



Chapter 2: The Hotel Business
Prof. Karen Goodlad
Fall 2021

THE METROPOLITAN AND THE SAVANNAH

PLAZA HOTEL

Class Objectives

- ▶ Identify the scope of the hospitality and tourism industry.
- ▶ Explore the roles and responsibilities of key executives and department heads in the hospitality industry.
- ▶ Differentiate hotel classifications.



Discussion of the article Catskill Motel Comeback

Review of the Chapter #2, The Lodging Industry

Group work

Introduction to the Concierge Assignment

Reflection

What is the issue and what does it mean to you as a future hospitality leader?



Talk about the chapter...



Hotel Classifications, Sample Countries

Table 1. Hotel classification systems in global group

	Australia	Germany (HotelStars system)	India	Portugal	South Africa	USA
Implementing organisation	Star Ratings Australia on behalf of the Australian Auto Clubs	Under the patronage of HOTREC, HotelStars Union was established in 2008 with seven countries. Now has fifteen countries. The system is implemented under the auspices of the national hotel associations	A voluntary system implemented by the Hotel and Restaurant Approval and Classification Committee under the auspices of the Ministry of Tourism and Hotel Associations	National Tourist Board	Tourism Grading Council of South Africa (TGCSA)	American Automobile Association (AAA) The AAA was selected from multiple systems as it is best known and with greatest coverage. Evaluates 33,000 premises annually in USA, Canada, Mexico and the Caribbean.

Table 1. Hotel classification systems in global group

	Australia	Germany (HotelStars system)	India	Portugal	South Africa	USA
Criteria and implementation	<p>The criteria were updated in 2013. and comprise 216 criteria over five key areas: Facilities, Services, Cleanliness, Quality and Condition.</p> <p>Each area is weighted to reflect importance to the guest, e.g. Bedroom 25% weighting; Recreation facilities 12% weighting.</p> <p>The cleanliness and the quality level of the elements are included.</p>	<p>270 criteria. Some of which are mandatory with emphasis on: Quality management; Wellness, Sleeping, Accommodation.</p> <p>The measurement is based on the presence or absence of the elements.</p> <p>Revised criteria as of January 2015.</p>	<p>144 criteria. Self-assessment followed by formal application and assessment by the Classification Committee composed of ministry and association representatives.</p> <p>The measurement is based on the presence or absence of the elements.</p>	<p>139 criteria. Self-assessment followed by inspection by the National Tourist Board.</p> <p>The measurement is based on the presence or absence of the criteria.</p>	<p>947 criteria. Self-assessment followed by formal assessment by TGCSA.</p> <p>The quality level of the elements is included.</p>	<p>199 criteria revised in 2013 to reflect evolving industry trends and guest expectations. Approval granted first then assessed for Diamond rating.</p> <p>In addition there is a third section for four and five diamond ratings. This includes the four and five diamond hospitality service expectations within the following areas: Reservation, Arrival and Check-in Evening Housekeeping Room Service Departure Services</p> <p>The quality level of the elements is included.</p>

Hotel Classification AAA

AAA Diamond Award:

- ▶ Inspecting and rating the nation's hotels since 1977
- ▶ Less than .4% are 5 Diamond
- ▶ 6.3% are 4 Diamond
- ▶ **Resources**
 - ▶ AAA Requirements PDF
 - ▶ Inspection Video
 - ▶ Addition of “Clean Enhanced” in July 2021
- ▶ What are the benefits of a classification system to the consumer/the hotel brand?



Hotel Classification by Rating System: AAA and Forbes

- ▶ About 3% of the 59,000 properties inspected by AAA in North America earn the 5-diamond award each year.
- ▶ 121 lodging properties received this highest award.
- ▶ Forbes uses a 5-star rating system, with only a few dozen earning its highest awards.



What the Diamond Ratings Mean

One Diamond



These establishments typically appeal to the budget-minded traveler. They provide essential, no-frills accommodations. They meet the basic requirements pertaining to comfort, cleanliness, and hospitality.

Two Diamond



These establishments appeal to the traveler seeking more than the basic accommodations. There are modest enhancements to the overall physical attributes, design elements, and amenities of the facility - typically at a moderate price.

Three Diamond



These establishments appeal to the traveler with comprehensive needs. Properties are multifaceted with a distinguished style, including marked upgrades in the quality of physical attributes, amenities, and level of comfort provided.

Four Diamond



These establishments are upscale in all areas. Accommodations are progressively more refined and stylish. The physical attributes reflect an obvious enhanced level of quality throughout. The fundamental hallmarks at this level include an extensive array of amenities combined with a high degree of hospitality, service, and attention to detail.

Five Diamond



These establishments reflect the characteristics of the ultimate in luxury and sophistication. Accommodations are first class. The physical attributes are extraordinary in every manner. The fundamental hallmarks at this level are to meticulously serve and exceed all guest expectations while maintaining an impeccable standard of excellence. Many personalized services and amenities enhance an unmatched level of comfort.

Types and Locations of Hotels

- ▶ **City center:** Meets the needs of the traveling public for business or leisure reasons
 - ▶ **Resort:** Inclusive and diversified in accommodations
 - ▶ **Airport:** Guest mix consists of business, group, and leisure travelers; generally in the 200- to 600-room size and are full-service
 - ▶ **Freeway hotel and motel:** A convenient place to stay, reasonably priced, and with few frills
 - ▶ **Casino:** Coming into the financial mainstream; casinos make more money from the gaming than from the rooms
 - ▶ **Convention:** Provides facilities and meets the needs of groups attending and holding conventions
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Types and Locations of Hotels

- ▶ **Full-Service:** Offers a wide range of facilities, services, and amenities
 - ▶ **Economy/Budget:** Reasonably sized and furnished rooms without the frills
 - ▶ **Boutique:** Unique architecture, style, decor, and smaller in size
 - ▶ **Extended-Stay:** Majority of guests are long term
 - ▶ **All-Suite Extended-Stay:** Additional space in the form of a lounge and possibly kitchenette
 - ▶ **Condotels:** Combination of hotel and condominium
 - ▶ **Mixed-Use:** Hotel that may also have residences
 - ▶ **Bed & Breakfast:** Accommodations with the owner, who lives on the premises or nearby, providing a clean, attractive accommodation and breakfast
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Hotel Development & Ownership

Franchising

Franchisee pays to use the brand/ name/logo/management practices/amenities of a proven organization. Must comply with franchisor's standards.

Owned and operated independently.

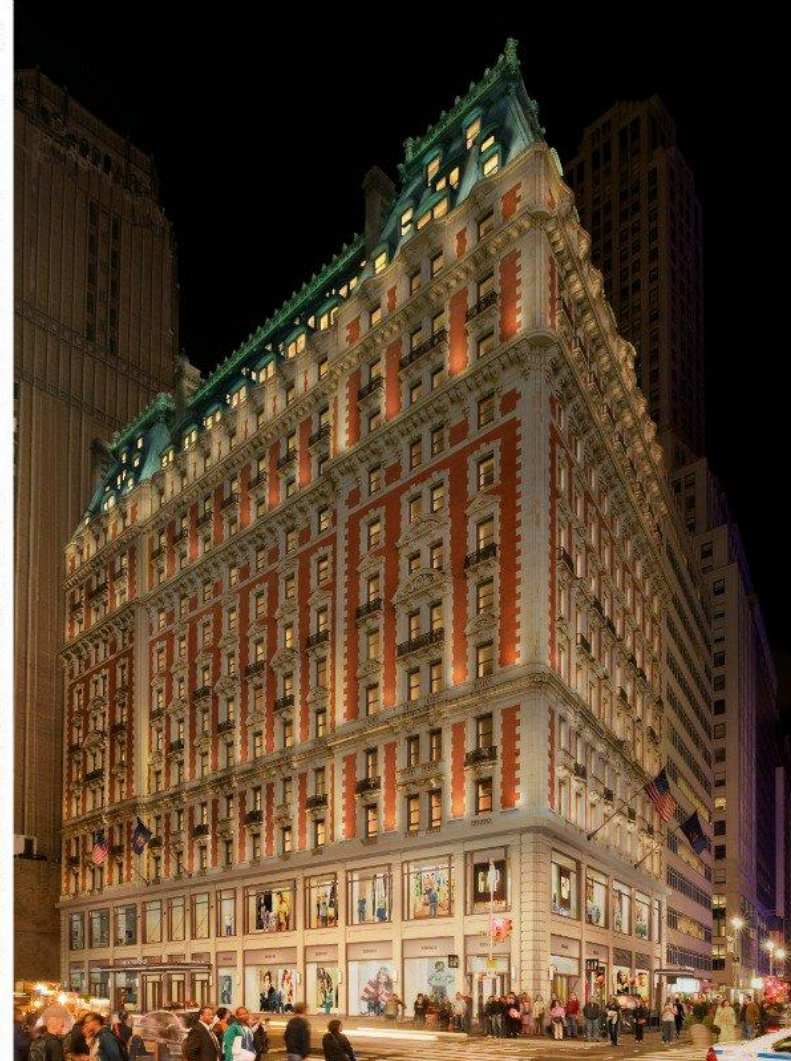
Referral Associations

Independent hotels Refer their clients to each other and share a central reservation system (CRS)
Example: [Leading Hotels of the World](#) and [Preferred Hotels and Resorts World Wide](#) and [Historic Hotels of America](#)

Management Contracts

Independent property owner or bank will utilize the management team of a hotel brand to manage the hotel. The owner also uses the brand/ name/logo/amenities of the management company.

What differentiates a hotel franchise from a management contact?

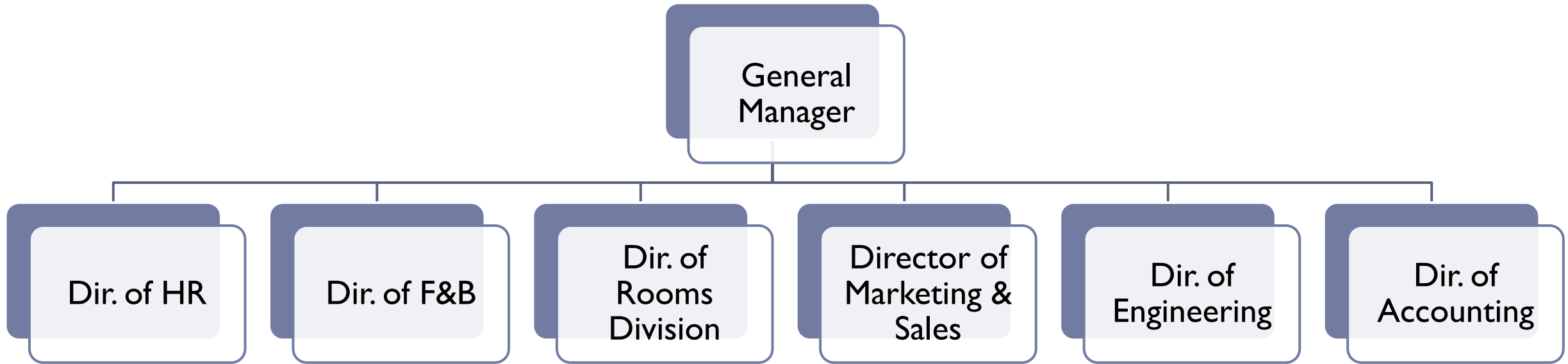


Real Estate Investment Trusts (REIT)

- ▶ About 300 REITs exist with a combined market value of \$70 billion.
- ▶ These companies do not pay corporate income taxes.
- ▶ They are required to distribute 95% of net income to shareholders.
- ▶ A REIT must have 75% of its assets in real estate.



Executive Committee Members



What about Air B&B?

- ▶ **CBRE Air B&B [Study 2017](#)**
- ▶ **NY Time Article: [Barcelona Takes on AirBnB](#)**



U.S. Conference of Mayors Tourism, Hotel and Lodging Survey, 2017

- ▶ Hotel and lodging businesses are mainstays of their communities, and an important source of quality jobs.
- ▶ Seventy percent of mayors surveyed said hotel jobs provide the most opportunity, good benefits and wages within the tourism industry.
- ▶ Hotels support their communities through increased tax revenue, capital investment, tourism-related development and promotion, civic leadership, and charitable contributions and sponsorship.
- ▶ Hotels benefit the communities in which they operate, with nine out of 10 mayors saying they believe their community would benefit from additional hotels, inns or bed and breakfasts.
- ▶ One-fifth of all mayors surveyed say tourism and hospitality is the largest sector of their economy – second only to healthcare as a top industry.



What is an OTA?

What is their impact on the hotel industry?



What is an OTA?

- ▶ Online Travel Agency

What is their impact on the hotel industry?

- ▶ Price competition
- ▶ Secured room reservations
- ▶ Easy comparison to like markets
- ▶ Defecation in loyalty programs

NEARLY 97% OF THE ONLINE TRAVEL MARKET IS CONTROLLED BY TWO COMPANIES.

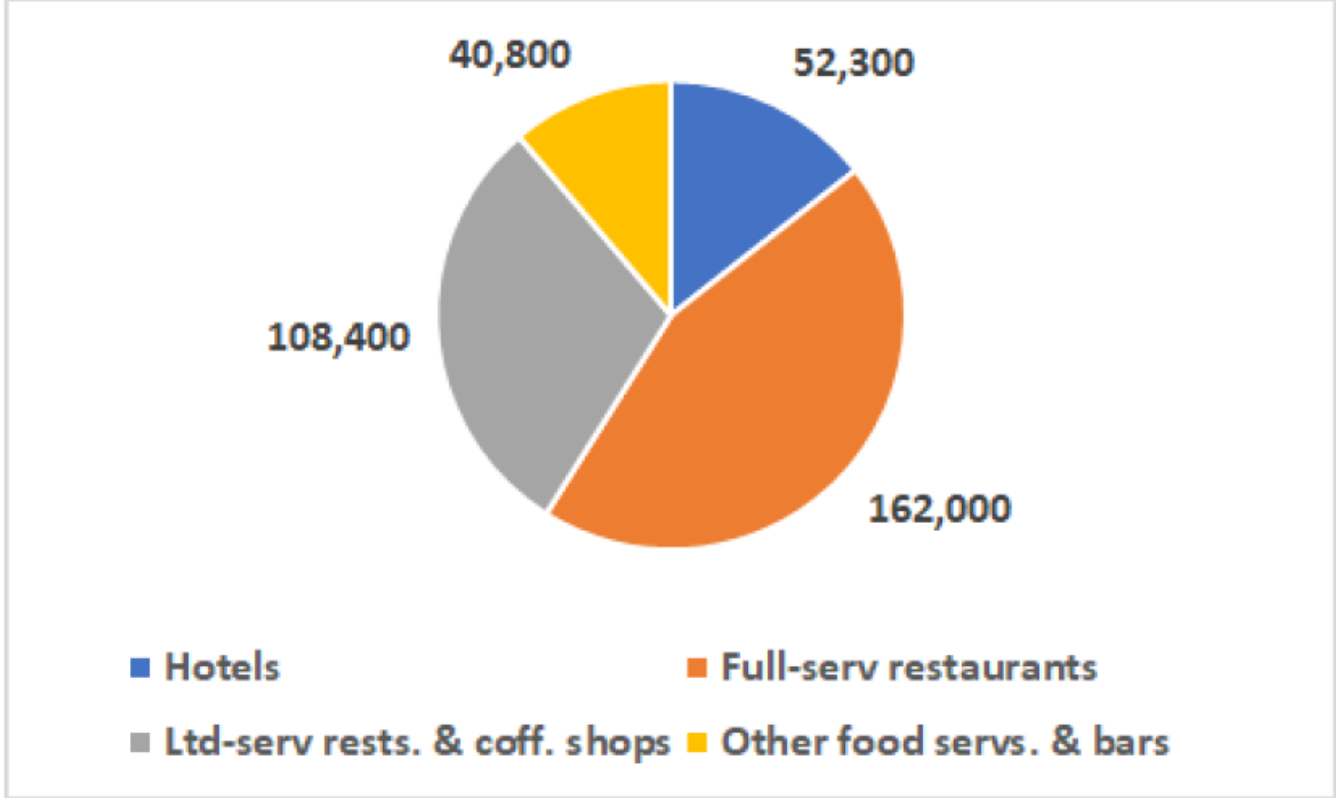
69% of travelers are unaware that most online travel agencies are owned by just two companies.





**A Long and Slow Road to
Recovery in New York City's
Hospitality Sector in the Wake of
Covid-19**

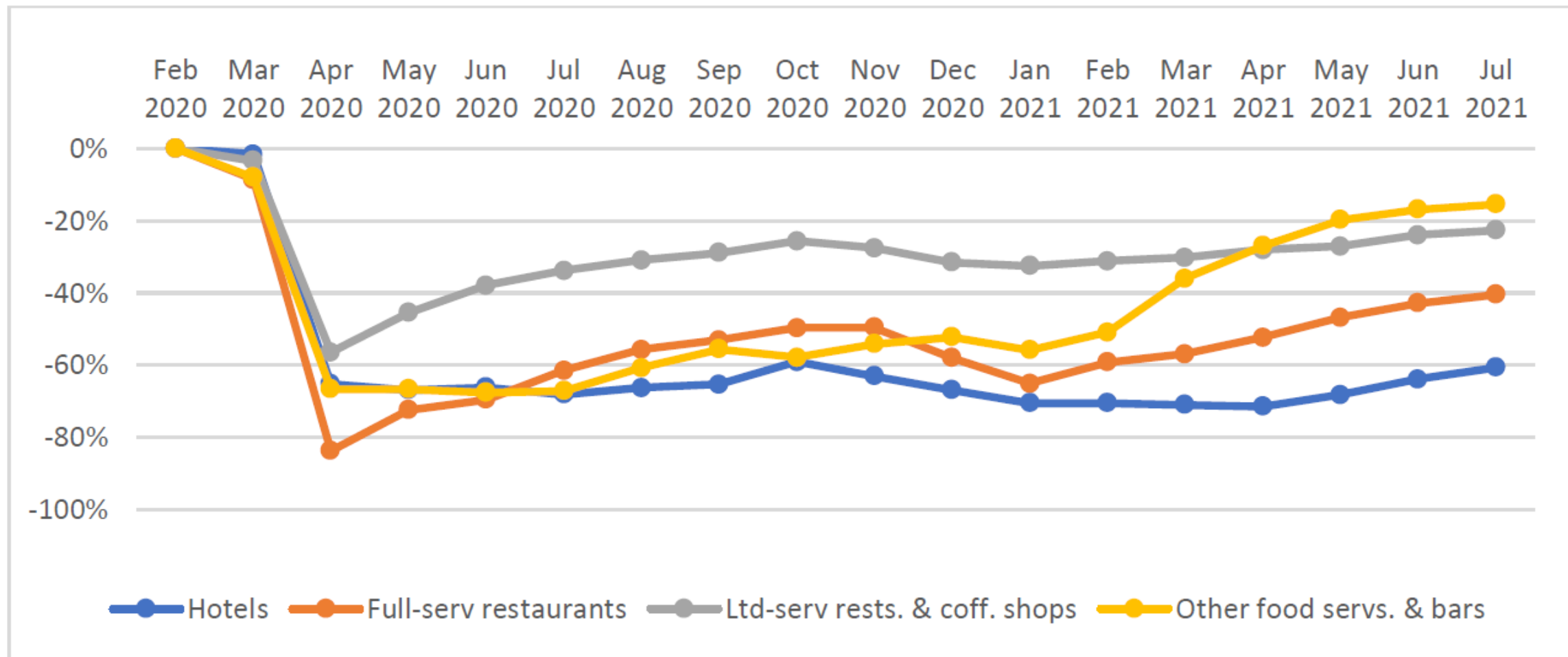
The hospitality industry's four main subsectors (pre-pandemic employment levels as of February 2020).



Source: NYSDOL, current employment statistics.

³ This figure shows not seasonally adjusted employment levels for February 2020, with a hospitality industry total of 363,500, slightly less than the 370,000 2019 annual average due to seasonal factors.

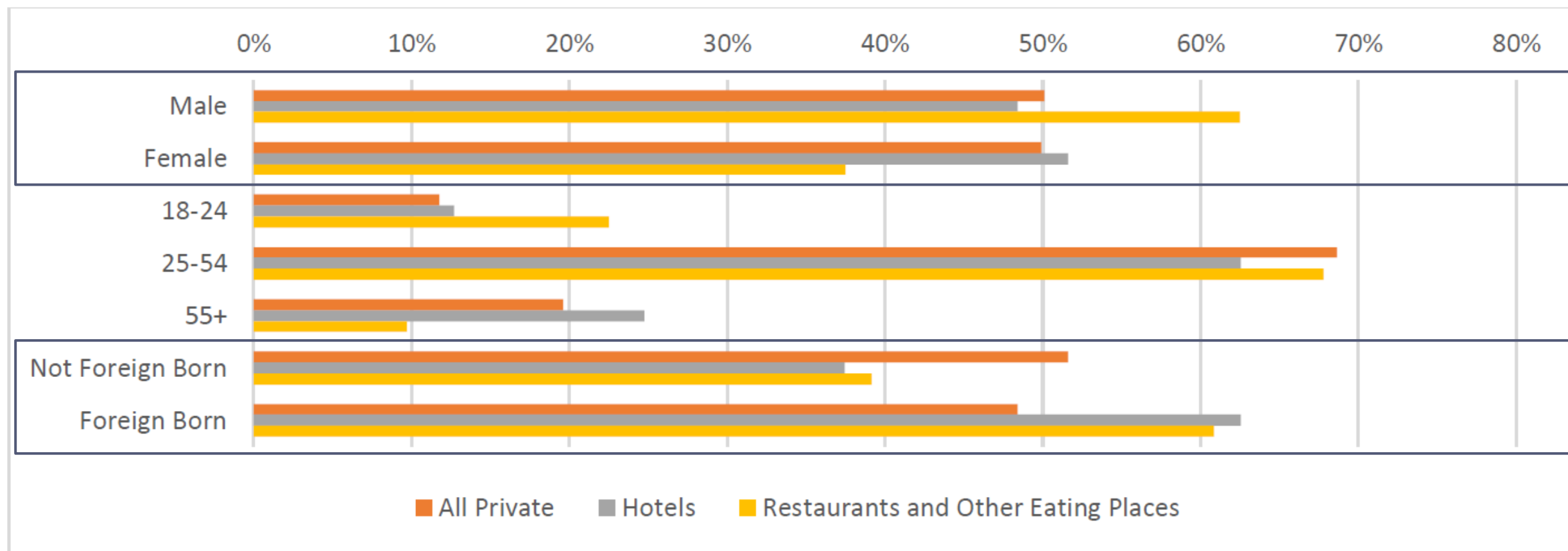
Employment in the hotel subsector was still 61 percent lower in July than pre-pandemic levels while full-service restaurant employment was down by 41 percent.



Note: this figure shows seasonally unadjusted employment compared to February 2020

Source: NYSDOL, current employment statistics.

New York City's hospitality industry employs a greater percentage of 18–24-year-olds and foreign-born workers than the city's private sector workforce overall.



Source: Authors' analysis of American Community Survey 2018 5-year sample. IPUMS USA, University of Minnesota, www.ipums.org.



Introduction to the Concierge Assignment

- ▶ What is a concierge?
- ▶ Why do we ask that you identify a hotel for this assignment?
- ▶ Name some NYC tourist attractions.
- ▶ What makes these attractions significant to tourism in NYC?
- ▶ Who says so?



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- ▶ **The format students will submit their choice of attraction:**
 - ▶ OpenLab
 - ▶ Reply to the [Concierge Assignment](#) post including the name of the attraction, the reference, and a quote with citation,



Some APA Standards for Citations

Oz Clarke, wine writer

- ▶ Books: (Clarke, p 40, 2008) (Clarke, 2008)
- ▶ Articles: (Clarke, p 2, 2010) (Clarke, 2010)
- ▶ Website: (Clarke, para 4, nd) (Clarke, nd)

Library Assistance with APA Standards Found [here](#).

Purdue OWL Assistance with APA Standards Found [here](#).

What is Plagiarism?

What is Plagiarism

Plagiarism is representing someone else's ideas, words, images, music, video, etc. as your own, either intentionally or unintentionally, without citing the source of the information.

For More Information: <http://library.citytech.cuny.edu/instruction/plagiarism/index.php>



Tips for avoiding plagiarism



Tips for avoiding plagiarism

- ▶ Taking notes (often and early)
- ▶ Write an outline
- ▶ Start with the first draft, record all books, articles, websites, and other resources that you consult
- ▶ Know which citation style your instructor requires (we use APA) and know how to use it
- ▶ Plan time to complete research, write, and revise
- ▶ Seek assistance from the research librarian
- ▶ Utilize the writing tutors

