

Economic recession on hotel industry tourism essay

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The Hotel industry is a key part of the hospitality sector, primarily oriented for the provision of, accommodation, recreation and amusement. The hotel industry maintains the services and facilities for the potential customers that are business people, domestic and international tourists and individual guests. The big customer base of this industry is the most important part of its success. The price and the standard of services and facilities in the hotel industry vary as per the range of services preferred by the customers. This industry requires an intense focus on the services and facilities offered to the customers, so that a positive image can be developed in the competitive market (Rutherford O'Fallon 2006).

Alongside the hotels serving upper class clientele, there are many medium size hotels which offer almost the same services and facilities as the large hotels. Comparatively, the services and facilities are of lower standard, as they are offered on cheaper rates. Medium size hotels also attract many customers as they provide quality services, and maintain the adaptable facilities and focusing the lodging related operations on the customers. They offer various facilities such as entertainment, bars, restaurants, accessibility to internet, organising social functions, etc. The hotel rooms are also furnished with many facilities as per the quality level and standard (Medlik Ingram 2000).

The economic recession, has adversely affected the business status, operations and output of many industries worldwide. The hotel industry has also been influenced by the economic recession. The productivity, profitability and efficiency of many companies has been reduced

significantly, which encouraged the companies towards cutting different administration costs like business meetings, conferences and events, high class business travels and reducing the labor force. All these cost saving activities have directly impacted on the travel industry and hotel industry. Since, the tourism industry directly influence the hotel industry, so during the economic recession the decreased number of tourists and the decline in the arrival of customers at the hotels has directly impacted the profitability of the hotel industry (Raymond 2001). The hotel managements planned and re-developed the operations and strategic planning for their survival in the market (Peters Pikkemaat 2006).

1. 2 AIM

To study the impact of the economic recession on the hotel industry, along with the challenges faced, and strategies used by the hotels to survive in the market.

1. 3 OBJECTIVES

The major objectives of this research are to:

Determine the impact of consumer and customer on the business of the hotels, including the fall in providing the business services and bargaining for rates.

Determine the realignment of the hotel industry, and its market sensitivity, in the economic recession.

Analyse the fluctuation in the loyalty of corporate customer with large branded hotels.

Determine the opportunities created by recession for small hotels to affectively become business hotels, as the business customers prefer small hotel services, and competitive rates.

This study investigates the impact of the economic recession on hotel industry. The research evaluates the factors which have affected the industry, with the help of a case study of a (Celtic Manor) resort hotel in UK. It constructs an effort to fill in the gap as not much of research has been done on the impact of recession on hotel industry, so far. It draws on previous research from the authors worldwide, in the form of theory. This study will also link the changes experienced by the generic hotel industry, via the literature review, to the case study of the resort hotel. The aim is to utilise the research literature and apply the concept in the case study. The research methodology used in the study will be both the qualitative and quantitative methods of analysis. The results and conclusions will demonstrate the nature and scope of the appropriate and inappropriate changes in strategies adopted by hotels.

1. 4 PURPOSE OF THE STUDY

The purpose of this research is to study the situations and conditions brought by recession to the hotel industry. Economic recession has hit many countries worldwide, to different extents. As the hotel industry is an important sector of the tourism industry and the market, so the hotels have

also faced many changes of fortune due to recession, and have had to make some changes in their policies and strategies. It is because of this, the researcher decided to conduct research on this topic.

The present study focuses on the strategies and implementations made by The Celtic Manor Resort (case study) during the recession in UK. The reason of choosing The Celtic Manor hotel for this study is because the hotel is a convention centre and a place of leisure facilities, which makes it an appropriate destination for corporate, tourists and leisure customers. Both these categories of customers have been affected by recession, so the research stresses the impact of recession on the business of the hotels, consumer reaction and changes adopted by hotels in terms of survival in the market.

The next chapter (context) is about the effect the recession on some of the strongest economies in the world. The impact of recession on chosen economies will be discussed and then the discussion will become the base of the research. The literature review will address, in detail, the changes and challenges faced by the hotel industry. After analysing the changes in the policies and strategies in the case study, the researcher will then proceed to critically relate the changes in the case study using the literature. This will then be followed by the findings analysis, conclusions and recommendations of the research.

1. 5 RATIONALE OF THE STUDY

This study is about recession and its impact on the corporate world, the hotel industry consists of both large and small hotels. The hotel industry is an important part of the hospitality industry which serves customers from different backgrounds, such as the corporate sector, domestic and international tourists, and individual customers. These three categories of hotel customers have been affected by recession directly or indirectly, so the hotel industry has been affected by the recession. The importance of this research is to throw light on the deep impact of the recession on the hotel industry and the strategies used by them to survive in the market. This research is also important to establish a link between the primary and secondary research data. The researcher will conduct in-depth secondary research on the chosen topic and evaluate the issues relating to the study. The viewpoints of key authors will be considered and arguments balanced in the case of differing views. The researcher will also conduct primary research, wherein key employees of The Celtic Manor Resort will be interviewed to get first hand information/data on the issues to be studied. The information gained as primary data will be analysed and then a comparison of primary and secondary data will be made to see whether or not the findings are in conformance with each other. In this way the researcher will be able to better understand the effects of recession on the hotel industry and its surviving strategies.

This research may be useful to the following people and organisations:

Firstly, the researcher will benefit from this study as it will help him in analysing the recession and its impact on the hotel industry and will enhance

his understanding of the topic by conducting first hand primary research on a five star resort hotel. Secondly, the research may be beneficial to other researchers wanting to study this topic. This study will act as a secondary source of data for the other researchers. Thirdly, the organisation on which the study will be conducted that is The Celtic Manor Hotel may use this study for analysing and comparing the success or failure of their strategies for the future. This may further act as a useful source of information for any changes required in their respective strategies and policies relating to the internal and external environment for business development and growth. In this way, the research study should prove to be beneficial for other researchers and the organisation. Lastly, the research may also benefit the educational institute where this study will be submitted that is Newport Business School, where the study may act as a source of secondary data for other students.