

Interrelationship
between hospitality
and travel
organisations tourism
essay



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The hospitality sector is one of the most crucial service providers for the international travel and tourism industry. It includes all businesses which accommodate tourists and travellers when travelling to other destinations. They are an integral part of the overall experience, and must live up to the standards which are expected by clientele and those which are set by the industry.

Modern websites such as Trip Advisor also set standards based on people's evaluations of their personal experiences. These evaluations are viewed by potential clients from all over the world, and can influence their choice of hotel, motel, or any other accommodation provider or catering establishment.

Task 1- Investigate the hospitality sector.

Accommodation providers

Hotels

Generally, when tourists arrive at their final destination their main interest is to check into their hotel room and unwind, especially after hours of travel. It is therefore crucial that guests are treated with utmost care, as they may be tired and possibly irritated after their trip. Hotels within the Euro zone typically hold 1-5 star ratings which depend on the quality, scale, and the number of amenities and services which are offered. Hotel ratings outside the EU are not limited to five stars, such as the ultra luxurious 7 star Burj Al Arab hotel in Dubai.

Accommodation is a fundamental component in package holidays. Tourists may opt for budget packages which include basic 1 to 3 star

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accommodation, whilst others may opt for higher priced packages offering 4 to 5 star accommodation. When opting for luxurious accommodation, guests may spend a good proportion of their time at the hotel or resort to make full use of the amenities which are being offered. Guests would expect to be pampered throughout their stay, particularly for the price being paid. If problems are encountered, they would expect a rapid response and immediate action to be taken. 5 star establishments usually offer 24 hour receptionist and concierge services, valet parking for guests who have rented their own cars, as well as 24 hour maid, maintenance, and room service. One would also expect to have an in-room mini bar and safe, personal care products, high speed Wi-Fi access, laundry services, gym, spa and a business centre, to name a few.

4 and 3 star hotels offer more of a comfortable ambience than a luxurious one, whilst 2 and 1 star hotels offer basic, yet clean accommodation, and are more suited for people who aim to spend most of their time outdoors. Rooms are simple, but include a colour television, and an en suite bathroom.

In general however, as the star rating decreases, the facilities and services also decrease in number, and possibly in quality. Although there may be certain hiccups in the services rendered due to human variability, cleanliness cannot suffer the same fate. Strict health regulations should be abided by and enforced by health authorities on a regular basis to ensure that hotel operators are giving enough importance to cleanliness. Cleanliness is so important that Trip Advisor features it as one of the main categories which can be rated together with service, location, rooms, sleep quality and value

for money. Guests can also back up their cleanliness claims with candid photos.

However, hotel amenities and services often do differ from country to country, as well as from brand to brand, even within the same destination. As with all companies, it is ultimately up to the people running the establishments to live up to their star ratings, or more appropriately in today's markets, exceed them.

Motels and guest houses

A motel is essentially a small hotel which is specifically designed for motorway travellers. They originated in the United States when motor trips were becoming the norm. After a day of travelling, people needed a convenient place to spend the night before getting back on the road. Currently, one of the most popular motel chains is Motel 6, which has more than 1000 establishments in North America and Canada, and is run by the international Accor Hotels group.

Similarly to motels, guest houses also provide a relatively affordable alternative to other accommodation. However, unlike motels, guesthouses offer accommodation on a bed and breakfast basis, where the house owners would prepare a simple homemade breakfast for their guests. Some travellers specifically opt for themed guesthouses, such as those which are said to be haunted.

Camping parks, caravanning and lodges

Camping parks and lodges give people the opportunity to enjoy nature and the outdoors, an activity which is becoming increasingly rare as people surround themselves with technology. Caravans and family sized motor vehicles are most commonly used by groups of friends or family members for camping trips.

Lodges are typically found in wooded areas, mountain ranges, or ski resorts, and vary in quality, ranging from relatively basic to more upscale accommodation. They may take the form of a group of cabins with common facilities or as solitary cabins with dedicated facilities, which are all popular options for family trips, or romantic getaways.

Self-catering apartments

Self catering apartments have become popular as they offer greater flexibility, even though there is often the need to cook and clean. They also offer more of a homely ambience than motels or hotels as they consist of a kitchen, living room, and dining area. Renting an apartment may very well save clients money, especially if they plan to spend most of the time outdoors. The high paying tourist may rent a luxurious villa for a few days and hire their own butler, whilst the average family may decide to cook for themselves and enjoy spending their hard earned money elsewhere.

Cruise ships

Cruise ships originally catered for the wealthy, however as costs were lowered and new business strategies were created, they are now more affordable to the average income earner. Companies usually offer long-haul

to short-haul cruises, some of which are all inclusive and others such as easyCruise which requires patrons to pay as they go. One would usually find a vast selection of high quality foods on board, mostly in buffet form.

Catering providers

Catering is fundamental to the success of the tourism and hospitality industries. It is so important that catering outlets can be found in places ranging from city centres and hotels to boats, trains and airlines.

Restaurants

The menu, music, ambience and pricing are the most crucial factors in determining which restaurant to choose. There are restaurants which cater for different requirements, ranging from affordable takeouts to high class and exclusive establishments. Restaurants form an integral part of a tourist's holiday, some of whom would visit the same restaurant day after day if it is to their liking, whilst others may decide to experience a different restaurant each day.

Chain restaurants offer tourists a sense of financial security. Tourists know that McDonalds in Portugal will offer the same products as McDonalds in the United Kingdom. On the other hand, when it comes to non-chain restaurants it tends to be less simple. Tourists would often visit restaurants based on recommendations made by the staff at the concierge of their hotel, from locals, or Trip advisor. Generally one would usually find catering establishments to suit all tastes and pockets. If a destination receives high, medium, and low spenders, then there must be establishments which cater specifically for them.

The top restaurants in the world are usually Michelin accredited, which is possibly the most majestic of all international restaurant awards. A restaurant can acquire a maximum of three Michelin stars, meaning that it is almost faultless in terms of service, food quality and the overall ambience.

Cafes

Cafes used to specialise in hot beverages such as teas and coffees. However, they have developed to a great extent since then and now offer a variety of snacks and food offerings. As cafes increase in popularity, they tend to add more to their menu to increase their client base. Cafes are becoming so popular that McDonalds now has its very own McCafe, which was established to possibly compete with the likes of Starbucks or other international cafes.

Outside catering

Hospitality caterers are of great importance for major events such as conferences, after parties and exhibitions, which attract people from all over the world. It is up to the organisers to ensure that all of the participants are prepared to collectively deliver an unforgettable and unparalleled experience. 5 star hotels are usually chosen for large events as they can afford to strike better balances between quality and price than other lower rated hotels or catering establishments.

Theatres, cinemas and shopping complexes.

Going to the cinema or theatre is often not complete without a snack or a beverage. It has become custom to have something to eat or drink when watching your favourite film or play. Most cinemas have their very own snack bars, which serve beverages and snacks such as popcorn and nachos.

In Portugal for instance, the major shopping complexes such as Vasco Da Gama, Colombo shopping centre, and Cascais Shopping in the Lisbon area have their own cinemas in-house. Located right next to the cinema entrances one would find countless catering establishments ranging from cafes to fine dining.

Motorway service station

Motorway service stations throughout the world offer dining options for motorway travellers, most of which have simple cafes which also offer snacks. However, some motorway service stations do offer establishments such as McDonalds for instance. Motorway restaurants have proven immensely popular, especially for people travelling long distances on major highways.

Rail and ferry catering

Railway passengers usually have limited or no catering amenities onboard. Costs will undoubtedly be high and the range of items available for consumption would be limited due to the lack of space on board. Ferries on the other hand are much larger and have a lot more space to comfortably seat patrons. A number of dining areas can be provided onboard, however cafes and snack bars are still the most feasible.

In-flight catering

Space on an aircraft is even more limited, so meals are usually reduced to two kinds of dishes on passenger planes. AirMalta for instance has for the past several years licensed Corinthia Hotels International as their official provider of in-flight food. Food portions are often small and specially packed

to protect the food from pressure buildup. The meals are pre-heated and stored in small compartments in the kitchen area of the aircraft. First class flyers do sometimes have the option to select their own meal, but these services are obviously reflected in the high fares.

Task 2- Explain the interrelationship between hospitality, and travel and tourism organisations

Hospitality organisations are some of the most important service providers to the travel and tourism industry. Whether for leisure or for business, people do spend a significant amount of time at their hotel, particularly if it is of a luxury status. Guests would understandably want to reap the benefits offered by their hotel, particularly for the premium prices paid.

Package holidays

The role of hospitality in package holidays is very significant. Hotels which are included in package holidays ultimately depend on the price paid for the package. If someone opts for a budget package, then one would not expect 5 star accommodation, but more realistically some form of 3 star or possibly 4 star accommodation. Popular holiday packages are often mass purchased, so customers would benefit from good hotel rates and airline ticket prices.

Hotels also have special agreements with individual travel agents, offering special rates to their companies in return for a guaranteed flow of customers from their end.

Customers may opt for accommodation on room only basis, bed and breakfast, half board, or more rarely, full board basis. Travel agent representatives regularly check up on their clients at their hotel to ensure

that they are having a pleasant time. They also discuss any problems that they have been experiencing throughout the duration of their stay, and get them sorted accordingly.

All inclusive packages are also available but do not offer customers the flexibility of other packages. Such packages would include everything that is needed for the whole stay such as meals, beverages, hotel, tours, and all other requirements. Customers who opt for these packages would usually spend most of their time within the resort as most of their activities would be based there.

Aviation

The Airline industry's success depends very much on accommodation availability. Airlines may lose out on business if hotels are at full capacity. This is a serious problem for airlines flying to small destinations such as Malta, as there have been instances where all hotels on the island were fully booked. Major airlines must therefore analyse situations regarding bed availability, and choose flight times and days accordingly.

Hospitality is also present onboard airlines in the form of catering, as well as sleeping arrangements. Budget airlines offer food and beverages at extra cost, whilst higher class airlines often offer all inclusive food and beverages, even to those paying for economy seating. Some ultra luxurious airlines even have reclining seats which turn into beds, as well as silver service dining and a centrally located bar, where customers can choose what to eat and drink.

Business travel

Business people specifically opt for hotels which are equipped with the necessary facilities to work comfortably. They search for hotels with business centres, Wifi or cable internet access, meeting rooms and conference areas, as well as other services such as 24 hour laundry and dry cleaning. They may also try to fit in some time for leisure, particularly in between meetings, where they would either spend time by the pool, at the spa, or out and about. However, due to the nature of business travel this is not always possible.

The same goes for catering establishments. Business people opt for some of the best restaurants in order to impress business associates or clients. They make use of the money supplied to them by their companies, so they can afford to choose high class restaurants to accompany their luxury accommodation.

Globalisation has brought about a growing need for business related travel, and this will undoubtedly grow even further as destinations become more connected. Budget airlines have also made business travel a lot more affordable to companies, however, some companies believe that flying business class would keep their reputation intact. Business class was essentially developed for business people who required space to work.

Emerging destinations such as India and China are becoming hotspots for business travel, and international companies from around the world are interested in setting up branches there. Their industries are growing faster

than any other, and certain companies do not wish to miss out on any opportunities to increase their market share and profitability.

Conferences and exhibitions

Conferences and exhibitions are also crucial for national and international travel and tourism industries. For instance, between the 29th of August and the 4th of September, Malta welcomed its largest ever conference, hosting 5000 delegates who were invited to the yearly Oriflame conference, each of which stayed at 4 and 5 star hotels. In total, 8 million Euros were injected into the local economy, mostly through accommodation costs. Outside caterers, mainly from hotels, were chosen to prepare food for all of the delegates. Conference attendees are often hosted at the hotel at which the event is taking place.

Exhibitions offer consumers the possibility to view products or services before purchasing them. The International Tourism Bourse (ITB) is an international exhibition which attracts exhibitors from around the world. Companies, organisations and NTOs showcase their new offerings and concepts to other people from the field. Such events attract thousands of people from around the world, benefitting numerous hotels in the events' perimeter.

Visitor attractions

A visitor attraction is anything which gets people talking or that is of interest to visitors, tourists and others. Attractions may take the form of manmade creations such as museums and theme parks, or natural attractions such as natural parks. On the other hand, some sites happen to be of interest to

people simply because of the activities taking place there, and not because the actual place hosting the event is of any interest.

Theme parks are possibly the most popular visitor attractions, collectively seeing millions of visitors on a yearly basis. Disneyland happens to be one of the world's most popular flagship attractions, and can be found in the United States, France, Japan and China.

Most theme parks house their own restaurants and cafes, where families can enjoy a meal and then get back to having fun. However, Disneyland Paris goes a few steps further by having two hotels at the resort, which often feature in package holidays and are immensely popular.

Task3- Describe integration within the hospitality industry

Integration first gained popularity in the 1900's, when businesses focused on reaching economies of scale, through which they were able to benefit from lower operating costs. When companies provide their own products or services through in-house efforts, outsourcing is no longer required, therefore saving the company money in the long run. Through such integration companies are also able to increase their global presence and increase their market share.

Vertical integration

Vertical integration is a process through which a company buys another company in the distribution chain, or enters a merger agreement. This is primarily done to maximise profitability and benefit from lower operating

costs. It is traditionally characterised by forward, backwards and lateral integration.

One of the most followed and well documented episodes of vertical integration was that of the Carnegie Steel manufacturing company in the United States. It had complete control over the distribution chain including the iron mines, steel mills, railroads, coal mines and the ovens required to form the steel. The company placed economies of scale at the top of its agenda, and even focused on having people trained internally rather than employing outsiders.

Barriers to entry will develop, limiting competition in the marketplace. Companies may gain control of suppliers such as accommodation and transportation providers to further limit potential competition. If monopolistic behaviour develops through wide scale integration, government agencies will interfere and set restrictions because competition is fundamental for improving quality in the services industry.

Forward vertical integration is a process through which a company merges with another company further along in the distribution chain. For instance, a hotel chain may decide to buy its own travel agency or tour operator in order to expand into other markets. Hotels often strike agreements with travel agents and tour operators, providing special room rates and offers for clients brought to them.

Backward Vertical integration is when a company purchases one of its suppliers and makes proper use of its inputs for the benefit of the

organisation. A tour operator may purchase an airline company or a hotel, as <https://assignbuster.com/interrelationship-between-hospitality-and-travel-organisations-tourism-essay/>

they are both suppliers of services which are crucial to the package industry. TUI AG has over the course of its development created the TUI Hotels and Resorts brand, which owns and runs hotel brands such as Robinson, Magic life, Iberotel, Grecotel, Riu and Grupotel, totaling 243 hotels around the world. It has recently embarked on an entirely new project for the company, the first TUI branded hotel. The TUI Hotel Kaluga has 136 luxury rooms and 74 apartments, and is targeted specifically at business people.

Lateral integration on the other hand requires the merger of two organisations which may have indirectly related products and services; however they need not be in direct competition with one another. The three types of vertical integration give a summary of possible strategies which may be adopted as companies often make use of different variants of these strategies.

Horizontal integration

Horizontal integration is important for companies which want to expand their customer base, benefit from economies of scale and above all, maximise profitability. It occurs when a company purchases or merges with a company at the same stage of the distribution chain. A fitting example of this occurred last August when Hilton hotels international purchased a hotel at the Walt Disney World Resort for €92, 202, 465.

Toyota, Peugeot and Citroen recently formed a consortium for the production of their 107, C1 and Aygo automobiles, which are all based on the same shared platform, engines and hardware. The three companies shared their knowledge and resources to achieve a common goal. Although this example

is not directly related to the hospitality industry, these cars have helped car rental companies increase their sales by a significant margin in Europe because tourists find them affordable to rent, environmentally friendly, reliable, and fun to drive.

Horizontal integration can also be complementary in nature as opposed to competitive. Airlines often work closely with hotel chains, reaping some of the benefits which are offered by mergers without the actual risks. Such relationships are visible in the choice of airlines made by hotels for their airline miles schemes. Airlines gather data from hotels to try and make their flight schedules correspond with accommodation availability; however this is not always possible due to the dynamism and complexity of the hospitality and travel industries. To avoid disappointment, the majority of tourists book their accommodation beforehand to ensure that they have their rooms available upon arrival.

Implications of integration on the hospitality sector.

Branding

A Brand name alone may conjure up certain feelings or emotions related to personal experiences with the brand. As with all industries, the success of the tourism industry depends on the branding techniques adopted by all the key players, and how well they can deliver their messages to target markets. It is crucial that clients are able to associate themselves with such brands, and vice versa. Brands often aim to make their loyal customers see their products or services as an extension of their personality or character. For instance, if a group of business people check in to the Sheraton Pine Cliffs

hotel in the Algarve, they would expect the same check-in procedures, business amenities and lavish luxuries as any other Sheraton hotel. Anything different for the money paid would often be unacceptable.

Just like Sheraton, Westin also belongs to Starwood Hotels and Resorts. It is an upscale brand which caters for all sorts of clients who are after luxurious accommodation. It has top class amenities for business people, and all the luxuries that couples would expect for that romantic getaway. It also happens to be the most family oriented brand within the Starwood group, offering facilities where children can play under constant supervision. The animation team at the Westin Dragonara Resort in Malta often organises activities during the day, such as Sony play station tournaments for teenagers, or interactive games and other fun activities for children. Westin hotels around the world also have a children's check-in point at reception to make them feel as important as their accompanying adults. All of the above concepts are an integral part of the company's branding strategy. Coupled with other factors, children may use their positive experiences to influence their parents into visiting that same hotel time and time again.

Market control and integration between larger organisations

Some of the UK's major tour operators have purchased hotels overseas to increase their global presence and profitability. By doing so, they are able to control their hotel rates to their advantage, possibly bringing more affordable packages to their clients whilst increasing their sales. Although this kind of activity is beneficial to the company, it can be detrimental to smaller companies in the industry.

Integration between large organisations undoubtedly poses a threat to smaller organisations, and it is inevitable that employees and their families will suffer as the larger organisations take over. Although often unfortunate, travel and tourism essentially depends on the survival of the fittest, the companies which are able to offer the best balance between quality, quantity and value for money.

In certain instances, the growth of the Internet is limiting the potential of forward integration, particularly when it comes to holiday packages. It has thrown some travel agents out of business, as they did not have the necessary funds to shift their physical operations to virtual platforms. The dawn of dynamic packaging was also a major threat to these companies, so much so that UK tour operators are in the process of closing down retail outlets to focus more on internet selling. Although potential clients will benefit from lower costs over the internet, this can pose a grave threat to society as thousands of people may suffer from unemployment.

Direct selling over the internet is widely employed by hotels that have their own online booking systems. This makes the reservations process a lot simpler, cheaper, and less time consuming for potential guests, as well as for hotels. However, a reservations team is still required for those bookings which are made directly with the hotel over the phone or at the front desk. Some people feel more comfortable making physical payments because they may not wish to provide their personal details over the internet. Or they may simply enjoy the human interaction.

Increased globalisation

After a company expands successfully in its destination of origin, overseas markets are often next in line. Globalisation is the result of a collection of expansions, which can be analysed from an internal and external perspective. A company will face 'internal globalisation' whereby its employees from around the world will develop relationships with one another. 'External globalisation' is when team members interact with clients from all over the world. Social networking websites also allow for such communication to occur. Companies often create their own accounts on websites such as Facebook and Twitter, through which team members and loyal clients from around the world can join in and engage in discussions.

Globalisation has also made way for a drastic reduction in trade barriers, particularly within the European Union. EU countries often benefit from lower priced products and services when trade occurs within the Euro zone. This benefits accommodation and catering providers to a great extent, particularly when purchasing in bulk.

Starwood Hotels and Resorts Worldwide

Starwood Hotels and Resorts Worldwide is undoubtedly one of the most powerful international hotel and leisure chains. It has had tremendous success through its integration projects over the last years. In the year 2005 it acquired the Le Meridien brand and its entire portfolio, which amounted to 130 hotels and resorts internationally. This acquisition has increased Starwood's customer base to a great extent with ultra chic properties in Africa, Europe, the Middle East as well as the Asian Pacific, and many more to come.

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Starwood's preferred guest programme has also benefitted Le Meridien's loyal guests as they have access to over 700 destinations as a result of the takeover. Mr. Steven J. Heyer, who at the time occupied the position of CEO at Starwood, believed that the acquisition of Le Meridien was a very exciting development for the Starwood brand.

Le Meridien hotels are located in destinations where Starwood had little to no presence prior to the takeover. The Le Meridien brand provided the company with another exciting project to accompany their recent Aloft hotel brand. Since Starwood's takeover, The Le Meridien brand has been progressing steadily with widespread improvements in revenues and growth. Le Meridien Balluta in Malta happens to be one of Malta's top five 5 stars properties, and it is steadily working its way up. It began operations in the year 2004, just one year prior to the brand's takeover by Starwood.

Impacts of integration

Economies of scale and market share

Operating costs can be reduced significantly when companies integrate. If a tour operator takes over a hotel, the cost associated with investment would be high, however the benefits reaped by offering a wider variety of products or services can be seen immediately. In this case, integration would allow the tour operator to reduce its dependency on other accommodation providers as most operations can be taken care of within company parameters.

The more reputable hotels the tour operator is willing and able to invest in, the more beneficial it will be from an operating cost stand point. The tour

operator may lower the costs of its packages and pass the benefits onto the consumers. With the right strategies in place, market share will increase and profitability will be maximised. Through horizontal integration, companies can extend their existing client base, whilst through vertical integration companies can enter new markets and attract an entirely different customer base.

Standardisation

Standardisation is a complex and time consuming process, particularly in an industry which involves so many variables. Automated processes can most certainly be standardised, however it is a lot more difficult to standardise the human element, albeit not being impossible. For instance, McDonald's restaurants throughout the world have had their processes standardised. Whichever destination one visits, the procedures which employees follow are near identical, and the same goes for the food. The company tends to be highly efficient, time oriented, predictable and controlling over its processes and workforce.

Standardisation can be possible in hotels, however it is limited. The way in which a telephone operator answers the phone can be standardised, and so can the way in which guests are greeted upon check-in. Variability will always be an issue, as the different departments within a company are run by different personnel, who each have their own standards and ways of dealing with situations.

Quality

It is not guaranteed that quality will improve through integration. As always, it depends on how variable the human element is. If a hotel is taken over by another, it does not mean that the new owner will have a better approach towards improving quality. Employees may not get along with their new bosses because they believe that the approach being adopted towards improving quality is not feasible or practical, therefore making the risk of error greater.

It is therefore crucial that the management of any organisation does not opt for a strict top-down bureaucracy. Management must listen to what employees have to say because they are the people who