Fundamentals of Business

Chapter 15:

Hospitality and Tourism

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Chapter 15

Hospitality & Tourism

Learning Objectives

1) Understand what tourism is: definition, components, and importance.

2) Understand the economic, social and environmental benefits and costs of tourism.

3) Define hospitality and the pineapple tradition.

4) Identify the types of hotel categories and how they are determined.

5) Understand the structure of hospitality operations and career ladders.

6) Examine the different categories of food service operations.

7) Understand the different types of events, meetings and conventions.

Tourism

Figure 15.1: Postcards in Italy

The tourism industry is often cited as the largest industry in the world, contributing 10% of the world's GDP. In 2014 there were over 1.1 billion international tourists: that's a substantial economic impact and movement of goods and services![1] Tourism is also considered an export and is unique in that the consumers come to the product where it is consumed on-site. Before we dig any deeper, let's explore what the term "tourism" means.

Definition of Tourism

There are a number of ways tourism can be defined. Recently, the United Nations World Tourism Organization (UNWTO) embarked on a project from 2005 to 2007 to create a common glossary of terms for tourism. It defines tourism as follows:

A social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure.[2]

In other words, **tourism** is the movement of people for a number of purposes (whether business or pleasure). It is important to understand the various groups and constituencies involved in this movement. Of course it includes the tourist, but also the vast array of businesses providing goods and services for the tourist, the government and political structure of a destination, and the local residents of the destination community itself. Each of these components are necessary parts of a successful tourism destination and operate within private and public sectors, the built environment, and the natural environment. All these come together to create the processes, activities, and outcomes of tourism.

If it all seems a little overwhelming, it might be helpful to break tourism down into broad industry groups, each of which will be covered in this chapter:

- Accommodation and Lodging

- Food and beverage services (F & B)

- Recreation and Entertainment

- Convention & Event Management

- Travel Services

- Country Clubs

Benefits and Costs of Tourism

Tourism impacts can be grouped into three main categories: economic, social, and environmental. These impacts are analyzed using data gathered by businesses, governments, and industry organizations. Some impacts gain more attention than others. It is also important to recognize that different groups and constituencies are impacted differently.

Economic Impacts of Tourism

The tourism industry has a huge economic impact that continues to expand to new markets and destinations. According to the UNWTO, in 2015 "The total export value from international tourism amounted to US$ 1.4 trillion."[3] Regions with the highest growth in terms

Figure 15.2: The Impact of Global Tourism

The impact of global tourism

- 10% of global GDP
- Provides 1 of every 11 jobs worldwide
- 6% of global exports
- 30% of global services exports

of tourism dollars earned are the Americas, Europe, Asia and the Pacific, and Africa. Only the Middle East posted negative growth at the time of the report. As well, the UNWTO's *Tourism 2020 Vision* report predicts that international arrivals will reach nearly 1.6 billion by 2020.[4] Figure 15.2 provides additional information about the impact of tourism worldwide.

Positive impacts from this economic boom include robust foreign exchange, increases in income, and GDP growth. Tourism can also offer diverse employment opportunities, can be developed with local products, and is often compatible with other economic activities within a destination. Tourism often injects money into the community that leads to secondary economic development as well. For example, successful resorts may create the need for a commercial laundry facility or a pet boarding business.

However, there are also negative impacts. Property values may increase to the point of unaffordability for local residents, and the seasonality of the tourism industry may create a feast-or-famine economy. As with any economy, if too many resources are focused on just one industry, communities may be vulnerable to any unexpected economic, social, or environmental changes. One example is the New Jersey shore after the devastation of Hurricane Sandy. The tourism industry was destroyed, leaving no economic fallback for local residents.

Social Impacts of Tourism

In addition to the economic benefits of tourism development, positive social impacts include an increase in amenities (e.g., parks, recreation facilities), investment in arts, culture, heritage and tradition, celebration of indigenous communities, and community pride. Tourism also has the potential to break down language, socio-cultural, religious, and political barriers. When developed conscientiously, tourism can, and does, contribute to a positive quality of life for residents and promotes a positive image of the destination.

However, as identified by the United Nations Environment Programme, negative social impacts of tourism can include: change or loss of indigenous identity and values; culture clashes; changes in family structure; conflict within the community for the tourism dollar; and ethical issues, including an increase in sex tourism, crime, gambling, and/or the exploitation of child workers.[5]

Environmental Impacts of Tourism

Tourism relies on, and greatly impacts, the natural environment in which it operates. In some destinations, there is a great appreciation of the environmental resources as the source of the tourism industry, and as such there are environmental protection policies and plans in place. Tourism has helped to save many delicate ecosystems and their flora and fauna. Preservation of these important resources benefits not only the tourist but also the local residents as well.

Even though many areas of the world are conserved in the form of parks and protected areas, tourism development can still have severe negative economic impacts. According to The United Nations Environment Programme, these can include the depletion of natural resources (water, forests, etc.), pollution (air pollution, noise, sewage, waste and littering), and physical impacts (construction activities, marina development, trampling, loss of biodiversity, and spread of disease).[6]

The environmental impacts of tourism can reach beyond local areas and have an effect on the global ecosystem. One example is increased air travel, which is often identified as a major contributor to climate change.

Whether positive or negative, tourism is a force for change around the world, and the industry is transforming at a staggering rate.

Accommodation and Lodging

The Hospitality Industry

When looking at tourism it's important to consider the term hospitality. Some define **hospitality** as "the business of helping people to feel welcome and relaxed and to enjoy themselves."[7] Simply put, the **hospitality industry** is the combination of the accommodation and food and beverage groupings, collectively making up the largest segment of the industry.

Figure 15.3: Shirley Plantation, with a pineapple on the roof.

The pineapple has long been the symbol of hospitality. The Caribs, indigenous people of the Lower Antilles in the Caribbean, first used it as such a symbol. The Spaniards knew they were welcome if a pineapple was placed at the entrance to the village. This symbolism spread across Europe and North America where it became the custom to carve the shape of a pineapple into the columns at the entrance of the plantation.[8] Charles Carter added a three and a half foot wooden pineapple to the peak of the roof at Shirley Plantation, the first plantation in Virginia.[9] It is now common to see the image of the pineapple as a sign of welcome, warmth and hospitality.

The types of employees and resources required to run an accommodation business — whether it be a hotel, motel, or even a campground — are quite similar. All these businesses need staff to check in guests, provide housekeeping, employ maintenance workers, and provide a place for people to sleep. As such, they can be grouped together under the heading

of **accommodation and lodging**. Figure 15.4 summarizes the various groupings within the industry.

Figure 15.4: The scope of the hospitality industry

Category	Examples
Accommodations and Lodging	Hotels Motels Resorts Campgrounds/Cabins AirBnB/ Home Away
Recreation and Entertainment	Gaming Theme Parks Adventure and Outdoor Recreation
Travel Services	Travel Agents/ OTA's Airlines Cruise Ships Rail/ Bus Car EcoTourism
Food and Beverage Services	Restaurants Catering Institutional
Conventions and Event Management	Meetings Expositions Social and Special Events
Clubs	City Private Country Clubs

Hotel Types

Hotels are typically referred to by hotel type or category. The type of hotel is determined primarily by the size and location of the building structure, and then by the function, target market, service level, amenities, and industry standards.

Classifications

Hotels may be classified on a number of different variables. A hotel's size is based on the number of guest rooms it has; hotel sizes can range from a small boutique hotel with fewer than 50 rooms to a large resort hotel with more than 1,000 rooms. The location of a hotel can also determine the type of guest served. An airport hotel may be very different from a bed and breakfast or a conference hotel. The level of service provided is also a key variable, ranging from an inexpensive budget or economy hotel, which may have limited services and amenities, to upscale and luxury hotels with full services and a wide range of amenities. What are **amenities**? They are the extra activities or services available at a hotel beyond the guest room itself. They can include basics such as accessibility or parking, or higher-end options like spas, golf courses, and elegant restaurants. The type of ownership is also an important variable: many branded hotels are franchised, but many are operated as independent hotels. Owners may manage their own hotels or many hire a third party manager. A hotel chain such as Marriott or Hilton may in fact be comprised of several different brands: Marriott currently has 19 different hotel brands, with each name representing a different level of price, service, or target customer segment. There are several industry organizations, such as AAA or TripAdvisor, which can provide consumers with ratings for individual hotels.

Figure 15.5 on the next page outlines the characteristics of specific hotel types that have evolved to match the needs of a particular traveler segment. As you can see, hotels adapt and diversify depending on the markets they want and need to attract to stay in business.

Figure 15.5: Types of hotels and their key characteristics

Market Segment	Traveler Type	Characteristics
Commercial	Business	High-volume corporate accounts in city or airport properties Stronger demand Monday through Thursday
Leisure	Leisure	Purpose for travel includes sightseeing, recreation, or visiting friends and relatives Stronger demand Friday and Saturday nights and all week during holidays and the summer
Meetings and groups	Corporate groups, Associations, Social, Military, Education, Religious, and Fraternal groups (aka, SMERF)	Includes meetings, seminars, trade shows, conventions, and gatherings of over 10 people Peak convention demand is spring and fall Proximity to a conference center and meeting and banquet space increase this market
Extended stay	Business and leisure	Often offers kitchen facilities and living room spaces Bookings are typically more than five nights Often business related (e.g., extended health care, construction projects, corporate projects) Leisure demand driven by a variety of circumstances including family visiting relatives, home renovations, snowbirds escaping winter

Management Contracts

It is common for ownership to utilize a **management contract**, which is a service offered by a management company to manage a hotel or resort for its owners. Owners have two main options for the structure of a management contract. One is to enter into a franchise agreement to secure a brand and then engage an independent third-party hotel management company to manage the hotel. A slightly different option is for owners to select a single company to provide both the brand and the expertise to manage the property. Marriott, Hilton, Hyatt, and Four Seasons Hotels and Resorts are companies that provide this second option to owners.

Figure 15.6: The Inn at Virginia Tech, managed by Benchmark Hospitality

Selecting a brand affiliation is one of the most significant decisions hotel owners must make.[10] The brand affiliation selected will largely determine the cost of hotel development or conversion of an existing property to meet the standards of the new brand. The affiliation will also determine a number of things about the ongoing operation including the level of services and amenities offered, cost of operation, marketing opportunities or restrictions, and the competitive position in the marketplace. For these reasons, owners typically consider several branding options before choosing to operate independently or to adopt a brand affiliation.

Chains and Franchise Agreements

Another managerial and ownership structure is franchising. A hotel franchise enables individuals or investment companies (the franchisee) to build or purchase a hotel and then buy or lease a brand name to become part of a chain of hotels using the franchisor's hotel brand, image, loyalty program, goodwill, procedures, controls, marketing, and reservations systems.[11]

A franchisee becomes part of a network of properties that use a central reservations system with access to electronic distribution channels, regional and national marketing programs, central purchasing, revenue management support, and brand operating standards.

A franchisee also receives training, support, and advice from the franchisor and must adhere to regular inspections, audits, and reporting requirements.

Selecting a franchise structure may reduce investment risk by enabling the franchisee to associate with an established hotel company. Franchise fees can be substantial, and a franchisee must be willing to adhere to the contractual obligations with the franchisor.[12] Franchise fees typically include an initial fee paid with the franchise application and continuing fees paid during the term of the agreement. These fees are usually a percentage of revenue but can be set at a fixed fee. The total percentage of sales ranges significantly for hotels from 3.3% - 14.7% with a median of 11.8%.[13]
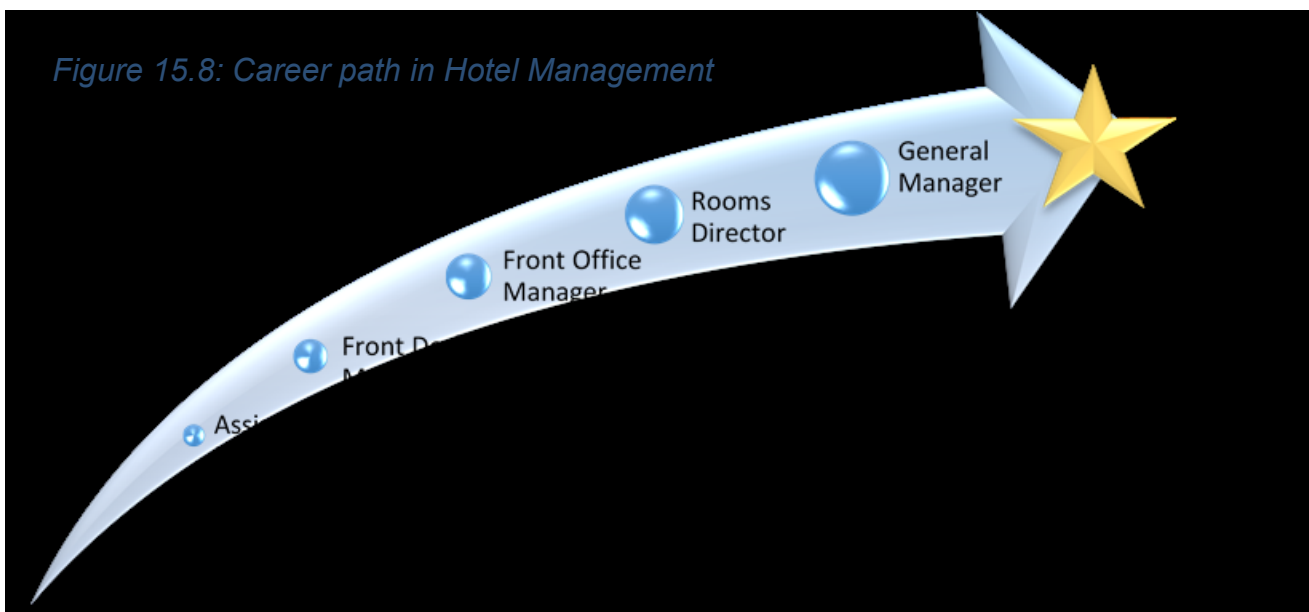
Figure 15.7: The San Diego Marriott

Hotel and Lodging Personnel

While the complexity of the organization chart varies significantly from an 80 room highway hotel to a 1000+ room city center hotel, the responsibilities and compensation between a General Manager (GM) of a 150 room hotel and the Front Office Manager of a

Figure 15.8: Career path in Hotel Management

1000+ city center hotel may be similar. The path to a GM at a small hotel is much quicker than at a more complex large hotel or resort. Not surprisingly, typical managerial positions are

found in the hotel industry but responsibilities and compensation can vary based on the size and complexity of the hotel. As you read about them, think about which position(s) hold the greatest interest to you.

General Manager and Director of Operations

The **General Manager**'s role is to provide strategic leadership and planning to all departments so revenue is maximized, employee relations are strong, and guests are satisfied. The General Manager is responsible for owner and brand relationships and community involvement. The Director of Operations/Assistant General Manager is responsible for providing guidance to department heads to achieve their targets and for directing the day-to-day operations of the hotel operating departments.

Director of Rooms

Director of Rooms/Resident Manager is responsible for the effective operation of Front Desk, Bell Staff, Valet, Housekeeping, Reservations, Revenue Management, and other room related departments. The department heads for these areas each report to the Director of Rooms. The Director provides guidance and leadership to these departments which in turn seek to maximize revenue, guest satisfaction and financial performance.

Front Office Manager

Reporting to the Director of Rooms, the **Front Office Manager** controls the availability of rooms, occupancy forecasts, and the day-to-day functions of the front office. The Front Desk Managers and Agents report to the Front Office Manager and work in the lobby or reception area to welcome the guests to the property, process arrivals and departures, coordinate room assignments and pre-arrivals, and respond to guest requests.

Figure 15.9: Front desk staff
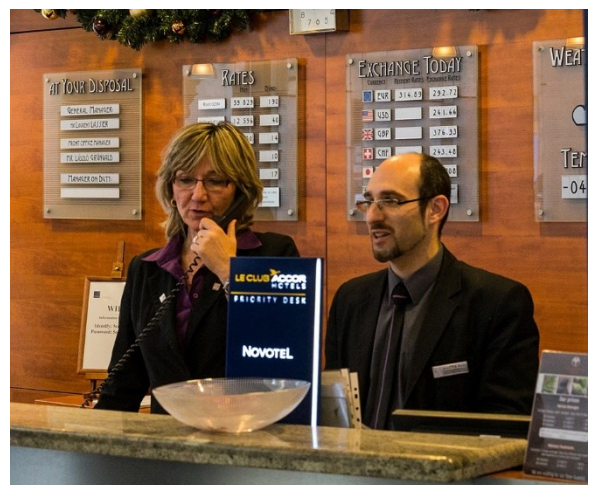
Revenue Manager

Revenue Management is the use of pricing, inventory control, booking channels, and mix of group and transient rooms sold to maximize revenue of the hotel. One challenge in

lodging is perishability: once the night has passed, the chance to sell that room is gone. Depending on the size and complexity of the hotel, Revenue Management can be handled by an onsite manager, by a centralized Revenue Management office, or with a 3rd party company. The Revenue Manager usually falls under the responsibility of the Rooms Director but in some cases can report to the Director of Sales and Marketing.

Executive Housekeeper

Reporting to the Director of Rooms, the **Executive Housekeeper** manages and oversees housekeeping operations and staff including the Housekeeping Manager, Supervisor, House Persons, Room Attendants and Laundry Operations. An Executive Housekeeper is responsible for implementing the operating procedures and standards and the overall cleanliness or the rooms and hotel. He or she also plans, coordinates, and schedules the housekeeping staff. Room audits and inspections are completed regularly to ensure standards are met.[14]

Reservation Agents

The guest's experience starts with the first interaction he or she has with a property, often during the reservation process. Today, even with online reservations available to guests, there is still a role for the **reservations agent**, as some guests still prefer the one-to-one connection with another person. The extent to which the reservations agent position is resourced will vary depending on the target market and business strategy of the hotel.

Figure 15.10: The dining room at the Ritz, London.

Food and Beverage Director

The **Food and Beverage Director** is responsible for all food and beverage service on and off premises, including social catering and group food functions, in-room dining, and all outlets such as restaurants, clubs, lounges and bars. The Executive Chef, the Director of Banquets, and the managers responsible for each restaurant report to the Director of Food and Beverage. The Director provides guidance and leadership with promotions as well as sales

and marketing of outlets and special events, budget planning and all other aspects of food and beverage operations to maximize revenue, profitability and guest satisfaction. The Food and Beverage Director reports to the General Manager.

Catering and Banquet Managers

Catering and Banquet Managers oversee food served by hotels or catering companies at banquets and special events at a diverse set of venues. Note that the term Banquets usually pertains to catered food served on premise, while Catering typically refers to off-premise service. At a catered event, customers typically eat at the same time, as opposed to restaurant customers who are served individually or in small groups.

Catering businesses (whether on-site or at special locations) are challenged by the episodic nature of events, and the issues of food handling and food safety with large groups. **Catering businesses** include:

> - Catering companies
> - Conference centers
> - Conference hotels
> - Wedding venues
> - Festival food coordinators

Sales and Marketing Director

The **Sales and Marketing Director** is responsible for establishing sales and marketing activities that maximize the hotel's revenues. Revenue maximization is typically accomplished by coordinating marketing and promotional activities to build occupancy and revenue opportunities for the hotel's accommodation, conference and catering space, leisure facilities, and food and beverage outlets. Social media presence is critical in the hospitality industry. In larger hotels this responsibility is often a dedicated Social Media Manager or is the responsibility of the Sales & Marketing team.

Director of Finance

The **Director of Finance** or Controller is responsible for the overall accounting and finance-related activities including accounts receivable, accounts payable, payroll, credit,

systems management, cash management, food and beverage cost control, receiving, purchasing, food stores, capital planning and budgeting. The Director of Finance plays an integral part in relationships with ownership as well.

Chief Engineer

The **Chief Engineer** is the lead for the effective operation and maintenance of the property on a day-to-day basis, typically including general maintenance, utility management, heating, ventilation, air conditioning, kitchen maintenance, carpentry, electrical, and plumbing.[15] The Chief Engineer is also responsible for preventive maintenance and resource management programs.

Human Resources Director

The **Human Resources Director** provides guidance and advice on a wide range of practices including recruitment and selection, training and development, employee orientation, employee relations, rewards and recognition, performance management, and health and safety.

Regional Management and Corporate-Level Positions

Careers progress above the General Manager level regional or multi-unit responsibility. These would include Regional Manager/Vice-President Regional Sales Director, Human Resources Director, etc. Corporate positions in training, field support, brand management, revenue management, franchise support, corporate recruiting, etc. are career options as well.

Non-Traditional Hotel Career Paths

Students tend to think of the hospitality industry in terms of operations management roles dealing directly with the customer. While those positions do represent a significant portion of the entry level opportunities, many non-traditional career options exist in the Hospitality industry as well:

➢ Property Director of Finance – works on the financial health of a hotel property

➢ Asset Manager – works for the owner and is responsible for the strategic direction of the asset

➢ Hotel Broker – Is responsible for the buying and selling of hotels

➢ Hotel Consultant - Provide consulting services to hotel owners

➢ Data Analytics – Working with hotel loyalty program data and the brands to determine strategic direction of the brands

➢ Market Researcher – Working with the brands to set strategy for brand evolution and marketing campaigns

Food and Beverage Services

Figure 15.11: Fine Dining

The **food and beverage** sector is commonly known to industry professionals by its initials F&B. The F&B sector grew from simple origins to meet the basic needs for food and beverage services to increasing demand for unique experiences and broader options. As the interests of the public became more diverse, so too did the offerings of the F&B sector. The increasing awareness and demand for organic, sustainable, local or craft options as well as special dietary needs in food and beverage continue to challenge this industry. In addition, in order to better attract and serve a diverse array of diners, the F&B industry now consists of a variety of segments. The following is a discussion of each.

Quick Service Restaurants

Figure 15.12: Quick service Restaurants

Formerly known as fast-food restaurants, examples of **quick-service restaurants**, or QSRs, include Chick-fil-A, Subway, and Pizza Hut. This prominent portion of the food sector generally caters to both residents and visitors, and it is represented in areas that are conveniently accessed by both. Brands, chains, and franchises dominate the QSR landscape. While the sector has made steps to move away from the traditional "fast-food" image and style of service, it is still dominated by both fast food and food fast; in other words, food that is purchased and prepared quickly, and generally consumed quickly as well.

Fast Casual Restaurants

Figure 15.13: Red Robin: A full-service, family-casual restaurant

Fast Casual restaurants focus on higher quality ingredients than QSR's and provide made-to-order food in an environment that does not include table service. Customers usually queue and order at a counter.   The seating area is more upscale and comfortable. Examples would include Chipotle Mexican Grill, Panera and Jason's Deli.

Full-Service Restaurants

Full-service restaurants are perhaps the most fluid of the F&B operation types, adjusting and changing to the demands of the marketplace. Consumer expectations are higher here than with QSRs.[16] The menus offered are varied, but in general reflect the image of the restaurant or consumer's desired experience. Major segments include fine dining, family/casual, ethnic, and upscale casual. **Fine dining** restaurants are characterized by highly trained chefs preparing complex food items, exquisitely presented. Meals are brought to the table by experienced servers with sound food and beverage knowledge in an upscale atmosphere with table linens, fine china, crystal stemware, and silver-plate cutlery. The table is often

embellished with fresh flowers and candles. In these businesses, the average check, which is the total sales divided by number of guests served, is quite high (often reviewed with the cost symbols of three or four dollar signs: $$$ or $$$$.) Examples include the Inn at Little Washington, Ruth's Chris Steakhouse and Capitol Grille.

Figure 15.14: Le Procope, in Paris, a full service fine dining restaurant

Casual restaurants serve moderately-priced to upscale food in a more casual atmosphere. Casual dining comprises a market segment between fast casual establishments and fine dining restaurants. Casual dining restaurants often have a full bar with separate bar staff, a larger beer menu and a limited wine menu. This segment is full of chains such as Chili's, Outback, Red Robin and Cracker Barrel as well as many independent restaurants in regional or local markets.

Family restaurants offer affordable menu items that span a variety of customer tastes. They also have the operational flexibility in menu and restaurant layout to welcome large groups of diners. An analysis of menus in family/casual restaurants reveals a high degree of operational techniques such as menu item cross-utilization, where a few key ingredients are repurposed in several ways. Both chain and independent restaurant operators flourish in this sector. Examples of chains in this category would be Golden Corral, Cici's Pizza and Ponderosa Steakhouse.

Ethnic restaurants typically reflect the owner's cultural identity, Vietnamese, Cuban, Thai, etc. The growth and changing nature of this sector reflects the acceptance of various ethnic foods within our communities. Ethnic restaurants generally evolve along two routes: toward remaining authentic to the cuisine of the country of origin or toward larger market acceptance through modifying menu items.[17] Examples would be P.F. Chang's, Tara Thai or Pei Wei.

Bars, Wineries, and Craft Distilling

The **beverage industry** continues to evolve as well with a strong focus on local craft beers, wines, cider and distilling.   Wineries exist in almost every state, with over 250 in Virginia as of 2015.[18] Wine, bourbon, cider trails and brew pub crawls, etc. are used to generate awareness and create experiences for customers.   Wineries often use event space or festivals to take advantage of the beauty of the winery and supplement their revenues.

Institutional Food Service

Institutional food service is large scale and often connected to governmental (National Parks) or corporate level organizations. Often run under a predetermined contract, the institutional F&B sector includes:

Figure 15.15: The restaurant industry career path

- ➢ Hospitals
- ➢ Educational institutions
- ➢ Prisons and other detention facilities
- ➢ Corporate staff cafeterias
- ➢ National Park restaurants and concessions
- ➢ Cruise ships
- ➢ Airports and other transportation terminals and operations

Examples of companies who focus on Institutional Food Service are Compass, Sodexho, Aramark.
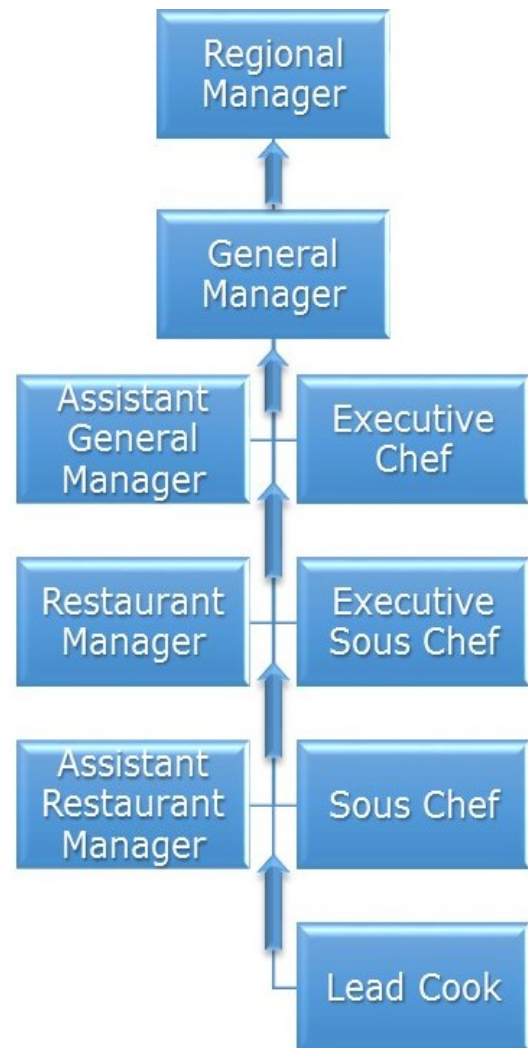
Accommodation Food Service

This sector includes hotel restaurants and bars, room service, and self-serve dining operations (such as a breakfast room). Hotel restaurants are usually open to the public and reliant on this public patronage in addition to business from hotel guests. Collaborations between hotel and restaurant chains have seen reliable pairings such as the combination of Shula's Steakhouse and Marriott Hotels.

Restaurant Industry Profitability and Cost Control

According to the National Restaurant Association, QSRs have the highest pre-tax profit margin at 6.3%, while full-service restaurants have a margin of 4.7%. There will be significant variances from these percentages at individual locations, even within the same brand.[19]

Figure 15.16: Restaurant operating expenses as a percent of revenue[20]

Restaurant Operating Expenses	% of Total Revenue
Cost of Food and Beverage Sales	33%
Salaries and Wages (including benefits)	31%
Fixed Costs (rent, taxes, property insurance)	6%

A number of costs influence the profitability of an F&B operation. Some of the key operating expenses (as a percentage of revenue) are detailed in Figure 15.16, above, where food cost and salaries & wages are the two major expenses, each accounting for approximately a third of the total. Other expenses include rental and leasing of venue, utilities, advertising, and depreciation of assets. These percentages represent averages, and will vary greatly by sector and location.

Cost control and containment is essential for all F&B businesses. Demanding particular attention are the labor, food, and beverage costs, also known as the operator's primary costs. In addition to these big ticket items, there is the cost of reusable operating supplies such as cutlery, glassware, china, and linen in full-service restaurants.

Recreation and Entertainment

Figure 15.17: Adventure tourism: Whitewater rafting in Turkey

Recreation

Recreation can be defined as the pursuit of leisure activities during one's spare time[21] and can include vastly different activities such as golfing, sport fishing, and rock climbing. Defining recreation as it pertains to tourism, however, is more challenging.

Let's start by exploring some recreation-based terms that are common in the tourism industry. Outdoor recreation can be defined as "outdoor activities that take place in a natural setting, as opposed to a highly cultivated or managed landscape such as a playing field or golf course."[22] This term is typically applied to outdoor activities in which individuals engage close to their community. When these activities are further away, and people must travel some distance to participate in them, they are often described as "adventure tourism". According to the United Nations World Tourism Organization (UNWTO), adventure tourism is "a trip that includes at least two of the following three elements: physical activity, natural environment, and cultural immersion."[23]

Ultimately, categorization is based on a combination of several factors, including manner of engagement in the activity (risk exposure, experience requirement, group or solo activity), the distance travelled to access the activity, and the type of environment (proximity to nature, level of challenge involved) in which the activity occurs.

A 2013 adventure tourism market study discovered that people who travel for adventure experiences tend to be well-educated, with 48% holding a four-year degree or higher credential. They value natural beauty and rank this factor highest when choosing a destination. The most cited reasons for their travel are "relaxation, exploring new places, time with family, and learning about different cultures."[24]

Globally, it is estimated that the continents of Europe, North America, and South America account for 70% of adventure tourism, or US$263 billion in adventure travel spending.[25]

Entertainment

Entertainment is a very broad category which overlaps with many of the areas discussed elsewhere in this chapter, like hotels and accommodation. Two major types of entertainment that we'll discuss here are gaming and theme parks.

Gaming

Gaming has grown significantly in the U.S. and globally. The number of casinos in the U.S. has been growing since 2010, and in 2013, there were over 500 commercial casinos, as shown in Figure 15.18. Casinos are found all over the U.S. in major cities, riverboats, and on Native American lands. However, U.S. casino revenue has been relatively flat, while global gaming revenues have been on the increase, largely due to Asian market growth. Most casinos involve other facets of the Hospitality industry such as lodging, F&B, golf, entertainment, spas, etc., but they also have the added challenges of casino operations.

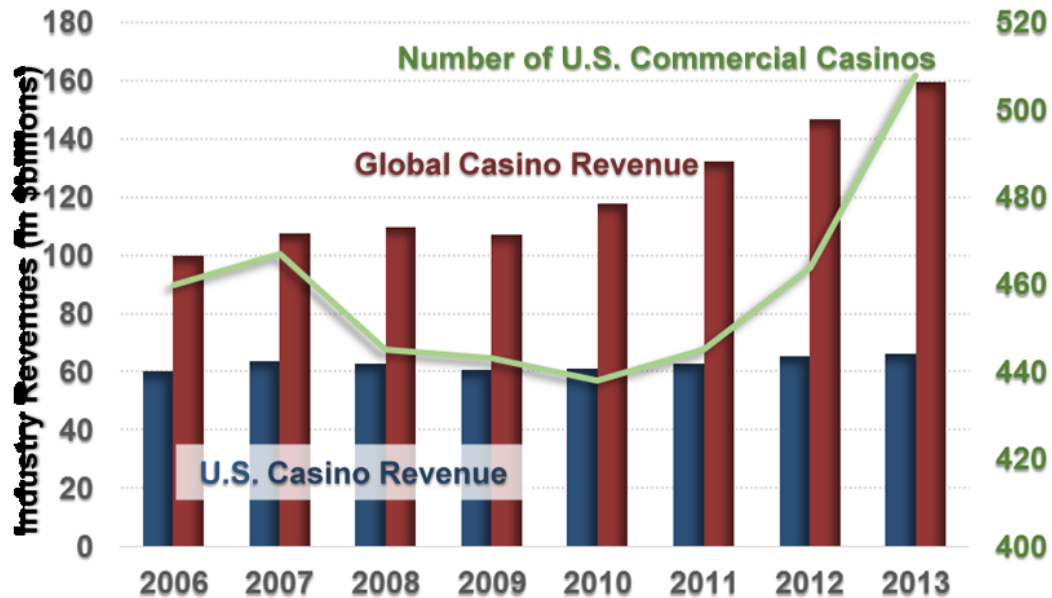*Figure 15.18: U.S. and global casino revenues, and number of U.S. casinos, 2006-2013.*

Figure 15.19: Fireworks at Disney

Theme Parks

Theme parks have a long history dating back to the 1500's in Europe, and have evolved ever since. Today, it is hard not to compare any amusement park destination to Disneyland and Disney World. Opened in 1955 in sunny California, Disneyland set the standard for theme parks. Theme parks outside of California and Florida are often highly seasonable operations challenged with significant staffing and training requirements each year.

Convention and Event Management

A **convention** is a large meeting of people with similar interests who meet for a period of at least a few days to discuss their field. An **event** is a gathering at a given place and time, usually of some importance, often celebrating or commemorating a special occasion.

Both conventions and events can be extremely complex projects, which is why, over time, the role of meeting planners has taken on greater importance. The development of education, training programs, and professional designations such as CMPs (Certified Meeting Planners), CSEP (Certified Special Events Professional), and CMM (Certificate in Meeting Management) has led to increased credibility in this business and demonstrates the importance of the sector to the economy.

Meeting planners may be independent contractors hired to facilitate the planning process, work directly for the company full time to coordinate their meeting, or work for hotels, conference centers and event venues directly.

The various tasks involved in meeting and event planning include:

> ➢ Conceptualizing/theming
>
> ➢ Site inspection & selection
>
> ➢ Logistics and planning
>
> ➢ Human resource management
>
> ➢ Security
>
> ➢ Marketing and public relations
>
> ➢ Budgeting and financial management
>
> ➢ Sponsorship procurement
>
> ➢ Management and evaluation

Event Categories

Mega Events

A **mega-event** is a large scale, highly prestigious event such as the Olympic Games, the FIFA World Cup, or a global economic summit. These events typically gain tremendous media coverage and have major economic impacts on the host location, both positive and negative. High levels of tourism

Figure 15.20: Beijing National Stadium, site of the Beijing Olympics opening and closing ceremonies

(1 million+ visitors) associated with a mega-event brings revenue, but the revenue may be outweighed by substantial capital and social costs incurred by the host. The events are often awarded to host destinations through a bidding process and gain tremendous media coverage.

Special Events

A **special event** is a one-time or infrequent specific ritual, presentation, performance, or celebration. Special events are planned and created to mark a special occasion, such as a presidential inauguration or the Queen of England's 90th birthday. Like mega-events, there may be significant media coverage and economic impact for the host city or destination.

Hallmark Event

A **hallmark event** is a unique event that is often identified with the location where it is held, like Carnival in Rio de Janeiro or Oktoberfest in Munich. Hallmark events contribute significant economic benefits and even can create a competitive advantage for the host city or destination that attracts tourists.

Figure 15.21: Mardi Gras in New Orleans

Festival

A **festival** is a themed public celebration that conveys, through a kaleidoscope of activities, certain meaning to participants and spectators. Festivals are often celebrations of community or culture and feature music, dance, or dramatic performances. Examples include Lollapalooza, the Cannes Film Festival, and Junkanoo in the Bahamas.

Local Community Events

A local **community event** is generated by and for locals; although it may attract tourists, its main audience is the local community. The community may experience measurable economic impacts, as might happen at The Steppin' Out Street Fair in Blacksburg (think hotel stays and eating out). Fundraisers and community picnics are also examples in this category.

Meetings and Conventions

The tourism industry also has a long history of creating, hosting, and promoting meetings and conventions that draw business travelers. In fact, Convention and Visitor Bureau's (CVB's) work hard to attract these meetings and conventions to their city to drive economic benefit for hotels, restaurants, entertainment venues, etc.

There are several types of such events.

- ➢ **Conventions** generally have very large attendance, and are held on a regular schedule but in different locations. They also often require a bidding process. Political conventions are one such example.

- ➢ **Association Meetings or Conferences** are held regionally and nationally for hundreds of associations or events focused on specific themes. Examples would be the National Restaurant Association Annual Convention, ComicCon, or the National Auto Show.

- ➢ **Corporate Meetings** will vary significantly in size and purpose and include regional or national sales meetings, shareholder meetings, training sessions, or celebrations. The location will vary depending on the nature of the meeting. They may be held at an airport property, a traditional corporate meeting facility or even an upscale resort.

- ➢ **Trade Shows** and **Trade Fairs** can be stand-alone events, or adjoin a convention or conference.

- ➢ **Seminars**, **Workshops**, and **Retreats** are examples of smaller-scale events.

As meeting planners have become more creative, meeting and convention delegates have been more demanding about meeting sites. No longer are hotel meeting rooms and convention centers the only type of location used; non-traditional venues have adapted and

become competitive in offering services for meeting planners. These include architectural spaces such as airplane hangars, warehouses, or rooftops and experiential venues such as aquariums, museums, and galleries.[26]

Travel Services

Transportation and travel services are another large element of the tourism industry. This area includes cruise ships, airlines, rail, car rentals, and even ride sharing such as Uber and Lyft. Each of these segments is impacted significantly by fuel costs, safety issues, load factors and government regulation.

Cruises

If you've ever been on a cruise, you are in good company. According to CLIA (Cruise Lines International Association), 23 million passengers were expected to go on a cruise worldwide on 62 member lines in 2015.[27] The industry employs over 900,000 people.[28]

Over 55% of the world's cruise passengers are from North America, and the leading destinations (based on ship deployments), according to CLIA are:[29]

Figure 15.22: Cruise ships docked in Charlotte Amalie in the Virgin Islands

- ➤ The Caribbean (36%)
- ➤ The Mediterranean (20%)
- ➤ Northern Europe (11%)
- ➤ Australia/New Zealand (6%)
- ➤ Alaska (6%)
- ➤ Asia (5%)
- ➤ South America (3%)

Travel Services

The **travel services sector** is made up of a complex web of relationships between a variety of suppliers, tourism products, destination marketing organizations, tour operators, and

travel agents, among many others. Under the North American Industry Classification System (NAICS), the travel services industry group includes "establishments primarily engaged in travel arrangement and reservation services. Examples … are tourist and travel agencies; travel tour operators and wholesale operators; convention and visitors' bureaus; airline, bus, railroad and steamship ticket offices; sports and theatrical ticket offices; and airline, hotel and restaurant reservation offices."[30] Tourism services support industry development and the delivery of guest experiences.

Travel Agencies

A **travel agency** is a business that operates as the intermediary between the travel industry (supplier) and the traveler (purchaser). Part of the role of the travel agency is to market prepackaged travel tours and holidays to potential travelers. The agency can further function as a broker between the traveler and hotels, car rentals, and tour companies.[31] Travel agencies can be small and privately owned or part of a larger entity.

Online travel agencies (OTAs)

Online travel agents (OTAs) are companies that aggregate accommodations and transportation options and allow users to choose one or many components of their trip based on price or other incentives. Examples of OTAs include Booking.com, Expedia.com, Hotwire.com, and Kayak.com. OTAs are gaining popularity with the travelling public; in 2012, they reported online sales of almost $100 billion[32] and almost triple that figure, upward of $278 billion, in 2013.[33] Over 40% of U.S. travelers booked flights online in 2014.[34]

Tour operators

A **tour operator** packages all or most of the components of an offered trip and then sells them to the traveler. These packages can also be sold through retail outlets or travel agencies.[35] Tour operators work closely with hotels, transportation providers, and attractions in order to purchase large volumes of each component and package these at a better rate than the traveler could by purchasing individually.

Destination marketing organizations (DMOs)

Destination marketing organizations (DMOs) include national tourism boards, state/provincial tourism offices, and community convention and visitor bureaus around the

world. DMOs promote "the long-term development and marketing of a destination, focusing on convention sales, tourism marketing and service"[36].

Country Clubs

Country clubs are another part of the Hospitality industry with a very different service strategy focusing on serving members who will develop relationships with the staff compared to a more transactional service interaction in lodging, restaurants or airlines.

Figure 15.23: The Riviera Country Club and Golf Course in Pacific Palisades, California.

Country clubs do not focus as strongly on profit as they do on maximizing member satisfaction, retention and growth while maintaining an attractive fee structure. Country (or city) clubs, will typically have restaurant and bar operations, catered events and other amenities such as golf, tennis, pool, fitness facilities, etc. Depending on the type of club, family and youth events are important to maintain and grow membership.

Strong customer service, culinary, event management and general management skills are necessary to be successful in clubs.

Key Take-Aways

1) The **Tourism** industry is the largest industry in the world with significant benefit and costs to a region. The global competition for the tourism dollar is significant within the US and between countries.

2) **Hotels** vary significantly in size, quality, purpose, chain affiliation, and ownership. The complexity of the operation and leadership vary as well.   Careers are available in traditional operations positions (Rooms, F&B, Events, Sales) but also in Finance, Human Resources, Revenue Management, Training, Asset Management and corporate support positions.

3) **Food and Beverage** is made up of a wide variety of restaurant types from QSR, Fast Casual, Fine Dining and Ethnic.   **Institutional food service in business**, hospitals, education, parks and concessions are a significant part of the Food and Beverage industry.

4) The evolution of tastes and consumer expectations in food and beverage continue to provide opportunity and challenges in the industry for ethnic sustainable, organic, local, craft, and other unique experiences.

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