





A felsőfokú oktatás minőségének és
hozzáférhetőségének együttes javítása a
Pannon Egyetemen

EFOP-3.4.3-16-2016-00009



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Introduction to Hotel Operation

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Introduction to Hotel Operation

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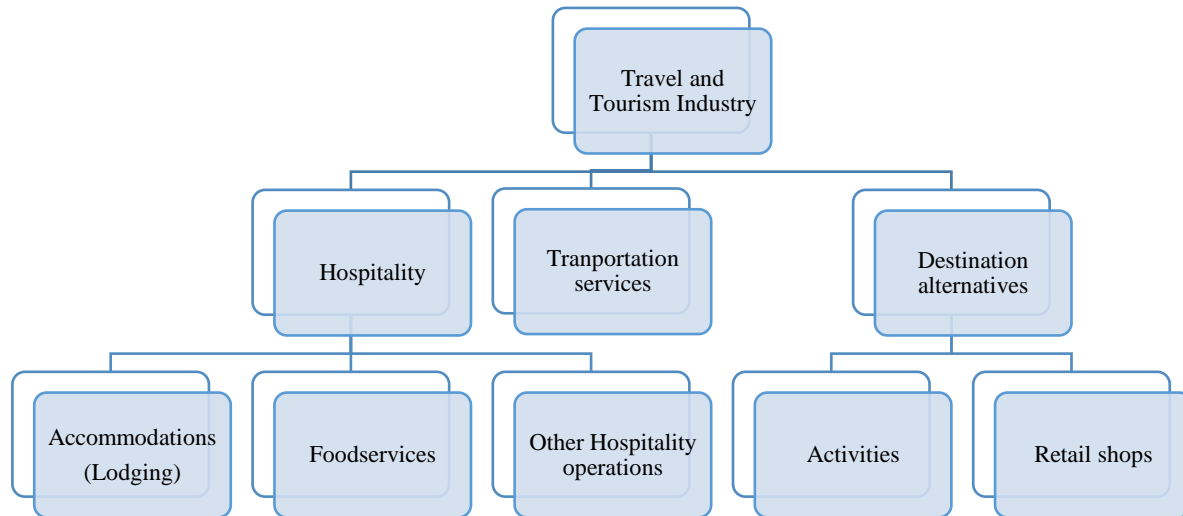
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Hotel concept



Source: Ninemaier, J. and Perdue, J. (2005) Hospitality operations: Careers in the world's greatest industry, p. 4 Upper Saddle River, NJ: Pearson Education, Inc.

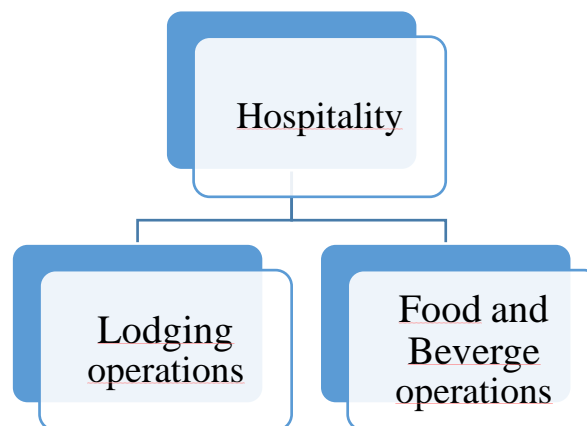
The figure shows that the hospitality sector is part of the Travel and Tourism Industry, which also contains transportation services and destination alternatives. Transportation services contains all those companies which are providing transportation services such as airlines, car rentals, trains, busses or any other means of transport. Destination alternatives can be divided into activities and retail shops. Activities can mean cultural or sporting, recreation tours or events. The retail shops include any stores or shopping malls which is often visited by tourists as well.

Accommodation segment

Lodging

- Hotels
- Resorts (Time-shares, Condominiums)
- Conference centres
- Camp/Park lodges
- Bed/Breakfast (Inns)
- Other accommodations

The accommodation segment consists of several accommodation facilities not only hotels. This is only one typology but it shows that hotels are not the only opportunities for guests to stay.



The hospitality sector can be separated for Lodging and F&B operations. This book focuses on only lodging.

The definition of hotel can be the following:

an establishment providing accommodation, meals, and other services for travellers and tourists, by the night

Oxford Dictionaries, 2013

Hotels need to have at least 6 letting rooms with 3 attached bathrooms and hotels are categorised to 1-5 stars.

<http://www.businessdictionary.com/definition/hotel.html>

The hotel always has to be profit oriented, and it provides accommodation for only short term or temporary stay. The hotel mixes production, trade and service functions and besides restaurants it provides other kind of common rooms for guests. It should provide high quality comparing to other kind of accommodations and the minimum number of rooms or beds are mostly determined by the regulation of the different countries.

The guest and the hotel have different perspectives concerning the hotel. The guest has different motivation in staying in the hotel, some of them stay there for longer or a longer time. They seek to find a place which will be a home away from their own homes. They need the services which are provided for them at home as well.

The hotel has three functions: production, trade and service. Production happens in the kitchen of the hotel which works like a factory. Trade is done for example in case of the minibar, where the hotel does not change the exact product only sells it. Service is happening everywhere in the hotel starting by the accommodation service itself.

Task:

Work in pairs or groups of three, choose a country (preferable one of yours) and find out the regulations for the hotel. What can be called a hotel? What is the difference between an inn and a hotel? Make a presentation and use examples in your argument.

History

The following chapter introduces the history of the hospitality and hotel sector. Although the history of hospitality starts in the ancient times, this chapter will concentrate on the massive development of the 20th century. There is information about the international, Hungarian and American hotel sectors.

As it has already been mentioned, the hospitality sector has been existed for thousands of years. The Roman Empire is a good example of the development of the hospitality business, because they had different establishments for pubs and inns which provided different services like F&B, horse rental, accommodation or spa etc.

Also in the ancient Greece accommodation facilities were needed for mega events like the Olympic Games, so there were some temporary service providers in the destination as well.

As travel and transportation developed there were more and more services provided for the tourists. For luxury guests in Louis XIV.'s court a new palace has been built which had a name close to term hotel. The stagecoach routes required changing of horses and places to get F&B services, so there were a lot of inns open near the stagecoach routes.

When mass tourism began, everything started to develop quickly. In the 20th century, there were already 10000 hotels and there were a slogan ,A bed and a bath for dollar and a half". It shows that the most important service was the basic accommodation service that time.

Barrows, Powers (2008): Introduction to the hospitality industry

Hotel history in the USA

<i>Decade</i>	<i>Features, events, data</i>
1900	<10000 hotels, 750-800000 rooms, steam heat, bath on the floors,
1910	10000 hotels, 1 m rooms, 300000 employees, average size 65-70
1920	Occupancy 85%, highways, prohibition, first roadside motel, radio,
1930	Occupancy: 65%, average size: 46, ARR: \$5,60 , Great Depression, air
1940	Occupancy: 64%, ARR: \$3,21, air conditioning is prevalent, Sheraton –
1950	Occupancy: 80%, average size: 17, ARR: \$5,91, TV in the rooms,
1960	Occupancy: 67%, \$3 billion in sales, total hotel rooms: 2.400.450,
1970	Occupancy: 65%, \$8 billion in sales, total hotel rooms: 1.627.473,
1980	Occupancy: 70%, \$25,9 billion in sales, total hotel rooms: 2.068.377,
1990	Occupancy: 64%, \$60,7 billion in sales, total hotel rooms: 3.065.685,
2000	Occupancy: 63%, plans for space, September 11th

The table contains information about the American hotel sector in the 20th century. As it can be seen the most important historical events had big impact on the hospitality business as well just like the Great Depression or the Oil crisis.

Hotel history in Hungary

Since one part of Hungary belonged to the Roman Empire, there were a lot facilities established by the Romans. It can also be thanked to the Turkish Empire to introduce the spa culture to Hungary with all the facilities needed for that service.

In the 17th century Pest had seven popular inns with the names: Arany Horgony (Golden Anchor), Arany Sas (Golden Eagle), Fehér Hajó (White Ship), Fehér Ló (White Horse), Fehér Ökör (White Ox), Fehér Rózsa (White Rose), Fekete Sas (Black Eagle).

In the 19th century a big transportation development happened, the first railway was built and others followed. Thanks to that improvement two significant and famous hotels were opened in the capital: Magyar Király (Hungarian King), Vadászkürt (Hunting Horn). These 'luxury' hotels were able to handle the special needs of the guests coming to the coronation ceremony of Franz Joseph or other events like the Budapest fest, National Industrial Exhibition or the Millennium celebrations.

Before World War II there were 1764 hotels in the country. After the war secularization happened in Hungary, the country became closed there were no need of this amount of hotels. Besides there were a lot of facilities destroyed in the bombing as well.

In 1967 Hungarian Association of Hotels was formed and one year later they joined to the European Association, which was a big step for the country's hotel sector. In 1969 Duna Intercontinental, the first modern hotel opened. In 1972 Danubius Hotel and Spa Company has been formed, the entirely Hungarian company played a significant role in the Hungarian hotel development in Budapest and the countryside as well. They opened a full service hotel in 1979 called Thermal Hotel.

In 1976 the first international hotel chain member hotel Hilton was established in the Buda Castle. It was a franchise hotel, because according to the laws only 100% state-owned companies could work in the country.

There was a big hotel development boom between 1978 and 1985, when there were a lot of significant hotels built, some of them had some international capital in it thanks to the changes in the regulations. The hotels were Hyatt, Novotel, Sopron, Taverna, Radisson Béke, Grand Hotel Hungária, Club Tihany.

After 1990 it could be stated that not only the quantity but the quality of the Hungarian hotel sector was not enough for the international tourists' needs. The privatisation started in those years so

there were several international hotel companies buying properties, establishing hotels in the country. The Hungarian hotel developments were also subsidised but the big growth happened in the 21th century.

Task

Work in pairs or groups of three, choose a country (preferable one of yours) and find the oldest hotel still working in the country. Also search for information about the 20th century hotel development in your country. What were the most significant events, which led to the developments? Make a presentation and use examples.

Hotel types

Hotel types can be different in different countries and researchers have various opinions about the classification of hotels. In this chapter you can see the categories used by the current author. The chapter starts by the categories by size, which is followed by the classification by different target markets.

The classification according to size:

<i>Number of rooms</i>	<i>Name</i>
<150 rooms	Small hotel
151-299 rooms	Medium hotel
300-600 rooms	Big hotel
600<	Giant hotel

The number of rooms is very significant in a hotel, because this is one of the most important indicator to describe a hotel. It determines the annual revenue, it gives information about the occupancy rate and definitely contributes to the number of staff working in the exact hotel.

Example:

The largest hotel in the world

First World Hotel - 7,351 Rooms

The First World Hotel is a three star hotel found in Genting Highlands, Malaysia. Initially, the hotel was the world's largest until it was dethroned by an expansion of The Venetian in Las Vegas (now known as The Palazzo) which officially opened on January 1st, 2008. However,

with the opening of a new block in 2015, the First World Hotel once again regained its title as the world's biggest hotel. The First World Hotel consists of two towers with 3,164 standard rooms, 2,922 deluxe rooms, 649 triple deluxe rooms, 480 superior deluxe rooms and 136 world club rooms. This brings the hotel's room total to 7,351.

<https://www.worldatlas.com/articles/largest-hotel-locations-in-the-world.html>

The other classification opportunity is to categorise hotels according to their main purpose or market segment. The following categories can be defined according to this author:

Business/City hotel	
Airport hotel	
Extended stay hotel	
Apartment hotel	
Resort hotel	
Timeshare and condominium Hotels	
Casino hotel	
Conference and convention centre	

Business/City hotels

Business hotels are perfect for guests with any kind of business purposes. It means that guests are not staying in the hotel because they would like to relax or have fun, they concentrate on their work. Somehow we can say that it is 'must' for them to stay in the hotel, most of the time they did not choose the hotel themselves. Although they want to have all the service they need in a reliable and good quality, they want to feel comfortable. Most business hotels concentrate on individual business guests, which means that they are not travelling in groups but most of the time alone.

They need single rooms or double rooms with single use, so the hotel has to prepare its pricing for offers like this. You can read more about this target group in the Sales chapter.

The location of the hotel has to be in a city, in the downtown or business district. Public transportation has to be very good and the condition of roads should be proper as well, because they choose a rent a car opportunity.

The room should be well-equipped, but they do not need any fancy equipment like a hot tub in the room. They need good sleeping opportunities, good mattress and bed linen and black-out drapes. They prefer minibar, coffee and tea in the room, very good internet connection and business centre in the hotel, where they can deal with office administration (printing, copying etc.). Business guests do not spend a lot of time in the hotel, they go to their workplace or for meetings to the company. That is the reason why most business hotels do not offer half-board only breakfast in the room price but it is also possible that they only have a breakfast lounge and no restaurant.

The main season for business guests is in the weekdays, definitely not summer and not public holidays like Christmas or Easter, but any other time can be ideal for business travellers.

Most hotels try to target a secondary target group besides business travelling because they need to fill the weekends as well. The ideal secondary target group would be sightseers, who also prefer the downtown and need similar services as business travellers.

Airport hotels

Airport hotels provide transfer accommodation opportunities. It means that every guest staying in the hotel are mostly temporary, they stay maximum one or two nights but sometimes only some hours, less than 24 hours. So the management has to prepare with hourly prices as well for these needs.

The target group can be business and leisure tourists as well, who are travelling by air and they have to spend some time on the ground between take-offs, or they had some delay or cancellation concerning the flight.

The location of the hotel has to be near an airport, it does not have to be in the premises but it should definitely provide free transportation between the hotel and the airport. It also should provide information about the airports and flights in the hotel as well.

The room of the airport hotel should be comfortable, should provide the most import service, like good sleeping and bathing/showering facilities and coffee and tea in the room is an advantage for guests arriving any time during the day. The room does not have to be large, only comfortable equipped with every necessary service. The hotel does not need to have any extra services, like a spa, only the basics. There are also some accommodation facilities with meeting or conference rooms at the airport, which allows business groups to have their meetings at the airport without travelling a lot and wasting time and money with it.

The main season is hard to define, there is always need for an airport hotel whenever people are travelling by air. In the summer there are mostly leisure tourists staying in the hotel, in other periods there are business travelling using the rooms.

Extended stay hotels

An extended stay hotel is a 'home away from home' for mostly business people who need to spend considerably longer time in a different destination. This category is also available for leisure tourists who want to spend more time in a city.

The hotel type has bigger rooms, which look like an apartment or flat with fully equipped kitchen. The kitchen is definitely the most important difference from other kinds of hotel types, because it has toaster, dishwasher, fridge and other facilities in it. The aim of the kitchen to make

the stay comfortable for the guest and bring the “home feeling”. It is also possible for the hotel to provide other services like F&B services, mostly breakfast and laundry mostly for business guests.

Extended stay hotels are hard to categorise according to the main season, because there can be leisure and business motivation found in case of the guests, so it is safe to say, that with good location and target market extended stay hotels can be very profitable during the whole year.

Apartment hotels

Apartment hotels are not so different from the previous category, extended stay hotels. Although the guests of the apartment hotels vary according to the length of stay. So there are guests who are staying for only a few nights but there are guests spending months in the hotel.

The hotel only provides the accommodation, no other service. It does not have a restaurant providing hot meal. There is probably a reception, but most of the time not for 24 hours only the time of the check-in and check-out.

Apartment hotels were created in resort destinations, typically at seaside. Most of these hotels have a contingent contract with a tour operator which sell the rooms to the guests. They provide housekeeping but definitely not every day, possible every week or the end of the stay.

Because of their location, apartment hotels’ target group is leisure guests with relaxation motivation and the aim of having fun. Some of these hotels are only seasonal, because they focus on the peak season, when they can easily fill the hotel, but it also depends on the location.

Resort hotels

Resort hotel is one of the most common type of hotels. They can be established in any location: near lake, sea, in the mountains or actually in the outskirt of a big city as well. The aim of a hotel like this is to provide relaxation and fun for the guests who are definitely leisure guests.

Leisure guest can be a quite wide category for a resort hotel so they can specialise on families or couples or retired people inside leisure tourists. Although there can be other segmentation issues as well like health/medical tourism or romance. Because of these factors resort hotels can be very different.

In a resort hotel rooms need to be well-equipped and comfortable for the guests. It can definitely vary according to the specification of the hotel (it is going to be different in case a family or a romantic hotel). The room is normally bigger than in case of business hotels for examples but not as large as in case an extended stay hotel.

Resort hotels provide several extra service, they have a restaurant providing different F&B services, at least half-board, but the guest has a great chance to have all-inclusive in these kind of accommodations. Besides F&B, resort hotels are providing other services which can bring fun and experience for the guests just like playground for children, pools, hot tubs, massages etc. The aim of these services is to make the stay perfect for the guests who do not have to get out of the hotel because they can get everything they need.

The average stay in a resort hotel is normally 1-3 weeks, but concerning the current trends, there are hotels specifying for long weekends as well.

The main season for resort hotels are public holidays and summer (in the northern hemisphere).

Timeshare and condominium hotels

Timeshare and condominium hotels can be called a 'new' type of hotels which is not a traditional category in the hospitality sector.

In a timeshare system the guests buy the ownership, a right to stay in the room or apartment. Mostly this right is valid for approximately one week in a year (of course it can vary according to destinations or how much the guests are willing to invest). It is also possible for the owners to trade the dates of their holiday or the destination as well, if they are willing to pay more for a more popular destination or they can get some extra income if they stay in a cheaper hotel in a different location. The right can be inherited.

The owners are typically between 45-64 years old or families. Most timeshare and condominium hotels are in warm climate destinations and the owners stay there three times a year.

The average price of the timeshare and condominium right is 10600 USD, the annual fee is 325 USD.

Casino hotels

Casino hotels can be found in special locations where gambling is legal and can be pursued as a business. The most popular destinations are Las Vegas, Monaco, Macao.

In this type of hotel gambling is the most important service, a big percentage of the annual revenue is coming from the gambling facilities. They have to concentrate on putting that service in front of customer all the time so they could not resist.

Besides gambling, entertainment service and facilities are very important in this type of hotels. Most casino hotels have their own ballrooms and theatres for this purpose. Entertainment can provide large amount of the annual revenue for them.

Food and beverage service is also essential for the gambling and entertainment, but can be called secondary besides the previous ones.

A main season cannot be determined easily in case of casino hotels, but since leisure tourists like staying there, the holiday seasons are definitely busy, although other periods of times can be full as well concerning bachelor/bachelorette parties or honeymoons. The peak season definitely depends on the destinations as well but not as much as in case of resort hotels.

Conference and convention centres

The main goal of conference and convention centres is to provide banquet facilities and service for the guests. The guests' main motivation is to take part in these events. For doing that, they definitely need the accommodation service as well, because most of these conferences are not one-day-events.

The location of these establishments is very important, they should be easy to access, most of the time, they are in big cities with good transportation opportunity not necessarily in the downtown. Although some of the conference centre are in the countryside, in distant places for providing the opportunity for the guests to concentrate entirely on the meeting topic.

In a conference or convention centre, a lot of special equipments are needed which are not typical in other types of hotels. These are projectors, special lighting, laptops for guests, stage, screens, special chairs and F&B linen for banquet events etc.

The guests staying in these hotels are mostly business guests, travelling in groups or participating in groups. Their most important need concerning the room, that it should be comfortable and easy to use, but since they do not spend a lot of time in the room, they do not need any special equipments or big space.

The peak season for conferences and conventions is spring and autumn, but there can be conferences organised in other seasons as well. The main holiday season and public holidays are normally not busy in a conference centre, although there can be leisure events like weddings organised as well and leisure guests can be secondary target groups.

<http://www.setupmyhotel.com/about-hotel-industry/classification-of-hotels-by-there-type.html>

Boutique hotels

Boutique hotels, which can be also called 'design hotels' or 'lifestyle hotels' are quite special hotels, which originates from business/city hotels, but they are really different in a lot of characteristics, so it deserved a distinct category.

Their most important mission is providing quality and luxury for the guests, although the definition of luxury can be very different for different target groups. That is why they use customisation, which allows them to sell a different product for different customer, to make the hotel stay personalised for everyone. One of the most important indicator for that is to call the guests by name, although it is getting common in other hotels, mostly hotel chain member hotels as well.

These hotels are architecturally special, they apply unusual solutions and techniques as well as furniture or room equipments.

Because of this uniqueness, boutique hotels are usually small hotels with maximum 150 rooms. It is also common that boutique hotel rooms are all different, all special, hoteliers do not sign them by numbers but names.

The target groups of boutique hotels is hard to define, because every hotel is different, but it can be stated, that those people choose boutique hotels, who want a special experience, who are interested in the local culture and want to know more about the destination.

The main season is going to be different according to the destination and the exact theme of the hotel.

To get to know more about Boutique hotels, watch these two videos:

The first one is introducing the boutique hotel concept and its origins.

<https://www.youtube.com/watch?v=xtjjvza5jKs>

The second video introduces two Boutique hoteliers, who share their ideas about the Boutique hotel concept and how they started the business.

https://www.youtube.com/watch?v=F_mYU6AeTSs&t=1913s

Task

Work in pairs or groups of three. Choose a country you know, preferably one of your home countries, find examples for all the categories (according to size and target group as well). The second task is to find the most special hotel(s) which cannot fit any category (only maybe boutique hotel) and make a presentation about them. Always give a reason, why hotels belong to categories or why not. You have 40 minutes to make the presentation.

Hotel ratings

Hotels can be classified according to their quality as well, not only the target group or the exact type of the services. The rating of hotels aims to give information to guests about the real quality of the hotel. The most important would be for the guests to trust the rating system, so the system has to depend on the guest needs but it should rely on the opinion of the expert in the hotel sector.

In the USA they use a simple system to categorise hotels. These categories are applied by hotel chains as well, when they want to describe their portfolio of hotels, or when they decide which hotel they want to acquire next to have the full scope of the hotel product.

Economy/Budget	Standard	First class/deluxe
<ul style="list-style-type: none">• Basic category, containing only necessary service• Cheaper category with effective operation, mostly in busy locations• For example Ibis Budget	<ul style="list-style-type: none">• Normal hotel category with medium quality and quantity of services• It already provides good quality F&B service as well and some extra services• For example Mercure or Novotel	<ul style="list-style-type: none">• High quality hotels• Besides F&B service, which has to be special and very high quality, these hotels provide other extra services like spa• For example Sofitel

In Europe there is a big effort to harmonise the hotel stars in different countries. They think that really assuring quality means that the criteria is the same in the European countries. It can provide quality assurance for the guests and help them avoid the risk of choosing a hotel in different destinations.

In Hungary there are several laws regulating accommodation (45/1998. (VI.24.) IKIM, a 54/2003 GKM and 239/2009.(X.20.) Korm.)

Hungary was one of the founding members of the Hotelstars Union. It has been a great success that it became part of the Hungarian law to use stars as a rating system, but only those hotels can put the stars on their front which are accredited by Hotelstars Union, any other way they break the law, and should be punished.

Now, there are 17 members of the Hotelstars Union: Austria, Belgium, Czech Republic, Denmark, Estonia, Germany, Hungary, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Sweden, Switzerland, Slovenia and Greece.

The advantages of hotel stars are the following:

High quality standards

- Standards are created by the professionals and it is based on guest expectations

Objective

- Hotelstars concentrates on the objective, measurable element of hotel quality, so the results is hard to argue, although there are some subjective factors as well.

Flexibility

- Mandatory criteria and additional point system
- There is a superior possibility in every category

Transparency

- Guests and Hoteliers also have the chance to observe the criteria and they can adjust their expectations according to the standards.

Information for consumers

- The number of stars alone is able to provide information for the guests about the quality of hotels without actually knowing the hotel.

Quality control

- Professional organisations just like the Hungarian Hotel & Restaurant Association can look after the programme, which can assure the expert control.

International trademark

- Hotelstars Union accreditation is a great way of branding the hotel internationally.
- The trademark has information for international guests as well.

Fair competition

- The system provides a fair competition providing a fair comparison of price and performance.

Common IT-database

- One of the most important advantage of these alliances is the share data, and the common IT database provides that service for the members.

Branding

- Especially for smaller hotels, this branding is not too expensive but can be used for a quality branding.

Task

Work in pairs or groups of three. Choose an existing hotel anywhere in the world. Select carefully, choose a hotel, which you know, you have stayed at or one which has plenty of information and pictures about the rooms and other facilities.

The next task is to download the Hotelstars Union criteria from:

https://www.hotelstars.eu/fileadmin/Dateien/PORTAL_HSU/Kriterienkataloge/EN_Hotelstars_Union-Criteria_2015-2020.pdf

Fill out the form according to the information you find on the website or you experienced in the hotel.

You have 90 minutes to fill out the form. Divide the task and work together effectively.

Hotel chains in the world

Marriott

<http://www.fundinguniverse.com/company-histories/marriott-international-inc-history/>

J. Willard (Bill) and Alice S. Marriott were newlyweds, recently transplanted from Utah, when they opened an A & W root beer stand in Washington, D.C., in May 1927. The Marriotts called their restaurant The Hot Shoppe, and offered medium-priced food in a family environment. In 1928, the Marriotts opened their third restaurant, which offered curbside service. Business was strong and in 1929 the restaurant was incorporated as Hot Shoppes, Inc. As Hot Shoppes evolved into a chain of restaurants, the Marriotts maintained close family supervision of all facets of the business. Hot Shoppes remained popular in the Washington area through the Great Depression. In 1937 Marriott branched out from the restaurant business for the first time, pioneering in-flight catering with boxed lunches for Eastern, American, and Capital Airlines flights from Washington's old Hoover Airport.

In 1939 Marriott's food service-management business won an account at the U.S. Treasury building. In 1940 Marriott opened five new restaurants. In 1955 Marriott entered the hospital food service market at the Children's Hospital in Washington, and in 1957, another business segment made its debut when Marriott's first hotel, the Twin Bridges Marriott Motor Hotel, opened in Arlington, Virginia. Over the next few years, the company continued to open hotels as well as Hot Shoppes restaurants.

In 1964 Marriott handed the presidency to his son, Bill Marriott, Jr. Over the next six years, Marriott almost quadrupled in size, surpassing Howard Johnson and Hilton Hotels in both revenues and profits. Marriott became international when it acquired an airline catering kitchen in Caracas, Venezuela, in 1966. In 1967 the 22-unit Big Boy restaurant chain was acquired, and in 1968 the company started a fast-food chain, Roy Rogers. Also in 1967, shareholders approved a corporate name change to Marriott Corporation; and in 1968 the company's stock was first listed on the New York Stock Exchange.

During the 1970s, Marriott hotels continued to rise in both cities and suburbs. Because of their business orientation, most facilities had meeting rooms and banquet facilities. Convention hotels were built in growing convention cities such as Boston, New York, and Anaheim, California. As airline travel grew, Marriott also began to locate new hotels near airports.

In 1982 Marriott purchased the Gino's restaurant chain as well as Host International, an airport-terminal food, beverage, and merchandising company, making Marriott the largest operator in that business. During this time Marriott also kept building hotels, even as others pulled back. In 1983, after three years of research and planning, Courtyard by Marriott emerged. The first opened that year near Atlanta, Georgia. The 150-room, two-story Courtyards did not offer bellmen, room service, or large meeting and banquet facilities, but did offer the high-quality rooms the chain was known for. Costs were also kept down by building the hotels in groups of 10 to 12 and hiring one management team for each cluster.

Marriott's research team also indicated that several other segments of the residence market could be popular. One of these was timesharing, which Marriott decided to enter by placing timesharing units near its resorts.

The venture began with the purchase of American Resorts Group in 1984. They also started franchising in this period of time.

During the mid-1980s Marriott made several changes. In November 1985 the corporation bought the Howard Johnson Company. At the time of the purchase, it sold the Howard Johnson hotels to Prime Motor Inns but kept 350 restaurants and 68 turnpike units. The 1986 acquisition of Saga Corporation, a diversified food-service management company, made Marriott the largest food-service management company in the country.

To complement the Courtyards, Marriott decided to enter the luxury all-suite market, targeting extended-stay travelers. The new units, called Marriott Suites, were planned for suburbs and medium-sized cities. In 1987 the company purchased the Residence Inn Company, an all-suites hotel chain that catered to extended stay travellers. At the other end of the spectrum, the first Fairfield Inn economy lodges were tested in the same year after three years of development.

In 1988 the company began to test market a new restaurant, called Allie's after Alice Marriott. First, 13 former Big Boys were converted to Allie's. After a successful test in San Diego, California, the company planned to roll out the restaurant nationwide by opening more than 600 units, both new and converted, by 1993. These family-style restaurants concentrated on all-you-can-eat food bars with such items as Mexican food and barbecue.

In late 1989 Marriott announced a major restructuring, which included the sale of the company's airline catering division to Caterair International for \$570 million and plans to sell its restaurant business and to buy back 10 million shares of stock. The company subsequently sold its restaurants in April 1990 to Hardee's Food System for \$365 million. After the restructuring, Marriott's three core businesses became lodging; food and services management; and food, beverage, and merchandise operations at airports and on turnpikes.

In 1992 Marriott Corporation was divided into two separate publicly traded companies, one that would own hotel properties and another that would manage them. The following October, Marriott completed the division of its operations, with Host Marriott Corporation formed to own lodging properties, as well as handling Marriott's airport and turnpike concessions; and Marriott International, Inc. created to manage the Marriott family of hotel brands and the senior living communities, along with Marriott's food and services management business.

Marriott International managed about 760 hotels and other lodging properties at the time it was formed. By early 1997, the company had added more than 600 properties to its management portfolio, approaching the 1,400 hotel mark. In April 1995 the company spent \$200 million to acquire 49 percent of The Ritz-Carlton Hotel Company LLC and planned to acquire the remaining 51 percent over the next several years. In March 1996 Fairfield Suites by Marriott was launched as an all-suite economy hotel.

Following the February 1997 naming of William J. Shaw as president and chief operating officer of the company (Bill Marriott remaining chairman and CEO), Marriott International continued to launch new brands and make major acquisitions. In February 1997, the company introduced Marriott Executive Residences, which are designed for the international traveller. The following month saw the opening in Newport News, Virginia, of the first TownePlace Suites by Marriott, which provided moderately priced lodging for the extended stay traveler.

Later in March 1997, Marriott International acquired Renaissance Hotel Group N.V. for \$916 million in cash and the assumption of \$54 million in debt, the largest acquisition in Marriott history. The addition of Renaissance doubled Marriott International's overseas operations, bringing with it the Renaissance brand of full-service, luxury hotels located throughout the world; high-quality, full-service New World hotels located in the Asia-Pacific region; and Ramada International mid-priced hotels located outside the United States and Canada. At the time of the purchase, Renaissance operated or franchised 150 hotels in 38 countries.

Marriott International neared the turn of the century with an impressive, and growing, array of hotel brands ranging from economy Fairfield Inns and Suites to the upscale Marriott, Ritz-Carlton, Renaissance, and New World brands. The company's continuing focus on managing rather than owning lodging properties was clearly paying dividends. With the hospitality industry predicted to grow healthily well into the 21st century, Marriott International was poised for further growth.

Hilton

Hilton Hotels Corporation is a leading hospitality company that owns, manages, and franchises over 2,000 hotels across the country. Though publicly traded, the chain was for most of its history led by members of the Hilton family from 1919, when founder Conrad Hilton bought his first hotel. Hilton bought two more Texas properties in 1920; the Melba, in Fort Worth, and the Waldorf in Dallas. With expansions well underway, Hilton consolidated his properties into Hilton Hotels, Incorporated, in 1929, when the stock market crashed.

The El Paso Hilton was completed in November 1930 and opened with a fanfare. In 1938, Hilton bought his first hotel outside of Texas, the Sir Francis Drake in San Francisco. He sold it two years later at a \$500,000 profit to raise capital to purchase the Stevens in Chicago, then the largest hotel in the world.

Hilton acquired three new properties, one in Los Angeles and two in New York. Thus, in 1942, his name stretched from coast to coast. The New York properties included the Roosevelt and the Plaza. Hilton claimed he was practicing for New York's Waldorf-Astoria, a picture of which he had clipped from a magazine and carried with him since the hotel opened in 1931. By the late

1940s, Hilton owned a worldwide chain of premium hotels. In May 1946, Hilton Hotels Corporation was formed. It made history the next year as the first hotel company to have its stock listed on the New York Stock Exchange. Conrad Hilton pursued the venture that would become the Caribe Hilton in San Juan, Puerto Rico. An agreement was made to form a wholly owned subsidiary--Hilton Hotels International--for which Hilton formed a separate board. In 1949 Conrad Hilton bought the lease on the Waldorf-Astoria. The Waldorf made a \$1 million profit in its first year under Hilton management.

The largest hotel merger in the industry took place in 1954 when Hilton Hotels purchased the Statler Hotel Company for \$111 million. In 1955, another overseas Hilton was opened, in Turkey, and the Continental Hilton of Mexico City opened the following year. The first European Hilton was opened in Madrid in 1953.

In the 1960s, Hilton sold its international operations and concentrated on management contracts and franchising. The company created innovative joint-venture arrangements that became standard industry practice. It then entered what would become a prime source of revenue for the company: casino-hotels.

Hilton expanded into gaming in 1971. In 1970, Barron Hilton engineered the \$112 million purchase that would generate the largest percentage of the company's revenues within a decade: two casino-hotels in Las Vegas, Nevada. The acquisition of the Las Vegas Hilton and the Flamingo Hilton marked the launch of a consistent strategy. This move paid for itself, particularly during the late 1970s and early 1980s, when the occupancy rate at both hotels remained steady in contrast to industry-wide trends. Barron Hilton then concentrated on franchising the Hilton name and managing other hotels. In 1973, the company launched a computerized hotel reservation dubbed "HILTRON." The system served not only the Hilton chain but was also employed by other chains in the industry, providing yet another source of revenue. In 1977 the purchase of the Waldorf-Astoria's building and land was finalized for \$35 million.

Having sold the international rights to the Hilton name, the corporation resumed international growth in 1982 under a new subsidiary, Conrad International Hotels. By 1989, gaming provided 44 percent of the company's income.

In 1996, Barron Hilton relinquished day-to-day management of the chain to Stephen F. Bollenbach. Asserting that "Big companies do big things," Bollenbach revitalized the company with bold actions. He spun off the company's gaming operations as Park Place Entertainment Corporation in 1998. One year later he orchestrated the \$3.7 billion acquisition of Promus Hotel Corporation, which added the Doubletree, Embassy Suites, Hampton Inn, Homewood Suites, and Harrison Conference Centers brand names to its line-up.

Hilton Hotels' next big move came when it made a \$3.7 billion play for Promus Hotel Corporation. Indeed, as a result of the deal Hilton increased its portfolio to over 1,800 hotels located in all 50 states and added Doubletree, Embassy Suites Hotels, Hampton Inn, Hampton Inn & Suites, Homewood Suites, and Harrison Conference Centres to its hotel arsenal.

During 2000, the company formed a joint venture with Hilton Group plc to strengthen and expand its Conrad Hotels unit overseas. The company signed an agreement the following year with Hoteles Camino Real S.A. de C.V. The partnership added the Camino Real hotels and resorts in Mexico and Texas to Hilton's brand portfolio. While Hilton digested its Promus purchase, it faced challenges due to a weak economy as well as a slowdown in travel as a result of the September 11, 2001, terrorist attacks.

<http://www.referenceforbusiness.com/history2/76/Hilton-Hotels-Corporation.html#ixzz5HAoeiEe8>

Intercontinental Hotels Group

IHG is one of the world's leading hotel companies with a presence in almost 100 countries. We became a standalone company in 2003 but our business and broad portfolio of hotel brands have a much longer history.

Their story begins in 1777 when William Bass opens a brewery in Burton-on-Trent, UK. The business later transforms from domestic brewer into global hospitality company.

In 1949 the first InterContinental hotel opens in Belem, Brazil. The InterContinental Hotels & Resorts brand expands to become the world's first truly international luxury hotel brand and Bass acquires it in 1998.

In 1952 businessman Kemmons Wilson opens the first Holiday Inn hotel in Memphis, Tennessee. He had the idea while on a family trip to Washington D.C., where he saw the need for comfortable and affordable places for families to stay. Bass acquires the international part of the business in 1988 and the North American division in 1990.

In the 1960s Bass becomes one of the largest brewers and pub owners in the UK through acquisitions of well-known regional brewing companies, including Mitchells & Butlers in 1961, and a merger with Charringtons in 1967.

In 1983 the Crowne Plaza brand launches with a focus on business travellers. In 1989 after legislation passes limiting the number of tied pubs major brewers can own, Bass significantly cuts its pub estate and increases investment in an international hotel business.

In 1991 Bass launches limited service brand, Holiday Inn Express. In 1994 Bass buys the Browns restaurant and Harvester chains, and develops its O'Neill's and All Bar One brands. In 1995 extended-stay hotel brand, Candlewood Suites is founded and becomes the first hotel brand to offer free guest laundry. IHG acquires it in 2003. In 1996 Bass renews its focus on hotels and pubs after an attempt to acquire half of the Carlsberg-Tetley brewing business is blocked by the British government. It sells its leased pub arm and smaller businesses such as Gala bingo and Coral bookmakers. In 1997 Bass launches Staybridge Suites by Holiday Inn in the North American upscale extended stay market. It sells its North American midscale hotel buildings but retains control of their branding through franchise agreements. In 1999 Bass strengthens its UK pub division with the acquisition of 550 sites from Punch Taverns.

In 2000 Bass confirms its position as Asia Pacific's leading hotel company with acquisition of Southern Pacific Hotels Corporation in Australia. It buys US-based hotel management company, Bristol Hotels & Resorts Inc. It further refocuses the business from domestic brewing operation to global hospitality company by selling Bass Brewers to Interbrew (now AB-InBev) for £2.3 billion. In 2001 Bass PLC is renamed Six Continents PLC. The group sells almost 1,000 unbranded pubs and buys the European Posthouse chain of hotels, converting most of them to Holiday Inn properties and consolidating the brand's position in the UK and Europe. On 1 October, 2002, Six Continents PLC announces the separation of its hotels and soft drinks businesses (to be called InterContinental Hotels Group PLC) from the retail business (to be called Mitchells & Butlers PLC). This is completed on 15 April 2003 and IHG becomes a

standalone company. In 2004 IHG launches its new boutique hotel brand, Hotel Indigo, with each property designed to reflect the local culture and history of the surrounding area. In 2005 IHG sells its 100% holding in Britvic Plc to focus purely on hotels. The Staybridge Suites brand launches in the UK following its success in North America. In 2007 IHG announces a \$1 billion relaunch of the Holiday Inn Brand Family, comprising Holiday Inn and Holiday Inn Express. Holiday Inn Resort is launched in 2008, offering the perfect destination for family fun. In 2008 IHG enters the timeshare market with the launch of Holiday Inn Club Vacations. This was done through an alliance with Orange Lake Resorts, which was set up by Holiday Inn founder Kemmons Wilson.

In 2012 IHG launches EVEN Hotels, the first mainstream hotel brand focused on wellness and fulfilling the demand for healthier travel. IHG unveils HUALUXE Hotels and Resorts, the first upscale international hotel brand designed specifically for the Chinese traveller. In 2013 Priority Club Rewards, launched in 1983 and the industry's largest and oldest loyalty programme, is relaunched as IHG Rewards Club. In 2015 IHG acquires US based Kimpton Hotels & Restaurants. Alongside IHG's Hotel Indigo brand, the deal creates the world's largest boutique hotel business. IHG opens its 5,000th hotel, the Hotel Indigo Lower East Side New York.

Example

To have a visual impression about Intercontinental Hotels Groups, go to their website and watch the videos. <https://www.ihgplc.com/about-us/our-history>

Task

Work in pairs or groups of three. Choose a hotel group from the website:

https://www.hotel-online.com/press_releases/release/global-hotel-ranking-top-10-what-does-the-future-hold-after-the-marriott-st

Click on 2016 Post M&A and find the rank of the biggest hotel groups in the world. Choose one of the hotel groups except for the first three and make a presentation about their history, concentrate on the milestones.

You have 45 minutes to make the presentation.

Hotel facilities

In hotels there are a lot of facilities which are needed to operate properly. The quality and style of these facilities differ in case of different type and category of hotels but they are all necessary.

Entrances

The entrance is one of the most important part of the hotel, because this is where the guest gains their first impression about the hotel. The main entrance has to be easy to access, visible, decorative (but not too much). If it is possible, a canopy can make it more practical, because it makes it easier for the guests to get out of the car in a rainy weather as well. The front door is also essential, because it should be easy to access and used with suitcases.

There are other entrances at the hotel, which are necessary for the operation: staff entrance, good entrance. Since the staff should not use the same entrance as the guests, they need a special entrance. There is a usually a staff reception, where they can get their keys for the lockers and offices and sign in for work.

Good entrance has a significant role, because there a several goods which the hotel uses and they should be close to the storage places, so the most essential factor in case of planning the goods entrance is where it should be. It should be far from the guest entrance but in an easy to access place, which can be accessible with vans or trucks as well.

Hotel lobby

The next facility the guest meets is the hotel lobby. The purpose of the hotel lobby is to welcome guests, who just arrived at the hotel. The lobby has to reflect the same style as the rooms or the whole hotel. The guest already has an opinion of the whole hotel when they see the lobby. For the guests who stay in the hotel, the lobby is for walking and talking or use the reception services.

The hotel lobby is the place where one of the most important hotel service can be found, the hotel reception or front desk. The front desk is the first place which the guests look for, because they can get any help and information there. The reception has to be in an easily visible location,

so the guests find it and the receptionists can overview the whole lobby. The front office tasks are going to be detailed in the Front Office chapter. The whole front desk is not open for the guests, they only see the front part of it. The other part contains all the necessary equipment, which are used in the everyday operation of the hotel. There are computers with the hotel's property management system, where all the check-ins, check-outs and all the account handling is happening.

The room keys are stored in the front desk as well, nowadays most keys are key cards and not real keys, which makes them easier to work with and store for the front desk staff. The advantage of room key cards is that they are cheap, can be rewritten and if the guest loses it, it is easy to replace safely without any risk for an outsider to get into the guest's hotel room.

There is also a deposit box at the front desk, one part of it is used by the reception, but most of it can be used by the guests to store any very valuable assets. There is safety equipment at the reception, just like a fire alarm system, which is observed by the receptionists.

One of the most functions of the hotel lobby is to connect the outside with the guestrooms. That is the reason why the elevators are in the lobby, which can take the guests to the different floors.

Guest rooms

The next step in the guest experience is the guest room. The room is definitely one of the most important place for the guests, because they spend plenty of time in the room and they want to relax there. There are different guest room types. The hotel types determine what kind of guest rooms should be planned in the hotel.

Single room

☐

- ☐ Only one bed
- ☐ Smaller than the other
- ☐ Perfect for business tourists

Twin room

☐

- ☐ Two separate but identical beds
- ☐ The nightstand is between the beds
- ☐ Perfect for colleagues and friends

Double room

☐

- ☐ Two separate beds but folded together
- ☐ Two sets of things in the room
- ☐ Good for couples

Queen bed room

☐

- ☐ One queen bed
- ☐ Double sheets and duvets
- ☐ Perfect for couples

Kingsize bed room

☐

- ☐ One large bed
- ☐ Two sets of things in the room
- ☐ Perfect for honeymooners

Disabled room

☐

- ☐ Special equipment, wider doors
- ☐ Special bathroom equipment
- ☐ For disabled guests

Connecting room

☐

- ☐ Two rooms connected together
- ☐ Mostly for four or more guests
- ☐ Perfect for families

Suits

☐

- ☐ At least 1.5 time bigger than a standard room
- ☐ Originally for two or more guests
- ☐ Perfect for guests seeking for an upscale products

Presidential suit

☐
☐ The largest, most luxurious room

☐ Special services

☐ Good for VIP guests

Royal suit

☐
☐ The best room in the hotel

☐ Mostly there is only one

☐ For prestige purposes

Corridors

There are two types of corridors, which are important in hotel operation. Guest and service corridors have different purposes.

Service corridors are for the staff, there no thresholds here mostly because there is a lot of equipment used here. Service corridors function as escape routes as well, so they should use non-flammable materials during construction.

Guest corridors should look much more attractive than service corridors. The guests use them to get into their rooms, they do not spend so much time there, only when they wait for elevators. There are cameras on the guest corridor which are there to ensure the safety of the guests just like the smoke and fire detectors. The lighting of the corridors should be centrally adjusted, there should not be too much or too little light either. There are electronic equipment built in the wall, but it is not visible for the guests. One of the most important purposes of the guest corridors is for the guests to be able to find their rooms. There should be signs of direction, which help the guests.

Service rooms

There should be service rooms on every floor, which are for administration and storage purposes as well mostly for the housekeeping staff. They store the linen, the trolley and other equipment in this service room and it is a great place for the supervisors to make the administration. There should always be a laundry or garbage drop room in every floor, so the housekeeping staff does not have to store the dirty linen and the garbage in their service rooms, but could get rid of them through this drop. There should also be a staff bathroom attached to the service room, so the room attendants can take a shower after the shift.

Laundry service, dry-cleaning facilities

Hotels do not always have a laundry, sometimes they work with supplier who specified for providing this service. If the hotel has a laundry service, they need several equipment to make it work. The laundry facilities are for washing guest clothes, housekeeping linen, food and beverage linen and uniforms. The laundry is usually in the basement of the hotel. The hotel needs industrial washing machines, driers and ironing equipment as well. There also should be different storages for different material types. Guest clothes are usually washed in smaller washing machines to spare them from harm.

Garage facilities

Most hotel has garage besides ordinary parking spaces because it is a great source of revenue, although building a garage is quite expensive. Parking is the basic purpose of the garage, but there can be other services provided for guests for a fee. Cleaning service or basic car repair services can be provided, so drains have to be established as well. It is favourable if there is one-way traffic in the garage, because accidents can be avoided with that.

Spa facilities

Spa is a special area inside tourism, it can be an extra service provided by the hotel, but extra services need special facilities as well.

There are usually more swimming and thermal pools in the spa. For spa therapies there should be an examination room, where the doctor prescribes the treatments. There can be different therapies provided, for example mechanotherapy, mud-pack, weight-bath, bath, massages. There are usually saunas and inhalatorium in the spa.

In the spa there is always a reception as well, who are organising the treatments and storages for the different spa linen.



Spa storage in the Corinthia Hotel Budapest

Storages facilities

When planning the hotel it is important to put a lot of emphasis on the storages, not only the rooms and guest facilities. There storages in almost every department, but most of them belong to the housekeeping and the F&B departments. There are a lot of rules at the F&B what to store in one place or separately. In the Housekeeping there are storages like linen storage, material storage, furniture storage etc.

Security office

The hotel need to have some security team to keep the order and prevent any problems. The security can belong to the hotel, or it can be outsourced to an external firm specialised to security services. They definitely need an office to watch the closed circuit camera system and check if everything goes smoothly in the different places in the hotel.

Staff areas

Staff areas of the hotels need to be taken care of as well as the guest areas. They do not have to be that attractive or decorated but they have to be clean and neat. There should be a locker room with enough lockers for all the staff. There should be a dedicated bathroom for them, because they cannot use the same facility as the guests. There is usually a staff restaurant as well, where the hotel workers can eat meals.

Task

Work in pairs or groups of three. Choose a existing hotel in the world with plenty of pictures on the website.

Evaluate the facilities according to the requirements the chapter was about.

You have 40 minutes to make the presentation.

Hotel human resource requirements

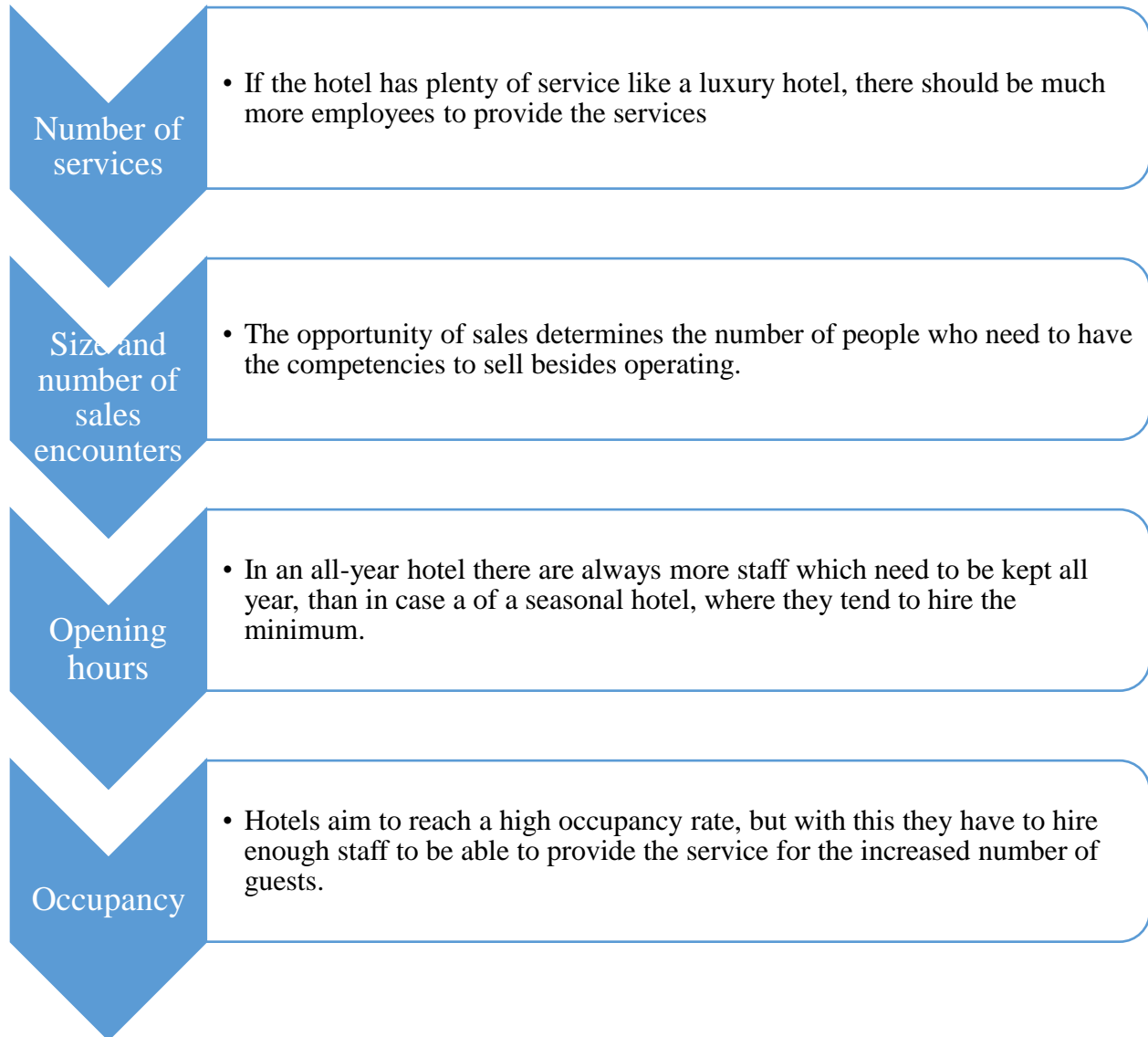
Hotel equipment is getting more and more modern nowadays and hotel owners are willing to spend money on investments like this, so the hotel will look more attractive for the guests. However, the real quality of hotels is determined by a different factor, human resource. The hotel staff sells the product, provides the service and able to recover from mistakes as well. That is the reason why the hotel staff needs to be appreciated, looks after and kept for a long time.

There has always been a high employee turnover rate in hotels, thanks to the special schedule which is normally not family friendly or could be maintained in longer period of time, but nowadays the rate increased.

The hotel sector does not provide a high salary for the hotel employees, although the requirements are very high (qualification, languages, adaptation, flexibility, looks and personality), and guest expectations increase and drastically.

Besides all-year open hotels there are several seasonal hotels in the world in different destinations, but most of the all-year hotels have high seasonality, which makes the workload unbalance and requires them to hire more employees but only for the busy periods.

These problems make it difficult for hotel owners and managers to work with the perfect number of employees all the time. The HR need of hotels are determined by several factors:



Some years ago it was safe to state that in a four star category hotel, there should be as many employees as rooms, but nowadays with some automatization, robotization and difficulties in the labour market, this statement is no longer valid. The rating of hotels will not determine the number of employees, of course it has some effect but this is probably not the most important factor, the type of the hotel, the number of services are more essential.

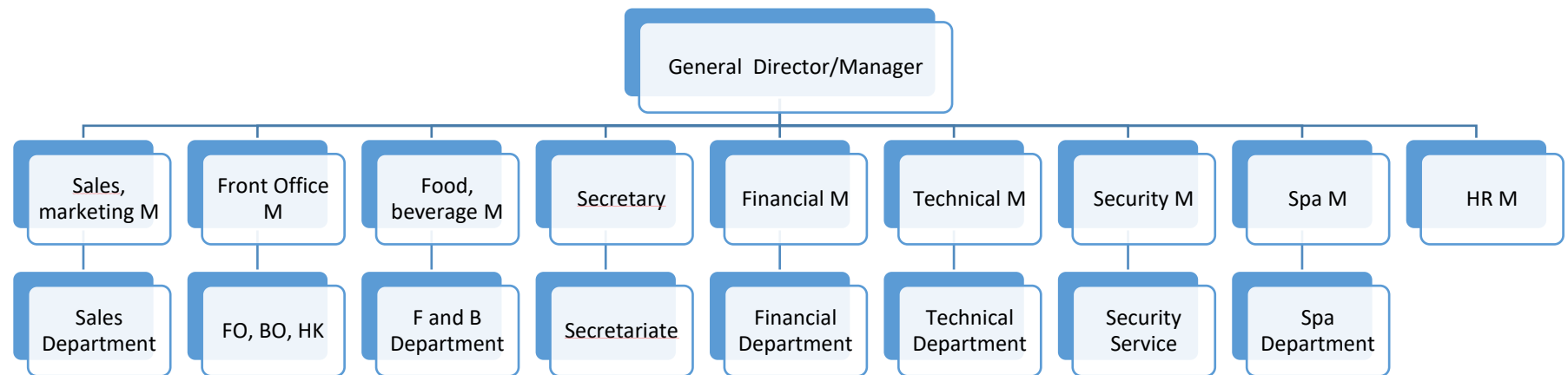
Hotel owners also have one more chance to try to cut back the costs, which is an understandable aim concerning the high cost need of a hotel, where labour costs have the biggest share.

Outsourcing became an important tool mostly in those jobs, which do not need a lot of qualification.

Organisation structure

The organisation structure of a hotel depends on its type, services, employees and the culture as well. There is always a management level, which consists of the department leaders and the General Manager of the hotel. The hotel management is responsible for pricing, annual revenue, cost plan and the profitability of the hotel.

The following organisation chart is only an example concerning department leaders and department in a hotel.



General director/manager

The head of the hotel is responsible for directing, coordinating, controlling the different departments. It does not mean that they have professional experience in all the departments but they have to know how the departments operate and who to ask, if there is a question about it.

The General Manager is creating the business goals, although sometimes the owners have a saying in it. The marketing, revenue and cost plans are accepted by them. They continuously check if the aims are reached and the actions are implemented enough.

They are definitely responsible for the economic results of the hotel, the revenue and cost plans as well as the service quality and ratings of the hotel.

The department leaders, the middle managers are the direct employees of the General Managers, they have regular meetings and the decisions happen with their cooperation.

The General Manager is finally responsible for the control, safety and the inventory of the hotel as well.

Sales and marketing manager

Sales and marketing are two different activities but in hotels they are usually handled by one team. There are some hotels, where marketing and PR activity belongs to a separate department but most hotels tend to connect them together in one department.

The sales and marketing manager is responsible for the market position in the hotel, what is the hotel's role in the competition, if the hotel lost or gained a position.

The sales department is handling and directing the sales activity in the hotel and in most establishments they organise banquet events, like conferences, meeting or weddings as well.

The leader of the department direct the work, plan for the future, create strategies, manage and control the activities. They also need to have personal contact with the partners.

Financial manager

The financial manager of the hotel is often not from the hotel sector, but it is always better if they have some hotel operation experience as well.

They need to keep the tax laws and regulations, and has to concentrate on the financial result, liquidity, profitability, revenues and costs of the hotel.

There is usually a tension between the financial department and the operation, because the financial department has to deliver the required numbers at the end of the year, but the operation costs a lot and they want to provide a better guest experience and better work conditions as well.

The financial department is involved in any investments which is happening in the hotel, which is also a field of conflict.

Food and Beverage manager

The F&B manager supervises, directs, organises and control the whole F&B department. Besides Housekeeping, F&B is the largest department in the hotel. It changes in every hotel if the kitchen belongs to the F&B department or it is separated. It usually depends on the quality of the kitchen and the executive chef's personality and needs.

The F&B manager is responsible for revenue, costs and the profitability of the restaurant which is always considered as an independent part of the hotel, but of course it definitely depends on the sales activity of the whole hotel.

They participate in market research concentrating on the restaurant business and guest needs in case of the food and service. In more and more hotels banquet activity plays an important role and the F&B manager is responsible for that as well, where they have to work closely together with the sales and marketing department.

There are a lot of goods the F&B has to use, the F&B manager is responsible for choosing the supplier, keep in touch sometimes and make the inventory quite often.

It is not to forget that the staff restaurant belongs to the F&B department's jurisdiction as well, so they have to create the menus for the staff.

Technical manager/ Chief Engineer

The chief engineer is responsible for the tools and equipment in the hotel, because everything has to work perfectly when the guest wants to use them. Everything has to be safe as well.

In the everyday operation of the hotel, the maintenance has very important role, they have to work fast and have to have a lot of skills like plumbing, lighting, and carpentry etc.

The Technical Manager participates in renovations, they are the first ones to make plans and calculation concerning the needed renovation. They will choose the contractors and work with them closely during the whole work.

Security manager

The security department is sometimes outsourced for a security firm specialised to only this activity.

The Security Manager is responsible for the safety of people (guests and employees as well) and the security of the valuables and all the equipment belonging to the hotel, to the hotel staff and the guests.

In case of a crime the security manager keeps touch with the authorities, they will provide them all the information the police need to be able to solve the problem.

The Security manager is also responsible for planning and implementing the evacuation plan of the hotel and all the equipment which is needed for this purpose.

They also create and consider the cost plan of the security department.

Human Resource manager

In Hungary it is quite rare to have an HR manager employed in a hotel. Most of the human resource tasks are executed by the department leaders and the general manager.

The HR manager is responsible for recruiting new employees, who should be trained as well. They can take part in the whole training procedure.

Trainings should be provided for not only the new but the regular staff of the hotel as well. The trainings can be internal or external, in case of external, the HR manager should choose the right organisation for the problem they would like to solve. There can be a lot of internal trainings which is taught by the HR manager.

They usually deal with internships, keep contact with schools and universities and look after the trainees.

Besides these tasks they are responsible for the payroll tasks as well.

Task

Work in pairs or groups of three. Choose hotel type from the chapter 3.

Make an organisation chart for the hotel. What kind of departments that type of hotel needs? Is there any special department which was not mentioned in this chapter? What could be the tasks of that department?

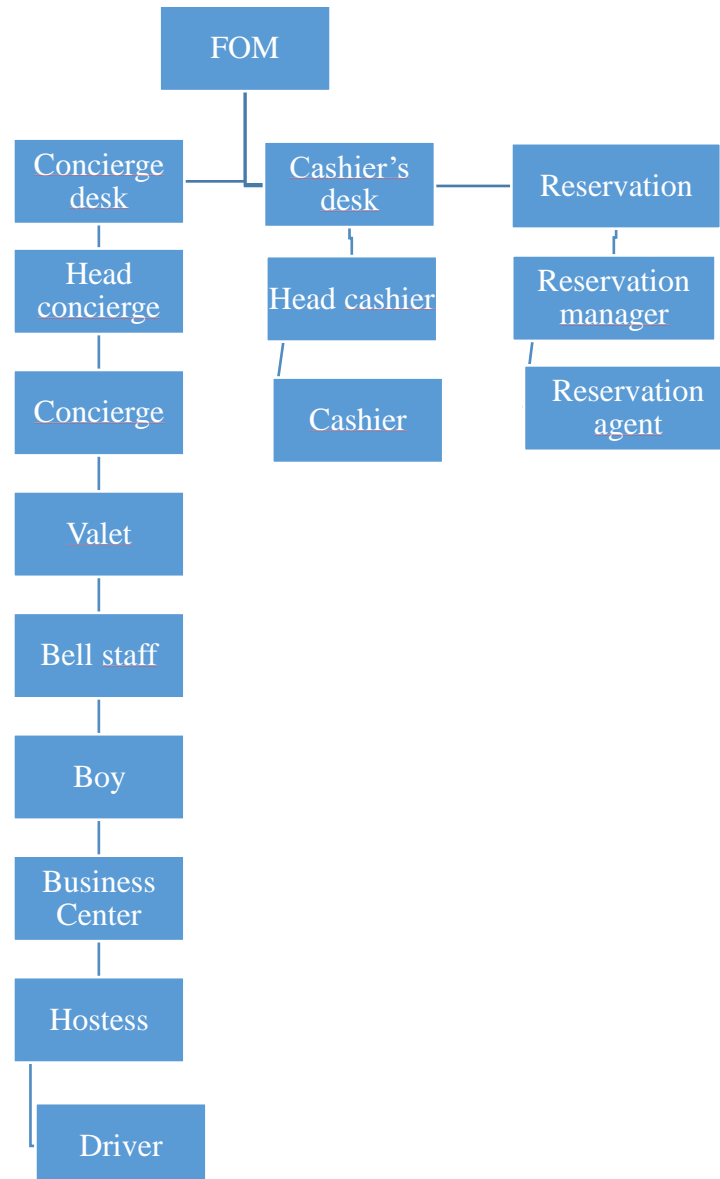
You have 35 minutes to make the presentation.

Front Office

The following chapter deals with one of the most important departments of the hotel, Front Office. The tasks are detailed according to shifts which are typical in the front office work.

Front Office is the shop-window of hotels. This is where the guest gains their first and last impression, so the staff has a lot of opportunity to shape the guest experience via direct connection and provide the service, the guest wants. The hotel needs to train front office workers very well and use only the best employees in this area.

There can be three sections separated in this department. The following figure shows the three tasks which can be determined:



These three areas are separated only in large hotels, which are not typical in Hungary, since we have more small hotels. Some hotels give the reservation task to the Sales & Marketing Department instead of the Front Office, for this department to concentrate entirely on direct guest contact with those guests who are already in the hotel.

The work schedule in the Front Office is happening in shifts. In most hotel the reception works all day, 24 hours, so the employees has to work in hectic schedules. Most hotels are open all year, so on holidays, birthdays and graduation days as well. Although paid vacation are provided by the employer according to the law. The exact starting and finishing time of the shifts is determined by the hotel – it can depend on the hotel type and the need of the target group as well. There can be 8-hour and 12-hour shifts. In bigger hotels 8-hour shifts are more typical concerning the workload in these periods of time. There is a morning shift, afternoon shift and a night shift in an 8-hour schedule. The introduction of the shifts is going to start by the afternoon shift when the guest arrives at the hotel and the reservation/reception tasks.

Reservation/Reception afternoon shift

The first task when the front desk staff starts to work is to enter the Property Management System with their own password. It enables them to make sure that anything they do is happening under their own name. If the previous shift made a mistake, the new shift is not going to be responsible. Although there is a team work in the front desk, it is also important to see where a training is needed.

When the reservation agent starts working, they have to look through the ‘arrival envelopes’ which contain the information about the guests who are scheduled to arrive that day to the hotel. The envelope contains all the emails which were sent and got by the hotel, so the agent will know every detail of the booking, more than what they can get from the PMS.

The reservation agent also reads the 'information book' – which can be online or offline -, where they can find any important information happening in the previous shifts but has an impact or still valid for the current shift as well.

At the arrival of the guest, the reservation agent has to check all the data and correct it if it is needed and has to deliver the room key to the guest as well. At the arrival individuals and groups has to be treated differently, groups normally have a leader, who the agent is talking more often, but the exact check-in of the guests is happening quite quickly. Individuals need much more attention, the agent has to share all the necessary information about the hotel, the services, the package they bought and of course answer any questions.

VIP and loyal guests have different treatments, VIP has mostly a team the reception is talking to, so everything is prepared when they arrive at the hotel. Loyal guests know the hotel already, they do not need so much information, but they definitely need special treatment. Room switch requests are typical in this shift. Room switch can be initiated by the hotel or the guest, although it is not always the best solution for the problems. Room switch only should be done, if there is no other option.

Reservation/reception night shift

After the shift change, the night reservation or reception agent looks through if something was left from the afternoon shift. For example it could happen that some guests did not arrive, yet, they will check-in in the night shift. The most typical night task is closing, summarising the day and prepare for the next day. Closing the Property Management System is normally a short task, but if there is any anomaly, it can take a long time for the agent to figure out the problem. Since hotels work with a lot of money and different issues, there is usually a problem which has to be solved.

The night agent prepares for the next day with printing out morning lists, like room status report, half-board list, maintenance list, VIP list etc.

The night reservation agent's task is to read the information book and administer every task which is still relevant next day and get rid of every other tasks which are already solved.

Reservation/reception morning shift

The receptionist in the morning shift has to bring the arrival envelopes out to the reception desk from the back office. The individual and group envelopes should be taken as well.

The other task of the morning shift is to do the room management. The staff has to pay attention to the guest needs especially for the loyal and VIP guests as well as the groups, who should be roomed to the same floor, possible separated from individual guests. If room reservation is happening in the reception, it is done by the reservation agent in the morning shift as well, but it can definitely happen in other shifts.

The lists which were printed by the night shift are handed to the departments, which use them (Housekeeping, F&B, and Maintenance etc.)

The morning shift is starting the day, so if it is necessary that morning receptionist brings forms, pen, pencil or anything important for the everyday work of the reception.

Cashier afternoon shift

As it has been detailed before the first step to start the shift is enter the computer system. It is crucial in this job, because there is a lot of money, the cashiers have to work with, and so the stake is high. The cashier also counts the money and checks the invoices paid by a debit or credit card. This is how they check if there is a balance.

In the afternoon the cashier usually check the invoices, the debit or credit card limits and the charges on the room accounts. It is also their job to put new charges on the guests' room account if they require it.

There are also some check-out happening in the afternoon shift, mostly those who was provided a late check-out service. It means that the guest has the opportunity to lengthen their stay by some hours, so they do not have to check-out until the usual time, 10-11 am but until about 2-3 pm.

If the hotel has a currency change service, it can happen in the afternoon shift as well as in other shifts. The cashier has to have a licence to provide the service.

It is also possible that the guests pay their bills one day before their departure and it usually happens in the afternoon shift or the night shift.

Cashier night shift

In the night shift the cashier checks the daily turnover. They concentrate on the formal requirements and the amounts of the invoices. They check the exact charges, limits and if they find any discrepancies, they try to find out the root of the problem.

After that they close the day in the Property Management System and the currency change machine, if they have any.

There are several lists which are important in the everyday administration of the hotel: list of the charges, credit card limits, revenue list, payment methods etc.

If they find limit problems with guests' credit cards, they inform the guest to pay the bill as soon as possible. It is also possible that room account is too high, so the hotel require the guest to make a partial payment.

Cashier morning shift

The morning shifts is usually dominated by the check-outs and the payment of the room account by the guests. The billing procedure can be easy or difficult determined by the guest's needs. The invoice should be formally proper, it should be stamped and signed. The first copy of the invoice is given to the guest folded into an envelope, the second copy needs to be signed by the guest and kept by the hotel.

Group invoices are more difficult, they are mostly made and printed by the Front Office Manager, but of course it depends on the group as well.

The morning shift starts by the cashier bringing change from the financial department to be able to start the day.

Concierge's tasks

The concierge's tasks are not divided into shifts, because all the tasks can occur in every part of the day.

At the check-in and check-out the concierge's tasks are simpler than in case of the other positions. They register the guests and of course offer the concierge services for them, if they ever need it during their stay.

The concierge is responsible for the messages, deliveries. There are some guests who order deliveries to the hotel or get any messages from a third party. Although it is important to add that the concierge only accepts a delivery which the guest previously informed the concierge about. In any other case the concierge cannot confirm that the guest stays in the hotel.

The concierge looks after the room keys as well, they control if the guests got enough keys or if they lost any of it.

One of the concierge's most important tasks is giving information to the guest. The guests need information about the hotel, sights, entertainment facilities, sport programs and timetables.

The concierge desk is in the right place to observe the lobby and see who comes in or goes out any time of the day.

The concierge deals with every errands outside the hotel for example they order flowers or chocolate or any gifts the guests want.

The alarm service belongs to the concierge's job description as well. There is an alarm list, which contains the room numbers, which should be called. It can be done manually or by a machine. The call is much more personal and there is an opportunity to ask the guests if they need any extra service like an in-room breakfast.

At the guests' departure the concierge is responsible for opening luggage room and getting the guests' suitcases.

In the night shift the concierge closes the day, make preparation for the next day, reads the emails and see if any tasks left from the day. The concierge checks the remained messages, if they are still valid the next day. They type the information book and look through the tasks in it.

Task:

Watch the video and observe how the exact check-in process looks like:

<https://www.youtube.com/watch?v=wyqfYJX23lg>

Task-hotel

Search for a Hungarian hotel

Choose a hotel

Get to know the hotel: equipments, rooms, packages, services, etc.

Develop a standard check in using the information in the video above

Task-guest

Review the website of the hotel

Find out the strategy

Check-in the hotel, ask questions, you do not have to be polite

Housekeeping

Housekeeping is maybe the most important department in the hotel. This department is responsible for the cleanliness and the looks of the hotel rooms, public areas and most of the time the whole territory of the hotel.

Housekeeping has to employ a lot of staff in different jobs. The most typical job is called the room attendant. They are the ones who effectively clean the rooms, make the bed and prepare the rooms with the necessary amenities. Their direct bosses are the housekeeping supervisors who make the schedule/rota, determine which rooms need to be cleaned and what kind of amenities need to be prepared to the room. The executive housekeeper is the leader of the department, they hire the staff, order the materials, manage the whole department.

Housekeeping cannot work alone, - as any of the hotel departments – they have to cooperate with other departments especially with the Front Office and Maintenance.

The cooperation between Housekeeping and Front Office:

Front Office is the most important partner of the Housekeeping Department. They need to have a seamless cooperation, because if there is any mistakes or wrongdoing, it can result very big problems for the guests and of course for the hotel.

The first field of cooperation is to know the meaning of the room statuses, which are the following.

Clean/Vacant

- Cleaned, checked and the status is changed
- It means that the guest can get the room key and occupy the room.

Dirty/Vacant

- Housekeeping has not cleaned the room, yet
- Front Office cannot give the keys to the guest, they cannot occupy the room.

On change

- Housekeeping is cleaning the room right now
- The room is being cleaned, the guest does not have to wait for long.

Clean/Occupied

- The guest stays in the room, but the housekeeping has to clean it every day with a so-called daily cleaning, at the end of the day, all the rooms need to be cleaned.

Dirty/Occupied

- The room is not yet cleaned with daily cleaning.
- If the guest put a Do not disturb sign on the door, housekeeping cannot clean the room, so at the end of the day, the room will still be dirty.

OOO

- It means out-of-order, the room is not to be cleaned.
- The room is not to be sold either, because there is some technical problems in the room.

The information flow about the room status has to be smooth, if a room is cleaned in a busy day, the Front Office needs to be informed as soon as possible to avoid conflicts and guest complaints.

At the end of the day a room status report has to be handed to the Front Office to document the room cleaning activity of the Housekeeping.

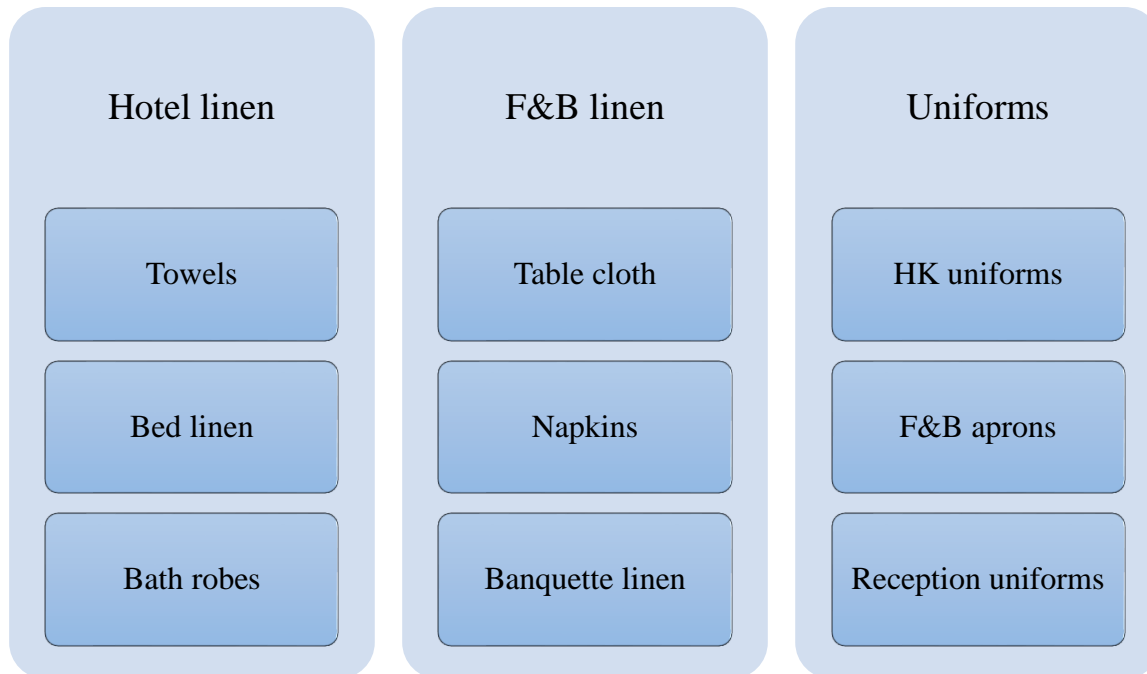
The cooperation between Housekeeping and Maintenance:

Sometimes they are one and department because they have to work together quite closely. During the room cleaning Housekeeping discovers a lot of problems, which need to be repaired, the room attendants make error report about the problems they found. The maintenance does not have a long time to fix the problems only until check-in. If it is not possible the room status has to be changed to out of order.

Sometimes maintenance feels that the Housekeeping caused the problem in the first place and Housekeeping thinks that they have to clean the room twice because maintenance makes a mess during the work they do in the room.

Linen:

Housekeeping has to work with a lot of linen, the storage of linen is their responsibility as well. There are different types of linen in the hotel. There are three categories which can be determined with some examples under them:



Housekeeping also needs a lot of machines and equipment to be able to clean all surfaces. The first and the most important is the Housekeeping trolley, which quality is crucial. It has to bear a lot of burden, so it needs very strong and flexible wheels and more sections to store different products in it. It needs two separate dustbins for dirty linen and garbage.

The second most important tool is the vacuum cleaner, which has to fit several requirements. It has different criteria than a machine used at home. The performance and the frequency of cleaning is much higher than a home device. The amount of vacuum cleaners is determined by the size of the hotel, the number of Housekeeping employees and if they work in pairs or alone. The vacuum cleaner has to be easy to move, easy to clean with, light but capable to perform. It should not harm the furniture and the wire should be easy to handle.

There are other equipment which is also needed at the department: broom, brush, mop, bucket, rubber gloves. Rubber gloves are very important because the Housekeeping staff has to be protected from infections as well.

The Housekeeping is the department which is dealing with a lot of chemicals as cleaning supply. They need the following types of chemicals to be able to clean the different surface: all-purpose cleaner, disinfectant, scouring powder, window cleaner, plate powder, furniture cleaner,

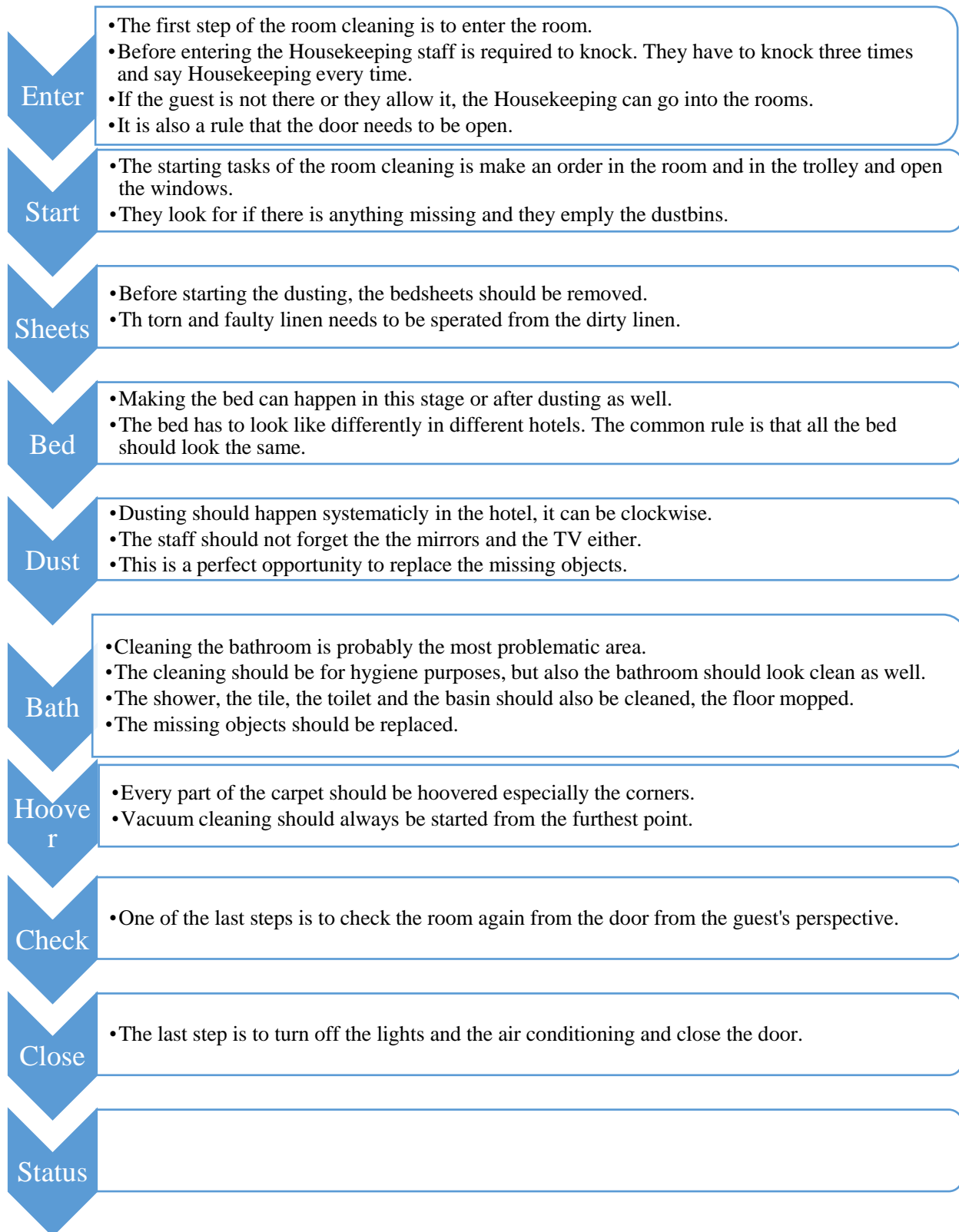
air freshener etc. Housekeeping uses a great amount of these, so they need a good supplier to provide the necessary packs. The chemicals cannot contain chlorine or other poisonous supplements, there cannot be any acetic scent in the hotel either. The chemicals should be environmentally friendly as much as possible. The Housekeeping supervisors should know the right dilution rate and should use only those cleaning supplies from which a little amount is enough.

Preparation for the room cleaning:

Before the actual room cleaning starts, Housekeeping staff needs to make some preparations. In the morning they got the list of the rooms which need to be cleaned that they. They see the different room statuses, the departure/arrival rooms are highlighted for them. The departure/arrival rooms are the most crucial because guests leave those rooms until about 11 am and the new guests arrive at about 2 pm, so these rooms have to be ready by then. The room attendants get there worksheet and the room keys. If there are room cards available in the hotel, it is also possible to make floor cards, which means that all the rooms on the floor can be opened by only one card. It is a great relief for the Housekeeping staff, because they do not have to carry that many keys with them.

As a preparation the room attendants have to pack the Housekeeping trolley as well, so all the linen, amenities, tools and equipment is available. Of course they have to change their clothes and wear their uniforms for the job.

Cleaning the guest room:



Example:

Watch this Housekeeping training video and observe how many small things the Housekeeping has to pay attention to.

<https://www.youtube.com/watch?v=nF0iHQWFO1U>

Task:

Work in pairs or groups of three, choose an existing, special hotel in Hungary or in anywhere in the world. Introduce this hotel to the other and determine what kind of special Housekeeping tasks occur in the hotel room. Think about how much time it would take to clean a room in the hotel. Make a presentation, you have 45 minutes.

Sales & Marketing

<i>Guest cycle</i>	<i>Front Office tasks</i>	
	<i>Guest service</i>	<i>Account service</i>
Pre-arrival	Reservation	
Arrival	Registration	Opening the account
Stay	Guest services during the stay	Charges
Departure	Check-out and data archive	Paying

The table shows the hotel guest cycle and the front office tasks before and during the stay of the guest. It also shows the guest service and account service tasks of the front office.

However, it is important to mention that during the pre-arrival phase there is usually another department involved in the process.

Reservation department often belongs to the Sales & Marketing department instead of Front Office. It depends on the organisation structure and the size of the hotel.

Pre-arrival phase

In this phase the guest chooses the hotel, which is determined by a lot of factors like the experience in the last stay in the same accommodation. Advertisements can also influence guests, most of the hotel ads nowadays focus on the internet (social media, banners, google adwords etc.). The most important factors in the decision making are friends, family and relatives. Recently guests are taking advice from strangers as well, they use social media. Hotel

review sites, like TripAdvisor are very popular among guests and the reviews they publish can definitely help guests in the decision.

Sales activity

The aim of the sales activity of the hotel is primarily to sell rooms. On the other hand there are other services in the hotel which should also be sold like spa or F&B services. One of the most important goal of the hotel is to ensure a constant, high occupancy of the hotel. Constant occupancy is essential to operate the hotel easier to provide predictability. High occupancy is relative, it does not mean that the hotel has to be full during the whole year, there has to be a balance between occupancy and room rate. You can find out more about this topic in the Hotel Statistics chapter.

Guest types

There are different guest type in the hotel. The following figure contains one typology. In the Tourism Marketing book, you can find more segmentation types, this is only one example to categorise the hotel guests.

Guest types

Corporate guests

Travel agency guests

'Online' guests

Walk-in guests

Corporate guests

Corporate guests are business tourists coming from different companies. They have primarily business motivation, they do not decide which destination they want to travel or what they would like to do during their stay in the hotel. They are also not the ones who are paying for the services they buy.

Hotels have corporate contracts with these companies, some of them are exclusive. According to these contracts, companies always book the stay of the employee in the same hotel or hotel chain. They will have special prices, they do not pay the same amount as a leisure guest. The corporate business is very good for a hotel, their demand is sure and they have a different seasonality comparing to leisure guests.

Individual and group corporate guests can be differentiated. Individual business corporate guests do not need as much service in the hotel as corporate groups. Individuals usually stay in business or city hotels, which you can read more about in the Hotel types chapter. Corporate groups are having meetings or conferences in the hotel, so they prefer conference centres which can provide the necessary facilities and banquette services. There is a subcategory in the corporate guests target group, which are called long-stay guests. They have to spend more than some nights in a destination, so they need a different hotel for this purpose, Extended stay hotels. You can find out more in the Hotel types chapter.

Travel agency guests

Travel agency guests are mediated by a travel agency, who the hotel has a contract with. Travel agencies sell the hotel rooms instead of a hotel sales or reservation team. The hotel's sales team would not be able to sell all the rooms by themselves, so travel agencies are needed. These guests only have contact with the hotel when they actually arrive, because the reservation process is managed by the travel agency and the hotel. Guests get a voucher from the travel agency, which contains all the details of the reservation, all the services the guests paid for and has to be provided in the hotel.

‘Online’ guests

More and more guests book their rooms online. In this sense, online means that guests make reservations on the website of the hotel or they use an online reservation opportunity like an online travel agency (OTA).

Most hotels provide reservation opportunity on their website, it is easier and less time-consuming for the hotel’s reservation team, because the reservation engine asks for the data and it shortens the period of time for the reservation.

OTAs are able to help a lot as well, because they are global companies (like booking.com) and they are very good at advertising not only selling. Guests prefer these websites, because they can find every accommodation provider there and use a lot of filter to find the right hotel. They think that these websites are easy to use and they trust the information they get there.

Walk-in guests

Walk-in guests are very typical in the hotel sector. The term means that they do not have a reservation or a contract in advance, they just show up in the hotel. The hotel does not give them a discount price, they definitely have to pay the full room rate. The length of stay in their cases is mostly one or two nights.

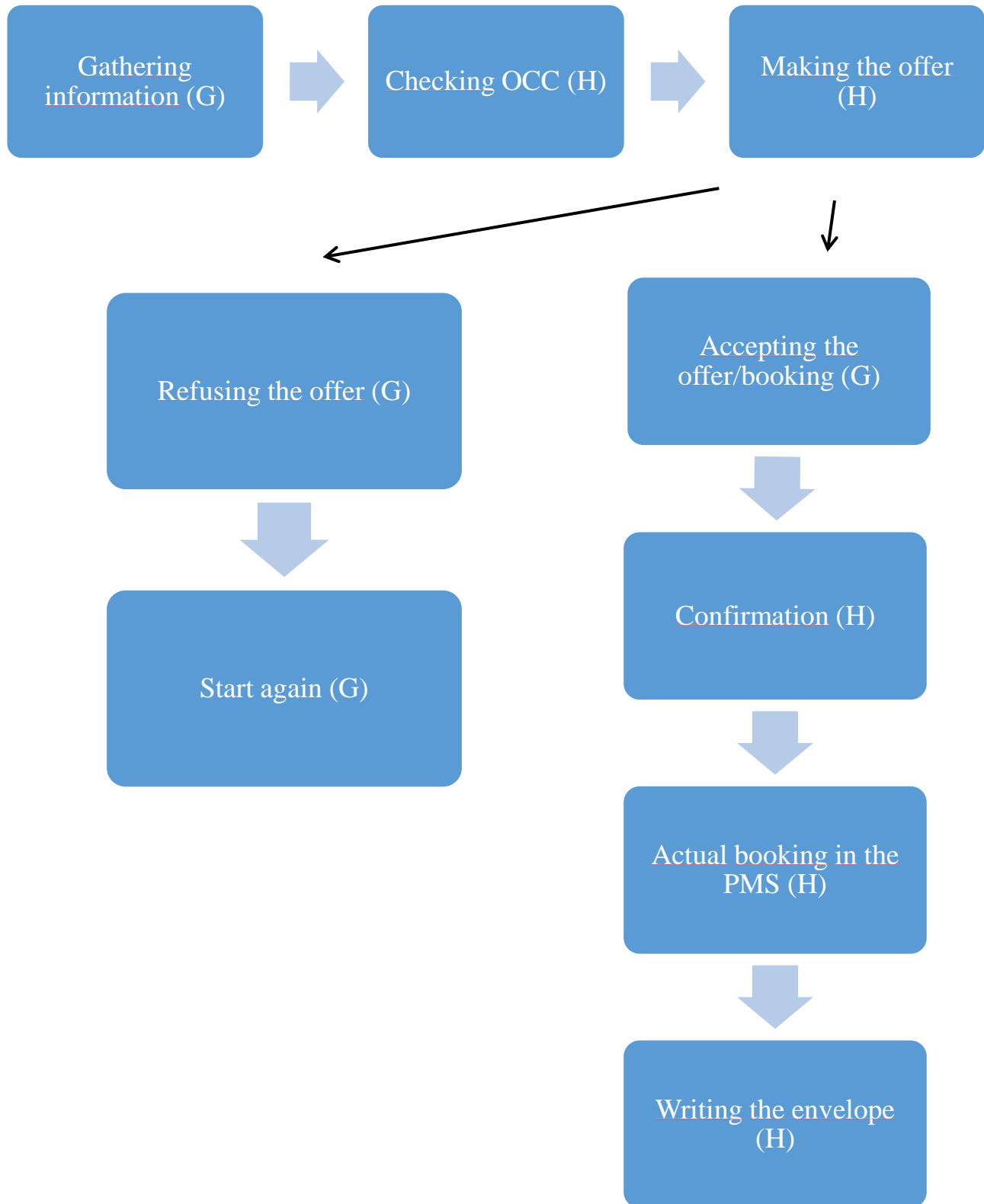
Reservation process:

The reservation process of a hotel is usually done by the receptionists or the reservation department which can belong to the Sales & Marketing Department as well. The following figure shows the most usual phases through the reservation process. G means Guest and H means Hotel.

The first phase is when the guests is gathering/collecting information about the hotel. As you can see above in the pre-arrival phase, guests’ decisions can be determined by several factors. One of the most important factors is the location of the hotel, first the destination is decided. The guest needs to know what services they require in the hotel and that helps them select the right accommodation facility. Then definitely the price will matter, when exactly deciding the right hotel to stay at. When the guest finds the hotel they can call them on the phone or write them an

email. It depends on the hotel type and guests as well, which is more dominant (emails or phone).

When the guests contact the hotel, the hotel staff first checks the occupancy rate, they need to know if there is any hotel rooms free. When they answer the phone, they need to say the hotel's name first than greet the guest and ask what they can help with. The hotel staff needs to find out the following data: exact date of arrival and departure, room type, number of guests, if there are any children coming as well. If there is no room available in that period of time, the hotel staff suggests another date or a different room type (if there is any available). If the hotel belongs to a hotel chain, they can also recommend another hotel chain member hotel in the destination.



If all the necessary information is shared by the guest and collected by the hotel, the hotel is able to make the offer for the guest. It is common to make two offers: one is a best rate offer, the other one is usually a package. Best rate only contains the room rate and breakfast, but the package includes other extra services as well. The package contains more service and the guest will see that it provides more benefits for the customer than the best rate. The hotel's goal is to sell the package instead of only a bed & breakfast price. In case of the phone reservation the offer has to be made instantly on the phone, one of the most important detail of that is the price. If the hotel staff does not calculate the price perfectly, it is not easy to change, because the guest will remember.

The hotel staff does not have a lot of time to calculate and they have to keep contact with the guest during the whole process.

The guest has two choices when they get the offers: accepting one of them (instantly or later) or refuse (instantly or later). If they refuse – most of the time because they do not like the price – they can ask for a different offer for a different period of time, so the whole process starts again, or the guest decides not to stay in the hotel.

If the guest accepts the offer, the process goes on. The whole process happens now in written form as well. The hotel needs the guest's request written in an email to be able to document the whole process. The guest will not know what exactly should be in a booking email, so the hotel staff has to help with giving them the necessary data: name, age (in case of children), arrival, departure, room type, package, extra service or amenity, payment method and anything which is special in the booking.

In 24 hours following the booking, there should be a confirmation sent back to the guest by the hotel staff. The confirmation is always a standard document personalised for the booking details. Besides the booking details, the confirmation contains information about the check-in, check-out time, price for early check-in or late check-out, cancellation policy, payment methods, necessary advance payment and methods and the contact details of the hotel reservation agent.

The next step after sending the confirmation to the guest is to make the booking in the property management system as well. The PMS is also used by other departments of the hotel who need to know if one more room is going to be occupied at the exact period of time, since they need to

prepare. The type of the PMS is going to determine the data it needs but mostly the same data will be typed in the PMS as can be found in the confirmation.

The reservation envelope is the result of ensuring that the reservation data is available for the hotel staff, if there is any technical problem in the hotel. The form of the envelope can be different in case of every hotel, but it contains data just like the PMS.

Task

Task-hotel

Search for a Hungarian hotel

Choose a hotel

Get to know the hotel: equipments, rooms, packages, services, etc.

Analysing the package content, services and prices

Reservation process (applying standards)

Task-guest

Review the website of the hotel

What do you like? What don't you like?

Find out the strategy

Get in contact with the hotel

Ownership, integration

Hotels can choose not to stand alone in the market, but join in hotel groups, hotel chains or any other partnership. This chapter introduces the forms of integrations and the role of hotel groups in the global hotel sector.

The definition for hotel chains is the following:

Multi-unit service organizations; in which units operate under a system of decision-making permitting coherent policies and a common strategy through one or more decision-making centres, and where hotel units and corporate functions are linked to add value to each other by ownership or contractual relationships.



The definition means that hotel chains have more members, which are connected by the same principles determined by a centre. It is also possible that the owner of the hotels are different, but still have some contract to connect them.

There are different transnational strategies which enable hotels to link together:



Franchising

Franchising is a system of doing business by which the franchisor designs the marketing format by giving the right to franchisee to use its name, trademark or advertising, and to engage in selling, offering and distributing goods and services.

In the franchise contract there is always a franchiser and a franchisee. The franchiser gives away the 'secrets' of success, a receipt about how to run the hotel, what rules need to be kept, how to treat the guests. The franchisee pays for the service.

The advantages and disadvantages for the franchiser:

'Free' money without investment	Giving away the name and the 'secret'
Expanding the brand	Risky if the franchisee goes bankrupt or does not keep the standards
Less risk than buying properties	

The advantages and disadvantages for the franchisee:

Buying an existing success receipt	Expensive: there are a lot of fees which need to be paid
Getting trainings	Less flexibility: standards have to be kept
Less risk in the operation	Monitoring activity of the franchiser
Belonging to a good brand	

Non-investment management agreements

Management contract is needed when the owner of the hotel does not know or want to operate the hotel besides owning it. For this purpose they hire a hotel management company who is specialised in hotel operation and already have professional staff, who can run the hotel. The hotel management company provides the management level of the hotel, so the General Manager, he department leaders etc., but the entry level staff is hired by the original owner.

Acquiring overseas properties

Acquiring properties is the most typical way to build a hotel chain. It only means that the hotel chains buy more establishments and join them in their own chain operating them as other properties already belonging to the hotel chain.

Mergers

It is also possible that a bigger hotel group is created when two hotel chains merge together. If they are two big global hotel groups, sometimes they need approval from the Congress in the US or Hungarian Competition Authority in Hungary.

Biggest hotel groups in the world

Rank	Hotel group	Nationality	Hotels	Rooms	Growth
1	IHG	GB	4840	710,295	3,4%
2	Hilton Worldwide	USA	4278	708,268	5,4%
3	Marriott International	USA	4117	701,899	5,9%
4	Wyndham Hotels	USA	7645	660,826	2,4%
5	Choice Hotels	USA	6376	504,808	-0,2%
6	Accor	FRA	3717	482,296	4,5%
7	Starwood	USA	1207	346,599	2,2%
8	Best Western	USA	3900	302,144	-3,9%
9	Home Inns	CHI	2609	296,075	15,4%
10	Jin Jiang	CHI	2208	241,910	87,6%

Source: MKG Hospitality database, March 2015

There was a big change in case of the biggest hotel groups in the world. In 2016 there was a big merger happening in the global hotel sector, so a ruling hotel group has been made which because the largest of all times. The merger of Marriott and Starwood reshaped the whole hotel sector not only in Europe but worldwide.

Look at the following website:

https://www.hotel-online.com/press_releases/release/global-hotel-ranking-top-10-what-does-the-future-hold-after-the-marriott-st

Click the dots and see what happened in the worldwide hotel ranking.

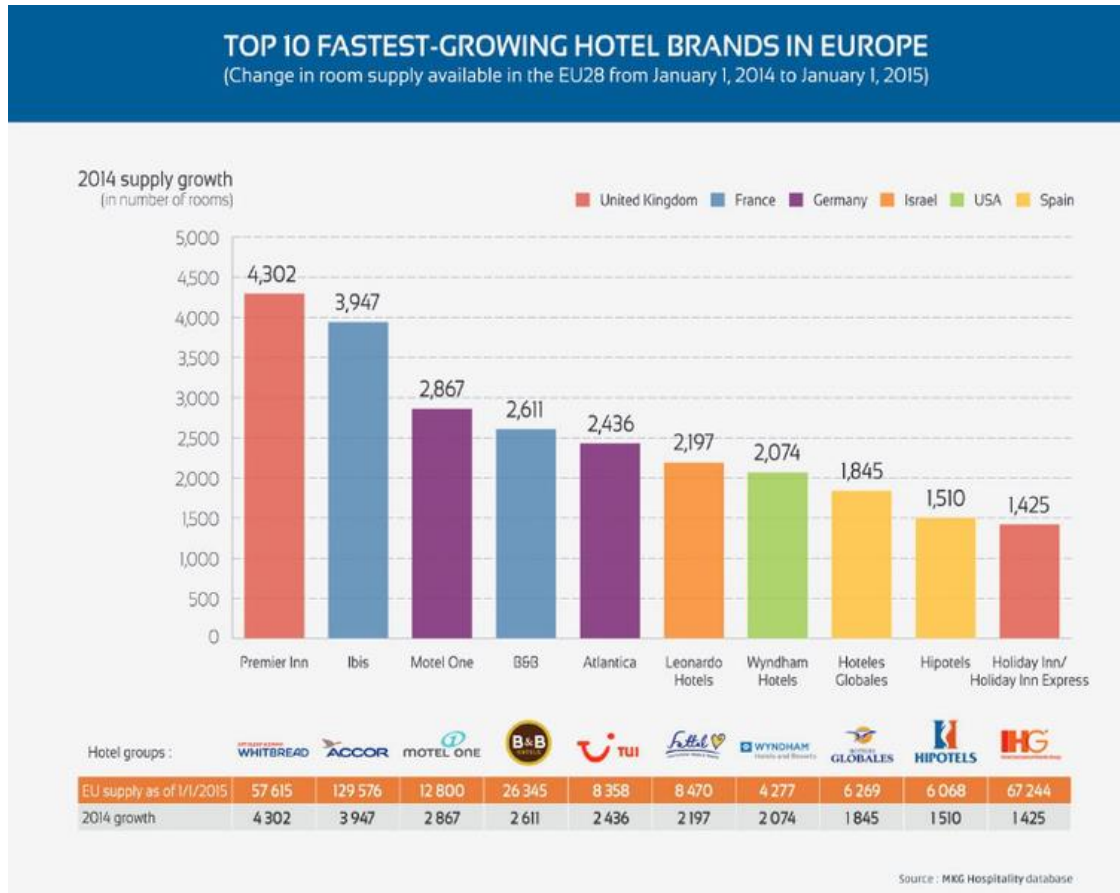
The biggest hotel groups in Europe:

Rank	Hotel group	Hotels	Rooms	Growth
1	Accor	2468	267,338	1,8%
2	IHG	589	90,160	2,3%
3	Best Western	1281	88,852	-3,7
4	Louvre Hotels	969	67,587	-0,8
5	Whitbread	701	57,615	8,1

Source: MKG Hospitality, January 2015

The European market is a little bit different, than the global market. The European market is dominated by the French Accor Hotels which European and most of their hotels can be found in the continent. Number 4 Louvre Hotels was bought by Jin Jiang Hotels later that year.

As the fastest growing chains in the same period of time, you can see how the European market changed in the same period of time.



Look at the following website again:

https://www.hotel-online.com/press_releases/release/global-hotel-ranking-top-10-what-does-the-future-hold-after-the-marriott-st

Scroll to the bottom of the website and see how the European market changed following the Marriott and Starwood merger.

Task

Work in pairs or groups of three. Choose a country one of you is from or you know it. Gather data about the country's hotel sector and make a list of Starwood and Marriott hotels which became one brand now. See the difference between the market power before and after the merger. How important Marriott became? Why was it worth for Marriott buying Starwood in the selected country? Make a presentation about the reasons, you have 50 minutes to do the task.

Hotel statistics

In this chapter the most important and commonly used performance indicators are introduced and presented in statistics tables according to the Hungarian Central Statistical Office's data.

Occupancy rate:

Occupancy rate is one of the most important performance indicators, which aim is to show how many rooms the hotel could sell in a period of time. It does not provide any information about the price only the amount of the rooms sold.

The formula for calculating the occupancy rate is the following:

$$\frac{\text{The number of rooms sold}}{\text{Total number of rooms in the hotel}}$$

The occupancy rate can be calculated in different time periods, the most common is the annual occupancy rate which shows the hotel's performance in a year, but General Managers also observe daily, weekly or monthly occupancy as well.

In the following table, there are annual occupancy rates for the Hungarian regions in the last ten years.

<i>Year</i>	<i>Bp</i>	<i>N-H</i>	<i>N-GP</i>	<i>T-L</i>	<i>S-GP</i>	<i>C-T</i>	<i>Balaton</i>	<i>S-T</i>	<i>W-T</i>
2008	56.7	36.8	45.3	34	38.7	34.4	48.1	34.8	45.9
2009	48.1	32.2	40.7	30.8	36.3	30.3	44.6	31.8	43.6
2010	50.6	32.3	41.2	29.3	33.2	32.8	44	33.6	47.9
2011	54.2	36.2	38.3	33.7	36.7	32.9	44.7	29.7	48
2012	56.7	37.5	39.5	37.8	36.7	33.3	46	30.4	49.6
2013	59.3	41.6	40.1	39.6	37.1	36.4	48.1	32.8	49.5
2014	62.3	44.5	42.6	42.7	39.9	38.1	48.7	34.6	50.1
2015	66.3	48	42.5	43.5	41.4	40.7	49.7	37.1	50
2016	68	48.8	46.3	48.9	44	45	52.3	38.6	52.5
2017	71.7	53.8	48.4	52.4	48.3	48.3	54.4	42.7	55.2

The table shows how much occupancy rate is in the different Hungarian regions. The Budapest Region has obviously the highest occupancy rate, concerning the demand it produces during the whole year and it has the most significant international airport as well.

Balaton Region and West-Transdanubian Regions have the second place together, because in some month one has highest numbers and other months the other one.

Average room rate

Average room rate is one of the most essential indicators concerning the revenue and success of the hotel. It shows how effective the sales activity of the hotel was, how much the hotel got for one room.

The formula for calculating the average room rate is the following:

$$\text{Average room rate} = \frac{\text{Total revenue in a period of time}}{\text{Number of sold rooms in the same period of time}}$$

The average room rate is observed definitely every day and it contains a lot of information about the future of the hotel as well. It can be the basis of decision making, mostly about prices.

The following table contains information about the Hungarian average room rate in the best three region:

	<i>Budapest</i>	<i>Balaton</i>	<i>West Transdanubian</i>
2008	18 923	11 552	11 969
2009	18 033	12 875	12 247
2010	17 038	11 642	11 289
2011	17 051	11 552	11 435
2012	17 014	12 571	12 156
2013	17 658	12 859	12 879
2014	19 139	14 156	13 819
2015	20 602	15 277	14 119
2016	21 854	16 047	14 409
2017	24 358	16 700	15 242

The table shows that Budapest Region is much more successful in selling the hotel rooms for a higher price than the other two regions, although they also made progress in the last ten years.

RevPar

RevPar is an abbreviation for Revenue per Available Room, which combines the previously mentioned Occupancy Rate and Average Room Rate. This is the most trustworthy indicator which is able to show the real performance of the hotel.

The formulas for RevPar:

$$\text{Average Room Rate} \times \text{Occupancy rate}$$

$$\text{Room revenue} / \text{Rooms available}$$

The formulas show that RevPar does not only consider the price of the hotel room but the occupancy rate as well, it combines both with excluding their weaknesses.

The following table contains the RevPar data for the most successful three regions in the Hungary.

	<i>Budapest</i>	<i>Balaton</i>	<i>West Transdanubian</i>
2008	10 739	5 540	5 492
2009	8 682	5 736	5 335
2010	8 619	5 126	5 411
2011	9 234	5 161	5 493
2012	9 656	5 789	6 028
2013	10 479	6 179	6 374
2014	11 921	6 898	6 920
2015	13 656	7 595	7 055
2016	14 857	8 395	7 563
2017	17 416	9 037	8 367

If we compare the numbers in this table to the Average room rate, it is easy to see the difference, that these numbers are much lower, because they do not only contain the Average room rate but the Occupancy rate as well.

However, the result is not different, because the RevPar indicator in the Budapest Region is much higher (almost double) of the other two regions.

Task

Work in pairs or groups of three, choose a country, preferably the home country of a team mate and find out Occupancy rate, Average room rate and RevPar data for the last five years. You have 30 minutes to gather the data.

Exercises for calculating RevPar:

Exercise 1: 400-room hotel in the month of May is running 72% at an average rate of €122.59. Calculate the RevPar.

Solution 1:

400 rooms x 31 days = 12,400 room nights available

72% are occupied = 8,928

8928 x €122.59 = €1,094,483.52

€1,094,483.52 / 12400 = €88.27 RevPAR

Exercise 2: Which was the better year for the hotel (100 rooms)?

2016

OCC 90% ADR €70

2017

OCC 70% ADR €90

Solution 2:

2016

$100 \text{ rooms} \times 365 \text{ days} = 36,500 \text{ rooms}$

$36,500 \text{ rooms} \times 90\% \text{ OCC} = 32,850 \text{ rooms}$

$32,850 \text{ rooms} \times \text{€}70 = \text{€}2,299,500$

2017

$\text{€}2,299,500$

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