

7.0   REFERENCES/FURTHER READING

Griffen, G. G. & Dittmer, P. R. (1993). *The Dimensions of the Hospitality Industry*: *An Introduction* New York: Van Nostrand Reinhold.

Hasek, G. (1994). "Tourism's Green Machine" *Hotel and Motel Management*. October 3, 1994 Vol. 209, No. 17, Pp. 25 – 26.

Meddlik, S. & Butkarat, A. J. (1994). *Tourism: Past, Present And Future*. London: Heinemann.

Mill, R. C. & Morrison, A. M. (1995). The Tourism System: An Introductory Text: Englewood Cliffs, New Jersey: Prentice Hall.

www.bhar –online.org.uk

www.htt.org.uk

UNIT 4   TOURS, CRUISE AND ADMINISTRATING PROCEDURES

CONTENTS

1.0   INTRODUCTION

In the field of tourism, the ship has undergone a major shift. As the primary mode of transportation on oceans, seas, lakes and rivers, it has now been replaced by the airplane and jets, because it is now faster to travel by air. Nevertheless the ship has been transformed from a means of transportation to a sightseeing vehicle. Cruising has become a very big tourism venture and is generally limited to warm water areas where distances between ports-of-call are not too great. Good examples of cruising locations are the Caribbean and Mediterranean. In the Caribbean, a cruise ship can be scheduled to sail at night, calling on a different port each day. Some lines are still offering long round-the-world and south pacific cruises, but the most common cruise is usually short and frequently with air service to the cruise area from the visitors' origin.

Although the cruise has a problem in the area of cost, the great liners that have been built to sail the oceans are expensive to build and operate. State rooms on a cruise ship cost more to build than do hotel rooms, and the ratio of crew to passengers often significantly exceeds the ratio of hotel employees to hotel guests. A cruise ship that weighs about 70,000 tons can cost about $200 million. The vessel is longer than two football fields and is capable of carrying up to 1,500 passengers. Casual ships usually cater for young couples, family with children and singles, while ships that appeal to the upscale crowd draw mature clients that prefer a more sedate atmosphere and low key entertainment.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

- describe the services that are offered by cruise liners
- discuss the importance of cruise ships as a means of transportation to the hotel and the tourism industry
- describe the various segments of the cruise market.

3.0   MAIN CONTENT

3.1   Services Offered by Cruise Liners

In the hospitality and tourism business the ship has gone through tremendous changes. The ship has evolved from being a primary mode for transporting people and goods on oceans and seas, especially the transatlantic and transpacific routes, to being used as vehicle for sightseeing. Now that the ship has been replaced by the plane, it is now used as a vehicle for sightseeing. (Wahab, P. 212. Lewis and Chambers, 1990, P. 30).

In recent times, the cruise liner has become a floating resort and travellers cruising to locations are being pampered throughout their trip. These cruise liners offer accommodation just like a five star hotel. Their accommodations range from luxurious suites to cabins, and offer attractions like gyms. for early morning work-outs, incredible cuisines and buffets, while guests can spend their afternoon time visiting beauty parlours and play games like table tennis. Passengers can simply relax by the pool and enjoy a good view. Night life can be very interesting on a cruise ship, night clubs offer avenues for dancing, banquets etc. (See Goeldner, and McIntosh 1990, P.11).

The cruise ship also gives passengers the opportunity for sightseeing. There are trips that are strictly for sightseeing. Although sightseeing trips have almost disappeared except for a few on the Rhine and Nile, there have been provisions for trips on the Ohio and Mississippi Rivers for Americans interested in experiencing a type of travel in the past. Similarly, tourists are also interested and attracted by canals in Amsterdam and also in the harbours of Rotterdam.

3.2   The Importance of Cruise Ships as a means of Transportation to the Hotel and Tourism Industry

The tourism industry is the largest industry and also among the highest/largest employer of labour. An industry as large as the tourism industry has to come up with innovations as often as possible in order to survive the competition. This is one of the reasons the Radisson Hotel International has entered the $4.6 billion Cruise Business. This new ship named after the hotel (Radisson Diamond) can carry up to three hundred and fifty four (354) passengers (see Hartssel, 1994, P. 21).

The cruise market had increased by more than 500 percent from 1970 to 1990 and suites vary from around $195 per person per day, on carnival cruise lines, to about $600 per person per day. Although cruising rates are usually for double occupancy, a hotel that owns a cruise line, like the Radisson Diamond would make a lot of profit with rates like that. Cruise ships with spectacular decks, and round the clock activities have attracted close to 2 million passengers annually. Most cruise ships sail under foreign flags. These flags are known as flags of convenience because registering these ships in countries such as Liberia, Bahamas and Panama means fewer tax regulations and little or no taxation. Many passengers remain loyal to their particular vessels of choice and half of the passengers on a cruise ship are repeated guests.

3.3   The Various Segments of the Cruise Market

As it is in most industries, there are also categorical differences between the segments of the cruise industry which we are going to list and elaborate on. The first segment we are going to look into is the *mass market*. This segment has tourists in the lower part of a five figure income range and are usually interested in paying between $125 and $200 per day depending on the size of the cabin and its location. There are other tourists that have incomes of $40,000 to $59,000 and are usually interested in paying $200 to $350 per day, and this segment is known as the *middle market*. This is usually the largest part of the market because the middle market ships are stylish and comfortable, and the ships are also capable of accommodating between 750 – 1,000 passengers.

The last segment is known as the *luxury market*. These are six-star vessels that boast of sophisticated cuisine, excellent service and a very satisfying cruise experience. The luxury market is usually for people with incomes higher than $60,000 per annum who can afford to pay more than $350 per day. Usually, the ships are smaller having a passenger capacity of about 700. A current trend in the cruise industry is

merging or consolidation just as it is in any maturing market. This allows a greater economy of scale and also leads to more efficient marketing and cost savings by the virtue of the size of the organisation (Mayo and Jarvis, 1991).

3.3.1 International Administrative Tourism Organisations

Governments of different countries are involved in tourism decisions and administration because tourism involves travelling across international boundaries, and it also involves different people from different backgrounds and nationalities. Government regulates the entrance and exit of foreign nationals. They become involved in the decisions surrounding national parks, heritage, preservation, and environmental protection, as well as cultural and social aspects of tourism. Tourism is to some extent an international ambassador, fostering goodwill and closer intercultural understanding among the peoples of the world. The World Tourism Organisation (WTO) is the widely recognised organisation in tourism today. The WTO is the only organisation that represents all national and official tourism interests among its allied members. Just the way government allocates its domestic duties to several ministries for efficient management and good supervision, so also do tourism activities and safety of tourists and the environment being administered by different international organisations.

Among these international organisations, are the International Air Transportation Association (IATA),. This is the global organisation that regulates almost all international airlines. IATA facilitates the movement of people and goods through a network. It standardises tickets, way bills and baggage checks. Another international organisation responsible for tourism activities is the International Civil Aviation Organisation (ICAO). ICAO coordinates the development of all aspects of civil aviation, specifically with regard to the formulation of international standards and practices. There are also other organisations related to tourism, tourism development and tourism administration that are not known to the public. Each of these international development organisations shares a common purpose that includes tourism development. These organisations include the following.

*   The World Bank (WB) lends substantial sums of money for tourism development. Most of this money is awarded in the form of low-interest loans to developing countries. The International Bank for Reconstruction and Development which has similar activities with the World Bank and the United Nations Development Programme (UNDP), assist countries with a variety of development projects, including tourism. The Organisation for

Economic Cooperation and Development (OECD), which was established by an international convention in Paris in 1960, is also involved in policy making and administration of the tourism industry. The other functions of the OECD are as follows.

- Achieve the highest sustainable economic growth and employment, and raising standard of living in member countries while maintaining financial stability thus, contributing to the development of the world economy.
- Contribute to economic expansion in member as well as non-member countries through economic development.
- Contribute to the expansion of world trade on a multilateral, non-discriminating basis in accordance with international obligations.
- The OECD's tourism committee studies various aspects of tourism, including tourism problems, and makes recommendations to national governments. The committee also works on standard definitions and methods of data collection, which are published in annual reports entitled "Tourism Policy and International Tourism in OECD Member Countries".

SELF-ASSESSMENT EXERCISE

What are the services offered by cruise lines?

4.0   CONCLUSION

In this unit, you are acquainted with some services that cruise liners render to tourists. These include, the opportunity of having an ultimate satisfaction while experiencing breathtaking views. Cruise liners, which are also tourist destinations are very important to hotels and the tourism industry in general. Hotels have seen the importance of cruise liners, which is the reason why some hotels are investing in cruise liners. For example, the Radisson Hotels, have invested in a cruise ship called the Radisson Diamond. It has the capacity to take up to 354 passengers with rates of about $600 per day. Cruise liners offer accommodation, just like five star hotels, gymnasiums and night clubs. Cruise liners have three different segments, namely, the mass market, the middle market and the luxury market.

5.0   SUMMARY

Cruise liners are very important to the hospitality and tourism industry. They provide excellent services and have over the years evolved from being a mode of transportation to becoming a tourists' destination. Cruise ships are like floating resorts and passengers associate a certain romance with cruising to exotic locations. Casual ships cater for couples, singles and families with children, while ships that are on the upscale end of the spectrum appeal to more matured clients that prefer a serene, sedate atmosphere and low-key entertainment.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Identify the various segments of the cruise market.
ii.   What does the term "flags of convenience" mean?
iii.   State the importance of the cruise ship as a means of transportation to the hotel and tourism industry..

7.0   REFERENCES/FURTHER READING

Edwards, C. (1997). *"Travel Agents Assail Commission Cuts".* San Diego: Associate Press, September 23, 1997, P. 2

Goeldner, R. C. & McIntosh, R. (1990). (6 th Ed.). *Tourism Principles, Practices, Philosophies,* New York: John Wiley and sons.

Harseel, J. V. (1994),. (3 ^r Ed.) *Tourism: An Exploration*, Englewood Cliffs, New Jersey: Prentice Hall.

Lewis, R. C. & Chambers, R. E. (1990). *Marketing Leadership in Hospitality: Foundations and Practices.* New York: Van Nostrand Reinhold.

Mayo, E. J. & Jarvis, L. P. (1991). *The Psychology of Leisure Travel: Effective Marketing and Selling of Travel Services.* Boston: CBI Publishing Company.

UNIT 5   WORLD   GEOGRAPHY   AND DOCUMENTATION

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
        3.1   Fundamentals of Geography
        3.2   Maps and Tables
        3.3   Land Marks, Climate and Population
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Reading

1.0   INTRODUCTION

Geography is globally defined as the study of the earth and the people who live on it. The term geography comes from a Greek word meaning "description of the earth". Geographers try to understand the relationships between one place and a group of places, and another place or group of places. These relationships are called spatial interactions. Geographers study the earth because they want to describe it, explain it, and make predictions or forecasts about its future. Geographers realise that things on the earth constantly change; some of which come from natural causes, e.g. the effects of water and ice cause a field to change over a period of time, while some other changes occur because of human activities like highway constructions, and building towns and cities.

Land marks and climate are very important to the tourism and hospitality industry. For instance, a good topography gives excellent views and climate makes people to decide their holiday destinations. These are what we know as natural wonders in the world. The examples of these are Wase and Riyom Rocks in Plateau State, Nigeria, and the rugged fjord in Canada, which attract many tourists. These landscapes around the world make tourists travel far and wide in order to satisfy their curiosity. This is another boost for the travel industry. People sometimes just take a ride in a car to the country side and sometimes people travel thousands of kilometers to have a feel of a different weather and environment.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   state the similarities and differences between   the subject geography and geographers
•   state the skills you need to study maps
•   distinguish between landmark, climate and population in relation to the hospitality and tourism industry.

3.0   MAIN CONTENT

3.1   Fundamentals of Geography

The fundamentals of geography as you have observed in the introduction, is the study of the earth and the people who live on it. Several years ago, American astronauts went to the moon and sent back some pictures of the earth taken from the moon. The earth was shown as a beautiful blue and white ball shining in the moon's sky. This is among the reasons that geographers have always been in an unending search to secrets of the earth and the solar systems.

As pointed out by Hunkins and Armstrong (1984, P.157), geographers were very curious people and they wanted to know why things were constantly changing, why the changes in seasons and why there is night and day, and also why there were different time zones around the earth. These were the questions that brought about the discovery that the earth is among the nine planets revolving round the sun which is also known as the solar system. The nine planets including the earth revolve round the suns path called the orbit, and the planets stay in these orbits because of two opposite forces. The gravitational force pulls the planets toward the sun, while the centrifugal force pulls the planets away from the sun. The two forces are balanced with each other. The earth revolves round the sun once every 365.25 days. Each complete revolution marks one year. In addition, it also spins on its axis and each complete rotation marks 24 hours i.e. one day.

3.2   Maps and Tables

Geographer's use many sources of information in their study of the earth, among which are books, photographs and other special equipment like binoculars. But the most important tool of a geographer is the map. Maps are very useful because they show in picture form information that can often be complex to the lay man. The map is so special that almost any feature on earth that can be measured or counted can be represented.

People often see the globe as the best model of the earth, but it does not allow a person to look at the earth at the same time, while a map can be spread on a table and the whole earth can be seen at a glance. A globe carries very little information while a map gives more information and can even be enlarged, i.e. from the global map, one can get the map of a country like Nigeria. Also one can still get a map that can show roads and important places within a city (Hunkins & Armstrong, 1984, P. 197).

In the course of the study, it is important to know about map properties and their parts. There are five parts which maps have that help in reading them. These are:

i   **Title** - the title tells the reader what information is found in the map.
ii   **Legend** – this tells the reader about the colours or symbols used on a map and what they represent.
iii   Grid system- this is a series of lines used to find exact locations of places on a map.
iv   **Directions**- these are important because they make the map reader determine his or her position.
(v)   Arrows- these show the various directions of the world so that the reader can configure other directions.
vi   **Map scale**- this is the relationship between a unit of measure on a map and a unit of measure on earth.

3.3   Land Marks, Climate and Population

The earth's surface is divided between the land portion and the water portion. The land portion of the earth is made up of a variety of shapes. These varieties of shapes are known as landforms. Together with the soil and plants, these landforms form the different landscapes that cover the surface of the earth. Major landforms include plains, plateaus, mountains and hills. Plains are large areas of mostly level land. Most plains rise to about 1,000 feet above sea. It is also called a table land. The mountain, which is another landmark, is usually a rise of land that has an elevation of about 2,000 feet. Hills are the last types of major landforms, like mountains, they rise above surrounding land, but they are much smaller.

The climate refers to the different kinds of weather at a particular place over a long period of time. Climate, like landscapes, is important to plant, animal and human life (Marsh, 2004, P.61). The elements of climate include – temperature, moisture, air pressure and wind. The different combinations of these elements produce the different world climates. Population is another area of concentration. The human race

has lived for thousands of centuries and has undergone a lot of encounters with its environment, nature and development. All these factors have had effects in one way or the other on the human population (Dietz, 2004, P. 175-9, Malthus, 1798, P. 38).

The first important change in population growth rate was a result of agriculture, farming and domestication of animals. Population growth also appreciated during the industrial revolution. A lot of things were happening that reduced the death rate and introduction of machinery greatly increased the production of factory goods which were more hygienic and reduced death rates.

Along with the industrial revolution came advances in medical science. Increase in trade and contact between people spread ideas about growing crops and exchange of food for variety. This greatly improved the diet of millions of people and by the twentieth century there was a population explosion. The impact of the population explosion, aided by the industrial revolution which also aided agricultural development, has greatly reshaped the earth. People have settled in various parts of the world, forming patterns as diverse as the land scope.

The ability and success of people in adapting to different physical settings is reflected in the tremendous growth of the world's population. Land marks and the climate influence the population of a region. A good landmark with good vegetable is likely to attract more population and tourists than an arid and dry region. Climates also influence the attitude of the tourists and thus have enhanced the development of the hospitality and tourism industry.

SELF-ASSESSMENT EXERCISE

What are the parts of a map that make map reading easy and interesting?

4.0   CONCLUSION

Geography, as a field of study, is necessary because it allows you to understand the earth and its people. It deals with the interrelationships of people with their environments. Due to the large size of the earth and its complexities involving climates and weather, geographers must specialise in order to really understand the earth. The earth surface is a place of great variety of landscapes. Although landscapes are affected by natural causes, for example, volcanoes change the landscapes; human activities will continue to have wide range effects on the landscapes. The atmosphere in which we live is very active in processing the energy of the sun and the result is daily weather and climate change. Due to the movement of the earth on its axis and on the orbit, and the various land

and water bodies, there is a variety of climate types. Population on the other hand has increased tremendously with improvement in agriculture and medical supply.

5.0   SUMMARY

Geography is a study that seeks to know more about the earth, its environment and the people that live on the earth. It also studies why there is climate change, and also other bodies in the solar system. This unit has also discussed about maps and their importance in locating certain destinations. You have also learnt about land marks and the changes that occur on them i.e. by natural causes and by human activities. You have seen how the industrial revolution and progress made in agriculture and sciences have boosted population.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Write a brief description of geography as a field of study. Why
ii.   is climate relevant to the hospitality and travel industry?

7.0   REFERENCES/FURTHER READING

Dietz, T. & Rosa, E. (1997). Effects of Population and Affluence. New York: National Academy of Sciences, 94, 175-9.

Hunkins, P. & Armstrong, D. G. (1984). World Geography: People and Places. Columbus, Ohio: Charles Merit Publishing Company.

Malthus, T. (1798). Essay on the Principle of Population. New York: Modern Library.

Marsh, G. P. (2004). Man and Nature – or Physical Geography as Modified by Human Action. New York: Charles Scribner.

MODULE 2 HOSPITALITY ADMINISTRATION

Unit 1   Sales and Administrative Procedures Domestic,
Unit 2   International Fares and Ticketing Computer
Unit 3   Reservation Systems The Role of Travel Agents
Unit 4   and Tour Operators

UNIT 1   SALES   AND   ADMINISTRATIVE PROCEDURES

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
    3.1   Sales, Advertisements, Marketing and the Administration of the Hospitality and Tourism Organisation
        3.1.1   Recruitment of Human Resources
    3.2   Sales Tools, Sales Programmes and Sales Promotions
    3.3   Administration and Organisational Structure in the Hospitality and Tourism Industry
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Reading

1.0   INTRODUCTION

Sales are very important part of marketing the goods and services any organisation has to offer. In this unit, you will look at the selling skills and administrative procedures. First of all, it is imperative for you to know the difference between sales and marketing. Sales focus on the products or services for sale, while marketing focuses on the guests. Although sale is different from marketing, the two go hand in hand. In the hospitality and tourism industry, the sales department is responsible for making products to guests who are the target market. Each organisation organises its sales department in a way it deems best and that is why some organisations have sales offices throughout the nation and in other countries, in addition to the internal sales department. The sales department uses advertisements like billboards, newspapers, magazines and the electronic machines (i.e. radio and television).

Another way to reach customers or guests is through sales promotion such as community projects, like identification of selected parks and gardens. Corporate sales programmes usually have ties with oil companies, credit cards, car rental companies and travel agents. Brochures for selling group meetings and tour groups at special rates are given to companies.

There cannot be a successful selling, without a sales programme and there cannot be a sales programme without an assigned responsibility for supervising and conducting all phases. In general, the sales plan should be directed at pulling up business in the low spots. Sales tools, i.e. direct-mail, display advertising, personal selling and publicity, should be applied at the same time to achieve a definite goal. Sales men, very familiar with the product, are expected, as part of their duties, to call on travel agents, corporate offices and other potential clients.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

- state the relationship of sales, advertisement and marketing and their importance, to the hospitality and tourism industry
- describe the different approach tools for successful sales
- analyse various means of advertisements and public relations that make a hospitality and tourism organisation sell.

3.0   MAIN CONTENT

3.1   Sales, Advertisements, Marketing and the Administration of the Hospitality and Tourism Organisation

In the promotion of marketing and sale of any product, the principles are the same but the hospitality and tourism sector has some peculiarities. The hospitality and tourism product is a combination of products and services, and no single individual or entrepreneur can produce it, because each department in the industry needs a high degree of specialty (Seth and Bhat, 2005, Pp 194-195). The hospitality and tourism product is a peculiar product that cannot be transported or taken to the customer; hence the customer has to get to it in order to make use of it. This product cannot be stored for sale at a later time. For example, a hotel room has to be in use every day or it becomes a total waste, unlike somebody selling stationeries who can store up any stationery not bought for sale the next day. Also, in the case of natural calamities,

economic instability or political and ethno-religious upheaval, the hospitality and tourism industry suffers terribly.
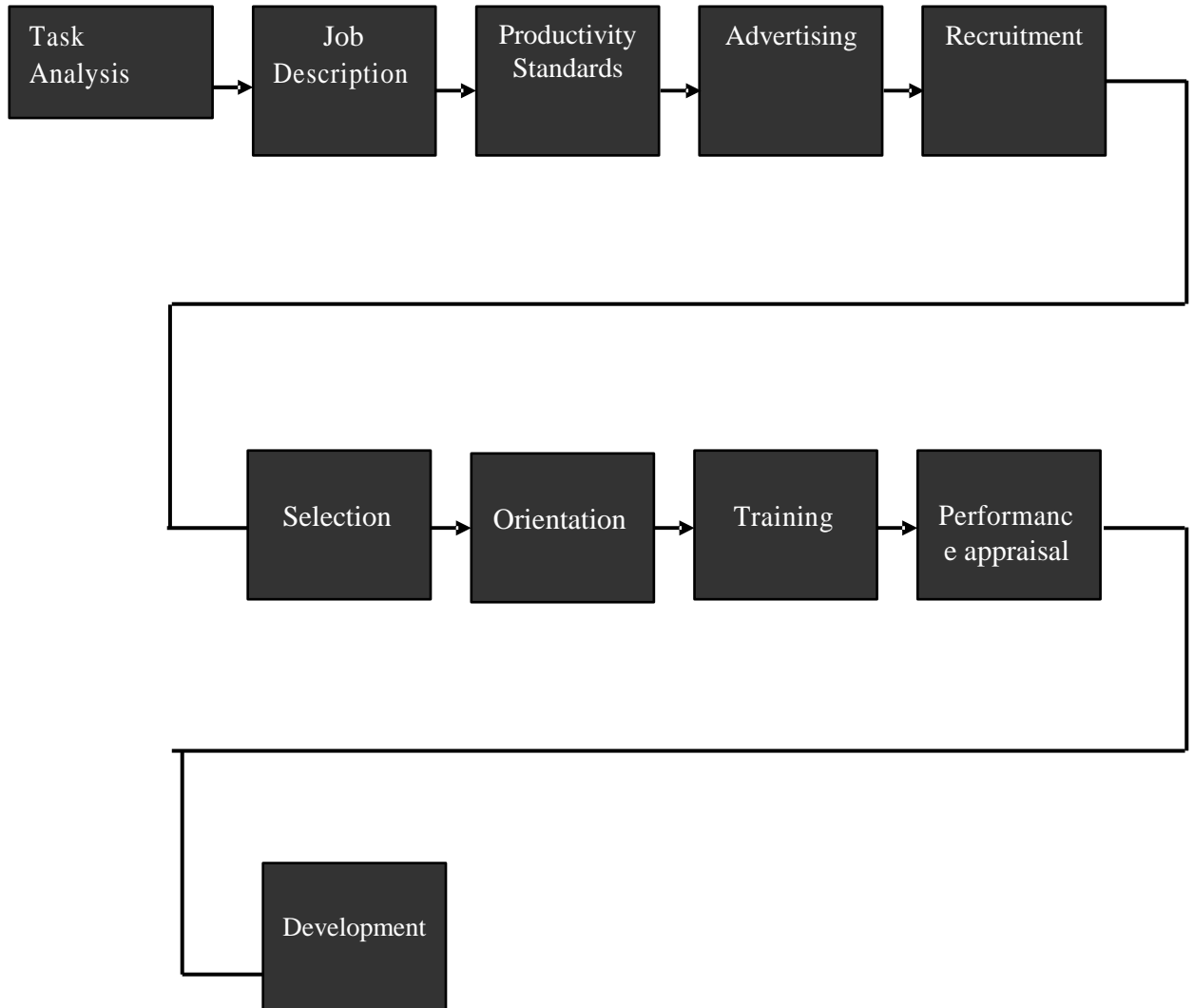
Therefore, there is the need for an aggressive marketing in order to sell its products. In order for tourism organisation to sell its products, a good sales department usually employs fact finding or data gathering (market research) communication to inform the public (tourist promotion), ensuring sales (distribution channels) and, coordination, control and evaluation (monitoring, the total marketing plan). To motivate members of the sales team, some organisations reward the sales teams with a little percentage and this makes sales professionals to guard the clients carefully. (Walther, J. 1999, P. 417).

Making a sale and influencing the guest to become a repeat guest is vital in today's competitive market place. About 80 percent of hotels and some restaurants business come from about 20 percent of the guests that patronise them because of sales representatives. Another morale booster used by administrators of the hospitality and tourism industry to gain the loyalty and dedication of duty by employees, especially the sales team, is compensation. Compensation is the total reward benefits given to staff members that have met particular targets. Compensations can amount to 25 percent of the total payroll, making them the highest single cost factor in the hospitality and tourism industry.

3.1.1 Recruitment of Human Resources

As we have already known, the hospitality and travel industry is the largest in the world, employing some 70 million people. Also, there is no other industry in the world that has a front line guest contact between employees and guests, especially entry-level employees. In this industry, employment ranges from entry level-employee to specialised positions, supervisory positions and managerial/executive positions. Human resource is all about attracting, selecting, orienting, training, developing, and evaluating the performance of organisational resources (Morrison, 1999, p.14). The complexity of human resources management and development in the hospitality and travel industry is increased because many unskilled workers are employed at entry level. There is enormous and increasing cultural diversity within the industry. Figure 6.1 illustrates the human resources management and development process of the hospitality and travel industry.

Fig. 6.1:   Human Resources Management and Development Process

Recruitment and selection mean the process of looking for the most qualified and suitable employee for the available position. The process starts with the announcement of vacancies, which can start within the organisation. Applications are received from a variety of sources e.g. internal promotions, employee referrals, applicant files transfers within the company, advertising, colleges and universities and also government – sponsored employment services.

Application forms and curriculum vitae are accepted and screened by the human resources department. A lot of organisations prefer the applicants to come to the property and personally fill out the application form. The human resources department then reviews the application and curriculum vitae for accuracy and also to be sure that the prospective employee is legally entitled to work in the country. It is previous employees only that are given the beginning and ending dates due to legal reasons. Figure 6.2; shows the description of the recruitment and selection process.
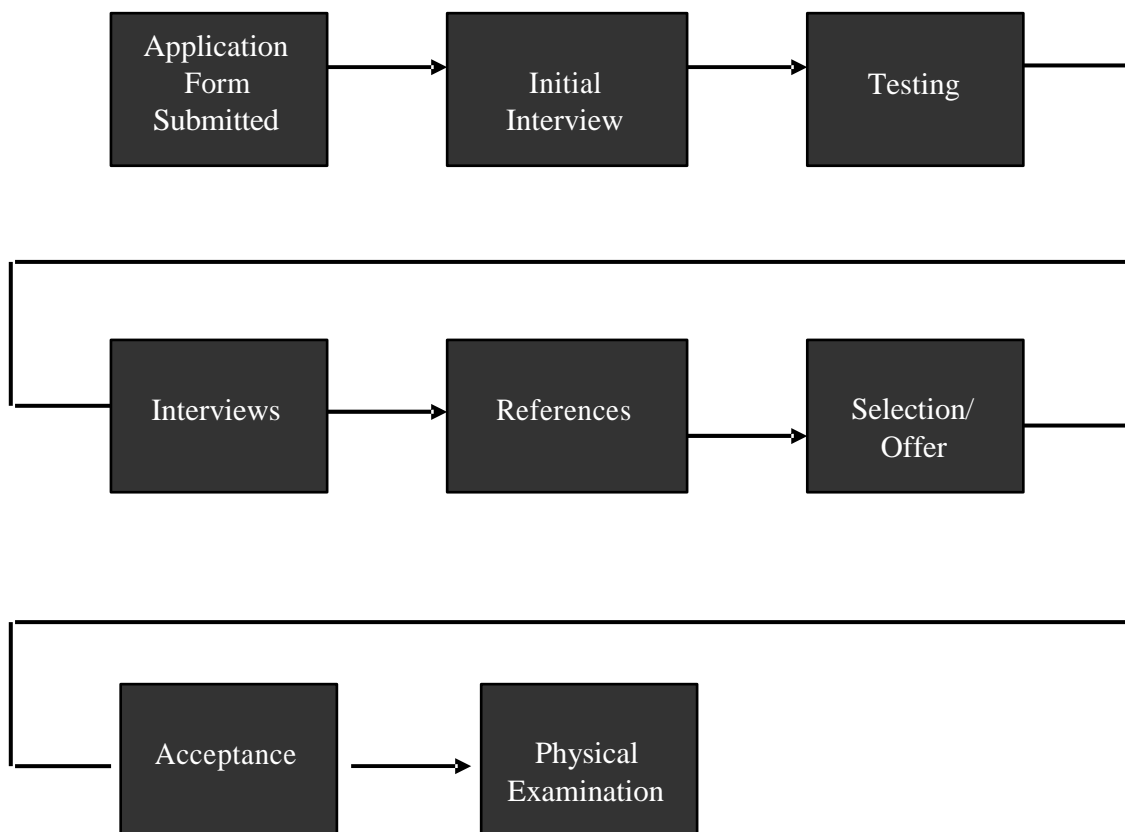

Fig. 6.2:		**The Recruitment and Selection Process**

Applicants are invited to come for an interview. This interview is a general screening interview to determine whether the applicant is suitable for employment or not. During the interview, employment managers look for dress sense, mannerisms, attentiveness, attitude and interests. Questions are also asked which encourage the applicant to answer in details. Interviews with the department head will assess the candidate's ability to do the job, while selection, is selecting the most suitable qualified candidate for the available position. Part of the selection process might involve tests like personality, aptitude, skill or psychological tests to ensure that candidates possess the requisite interpersonal skills to do the job.

3.2   Sales Tools, Sales Programmes and Sales Promotions

Sales, as we have noted in our introduction, is focused on the product or service to sell, therefore a good hotel administration splits its sales team according to the various target markets e.g. association, corporate, catering etc. Sometimes the classification might have to involve regions in the area e.g. North, South, West, East, etc. Some of the approaches employed by the sales team are to ask companies about their accommodation and restaurant needs and also to know which hotels and restaurants they use at present. The team should be able to get the names of the people responsible for booking hotels and restaurants so that they could be invited to the hotel for a personal tour and lunch during the tour, which is of great advantage (Walker P. 417).

Some sales tools and programmes include personal selling. Under this tool we have sales calls, internal sales training for guards and contact employees' telephone. The second tool is the direct mail. Under this tool we have questionnaires, brochures, post cards, envelope staffers and calendars. Display advertising; this third tool has properties like newspapers, roadside billboards and signs at airports and other strategic places. Publicity is another tool which includes radio and television advertisement messages and special events. Also, internal advertising as a tool includes room directories, menu clips,, personal sales messages, records announcement on the P. A. system (public announcement system). Yet another tool is programme sponsorship on TV and radio e.g. sports programmes (Coffman and Recknaget, 2000, P. 184).

3.3 Administration and Organisational Structure in the Hospitality and Tourism Industry

The hospitality and tourism industry, as we have noted previously. is the largest industry and also largest employer in the world – employing about 70 million people. There is hardly any other industry that has the type of contact between employees and guests such as this industry. In the hospitality and tourism industry, employment ranges from entry level positions to specialised positions e.g. supervisory positions and managerial/executive positions. This is why the industry revolves around Human Resources Management. This point has been stressed by Troy (2003, Pp. 208). Human resources is all about attracting, selecting, orienting, training, developing and evaluating the performance of an organisation's most important resources, i.e., the human resource.

No hotel or restaurant or tourism organisation is the same with another one. The differences are their services and professionalism. That is why human resources management is so significantly critical to the success of the organisation, J. Malker 2005. (Seth and Baith, 2005, p. 13). This is the reason why the industry has to be divided into sectors and departments. There is the primary services (room, food, and beverages), ancillary services (guest laundry, valet service and telephone). Support service (marketing/sales, property operations, maintenance/energy, general administration and accounting).

SELF-ASSESSMENT EXERCISE

Briefly discuss human resources management.

4.0 CONCLUSION

In this unit, you have learnt how the nature of the hospitality and tourism industry, and how the marketing and sales of the industry are quite different from those of other industries. This is because of the nature of its services, which as noted, cannot be stored like clothes or stationeries. For example, anytime a room is not in use, it is wasted. There is urgent need to sell to prospective guests and tourists. This is why there is the need to come up with an administrative section to cater for the needs of the sales. To make these sales easier and more effective, some innovations have to be brought in like sales tools, sales promotions and sales programmes.

5.0 SUMMARY

In this unit, you have learnt that the sales department is responsible for making sales to guests that are the target market. Making a sale and influencing the guests to become repeat guests is vital in today's competitive market place. Since the profitability of a hotel depends on the occupancy ratio in a hotel, innovative concepts have been introduced to meet up with the growing competition. This also shows the reason why there is a full organisational and administrative ladder to deal with professionally in order to keep the standard high.

6.0 TUTOR-MARKED ASSIGNMENT

i.   Discuss the essential principles of good advertising Differentiate
ii.   between marketing and sales, and their impact on the hospitality and tourism industry.

7.0 REFERENCES/FURTHER READING

Coffman, D. C. & Recknage, J. H. (2000).(Ed.). Ithaca, New York: Cornell University Press.

Seth, P. N. & Bhat, S. S. (2005). *An Introduction to Travel and Tourism*. New Delhi: Sterling Publishers Limited.

Walker, J. R. (1999). *Introduction to Hospitality. Upper Saddle River*. New Jersey: Prentice Hall

Troy, T. N. (2003) "Hospitality Association Waging War in Minnesota". *Hotel and Motel Management*.208, 15, September, 6, 2003.

UNIT 2 DOMESTIC, INTERNATIONAL FARES AND TICKETING

CONTENTS

1.0 Introduction
2.0 Objectives
3.0 Main Content
      3.1 Domestic and International Flight Fares
      3.2 Ticketing
      3.3 Domestic and International Regulatory Organisations
4.0 Conclusion
5.0 Summary
6.0 Tutor-Marked Assignment
7.0 References/Further Reading

1.0 INTRODUCTION

The travel industry is a very big industry and that makes its activities complex. In order to ease these complexities, it came up with different sectors, agencies and associations to assist the industry in carrying out some of the complicated duties. The International Air Transport Association (IATA) is one of those agencies that assist the travel organisations. IATA, with its headquarters in Montreal, Canada, was established in 1945 and most scheduled airlines are members of IATA. IATA governs only international fares, while domestic fares are governed by the domestic airlines or the government of the respective domestic entity or nation. The function of IATA is assisting in the movement of people and goods through a network of routes as easily as possible. IATA is also responsible for regulating and standardising tickets and stabilising fares and rates.

The world schedule air transportation industry was grown from a mere million passengers in 1945 to about 1.5 billion passengers in 2001. Currently, more than 3 percent increase and about 40 percent of manufactured goods in the world are transported by air. All this is attributed to the fact that the average consumer of scheduled airline products are paying 70 percent less than what he or she was paying twenty years ago. The International Air Transport Association has made all this possible by making airlines to be deregulated, which has benefited most of them.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   discuss domestic and international flight fares
•   list the roles of domestic and international regulatory
       organisations
•   explain the use and importance of ticketing.

3.0   MAIN CONTENT

3.1   Domestic and International Flight Fares

Fares in the travel industry vary in different ways and for different reasons. Reasons can range from the mode of transportation, or the distance between the origin and the destination. Just like in most organisations, there is usually a body responsible for regulating and monitoring prices and fares, as is the case with the travel industry. Without these modalities in place for price regulation and monitoring, there will likely be exploitation by some travel organisations. In the case of the aviation industry, the body responsible for this is the International Air Transport Association (IATA) (visit www.iata.org).

Fares are also determined by the density of traffic demand in an area. An example is a trip from Europe to America which will be cheaper than a trip from London to India. This is because the density on London- India route is lower than that of London – New York. The same is true of the domestic route. For example, the density of Kano-Lagos route is definitely higher than the density on Sokoto –Lagos route. Other factors are the capacity available on certain routes, the level of competition on the sector and cost of operations. (Fairlier, 2003, P.7).

Fares especially on international travels, when paid, will only become applicable when the journey commences at the point of origin shown on the ticket. If a travel actually commences at a different location or country, the fare must be re-assessed from such location or country. Promotional fares are the way airlines offer cheaper fares to attract more passengers. Most important among these fares are; the excursion fares, which are for people spending a week to fourteen days,in order to stop business people from looking for cheaper ways to travel. The group fares are the second type of fare, which are applicable to groups. It is applicable to a minimum of a group of ten to forty people travelling together.

3.2 Ticketing

A ticket is obtained when a traveller pays the stipulated fare. When the fare is paid through cash or credit card, automatically a ticket has been bought. The ticket is like a receipt but more detailed and contains all the information needed by any check-in staff of any airline. Normal ticket regulations apply to documents issued against credit cards or cash. The validity of the ticket lies in the ticket and not by the date on the credit card.

As innovations continue getting introduced into the industry, so also is a multipurpose ticketing system. This ticketing system is known as the Automated Ticket Boarding (ATB) pass So far the ATB has been introduced by a number of carriers and airlines. This ticket is a combined document serving a passenger ticket and baggage check, boarding pass and also a baggage identification tag. The Automated Ticket Boarding (ATB) pass also contains information like, the name of the origin and name of the destination, issuing name/vacation and place of issue, carriers information (ticketing system provider) and flight information (flight coupon and boarding pass). The ATB also contains about thirty to thirty five more detailed pieces of information.

3.3 Domestic and International Regulatory Organisations

Tourism is to some extent an international ambassador, bringing goodwill and intercultural understanding among people of the world. However, because it deals with travels across international boundaries, the government inevitably is involved in tourism decisions, and also has to regulate the entrance and exit of foreign materials. For this reason, organisations are formed that will check the hospitality and travel industry.

The organisation that represents all national and official tourism interests among its allied members is the World Tourism Organisation (WTO). It is the most widely recognised organisation in tourism. There is also the International Civil Aviation Organisation (ICAO), which comprises of more than eighty governments. This international organisation coordinates the development of all aspects of civil aviation with regards to international standards and practices. The International Air Transport Association (IATA) regulates and standardises tickets, way bills and baggage checks. It coordinates handling and accounting to allow quick interline bookings and connections. In addition, the IATA also maintains the stability of fares and rates.

There is also the domestic International Civil Aviation Organisation, which regulates the common interest and concerns of all components in a country or regions, and it has the same attribute and sometimes affiliated to the international bodies. In Nigeria, an example of this organisation is the Federal Airport Authority of Nigeria (FAAN). FAAN is the domestic organisation that regulates and standardises flight activities in Nigeria. Due to its activities, there is a standard air fare across the country.

In the United States of America, Travel and Tourism Administration (USTTA), the main government agency responsible for the promotion of the other domestic regulatory organisation is the Travel Industry of America (TIA). It looks after the common interest and concerns of all components of the U.S. travel industry.

SELF-ASSESSMENT EXERCISE

What are domestic and international flight fares?

4.0   CONCLUSION

The travel industry is very complex and has evolved at a tremendous pace that it needs different bodies and organisations to operate efficiently. The travel industry deals with people from all over the world especially with the invention of the airplane, because the safety of passengers and their interests are uppermost. Some organisations were formed at both international and domestic levels to check and surprise the travel industry. One of such is the International Air Transport Association (IATA). Other examples are the Federal Airports Authority of Nigeria (FAAN) and the United States Travel and Tourism (USTTA). Another aspect learnt in this unit is ticketing. This is usually issued to an intending traveller after he or she must have paid the stipulated fare. The ticket contains all the information needed by any check-in-staff and airline.

5.0   SUMMARY

Domestic and international fare and ticketing are some of the innovations brought about by the evolution of the travel industry. The industry has grown so large that modalities are put in place to protect the rights, lives and properties of the travellers and also to save the travellers' time. These modalities include formation of bodies and organisations to check the activities of the airline operators. Some of these bodies and organisations include the International Air Transport

Association, the International Civil Aviation Organisation and the Federal Airport Authority of Nigeria.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Explain the term ticketing
ii.   What are regulatory organisations and their roles?

7.0   REFERENCES/FURTHER READING

Fairlie, R. (2003).“Dividing the Pies” Travel Weekly. November 8, 2003. P. 7.

International Air Transport Association, www.iata .org.

International Civil Aviation Organisation, *www.icao.org*

UNIT 3   COMPUTER RESERVATION SYSTEMS

CONTENTS

1.0   INTRODUCTION

Some decades ago, it could be recalled that airlines check in staff operated at airports with large sheets of papers, matching details of each passenger manually. This usually took a long time and queues got even longer. In modern times however, it takes just a minute to get clearance from a check-in-staff. Once the staff collects a passenger's ticket, all the passenger's data needed will appear on a screen and a pass is issued by the same computing machine instantly. This process also gives out information on seat numbers and exit gates from where a commuter can board the plane. This brought about the invention of the Computer Reserve Systems (CRSs) which is the most important marketing tool of airlines. Computer reserve systems are systems for information; they store current information about all travel providers. These systems also perform tasks that are related to service distribution.

The computer reservation systems do have the details of all flights, and details of millions of passengers are also stored in these machines. Although some airlines had started using computers in the 1950s, it was still hectic because each airline had its own computer. If one airline was making a reservation of a sector on a different airline, the two computers could not communicate with each other, and they would send teletype messages. It was in the 1970s that travel agents and airlines saw the need for a computer reservation, that could show the flight availability of most of the airlines, and portable enough to be kept on a table where reservations could be made and tickets printed.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

- discuss the importance of the computer reservation system in the hospitality and tourism industry
- explain the dimensions of communication for the hospitality and tourism industry
- describe specific reservations system.
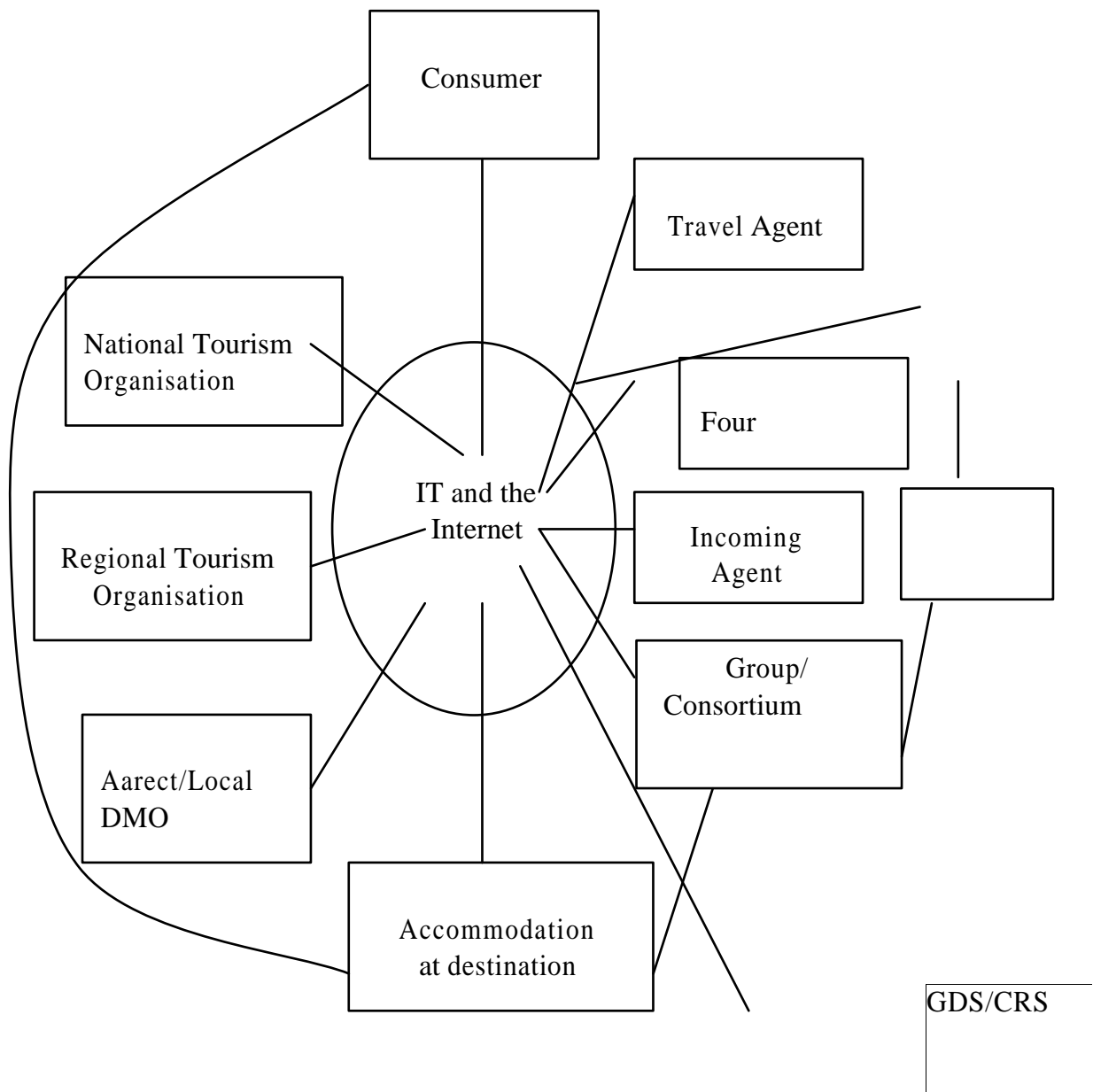
3.0   MAIN CONTENT

3.1   The Importance of the Computer Reservation System in the Hospitality and Tourism Industry

The Computer Reservation System is fundamental in the growth and survival of the hospitality and tourism industry. In fact, any successful organisation in this industry must have to attribute its success to the Computer Reservation Systems. As we all know, tourists travel from their homes to destinations and in modern times, the airplane has been among the preferred travelling means by tourists. In the past, before the invention of the C.R.S., passengers and tourists had to queue up for a long time for manual matching of details of each passenger with his or her ticket. Today, all these are achieved in just a minute, making travelling faster and more efficient. Travel has expanded all over the world. Many times over one can imagine what it would be like for tourists without the Computer Reservation Systems (see for example, Kasavana and Brooks, 1991, Pp. 114 – 5).

The same Computer Reservation Systems have access to data on hotels, car rentals, trains, cruises, climate, currencies, etc. Apart from reservations, the computer can make changes in reservations with just a touch of the button. Now, many hotel chains have a number that a prospective guest can call to make reservations at any of the company's properties. The corporate Computer Reservation System allows operators to access the inventory of the availability of rooms in each hotel, and once a reservation has been made, it is immediately cancelled from the inventory of rooms throughout the duration of the guest's stay. The Central Reservations System has been - important in saving time and cost for airlines, hotels, travel agents and tourists. Now, one can just relax at home or in the office to make multiple reservations (flight and hotel room) at the same time. This has also reduced unnecessary overcrowding at reception desks, hotels and airports.

3.2 The Dimensions of Communications for the Hospitality and Tourism Industry

The internet has added a new dimension to the hospitality and tourism industry. The system has made communication in the industry system very easy and with very little stress. With a computer unit in the office or at home and with access to the internet, one can click to a website where airline tickets, holiday resorts and hotel reservations are on sale, and thereby buy whatever one wants to buy just by giving one's credit card details. The website of Jupiter Communications (www.//jup.com) has done a study on the proliferation of travel related sites in the internet and is illustrated below:

Consumer

Travel Agent

National Tourism
Organisation

Four

IT and the
Internet

Incoming
Agent

Regional Tourism
Organisation

Group/
Consortium

Aarect/Local
DMO

Accommodation
at destination

GDS/CRS

```
Operators        Switch




           CRS




AIR/Rail/Bus+Car
        HIRE
```
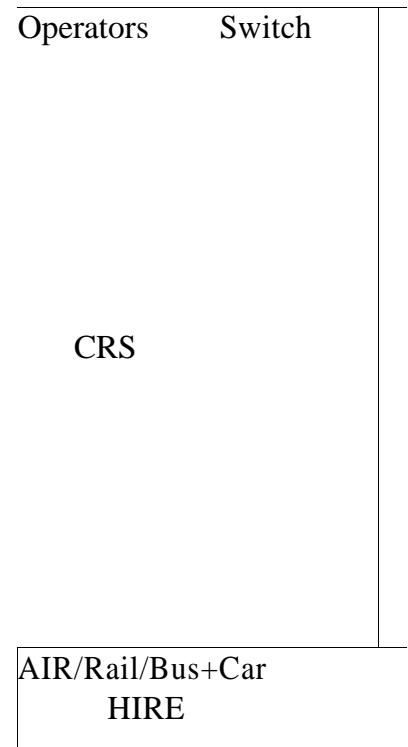
Fig. 7.1:   **Proliferation of Travel Related Sites Worldwide**

Source: World Tourism Organisation, 2005.

This website has estimated that online revenue for 2002 alone was about US$8.9 billion. In the US, back in the late 1990s, some sixty four million people were reported to have access to the internet, still, matters are made easier with millions of websites of travel retailers, whole sellers and the consolidators, as well as national tourist offices.(Eddystone, 2001, Pp. 15-16, Godwin, 1999, P. 56). The hospitality and tourism industry is next only to airlines in the use of technology, and has been enjoying the best of both worlds. From computerised check-in to automatic wake up calls, electronic locks to closed circuit T.V., fire security protection systems and teleconferencing, nothing is better organised than the modern day hotel.

3.2.1 Property and Reservation Management Systems

Property Management Systems (PMSs) have greatly enhanced a hotel's ability to accept, store and retrieve guests' reservations, guests' history, requests and billing arrangements. Property management system also provides reservations associated with information on types of rooms available, features, views and room rates. A list of expected arrivals can be easily generated from such a system. Before the advent of the PMSs, it took reservation associates much longer time to learn about the features of each room and the various room rates. A property management system contains a set of software packages that are capable of supporting a variety of activities in both the front office and the back office areas. Among the most common front office software packages that are designed to assist front office workers in performing their functions efficiently are reservations management, rooms management, guest account management and general management.

The reservation department software allows the room reservations department to quickly accept reservations, and generate confirmations and occupancy forecasts for reservations, that are being handled by the hotel directly and by the Computer Reservation Systems (CRSs). Most hotel chains, operating or affiliated to hotels, have a phone number that has the last digit reading from 1 – 500. This is to allow guests to call at any time without obstruction and in some cases without charges. Travel agents also have direct access to the central reservation numbers. The various software packages contain information on the following; reservations, front office, group billing, guest history, report writer, travel agent, billing, tour operations, housekeeping, yield management, package plans, wholesaler blocks, call accounting interface, point-of-scale of interface and environmental control. Others include central reservation, general ledger, and accounts payable, owner accounting associate management, long-term rentals and timeshare rentals.

The Holiday Inn worldwide for instance, has invested more than $60 million for the installation of PMSs in all its properties. This system integrates revenue optimisation and customer tracking software to maximise income for the properties and options for the guests. Some of the advantages of the Holiday Inn Reservation Optimisation (HIRO) and ENCORE are that they include a two-way interface with Holidex (i.e. the Holiday Corporation's Reservation System) that automates and makes front desk tasks and procedures simpler and easier. The HIRO system is believed to be the first automated length-of-stay optimisation system to be integrated with a central reservation system.

3.3   The Types of Reservation System

The Hotel Industry Switch Company (THISCO) has a link between the hospitality industry's central reservation systems and those of the airlines. This allows travel agents access to hotel data base. Among the modern and sophisticated computer reservation systems are SABRE and APOLLO, which are the two main airline computer systems. SABRE is owned by American airlines and APOLLO is jointly owned by United, USAIR, and several European airlines. The two computer systems have developed sophisticated global reservation systems to make it easy for the travel agents to arrange international hotel reservations.

SABRE is one of the largest privately owned computer networks in the world. Its hardware headquarters is situated in Tulsa, USA. The building, where the hardware is located, is specially designed to withstand terrorists and criminal attacks and safe from natural disasters. The SABRE uses six of the largest International Business Machines (IBM) computers which are connected by hundreds of thousand kilometres of network data circuits, to some hundreds of thousand terminals all over the world. (See also Godwin (2001, P. 61). They also contain flight and fare data in over thirty five thousand cities throughout the world, for more than seven hundred airlines. The SABRE can be used to book rooms in over thirty thousand hotel properties and rental cars from car rental companies. It also contains details of over sixty five thousand vacation and recreation activities. SABRE is more than thirty years old and it is a hundred percent publicly traded company since March 2000.(Davidoff and Davidoff, 1999, P. 56).

The APOLLO, just like the SABRE, has developed sophisticated global reservation systems, designed to make it easy for the travel agent to make international hotel reservations. Colva is a typical example of a computer reservation system (CRS). It is a subsidiary of Colva airlines system known to the American travel agents as APOLLO, and it enables agents to book hotel reservations around the world. The APOLLO is jointly owned by United, USAIR, Air Canada and several European

airlines, and just like SABRE, the APOLLO has also developed sophisticated global reservation systems designed to make it easy for the travel agents to make international hotel reservations.

Another example of a leading type of Computer Reservation System is the AMADEUS. It is a market leader in Europe, Africa and Asia-Pacific with a strong presence in the USA and South America. It is believed to have a worldwide network in sixty countries as a leading player. AMADEUS, which was founded in 1987, is a company with 60 percent of its capital held by Air French, Iberia of Spain and Lufthansa of Germany. AMADEUS headquarters is located in Madrid, Spain with its data processing centre near Eding in Munich Germany. It has also a product development facility at Sophia Antipolis. AMADEUS has three regional offices for Asia Pacific (Bangkok), North Central America (Miami), and South America (Buenos Aires). The AMADEUS Global Network (AMANET) links providers and users and it is the largest civilian data centre in Europe. The new technology that manifested itself in the form of Computer Reservation Systems (CRCs), which was first developed by the American airline, was soon emulated by other US airlines.

SELF-ASSESSMENT EXERCISE

Discuss the dimensions of communication for the hospitality and travel industry.

4.0   CONCLUSION

In this unit, you have learnt that the Computer Reservation System (CRS) has reached a high economical and technological level. Travel agents and hoteliers, including all stake holders in the hospitality and tourism industry, can hardly survive without its expertise. The ultimate goal has been focused on hotels and airlines, the two main pillars in the hospitality and tourism industry to have access to global reservations network. This user friendly software system makes it easier for travel agents to make hotel reservations in four easy steps; stop, look, check, and book.

5.0   SUMMARY

The internet automation and the global reserve system also known as the computer reservations system has changed the travel, hospitality and tourism industry in less than three decades. Major hotel chains and leading hotels have developed their own reservation systems and have made excellent use of the new technology. Also the National Tourist

Administrations have been caught up in the technology bug and are now promoting their destinations on multimedia websites.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Trace the evolution of the various computer reservation systems and their relevance to the hospitality and tourism industry.
ii.   How do airlines benefit from the computer reservation systems?

7.0   REFERENCES/FURTHER READING

Davidoff, P. & Davidoff, D. S. (1999). *Sales and Marketing for Travel and Tourism*. Alban, Delmor: Blackhill Inc.

Eddystone, C. N. (2001). "*Managing Hotels Effectively"; Lessons from Outstanding General Managers*. New York: Van Nostrand Reinhold.

Godwin, N. (2001). Complete Guide to Travel Agency Automation. Alban, Delmar: Blackhill Inc.

Jupiter Communications www.jup.com

Kasavana, M. L. & Brooks, R. M. (1991)."Managing Front Office Operations." East Lansing, Michigan: *the Educational Institute of the American Hotel and Motel Institute*.

UNIT 4   THE ROLE OF TRAVEL AGENTS AND TOUR OPERATORS

CONTENTS

1.0   INTRODUCTION

The hospitality and tourism industry, just like any industry or organisation, has to promote, i.e. advertise the industry to prospective customers. For any industry to progress there has to be a form of awareness to the prospective customers. The customer has to know what he is being offered and what he has to expect or the gains and advantages of his patronage.

Over the course of time, the motivation for most travels has been related to religion, conventions, economic gains, war, escape, migration, but would seem that the only motive left is travel for pleasure. Obviously, travellers select destinations for different reasons. These reasons include climate, history, culture, sports, shipping, facilities etc. For these diverse reasons, there has to be a way of selling these destinations to prospective travellers and a promotion of the mode of transportation and the destination. The advantages of using travel agents and travel operators are that they represent a number of airlines, making it possible for clients to make choices. Travel agents are in a better position to advise clients on alternative air services. If the desired one is over booked, travel agents and operations supply their customers with information about flight operation and timings. They give information about destinations, cost of airline fares, hotel rates, weather, and business opportunity conditions.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

- describe the responsibility of a corporate travel manager
- state the functions of travel agencies and tour operators
- outline the importance of Destination Management Companies (DMCs) to the promotion of the hospitality and tourism industry.

3.0   MAIN CONTENT

3.1   Travel Agents/Agencies

A travel agent can be seen as a middle man that acts as a travel counsellor. He/she is responsible for selling on behalf of airlines, cruise lines, rail and bus transportation, hotels and auto rental companies. A travel agent can sell individual parts of the overall system or several elements like air and cruise tickets. A travel agent is a broker that brings together the client that is the buyer, and the supplier who is the seller. A travel agent has quick access to schedules, fares, and advises clients about different tourist destinations (Lundberg 1990, P.20).

A travel agent is more than a ticket seller. Other responsibilities of a travel agent include:

- arranging transportation by air, sea, rail, bus, or car rentals
- arranging individual itinerary, personal escorted tours, group tours and personal package tours
- arranging for hotel, motel, resort accommodation which include meals sightseeing, tours, transfer of passengers and luggage between terminals and hotels etc.
- giving advice on many details involving travels such as insurance, travellers checks, foreign currencies, exchange, immunisation and documentary requirements and
- arranging reservations for special activities, tour operators organise, advertise, promote and make these tours available for sale to the general public by combining air transportation with surface arrangements like road, rail, hotels and entertainment.

3.1.1 The Role of State Offices and the Hospitality Industry

Other organisations under travel agencies are state offices of tourism and city level offices of tourism. The state offices of tourism are charged by their legislative bodies with the orderly growth and development of tourism within the state. These agencies promote information programmes, advertising, publicity and research relationship to the recreation and tourism attractions in the state. Cities have also realised the importance of the "new money" that tourism brings. Many cities have now established Convention and Visitors Bureaus (CVBs) whose main function is to attract and retain visitors to the cities attractions, restaurants, hostels and motels and also transportation. These bureaus are largely funded by the Transient Occupancy Tax (TOT) that is charged to hotel guests. In most cities, the Transient Occupancy Tax ranges from 8 percent to 18 percent.

The balance of funding comes from membership dues and promotional activities. In Nigeria for instance, the Federal Ministry of Culture and Tourism is responsible for the regulation and preservation of the country's tourism and cultural heritage. Another body/organisation saddled with the responsibility of developing tourism in Nigeria is the National Tourism Development Corporation (NTDC). The National Tourism Development Corporation among other primary duties, use the excess from revenue generated from tourism to maintain existing tourism destinations, and also add to the development of tourism. Individuals states in Nigeria also have their own state Tourism Corporation Board. An example of this is the Plateau State Tourism Corporation Board.

3.2 The Corporate Travel Manager

A corporate travel manager is an entrepreneur working within the frame work of a large organisation. A corporate travel manager is employed by a large corporation to improve efficiency and reduce cost. If for example, a large organisation in Nigeria is spending ₦4 million for travel and entertainment, in addition to other branches spread across Nigeria and neighbouring countries, the expenditure for travel can get to about ₦11 million. A good travel manager will invite interested agencies to submit proposals based on the organisation's travel needs. For example, if there were fifteen initial proposals, they might be short-listed to eight and may be to a further three; which will be evaluated by the travel manager based on the organisations criteria, technology capabilities, locations/accommodation and ability to give personal service (Fairlie, 1990, P.1)

Tour wholesalers consolidate the services of airlines and other transportation carriers and ground service suppliers. The tour is sold through a sale channel to the public. Tour wholesale came into operation in the 1960s. The reason was due to airlines inability to fully book their seats. Since vacant seats are perishable just like hotel rooms, there was the need to sell as many seats as possible. When it was close to departure dates, airlines would sell blocks of seats to wholesalers; these tickets were to specific destinations around which a wholesaler built a tour. Three types of wholesalers are, the independent tour wholesalers, airline working together with a tour wholesaler and a retail travel agent who packages tours for his clients. An example is the Tour Wholesaler Industry Study (1996, P. 68).

3.2.1 Modeling Travel Motivations

The satisfaction or dissatisfaction that a tourist experiences during a trip depends on how it is viewed by the traveller. A description of a glorious sunset and majestic mountain for example, sounds appealing to a lot of tourists, especially those on honey moon, while it may be a great bore if an individual is highly gregarious i.e. a person fond of company, and is alone on the trip.

A traveller may love the rains while another despises it. Mountains are one person's delight, while heights make another person dizzy. Anthropologists marvel and revel in a trip to a remote village or on an ecotourism trip of a safari, while city dwellers that enjoy having fun might find the same place dull. There is so much that depends on what the person expects of the experience and how he or she actually experiences it. These are some of the reasons why corporate travel managers are important, because they (corporate travel managers) guide and advise travellers on destinations to choose from.

Corporate travel managers know that travel is an experience and not just a tangible object, that is why it is important to guide a tourist on how, where and when to travel. When travels are embarked on, they might create pleasant anticipation or aversion, excitement and challenges, or fatigue and disappointment. The anticipation, the experience and the memory occur in the mind, leaving no tangible evidence as to why travel was undertaken and why the same trip was experienced in so many different ways by different people. Travel literatures and films often falsify reality or are shot, and so selective that the actual environment is not recognisable by the visitor. For example, phony shot can make a swimming pool look longer than it is or the colour that never exists in nature - all these can create expectations that cannot be realised, and they lead to disappointment.

Destination managers have an interesting way of modelling travel to motivate the traveller or tourist. An interesting way of modelling travel motivations is to divide them into factors that pull and factors that push. The factors that pull attractions and those that push are personal needs. Disney World in Miami Florida, United States of America, for instance, attracts those motivated by a pull factor. A relaxing week in an African Safari close to a beach, such as is obtained in Kenya and Tanzania, is inspired by a push factor. Still, much travel is likely motivated to some degree by both push and pull factors. For example, a vacation in an isolated mountain cabin, such as Obudu Ranch in Cross River State of Nigeria, would allow for escape, self-discovery, and rest, while at the same time providing scenic beauty. A travel consultant, Arlin Epperson, proposes the push/pull model. He lists push factors as the intangible desires that are generated from within the person. Examples include those shown in fig. 9.1.
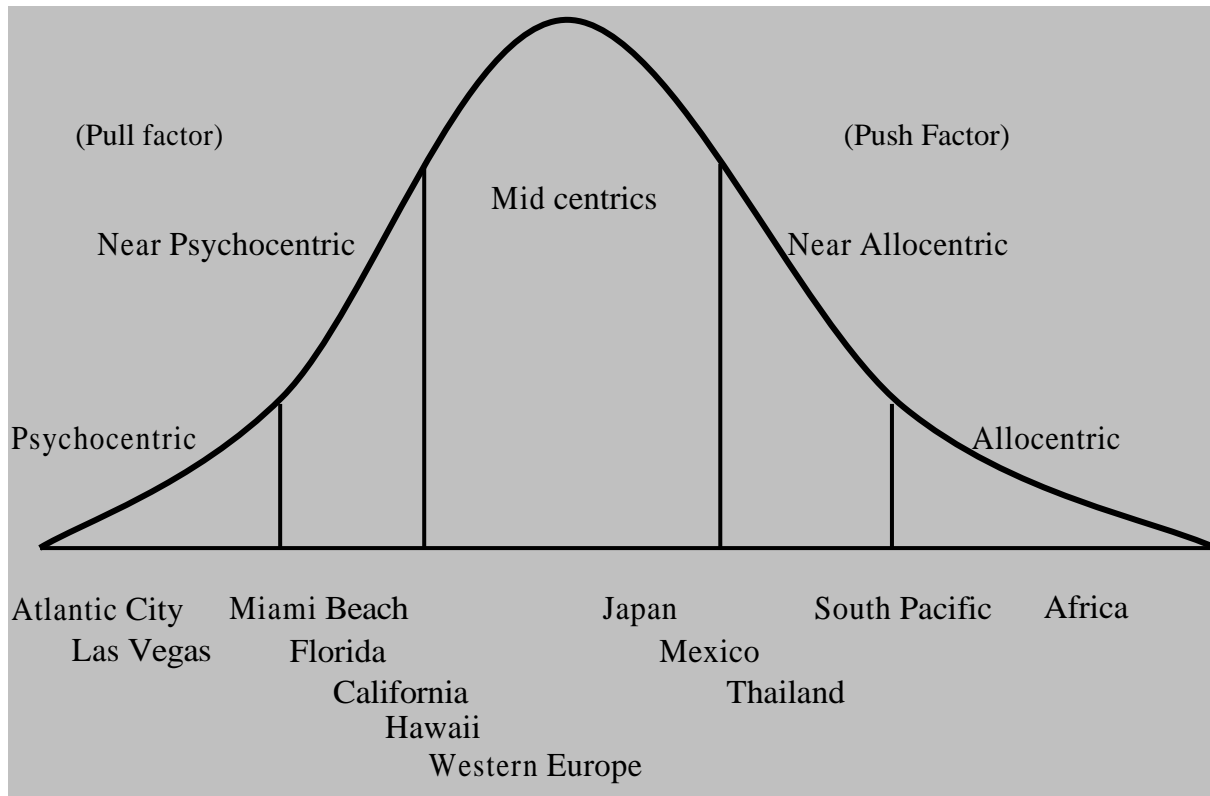

Fig. 9.1:   Psychocentric and Allocentric Types of Destinations (The Pull and the Push Factors)

Also Stanley Plog, a respected social scientist, has suggested that travellers can be separated into extremes i.e. (i) psychocentrics; those who prefer familiar travel destinations (the pull factor) and (ii) allocentrics i.e. those who prefer new different destinations (the push factor). Most travellers fall between these two extremes. Psychocentrics i.e those under the pull factor travel to well-known destinations that have been visited by millions before. These destinations tend to be constant and predictable. While the allocentrics personality's i.e. the push factors tend to be more adventurous, curious, energetic and outgoing. They will usually be attracted to novel destinations such as those found in the Pacific, Asia and Africa.

3.3   Destination Management Companies

A destination management company can be seen as a service organisation within the travel, hospitality and tourism industry that offers programmes and services to meet the needs of its various clients. A destination management sales manager is responsible for selling the destination to tourists, meeting planners, performance improvement houses, i.e. incentive houses, and conventioneers. The needs of these tourists or a group of conventioneers may be simply an airport pick-up or as complex as an international sales convention with theme parties. Destination Management Companies, (DMCs) work closely with hotels. They book hotel rooms for their clients, and hotels also request Destination Management Companies' expertise in organising theme parties. (Mill and Morrison, 1995, P. 85)

Destination Management Companies do everything for their clients. DMCs organise airport receptions, transportation to hotels, VIP check- in, arrangement of convention venues, organising competition, sports events and sponsoring other programmes that deal with the needs of their clients. Sales managers associated with Destination Management Companies use a number of sources to source for potential clients. The sources include hotels, trade shows, incentive house and meeting planners. Every sales manager of a Destination Management Company works with a team to ensure efficiency. This team usually consists of a special event manager, who takes care of venue arrangements like sound, lighting and staging. The accounts manager assists the manager in budgeting and controlling expenditure. The operational manager supervises, oversees, coordinates everything on site in order to make sure events or anything sold by the destination management companies becomes a success (Kaplan, 1995, P. 142).

SELF-ASSESSMENT EXERCISE

There are three fundamental analyses in marketing a full house. List and explain them.

4.0   CONCLUSION

The hospitality and tourism industry is an industry that attracts customers to the industry to get the services they require. In order to bring these prospective customers, the hospitality and tourism industry needs a massive promotional programme in order to remain in business. Sometimes the industry relies on travel agents. A travel agent acts as a middle man between the airline/hotels and the traveller. The travel agent sells tickets on behalf of airlines, makes arrangements for hotels, motels and resort accommodation which include meals, sightseeing, tours, transfer of passengers and luggage between terminals and hotels. There are also Destination Management Companies (DMCs). A Destination Management Company is a service organisation within the travel, hospitality and tourism industry. It is responsible for selling the destinations to the tourists.

5.0   SUMMARY

The hospitality and tourism industry needs very good promotion in order to create a form of awareness for the prospective customers. Travellers select destinations for different reasons and that is why promotion has to take place in order to sell. Travel agents and destination management companies are used by the hospitality and tourism industry to help in bringing in the prospective customers.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Discuss the role of travel agents and tour operators in the hospitality and tourism industry.
ii.   What are Destination Management Companies (DMCs) and their functions?
iii.   List the three types of tour wholesalers.

7.0   REFERENCES/FURTHER READING

Fairlie, R. (1996). "Dividing the Pies", *Travel Weekly*. November 8, 1996, P. 1.

Kaplan, M. (1995). Leisure: *Theory and Policy*. New York: John Wiley & Sons, Inc.

Lundberg, D. E. (1990). *The Tourist Business*. 6 (th Ed.).New York: Van Nostrand Reinhold.

Mill, R. C. & Morrison, A. M. (1995). *The Tourism System: An Introductory Text*. Englewood Cliffs, New Jersey: Prentice Hall.

Tour Wholesaler Industry Study, Tocuhe Ross & Co; 1996 p.68 as cited in Mill and Morrison, P. 400.

MODULE 3   CLASSIFICATIONS OF HOSPITALITY SERVICES

Unit 1   Marketing a Full House
Unit 2   Classifications of Hotels and Services
Unit 3   The Economics of the Hospitality and Travel Industry Pricing
Unit 4   Systems and the Hospitality and Travel Industry Leadership
Unit 5   and Management in the Hospitality and Travel Industry

Unit 6   Labour Relations in the Hospitality and Travel Industry

MARKETING A FULL HOUSE

UNIT 1

CONTENTS

1.0   Introduction
2.0   Objectives
3.0   Main Content
    3.1   People, Travel, Accommodation and the Marketing Mix
    3.2   People, Product, Package, Price and Promotion
    3.3   Performance
        3.3.1   Marketing Consortiums
4.0   Conclusion
5.0   Summary
6.0   Tutor-Marked Assignment
7.0   References/Further Reading

1.0   INTRODUCTION

Marketing a full house shows the basic principles of marketing as it now exists in other businesses and its application to the hospitality and tourism industry. Marketing is an applied management principle. It is a whole new approach to long range business planning and a truly systematic routine for management planning. There are three fundamental analyses that help us in marketing a full house; such as the hospitality and tourism industry. They are the product analysis, market analysis and competitor analysis. The application of these analyses is an avenue for sales planning. Marketing is all about finding out what customers need and how to sell those needs to the customers' profitability. It is also seen as a way of moving goods to customers' needs, at the time the customers need them and exchanging these goods for money.

The product analysis is where all the facilities, i.e. services, sales, appeal, staff and location of the hospitality and tourism industry are packaged or catalogued together. The market analysis is the selection from all potential sources of businesses for the hospitality and tourism industry. These potential sources are logical prospects for patronage of the full house being the hospitality and tourism industry. Competitor analysis is the packaging or cataloguing of the facilities, services, sales, appeal staff and locations of other establishments that are within your own establishment. The product analysis and competitor analysis might look almost the same in definition but the difference between the two is that the product analysis is the cataloguing of all facilities needed while competitor analysis is the same detailed cataloguing which applies to product analysis but directed to the various establishments that might be or are at competition within your product.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

- explain what marketing means in the hospitality and tourism industry
- discuss the marketing mix and the forces on the marketing mix • discuss the marketing programme and plan.

3.0   MAIN CONTENT

3.1   People, Travel, Accommodation and the Marketing Mix

In the hospitality and tourism industry, serving people away from home is the main business. People have needs and these needs change constantly and marketing a full house requires a study of people and their needs, because these people are the logical market. The travel industry, which is interwoven with the hospitality and tourism industry, would not be in existence unless people travel due to different reasons; hence travelling is what keeps the hospitality industry in business. Before going down to research on the people that will comprise the hospitality and tourism market, there has to be knowledge about the reasons why people travel, the type of people that travel, the income level they belong to, the type of accommodation they prefer and why they prefer it, and also learning about everything that motivates them to travel. All these will help an organisation in motivating the traveller.

You have leant how to approach people who are basically our market, and the reason why these people become the market for the hospitality industry which is travel.You now have to understand how these peoples' travel needs fit into the market form of commercial lodging. One will think that the hospitality industry is all about hotels/motels and restaurants. As asserted by Coffman and Reeckange (2001; p.19) the traveller or tourist is thinking of a complete package which includes lodging, transportation and some other allied services. There are some factors to be noted if an organisation has to keep it up in the hospitality industry. It is hoped that organisations with resort and recreational areas will become more popular destinations. Today, a non-traveller will be a market for the future; people (the market) are getting better educated and so will their attitude towards work and leisure. With the increase in a more educated society, there will be more leisure time that will create a travel boom.

3.2   People, Product, Package, Price and Promotion

People, in general, are the market the hospitality and tourism industry is targeting In order to sell its services to the target market, the other Ps i.e. product, price, package and promotion in marketing must be employed. The product which the industry is to adapt has to be frequently undergoing redesigning to fit the needs of the market. The product is the service the industry delivers; therefore, it has to appeal to the customers. Another is package, which is a simple way of presenting the product's most salable image. It is a way of bringing together all the operating departments to present the greatest appeal to the buyer. Next is the price. In pricing, an organisation needs to establish price structures to conform to the needs and desires of the market, and also on how to structure income to meet the financial requirements of the operation.

Also, pricing might depend on in-seasons or out-seasons, weekdays and weekends, heavily booked or deserted periods, for example, (Law, 1994, P. 84). Promotion which is the last of the Ps is a method of how to get your prospective customers to buy the product, and also how to get them to spend the maximum amount of money for the varied services of your product, and getting them to return again. With this high labour cost, increasing employee productivity has become a major issue. They are determined by measuring or timing how long it takes to do a giving task and how long it takes for the hotel and tourism organisation to make enough profits to meet the needs of their customers and employees.

In marketing a full house, market assessment is very necessary. Market assessment tries to determine if there is need for a product or service in the market and to assess its potential. This can be achieved by examining the existing market, its size, demographics, key players, customers' wants and needs, and general trends. In marketing a full house, market demand is not easy to quantify. The best market demand is to gather all the available information possible about products and services within the hospitality and tourism industry. There is a considerable variation among the different components within the industry. They include travel and tourism, lodging, food services, leisure and recreation. In order to quantify the market demand, it is important to know the potential users of different components, how they are, and where they are located.

Analysing the competitors' strengths and weaknesses help in knowing the strategies to adopt in marketing a full house. The competitor in the hospitality and tourism industry can be across the street or across the country or even across the world, but most of the time the competitor is so close and stiff, that is why competitor analysis is very important. The market assessment, market demand and competitor analysis, applied together with the marketing mix performance evaluation and other related objectives, is called marketing planning. This is illustrated in Fig.10.1 below.
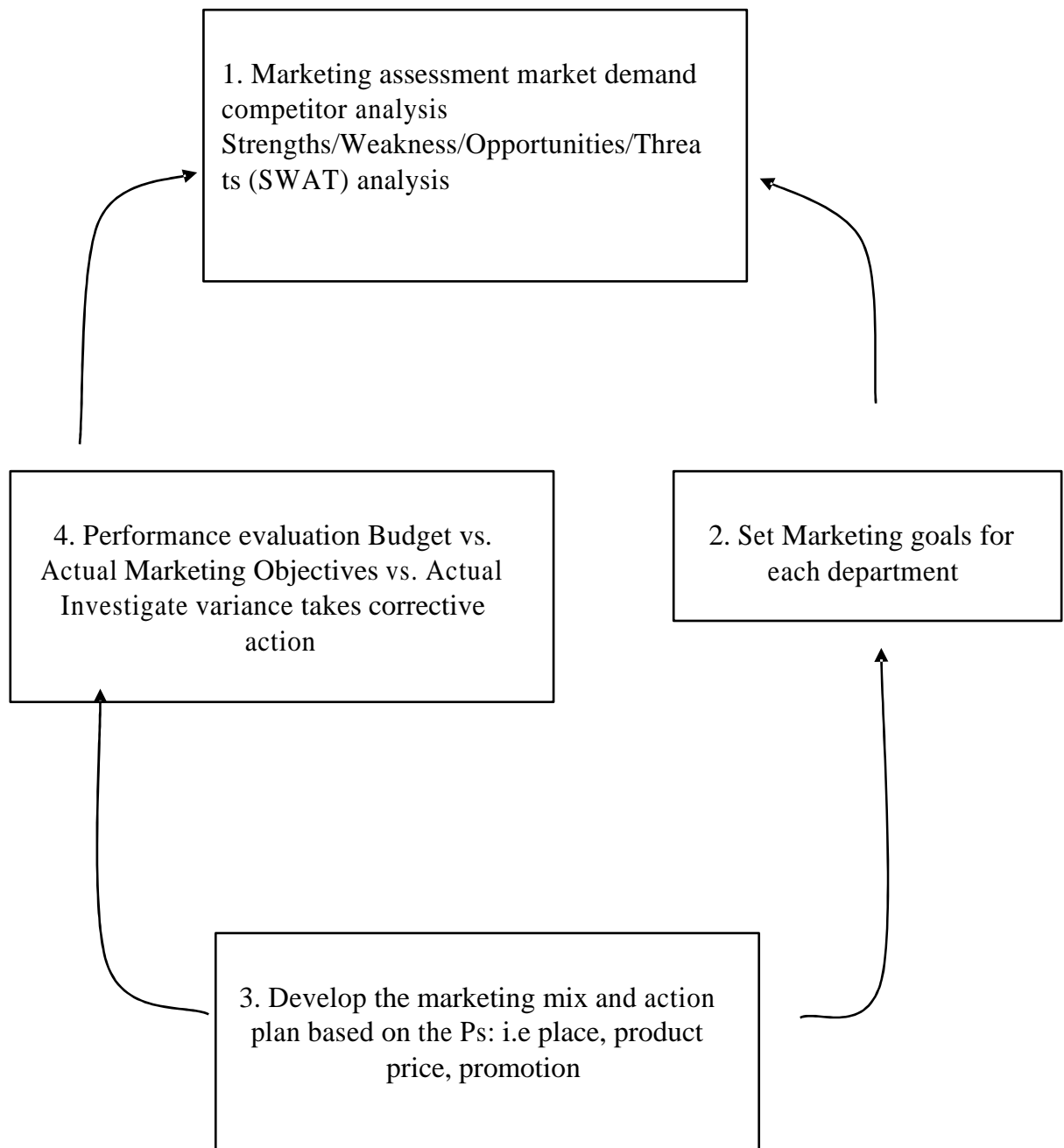
```
┌─────────────────────────────────────────┐
│ 1. Marketing assessment market demand   │
│ competitor analysis                     │
│ Strengths/Weakness/Opportunities/Threa  │
│ ts (SWAT) analysis                      │
└─────────────────────────────────────────┘
```

```
┌─────────────────────────────────┐      ┌──────────────────────────┐
│ 4. Performance evaluation Budget vs. │  │ 2. Set Marketing goals for │
│ Actual Marketing Objectives vs. Actual │ │      each department       │
│ Investigate variance takes corrective │  │                          │
│              action             │      └──────────────────────────┘
└─────────────────────────────────┘
```

```
┌─────────────────────────────────────────┐
│ 3. Develop the marketing mix and action │
│ plan based on the Ps: i.e place, product │
│           price, promotion              │
└─────────────────────────────────────────┘
```

Fig. 10.1:   Marketing Planning

Source: Modified from Walker, 2005

3.3   Performance

Performance in any organisation determines the success of that organisation. If the management and ownership of an outfit can design or create a product aimed at the desires and needs of the customer, the product will automatically be successful. This being the case and because marketing is an operational planning aimed at fulfilling the prospective customers needs and desires, there is the need for a marketing committee which must keep the marketing of the programme alive and prosperous. The committee should draft a blueprint, after which all departmental heads are called for a meeting to appraise it on development, and what is expected of each department in order to enhance performance (Morris, 1998, P. 28).

To keep tabs on the performance of your organisation, there should be a performance evaluator. Evaluating operations against expected performance must be ongoing. This is because it allows an organisation to assess its performance. The organisation will be able to know how well it has performed compared to how well it says it would do. By providing performance feedback, the management will be able to plan for future marketing strategies. In the event that expected and actual performances vary, the discrepancy is examined and alternative strategies are developed. When the results and the reasons for variances are established, the final step in the marketing process is to take the necessary corrective action to achieve the organisations goals.

3.3.1 Marketing Consortiums

Marketing consortiums are made up of independent hotels that have a common bond, understanding and goals to achieve, i.e. consortiums refer guests to their other members' hotels. A very good example is the preferred Hotels Association also known as Preferred Hotels and Resorts Worldwide. It is a consortium of 105 independent luxury hotels and resorts, united to compete with the marketing power of chain operations. It provides marketing support services and reservation centres. Preferred Hotels Association has begun preparing for future trends in the hospitality and travel industry. The consortium expects to increase its membership with the re-emergence of independent hotels, resulting from the advent of modern and affordable technologies. A new, quality-driven advertising campaign is being developed while the group was the first to establish an internet site. The association uses Guest Information Network's software to develop a client database. The database is intended to help the association develop custom-tailored services packages, by recording information about clients' preferences, purchasing and consumption patterns. With the decrease in airline

commissions, referral organisations, especially those at the luxury end of the airline market are well placed to offer incentives to agents to book their clients with the referral group's hotels. An example is the awarding of trips to the property for every ten rooms booked. Another would be referral hotels to offer, for instance, a 20 percent commission during show periods. In America for example, three luxury Boston hotels i.e. (The Boston Harbour Hotel, Bostonian Hotel and the Charles Hotel) recently joined together.

Preferred Hotels in Texas, the Mansion on Turtle Creek and Hotel Crescent, have launched a major, year-long promotion, which include a tie-in with major retail, credit card, and airline partners. In addition to regional programmes, the referral associations that handle reservations for members have joined Galileo Internationals. Availability Service gives agents access to actual rates and available rooms that may not always be available on the standard Computer Reservation Systems (CRS) database. Luxury Hotels in the World (LHW) were set up in 1928 as Luxury Hotels of Europe and Egypt by thirty eight different hotels, including the Hotel Savoy and the Hotel Royal in Evian. Also, Trauce and Hotel Negresco in Nice, France, were interested in improving their marketing. The organisation worked by having hotels advising their guests to use the establishments of fellow members. It then opened a New York office to make direct contact with wealthy American and Canadian travellers wishing to visit Europe or Egypt. LHW, which is controlled by its European members and always reinvests any profit, acts as an important marketing machine for its members, especially now, with offices around the world providing reservations, sales and promotional services. All the hotels and offices are connected by a central computer reservation system called Resstar. The number of reservations members receive from leading hotel members varies from place to place, but with more than one-hundred hotels waiting to join its membership.

SELF-ASSESSMENT EXERCISE

List and briefly discuss the different classes of hotels that you have read in this unit.

4.0 CONCLUSION

Marketing in the hospitality and tourism industry is a scientific system of research and planning which establishes the complete operating policy for the individual hotel or restaurant. It reaches a conclusion as to all facilities, size, dimensions, décor and style of operating, pricing, budgets and forecast. In this unit, you learnt about people who travel for different reasons, and thus desire different things ranging from climate

to accommodation. Peoples are the industry's market. Therefore, before capturing these peoples for the tourism business or an individual organisation, one has to know the peoples' different needs. That is why you learnt the use of the four Ps in marketing which are product, package, price and promotion. These are in addition to people, which make it the five Ps when analysing marketing a full house with regards to the hospitality industry.

5.0 SUMMARY

Marketing can be seen as a way of moving goods to the customer at the right time he wants it and exchanging those goods for money. The process of achieving this in a competitive environment is to adhere to certain laid down principles. That is the reason this unit discussed about the marketing mix which comprises of people, product, package, price and promotion. To succeed in the field, you should know the different things different people want, the type of products to sell, how to package the products to appeal to people, suitable price unit and how to promote the product.

6.0 TUTOR-MARKED ASSIGNMENT

i.   Briefly discuss what you understand by the term market assessment.
ii.   Write short notes on people, product, package, price and promotion.

7.0 REFERENCES/FURTHER READING

Coffman, D. C. & Recknage, J. H. (2001). (Ed.) Ithaca, New York: Cornel University Press.

Griffin, R. W. & Ebert, J. R. (2004). (6 [th] Ed). Business. Upper Saddle River, New Jersey: Prentice Hall.

Law, D. (1994). "Making Diversity Work". *Restaurants and Institutions, 208, 4.*

Morris, A. M. (1998). *Hospitality and Travel Marketing. Albany, New* York: Delma

UNIT 2   CLASSIFICATIONS   OF   HOTELS   AND SERVICES

CONTENTS

1.0   INTRODUCTION

The hospitality and tourism industry, like any other industry, has different classifications.,segments and sectors. Hotels can be classified according to location, price and type of services they offer. Examples of these are as follows.

- City centre hotels whose characteristics include luxury, first class, midscale, economy and suites
- Resort hotels, characterised by luxury, midscale, economy, suites, condominium and time share convention
- Airport hotels, which are midscale, luxury, economy and suites. •

Free way hotels and the normal hotels are midscale, economy and suites

- Casino hotels, which constitute of luxury, midscale, and economy.

Hotels are also segmented according to price and this segment is called diamond or star. The segment is divided into five as follows: (i) one, diamond/star hotels which have simple roadside appeal and offer basic accommodation needs. (ii) Star/diamond hotels that have an average road side appeal. They also have some kind of landscaping and a noticeable interior decoration. (iii) Star hotels have levels of sophistication through higher services and comfort. (iv) Star or diamond hotels have very good roadside appeal and very good services that the guests require. (v) Five star hotels, which are at the peak of this

segment, have the highest level of services and a sophisticated interior decoration. Also, landscaping with an excellent roadside appeal. Another way to classify hotels is by the degree of service offered. We have the full service hotels, economy hotels, extended stay hotels and all suites hotels.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   classify different hotels.
•   differentiate between accommodation and food sector

•   state the peculiarities between city centres, resorts and airports.

3.0   MAIN CONTENT

3.1   Hotel Classification

As we have seen in our introduction, another way to classify hotels is by the degree of service they offer. We have the full service hotels, economy hotels, extended stay hotels and all suite-hotels. Now, you will learn about these classifications one after the other. The first is the full service hotels, which offer a wide variety of services and facilities, like what you expect to get in any luxury or five star/diamond hotel. Services and facilities include a variety of food and beverages outlets, restaurants and bars, meeting, convention and catering services and also business features like a business centre, secretarial services, fax, internet etc. The second class of hotel, is the economy or budget hotel. These types of hotels do not offer the services of the full-service hotels but they have clean reasonably sized and furnished rooms. They usually sell rooms without meals or meeting places, and this enables them to offer rates at about 30 percent lower than other hotels.

The third in this classification is the extended stay hotels. These hotels cater for guests who stay for an extended period of time. People take advantage of the reduction in the rates based on the length of their stay. Most of the guests that patronise the extended – stay hotels are business people, professional or technical people or families that are relocating. Some properties or hotels in this class have shopping services and kitchen facilities on their premises, while some properties may offer a business centre and recreational facilities. The fourth in this classification is the all-suite hotels. These properties provide a closer-to-home feeling for guests who are relocating and are yet to get an apartment. People attending seminars or work, relocated project that makes it necessary for one to stay for about a week or more. The all

suite hotels have larger space for the same amount of money as the regular hotel, (see Lundberg, 1994, P.25).

3.1.1 Franchising in the Hospitality Industry

Franchising in the hospitality, travel and tourism industry is a concept that allows a company to expand more rapidly by making other people to invest their money, rather than acquiring their own financing. The company that wants to become a franchise grants certain rights to interested organisations for a fee. These grants and rights include the use of its trade mark, signs, proven operating system, operating procedures and possibly reservation system. In return, the franchisee agrees to sign the franchise contract to operate the restaurant or hotel as the case may be, in accordance with the guidelines set by the franchisor.

Franchising is a way of doing business to bring benefits to both the franchisor, who wants to expand his or her business at a fast pace, and the franchisee who has the financial backing but lacks specific expertise and recognition. Some typical examples of franchising in the hospitality and travel industry, and also the earliest development were in 1907, when the Ritz development company franchised the Ritz- Carlton name in New York City, United States of America. One of the first persons to franchise his hotels was Howard Johnson in 1927. This allowed for a rapid expansion at first on the east coast of America, and later to the Midwest, and finally in the Western State of California in the mid 1960s.

Today, there are more than 900 restaurants in the chain of franchising. Among the most popular, largest, and the most successful hotel in Nigeria and indeed the world, are the Hilton and Sheraton Hotels and Towers. These hotels began their franchise names in the 1960s. Franchising has become the primary growth and development strategy of hotels and motels. The world's largest franchisor of hotels with 5, 300 hotels is the Hospitality Franchise System (HSF) of Parsippany in New Jersey.. It ranks second with 3,130 franchised hotels. It is a subsidiary of the Blackstone Group, New York Holiday Inn worldwide is now the third largest franchisor with 2, 082 hotels.

Franchising provides benefits to both the franchisor and franchisee. Some of the benefits to the franchisee are:

- a set of plans and specifications from which to build
- national advertising
- centralised reservation system
- participation in volume discounts for purchasing furnishings, fixtures and equipment

•   listing in the franchisor directory, and
•   law fee percentage charged by credit card companies.

However, there are also disadvantages to the franchisee limitations of the central reservations, which are only about 25 percent, and also high fee involved in joining and operating a franchise.

The table below shows an example of franchising in the hospitality industry in the United States of America

Table 11:1: Top Ten franchised management companies, USA.

Company	Hotels Franchised	Total Hotels
HFS Inc.	5,300	5,300
Choice Hotels International	3,310	3,197
Promus Cos	683	809
Marriott International	604	1,268
Carlson Hospitality worldwide	416	437
Accor	343	2,465
ITT Sheraton Corp	204	413
Hilton Hotels Corp.	204	245
Best Western International	N/A	3,654

Source: Modified from Walker, 1999

3.2   City Centre, Resort, and Airport Hotels

City centre hotels meet the standard needs of the traveller, either for business or pleasure. This is due to their central location and also a range of other services they offer. There are in addition to accommodation, services like butter services, secretarial services like the fax machines, telephone and computers, 24 hour room service, a lounge, bar, meeting and convention rooms among many other services and facilities. The city centre hotels together with convention centres have been one of the catalysts of inner city revitalisation (Baily, M; 2001, P. 29).

Resort hotels are more like pioneer hotels. They were among the earliest hotels because they came with the railway system. They were built to accommodate travellers. Some resorts focus on sporting activities like golf, skin and fishing. With the improvement in travel by automobiles and the invention of air travel, more of these exotic locations have become accessible to tourists. Air port hotels have an advantage of enjoying patronage because of the large number of travellers that travel by air. These hotels are usually in the 200-to-600-room category and some run twenty four hour services which include room service and

extended restaurant hours for guests that still feel they are in a different time zone.

3.3   Accommodation and Food Service Sectors

The demand of accommodation came as a result of people travelling, and as travel increased, the need for more accommodation to cater for a large number of people became necessary. The industry began in a small way with inns and taverns, to bed and breakfast, and private hotels. It had to evolve bigger and became more sophisticated in order to serve the increasing number of travellers,, due to the progress made by the travel industry, and also for the more educated population. The type of customers served by the accommodation sector can be divided into people that travel for business or pleasure, and those that stay away from home on a temporary basis, like students in hostels. Basically, the travelling customers are served by the commercial hotels and the non-travelling by the not-for-profit sector. At present there is an organisation called, the Hotel Booking Agents Association (HBA), which was formed in 1997 with only four members. There are about 36 members presently and they are booking more than 300 million clients a year.

The food service sector came into the hospitality and tourism industry due to the need to offer travellers something to eat while sleeping away from home. Gradually, the food sector has seen a lot of reasons why people choose to eat outside. There are several reasons for this convenience. These factors include all those people who are away from home for one reason or another, for example, either shopping or travelling, or during a lunch break in schools and offices. There is a saying that variety is the spice of life, and so, people usually want to try new foods or drinks in different restaurants. There are some people who may want to impress their guests or friends by taking them out and the business are usually a way of sealing a deal. The third factor is labour: some people might be tired or better still have a desire for another person to cook and serve a meal for them, and even wash their plates. This is an influence on people choosing to eat outside. The fourth factor is cultural heritage: it has become part of man to celebrate special events like anniversaries and birthdays by eating out with loved ones. The fifth factor can be called impulse: sometimes for no particular reason, people would decide to eat outside their homes. See also the International Hotel Association, (2003, P. 27).

In the food service industry, you can identify five main types of front-of-house service style. First, there is the table service, which includes silver service, plate service and family service. This type of service is for customers sitting under a laid cover. Second, there is the assistant service. This is a combination of table service in which customers move around to pick what they prefer because there are varieties of food and drink items. They offer trays to make it easier for people to serve themselves and pay at a bill point. Four, there is the single point service. Examples of a single point service include take away, kiosk, vending and bar. Customers are usually served at a single point as the name implies.

Finally, there exist the specialised spots or where food and drinks are served in places not really designed for food service consumption. Examples of these are hospitals, airlines, home delivery and the like. The food service industry also started at a very humble beginning to become an industry to reckon with. Within this industry, there are restaurants, food service operators in hotels, motor way and roadside dining, licensed trade food service, fast food, employee feeding, welfare catering, travel catering and outside catering (Eyster, 2003, P. 1).

3.3.1 Integration in the Hospitality Industry

Integration in the hospitality industry which is a trend that began a few years ago is in two ways. These are the vertical integration and the horizontal integration. The vertical integration is a trend that started some years ago. Vertical integration means that a business organisation may increase its operation by taking over or merging with similar business organisations involved in the same business. For example, Sheraton or Nicon Noga Hotel can take over or merge with Hill Station Hotel in Jos. Horizontal integration on the other hand, implies that a business organisation takes over or merges with another business organisation that is involved in a completely different business undertakings. For example, airlines that acquire and own hotels. Lodging companies realise that guests' accommodation needs are not just at one level; rather they seem to vary in price and facilities.

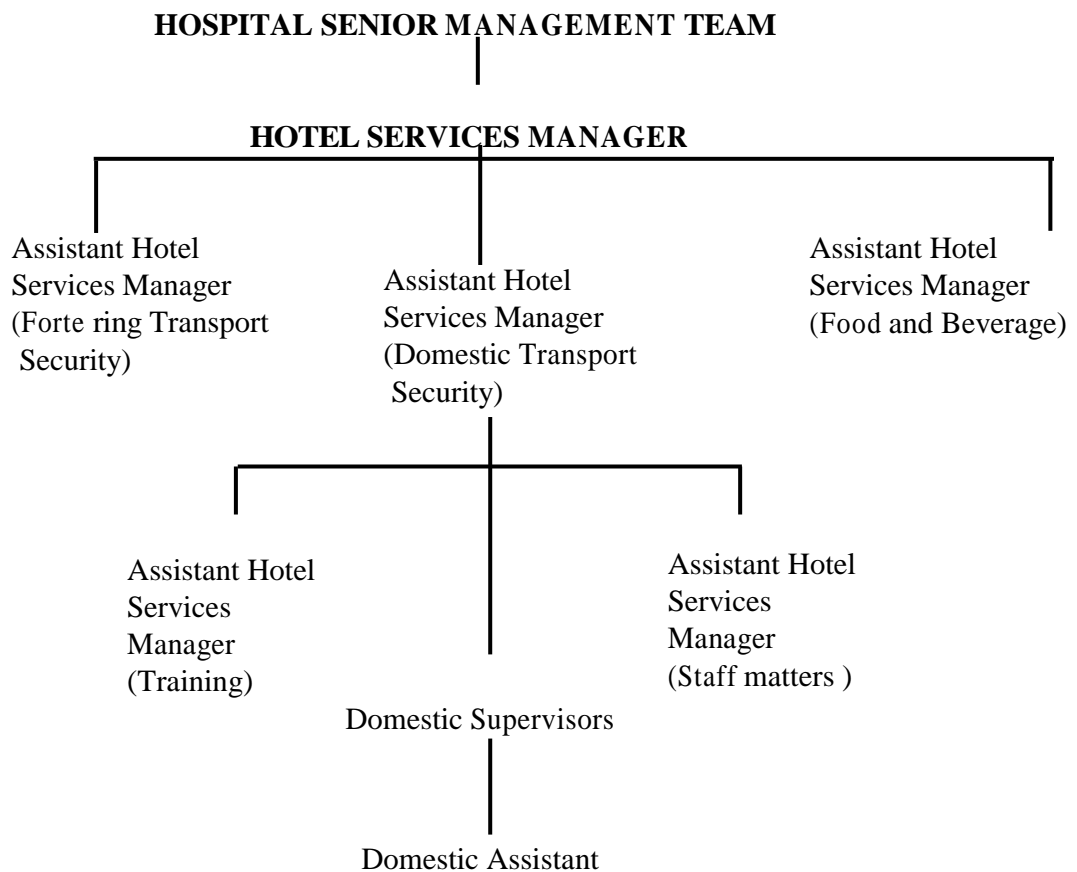### 3.3.2 Hospital Catering Services

Catering services that are provided in hospitals particularly in industrialised economies such as those of the United States of America and the United Kingdom, are basically the same type of services that residential hotels provide for their guests. Such services include food and beverage, cleaning and laundry, pottering, security and transport. This situation is not the same in Nigeria and other developing economies because of the level of our development.

The importance of providing catering services in the health services sector especially the hospital segment is based on three major reasons.

- To control the spread of diseases and infection by cleaning all the areas within and the surroundings of the hospital.
- To keep the hospital buildings and their surroundings in a condition of absolute serenity by using the right materials and equipment on a regular basis.

Finally, the overall hospital environment must be kept alive and bright by the employees of the hospital for the benefit of both the staff and patients. This is very important because the hospitals accommodate two main groups of the society – the sick and the infirm who are incapable of looking after and taking care of themselves, and the healthy, who are workers.

Fig. 11:2:   Depicts a Typical Organsational Chart for Hospital Catering Services

HOSPITAL SENIOR MANAGEMENT TEAM

HOTEL SERVICES MANAGER

Assistant Hotel Services Manager (Forte ring Transport Security)

Assistant Hotel Services Manager (Domestic Transport Security)

Assistant Hotel Services Manager (Food and Beverage)

Assistant Hotel Services Manager (Training)

Assistant Hotel Services Manager (Staff matters)

Domestic Supervisors

Domestic Assistant

SELF-ASSESSMENT EXERCISE

What are the roles travel agents and tour operators as wholesalers play?

4.0   CONCLUSION

Accommodation demand has made the industry to grow. As more establishments keep springing up in the industry, the awareness of the accommodation market available, is essential to the manager of a successful accommodation outfit. People stay away from home for a number of reasons. There are people who principally stay away from home because of business, while some stay away for leisure and also for institutional reasons.

As travellers and people who stay away from home get more educated and more exposed, they expect their accommodation providers to have a wide range of products and services available to them. In the same way the accommodation industry came up, so did the food service industry. In this unit you have seen how the food sector came into being and the reason why people eat outside, and the various factors that influence customers, which include enjoyment of meals outside their homes.

5.0   SUMMARY

This unit has taught you the two main sectors in the hospitality and tourism industry. These are the accommodation and the food sectors. The accommodation sector was to assist weary travellers to rest and gradually it became something done for leisure, as transportation from the origin to the tourists' destinations became very easy and luxurious. The food sector started in the same way. It used to be very hard for people to eat outside, but now the trend has changed, and almost everybody alive has eaten outside at least once in his or her life time.

6.0   TUTOR-MARKED ASSIGNMENT

i.   How has globalisation affected the hotel and tourism industry?
ii.   Write short notes on resorts, city centre and airport hotels
iii.   In what ways do hotel cater for the needs of business and leisure
        travellers?

7.0   REFERENCES/FURTHER READING

Baily, M. (2001)."Travel Business: Rooms at the Top" *Asian Business.* 27, 9 September, 2001.

Eyster, J. (2003) ."The Revolution in Domestic Hotel Management Contracts", *The Cornel Hotel and Restaurant Administration Quarterly.* 34,1, February, 2003.

Landberg, D. E. (1994). (4 [th]Ed.) *The Hotel and Restaurant Business.* New York: Van Nostrand Reinhold.

The International Hotel Association, Paris. "The Management Game: How to keep One Step Ahead", *Hotels.* 27, 6, May 2003.

UNIT 3 THE ECONOMICS OF THE HOSPITALITY AND TRAVEL INDUSTRY

CONTENTS

1.0   INTRODUCTION

Tourists produce a lot of economic impact beyond their expenditure. A tourist spends money on travelling, accommodation and feeding. The money spent by the tourist is recycled by the hospitality and tourism business to buy more goods, thereby generating more use of the money. Meanwhile, the employees of the industry that serve the tourist spend most of their money locally, on various goods and services within the industry. This chain reaction continues until there is a leakage i.e. when the money is used to buy commodity outside the industry. Domestic and international travellers spend about $500 billion on travel-related expenses. These expenses include accommodation, food and entertainment. In the United States, the hospitality and tourism industry supports more than 200 million jobs worldwide and this figure represents about 12 percent of the global workforce. It employs about one out of every ten workers, making it the largest employer and also the largest industry.

In the hospitality and tourism industry, there is what is called the holiday market. This market is characterised by a hunger to escape from climate, work pressure, the need to change the environment away from the familiar scenery and sometimes even the people around you. Preferred destinations could offer outdoor recreation and sports, entertainment, celebrating festivals, swimming and sun-tanning, hiking and biking or sometimes just touring through the country. This need for holiday making is just like the need for variety in the food we eat, sometimes it might just be anywhere. The holiday market then cannot be ignored as an economic booster to the industry.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

• explain the term tourism and why people are usually motivated to travel
• explain growth in the hospitality and tourism industry
• discuss the impact of changing travel patterns and changing modes of travel in the industry.

3.0 MAIN CONTENT

3.1 The Growth of the Industry

The hospitality industry which comprises the management of hotels, motels, clubs restaurants, fast food establishments and also the travel industry, has seen a very rapid growth from its humble beginning as a noble way of catering for the needs of travellers, to becoming the biggest industry in the world. The travel industry relates closest to the hospitality industry, that is why it is always connected to the tourism industry. It is because of travelling that the hospitality and tourism industry is in business. The travel industry has gone through an evolution and that has caused fundamental changes in the hospitality and tourism industry. (Lumberg, 2000, p.26).

During the early 1900s, the majority of hotels were located close to rail stations because the primary mode of transportation was by rail. By the late 1940s and 1950s, when the automobile was used by an increasing number of people, the hotels then were located in areas around the highways and the system of building automatically changed to suit the family, since the automobile encouraged family travelling. It also had to be built to make provision for car parks. The most interesting part of the hotel evolution was with the invention of the airplane. The industry witnessed a rapid growth and because of the speed of travel and the number of people an aircraft carries, hotels had to adjust. Hotels had to be larger to cater for tourists and business men; also, some hotels were built in close proximity to the airport.

3.2 Needs and Travel Patterns

There are many reasons that create the need for people to travel. There are two major reasons why people travel; these are for pleasure and business. Some of the reasons why people travel for pleasure are visiting friends and relation, sports, enlightenment, education, shopping, festivals, attractions, eco-tourism, etc. (Harssel, 2004, p.89). The

motivation of pleasure travel can be classified under five sets of basic needs:

- physiological needs; food, water, oxygen, etc
- safety needs; security, stability, order, protection
- love needs; affection, identification, belonging
- esteem needs; self respect, prestige, success
- self actualisation needs; self fulfillment.

There are other motivations in travelling which we can classify into four groups, namely; the physical motivator, which comprises of physical rest, sporting and beach activities, healthful and relaxing entertainment. Cultural motivation, this includes the desire and knowledge of other people's culture, for example their music, art, folklore dances, paintings and religion. Interpersonal motivation, this includes the desire to meet friends and new people. The status and prestige motivator, this motivational factor is the desire for recognition, attention, appreciation and good reputation.

The second major reason why people travel is for business. About half of all airline travel is done by business travellers. Business varies according to the destination, therefore a good portion of business travel can be mixed with pleasure. For example a trip to Europe can involve contacting a potential customer, but it can also allow for sightseeing. Although the business travellers do not stay as long as the leisure travellers, they tend to spend more money and also travel further. Business travel has increased in recent times because of the increasing number of convention centres and more efficient ways of travel. Also business travellers have given a boost to hotels, restaurants and auto rental companies. Most hotels located near convention centres or conference halls run a higher occupancy. For most organisations, the third highest controllable expense is the business travel and entertainment.

3.2.1 Ethnic Restaurants

Ethnic restaurants are known by other names but are seldom referred to as ethnic restaurants. They exist all around us and we usually patronise them. These ethnic restaurants also bring about global culturalisation. Apart from technology, migration and other elements that bring about a common culture to the different areas of the world, the ethnic restaurant is another integral part of this element that brings people of different cultures together, in order to appreciate a particular culture. Majority of them are independently owned and operated. The owners and their families provide something different for the adventurous dinner, or a

taste of home for those of the same ethnic background as the restaurants or their owners.

The traditional ethnic restaurants sprang up to cater for the taste of the various immigrant groups, most prominent were the Chinese, Italians and Mexicans. Perhaps the fastest growing segment of the ethnic restaurants is in the United States of America, but popularity wise, it is that of Mexicans. Mexican food is heavily represented in the southwestern states of the United States of America. However, because of the near market saturation, its chains are spreading easily. There are also a great variety of ethnic restaurants in major cities all over the world and their popularity is on the increase. For instance, in every city in Nigeria and any part of the world, one can easily find Chinese, Italian restaurants and French spots. There are cities that also cultivate and sell special raw food stuffs to particular nationalities, instead of importation, and this makes it easier for the foreign nationals to just go to the market, buy and prepare their dishes. Examples can be found in the Lebanese shops. They are lucky enough to be able to buy fresh ingredients and spices for meals. Another very good example is found in the streets of London, where there are numerous Nigerian restaurants to choose from.

3.3   The Economic Impact

The World Travel and Tourism Council in Brussels is an organisation that is undertaking the study from Whorton Economic Forecasting Association. Their export put the total gross output for travel and tourism at $3.8 trillion in 1978 and estimated that it would be $7.1 trillion in 2007, or more than ten percent of the world Gross National Product (GNP). The World Travel and Tourism Council says the study grows about twice as fast as the world GNP (Dittmer, et al; 2003, p.350). The total world spending of the industry that takes place in Europe is about 13 percent while 30 percent is on the North American continent. International arrivals, according to the World Tourism Organisation (WTO) in 1996 were 592 million, and it is estimated that the figures will reach 702 million in the year 2000; 1 billion in the year 2010 and 1.6 billion by 2020.

There was an estimated 46 million oversea residents that visited the United States in 1994. All the states published their own tourism economic impact study. Examples are – New York estimated its tourism revenue to be $36.7 billion; Florida was about $49.3 billion; Texas, $31 billion and California was a little above $50 billion. In Hawaii, the biggest industry is the tourism industry with revenues of $21.9 billion.

SELF-ASSESSMENT EXERCISE

Why is the hospitality and travel industry regarded as the largest industry in the world?

4.0   CONCLUSION

Tourism can be defined as the idea of attracting, accommodating and pleasing groups or individuals travelling for pleasure or business. The development of tourism started a long time before the industrial revolution and continued to improve and the means of transportation also improved. The hospitality and tourism industry is the world's largest industry and employer. It also affects other industries like the public transport industry and produces secondary impacts on businesses that are indirectly affected. Physical needs and desires make people to pick up interest in meeting new people, and experiencing other people's culture are some of the reasons that make people travel. From a social and cultural perspective, tourism can further increase international understanding and economically improve a poor country.

5.0   SUMMARY

In this unit, you have learnt that, hospitality and tourism industry has the idea of attracting, accommodating and pleasing people travelling for business or pleasure. The travel industry has a fundamental effect on the growth and development of the hospitality and tourism industry. Tourism improves the economy of poor countries.

6.0   TUTOR-MARKED ASSIGNMENT

i.   What is the impact of changing travel patterns and modes on the travel industry?
ii.   Briefly discuss the economic impact of tourism.

7.0   REFERENCES/FURTHER READING

Dittmer, P. R. & Griffen, G. G. (2003). *The Dimensions of the Hospitality Industry; an Introduction.* New York: Van Nostrand Reinhold.

Harssel, J. V. (2004). (5 [th]Ed.) *Tourism: An Exploration.* Englewood Cliffs, New Jersey: Prentice Hall.

Lumberg, D. E. (2000). (7 [th]Ed.) *The Tourist Business.* New York: Van Nostrand Reinhold.

World Tourism Organisation (WTO) Vol. 232, No. 13, July, 2007.

UNIT 4   PRICING SYSTEMS AND THE HOSPITALITY AND TRAVEL INDUSTRY

CONTENTS

1.0   INTRODUCTION

The analysis of the Pricing Systems in the context of the hospitality and tourism industry can be carried out from two perspectives. The first is to establish a single price for a single item or commodity e.g. hotel accommodation or air fare at a given period of time. This is because, for simplicity, to the literature's most familiar form, we assume that the hospitality and tourism industry is a single – product industry. The second perspective is to perceive pricing as a system and as a combination of interacting factors and to some extent circumstances. However, rather than being constrained only by a single pricing structure that clears the market for a single commodity at any particular given time, the approach here considers multiple forces that interact on the issue of providing services characterised by the hospitality and tourism industry. This is because price is not assumed to be an independent variable determined by factors of supply and demand, but as a dependent variable that is affected by supply and demand factors. The pricing systems are very complex. Here the issue is mainly concerned with the economic sides that affect price and are also affected by price. As we all probably know, prices are a function of the interaction of supply and demand which is what really matters. In other words, you should be interested in knowing the economic characteristics of both supply and demand.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   discuss pricing systems in the context of two perspectives
•   name the characteristics of supply and demand
•   compare market structure and pricing decisions.

3.0   MAIN CONTENT

3.1   Supply Characteristics

Traditional economic theory has it that supply is determined by the production costs and the structure of the market within which a firm operates, and which in turn affects the amount of profits over costs that are charged. Supply normally reflects the cost of production within a time frame. These costs are assumed to be the prices of factors of production which include labour, capital, entrepreneurship and other resources. Costs are sub-divided into fixed and variable and/or average and marginal (Baumol et al, 2002, p.15). As is true of other industries, the services of the hospitality and tourism industry reflect within a timeframe, prices of the factors of production where costs are paired as fixed variable and/or average and marginal.

There are a number of characteristics that make the hospitality and tourism industry services unique though complicated. These are briefly discussed as follows: (i) capital – intensive and fixed costs. The hospitality and tourism industry is a capital-intensive industry. Substantial amounts of capital are invested in structures (buildings), equipment and internals. These costs are usually greater than labour costs because of their indivisibility. However, if capital costs are efficiently and effectively managed per unit, costs can decrease thus resulting to increases in profit.(ii) continuity and reliability factors. The hospitality and tourism industry must operate for 24 hours a day, 30 days a month and 365 days a year in order to sustain and maintain high levels of reliability. Therefore the service must be on a continuous basis. (iii) labour and responsibility. Because of the requirement for continuity and reliability, the hospitality and tourism labour is quite different from those of other industries, since its services are based on a 24-hour schedule throughout the year.

Another major characteristic of the hospitality and tourism industry is that it operates within the constraints of a number of three main cycles namely; long planning cycle which is usually done well in advance of both long production and capital cycles. For example, changes in capacity with regard to both supply and demand require long term planning which has to be carefully considered.

A long production cycle is essential particularly with regards to the construction of a hotel, hiring of employees, services to be rendered and maintenance of the structures and infrastructure. The capital cycle which is the last one is based on a long-term basis since a hotel cycle is over 50 years. Also, sink or sunk cost is a characteristic of the hospitality and tourism in the sense that, it is a substantial amount of capital costs involved to start up production and a subcategory of fixed costs which can be referred to as the existence of a few alternatives for a given capital asset. These points have been pointed out by Arrow (1992, p.29), and Heal (2005, p.25)
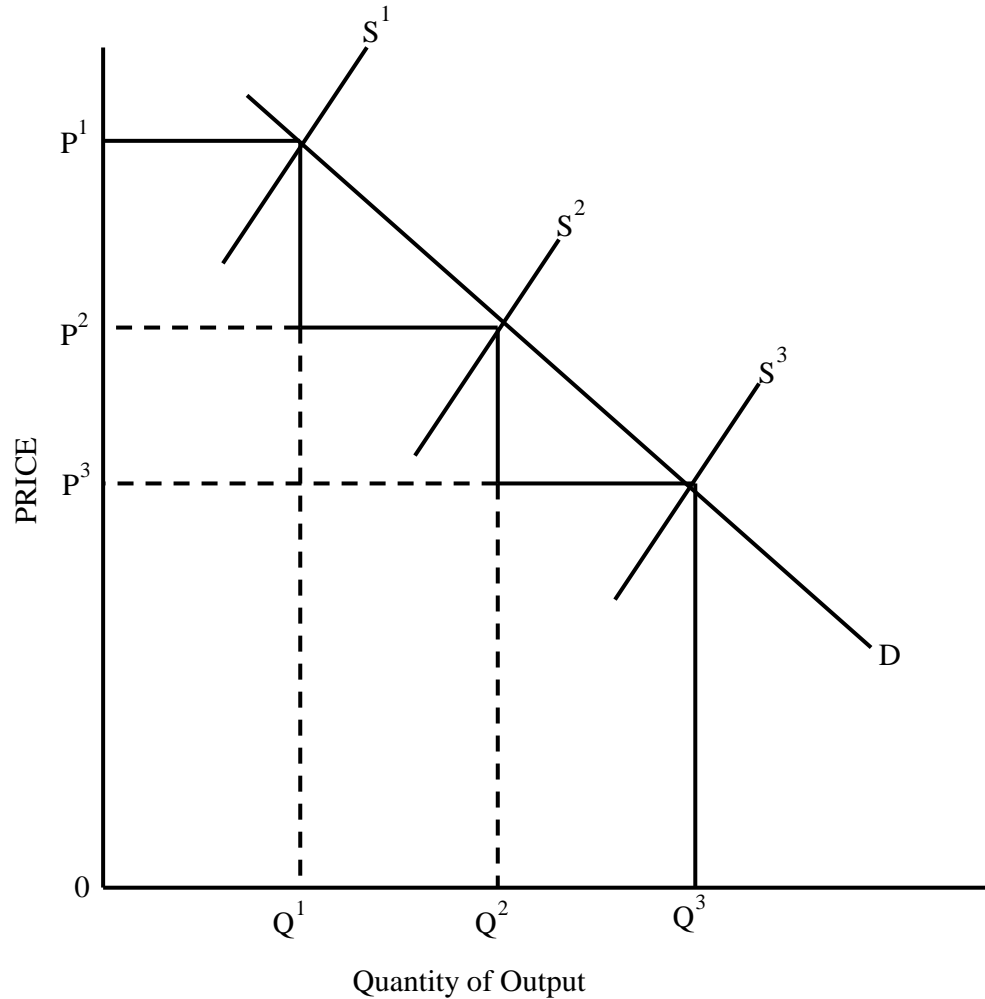
3.1.1 The Pricing Structure

Individual firms place strong emphasis on efforts to market their services by way of product differentiation. However, price action will sometimes be undertaken, and price is an important part of the marketing effort. Therefore, it is worthwhile to concern ourselves with the economics of the pricing decision in passenger transportation. The economics of pricing in passenger transportation involves three interrelated concepts; "differential pricing" the "contribution theory" and the "incremental concepts". In all instances, these applied economic concepts are used only as guidelines, and managerial judgements are the final decision making factors as to price making decisions. Pricing can start in a very simple manner, the oligopoly possesses considerable market power and can maximise the demand curve by creating several price structures (Douglas and James, 2002, p.657-669).

This economic power is reinforced by legal price-making and bureau of conference rate-making. Giving the legal power and if the firms indeed move in concert with parallel action, the industry can establish not one but several separate supply curves. Graphically, this is illustrated in Fig.13.1. and literally, this development has resulted to three prices for three supply curves. Here the firm will offer three separate services at three separate prices, and take advantage of a larger portion of the demand curve than a single price would permit. The implication here is that the firm has what is called "differential price" and several classes of services are supplied, each slightly different from the other and each at a separate price. This essentially is what is done when first class, tourist

class and economy class services are offered by an airline. Many factors are used to classify customers, but basically they turn on the various elasticity of demand noted earlier (Leasing and Dwight, 2004, p.101). When considering factors of potential substitutability, management can establish a low price where potential substitutability is high, an intermediate price, and also a high price where potential substitutability can be low.

Fig. 13.1:   **Multiply supply curves**

Based on the demand analysis above and as already pointed out, demand should be segmented, which implies that no single demand supply curve exists in this case, also, there is the potential likelihood of elasticity and substitutability. This situation is shown in figure 13.2 below which graphically demonstrates that a different demand curve does exist for each class e.g. first class or second class. Furthermore, there is the involvement of many supply curves, which implies that each type of service is represented by a supply curve and specific differentiated price.
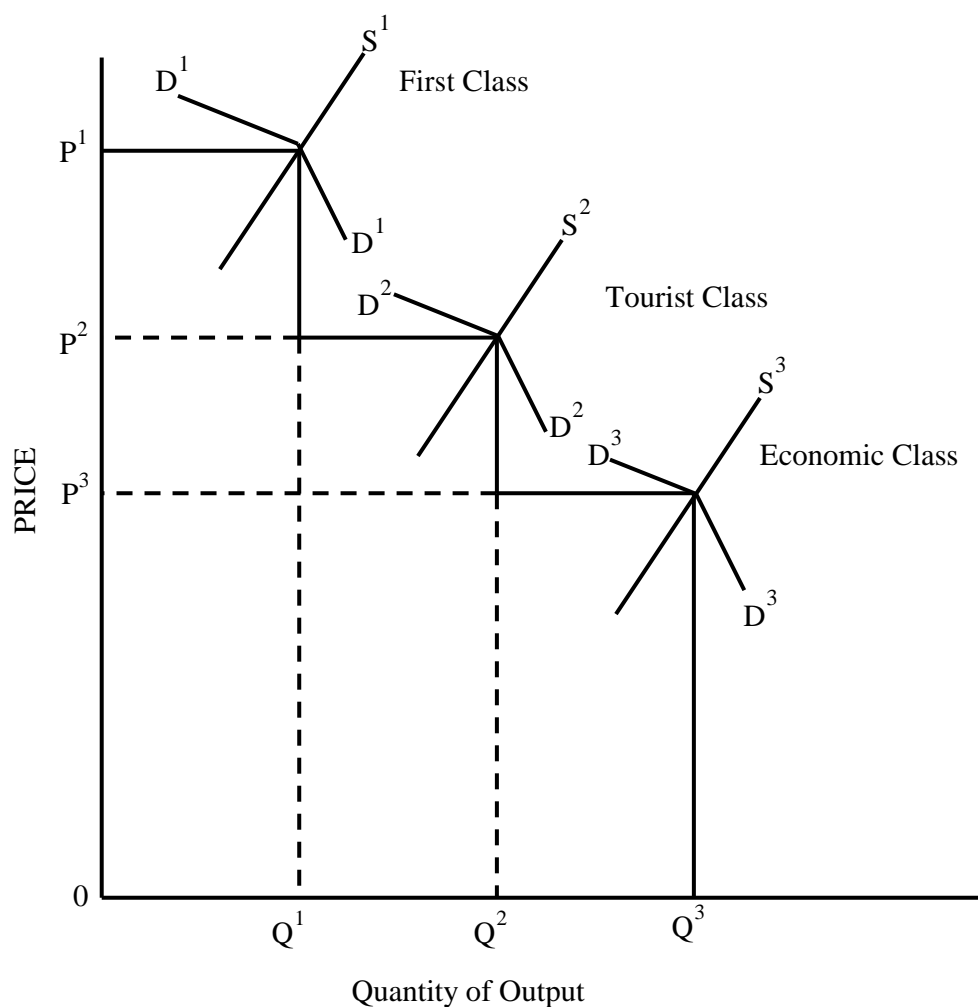

Fig. 13.2:   **Differential Pricing with Varying Degrees of elasticity and kinked demand curves**

3.2   Demand Characteristics

As in supply, there are also a number of characteristics that are features of demand when considering pricing in the hospitality and tourism industry. These are instantaneous extreme variability, multiplicity, intermodal and intramodal competition, and elasticity and interclass competition, and elasticity demand. As it is obtainable in many service industries, the demand for the services of the hospitality and tourism industry can both be immediate and instantaneous. Instances of these are being experienced in hotel reservations, pleasure cruises, and air flights.

Instantaneous demand can cause problems for the industry as a whole or the firm or agency supplying the services. When faced with such problems there is need for management to provide sufficient capacity to handle the situation "just in case and to be sure". Demand can also be extreme and variable as all service providing industries suffer from "peaks" and "valleys" or high seasons and low seasons. In other words, the demands vary during the hours of the day, days of the week, and weeks of the month as well as the seasons of the year. This situation can lead to the multiplicity of demand which may be segmented and carefully analysed not only on the basis of "peaks" and "valleys", but also on the basis of frequency, motivation and responses to price. Other characteristic of demand for services of the hospitality and tourism industry are intermodal and intramodal. The former demand is based on the availability   and   opportunity   to   substitute   one   mode   of accommodation or flight as the case may be with another. This type of demand takes cognizance of price and services of competitors. In the case of the latter, the competition is within the same firms or agencies that provide the services. Although in this case the price element matters but the conditions of services count more. A further characteristic of demand is interclass, which is based by specific agencies e.g. a five star versus a-three star hotel. Note that no single demand is made or involved but rather it is specific for the service and the class.

3.3   Market Structure

Market structure can be referred to as a system and model whose attributes can be predicted. Economists have always classified the market structure based on the characteristics of pure competition, monopolistic competitions, oligopoly and pure monopoly (See Table 13.3 below). The behaviour of a firm or industry can be predicted once the structure of the market has been established. Furthermore, economists have taken cognizance of three major factors while considering classifying market structure. These are entry-exit behaviour, number of sellers and buyers, and product characteristics. Also, models

of economic behaviour have been theorised and developed by economists and applied to practical business and economic situations.
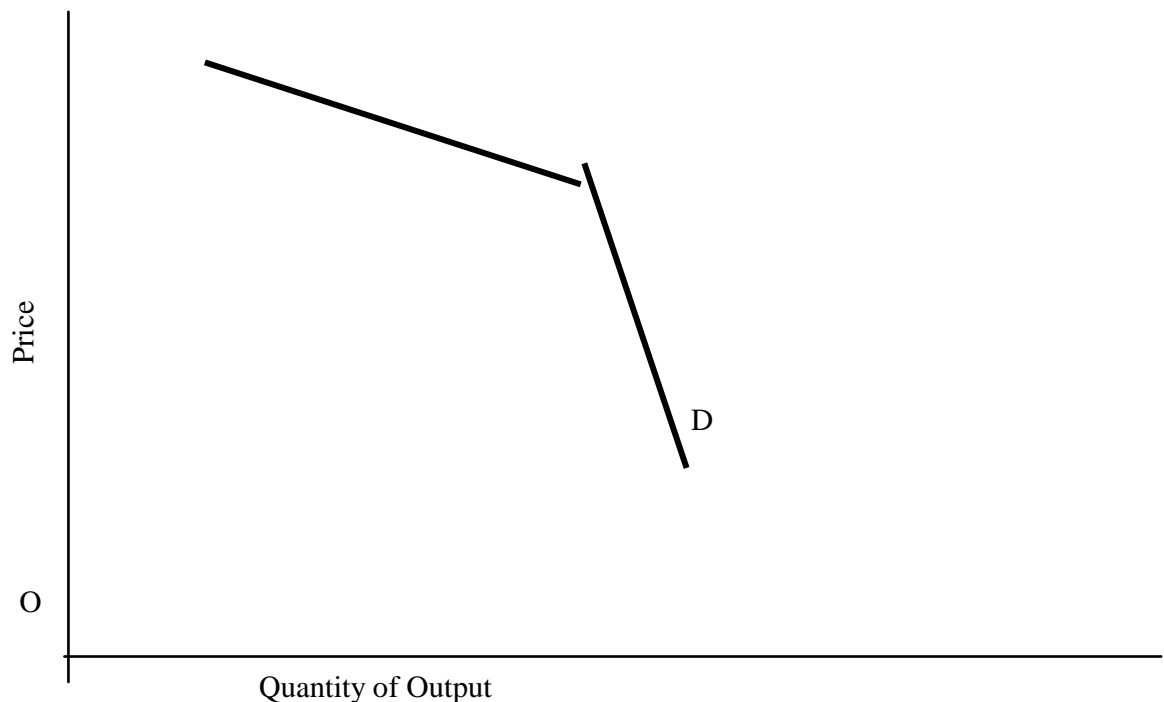
The figure below shows a simplified market structure.

Table 13.3:   Characteristics of market Structure

Market Structure	Number of Firms	Product Characteristic	Entry –Exit Characteristics
Pure competition	Many	Homogenous	Free
Monopolistic competition	Many	Differentiated	Relatively easy
Oligopoly	Few	Homogenous differentiate	Relatively Difficult
pure monopoly	One	Indifferent	Closed

Because the hospitality and tourism industry belongs to only one type of market structure i.e. Oligopoly, we are constrained to carry out an analysis of the other three market classifications. Accordingly, an Oligopoly has the following elements or characteristics. (i) It has few firms, (ii) Its products are differentiated, and (iii) There is free entry and exit, though sometimes difficult. Also, economists have established an economic theory known as kinked demand which has been demonstrated for industry through a demand curve.

Incidentally, no firm has an individual demand curve, only when such a firm has differentiated products as it is in the case of the firms in the hospitality and tourism industry. This is because in this industry, products are differentiated particularly by the services the firms in the industry provide, which are normally distinctive though competitive in nature. A major feature of the kinked demand is the firms' price policy in which a decrease and increase in price by any of the firms will equally be matched by all its competitors, although such a change can lead to little share in the shape of the overall market. This is because price is an important element of marketing. Fig 13.4 below depicts a kinked demand curve of a typical oligopolistic industry such as the hospitality and tourism.

Fig. 13.4:   **Kinked Demand Curve of Oligopolistic Industry**

3.3.1 The Impact of Price on the Life Cycle of the Product

All products and services are at some stage in the product life cycle, just as humans, go through the life cycle from birth/introduction, growth, maturity and the declining stage. An example of a product that was introduced a few years ago and had a very quick growth rate, an early maturity, and rapid decline was the disco. However, to a large extent, sports bars and coffee houses have taken over disco clubs. Price plays an important role in purchasing decisions, as it has been learnt from experience. Accordingly, a lot of guests are price sensitive, as the old saying goes, there is no loyalty that a small amount of money will not change. This simply means that if the other restaurant across the road offers the same services or product for a small amount less, then they will still get the business. Things like value are usually linked with price. People only purchase a particular product or services if they feel that they are good in value, thus the closer the price is to value, the more likely the guest will be satisfied and will return. Pricing in the hospitality and travel industry in recent years has had an interesting effect on consumer behaviour. About two decades ago, hospitality enterprises increased prices and still found out that guests kept coming. This was because most businesses were liberal with expense accounts that enabled executives to stay in better hotels and entertain clients in expansive restaurants. In the late 1980 for instance, tax deductions of

business expenses for restaurant meals were reduced to about 80 percent, combined with the recession. These measures had a profound effect on restaurants. Business dropped off as guests that were spending money on dining down played it to mid-priced restaurants, while the mid price clientele moved into the quick service sector. Fig 13.5 shows the stages in the product life cycle
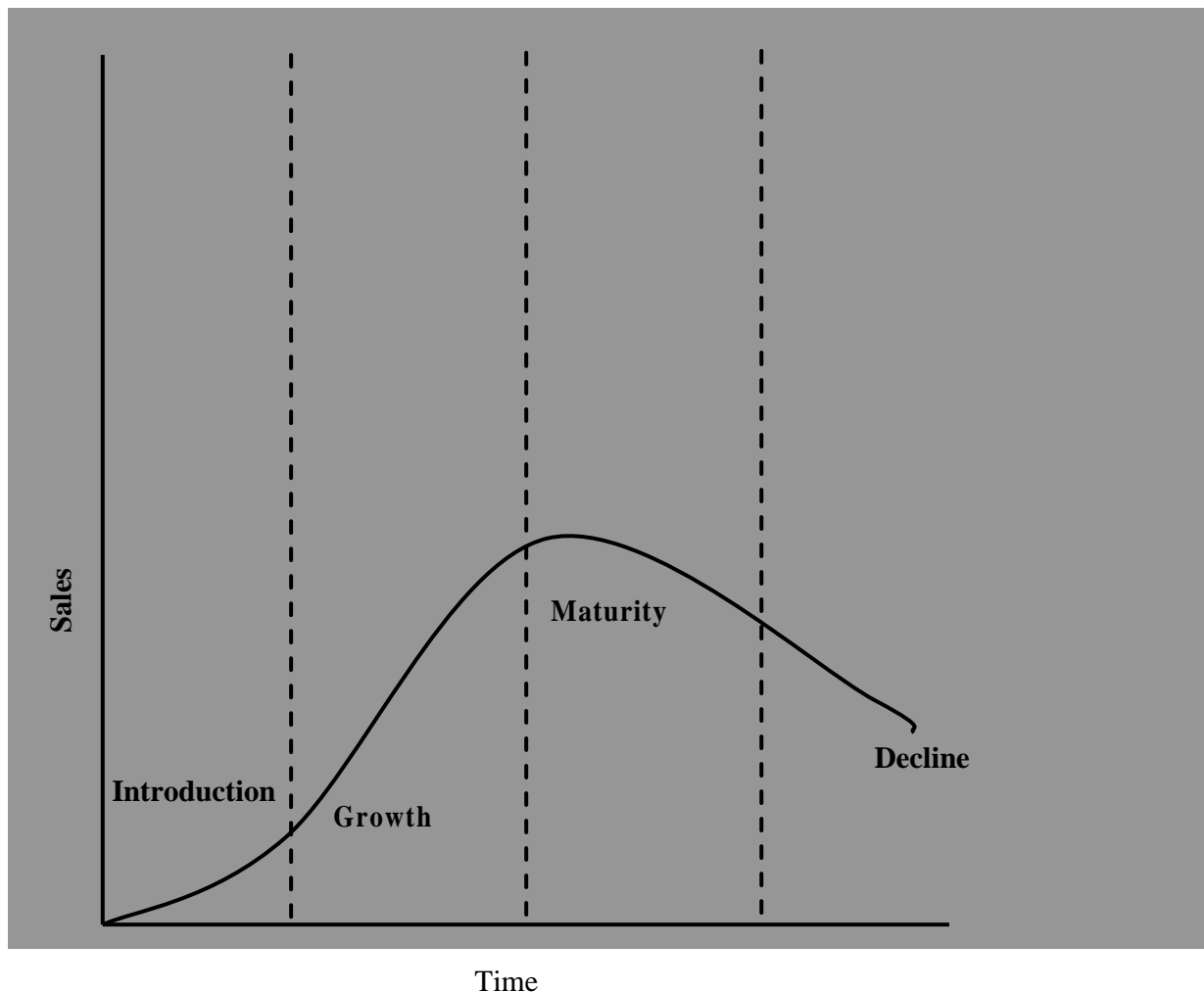

Time

Fig.13.5:   Product Life cycle

SELF-ASSESSMENT EXERCISE

What do you understand by the term "market structure"?

4.0   CONCLUSION

The analysis of the pricing system is usually carried out from the context of two perspectives by establishing a single price for a single commodity and perceiving pricing as a combination of interacting factors. Price is considered as dependent rather than an independent variable that is affected by the factors of supply and demand. This implies that the pricing system is indeed a complex one. With regard to supply, quite a

number of characteristics are noted to influence the supply of services by the hospitality and tourism industry. Supply reflects the costs of production in each given time dimension. The demand side of the services of the hospitality and tourism also has a number of major features that have impact on the pricing of such services. Finally, market structure, which is a model that contains some attributes that can be predicted is characterised by three factors namely, number of sellers and buyers, entry-exit behaviour and product characteristics.

5.0   SUMMARY

In this unit, you have learnt the importance of the pricing systems in the hospitality and tourism industry which have been analysed from two perspectives. Prices have been found to be a function of the interaction of supply and demand. The unit has also revealed that supply and demand have peculiar characteristics which reflect the costs of production and pricing considerations, respectively. Also, the unit has analysed market structure based on its characteristics namely, pure competition, monopolistic competition, oligopoly and pure monopoly. The hospitality and tourism industry which is our subject of focus is oligopolistic in nature.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Briefly discuss the nature of the pricing systems.
ii.   What are the characteristics of supply and demand in the hospitality and tourism industry?
iii.   Discuss the various types of market structure

7.0   REFERENCES/FURTHER READING

Arrow, K. J. (1992). The Limits of Organisation. New York: www. Norton.

Baumol, W. J., Panzar, J. C. & Willig, R. D., (1992). *Contestable Markets and the Theory of Industry Structure*. New York: Harcourt Brace Jovanovich, Inc.

Halvorsen, R. & Smith, T. (2001). *A Test of Quarterly Journal of Economics,* 106, 123-40

Heal, G. M. (1995). "Depletion and Discounting – a Classical Issue in the Economics of Exhaustible Resources." *In Environmental and Natural Resource Mathematics. Providence, RI: American Mathematical Society, 33-43.*

UNIT 5   LEADERSHIP AND MANAGEMENT IN THE HOSPITALITY AND TRAVEL INDUSTRY

CONTENTS

1.0   INTRODUCTION

Leadership can be described as a social influence process that can occur in nearly any interaction among people, while management is the formal process in which organisational objectives are achieved through the efforts of subordinates.   Leadership has a broader scope than management which became the vogue about one hundred years ago with its narrow focus on achieving organisational goals. Modern management was invented to help new railroads, still mills and auto companies to achieve what every good entrepreneur dreamed of. Without this management, those complex enterprises were bound to be chaotic in ways that threatened their very existence.

Although managers have the power by virtue of the positions they hold, organisations seek managers who are leaders by the virtue of their personalities and experience. That is why leaders are preferred, because leading is the process by which a person with vision is able to influence the behaviour of others in a desired way.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

* explain the term leadership
* describe the characteristics and attributes of leaders
* differentiate between leadership and management
* identify managerial skills and functions.

3.0   MAIN CONTENT

3.1   Leadership in the Industry

Leadership goes back to many centuries, however, it has come into prominence as the hospitality and tourism industry, and other industries strive for perfection in the delivery of goods and services in a competitive environment. Leaders can be identified by certain characteristics. These characteristics include bearing, courage, decisiveness, dependability, endurance, enthusiasm, initiative, integrity, judgement, justice, knowledge, loyalty, tactfulness and unselfishness.

Leaders know what they want and why they want it. They communicate with others to gain their cooperation and support. In addition, the leadership traits are also identifiable practices common to leaders. Leaders challenge a process, they are active not passive, they search for opportunities of the experiment. Also, leaders inspire a shared vision, create a vision, envision the future and enlist others. Leaders enable others to act and they are not alone, they foster collaboration and strengthen others, they model the way, plan and set examples. They encourage the heart, share the passion, recognise individual contributions and celebrate accomplishment (Bennis, 2005, p.45). Leadership theory and practice had evolved over time to a point where current practitioners may be identified as transactional or transformational leaders. Transactional leadership can be viewed as a process by which a leader is able to bring about desired actions from others by using certain behaviours, rewards or incentives, while a transformational leader is one who inspires others to reach beyond themselves and do more than they originally thought.

3.2   The Distinction between Leadership and Management

As we have seen earlier on, management is the formal process in which organisational objectives are achieved through the efforts of subordination. Leadership on the other hand is the process by a person with a vision who is able to influence the behaviour of others in a desired way. A more comprehensive distinction between the two as shown by Robins, (2001, p. 153) is as follows.

The manager   **The leader**
* administers   * innovates
* is a copy   * is an original
* maintains   *develops
* focuses on systems and structures *   * focuses on people
relies on control   * inspires trust
* has a short-range view   * has a long-range perspective
* asks how and when   *asks what and why
* has an eye on the bottom line   * has eyes on the horizon
* initiates   * originates
* accepts the status quo   * challenges it
* does things right   * does the right thing

Leadership focuses on style and ideals, while management focuses on the method and process. Leadership does not produce consistency and order, it produces movement. As pointed out by Kotler, (1990, pp.18-20), the following suggestions outline an approach to become a hotel leader not just a manager: enhance career development – good bosses recognise that most of their workers want to improve.

•   Be decisive – Hotel Managers are confronted with dozens of decisions everyday and they need their best judgement.
•   Follow through – never promise what you cannot deliver and never build false hopes.
•   Select the best – a boss good or bad is carried forward by work of his or her subordinate.
•   Empower employee – give people the authority to interact with the customers. The more they feel important the better they work.

The more sophisticated a company is, the more programmed decisions are made.

Good decision makers follow eight major steps.

a.   Identification and definition of problem
b.   Identification of decision criteria
c.   Allocation of weights to criteria
d.   Development of alternatives
e.   Analyses of alternatives
f.   Selection of alternatives
g.   Installation of alternatives
h.   Evaluation of effectiveness.
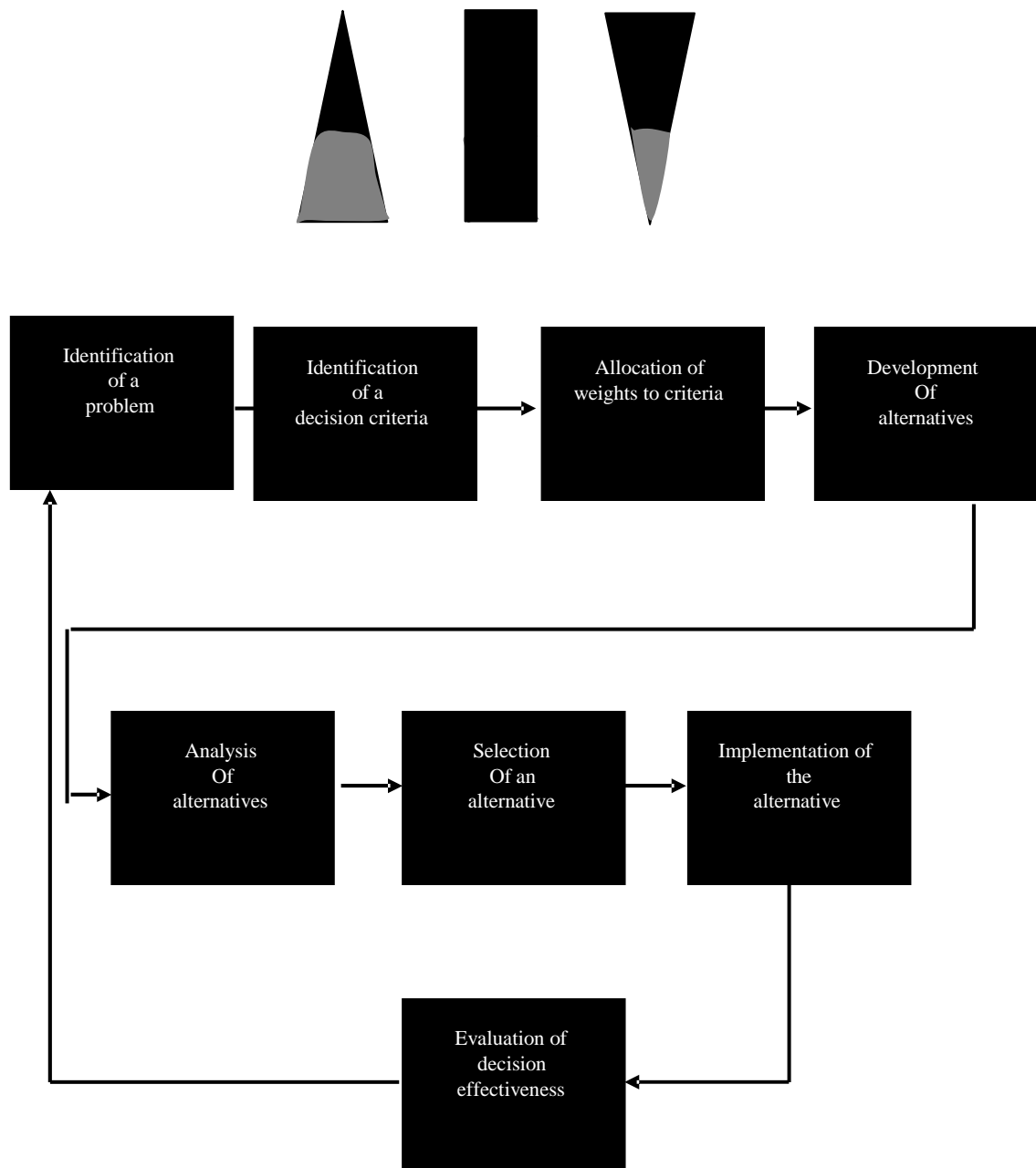
Fig. 14.1: **Illustrates the Decision-Making Process the Eight Set Decision-Making Processes**

Source: Modified from Robins, 2004

3.3   Management Skills

Managers forecast, plan, organise, make decisions, communicate, motivate and control the efforts of a group to accomplish its goals. Management creates the direction the organisation should follow in order to achieve its goals. Managers get the necessary resources for the task to be accomplished and they supervise and monitor group and individual progress toward goal accomplishment (Fisher and Berinstein, 1991, p. 90). Top managers like presidents and chief executive officers of large organisations, like a five star hotel, e.g., Hilton, Sheraton and Holiday Inn Hotels, tend to focus on most of their own strategic planning. They also spend time in organising and controlling the activities of the cooperation. Most top managers do not really get involved in the day-to-day running of the organisation; there are sub-heads to different departments and other supervisors. One will not expect the owner of Hilton for example to pull a shift at a restaurant in one of the Hilton branches.

In addition to managements' functions of forecasting, planning, organising, communicating, motivating and controlling, there are other major skill areas. These are conceptual, human and technical. Conceptual skills enable top managers to view the organisation as a complete entity and still understand how it is split into departments in order to achieve its goals. The ability to build teams and work with others is a human skill that successful managers need to cultivate. They need to lead, influence, communicate, supervise and evaluate employees' performances. Managers need to have the technical skills to understand and use techniques, methods, equipment and other technical procedures. (White and Bedner, 2001, pp. 405:415).

3.3.1 Corporate Philosophy

Corporate philosophy is changing from one managers planning, organising, implementing, and measuring to that of managers counseling associates, giving them the resources, and helping them to think for themselves. The outcome is a participatory management style, which results in associative empowerment, increased productivity and guest and employee satisfaction. Corporate philosophy has strong links to quality leadership and the Total Quality Management (TQM) process; corporate philosophy embraces the values of an organisation. These include ethics, morals, fairness and equality. The new paradigm in the corporate hospitality and travel industry is the shift in emphasis from the production aspect of the business, to focus on the guest-related services. Successful organisations are those who are able to impart their corporate philosophies to employees and guests alike. Disney Corporation in

Miami, Florida, United States of America, is an excellent example of a corporation that has a permeating corporate philosophy. There are no set formulae for a corporate philosophy. However, to be truly effective, a corporate philosophy must be unique to that particular organisation. The general and common organisational denominators of a successful corporate philosophy are the following.

- A clear statement of purpose.
- A definition of the responsibilities of the business
- Adherence to principles ahead of profits

The most important element in maintaining an organisation's image is the practice of making corporate philosophy part of the daily lives of the people involved in its corporation. Keeping the philosophy alive begins at the top and is conveyed to every level, so that people at the bottom are committed and involved.

SELF-ASSESSMENT EXERCISE

Outline the points that suggest an approach of becoming a hotel leader

4.0 CONCLUSION

Leadership is defined as a way by which a person is able to influence the activities and outcomes of others in a desired way, while management is a process in which organisational goals are achieved through the efforts of subordinates. Managers have to forecast, plan, organise and control the efforts of their subordinates in order to achieve certain goals. The most effective leaders share a number of skills which are related to employees. They include being decisive, they follow through, they select the best, they empower employees, seek support and enhance career development.

5.0 SUMMARY

Leaders influence the activities of people around them. They innovate, develop and also focus on people. Leaders also inspire trust and have a long range of perspectives. On the other hand, managers administer, maintain and focus on systems and structures. A good hotel manager has to combine his managerial qualities with leadership qualities in order to succeed. Leadership does not just produce consistency and order, it also produces movement. Leaders and managers that have leadership qualities have three important factors that make them stand out of the crowd; these are charisma, individual consideration and intellectual stimulation.

6.0   TUTOR-MARKED ASSIGNMENT

i.   Explain the term leadership and the qualities of a good leader.
ii.   Briefly discuss the difference between transactional and transformational leadership in an organisation such as the hospitality and tourism industry.
iii.   Enumerate the main steps that are necessary in decision making in an organisation.

7.0   REFERENCES/FURTHER READING

Bennis, W. (2005). On Becoming a Leader. Reading, Mass: Addison Wesley

Fisher, W. P. & Bernstein, C. (1981). *Lessons   in   Leadership: Perspectives for Hospitality Industry Success.* New York: Van Wostrand Reinhold.

Kotter, J. P. (1990). *A Force for Change: How Leadership Differs from Managemen*t. New York: Free Press.

Robbins, S. P. (2001). (3 ^{r} ed.) Management Englewood Cliffs, New Jersey: Prentice Hall.

White, D. D. & Bednor, D. A. (2001), *Organisational Behaviour: Understanding and Managing People at Work*. Second Edition.

UNIT 6   LABOUR RELATIONS IN THE HOSPITALITY AND TRAVEL INDUSTRY

CONTENTS

1.0   INTRODUCTION

In understanding labour relations in the hospitality and tourism industry, you need to understand the word labour. Labour means different things to different people. For example, to a news paper editor, labour means that the union of employees is about to embark on strike, while the economist would regard labour as a commodity for which there is demand and of which there is supply. However, to really understand the term labour, it can be explained as those employee associations which are formed and organised to improve wages and working conditions. Labour unions are meant to protect the interest of employees.

In the early fourteenth century, workers, who combined as a group to ask for improvement in their conditions of employment, were punished by law courts for engaging in what was regarded as a criminal conspiracy. It was around the nineteenth century that the British parliament decided that the act was not a criminal conspiracy. Freedom from such medieval restraints on the right of workers to organise a protest to any injustice against them came in 1842, in Massachusetts Supreme Court. The court ruled that the act of the union formation was not illegal and from then on, union growth started to spread to almost every trade and establishment.

2.0   OBJECTIVES

At the end of this unit, you should be able to:

•   explain the developments and growth of labour union
•   list the main functions of the labour union
•   describe bargaining power and process
•   discuss strategies, tactics and trade off involved in the negotiation of agreements.
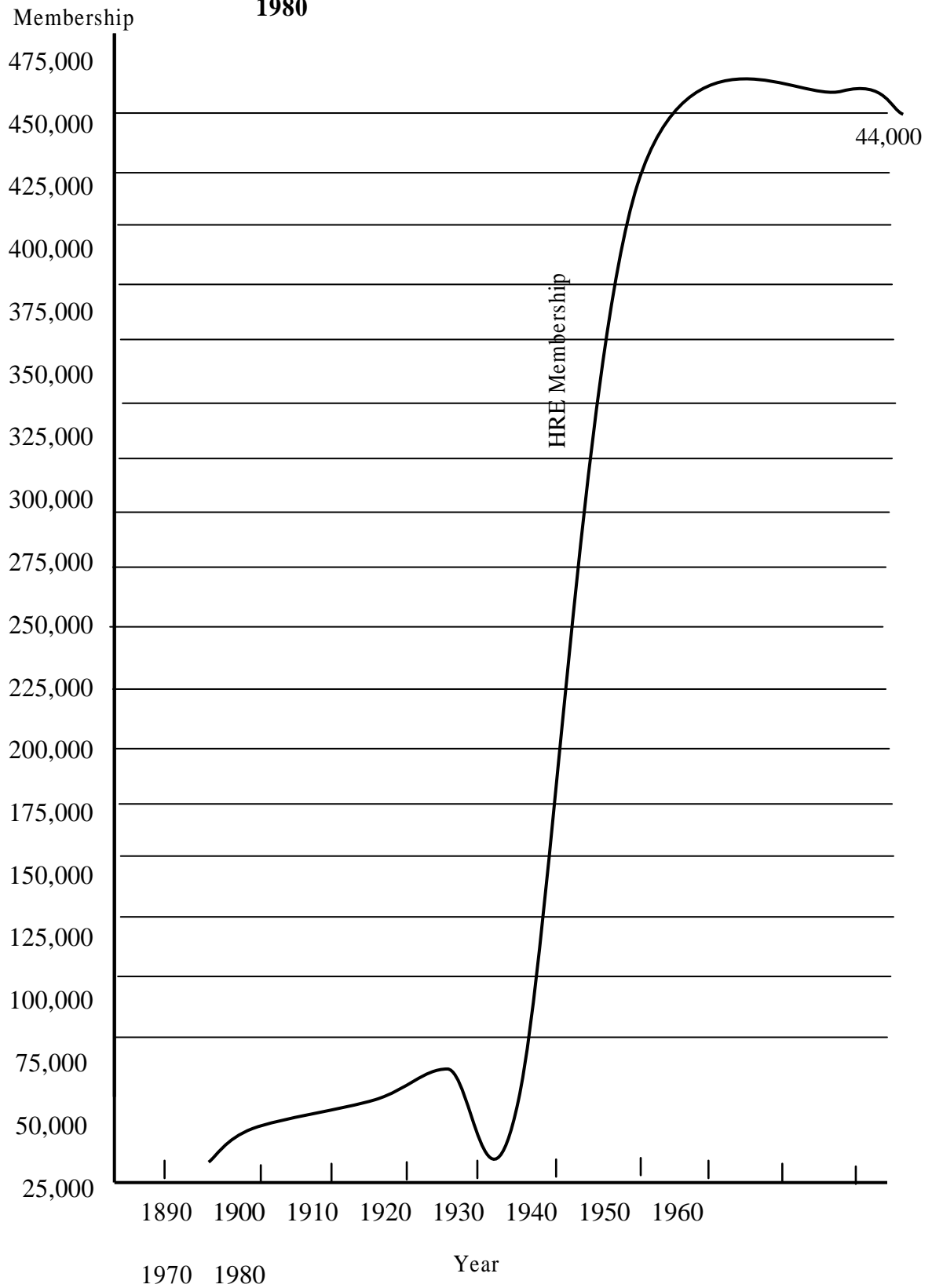
3.0   MAIN CONTENT

3.1   Development and Growth of Labour Unions

The growth and development of labour unions as noted in the introduction started in the fourteenth century, and then it was a punishable offence by some law courts. It was in the middle of the nineteenth century that the British parliament decided that labour unionism was not a criminal conspiracy. In the United States, during the colonial era, the doctrines and laws were the same against criminal conspiracy. It was felt that protests by employees against employers would lead to public mischief and private injury. It was also felt that it was going to terrorise employers (see Shrank, 1999, p. 200).

Freedom from such medieval restraints on the right to organise any form of protest or demonstration against injustice came in 1842. The Supreme Court in Massachusetts, United States of America, ruled that the formation of union groups was not illegal. The union still faced another legal battle; they needed an order of the court to cease or desist from some actions, then congress decided to intervene, and in 1983 it passed Norris-LaGuardia Act, making peaceful picketing, peaceful assembly, payment of salaries and other union economic weapons that were not enjoyed by the union.

In 1860, there was a need for higher wages and shorter working hours. The advent of the civil war in the United States of America brought a new dimension in union membership growth, due to labour shortage caused by enrollment in the army. By the end of the war, national and international unions became noticeable with about 13 unions in existence between 1860 and 1865, and by 1879, there were more than fifty national unions (Sloane and Witney, 1997, p. 80).

Fig. 15.1:   **Membership of the Hotel and Restaurant Employees and Bartenders' International Union, AFL-CIO, 1891-1980**

3.2   Unions of Hotel, Catering and Institutional Management

The first local union of people in the Hotel and Catering Industry was formed in Chicago, USA, in 1866. It was called "Bartenders and Waiters Union Chicago". The members of the union who were mostly Germans were affiliated with the knights of labour in 1886, and around that time, other local unions of waiters and cooks were formed in San Francisco, St. Louis, New York and Brooklyn, USA. By the end of 1886, the waiters and bartenders group joined in the growing protest against the arbitrary leadership of the knights. (Boas and Chain 1986, p.106).

When the Columbus Convention that founded the American Federation was held in December 1886, all in attendance had the intention of looking for ways to unite their forces along economic lines, and it was granted a national charter in 1891. In all major cities in which collective bargaining contracts were obtained, management's side of the agreement took the form of multi-employer bargaining, generally through a local hotel association. The most powerful unit in the union structure is the international union, located in Cincinnati Ohio, USA.
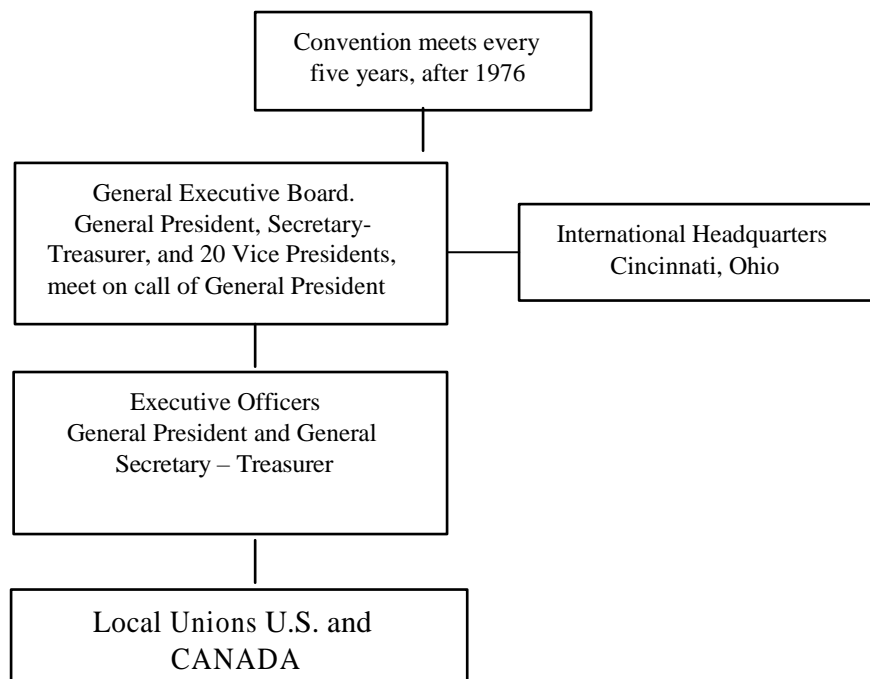
```
        ┌──────────────────────────┐
        │  Convention meets every  │
        │   five years, after 1976 │
        └──────────────────────────┘
                     │
┌──────────────────────────────┐
│  General Executive Board.     │
│  General President, Secretary-│      ┌──────────────────────────┐
│  Treasurer, and 20 Vice       │──────│ International Headquarters│
│  Presidents, meet on call of  │      │     Cincinnati, Ohio     │
│  General President            │      └──────────────────────────┘
└──────────────────────────────┘
                │
┌──────────────────────────────┐
│     Executive Officers        │
│  General President and General│
│    Secretary – Treasurer      │
└──────────────────────────────┘
                │
      ┌──────────────────────────┐
      │   Local Unions U.S. and  │
      │          CANADA          │
      └──────────────────────────┘
```

Fig. 15.2:   Structure of the Hotel and Restaurant Employees International Union

Source: Lane, 2004

3.3   Managing Campaign Tactics

The first political activity of the international body of the union was in 1935 when the Wagner Act, otherwise known as the National Labour Relations Act, was established. The Act sought "to protect the exercise by workers of full freedom of association, self organisation and designation of representatives of their own choosing, for the purpose of negotiating the terms and conditions of their employment, or other mutual aid or protection." The act also established election procedures that allowed employees to choose their own bargaining representatives. It also declared certain employer practices unfair. As pointed out by Shrank (1997: p. 56), these were as follows:

* to interfere with employees to exercise their rights to self-determination
* to dominate or interface with the formation of labour organisation •
to discriminate or give terms and conditions in order to encourage
    or discourage membership in any labour organisation
* to discriminate against an employee who files charges or is a witness before the National Labour Relation Board (NLRB) in respect of alleged employer violations and
* to refuse bargaining with the representatives of employees (see Beeler and Kurishenbaum, 1999, p.27).

About ten years after the Wagner Act was passed, labour unions in the United States recruited about 10 million members, and the hotel and restaurant employees international membership rose from 80,000 to 320,000. The Taft-Hartley act was introduced in 1947, because the Wagner Act had not included "unfair labour practices" of unions, also known as the Labour Management Relations Act. By 1959, it was perceived by congress that there were corrupt practices going on in the field of labour management, and that existing laws were inadequate to prevent the corrupt practices. As a result, congress passed the Landrum-Griffin Act, also known as Labour Management Reporting and Disclosure Act. This act granted to each union member the right to:

* nominate candidates for union office
* vote in an election
* attend union meetings
* participate in union meetings and vote on union business (Lane and Hartesvelt, 1993, p. 114).

3.3.1 Harmonisation between Employers of Labour and Labour Unions

Despite the rigour labour union organisations face in organising campaigns, there are important rules of thumb which the hospitality and tourism industry employers bear in mind, as they seek to avoid any disruption of their operations while an organising campaign is in progress. Giving the dimensions of most union-management relationships today, it would not be unreasonable to suppose that the first thing any hotel or restaurant employer does in these circumstances is to consult an experienced labour lawyer. Indeed, failure to obtain competent legal advice is a mistake few business organisations can afford to make. Nonetheless, part experience suggests that employer union confrontations sometimes occur unexpectedly, that ,"first aid" in this form should be acceptable things employers are supposed to do and things they are not supposed to do in order to avoid conflict with labour unions.

At this juncture, perhaps a few pieces of advice are important to employers of labour as stated below.

•   Do not get provoked into arguments with union sympathizers. Do not promise any rewards if the election beats the union, don't call individuals into your office to discuss union organisation. Never interfere with the right of any employee. Do not ever announce your refusal as an employer to bargain with the union, and do not predict that you will lose business because of unionization, or that the hotel will shut down. Do not ask employees what they think about union and do not bribe anyone. Never change working conditions of employment unless you can document a valid reason for making such change. Avoid threatening employees or promising benefits depending on how employees vote. The things that put employees in the good books of labour unions include giving your personal opinion of the union, its leaders and organisers, but be extra careful not to engage in libel or slander. Always warn employees to carefully read anything the unions asks them to sign, and advise them that they do not have to sign documents, and that they can vote in any election held whether they sign documents or not. Caution that a union may force an employee out on strike even though he or she is happy with an offer the employer has made. Let employers tell employees that hotels and restaurants provide jobs, and unions cannot prevent layoffs if they become necessary. Employers should urge employees to report union coercion to supervisors, and inform employees that they do not have to talk to union organisers if

they do not want to. Recognition by a hotel or restaurant employer of a union representing employees of his or her establishment is simply the first step in building a joint, cooperative relationship between the two parties. Once the dust has settled, in the event of a strike action, a peaceful demonstration or any consequence of the differences between the two parties, the primary concern of the parties should be to engage in collective bargaining process. Whatever concrete demands a union may seek from a hotel or restaurant employer, the fundamental of every union is to negotiate with the employer and sign an agreement covering wages and working conditions, on terms that are agreeable to both parties. This is called the collective bargaining process.

SELF-ASSESSMENT EXERCISE

Briefly discuss the Landrum-Griffin Act that was passed in 1959.

4.0   CONCLUSION

In this unit, you have learnt that labour means those employee associations that are formed in order to improve the wages and working conditions of workers. Labour unions had a hectic beginning, and in the initial stage faced stiff persecutions, until the early 19th century. The membership growth around 1860 was necessary due to shortage in labour, caused by the enrolment of people into the army to help fight the civil war in the United States of America. Between 1935 and 1947, three acts were passed by congress in order to give labour autonomy and powers to challenge any indiscrimination and injustice against employees.

5.0   SUMMARY

In this unit, you have seen how labour is an organisation that looks after the interest of workers. It is used to protect employees from injustice, indiscrimination and any unfair treatment by exploiters of labour. In the early stage of the formation of the union, it faced a lot of negative pressures but gradually, congress saw to it that the union should be autonomous and be an independent body

6.0   TUTOR-MARKED ASSIGNMENT

i.   Trace the evolution of labour unions of hotels, catering and institutional management.
ii.   How do labour unions achieve their aims and objectives?

7.0   REFERENCES/FURTHER READING

Beerler, D. & Kurshenbaum, H. (1999). *Roles of the Labour Leaders*.
      Chicago: Roosevelt University Press.

Boas, M. & Chain, S. (1986). *Big Mac- The Unauthorised Story of
      McDonald's* .– New York: E. P. Dutton.

Lane, H. E. & Hartsvelt, M. (1999). *Essentials of   Hospitality
      Administration*. Englewood Cliffs, New Jersey: Prentice Hall.

Shrank, R. (1997). *In Ten Thousand Working Days*. Cambridge: M. I. T.
      Press.

Sloane, A. A. & Witney, F. (1997) (6th Ed.).*Labour Relations*.
      Englewood Cliffs, New Jersey: Prentice Hall.

BLURB

HCM348   HOSPITALITY AND TRAVEL MANAGEMENT

HCM348 is a 2-credit course to be taken in the third year of undergraduate degree tourism programme, at the National Open University of Nigeria. It will be available to all learners as a core course in the programme.

The course is made up of fifteen study units and a course guide. It introduces learners to the basics of tourism and the various levels of hospitality and travel management\ including factors influencing travel, how travel has influenced the hospitality and travel industry and the leadership and management skills of the industry. Learners will be able to build on this foundation as they pursue their studies in the hospitality and travel management.