



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF BUSINESS AND HUMAN RESOURCES

COURSE CODE:TSM 348:

COURSE TITLE:HOSPITALITY AND TRAVEL MANAGEMENT

COURSE GUIDE

TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

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INTRODUCTION

The course Hospitality and Travel Management (TSM 348) is a core course which carries two credit units. It is prepared and made available to all students who are taking the B.Sc. Tourism Studies (TSM) programme with specialization in Hospitality and Travel Management. It is a programme with tenable in the school of Business and Human Resources Management. The course is a useful material to you in your academic pursuit as well as in your workplace as managers and administrators.

What you 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, organization of the Hospitality and Tourism Industry services offered by the Industry, the fundamentals of geography and its importance to tourism. It covers areas like sales and administration procedures, how the economics of the hospitality and travel industry works and the different classification of hotels and service.

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 as well as the practice and knowledge on 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) questions. 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. 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 successfully managing hospitality and tourism matters successfully. The course also aims at making to having greater appreciation of the hospitality and tourism industry.

The aims of the course will be achieved by:

- i. Describing the development of the hospitality and tourism industry
- ii. Discuss the importance of transportation to the development of the hospitality and tourism industry.
- iii. Describe the different approach tools for successful sales.
- iv. Explain what marketing means in the hospitality and tourism industry
- v. Discuss the different classification of hotels
- vi. Discuss the responsibility of a corporate travel manager

Course Objectives

After completing this course, you should be able to:

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

Course Materials

Major components of the course are:

- i. Course Guide
- ii. study Unit
- iii. Assignments
- iv. 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 Adminstrating Procedures |
| Unit 5: | World Geography and Documentation |

Module 2: Hospitality Administration

- Unit 6: Sales and Administration Procedures
- Unit 7: Domestic and International Fares and Ticketing
- Unit 8: Computer Reservation Systems
- Unit 9: The Role of Travel Agents and Tour Operators

Module 3: Classifications of Hospitality Services

- Unit 10: Marketing a Full House
- Unit 11: Classifications of Hotels and Services
- Unit 12: The Economics of the Hospitality and Travel Industry
- Unit 13: Pricing Systems and the Hospitality and Travel Industry
- Unit 14: Leadership and Management in the Hospitality and Travel Industry
- Unit 15: Labour Relations in the Hospitality and Travel Industry

Model 1 gives an overall overview of the Hospitality and Travel Industry, its operation. 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 checks and balances between the industry's management and its employees particularly on the issue of welfare of the latter. The course (TSM 348) consists of 15 units. A three hour period is recommended for each unit which comprises objectives, main content, tutor-marked assignment, self assessment exercises as welfare as recommended references and further readings. 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

MODULE 1: A HISTORIC PERSPECTIVE			Page
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 work	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			Assignment
Unit	6: Sales and Administration Procedures	7	Assignment
	7: Domestic and International Fares and Ticketing		Assignment
	8: Computer Reservation Systems	8	Assignment
	9: The Role of Travel Agents and Tour Operators	9	TMA 3 to be submitted
MODULE 3: CLASSIFICATION OF HOTELS AND SERVICE			
Unit	10: Marketing a Full House	11	Assignment
	11: Classifications of Hotels and Services	12	Assignment
	12: The Economics of the Hospitality and Travel Industry	13	Assignment
	13: Pricing System	14	Assignment
MODULE 4: THE MANAGEMENT OF THE HOSPITALITY AND TRAVEL INDUSTRY			
Unit	14: Leadership and Management in the Hospitality and Travel Industry	15	Assignment
	15: Labour Relations in the Hospitality and Travel Industry	16	TMA 4 to be submitted
	Revision		
	Examination		
	Total		

Assignment

There are many assignments on this course and you are expected to do all of them by following the schedule prescribed for them in terms of when to attempt them and submit same for grading by your tutor.

Tutor-Marked Assignment

In doing the tutor-marked assignment, you are to apply your transfer 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 into 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 total final score to be 100%.

CONCLUSION

The course, Industrial Relations (TSM 348) 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

TSM 348: Hospitality and Travel Management

TSM 348 Hospitality and Travel Management 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 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 READINGS

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

PREFACE

The material in this text is concerned with the evolution of the hospitality and travel industry from time immemorial to the present time. This industry came into being mainly as a result of the urge to travel for leisure and business. Three major factors have influenced the sustainability of the industry. These are accommodation, food service and travel facilities. On a wider dimension, the industry can be viewed from the perspectives of demand and supply, products as facilities, destinations, market trends, and so on.

The course Hospitality and Travel (TSM 348) is written for the purpose of orienting students with the materials that would expose them to the operations and/or management of the industry in question. The course material is designed and written in such a lucid way and manner that can easily be understood and practiced by students of this discipline. Although the text material is written primarily for students studying for the B.Sc. degree in the Hospitality and Travel Management, the text could also be used by students specializing in areas such as hotel, motel and restaurant accounting and finance, tourism and travel as well as food and beverage among others.

Also, the text can serve as very useful reference materials to those practicing managers and administrators of basically every aspect of the hospitality and travel industry who desire to learn and know more about the nature of the problems of the areas or segments of their operation and how to solve such problems or to prevent their occurrence. These segments include foodservice, front office, lodging, conventions and expositions, tour operating, leisure, recreation and travel agent.

The subject hospitality and travel management is rather broad in scope because it affects several aspects of the entire hospitality industry. This makes it extremely impracticable for a single course to treat it comprehensively. Again, because the subject is broad and comprehensive, it is not possible to give a complete and/or well-rounded discussion of all the underlying issues and related problems of the industry. This is the reason why I can only offer a series of short units which are designed principally to provide a framework and approach within which the subject hospitality and travel management can be fully developed in a more comprehensive manner.

However, the course material is straightforward as it contains ideas, theoretical illustrations and practical examples that are typical of the hospitality and travel industry, and from which students can benefit. This is more so because of the inclusion of recommended references/further readings and websites that will assist the students in their learning process.

The structure and dynamic nature of the industry captured in all the fifteen units are compressed in four modules. Accordingly, Module 1 which is the historic perspective of the hospitality and travel industry has five units. The module gives an overview of the industry, analyses its operation and administration. It also gives a background of the types of the transportation and the relevance of climates as one of the major determining factors that influence travel and tourism. This is specifically captured in unit five – World Geography and Documentation. Module 2 is the concern of hospitality administration. The module has four units that discuss sales and administration, fares and the crucial roles of the Computer Reservation Systems (CRSs) as well those of travel agencies and tour operators as promoters of the industry.

Module 3 gives the synopsis of the classes of hotels and the types of services they offer. This module also analyzes the pricing structure of the various segments as products of the hospitality and travel industry. It contains four units. The management of the hospitality and travel industry – (module 4) is the last module which consists of two units. It discusses leadership and management, and also the role of labour unions, all of which are considered to be critically significant to the industry.

Finally, I thank Dr. Dimis I. Mailafia who was instrumental to this work and my research assistant, Billy. I am, of course wholly responsible for errors of omission or commission

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 1: Industry Overview

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 organizations 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 travelers depended solely on the hospitality of private citizens before the gradual growth of inns and towers.

2.0 OBJECTIVES

After studying this unit, one 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.
- give 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, sheping accommodations and fortresses which provided shelter against elements such as sand storms. During the period, accommodations in Asia surpassed those of the Western World. In England, for example, the stage couch which became a favoured method of transportation, although a two and a half hours journey by car, took about three days and there was a need for way side inns; and as travel increased so did the number of way side inns. As the quality of the inns improved, more people travelled. (Walker, 1999, Pp. 13-16). The travel industry evolved from the stage couch to the railroad. Around 1800 the first British passenger rail road was constructed and by 1870 there were some more rail road 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 culinary delights. The 1950s witnessed incredible growth in both air and road transportation as inter-continental flights were not just frequent but took less time. It 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 and in 1809, Napoleon I, awarded a Price of 12,000 Francs to the inventor, Nicholas Apart. But Napoleon's actions were because his armies were depleted more from deficiency, disease and starvation than from war 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 return journey. By the next century coffee houses were all over Europe. In 1675 Venice already had dozens of coffee houses, including the famous cafe 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 among 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 but 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 and the case was won by Boulanger and soon Boulanger 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 Freres 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 chiefs of the noble houses in France were 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.

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 aeroplane has made travel faster, convenient and attractive. The demand for and supply of services of the hospitality and travel industry particular accommodation are due to the increase in wealth and disposal 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 characterized by facilities such as bed and breakfast and little private hotels which are 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 socio-economic groups. Such groups can further be categorized based 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 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 influence and sustain the hospitality and travel industry drives its historical development from five perspectives as follows (McIntosh and Goeldner, 1999, p.75).

- i. Pre-Industrial Revolution (i.e. prior to 1840);
- ii. The railway age;
- iii. The automobile age;
- iv. The Jet aircraft age, and
- v. The cruise ship age.

4.0 CONCLUSION

The hospitality and tourism industry has been going through massive changes and development through factors influencing this evolution like 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 aeroplane and the automobile have made almost every place in the world accessible and what tourists and travelers have now is not the problem of where to eat but they have a lot 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 perismas also created sheeping stables called Khon. This helped them as shelters from thieves while traveling in caravans and against natural elements like

sand storms. As colonies turned in towns, travelling increased and taverns sprang up to cater for travelers. These taverns also became a social and political gathering places which where a sign of Franch growing influence. The French revolution also influenced the development and establishment of restaurants.

6.0 Tutor-Marked Assignment

1. Briefly explain the origin of the term hospitality.
2. Give and overview of the origin of the development of the hospitality and tourism industry.
3. What do you understand by the concept of modern hospitality and tourism?

SELF-ASSESSMENT EXERCISE 1:

Question: Give a brief history of restaurants.

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 2: How the Industry Works.

1.0 INTRODUCTION

The primary purpose of many hotels and other outfits in the hospitality industry is to provide services to peoples who are travelling or visiting a destination. 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 the destination in which they are located and so lack or lose appeal. Among the lose actions that have been taken to increase occupancies of individual properties include factors like, identification of specific markets, the bookings are essential, advertising and promotion, group tours and conventions and 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 travelers and people staying away from home, while it also provides sustenance for people eating away from home and also other catering services.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- Explain the organization 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 Organization of the Hospitality and Tourism Industry

To identify a large number and variety of tourism organizations that are involved in the hospitality and tourism industry, the following factors are responsible for the growth of these organizations. 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 only 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 organization (Brotherton, 2000, P. 24).

Another factor responsible for the organizational 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, although 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.

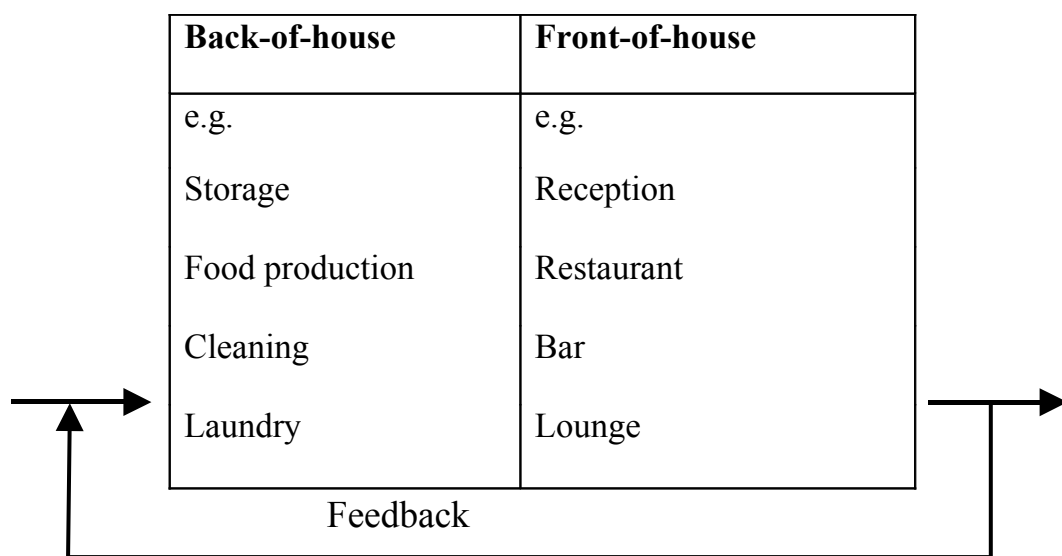
In looking into the operations of the hospitality and tourism industry and how organizations go about delivering their products and/or services, we have to understand the two major aspects in which the industry operates. Accommodation and food service are the two essential types of operations. Under 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 with more of a customer processing operation, with little or no product (e.g. room servicing) and deal 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 now quite difficult to differentiate between food service and retail and 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 organization produces banquets for occasions, providing lunch for offices and handle 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 modeling/”flow process charting” systems theory, that puts forward four key elements of any system, namely, inputs, processes, outputs, and feedback. These are characterized by a number of processes carried ‘out back of house’ that is out of sight of the customer and another process which is performed “front of house”, meaning the customer is being involved. A vivid understanding of this is illustrated in figure 2.1 below.

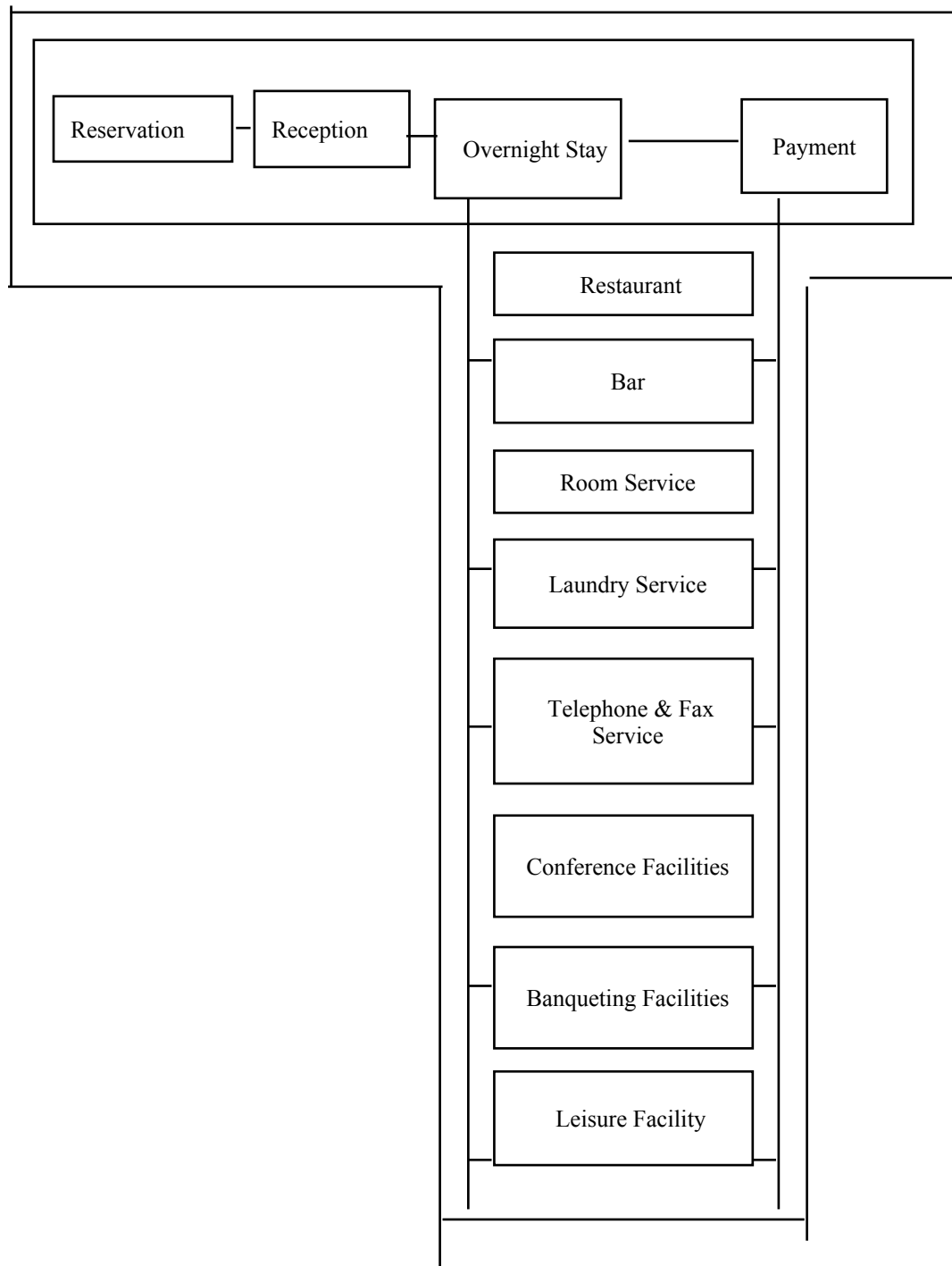
Figure 2.1: General Systems Model of Hospitality Operations



Source: Adapted from Jones, (2002)

From Figure 2.1., we 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 modeled or flow process charting system shows the accommodation operation as a customer processing operation. Here it is possible to identify two systems known as the ‘core system’, that makes provision for space to sleep and a sub system or what is referred to as ancillary services’ which are not mandatory to be offered. These are services like cyber cafe, swimming pool, laundry, meals, drinks and others. These subsidiary services (ancillary services’) system is illustrated in figure 2.2 below:

Figure 2.2: System Model of Accommodation



Source: Modified from Jones, 2002

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

The travel industry has had a lot of influence and impact in the hospitality and travel industry, notably the rail system of transportation 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 18th centuries. Carriages and coaches were used which were so uncomfortable due to the bad conditions of roads. The bad roads also made the journey so slow, hence the need for inns by the road side (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 by 1870 made it possible to travel several thousand miles across the United States, France and other parts of Europe. 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 traveling gradually replaced the train.

The automobile was a very convenient mode of traveling due to its size and because it could pick a whole family and also travel without restrictions. The rail road, the location and manner of accommodations like restaurants had to also change. Road side rest homes and restaurants were built to serve a whole family. In the mid – 1800's the steam ship 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 still basking in the euphoria of profit and expansion, another form of transportation was in the making that would replace the rail road passengership 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 travelers who are usually the most consistent patronizers of the lodging accommodations, they usually travel to transact business not really to utilise the hotel facilities (Lane and Hartesevelt, 1993, pp. 6-9). The tourists and vocation travelers are very important customers and thus important 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 bloc of rooms and are more likely to patronize a lot of the hotels ancillary systems which include business centre (Telephone, fax, etc) food and beverage outlets and 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-markets 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 the resort area to participate in the annual summer cultural activities.

A ranch resort for example, 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 the parents 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 travelers 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 accommodations. 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 the staff who come into direct contact with the guests is paramount. Such attitude can do much to produce satisfied guests return visits and recommendation to others.

4.0 CONCLUSION

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. We analyze the hospitality operations, differentiating and analyzing 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 had continued to evolve with time and technology in the process of carrying the hospitality

and tourism industry along, while 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 preference shift from one transportational means 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

1. Identify, compare and contrast the kind of hospitality operations of three hotels in your immediate environment.
2. Briefly describe how the hospitality and tourism industry is organized.

SELF-ASSESSMENT EXERCISE 2:

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 3: Rail, Ground Transportation and Accommodation

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 in 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 objectives of the transport services is to attract customers to their own facilities. Major suppliers of travel services may join tourism organizations in the promotion of a destination. For any body to embark on a journey through any means of transport, the person must have a destination in mind. Passengers as well as a 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 under gone great changes and improvements as transportation modes have improved from one form to another. These improvements have an impact on the amount of people that travel. Also, it has an impact on the choice of destination and the type of accommodations. In this unit we shall be studying rail and ground transportation and how it relates with accommodation, hospitality and the tourism industry.

2.0 OBJECTIVES

After going through 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 horse and carriage; 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 rail road had now replaced the stage coach, carriage and horses and thereby also replacing various river and canal travels. This inevitably changed accommodations. 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 few number of travellers and tourists could travel for, sometimes, months before getting to their destinations, but with the invention of the rail system a journey of several months could be achieved in six days by a lot more tourists at a particular time. The rail road 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 and now we have bullet trains, mostly found in Europe and Asia, that 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 the family unit. The automobile was a very convenient mode of transport because it was not strict to routes 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 way around (Griffen and Dittner, 1993, P.29).

The importance of automobile to the development of accommodation and the hotel and tourism industry is so tremendous. Before the invention of automobiles, hotels, accommodations 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 accommodations. The design of accommodations changed to conform with the family unit because the automobiles encourage travel by family groups. Also, most accommodations 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 has been forced with changes, due to the growth and evolution in the transport sector which has been immense. As the transport industry gets modernized and more efficient in transporting more and more number of people at a single time, accommodations have to be built bigger to accommodate the increasing number of tourists and businessmen and more space around these accommodations 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 was used 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 tourist 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 accommodations have been developed to serve the type of travellers, which were 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 rail road to the automobile and unto other advanced mode of transportation like the airplane, has made travelling in 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 American government created AMTRAK in 1971, AMTRACK is a semipublic organization, 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 subsidized by the United States 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 United States 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 mile 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 subsidized 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.

4.0 CONCLUSION

The rail and ground travel have been great contributors to the early tourism industry and accommodations. 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 tourist use because of its convenience and flexibility. Also, due to the technological advancement in the

transport industry, accommodations are stretched to the limits to meet up with the ever increasing number of travellers and tourists. The rail and ground transportation has been the main influence in the hospitality and tourism industry and also has an economic impact to the world's economy and the hospitality and tourism industry, economy.

5.0 SUMMARY

The changes that have occurred in the transportation industry have had a great impact in 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

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

SELF-ASSESSMENT EXERCISE 3:

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

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Unit 4: Tours, Cruise and Administration Procedures

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 seen a transformation 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 ports 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 ocean 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 cruiship 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. Casualships usually cater for young couples, family with children and singles, while ships that appeal to the upscale crowd draw a mature clientele that prefers a more sedate atmosphere and low key entertainment.

2.0 OBJECTIVES

After studying this unit you should be able:

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

3.0 MAIN CONTENT

3.1 Services Offered By Cruise Lines

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, initially, transporting them (passengers) from their origin to their destinations. 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 has become a floating resort and travellers cruising to locations are being pampered throughout their trip. These cruise liners offer accommodations 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 parlors and play games like table tennis and shuffle – board or simply relaxing by the pool and enjoying a good view. Night life can be very interesting on a cruise ship, night clubs offer avenues for dancing banquets (see Goeldner, and McIntosh 1990, P.11).

The cruise ship also gives passengers the opportunity of sight seeing. There are trips that are strictly for sight seeing. 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 river 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 the Tourism Industry

The tourism industry is the largest industry and also among the highest/largest employer. 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).

Between 1970 – 1990, the cruise market had increased by more than 500 percent 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 ship 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 also 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 between \$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 but usually the ships are smaller having a passenger capacity of about 700 passengers. 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 organization (Mayo and Jarvis, 1991).

3.3.1 International Administrative Tourism Organizations

Government of different countries are involved in tourism decisions and administration because tourism involves travel across international boundaries, and 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 organization (WTO) is the widely recognized organization in tourism today. The WTO is the only organization 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 are being administered by different international organization.

Among these international organizations, are the International Air Transportation Association (IATA),. This is the global organization that regulates almost all international airlines. IATA facilitates the movement of people and goods through a network. It standardizes tickets, way bills and baggage checks. Another international organization responsible for tourism activities is the International Civil Aviation Organization (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 organizations related to tourism, tourism development and tourism administration that are not known to the public. Each of these international development organizations shares a common purpose that includes tourism development. These organizations 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 organization 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:

- i. Achieve the highest sustainable economic growth and employment, and rising standard of living in member countries while maintaining financial stability thus, contributing to the development of the world economy.
- ii. Contribute to economic expansion in member as well as non-member countries through economic development.
- iii. 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"

4.0 CONCLUSION

In conclusion, this unit makes us to understand 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, that 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 accommodations, 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 tourist 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 a more natured clientele that prefers a serene, sedated atmosphere and loc-key entertainment.

6.0 Tutor-Marked Assignment

- 1) Differentiate the various segments of the cruise market
- 2) What does the term “flags of convenience” mean?
- 3) What is the importance of the cruise ship as a means of transportation to the hotel and tourism industry?.

SELF-ASSESSMENT EXERCISE 4:

Question: What are the services offered by cruise lines?

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

Unit 5: World Geography and Documentation

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 or 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 realize 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 conclusion of this unit, students should be able to:

1. Discuss the similarities and differences between the subject geography and geographers
2. Develop the skills to study maps
3. Describe the relationships 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 we 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 and 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 a lot 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 one among the nine planets revolving around the sun which is also known as the solar system. The nine planets including the earth revolve around the sun paths called the orbits, 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 around 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

Geographers 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 looked 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 and also one can still get a map that can show roads, and important places within a city (Hunkins and 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; the (ii) Legend – this tells the reader about the colours or symbols used on a map and what they represent; (iii) Grid system is a series of lines used to find exact locations of places on a map.

(iv) directions which are important because they make the map reader determine his or her position, (v) arrows, which show the various directions of the world so that the reader configure other directions and (vi) Map scale, which is the relationship between a unit of measure on a map and a unit of measure on the 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. This variety of shapes is 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, advances in medical science was made. 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 many 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 vegetation 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.

4.0 CONCLUSION

Geography as a field of study is necessary because it allows us 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 specialize 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, rotation 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 about the other bodies in the solar system. This unit has also discussed about maps and their importance to locating certain locations and destinations. We have also learnt about land marks and the changes that occur on them i.e. by natural causes and man made causes. We have seen how the industrial revolution and progress made in agriculture and sciences have boosted population.

6.0 Tutor-Marked Assignment

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

SELF-ASSESSMENT EXERCISE 5:

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

7.0 References/Further Readings

- Dietz, T. and Rosa, E. (1997) Effects of Population and Affluence New York. *Proc. National Academy of Sciences*, 94, 175-9.
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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 6: Sales and Administration Procedures

1.0 INTRODUCTION

Sales is a very important part of marketing the goods and services any organization has to offer. This unit will look at the selling skills and administrative procedures. First of all, it is imperative to know the difference between sales and marketing. Sales focuses on the products or services for sale, while marketing focuses on the guests. Although a sale is different from marketing, the two go hand in hand. In the hospitality and tourism industry, the sales department is responsible for making sales to guests that are the target market. Each organization organises its sales department in a way it can suit it best and that is the reason some organizations 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

After the end of this unit you should be able to:

- 1) know the relationship of sales, advertisement and marketing and their importance, to the hospitality and tourism industry.
- 2) describe the different approach tools for successful sales.
- 3) understand various means of advertisements and public relations that make a hospitality and tourism organization sell.

3.0 MAIN CONTENT

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

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 speciality (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 can not be stored for sale at a later time, for example a hotel room has to be in use everyday 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, it affects the hospitality and tourism industry.

Therefore, there is the need for an aggressive marketing in order to sell its products. In order for tourism organization 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 organizations reward the sales teams with a little percentage and this makes sales professionals to guard the clients carefully. (J. Walther 1999, P. 417).

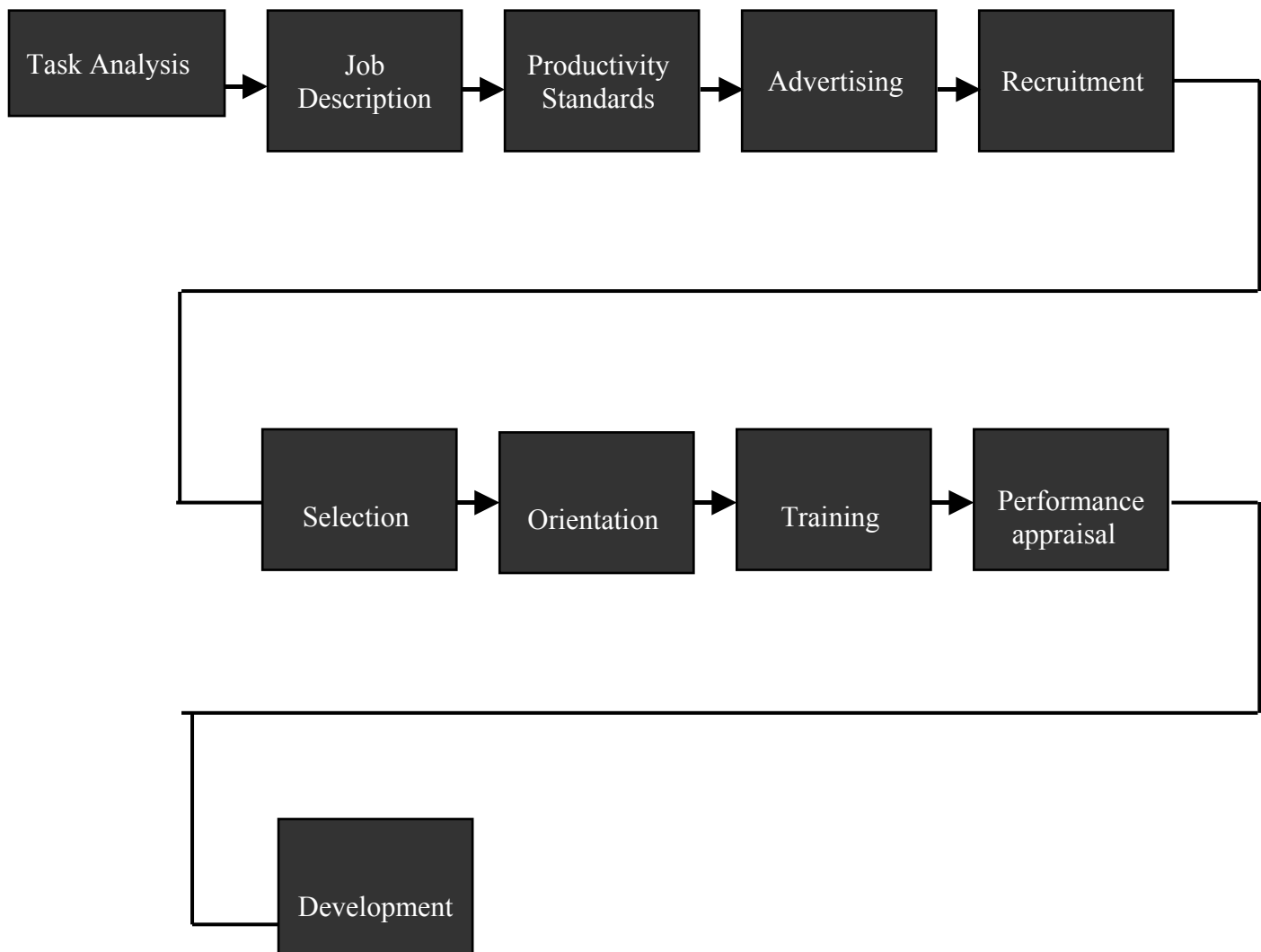
Making a sale and influencing the guest to become a repeat guest is vital in today's competitive market place. About 80 percent of hotels and some restaurants business come from about 20 percent of the guests that patronize because of sales representatives. Another moral booster used by administrators 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 benefit given to staff that have met a particular target. 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 specialized positions, supervisory positions and managerial/executive positions.

Human resource is all about attracting, selecting, orienting training, developing, and evaluating the performance of organizations 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 for entry level. Positions. 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.

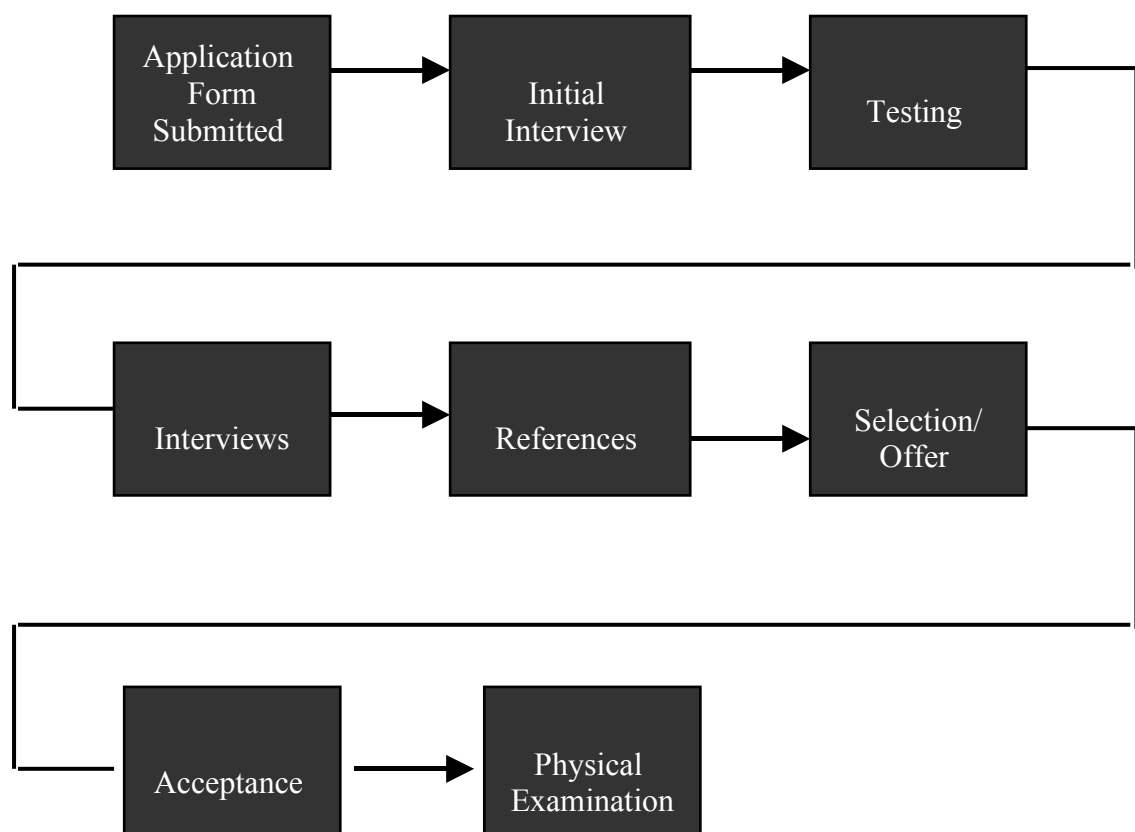
Figure 6.1: Human Resources Management and Development Process



Recruitment and selection is 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 organization. Applications are received from a variety of sources like from 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 organizations 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 perspective employee is legally entitled to work in the country. It is previous employees only give the beginning and ending dates due to legal reasons. Figure 6.2; show the description of the recruitment and selection process

Figure 6.2: The recruitment and Selection Process



Applicants are invited to come for an interview. This interview is a general screening interview to determine that the applicant is suitable for employment in a general way. During employment, 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 requisites 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 accommodations 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 can be invited to the hotel for a personal tour and lunch during the tour which is a 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 news papers, 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 on, 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 Organizational 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 specialized 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 organization's most important resources, i.e. the human resource.

No one hotel restaurant or tourism organization is the same with the other. The difference is the service and professionalism. That is why human resources management is so significantly critical to the success of the organization, J. Malaker 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, beverage), ancillary services (guest laundry, valet service and other guest telephone), support service (marketing/sales, property operations, maintenance/energy, general administration and accounting). Below is an organizational chart of a typical hotel organizational.

4.0 CONCLUSION

In conclusion we see 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, that 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 summary we 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 organizational and administrative ladder to deal with each department professionally in order to keep up the standard.

6.0 Tutor-Marked Assignment

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

SELF-ASSESSMENT EXERCISE 6:

Question: Briefly discuss human resources management

7.0 References/Further Readings

- Coffman, D. C. and Recknage, J. H. (2000) ed. Ithaca, New York: Cornell University Press.
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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 7: Domestic and International Fares and Ticketing

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 assists the travel organizations. 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 to make the movement of people and goods through a network of routes as easy as possible. IATA is also responsible for regulating and standardizing tickets and stabilizing fares and rates.

The world schedule air transportation industry was grown from a mere a million passengers in 1945 to about 1.5 billion passengers in 2001 and 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 and list and explain the roles of domestic and international regulatory organizations.

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 organizations 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 organizations. 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, one cannot compare the density of Kano-Lagos route which 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 fares are for people spending a week or fourteen days in order to stop business people from looking for cheaper ways to travel. The group fares is the second type of fare, which are applicable to groups; it is applicable to a minimum of a group of ten to forty people traveling 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 Pass (ATB). 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 Pass (ATB) 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. For a better understanding, a specimen of an Automated Ticket and Boarding Pass (ATB) are shown below.

3.3 Domestic and International Regulatory Organizations

Tourism is to some extent an international ambassador, bringing goodwill and intercultural understanding among people of the world. 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, organizations are formed that will check the hospitality and travel industry.

The organization that represents all national and official tourism interests among its allied members, is the World Tourism Organization (WTO). It is the most widely recognized organization in tourism. There is also the International Civil Aviation Organization (ICAO), which comprises of more than eighty governments. This international organization coordinates the development of all aspects of civil aviation with regards to international standards and practices. International Air Transport Association (IATA) regulates and standardizes 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 International Civil Aviation Organization, Domestic Organizations that regulate for the common interest and concerns of all components in a country or region which have the same attribute and sometimes affiliated to the international bodies. In Nigeria an example of this organization is the Federal Airport Authority of Nigeria (FAAN). FAAN is the domestic organization that regulates and standardizes 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 organization is the Travel Industry of America (TIA). It looks after the common interest and concerns of all components of the U.S. travel industry.

4.0 CONCLUSION

The travel industry is very complex and has evolved at a tremendous pace that it needs different bodies and organizations 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 interest is uppermost, some organizations 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 we treated 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 travelers and also to save the travelers' time. These modalities include formation of bodies and organizations to check the activities of the airline operators. Some of these bodies and organizations include the international Air Transport Association, International Civil Aviation Organization and Federal Airport Authority of Nigeria.

6.0 Tutor-Marked Assignment

1. Explain the term ticketing
2. What are regulatory organizations and their role?

SELF-ASSESSMENT EXERCISE 7:

Question: What are domestic and international flight fares?

7.0 References/Further Readings

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

International Air Transport Association, www.iata.org.

International Civil Aviation Organization, www.icao.org

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UNIT 8: Computer Reservation Systems

1.0 INTRODUCTION

Some decades ago it can 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. But in modern times, it takes just a minute to get clearance from a check-in-staff. Once the staff collects a passengers ticket, all the passengers 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 machines. Although some airlines had started using computers in the 1950s, it was still hectic because each airline had its own computer and therefore 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 airline 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

After the end of this unit you should:

- 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 the specific reservations system

3.0 MAIN CONTENT

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

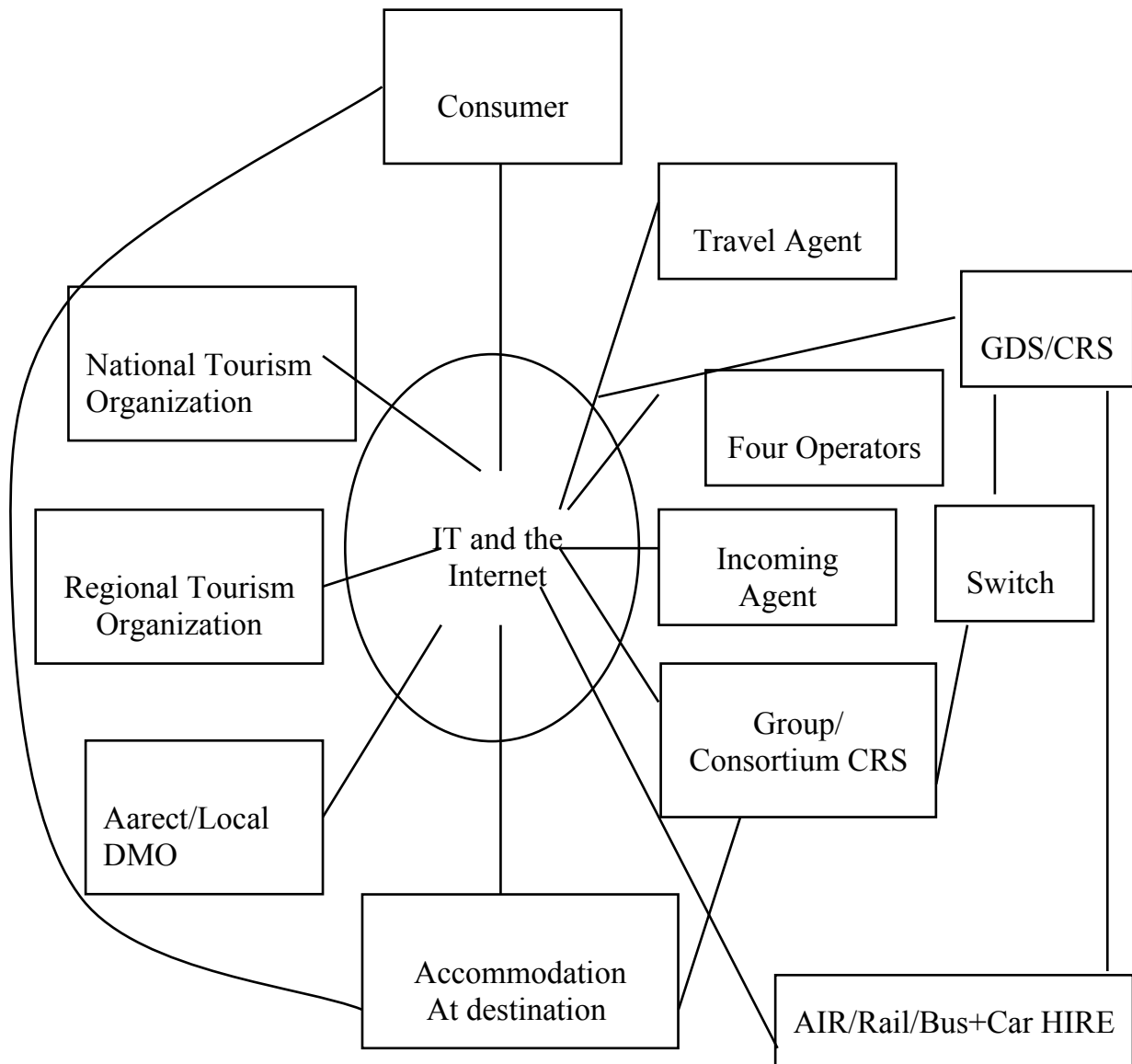
The Computer Reservation System is fundamental in the growth and survival of the hospitality and tourism industry. In fact any successful organization in this industry must have to attribute its success to the Computer Reservation Systems. As we all know tourists travel from their homes to destinations and in modern times, the aeroplane has been among the preferred traveling 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, but 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 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 Reservations 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 communications 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:

Figure 2.4: Proliferation of travel related sites worldwide



Source: World Tourism Organization, 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, but 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 computerized check-in to automatic wake up calls, electronic locks to closed circuit T.V. fire security protection systems and teleconferencing, nothing is better organized than the modern day hotel.

3.2.1 Property and Reservation Management Systems

Property Management systems (PMSs) have greatly enhanced a hotels ability to accept, store and retrieve guest reservations, guest history, requests and billing arrangements. Property management system also provides reservations associates with information on types of room 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 Reservations 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 chain 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 contains information of 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, condo 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 optimization and customer tracking software to maximize income for the properties and options for the guests. Some of the advantages of the Holiday Inn Reservation Optimization (HIRO) and ENCORE are that they include a two-way interface with Holidex (i.e. the

Holiday Corporation's Reservation System) that automate and make front desk tasks and procedures simpler and easier. The HIRO system is believed to be the first automated length-of-stay optimization 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 on over thirty five thousand city pairs 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 agent 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 agent 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, 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 has its headquarters 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), 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 manifests itself in the form of Computer Reservation Systems (CRSs), which was first developed by the American airline was soon emulated by other US airlines.

4.0 CONCLUSION

The Computer Reservation System (CRS) has reached a high economical and technological level. A level that travel agents and hoteliers including all stake holders in the hospitality and tourism industry cowardly 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 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

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

SELF-ASSESSMENT EXERCISE 8:

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 9: The Role of Travel Agents and Tour Operations

1.0 INTRODUCTION

The hospitality and tourism industry just like any industry or organization 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 what are his 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 this destinations to prospective travellers and a promotion of the mode of transportation and the destination. The advantages of using travel agents and travel operators is that they represent a number of air lines making it possible for clients to make choices. Travel agents are in a better position to advice clients on alternative air services. If the desired one is over booked, travel agents and operations supply their costumers 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

After reading this unit one should be able to:

- understand the responsibility of a corporate travel manager
- know the functions of travel agencies and tour operators
- discuss 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 councilor. 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 advices 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 itineraries, personal escorted tours, group tours and personal package tours;
- Arranging for hotel, motel, resort; accommodations 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, travelers checks, foreign currencies, exchange, immunization and documentary requirements; and
- arranging reservations for special activities tour operators organize, advertise and promote and make these tours available for the 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 organizations 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 realized 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/organization shouldered with the responsibility of developing tourism in Nigeria is the National Tourism Development Corporation (NTDC). The National Tourism Development Corporation among other primary duties, uses the excess from revenue generated from tourism to maintain existing tourism destinations and also to 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 organization. A corporate travel manager is employed by a large corporation to improve efficiency and reduce cost. If for example a large organization in Nigeria is spending N4 million naira for travel and entertainment, in addition to other branches spread across Nigeria and neighbouring countries, the expenditure for travel can reach about N11 million. A good travel manager will invite interested agencies to submit proposals based on the organization'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 organizations criteria, technology capabilities, locations/accommodations 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 into a tour. The tour is sold through a sale channel to the public. Tour whole sale 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, and airline working together with a tour wholesaler and a retail travel agent who packages tours for his clients, see for example, Tour Wholesaler Industry Study (1996, P. 68).

3.2.1 Modeling Travel Motivations

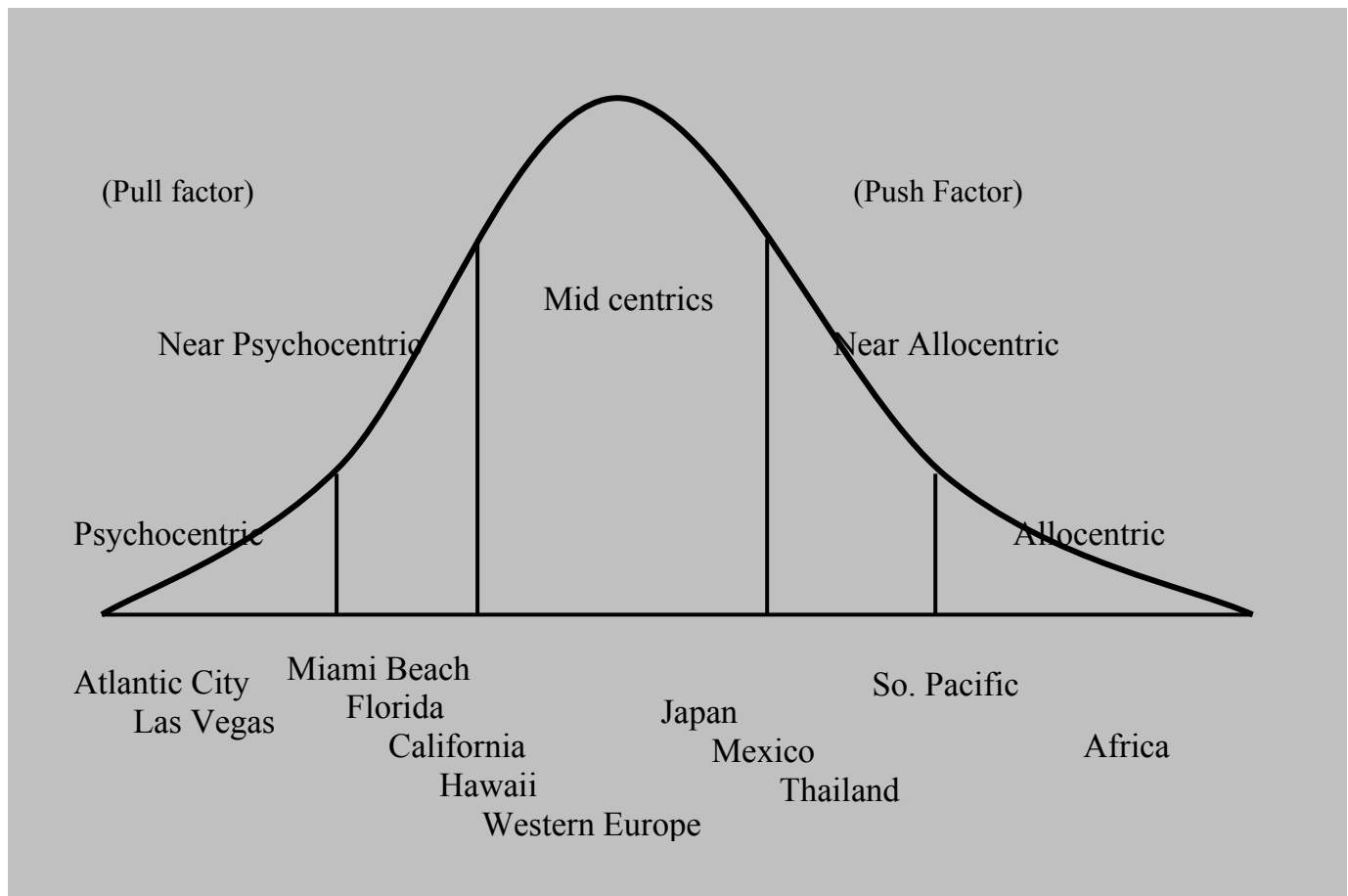
The satisfaction or dissatisfaction that a tourist experiences during a trip, depends on how it is viewed by the traveler. A description of a glorious sunset and majestic mountain for example, sound appealing to a lot of tourists, especially those on honey moon. While it may be seen as a great bore if an individual is highly gregarious i.e a person found of living in flock or 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. The anthropologists marvel and revels 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 depend 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 advice 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 is 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 recognizable 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 can not be realized, and they lead to disappointment.

Destination managers have an interesting way of modeling travel to motivate the traveller or tourist. An interesting way of modeling travel motivations is to divide them into factors that pull and factor that push. The factors that pull attractions while those that push are personal needs, Disney world in Miami Florida United States of America, for instance, attract those motivated by a pull factor while a relaxing week in an African Safari close to a beach such as it is obtained in Kenya and Tanzania is inspired by a push factor. Still, yet much travel is likely motivated to some degree by both push and pull factors. For example, a vacation in an isolated mountain n cabin such as Obudu ranch in Cross River State 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 figure 9.1

Figure 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. As seen in Figure 9.2, 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 personalities 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 pacific, Asia and Africa.

3.3 Destination Management Companies

A destination management company can be seen as a service organization 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 conventioners. The needs of these tourists or a group of conventioners 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 know how and expertise on organizing theme parties. (Mill and Morrison, 1995, P. 85)

Destination Management Companies do everything for their clients. DMCs organize airport receptions, transportation to hotels, VIP check-in, arrangement of convention venues, organizing competition sports events and sponsoring any other programme that deals 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).

4.0 CONCLUSION

The hospitality and tourism industry is an industry that attracts customers to come to the industry to get the services they require. In order to bring these prospective costumers, 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, motes and resort accommodations 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 organization 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 to 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

1. Discuss the role of travel agents and tour operators in the hospitality and tourism industry.
2. what are destination management companies (DMCs) and their functions?
3. list the three types of tour wholesalers.

SELF-ASSESSMENT EXERCISE 9:

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 10: Marketing a Full House

1.0 INTRODUCTION

Marketing a full house shows us 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 or might be 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 the competitor analysis is the same detailed cataloguing which applies to product analysis but directed to the various establishments that might be or are competing 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 organization in motivating the traveller.

We have learnt 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. We now have to understand how these people's 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 Reekie (2001; Pp. 19) the traveler 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 organization has to keep it up in the hospitality industry. Examples are that organizations 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

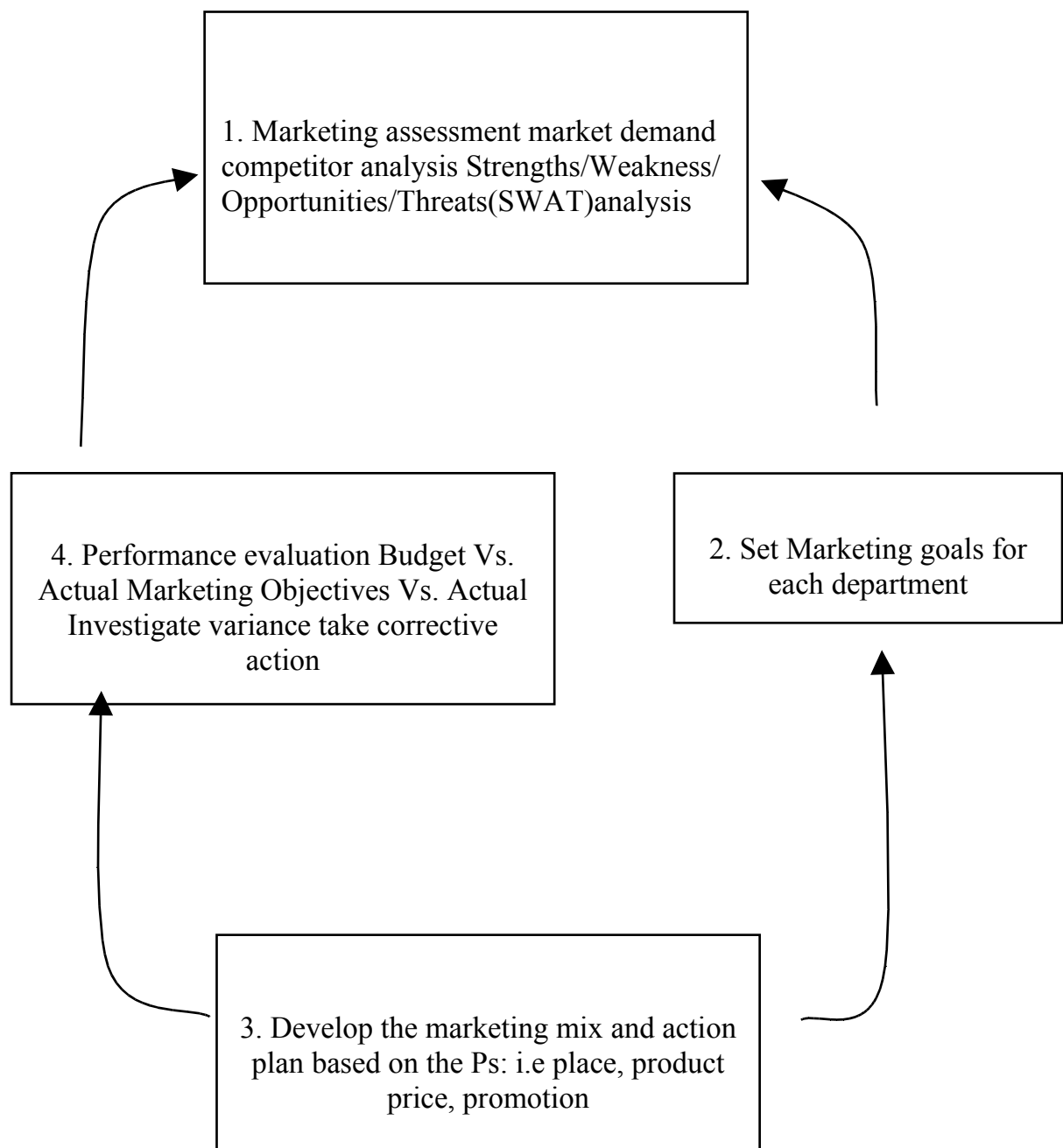
People in general are the market the hospitality and tourism industry is targeting and in order to sell its services to the market the other Ps i.e. product, price, package and promotion in marketing must be employed. These are one, the product which he is to adapt or to be frequently undergoing redesign to fit the needs of the market. The product is the service the industry delivers, therefore, it has to appeal to the customers. Two, 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 organization 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. (see 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 given task and how long it takes for the hotel and tourism organization 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, customer's 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.

Analyzing the competitors' strengths and weaknesses help in knowing the strategies to adopt in marketing a full house. The competition 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 competition 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 figure 10.1 below.

Figure 10.1: Marketing Planning



Source: Modified from Walker, 2005

3.3 Performance

Performance in any organization determines the success of that organization. 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 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 organization, there need to be a performance evaluation. Evaluating operations against expected performance must be ongoing. This is because it allows an organization to assess its performance. The organization 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 performance vary the discrepancy is examined and alternative strategies are developed. When the results and the reasons for any variances is established, the final step in the marketing process is to take the necessary corrective action to achieve the organizations 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 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 is uses Guest information Network's net 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 and purchasing and consumption patterns. With the decrease in airline commissions, referral organizations, 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 Booton – area preferred properties (the Boston Harbour Hotel, Bostonian Hotel and the Charles Hotel) recently joined together in promoting a St. Patricks.

Day weekend package. 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 inside. Availability Service. This gives agents access to actual rates and room availability that is not always available on the standard Computer Reservation Systems (CRS) database leading. 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, Trauce and the Hotel Negresco in Nice, France, which were interested in improving their marketing. The organization worked by having hotels advises their guests to use the establishments of fellow members. It then opened a New York office to make direct contact with wealthy America 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, sale and promotional services. All the hotels and offices are connected by a central computer reservation system called Resstar. The member 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.

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 under study. It reaches a conclusion as to all facilities, size, dimensions, décor and style of operating, pricing, budgets and forecast. In this unit we also learn about people who travel. People travel for different reasons, and thus desire different things ranging from climate to accommodation. People or travellers are the industry's market. Therefore, before capturing these people for the tourism business or an individual organization, one has to know the peoples different needs. That is why we use the four Ps in marketing also known as the marketing mix. These are product, package, price and promotion. This is in addition to people, which makes it the five Ps when analyzing marketing a full house with regard 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, one 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 promotion the product to the market.

6.0 Tutor-Marked Assignment

1. Briefly discuss what you understand by the term market assessment.
2. Write short notes on people, product, package, price, promote and performance.

SELF-ASSESSMENT EXERCISE 10:

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 11: Classification of Hospitality Services

1.0 INTRODUCTION

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

- i. City centre hotels whose characteristics include luxury, first class midscale, economy and suites;
- ii. Resort hotels, characterized by luxury, midscale, economy, suites, condominium and time share convention;
- iii. Air port hotels, they are midscale, luxury, economy and suites.
- iv. Free way hotels and the normal - hotels are midscale, economy and suites; and
- v. 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 a very good roadside appeal and very good services that the guests require and (v) Five star hotels which are at the peak of this segment, have the highest level of services and a sophisticated interior decoration and 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 one should be able to:

- 1) have a good knowledge of the different classifications of hotels.
- 2) Know the difference between accommodation and food sector
- 3) understand 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 offered. We have the full service hotels, economy hotels, extended – stay hotels and all suit-hotels. Now we are going to discuss 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 midpriced 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 patronize 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 suit 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, which is better than if it had to acquire its own financing. The company that wants to become a franchise grants certain rights to interested organizations for a fee. These grants and rights include the use of its trade mark, signs, proven operating system, operating procedures and possibility 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 most earliest development were in 1907, when the Ritz development company franchised the Ritz-Carlton name in New York City United State of America. One of the first persons to franchise his hotels was Haward 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, United States of America. Choice Hotels International, ranked second with 3, 130 franchised hotels. It is a subsidiary of the Blackstone Group, New York. Holiday Inn world wide 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:-

- xiii. A set of plans and specifications from which to build;
- xiv. National advertising;
- xv. Centralized reservation system;
- xvi. Participation in volume discounts for purchasing furnishings, fixtures and equipment;
- xvii. Listing in the franchisor directory; and
- xviii. Law fee percentage charged by credit card companies.

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

Table 9.3 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 traveler, 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 revitalization (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 invent 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 service 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 traveling, and as travel increased the need for more accommodation to cater for a large number of people became necessary. The industry began small with inns and taverns, to bed and breakfast and private hotels. It had to evolve bigger and 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 organization called, the Hotel Booking Agents Association (HBA) which was formed in 1997 with only four members. There are about 36 members of recent and they are booking more than 300 million clients a year.

The food service sector come into the hospitality and tourism industry due to the need to offer travellers something to eat while sleeping away from home; but gradually the food sector has seen a lot of reasons why people choose to eat outside. There are several reasons for this convenience. This factor includes all those people who are away from home for one reason or another, for example either shopping or traveling or during a lunch break in schools and offices. Two, variety: 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 is usually a way of sealing a deal. Three, 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 which is an influence on people choosing to eat outside. Four, culture/heritage: It has become part of man to celebrate special events like anniversaries and birthdays by eating out with loved ones. Five, impulse: Sometimes for no particular reasons, people would decide to eat outside their homes. See also the International Hotel Association, (2003, P. 27).

In the food service industry we 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 use trays to make it easier for people to serve themselves and pay at a till point. Four, is there is the single point service. Examples of a single point service include take away, kiosk, vending and bar. Costumers are usually served at a single point as the name implies.

Finally, there exists the specialized spots or where food and drinks are being served in places not really designed for food service consumption. Examples of this are hospitals, airlines, home delivery and the likes. The food service industry also started at a very humble beginning to become an industry to reckon with within this industry we have: 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 organization may increase its operation by taking over or merge with similar business organizations 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 organization takes over or merges with another business organization that is involved in a completely different business undertakings. For example, airlines that acquire and own hotels. Lodging companies realize that guests' accommodation needs are not just at one level, rather they seemed to vary in price and facilities/

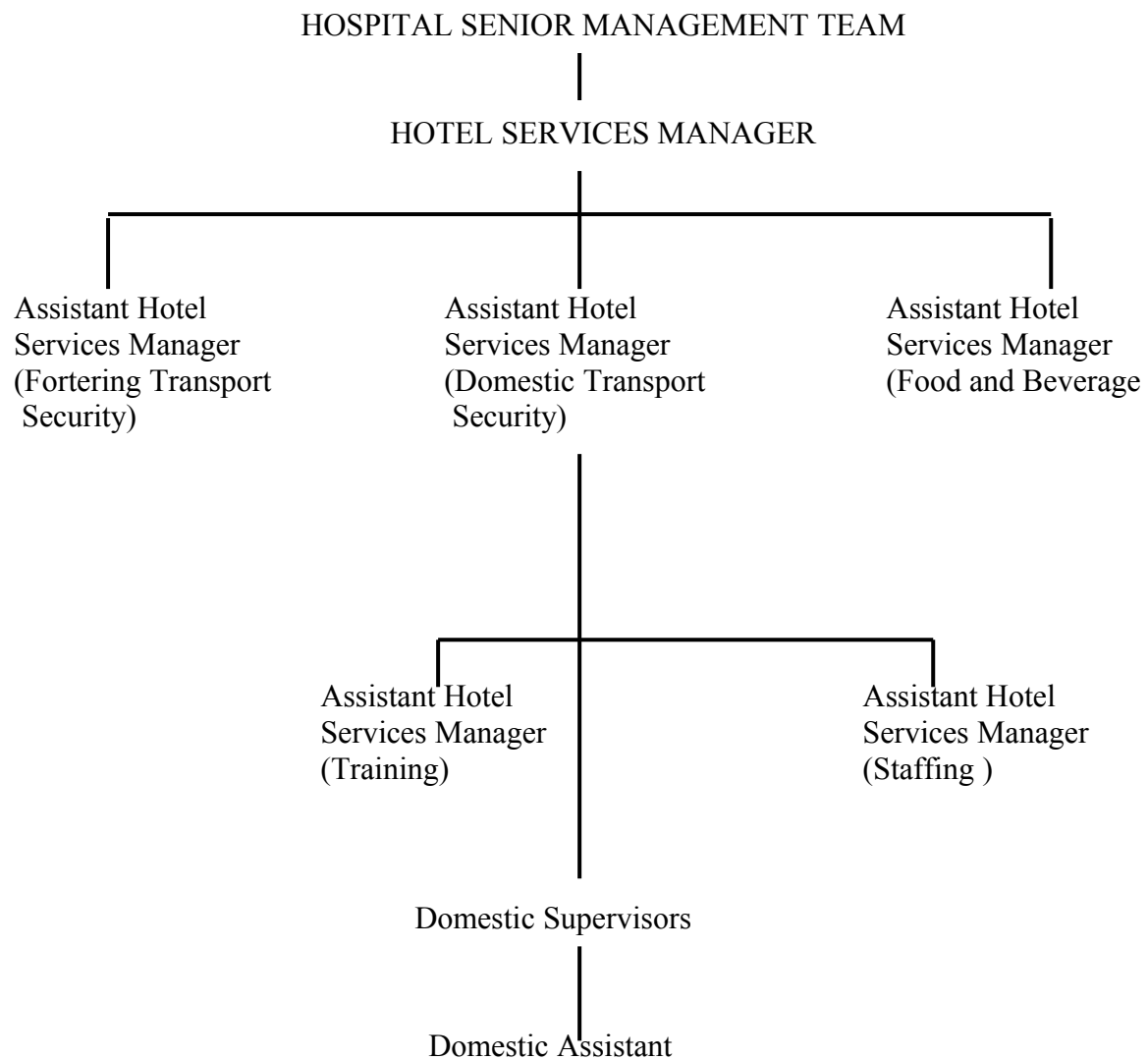
3.3.2 Hospital Catering Services

Catering services that are provided in hospitals particular in industrialized economics 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 economics because of the level of our development and underdevelopment.

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

- i. To control the spread of diseases and infection by cleaning all the areas within and the surroundings of the hospital.
- ii. To keep the hospital buildings and its surroundings in a condition of absolute serenity by using the right materials and equipment on a regular basis.
- iii. Finally, the overall hospital environment must be kept a life and bright by the employees of the hospital as an establishment for the purpose 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 for a variety of reasons that range from old age to accidents and other forms of disabilities.

Figure 11:2: Depicts a Typical Organizational Chart for Hospital Catering services



4.0 CONCLUSION

The source of accommodation demand has made the accommodation industry to grow and 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. 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 provider 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 we have seen how the food sector came into being and the reason why people eat outside and the various factors that influence costumers, which include enjoyment of meals outside their homes.

5.0 SUMMARY

This unit has shown us the two main sectors in the hospitality and tourism industry. These are the accommodation and the food sector. The accommodation section was to assist wary travellers to rest and gradually it became something done for leisure as transportation from the origin to the tourist destination 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

1. How has globalization affected the hotel and tourism industry?
2. Write short notes on resorts, city centre and airports hotels
3. In what ways do hotel cater for the needs of business and leisure travellers?

SELF-ASSESSMENT EXERCISE 11:

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 12: The Economics of the Hospitality and Travel Industry

1.0 INTRODUCTION

Tourists produce a lot of economic impact beyond their expenditures. A tourist spends money to travel, on accommodation and to feed in the restaurant. This 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 only 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, we have what we call the holiday market. This market is characterized by a hunger to escape from climate, work pressure, the need to change the environment and 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-taunting, hiking and biking sometimes just touring through the country. This need for holiday making is just like the need of variety in the food we eat, sometimes it might just be any where. The holiday market then cannot be ignored as an economic booster to the industry.

2.0 OBJECTIVES

At the end of this unit one should be able to:

- explain the term tourism and why people are usually motivated to travel.
- project 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 invent as a noble way of catering for the needs of travelers, to become 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 travel 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. (see 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 now were located in areas around the highways and the system of building automatically changed to suite 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 invent of the airplane. The industry witnessed a rapid growth, 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 a lot of reasons that create the need for people to travel. There two major reasons why people travel, these are pleasure travel and travel for 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 actualization needs; self fulfillment

There are other motivations in traveling which we can classify in four groups, i.e. 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 to meet new people. The status and prestige motivator; this motivational factor is the desire for recognition, attention, appreciation and a good reputation.

The second major reason why people travel is for business reasons. About half of all airline travel is done by business travellers, business leisure mix varies according to the destination and therefore a good portion of business travel is mixed with pleasure. For example a trip to Europe can involve contacting a potential customer, but it can also allow for sight seeing. 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 travelers have given a boost to hotels, restaurants and auto central companies. Most hotels located near convention centres or conference halls run a higher occupancy. For most organizations, 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 as ethnic restaurants. They exist all around us and we usually patronize them. These ethnic restaurants also bring about global culturalization. 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 restaurant or its owners.

The traditional ethnic restaurants sprang up to cater for the taste of the various immigrant groups, most prominent where the Chinese, Italians and Mexicans. Perhaps the fastest growing segment of the ethnic restaurants in the United States of America, popularity wise is that of Mexicans. Mexican food is heavily represented in the southwestern states of the United States of America. 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 a 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. 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 organization that is undertaking the study from Wharton Economic Forecasting Association. Their report 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 Organization (WTO) in 1996 was 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 overseas 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, it was a little above \$50 billion. In Hawaii the biggest industry is the tourism industry with revenues of \$21.9 billion.

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

To summarize the whole unit, we have learnt that, hospitality and tourism is the idea of attracting, accommodating and pleasing people travelling for business or pleasure. The travel industry has a fundamental effect in the growth and development of the hospitality and tourism industry. Tourism improves the economy of poor countries.

6.0 Tutor-Marked Assignment

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

SELF-ASSESSMENT EXERCISE 12:

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

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

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UNIT 13: Pricing Systems and the Hospitality and Travel Industry

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 assure 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 with 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 which is characterized 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 which in turn also affects them. The pricing systems are a very complex one. 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 to us. In other words we are interested in knowing the economic characteristics of both the supply and demand.

2.0 OBJECTIVES

After studying this unit you will be able to

- discuss pricing systems in the context of two perspectives.
- know the characteristics of supply and demand
- understand market structure and know pricing decisions.

3.0 MAIN CONTEXT

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 it 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..

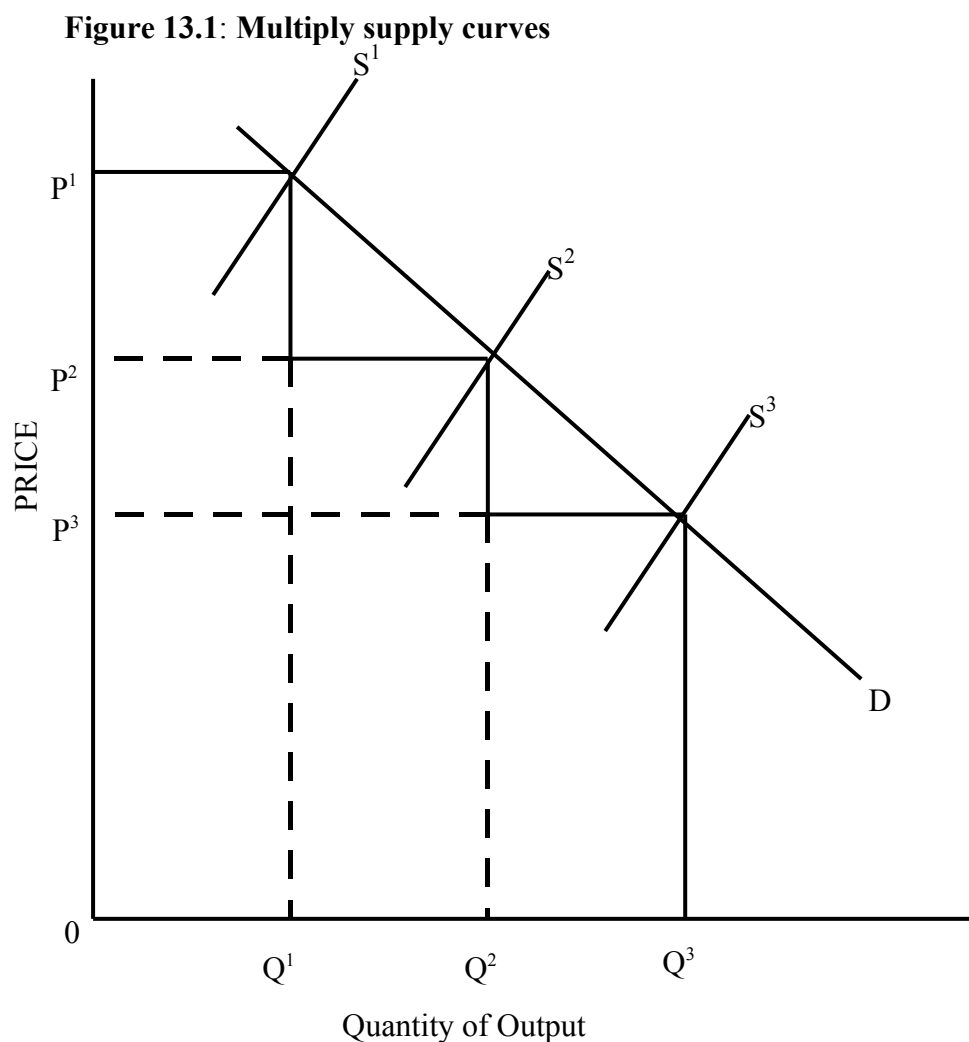
A long production cycle is essential because particularly with regard to the construction of a hotel, hiring of employees, services to be rendered and maintenance of the structures and infrastructure. The capital cycle which is the last one is based on a long-term basis since a hotel cycle of over 50 years. Also, sink or sunk cost is a characteristic of the hospitality and tourism in the sense that it is both a substantial amount of capital costs involved to start up production and/or 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 is involve 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 judgement is the final decision making factor as to price making decisions in pricing can start in a very simple manner, the oligopoly

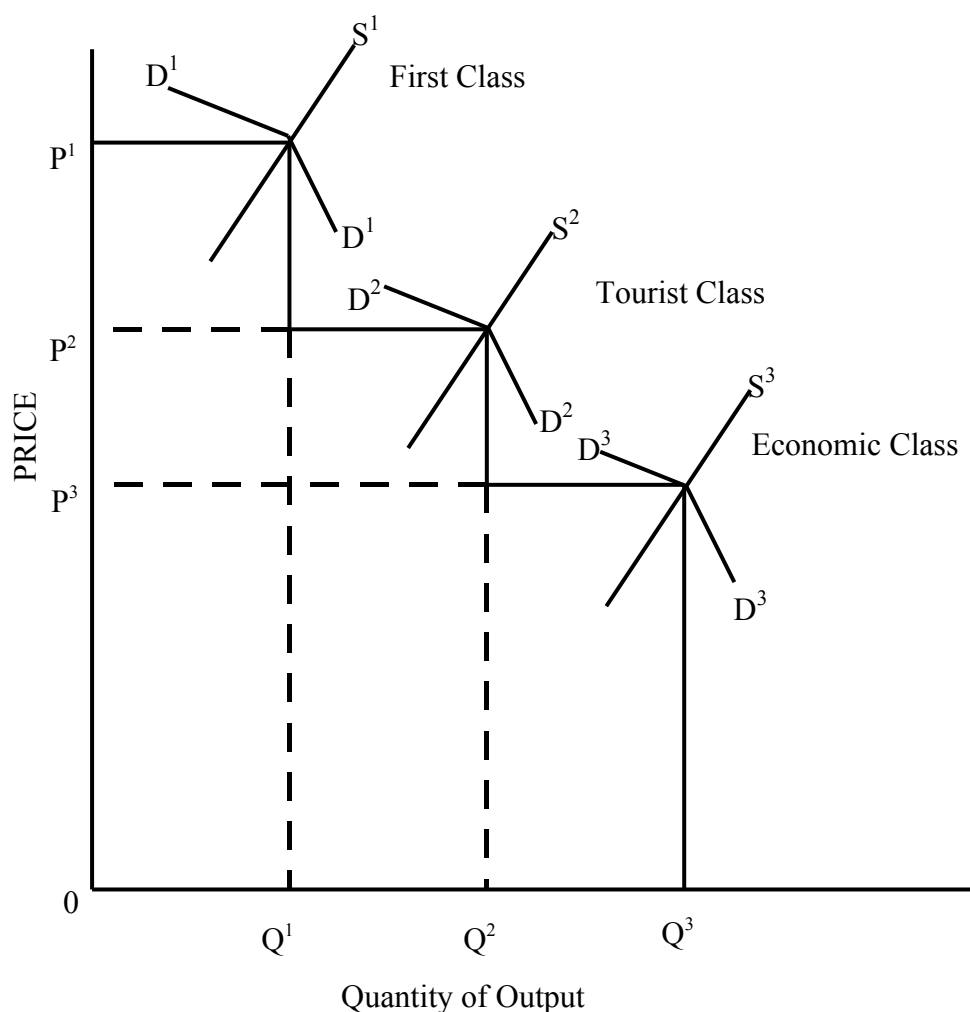
possesses considerable market power and can maximize the demand curve by creating several price structures (Douglas and James, 2002, p.657-669).

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 figure (1). 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 is 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.



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 us the potential likelihood of elasticities 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.

Figure 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 airflights. 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 demand vary during the hours of the day, days of the week, 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 analyzed 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 namely pure competition, monopolistic competitions, oligopoly and pure monopoly (See Table....). 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 theorized and developed by economists and applied to practical business and economic situations. Figure below shows a simplified market structure.

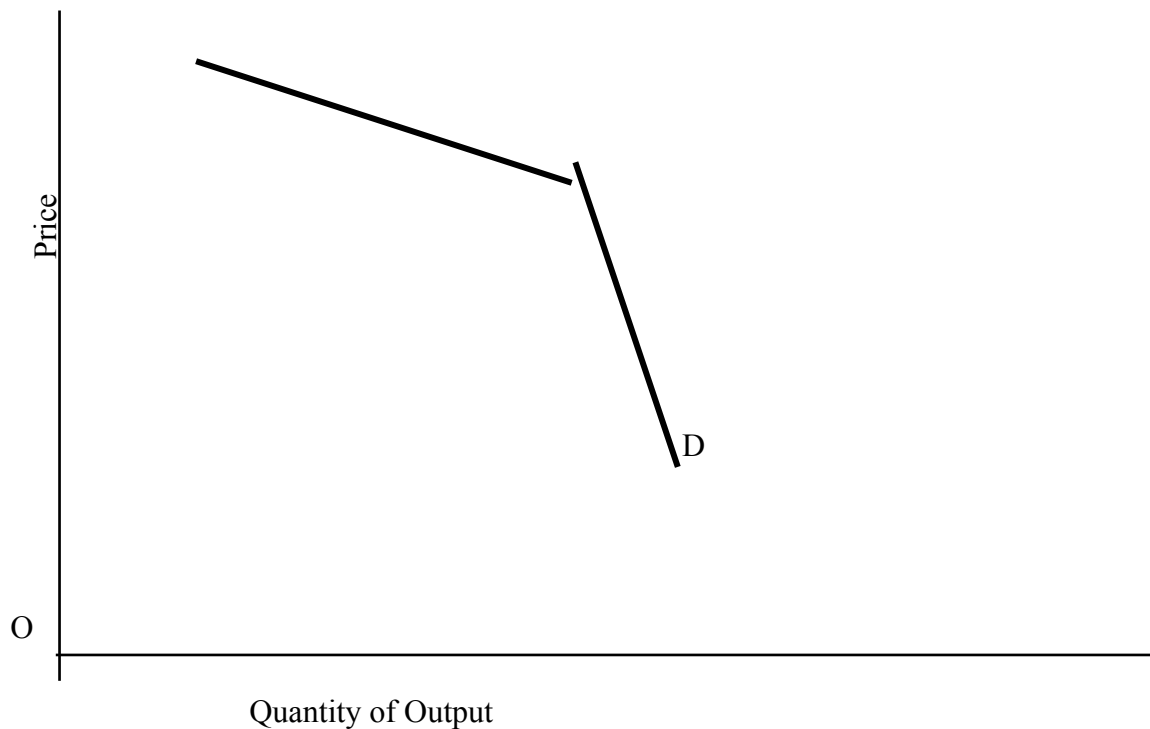
Table 13.3: Characteristics of market Structure

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 services belong 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. Figure 2.7 below depicts a kinked demand curve of a typical oligopolistic industry such as the hospitality and tourism.

Figure 13.4: Kinked Demand Curve of Oligopolistic Industry.

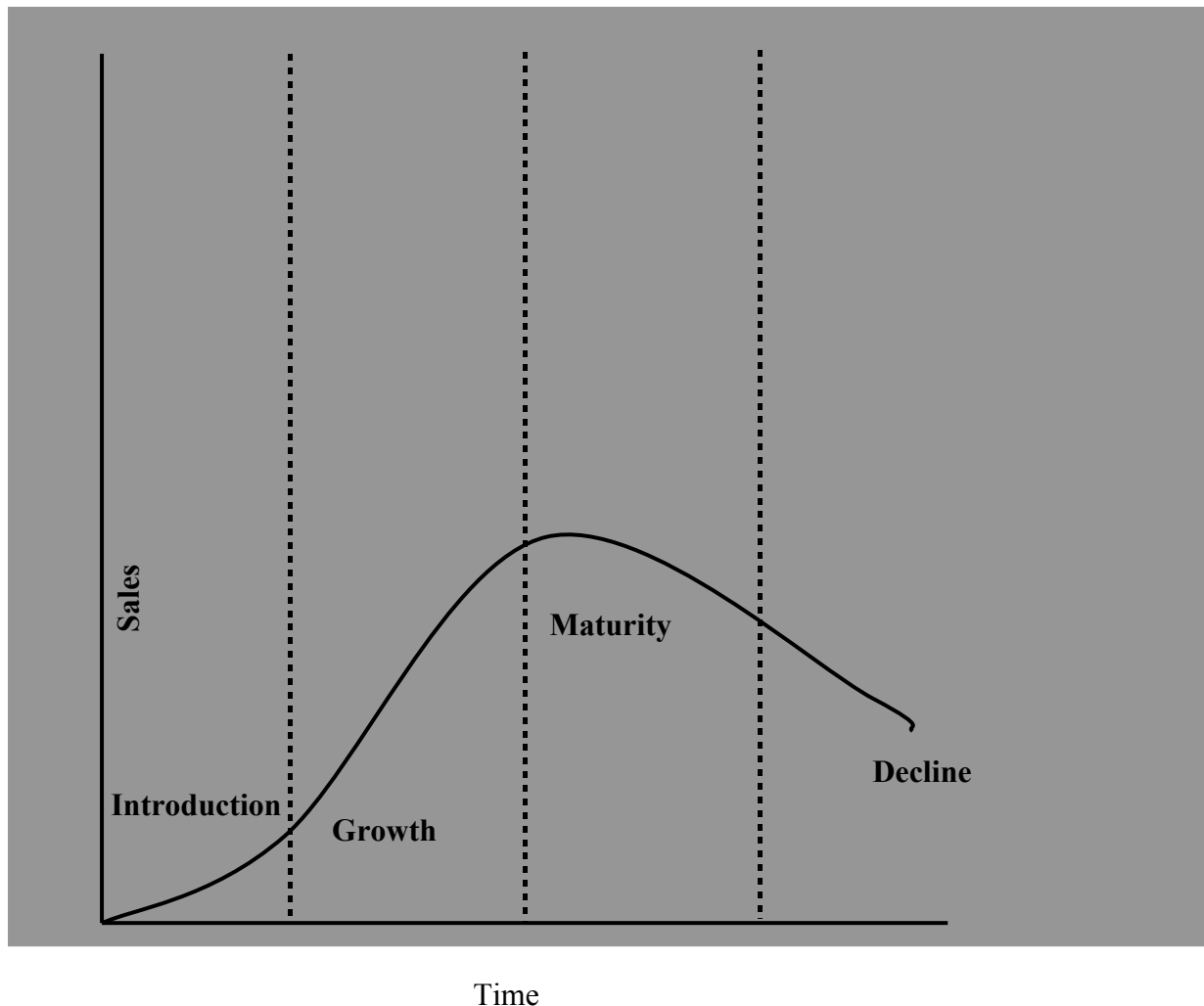


3.3.1 The Impact of Price on the Life Circle of the Product

All products and services are at some stage in the product life circle just as humans go through the life circle 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 discos 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 is usually linked with price. People only purchases a particular products 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 midprice clientele moved into the quick service sector. Figure shows the stages in the product life circle

Figure13.5: Product Life circle



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 which in turn affects them. 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 characterized by three factors namely number of sellers and buyers, entry-exit behaviour and product characteristics.

5.0 SUMMARY

This unit has highlighted the importance of the pricing systems in the hospitality and tourism industry which have been analyzed 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 analyzed 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 Assignments

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

SELF-ASSESSMENT EXERCISE 13:

Question: What do you understand by the term “market structure”?

7.0 References/Further Readings

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 14: Leadership and Management in the Hospitality and Tourism Industry

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 organizational 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 organizational goals. Modern management was invented to help new railroads, steel 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, organizations 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

After studying and reading this chapter, one should be able to:

- explain the term leadership
- distinguish the characteristics and attributes of leaders.
- differentiate between leadership and management.
- discuss 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, recognize individual contributions and celebrate accomplishment (Bennis, 2005, P. 45). Leadership theory and practice has evolved over time to a point where current practitioners may be identified as transactional or trans-formational 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 organizational 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

- * administers
- * is a copy
- * maintains
- * focuses on systems and structures
- * relies on control
- * has a short-range view
- * asks how and when
- * has an eye on the bottom line
- * initiates
- * accepts the status quo
- * does things right

The leader

- * innovates
- * is an original
- * develops
- * focuses on people
- * inspires trust
- * has a long-range perspective
- * asks what and why
- * has eyes on the horizon
- * originates
- * challenges it
- * does the right thing

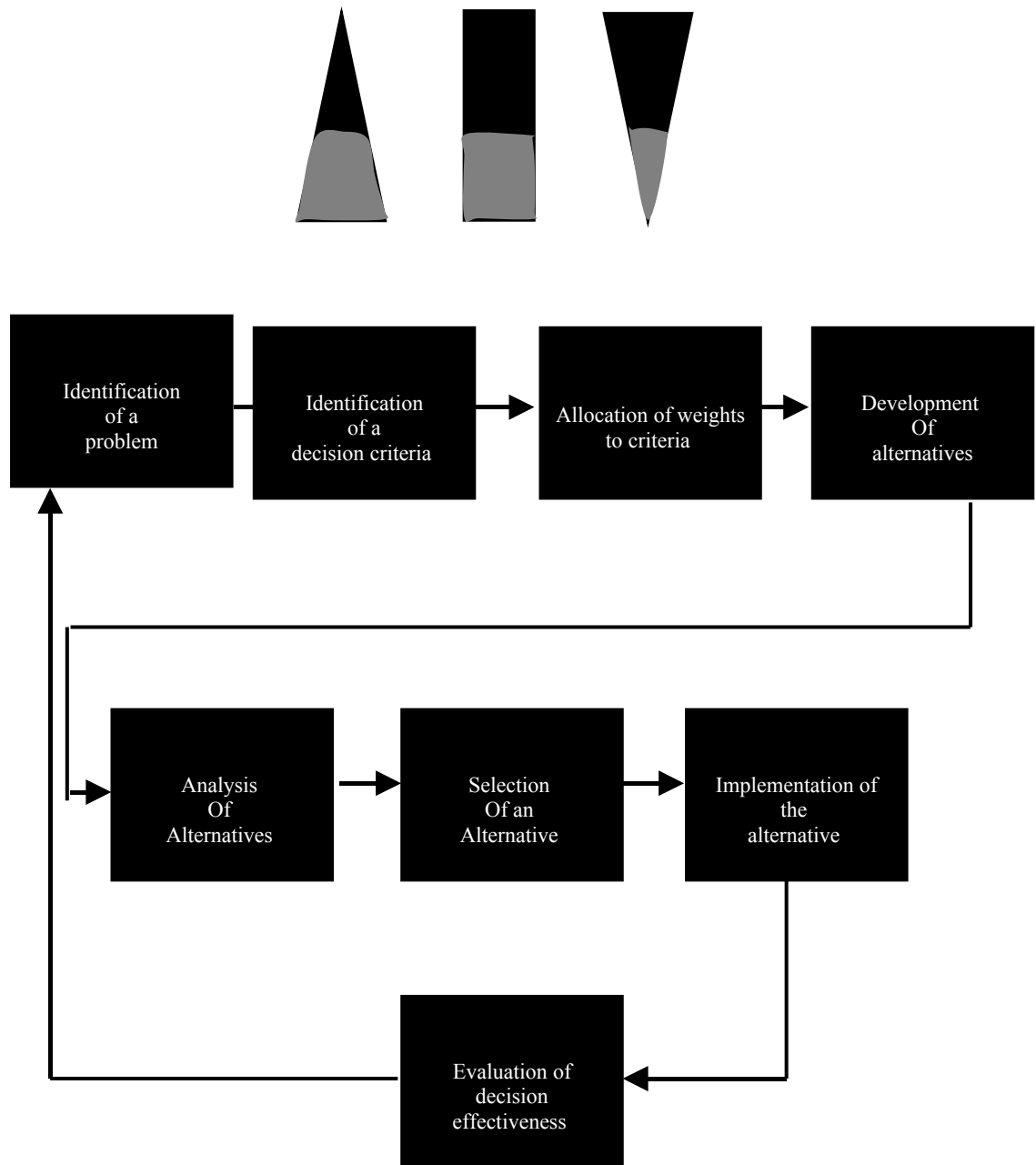
Leadership focuses on style and ideals, while management focuses on the method and process. Leadership does not produce consistency and order, it produces movement. As pointed out by Kotler, (1990, Pp.18-20), the following suggestions outline an approach to become a hotel leader not just a manager: enhance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

1. Identification and definition of problem
2. Identification of decision criteria s
3. Allocation of weights to criteria
4. Development of alternatives
5. Analyses of alternatives
6. Selection of alternatives
7. Installation of alternatives
8. Evaluation of effectiveness

Figure 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, organize, make decisions, communicate, motivate and control the efforts of a group to accomplish its goals. Management creates the direction the organization 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 organizations like a five star hotel, for instance, e.g., Hilton, Sheraton and Holiday Inn Hotels tend to focus on most of their own strategic planning. They also spend time on organizing and controlling the activities of the cooperation. Most top managers do not really get involved in the day-to-day running of the organization; 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 the management functions of forecasting, planning, organizing, communicating, motivating and controlling, there are other major skill areas. These are conceptual, human and technical. Conceptual skills enable top managers to view the organization 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. (see for example, White and Bedner, 2001, Pp. 405:415).

3.3.1 Corporate Philosophy

Corporate philosophy is changing from one managers planning, organizing, 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 organization. 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 the focus on the guest-related services. Whatever it takes is winning over its not my job innovation and creativity arte winning "that's the way we have land always done it". Successful organizations 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 is no set formular for a corporate philosophy. However, to be truly effective, a corporate philosophy must be unique to that particular organization. The

general and common organization, denominator of a successful corporate philosophy include the following:

1. A clear statement of purpose
2. a definition of the responsibilities of the business
3. adherence to principles ahead of profits

The most important element in maintaining an organization'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.

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 organizational goals are achieved through the efforts of subordinates. Managers have to forecast, plan, organize 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

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

SELF-ASSESSMENT EXERCISE 14:

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

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TSM 348: HOSPITALITY AND TRAVEL MANAGEMENT

UNIT 15: Labour Relations in the Hospitality and Travel Industry

1.0 INTRODUCTION

In understanding labour relations in the hospitality and tourism industry, we will have 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 are about to embark on strike, while the economist would regard labour as a commodity for which there is demand and of which there is a supply. But to really understand the term labour, it can be explained as those employee associations which are formed and organized 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 improve 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 organize a protest to any injustice against them came in 1842, in Massachusetts Supreme Court, which 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, one should be able to:

- explain the developments and growth of labour union.
- enumerate the main functions of the labour union
- discuss bargaining power and process
- discuss strategies, tactics and trade off involved in the negotiation of agreements.

3.0 MAIN CONTENT

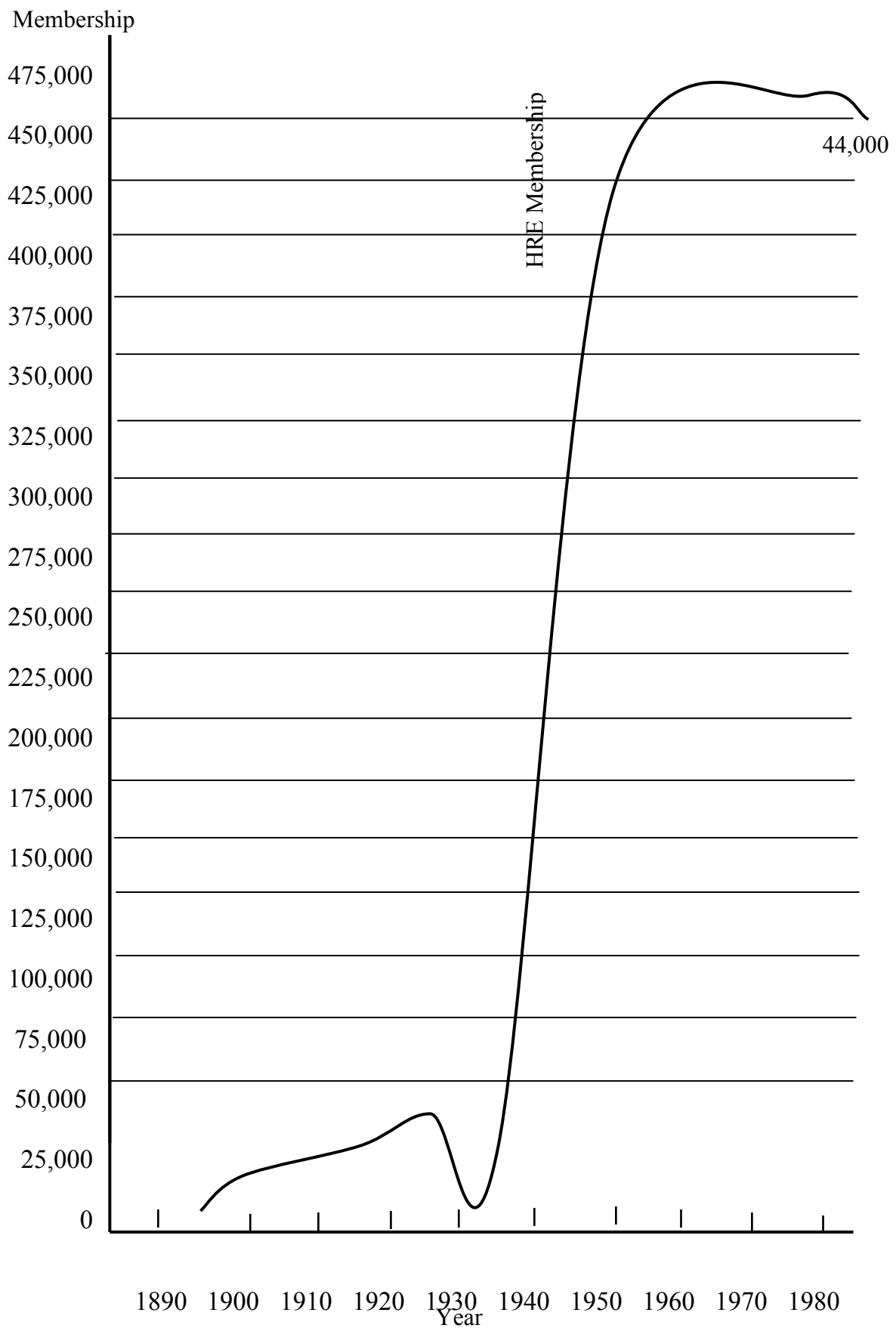
3.1 Development and Growth of Labour Unions

The growth and development of labour unions as noted in the introduction started in the fourteenth century, then it was still a punishable offence by some law courts. It was in the middle of the nineteenth century that the British parliament decided to protest 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 terrorize employers (see Shrank, 1999, p. 200).

Freedom from such medieval restraints on the right to organize 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).

Figure 15.1: Membership of the hotel and restaurant employees and bartenders international Union, AFL-CIO, 1891-1980

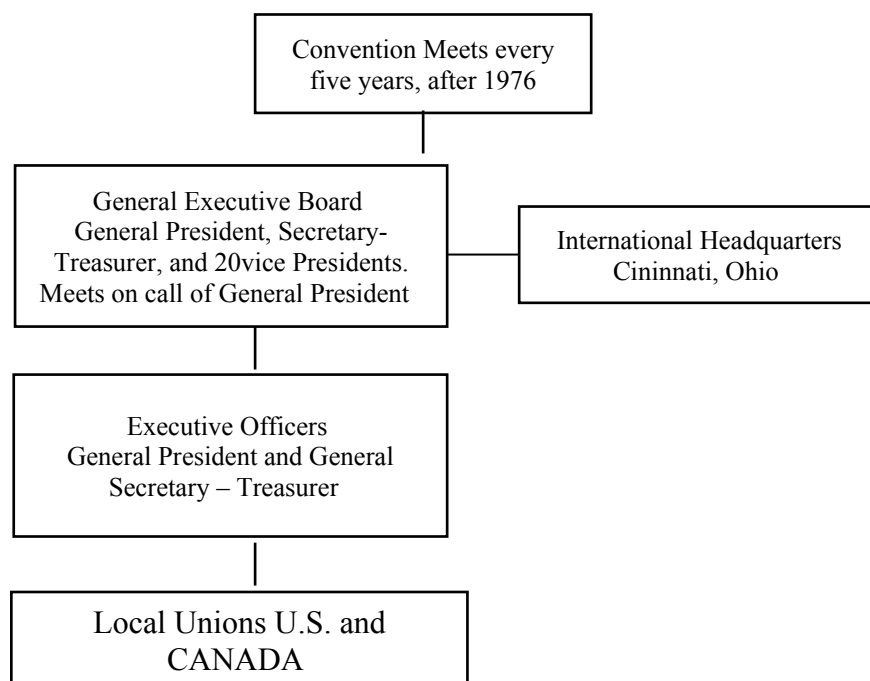


3.2 Unions of Hotel, Catering and Institutional Management

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 Fransisco, 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.

Figure 15.2: Structure of the Hotel Employees 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, the Wagner Act otherwise known as the national labour Relations Act. The Act sought “to protect the exercise by workers of full freedom of association, self organization 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 organization;
- to discriminate or give terms and conditions in order to encourage or discourage membership in any labour organization,
- 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 Harmonization Between Employers of Labour and Labour Unions

Despite the vigor labour union, organizations face in organizing 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 organizing campaign is in progress. Given 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 organizations can afford to make. Nonetheless, past experience suggests that employer union confrontations sometimes, occur unexpectedly that “first aid” in the form of the following 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 lines 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 organization. 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 organizers, 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 organizers 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, i.e. 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.

4.0 CONCLUSION

We see that labour is correctly identifying 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 in 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, there were three acts that were passed by congress in order to give labour autonomy and powers to challenge any indiscriminate and injustice against employees.

5.0 SUMMARY

Labour is an organization that looks after the interest of workers. It is used to protect employees from injustice, indiscriminate and any unfair treatment by exploiters of labour. In the early stage of the formation of the union, it faced a lot of negative pressure but gradually, congress saw to it that the union should be autonomous and be an independent body

6.0 Tutor – Marked Assignment

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

SELF-ASSESSMENT EXERCISE 15:

Question 15: Briefly discuss the Landrum-Griffin Act that was passed in 1959.

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BLURB

TSM 348: Hospitality and Travel Management

TSM 348 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.

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

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