

Subject: Tourism & Hospitality

Production of Courseware
 -Content for Post Graduate Courses



Paper: 07, Front Office Operations & Management

Module: 01, Introduction to Hospitality Industry



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Items	Description of Module
Subject Name	Tourism & Hotel Management
Paper Name	Front Office Operations & Management
Module Title	Introduction to Hospitality Industry.
Module Id	Module no-1
Pre- Requisites	Basic knowledge about tourism and hospitality
Objectives	To study the meaning and concept hospitality & hospitality industry, its sectors and characteristics
Keywords	Hospitality, Travel & Tourism, Hotel, Lodging Industry

QUADRANT-I

Module 1: Introduction of Hospitality Industry
1. LEARNING OUTCOME
2. INTRODUCTION TO HOSPITALITY
3. CONCEPT OF HOSPITALITY INDUSTRY
4. SECTORS OF HOSPITALITY INDUSTRY
4.1 LODGING/ ACCOMMODATION
4.1.1 TYPES OF HOTEL
4.2 FOOD & BEVERAGE
4.3 TRAVEL & TOURISM
4.3.1 SECTORS OF TRAVEL & TOURISM
5. FEATURES/ CHARACTERISTICS/ NATURE OF HOSPITALITY INDUSTRY

1. LEARNING OUTCOME

After completing this module students will be able to:

- Understand the meaning of Hospitality
- Concept of Hospitality Industry
- Complex Structure of hospitality industry
- Various sectors of Hospitality industry
- Characteristics/ Features/ Nature of hospitality industry

INTRODUCTION TO HOSPITALITY INDUSTRY

2 INTRODUCTION TO HOSPITALITY

Hospitality is the act of kindness related to welcoming and looking after the basic needs and requirements of customers, mainly in relation to accommodation, food and drink. The dictionary defines hospitality as: "The friendly and generous reception and entertainment of guests. Hospitality refers to the relationship process between a customer and a host. In Oxford English dictionary hospitality is defined as: "the act or practice of being hospitable; the reception and entertainment of guests, visitors or strangers". Hospitality can be defined as the generous and cordial provision of services to a guest. The term 'hotel' has common root with the notions of hospitality, hoteliery, hospital, hospice and host. The notion of 'hospitality' can be described as "the spirit, practice, quality or act of receiving and treating strangers and guests in a warm, friendly and generous way without any consideration for the reward and/or return. Bennett and Tibbits (1989) opine that 'hospitality' must be internalized throughout the entire system and at all levels of the organization. In other words, by restricting the perception of hospitality metaphor to courtesy and complaint handling skills of front line employees (front office in a hotel), it addresses only to one dimension of host-guest relationship. Hospitality is commonly defined as something related to the friendliness, kindness and hospitableness. The term 'hospitality' is often used in a wider community and organisation in order to describe something related to the friendliness, kindness, and hospitableness provided by the host.

3. CONCEPT OF HOSPITALITY INDUSTRY

Hospitality Industry comprises of companies or organizations that provide food and/or drink and/or accommodation to people who are staying "away from home". Many people have described the

hospitality industry in different ways. Some have tried to summarize the scope of the hospitality industry and its characteristics of involving both tangible and intangible features in the service delivery process. Others attempted to describe the industry by exploring the stakeholders involved, mutual benefits generated and the industry's impacts to the society and economy. According to Lashley (2000) the Joint Hospitality industry Congress defines hospitality as 'The provision of food and/or drink and/or accommodation away from home'. King (1995) identifies a difference between private and commercial hospitality, where private is defined as 'acts by individuals towards individuals in a private setting such as the home' and commercial hospitality is defined as 'meals, beverage, lodging and entertainment provided for profit'.

Knowles (1996:2) further describes the hospitality industry as 'any combination of the three core services of food, drink and accommodation...a blend of 'tangible and intangible elements - and the service, atmosphere and image that surrounds them.'

The above definitions give clear idea about hospitality and hospitality industry but these definition define the hospitality industry from consumer point of view not the sector perspective.

On basis of above definitions it can be concluded that the hospitality industry is a broad category of fields within service industry that includes lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry and further hospitality and hospitality industry may be understood as:

- The friendly and generous reception and entertainment of guests.
- The act or practice of being hospitable; the reception and entertainment of guests, visitors or strangers with liberty and goodwill.
- generous and cordial provision of services to a guest
- the spirit, practice, quality or act of receiving and treating strangers and guests in a warm, friendly and generous way without any consideration for the reward and/or return.
- Hospitality is commonly defined as something related to the friendliness, kindness and hospitableness.
- Hospitality Industry includes the companies or organizations which provide food and/or drink and/or accommodation to people who are "away from home".

- Hospitality industry is a broad category of fields within service industry that includes lodging, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry.
- Hospitality comprises a blend of tangible and intangible products, security, physiological and psychological comfort to the guest.

4 SECTORS OF HOSPITALITY INDUSTRY



Source: <http://study.com/cimages/videopreview/7gktzefoe2.jpg>

Hospitality industry can be categorized into 4 sectors.

- a) Lodging- Accommodation
- b) Food & Beverage
- c) Travel & Tourism
- d) Sports & Entertainment



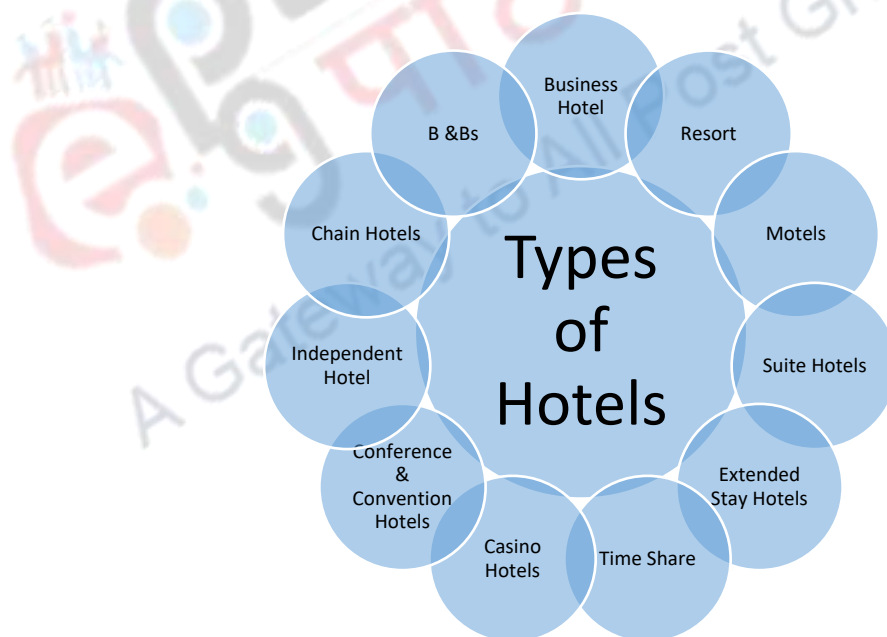
4.1 A) LODGING/ ACCOMMODATION

Lodging or accommodation is important and broad sector of hospitality industry. This sector of the hospitality industry features from luxurious hotels to exotic resorts and campgrounds. This sector has wide scope ranging from B & B establishments to wide amenities a hotel can offer. During travel the most important facility traveler would require is accommodation. Lodging sector provide wise range of products and facilities to its guest ranging from average room, facilities to luxury suites and peace and calm place to live which is close to nature to hotel in the heart of the city which is near to all important business center.



Source: http://www.ehl.edu/sites/ehl.edu/files/styles/660x389/public/bellagio_casino_wwikipedia_stock.jpg?itok=7Xprzm0z

4.1.1 TYPES OF HOTELS



Some important hotels are discussed below

- **Business Hotels:** - These hotels primarily cater to business travellers and usually located in downtown or business districts.
- **Airport Hotels:** - These type of hotels target clientele are airline passengers who have overnight travel layovers or cancelled flights and airline crews or staff. Some Airport hotels charges the guest by hour instead of normal daily night charges.
- **Resort Hotels:** - Resort hotels are usually located away from cities at exotic location such as in the mountains, on an island, or at beach. These hotels have recreational facilities such as scenery, golf, tennis, sailing, skiing and swimming, trekking, camping and so on.
- **Suite Hotels:** Such hotels have suit rooms consist of a living room and a separate bedroom. Business men and executives consider suite hotels very attractive as they can work and also entertain in an area besides the bedroom.
- **Bed and Breakfast / Homestays:** These are houses run by husband and wife. These houses offer rooms for travellers with basic facilities. They are also known as 'Home Stay's'. The owner of the B&B usually stay on the premises and is responsible for serving breakfast to guest.
- **Extended Stay Hotels:** - Extended stay hotels is somewhat similar to the suite hotels. But offers kitchen amenities in the room. These kind of hotels are for those who have long planning to stay specifically wants to stay more than a week and does not want to spend on hotel facilities.
- **Timeshare / Vacation Rentals:** - Another new type or segment of the hospitality industry is the timeshare hotels. These are sometimes referred to as "Vacation-interval" hotels. Timeshare hotels are where the guests who purchase the ownership of accommodations for a specific period. These owners may also have the unit rented out by the management company that operates the hotel.
- **Casino Hotels-** Hotels with gambling facilities are called Casino Hotels
- **Conference and Convention Centres:** - These type of hotels focus on meeting and conferences and overnight accommodation for meeting attendees. They also provide video conferencing facility, audio visual equipment, business services, flexible seating arrangements, flipchart etc.

These hotels mostly located outside the metropolitan areas and have facilities like golf, swimming pools, tennis courts, fitness centres, spas etc.

- Independent / Single Owner Hotels - They do not have identifiable ownership or management affiliation with other properties. Example for the same would be family owned and operated hotel that is not following any corporate policies or procedures.
- Chain hotels- Hotels which are part of a hotel chain and these kind of ownership usually imposes certain minimum standards, rules, policies and procedures to restrict affiliate activities. In general the more centralised the organisation the stronger the control over the individual property.

4.2 FOOD & BEVERAGE

Food and beverage is an important and wide sector of the hospitality industry. People always look forward to food whenever they travel. Moreover people have started visiting other regions for food tourism. People travelling to different countries like to taste local cuisines. It starts with food production and ends at food service on the eating tables, with storage and cooking steps resting in between. Food and beverage sector range from simple local restaurant to a fine dining restaurant. This sector also covers fast food joints, catering businesses, take away, and transport catering etc. Apart from different types of outlets most hotels operate multiple Food and beverage outlets, products and services such as bar, fine dining restaurants, coffee shop, Banqueting, Lounge etc.

Broadly Food & Beverage sector can be categorized on three basis.

1. **Quick-service Establishments** – These are commercial foodservice restaurants that compete for customers who look for quick snacks, drinks, and meals. Typically, these are self-service eating outlets with few employees. Examples can be McDonald's, KFC, Subway, Pizza Hut, Take Away restaurants, Vending Machines etc.
2. **Catering Businesses** – This category provides food and beverage catering services for any special occasion such as wedding party, birthday celebration, Anniversary etc.
3. **Full-Service Restaurants:** These are typical speciality restaurants which offer course meals and drinks. These full- service restaurants range from fine dining to casual dining to

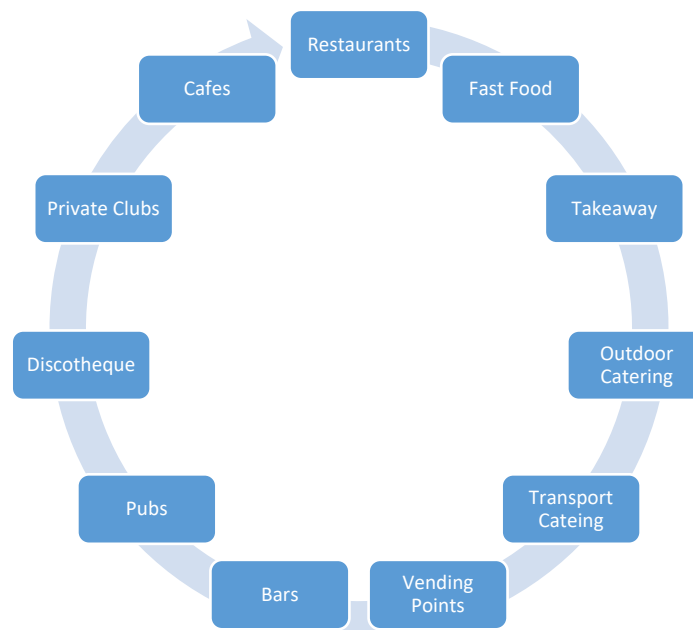
themed restaurants. These provide highly personalized services to the guest for instance assist the guest in sitting, in taking order, serve food at table.

There can be huge list if we start categorizing food service industry. Some of important types of F & B outlets are listed below.



Source: <http://www.theriverside.co.uk/images/Inside-Restaurant.jpg>

Food and Beverage Sector



4.3 TRAVEL & TOURISM

Travel and tourism industry is a one of the important sector of the hospitality industry with lots of opportunities and scope across the globe. This is a complex industry made up of many different businesses, the common theme being that they provide products and services to people who are travelling from one place to another place. The most usually accepted definition of tourism is that provided by the World Tourism Organization: ‘Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.’ The travel and tourism industry is one of the biggest and fastest growing industries. According to World Tourism Organization that tourism is the fastest growing economic sector, bringing foreign exchange earnings to countries and creating jobs. Tourism is one of the largest and important sectors of external economic activities. This sector brings high growth and development, foreign currency, infrastructure development, new management and educational experience which positively contribute to the social and economic development of the country as a whole. It would not be wrong to say that travel & tourism is most important segment of the hospitality industry and others depend on it.

Based on the UNWTO definition on tourism, tourism could be categorized as:

A) Domestic Tourism

It is concerned with travelling within the country. It does not need a passport and visa or conversion of one currency into another. Domestic tourism may range from local excursion, regional trips to national

level travels. Example: A person, who lives at Delhi, takes a business trip to Mumbai is considered domestic tourist.

B) International Tourism

This kind of tourism is the movement of inbound and outbound tourists across the border where tourists are entering into a new country or by leaving their country of origin for experiencing new destinations. An international tourist crosses the boundaries of many countries, uses different currencies, faces different languages and meets different types of people. This tourism requires lot of legal formalities like visa, passport, and currency exchange. International tourism can further be divided in to two types:

a) Inbound Tourism - This type of tourism refers to condition where a tourist is entering into a country other than the origin country. For example if someone from Canada visit India he/she is inbound tourist for India, outbound tourist for Canada.

b) Outbound Tourism - This refers to tourist who is leaving his/her country of origin for another country. For example if someone from India visit America, he/she is outbound tourist for India and inbound tourist for America.

Travel & Tourism industry is a complex industry made up of many sectors. Travel & tourism sector consists of lodging sector, transportation sector, ancillary services, trade organizations and most important travel agencies and tour operators in a role as “middlemen,” who combine tourism activities and work a link between customers and tourism service suppliers (airlines, hotels, restaurants, car hire companies and companies that operate reception services at destinations) and thereby promoting the development of the hospitality industry.

4.3.1 SECTORS OF TRAVEL AND TOURISM



Accommodation is discussed above in detail.

I) Attractions

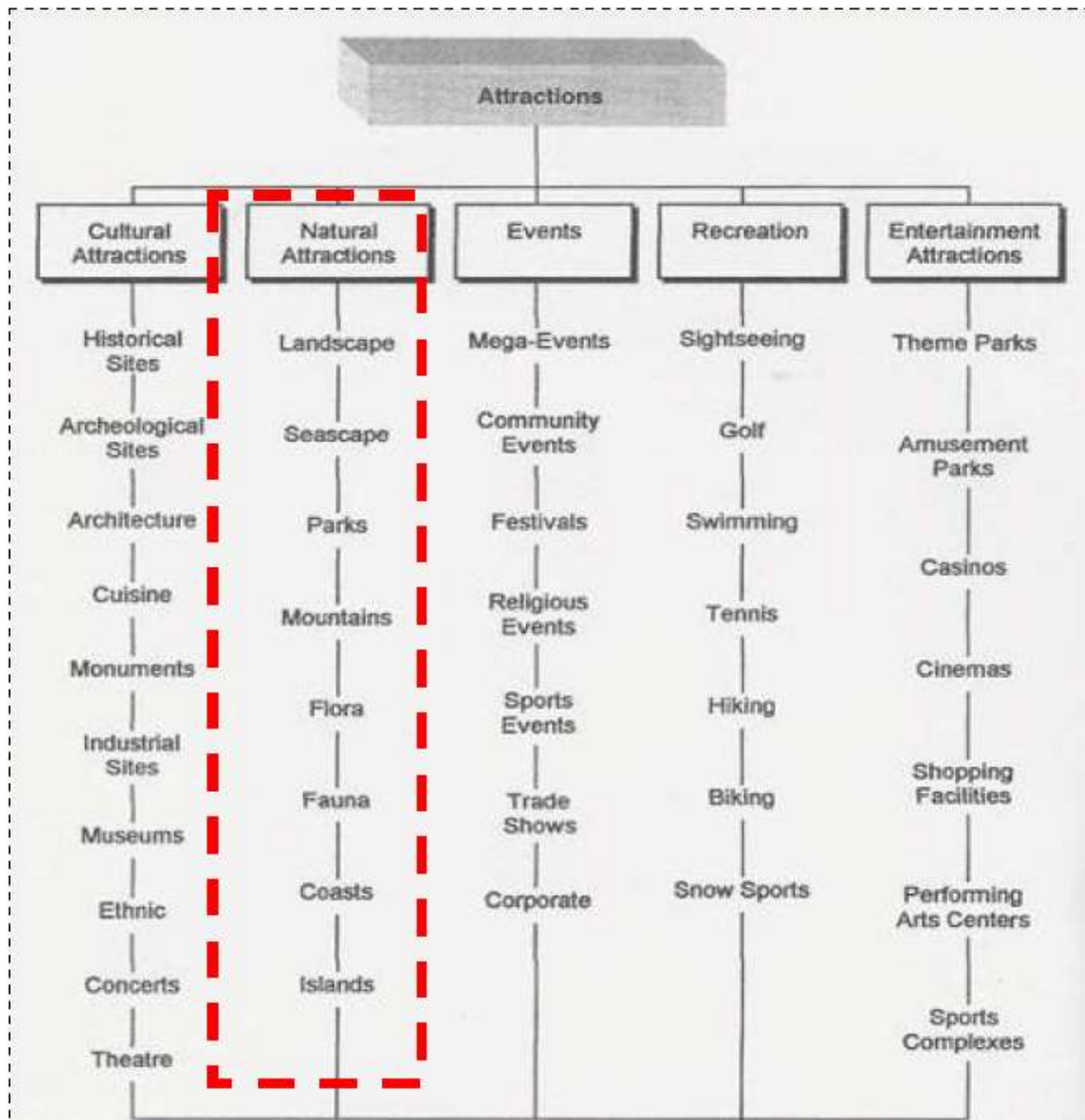
A tourist attraction is a place of interest where tourists visit for its inherent or exhibited natural or cultural value, historical significance, natural or manmade beauty or offers leisure, adventure and amusement. Attraction towards a destination could be climate, culture, vegetation or scenery or specific to a location, such as a theatre performance, a museum or a waterfall. An attraction is a

destination that pulls a person to it. Attractions are the main pull factor of tourist flow. Without these attractions, there would be no need for other tourist services. However, the attractiveness of a destination vary from tourist to tourist, In general, tourist attractions can be categorized into two types: natural attractions and man-made attractions.

(A) Man made attractions are physical structures (Red Fort at Delhi) or events (Kite Festival at Gujrat).

(B) Natural attractions are physical phenomena deemed unusual and /or beautiful (weather, snow fall, hills, mountains, sea).





Source: Goeldner, Charles R, Ritchie, J.R. Brent, McIntosh, Rober W, Tourism – Principles, Practices, Philosophies, 8th ed., Wiley, 1999, p.217

II) Travel Agents

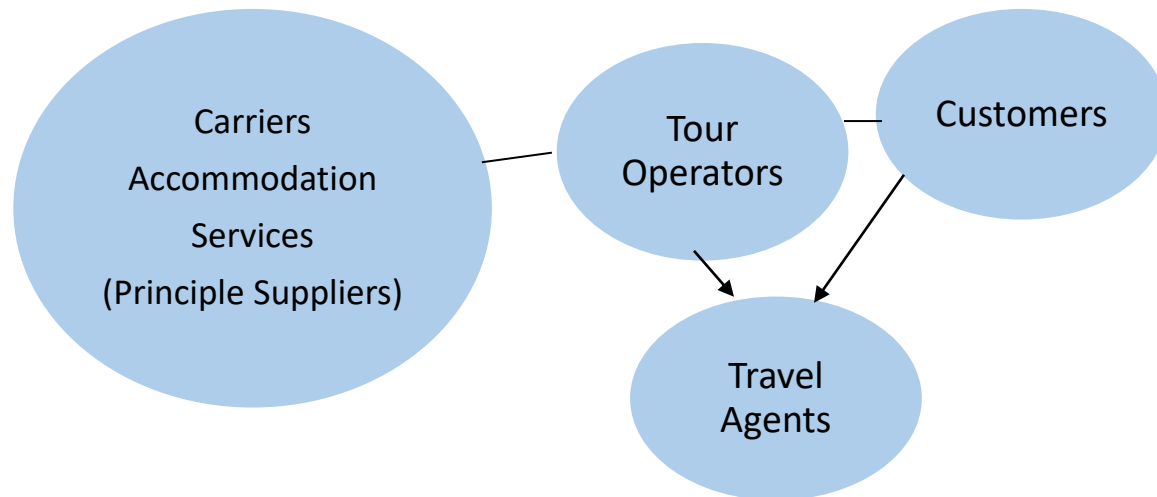
Travel agents help the travelers to plan their trips usually during vacations. They provide assistance to tourists for planning and purchasing of tour components right from airline tickets, car rentals to resort stays and attraction tickets. Tour operators assemble all the services together and make a tour package which includes everything from arrangement of appropriate transport to hotel stay and restaurant reservations to tour guides, theater reservations, and sports lessons. Most of the essential services are primarily provided by travel agents including transport (road, rail, air and water), accommodation, passport, and visa procuring facilities, foreign exchange and also guidance and information about the places of travel. Many travel agents sell packages on commission basis offered by inbound operators. Travel agent is a retailer and sells the tour package on behalf of wholesaler (tour operator). Travel agent work in horizontal integration with the purpose to gain maximum business and revenue. They act as intermediary between tour operator and customer for selling the tour packages. They earn commission for selling of tour packages of tour operators. They also act as local agent to confirm the services booked by tour operators.

III) Tour Operators

Tour operator links customers (tourists) and primary service providers (Hotels, Airline, Railways). Tour operators are also called wholesaler and they are the destination promoters. They purchase the services in advance from service providers and distribute them through the channel in an organized manner. Services are sold in different price tag to customers directly or through the middlemen (Travel Agent). Tour operators develop travel itinerary and deliver all the services which have been offered in the itinerary. They also customize the packages as per the requirements of customers. They operate in a system. They sign long- term contracts with all the principle suppliers such as air carriers, hotels, cruise liners, and other suppliers. Tour operators may own one or two component of tour (Transport,

Hotel). They print brochures displaying each component of services. Package tours are sold through travel agencies or directly to customers.

Connections of Tour Operators



—— Sales of goods/ services

——→ Arranging a sale for commissions

IV) Ancillary Services

Ancillary services refer to organisations having a supporting role by offering related products and services. Travel agency sells holiday packages and services related to travel such as flight tickets, railway reservation, car rental and so on. But they offer wide range of other services to the travellers and earn extra revenue for example they offer insurance services to the travellers, foreign exchange, car hire, tour guiding, arrangement of theatre or event tickets. Travel companies earn commission on the sale of these services so ancillary services are an important source of extra income. There are a growing number of companies that specialise in offering ancillary services.

V) Transportation

Accessibility is key to success of travel & tourism industry. A transport system acts as a bridge between places of tourist origin and destination. It provides accessibility to its tourist places. Tourism planning is not possible in a region without development of transport system. The system consists of a network of routes or means of transport and the modes of transport. The modes of transport refer to aircraft, ships, steamers, cars, taxis, luxury coaches, buses and the railway trains. Taxis, cars, motor like auto-rickshaws, tonga, mopeds, bicycles and trams are particularly important as items of local transport. These help in carrying the travellers from airports, bus-stands or railway stations to hotels and tourist sites within a city. It is the capacity of a transport system which determines the size of tourist traffic, the increase or decrease in the pace of tourist flows. Beside this the provision of comfortable seats, reasonably high speeds and discounts & offers in air fares are other important criteria for selecting a particular mode of transport.



Source: <https://www.nesdis.noaa.gov/sites/default/files/assets/images/transportation.jpg>

Road- private car, coach, taxi, bus, bicycle, recreational vehicles

Rail- regional services, inter-city routes, high-speed services, steam trains

Water- ferries, cruise ships, yachts

Air- scheduled services, charter flights, air taxis

VI) Trade Associations

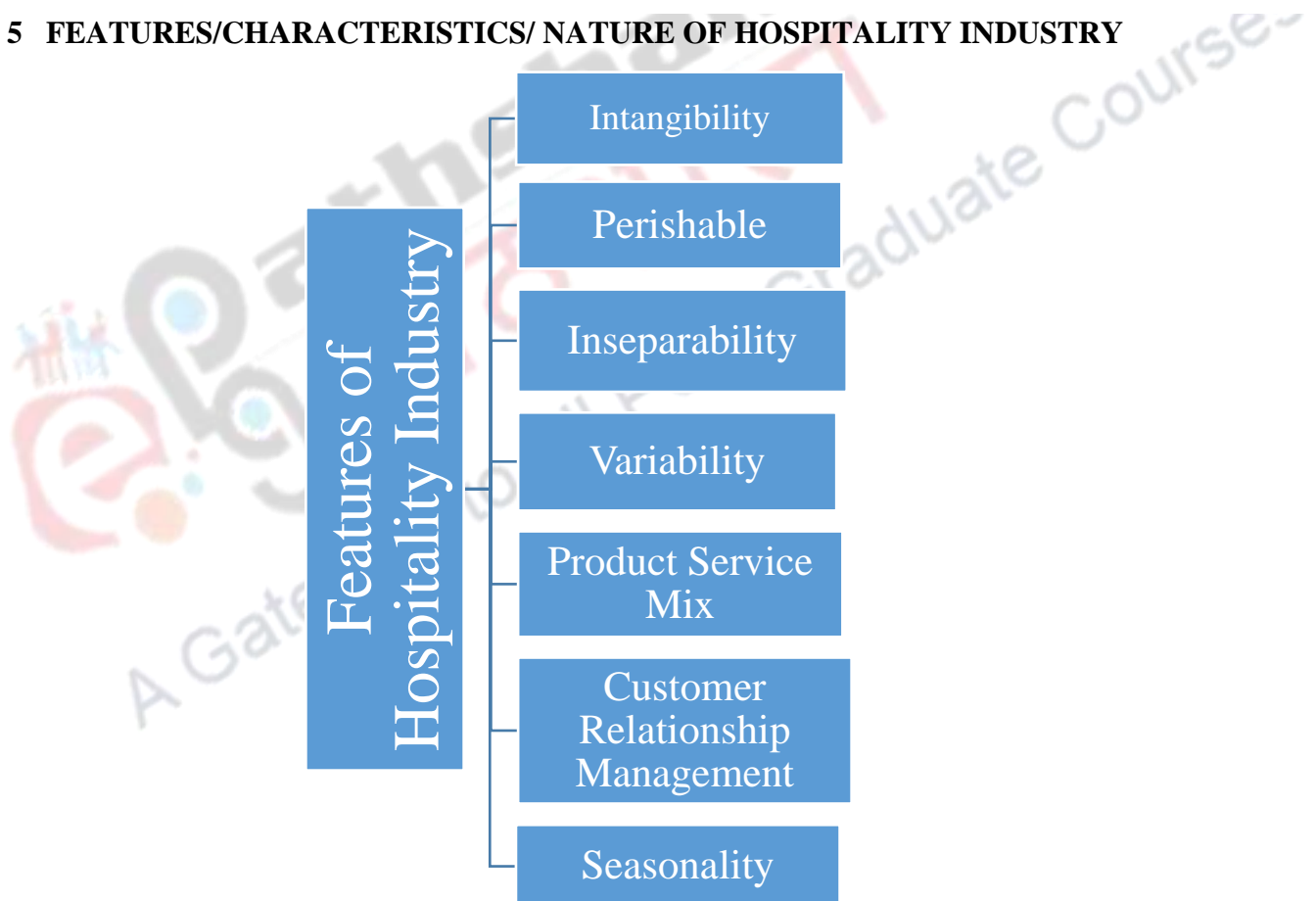
There are a number of travel trade associations like TAAI, ICAO, ASTA, IATA, and PATA, WTO, that are quite active in the Promotion of travel trade at global. Tour operation business is governed by government policies and programmes. This business involves handling for foreign tourists, receipt of foreign currency, processing of travel documents and operating in protected areas, including restricted travel areas. Thus, there is a need for travel trade associations to represent the interests and issues to the government or any international tourism or allied bodies. Trade associations are set up to represent the interests of companies operating in particular industry sectors and to make sure that the voice of the sector is heard. Many trade associations draw up codes of conduct which lay down the minimum standards under which member companies are expected to conduct their everyday business with customers and suppliers. An industry trade group is also known as a trade association or sector association. These are the organizations founded and funded by business enterprises to be united to work for the common cause and interest. An industry trade association participates in public relations activities such as advertising, education, political donations, lobbying and publishing. Its main focus is collaboration between companies and standardization of business. Associations conduct conferences, workshops or charitable events or conducting training programmes or distributing reading materials for creation of human resources. Regulatory bodies exist to make sure that all travel and tourism operators serve the travelling public safety fairly and efficiently. They are found at different levels.

a) Global Level- ICAO (International Civil Aviation Organization) and IATO (International Air Transport Organization regulate international air transport services are travel & tourism trade organization who work for promotion and growth of this sector at global level.

b) National- IATO, TAAI and FHRAI are national trade organizations who work for the promotion of travel tourism and hospitality trade.

c) Local - The local authorities carry out inspections on matters such as restaurants and other food premises, trading standards and inspections of hotels to establish the adequate facilities at destination.

5 FEATURES/CHARACTERISTICS/ NATURE OF HOSPITALITY INDUSTRY



1) Intangibility

Products are tangible and Services are intangible in nature. Hospitality products are services which are intangible in nature. Intangibility is often used to describe the services that cannot be seen, tasted or touched. A service is made and delivered on spot and hence it cannot be measured as easily as a tangible product.

We cannot taste the food in a restaurant before we place an order. First we have to order for it and then we expect that it is good in taste. Thus, unlike products, services cannot be touched or felt beforehand. They have to be first ordered and then they become tangible. Basically hospitality products are fundamentally experiences. Besides this intangibility implies that buyers are not sure about the experience they are going to get after consumption of services. That is why consumers ask for detailed information regarding the hospitality product before purchase. Service providers need to focus on each element of the product they offer to their consumers. As they are selling dreams to their consumers. And if these dreams are not fulfilled it will result in poor experience or dissatisfaction.

For example – if consumer have paid for an online room booking but he/ she has no idea how her/ his stay will be. At best, she/ he rely on the promise of the hotel that the stay will be an experience to remember. But again, there is nothing tangible about that promise.

11) Perishable/ Limited life span

One of the crucial factors / problems faced by marketers is the perishability factor in services marketing. Perishability is one of the most important characteristics of the hospitality industry. The products/services in the hospitality industry are consumed as they are produced. Hotel rooms and air craft seats cannot be warehoused for futures sales. When a hotel room is not booked tonight, it can't be stored today and sold tomorrow. Once the train left the station, unused capacity cannot be sold afterwards for same time period. Hospitality products cannot be stored so, if not consumed they are waste.

111) Inseparability

Products are usually created, stored, purchased and then used, while the hospitality products are purchased first and then produced and consumed simultaneously, at the same place and time. Most travel products are first sold and then produced and consumed at the same time. This is an aspect which clearly sets tourism apart from tangible products. When you buy a new computer it is produced and shipped before you see it on the website or at the retailer's premise. The consumption of that computer – using it – takes place after purchase at your home. You cannot take the hotel room home – only the small bottles of shampoo and toothpaste. And you cannot enjoy the alpine sleigh ride in your living room. Tourism products can only be consumed at the supplier's premise. This implies that services cannot be separated from their providers and, therefore, consumers have to travel to the location of the product, not vice versa.

1V) Variability

Hospitality product/ services vary from hotel to hotel, time to time as each service is unique. It is one-time generated, rendered and consumed and can never be exactly repeated as the point in time, location, circumstances, conditions. The quality of the product may vary greatly, depending on who provides them and when, where, and how. It happens when the quality of services varies due to who provides them. When there is less number of guests, services are more specific and polite. If there is large number of guests, service provider tend to be busy and might lose some service to the guests. Buyers often give their feedback to others about the service provider. Sometimes two buyers give different feedbacks about the same product consumed by them due to variability.

V) Product -Service Mix

In hospitality industry, customers consume mixture of products and services. For example, one who dines in a restaurant will not only pay for the food and drinks but the services provided by the servers. The bill has covered both tangible and intangible experience.

Tangible features- for example, a steak as the main course, a glass of drink, well groomed service staff and decoration of the restaurant.

Intangible features- a comfortable dining atmosphere or the friendly attitude of staff.

A successful hospitality business not only delivers its products and services to their customer but also takes care of delivery. The qualities of staff and the way they deliver the service are important than the tangible products in making a hospitality experience satisfactory or unsatisfactory. Hence, the two features can contribute to the total experience in the service delivery process.

VI) Customer Relationship Management

Building strong relationship with customer is important for their retention within the hospitality industry. The hospitality industry highly depends on repeated customers for survival. For generating stable revenues building long term relationship with customers can benefit the organizations regardless of the fluctuation in the demand. Not only has this customer relationship helped in strengthen the brand reputation through positive word-of-mouth through repeated customers. In order to develop brand loyalty different methods are currently applied by the lodging and food service sectors, such as membership programmes which give privileges and incentives to frequent customers Such as Marriott hotel rewards.

VII) Seasonality

The hotel industry is characterized by seasonality, which plays a major role in acquiring the customers or determining the consumer behavior. Customer demand and expectations fluctuate according to seasons which are categorized as Low/lean and High/Peak. The peak season attracts more tourists than other seasons and its recurrence has resulted to perpetual trends in the hotel industry. In lean seasons consumer demand is very low. Due to fluctuations in demand during the off-season, operators are often challenged to manage their revenues. Hence it becomes essential for hotel operators to understand the seasonality of the regions, so that they can run their operations efficiently by for instance upgrading their infrastructure and facilities well in advance.

SUMMARY

It can be concluded that hospitality industry is integration of many other service industries such as lodging, F & B, transportation, entertainment industry, event planning, theme parks, cruise line, and so on. Growth of each industry is dependent on other's industrial growth. But one of the most defining aspects of all industries is that each sector under hospitality industry focuses on customer satisfaction. Another defining aspect of all sectors of hospitality is its reliance on disposable income and leisure time. Hospitality Industry offers unlimited opportunities to youngsters. Hospitality industry helps or boosts the economy of the country by creating employment opportunities for the locals by paying various taxes to the government. This industry also helps promoting local traders through tourist shopping at destination. The growth of hospitality businesses offers many opportunities to even small operators and communities. This is why numerous developing as well as developed countries all around the world are encouraging the growth and development of hospitality industry.