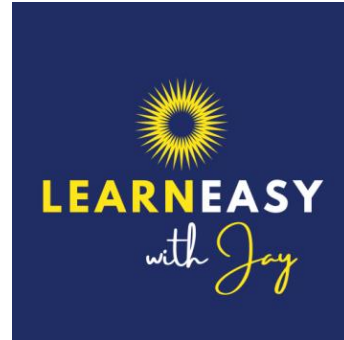


ELECTIVE —IV: HOSPITALITY MANAGEMENT

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UNIT 1 - CONTENTS

- Introduction to Hospitality Industry
- Definition of Hotel
- Evolution and Growth of Hotels
- Classification of Hotels
- Categorizing the hotel based on Stars
- Alternative Accommodations



INTRODUCTION TO HOSPITALITY INDUSTRY

OVERVIEW OF HOSPITALITY INDUSTRY

- ✓ The term 'Hospitality' is derived from the word 'Hospice' which means to take care of those travelling
- ✓ Hospitality is about serving guests to provide them with "feel-good-effect".
- ✓ Hospitality refers to the relationship between guest and a host i.e reception, visitors and strangers etc
- ✓ "Athithi devo bhavha" (Guest is God) has been one of central tenets of Indian culture since times immemorial.
- ✓ The hospitality industry is an umbrella term for a broad variety of service industries, including, but not limited to, hotels restaurant, casinos, catering enterprises, resorts, and clubs.

CONTD...

- ✓ The industry is very diverse and global, and is greatly impacted by fluctuations within the economy as also by various happenings across the world.
- ✓ Hospitality is an glamour industry
- ✓ Today hospitality sector is one of the fastest growing sectors in India and is growing at the rate of 8% YoY.
- ✓ Nowadays the travel and tourism industry is also included in hospitality sector. The boom in travel and tourism has led to the further development of hospitality industry.

HOTEL INDUSTRY IN INDIA

- ✓ India is a destination for hotel chains looking for growth.
- ✓ 'Hotel Industry in India' is eroding its competitiveness as a cost effective destination.
- ✓ 'Indian Hotel Industry' is adding about 60,000 quality rooms, currently in different stages of planning and development and should be ready by 2022.
- ✓ MNC Hotel Industry giants are flocking India and forging Joint Ventures to earn their share of pie in the race.
- ✓ The manpower requirements of the hotel industry will increase from 9 million in 2008 to 18 million by 2022.



FEATURES

The industry is more dependent on metropolitan cities as they account for 75% to 80% of the revenues, with Delhi and Mumbai being on top.

The ARR and OC are the two most critical factors that determine profitability. ARR depends on location, brand image, star rating, quality of facilities and services offered. The OC depends on other seasonal factors.

India is an ideal destination for tourists. Approximately 4.4 million tourists visit India every year.

In the hotel sector, a number of multinationals have strengthened their presence. Moreover, Indian hotel chains are also expanding internationally.



COMPETITION

The country has been flooded by some of the world's leading hotel brands. New brands such as Amanda, Satinwoods, Banana Tree, Hampton Inns are planning to enter the Indian hospitality industry in joint ventures with domestic hotel.

Unitech, which is setting up two hotels in Delhi, has already formed a joint venture with Marriott International to run its three new hotels in India.

All other majors including Marriott, Hyatt, Hilton, Accor, Four Seasons etc are briskly reinforcing their presence in India.

INDIAN HOTEL COMPANIES LOOK OVERSEAS

The movement is not one-way. Cash-rich Indian hotel companies have been acquiring properties overseas.

The Tata group's Indian Hotels Company is in the process of acquiring Boston-based luxury hotel the Ritz-Carlton for around \$170 million dollars (around 765 crore rupees). Due diligence is likely to be completed soon.

Indian Hotels is looking to strengthen its presence in the United States with this acquisition. It has also set up properties in the Middle East, the United Kingdom and Africa.

Its fierce rival, Oberoi group, has also been active overseas with properties in Saudi Arabia, Mauritius, Egypt, Australia and Indonesia, and elsewhere.



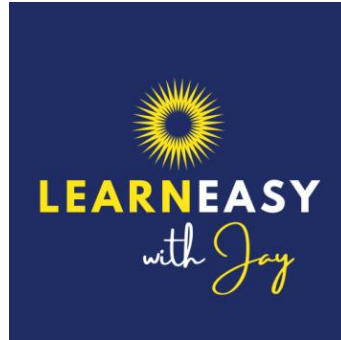
FUTURE

Future Growth in tourism will definitely lead to a boom in hotels and restaurants.

The industry also expects a boom in spiritual and medical tourism in the domestic sector at a growth rate of 10% to 15% over the next few years.

It is estimated that the hospitality sector is likely to see US\$ 11.41 billion rise in the next two years.

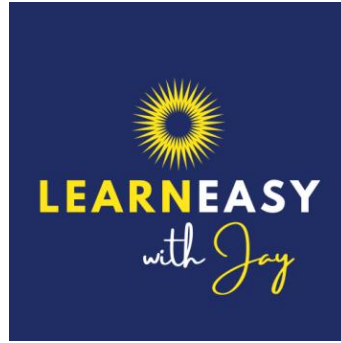
With around 40 international hotel brands making their presence known in the country by 2022



DEFINITION OF HOTEL

DEFINITION OF HOTEL

A **hotel** is defined by the **British Law** as a 'place where a bonafide traveler can receive food or shelter, provided he/she is in a position to pay for it and is in a fit condition to be received'.



EVOLUTION & GROWTH OF HOTELS

Origin and growth



- ❖ Origin – Hotel Industry
- ❖ It has started from travel and tourism.
- ❖ Purpose- business, medical, studies, pilgrimage or any reason
- ❖ People use to carry there clothes but people cannot carry food, shelther and needs and here the hospitality steps in

Origin of hotel industry



❖ People use to take journey on animals such as horses , camels and elephants and in olden days they use to travel in groups they are called **caravan**



Origin

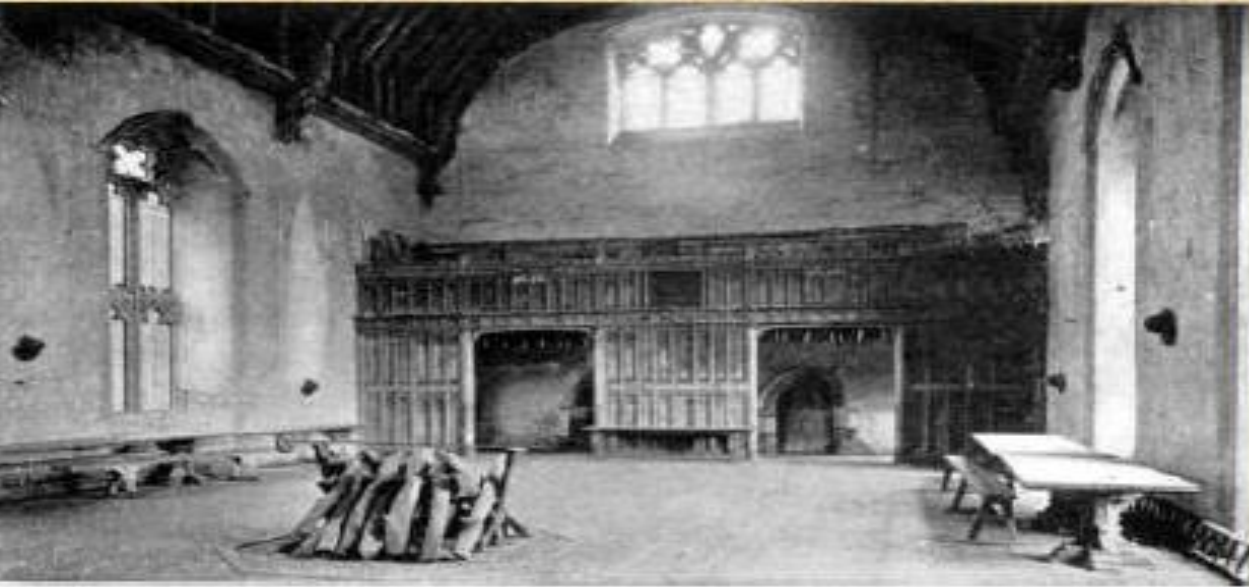
- ❖ These group of people use to travel short distance only and during day time only and when night falls they are scared of animals and bandits and they started looking for accommodation where they can get bed , food and water



www.shutterstock.com · 4109029

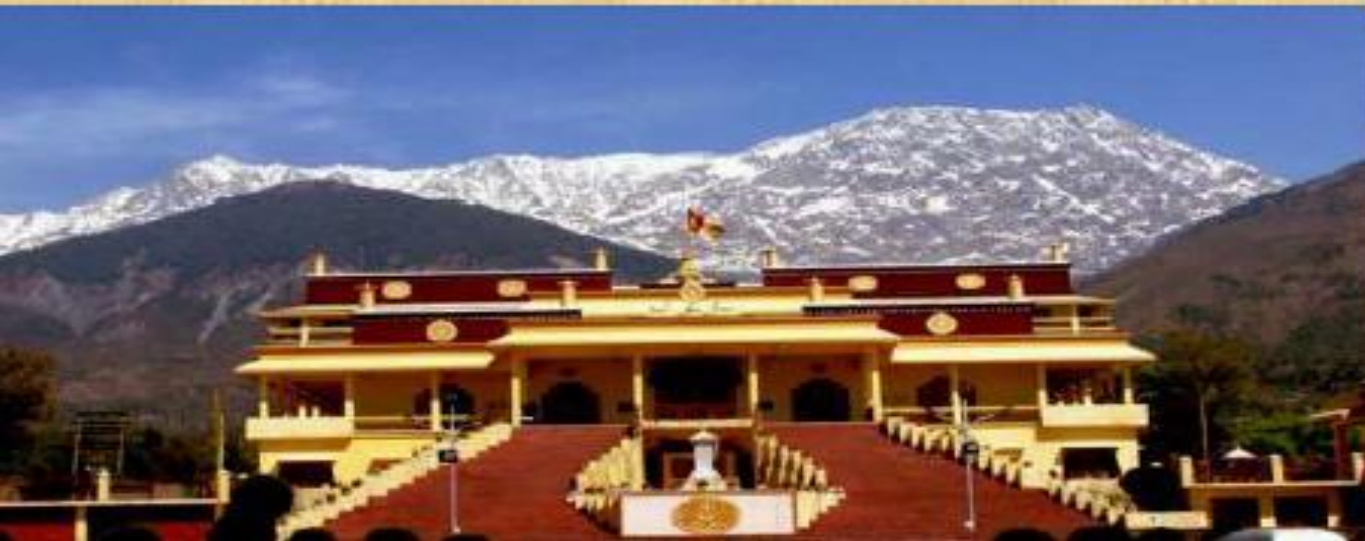


INNS



- Inns were generally run by families or husband-wife , who provides large hall to the travelers to make their own bed along with their animals and sleep on floor and they provide food and drinks etc and they use charge a nominal prices

INNS



- The primitive lodging houses or inns originated essentially to cater to these needs of the travelers.
- Throughout the world they were known by different names :
 - *Dharamshala and Sarai in India*
 - *Ryokans in Japan*
 - *Paradors in Spain*
 - *Pousadas in Portugal*
 - *Coffee houses in America*
 - *Taverns and Inns in Europe*
 - *Cabarets and Hostelries in France*
 - *Mansionis and Hospitia in Switzerland*
 - *Phatnal in Greece*
 - *Relay Houses in China*

Evolution and growth of hotel industry

- Inn and Hospality merged together in 5th century BC
- The origin and growth of hotel industry can be discussed under following periods:
 - Ancient Era :
 - Grand Tour:
 - Modern Era :

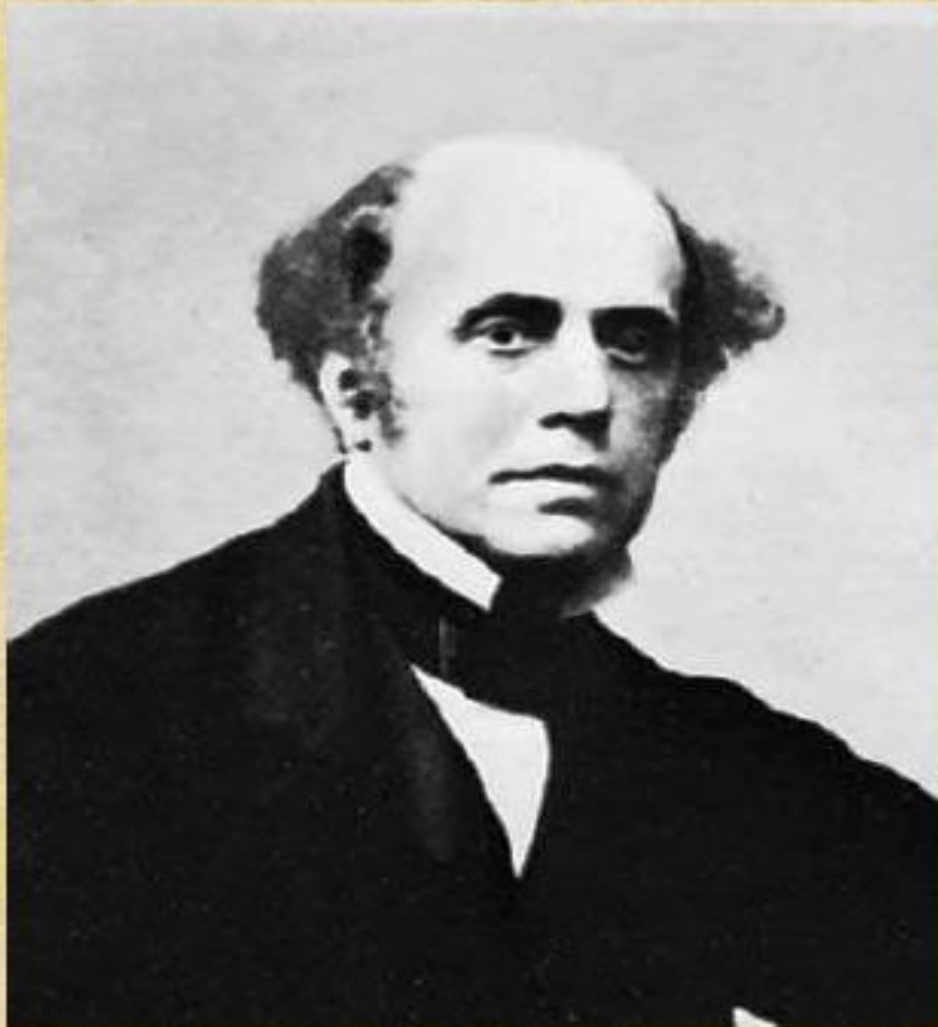
Ancient Era

– Ancient Era :

- Earliest recorded evidence of hospitality facilities in Europe 500 BC
- Biblical era – Inns- no privacy
- Greece – came up establishment provides food and beverage to the traveler
- In 3rd century AD In Europe lodgings has developed like mushrooms called as Mansionis
- After 100 yrs – Industrial revolution took place – railways, steamships, roadways – travelling
- It made people travel for education and business
- 1750 to 1825 small chalet hotels were running



Grand tour



- The second half of eighteenth century- French revolution took place referred as GRAND TOUR (1789-99)
- Hotel industry boom took place
- Business opp.- france,italy,germany etc
- Transportation , lodging took place
- Thomas cook was first person to make world tour from Leicester to loughborough

Modern Era



The City hotel

- 1794-The City hotel in new york with 73 rooms took place
- Tremont House in Boston - 170 room with luxurious facilities
- Palmer house & Sherman House- Chicago
- The palace –Chicago with 800 rooms
- First business hotel – 1908 – buffalo –The Statler Hotel- 450 rooms



The palace



The Statler

www.indianchefrecipe.com

Growth of Hotel Industry in India

- It can be categorized as
- Ancient and Medieval Era
- Colonial Era(1601-1947)
- Modern Era (1947 onwards)

Ancient and Medieval Era



dharmasalas

- It is started with *Atithi Devo Bhava*
- Started with dharmasalas (dharma means religion sala means school)
- Choupals
- Zamindars
- Anna-Kshetras
- Paakshala
- Bhojanalaya
- Panthnagar (panth road/way agar means house)

Colonial Era :- 1601 -1947

The Taj mahal palace



- In 17th century hotels started taking shape by Europeans
- Europeans officials opened travens first in Mumbai in year 137-1840
- Portuguese Georges and paddy goose and Racquent court in Mumbai
- Later Traven's disappeared
- 1840- Hotel Victory
- 1841-Esplanande Hotel
- 1841- Auckland Hotel –Kolkata
- 1903-The Taj mahal palace – nusserwanji- tata
- 1923-Grand hotel in Mumbai- shapurji sorabji

Colonial Era

Hotel Name	by	Year
1.Victoria Hotel	Pallanjee pestonjee	1840
2.Esplanade Hotel	Europeans	1871
3Watsons	Europeans	1871
4.Auckland Hotel	Kolkata	1841
5.Taj mahal Palace	mumbai	1903
First luxury hotels in India 6. Grand hotel	mubai	1923

Modern Era-1947



THE OBEROI - Hotel View

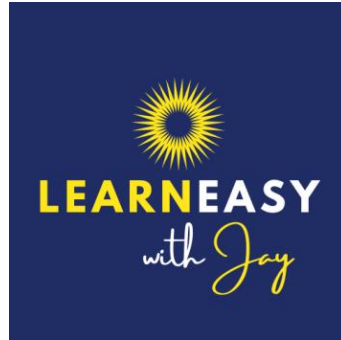


- New hotel came up
- Oberio group of hotel
- Taj group
- ITC
- ITC Welcome group
- 1949 Form FHRAI : federation of Hotel and Restaurant and Association in India
- Head office in Delhi,mumbai,kolkata, madras
- 1966 ITDC India Tourisn Development Corporation

Modern Era : 1947



- Industrial revolution, development of fast and safe mode of transport lead to the growth of modern lodging houses to cater the needs of mass move Over the last few decades, various well-known international hotel chains have come to India. These include Hyatt Hotels and Resorts, InterContinental Hotels and Resorts, Marriott International, Hilton Hotels, Best Western International, Shangri-La Hotels and Resorts, Four Seasons Hotels and Resorts, Carlson Hotels worldwide etc.



CLASSIFICATION OF HOTELS

BROAD CLASSIFICATION (ON THE BASIS OF)

1. Location
2. Size of the Property
3. Level of Service
4. Length of Stay
5. Theme
6. Target Market
7. Ownership

1. BASED ON LOCATION

- ✓ **City center:** Generally located in the heart of city within a short distance from business center, shopping arcade. Rates are normally high due to their location advantages. They have high traffic on weekdays and the occupancy is high.
- ✓ **Motels:** They are located primarily on highways, they provide lodging to highway travelers and also provide ample parking space. The length of stay is usually overnight.
- ✓ **Suburban hotels:** They generally have high traffic on weekend. It is ideal for budget travelers. In this type of hotel rates are moderately low.
- ✓ **Floating hotels:** As name implies these hotels are established on luxury liners or ship. It is located on river, sea or big lakes. In cruise ships, rooms are generally small and all furniture is fixed down. It has long stay

✓ **Airport hotels:** These hotels are set up near by the airport. They have transit guest who stay over between flights

✓ **Resort hotels:** They are also termed as health resort or beach hill resort and so depending on their position and location. They cater a person who wants to relax, enjoy themselves at hill station. Most resort work to full capacity during peak season. Sales and revenue fluctuate from season to season.



✓ **Boatels:** A house boat hotels is referred as boatels. **The shikaras of Kashmir and kettuvallam of Kerala** are houseboats in India which offers luxurious accommodation to travelers

✓ **Rotels:** These novel variants are hotel on wheel. Our very own "palace on wheels" and "Deccan Odessey" is trains providing a luxurious hotel atmosphere. Their interior is done like hotel room. They are normally used by small group of travelers.



2. BASED ON SIZE OF PROPERTY

Small hotel: Hotel with 100 rooms and less

Medium sized hotel: hotel which has 100-300 rooms

Large hotels: hotel which have more than 300 rooms

Mega hotels: are those hotels with more than 1000 rooms.

Chain hotels: these are the group that has hotels in many numbers of locations in India and international venues.

3. BASED ON THE LEVEL OF SERVICE

Economy/ Budget hotels: These hotels meet the basic need of the guest by providing comfortable and clean room for a comfortable stay.

Mid market hotels: It is suite hotel that offers small living room with appropriate furniture and small bed room with king sized bed.

Luxury hotels: These offer world class service providing restaurant and lounges, meeting rooms, dining facilities. These guest rooms contains furnishing, artwork etc. prime market for these hotels are celebrities, business executives and high ranking political figures. Example: Hyatt Regency, New Delhi.

4. BASED ON THE LENGTH OF STAY

Transient Hotel: These are the hotel where guest stays for a day or even less, they are usually five star hotels. The occupancy rate is usually very high. These hotels are situated near airport.

Residential hotels: These are the hotel where guest can stay for a minimum period of one month and up to a year. The rent can be paid on monthly or quarterly basis. They provide sitting room, bed room and kitchenette.

Semi residential hotels: These hotels incorporate features of both transient and residential hotel.

5. BASED ON THEME

Heritage hotel: In this hotel a guest is graciously welcomed, offered room that have their own history, serve traditional cuisine and are entertained by folk artist. These hotels put their best efforts to give the glimpse of their region.

E.g.: Jai Mahal Palace, Jaipur.

Ecotels : These are environment friendly hotels these hotel use eco friendly items in the room. **E.g.:** Orchid Mumbai is Asia first and most popular five star ecotel.

Boutique hotels: This hotel provides exceptional accommodation, furniture in a themed and stylish manner and caters to corporate travelers. **E.g.:** The Park, BLR

Spas: is a resort which provide therapeutic bath and massage along with other features of luxury hotels in India **E.g.:** Ananda spa in Himalaya is the most popular Spa.

6. BASED ON TARGET MARKET

Convention hotels: These hotels have large convention complex and cater to people attending a convention, conference **E.g.: Le meridien, Cochin**, is a hotel with largest convention center in south India.

Resort hotels: These leisure hotels are mainly for vacationers who want to relax and enjoy with their family. The occupancy varies as per season. These are spread out in vast areas so many resorts have solar powered carts for the transport of guest.

Suite hotels: These hotel offer rooms that may include compact kitchenette. They cater to people who are relocating act as like lawyers, executives who are away from home for a long business stay

Commercial Hotels: They are situated in the heart of the city in busy commercial areas so as to get good and high business. They cater mostly businessmen.

Casino hotels: Hotel with predominantly gambling facilities comes under this category, they have guest room and food and operation too. These hotels tend to cater leisure and vacation travelers. Gambling activities at some casino hotels operate 24 hours a day and 365 days a year.

E.g.: Las Vegas in United State is Famous for Casino hotels.



7) BASED ON OWNERSHIP

TIME SHARE: This is a new concept in India but is picking up very fast.

This is also known as 'Vacation Ownership' or 'Holiday Ownership' concept.

These properties are in resort areas like hills, beaches, forests etc.

Time share involves individuals who purchases the ownership of accommodation for a specific week or weeks.

The price of the property will depend on the week, one tends to buy.

The guest can choose a peak season, semi peak season or a lean season.

Eg: Club Mahindra

CONTD....

CONDOMINIUM HOTELS: These are quite similar to Time share. These units are developed on joint ownership basis.

Each owner purchases and has full right of an unit he has purchased and shares the cost common to the complex, such as taxes, insurance, maintenance and upkeep of public areas including swimming pool, health club, parking, security, air conditioning, heating, cable, broad band etc.

Each owner can occupy or sell his unit independently but is required to follow the rules and regulations laid by the management.

In some cases the management can help the owner in renting out the property.

They take the full responsibility of the owner's units safety and also pay to the owner a major portion of the rent earned from renting out.

The management earns a major portion by renting out conference hall and from catering.

Usually the management requests the owner to rent out in case of major conferences.

CONTD...

CHAIN HOTELS: A chain is usually classified as operating under a management contract or as a franchise or referral group.

Chains usually make certain rules regarding standards, rules, policies, procedures of affiliation etc.

In general, the more centralized the organization the stronger the control over the individual property.

Some chains own affiliated properties, but many do not.

Some chains have strong control over the architecture, management and standards of affiliated properties.

Other chains only concentrate on advertising, marketing, purchasing.

CONTD...

INDEPENDENT HOTELS: Independent hotels do not have ownership or management affiliation with other properties.

They have no relationship to other hotels regarding policies, procedures, financial obligations, management, accounting etc.

These may be registered as sole proprietor-ship or a private limited company.

The owner may decide the standard, type of clientele, the tariff etc.

He may tie up with travel agencies to sell his property against commission.



CONTD....

MANAGEMENT CONTRACT: Management companies are organizations that operate properties owned by others.

Those other hotels may be owned by individual persons, partnerships or private limited companies.

The individual hotel, under construction, may contract with a professional hotel management company to operate the proposed property.

These contracts are normally on a long-term basis.

Some management companies, when feel that they must have a hotel in a particular location then they approach prospective individuals to build a hotel and operate under their managements contract.

The management contract can even be signed before the construction starts. After paying the management fees, operating expenses, the owners keep the balance cash for paying their debts, taxes etc. and the balance is their net profit.

The Management companies only take over the management of the company, whereas the franchising companies provide the financial assistance, advertising, central reservation facilities, marketing etc.



CONTD...

FRANCHISE: Franchise is a system in which the franchise owner grants another the right or privilege to merchandise a product or service for a specified return.

Franchise Agreement is an agreement under which the owner operates as a member of the chain, utilizing the brand image, name, goodwill and obtaining for a certain fee some services of marketing and operating nature support from resources of a large organization, advertising, sales promotion, technical and financial help etc.

The best known franchising companies are Holiday Inn, Choice International, Quality Hotels & Inns etc.



CONTD...

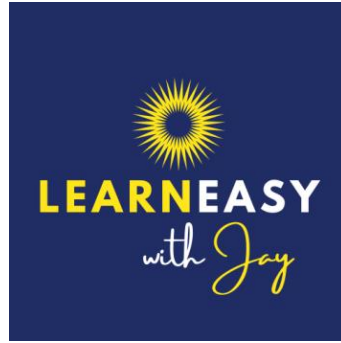
REFERRAL GROUPS: Referral Groups consists of independent hotels which have grouped together for some common purpose.

Though the properties in the referral group may be different from each other but there is sufficient consistency in the quality of service to satisfy guest expectations.

The member hotels recommend guests to other member hotels.

Best Western International, one of the largest hotel chains is the best example of referral groups.

The referral groups also extend benefit of more extensive reservation and expanded advertising through pooled resources.



CATEGORIZING HOTEL BASED ON STARS

Hotel Star Ratings

Hotels are an important component of the tourism product. They contribute in the overall tourism experience through the standards of facilities and services offered by them. With the aim of providing contemporary standards of facilities and services available in the hotels, The Hotel & Restaurant Approval & Classification Committee (HRACC) inspects and assesses the hotels based on the facilities and services offered.

There are some boundaries between each star rating, which a hotel must achieve by providing services and facilities each star demands.



1 star Hotel ★

- All rooms must have shower or bath tub.
- Daily room cleaning
- Color television with remote control
- Table and a chair
- Soap or body wash
- Reception service
- Fax service at reception
- Telephone for guest
- Extended Breakfast
- Beverage offer
- Deposit possibly



2 star Hotel ★★

- Reading light next to the bed
- Bath essence or shower gel
- Bath Towels
- Linen service
- Sanitary products
- Credit cards
- Breakfast Buffet



3 star Hotel



- Internet access in the room
- Reception opened 14 hours and telephone service accessible 24 hours
- Luggage service
- Telephone in the room
- Heating facilities in the bathroom, Hair dryer and tissues
- Dressing mirror and luggage rack
- Sewing kit, Shoe polish, laundry and ironing services
- Additional pillow and blankets on demand
- Systematic complaint management system



4 Star Hotel



- Reception opened 18 Hours, accessible by phone 24 hours
- Lobby with seats and beverage service
- Breakfast buffet or breakfast menu card via room service
- Minibar or 24 hours beverage via room service
- Couch with side table
- Bath robe and slippers on demand
- Cosmetic products





5 Star Hotel

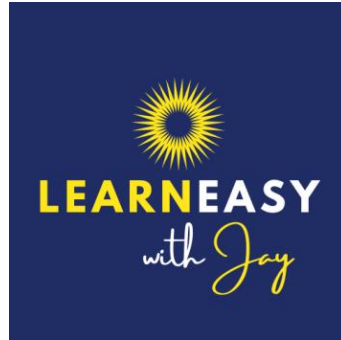
- Reception open 24 hours
- Multilingual staff at reception
- Concierge , Page boy
- Spacious reception hall with several seating arrangements and beverage service
- Personalized greetings for each guest with fresh flowers, gift ,welcome drink, local specialty gift.
- Minibar & Food & Beverage offered 24 hours via room service.
- Internet access and internet terminal
- Safe in every room
- Ironing service
- Shoe polish service
- Turndown service in evening
- Mystery guest audits



CLASSIFICATION / RECLASSIFICATION OF OPERATIONAL HOTELS

1. Classification for newly operational hotels if approved by **Ministry of Tourism** at project stage, must be sought within **3 months of completion of the project**. Operating hotels may opt for Classification **at any stage**. However, hotels seeking Re-classification should apply for reclassification at least **6 months prior to the expiry of the current period of classification**
2. If a hotel fails to apply for Re-classification **6 months before the expiry** of the classification period, the application will be treated as a fresh case of classification
3. Once a hotel applies for Classification/ Re-classification, it should be ready at all times for inspection by the inspection committee of the **HRACC**.
4. Classification will be valid for a period of **5 years from the date of approval of Chairman HRACC** or in case of Re-classification, **from the date of expiry of the last classification, provided that the application has been received 6 months prior to the expiry of the current period of classification, along with all valid documents.**

HRACC- Hotel & Restaurant Approval & Classification Committee.



ALTERNATIVE ACCOMMODATIONS

ALTERNATIVE ACCOMMODATIONS

Other than regular Hotels and Resorts, there are plenty of other set ups which offer accommodation facilities to guests. Some of them include,

- Homestays
- Guest Houses
- Visitor Bungalows
- Treehouses
- Caravans
- Sanatoria (Spa Hotels)

CONTD...

- Dharmshalas / Hospices
- Lodges
- Youth Hostels
- Yatri Niwas
- Camping Grounds/Tourist Camps
- Railway/Airport retiring rooms
- Paying guest accommodation



THANK YOU!

HAVE QUESTIONS?

 LearnEasy with Jay



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