Volume : 2 | Issue : 11 | Nov 2013 • ISSN No 2277 - 8160

Research Paper | Management

Diversity & Changing Pattern of Hotel Services in the present competitive era with special reference to D. Kannada (Karnataka) region

Jomon Lonappan | S.D.M p.g. centre for Management Studies & Research

ABSTRACT

The competitive nature in the hospitality and accommodation industry is increasing at a rate previously unseen. The number of operations globally is increasing to accommodate the rise in travel required for both work and leisure. This has resulted in not only the expansion of chains and multi-national hotels, but given rise to a situation where small hotel and accommodation operators catering for a niche area of market are opening in increasing numbers.

However, due to the competitive nature of accommodation establishments and hospitality environment, just as many are closing as they realise the challenges involved in the development and continued operation of an accommodation business. Many do not understand or successfully implement a sound and thorough process of hotel operations management. Without the correct systems, process and operational guidelines in place, many establishments will continue to struggle to balance the books, attract customers and eventually close. Even those hotel operations who have previously experienced high levels of occupancy and success in the marketplace are turning to accommodation and hospitality consultants to assist in the development of their hotel operations management.

With the advent of the internet has come with it a notable change in how customers search for and purchase products and services in the hospitality industry. Furthermore, advances in software that is readily available in a cloud solution has resulted in the software previously out of the reach of many hospitality businesses is now a reality; such as point of sale, accounting and booking management software. Therefore, one of the key aspects forcing change upon the hospitality industry is the changing face of technology; and this will continue to do so for many years.

Any process of hotel operations management, for a business to succeed now and continue to thrive into the future, must take into account the effects of technology and its influence on the development of the hotel and hospitality industries. Many operations, event the large multi-national chains, require assistance with this, turning to experienced consultants who have a wealth of experience in hotel operations management to assist them with the implementation of appropriate technologies to increase their performance and efficiency in operations.

As the customer is at the heart of the business as the well as the managerial process (if there were no customers, there is no need for hotel operations management), an experienced consultant will integrate technology into the marketing and booking processes. This will not only increase the competitiveness of the hotel in the marketplace, but make it easier for current and potential customers to find and book accommodation, as well as integrate the booking and payment process into the systems of the hotel operations management.

KEYWORDS :

1. INTRODUCTION: SCOPE & NATURE OF HOTEL MANAGEMENT

Aim

Explain the range of hotels in operation and their management policies. For a successful career in the Hotel Management industry, you must:

- understand the nature and structure of the hospitality industry
- be aware of the contemporary issues relevant to the industry
- develop generic business skills that are required in today's business environment (eg. Communication, management, marketing, planning)

2. THE HOTEL INDUSTRY

The role of the hotel industry stems from a long history and development in the field of hospitality provision. In many countries hotels have evolved as extensions of domestic hospitality; though typically they are more often larger establishments (particularly in developed countries) Industry groups in different countries may define a hotel in different ways. A typical definition might be: "A hotel is an establishment of a permanent nature, which consists of four or more bedrooms, and offers bed and breakfast on a short term contract and provides certain minimum standards" (Ref: Hotels and Catering Economic Development Committee, South Africa). Hotels may be classified in many different ways, for different purposes, to different countries. The main reasons for classifying hotels are:

To analyse the market sector and so aid:

(a) Comparisons. (b) Analyses of performance. (c) Identifying market gaps. (d) Marketing strategies. (e) Customer requirements.

To describe the type of hotel for advertising and promotional purposes:

A hotel may be described in terms of the following:

(a) Location Urban
Suburban, Rural, Island, Airport Resort Tourism Centre (near attractions), Business Centre

(b) Form of ownership independently owned
Hotel chain, Franchise, Syndicate owned

(b) Facilities Boating
Golf Conventions, Ski, Condominiums, Business Centres, Cable Television, in house movies

Room Service Menu

(d) Type of client Business people
Community, Tourist, Traveller, Holiday maker Family

(e) Standard First class luxury
Good, Medium, Small (less than 50 beds)

(f) Star rating eg. *1, 2, 3, 4, 5* stars
(g) Size Number of beds or bedrooms.

A hotel may fit into more than one category. This may be a deliberate policy in order to appeal to a wider market, to encourage greater occupancy or a more even pattern of occupancy. The diversity and changing patterns of hotel use often make precise classification difficult, and new forms of accommodation are being introduced to cater for specific needs, for example, holiday villas, condominiums, time-share.

3. THE SCOPE OF THE INDUSTRY

1. Accommodation

Throughout this section "accommodation" is interpreted in a wide context to include any premises where any of the housekeeping, reception, maintenance and cleaning services have to be provided on a larger scale than in a domestic dwelling. The establishment need not necessarily include sleeping accommodation.

In its simplest sense, accommodation is taken to be the provision of shelter, that is, four walls and a roof.

Thus accommodation management is taken to include:

(a) The provision of accommodation to suit the purpose and the needs

of the users.
(b) The selling, marketing and promoting of accommodation.
(c) The care, maintenance and security of the accommodation.
(d) The care, well-being, satisfaction and comfort of the accommodation user.

The accommodation industry may classify establishments into two groups according to whether the aim is to make a profit, or purely work with the constraints of a budget and maintain a break-even situation.

(a) Profit making establishments - such as hotels, restaurants, contract cleaning companies.

CLASSIFICATION AND RATING SCHEMES
To assist guests and tourism professionals, various classification schemes have been developed.

Though there are exceptions, the more important schemes are roughly a comparable standard around the world. Some facilities though that may be considered three star in one country might not be in another (eg. tea and coffee making facilities are far more common in Australia and New Zealand than some other countries).

Examples of Star Ratings
For Motels, Hotels & Resorts:
* Offer basic standard accommodation. Simply furnished, adequate lighting. Motel units have private facilities, but hotels and resorts may have shared bathrooms.
** Well maintained with an average standard of furnishings and fittings.
*** Well appointed; comfortable standard of accommodation, furnishings, lighting, cooling and heating. Rooms contain telephone, clock radio, tea & coffee facilities with light breakfast available.
**** Exceptional standard with high quality furnishings and fittings. High standards in presentation and guest services; restaurant on site, air conditioned rooms, comfortable lounge, hair drier, etc.
***** International style and superior standard, extensive range of first-class services including 24-hour room service, and additional shopping and recreation facilities.

For Serviced Apartments
* Basic accommodation with moderate comfort.
** Average accommodation with higher degree of comfort.
*** Good accommodation with better furnishings.
**** Very good accommodation, with very high standard of comfort and at least one separate bedroom.
***** Very good with very high standard of comfort & furnishings, must have at least one separate bed room.
***** Excellent, luxuriously appointed, all sleeping areas and bed rooms are separate to the lounge.
***** International quality with an extensive range of first class guest facilities and services.
(b) Non-profit making establishments - such as provincial hospitals, senior citizen's homes, student residences.

2. The Role of the Accommodation Manager
The responsibilities of the accommodation manager will include some, or all of the following:
(a) Assessing manpower requirements
(b) Recruitment and selection of manpower
(c) Induction and training of manpower
(d) Deployment and scheduling of manpower
(e) Supervision of manpower
(f) Quality control
(g) Inspection of premises
(h) Developing standard methods for performing tasks
(i) Increasing productivity
(j) Welfare of personnel
(k) Hygiene control
(l) Pest control
(m) Waste control
(n) Selection and purchasing of supplies (cleaning agents, equipment, etc.)
(o) Selection and purchasing of "linens" and soft furnishings
(p) Selection and purchasing of all surfaces (floor coverings, wall coverings, furniture, etc)
(q) Stores control
(r) Linen control and laundering
(s) Cleaning and maintenance of the premises and plant
(t) Redecoration and up-grading schemes
(u) Capital building projects
(v) Interior design
(w) Health, safety, fire and security arrangements
(x) Care and welfare of the building user that is the client or personnel.

In certain types of establishments, such as hotels or conference centres, the accommodation manager may also be responsible for front office operations and conferences. Accommodation management is a well established activity in certain types of operations (eg. hotels, hospitals and halls of residence. These all tend to have a well-defined organisation structure).

4. ACCOMMODATION PRODUCTS
Accommodation Clubs
Guests can apply and join this type of club and obtain discounts on tariffs, and perhaps other services as well (such as discounts from certain car hire firms), eg. Best Western's Gold Crown Club, Flag Inn Club.

Frequent Guest Programs
Each guest visit is recorded, and when a certain number of visits within a chain or group is reached, a benefit (eg. a free night) can be claimed.

Accommodation Passes
A certain quantity of accommodation (eg. nights stayed) can be purchased in advance, usually at a discount. These passes are usually only valid for a particular period of time; frequently 12 months.

Gift Certificates
Some accommodation groups (eg. Marriott and Hyatt hotels) sell certificates which can be used at any properties within their group. Use of the certificate may be subject to availability at the time of the claim, and may not be valid during busy periods.

3. The Client
It must be remembered that the client, whether identified as a customer, guest, patient, student or visitor, is of the utmost importance because the premises and services are provided for his or her benefit. In some operations, where the management of the accommodation is not the main purpose of the operation, for instance, in a hospital or a school, it is easy to lose sight of the fact that a service, which is secondary to the main purpose, is being provided for the benefit of the building user, for example, the patient, with whom the manager of that service does not usually have direct contact. The health, safety, welfare and comfort of the client are of the greatest importance.

5. ESTABLISHMENT SIZE
Establishments can be very small, in only one location; or very large in many locations (or anything in between).

Hotels are small or large because:
• the extent of the market • nature of the product • difficulties of exploiting technical economics of scale.

There are only so many people who demand accommodation in a given area, and it is the number of people and the extent of the accommodation which determine the optimum number of bed spaces. There is clearly no point for building a two hundred bed space hotel, if the maximum demand for most of the year is only one hundred bed spaces. Some people prefer smaller hotels, while others prefer larger ones. Both have unique advantages and disadvantages (medium sized hotels may have neither the advantages or disadvantages of being small or large)

The nature of the product in the hotel industry also determines that most units will be small. The industry does not simply sell food, drink and accommodation. Service is a vital element in that product

Small Hotels
- May locate in locations with less visitors, where property is cheaper
- Can provide a more personal and friendly service (because fewer

staff tend to interact more with guests)
- May find it difficult to exploit the technical economies of sale. Large Hotels
- Can take advantage of economies of scale
- Need to locate in high traffic areas; or else do something to attract large numbers of visitors
- May need to work much harder to attain the same efficiency and effectiveness of service.

6. ACCOMMODATION CHARGES

The tariff may be affected by various things including:

- Property location
- Room location (within the complex)
- Room features
- Property facilities (eg. pool, gym etc)
- Guest services (eg. 24 hour room service, secretarial service etc)
- Dining facilities

Growth

Most growth in the hospitality industry occurs through establishment of additional outlets rather than through the existing outlets growing in size.

As said earlier, the size of units is limited by the size of the market. The land upon which they stand may be well developed, and near by property may not be available. If the owner of a single successful unit wishes to expand, he might do so not by increasing the size of existing accommodation facility, but by opening up new units in different areas. Hotel chains are developed this way. This also may occur because of takeovers and mergers. Such expansion is called horizontal integration - the growth of firms by the multiplication of similar units at the same level of production. In the hotel and catering industry most of this occurs at the retail level.

Establishments can also grow by expansion along the line of production. This can be either:

- backwards (ie. backward vertical integration)
- towards the source of supply (ie. vertical integration), or
- forwards towards the market place (ie. forward vertical integration).

They may also expand by moving into different markets and selling different products (ie. diversifying their product). This is called lateral integration. The simplest examples would be a hotel which provides a pub lunch or a bakery which opens a snack bar and a take-away service.

Why Hotels May Wish to Expand

Reasons for growth are many and may include:

- simple desire to make a profit
- to become more efficient by exploiting the economies of scale
- need to guarantee outlets for products and supplies of raw materials
- wish to increase market share.

Don't necessarily assume all businesses attempt to maximise profits. By increasing their size, firms can decrease their average costs because the fixed costs are spread over more units of output. The use of machinery can help firms to achieve greater efficiency through greater output and these are known as technical economies. Marketing economies are achieved by large firms, because their marketing costs are spread over many establishments. For instance, a television advertisement campaign can be undertaken by an organisation as large as Kentucky Fried Chicken, but it could not be contemplated by the owner of a single hotel or restaurant. Buying economies are achieved by bulk buying. Larger hotels have more capacity to bulk buy, and in turn claim larger trade discounts.

7. ECONOMY OF SCALE

Economies of scale suggest that as an establishment grows, or increases its output, its average output cannot fall. In other words, the establishment becomes more efficient. Technical economies are those resulting from the use of machinery. Examples from the catering industry would be washing up machines, cleaning equipment, electronic billing machines and computers.

All these are found in the hotel and catering industry, but more in the larger establishments. A small hotel or restaurant may not find it economically viable to use some of the expensive items of equipment, and they would need considerable capital to undergo expansion in order to make this equipment a viable proposition. For these reasons, units which start small tend to remain small.

Maximising profit is a common goal; but some hotel owners may prefer to sustain a level of activity that gives them the life they want, rather than expand and have to deal with the prospect of increased risk and stress.

Large hotels employ specialist managers and thus exploit managerial economies, for example:

- Food and beverage managers
- Reception managers
- Personnel managers
- Health Club Managers
- Maintenance Managers

The small hotel owner has to carry such functions and many others by himself. Financial economies refer to the fact that large organisations find it easier and perhaps less expensive to borrow money for investment purposes.

8. FRANCHISING

Franchising combines advantages of small establishments with those of large-scale production. It also shows how the vertical and horizontal integration can take place within the same organisation.

The franchisor is the central part of the organisation. He will develop a product, find retail sites for that product, manufacture and distribute the product, and advertise it on a large scale. He will then find people who are willing to put some capital into the organisation and run the outlets on strictly standardised lines. These people are known as the **franchisees** and they will run a relatively small organisation, building up close contacts with their customers and giving a personal service. Thus the franchisor does those things which are best carried out on a large scale, which the franchisees carry out those operations which are best suited to small units. The manufacture and supply of the products to the retail outlets is an example of forward vertical integration. The chain of retail outlets is an example of horizontal integration. The promotion of brand image is an essential feature of such organisations. The product must be presented as a standardised package. Items sold must be of a uniform standard. Menus must contain the same items which might be identically priced. The units themselves have an identical appearance from the outside, therefore, they are easily recognised by potential customers, and they have identical decor and layout inside so that customers feel that they are in familiar surroundings. Even the staff uniforms are identical from unit to unit.

The main reasons for the growth in this particular form of organisation within this sector are threefold.

(a) It partly overcomes the problem of lack of capital because contributions are shared between franchisor and the franchisees.
(b) There have been many technical developments and new products which are nationally acceptable.
(c) During the past decade many good sites become available because of a recession in other parts of the economy.

Definition: **Risk Spreading Economies**

Spreading of risks by operating in different locations and by selling different products.

Definition **Franchise**

A franchise operation is a financial and business arrangement between two parties - a franchisor and a franchisee.

One thing which is not standardised about franchises, is the franchise agreement itself. This is the financial and legal arrangement between the franchisor and the franchisee.

Franchise Agreements

A franchisee normally must to pay a "joining fee" as a contribution to the capital of the organisation. In return they get the right to sell the franchisor's well known and well marketed product in a given locality; provided that they buy supplies from the franchisor and sell goods/ services in the standardised style. Other monies (eg. Rent) may also be payable by the franchisee, and they may pay slightly more for supplies than in a free market situation. The franchisor may also take a percentage of sales or profit made. Agreements may be individually drawn up, and customised differently for each franchisee.

9. Conclusion:

What managers need is a basis from which they can prioritize environmental investments. More broadly, they need to align these investments with the generic strategy of the company. The findings presented here can help managers to define and prioritize areas of organizational action, optimize the overall economic return on environmental investments, and transform these investments into sources of competitive advantage.

REFERENCES

http://www2.bren.ucsb.edu/~glibecap/(2006)%20Orsato%20-%20CMR%2048%20(2)%20127-143.pdf
http://www.managementstudyguide.com/competition-strategy.htm
http://www.thecareersguide.com/download/samples/Hotel_Management_BTR202/lesson%201.pdf