CHAPTER 2  FORCES AFFECTING GROWTH AND CHANGE IN THE HOSPITALITY INDUSTRY

Managing Change

Demand

The Changing Age Composition of Our Population

*Industry Practice Note 2.1: Demographics in Practice*

Diversity and Cultural Change

*Global Hospitality Note 2.1: As North America Ages, Some Parts of the World Are Getting Younger*

*Industry Practice Note 2.2: Advocacy for the Advancement of Women in Food Service*

*Industry Practice Note 2.3: Is the Middle Class Shrinking?*

Supply

Land and Its Produce     Labor

Workforce Diversity

The Impact of Labor Scarcity

Summary

Key Words and Concepts

Review Questions

Internet Exercises

Notes

PART TWO: FOOD SERVICE

CHAPTER 3  THE RESTAURANT BUSINESS

The Varied Field of Food Service

The Outlook for Food Service
CHAPTER 5  RESTAURANT INDUSTRY ORGANIZATION: CHAIN, INDEPENDENT, OR FRANCHISE? 132

Chain Restaurant Systems 134

Independent Restaurants 142
Operating Advantages ■ Marketing and Brand Recognition ■ Site Selection ■ Access to Capital

Industry Practice Note 5.1: Working with the SBA 145

Industry Practice Note 5.2: Why Go Public? 146
Purchasing Economies ■ Control and Information Systems ■ Human Resources ■ The Independent’s Extra: Flexibility ■ The Independent’s Imperative: Differentiation ■ Between Independent and Chain

Franchised Restaurants 151
The New Franchisee ■ Continuing Franchise Services

Industry Practice Note 5.3: Interested in Becoming a Franchisee? 155
The Franchisee’s View ■ The Franchisor’s View

Industry Practice Note 5.4: Rosenberg International Center of Franchising 161
Franchisor-Franchisee Relations ■ Franchising: A Middle Way

Summary 163
Key Words and Concepts 163
Review Questions 164
Internet Exercises 164
Notes 166

CHAPTER 6  COMPETITIVE FORCES IN FOOD SERVICE 168

Competitive Conditions in Food Service 169
The Marketing Mix 172
Product

Case History 6.1: Finding the Proper Marketing Mix—Shakey’s Pizza 173
Price ■ Place—and Places ■ Promotion

Industry Practice Note 6.1: The Wealthiest Consumers 183
**CHAPTER 7 ON-SITE FOOD SERVICE**

Comparing On-Site and Commercial Food Services 196

*Global Hospitality Note 7.1: International Perspectives* 199

Self-Operated Facilities 199

Managed-Services Companies 200

Pros and Cons of Managed Services

Business and Industry Food Service 202

*Industry Practice Note 7.1: Measuring Guest Participation* 205

College and University Food Service 206

College Students as Customers

Health Care Food Service 210

The Dietetic Professional ◼ The Dietetic Technician ◼ The Dietary Manager ◼ Health-Care Food Service Department Organization ◼ Trends in Health Care Food Service

School and Community Food Service 217

The School Food Service Model ◼ Contract Companies in School Food Service ◼ Trends in School Food Service ◼ Service Programs for the Aging ◼ Community-Based Services ◼ Senior Living Centers and Communities

Other Segments 226

Recreation ◼ Correctional Facilities ◼ Private Clubs ◼ Transportation

Vending 229

Summary 232

Key Words and Concepts 233

Review Questions 233

Internet Exercises 234

Notes 236
Contents

Anticipating Guest Needs in Providing Hospitality Service 292

Industry Practice Note 9.3: Creativity Is Evident in Hotel Properties 293

Industry Practice Note 9.4: The Hotel of the “Not So Distant” Future 295

Service, Service, Service 296

Employees as the Internal Customers

Industry Practice Note 9.5: Hotel Rating Services 298

Summary 303

Key Words and Concepts 305

Review Questions 305

Internet Exercises 306

Notes 307

CHAPTER 10  HOTEL AND LODGING OPERATIONS 310

Major Functional Departments 312

The Rooms Side of the House 314

The Front Office ■ Automation of the Front Office ■ Reservations and Yield Management ■ Housekeeping

Industry Practice Note 10.1: Housekeeping 324

Telecommunications ■ Uniformed Services Staff

Industry Practice Note 10.2: The Concierge 327

Security

Hotel Food and Beverage Operations 330

Banquets ■ Food Production ■ Sanitation and Utility ■ Leased Restaurants

Industry Practice Note 10.3: Pros and Cons of Outsourcing Food and Beverage Operations 335

Staff and Support Departments 335

Sales and Marketing ■ Accounting ■ Human Resources ■ Engineering

Income and Expense Patterns and Control 339

The Uniform System of Accounts

Entry Ports and Careers 342

Front Office ■ Accounting ■ Sales and Marketing ■ Food and Beverage ■ Owning Your Own Hotel
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Summary</strong></td>
<td>345</td>
</tr>
<tr>
<td>Key Words and Concepts</td>
<td>346</td>
</tr>
<tr>
<td>Review Questions</td>
<td>346</td>
</tr>
<tr>
<td>Internet Exercises</td>
<td>347</td>
</tr>
<tr>
<td>Notes</td>
<td>348</td>
</tr>
</tbody>
</table>

**CHAPTER 11  FORCES SHAPING THE HOTEL BUSINESS**  

**The Economics of the Hotel Business**  

A Cyclical Business  

*Industry Practice Note 11.1: Hotel Operations after Katrina*  

RevPAR  

*Industry Practice Note 11.2: Condo-Hotels as Mixed-Use Developments*  

*Industry Practice Note 11.3: The Elements of the Hotel Real Estate Deal*  

Private Equity Investments  

The Hazards of Public Ownership  

**Dimensions of the Hotel Investment Decision**  

*Case History 11.1: Going Public: Some Good News and Some Bad*  

Financial  

An Operating Business  

Segmentation: For Guests or Developers?  

Management Companies  

Asset Management  

Entrepreneurial Opportunities  

**Summary**  

Key Words and Concepts  

Review Questions  

Internet Exercises  

Notes  

**CHAPTER 12  COMPETITION IN THE LODGING BUSINESS**  

**The Conditions of Competition**  

A Fragmented Market  

A Cyclical Market  

Cost Structure  

Securitization  

Technological Revolution  

**The Marketing Mix in Lodging**  

Competitive Tactics  

**Product in a Segmented Market**  

Food Service  

Other Services and Amenities
Systemwide Services

*Industry Practice Note 12.1: Hotels Honored among World Business Hotels* 403

*Industry Practice Note 12.2: Franchisors-Franchisees: A Growing Team Approach* 405

**Price and Pricing Tactics** 406

Yield Management

**Place—and Places** 410

Location  ■  Distribution Channels

*Industry Practice Note 12.3: Travel Intermediaries: Utell Hotels and Resorts* 412

**Promotion: Marketing Communication** 416

Advertising in Mass Media  ■  Advertising on the Internet  ■  Sales Promotion

**Summary** 420

Key Words and Concepts 421

Review Questions 421

Internet Exercises 422

Notes 423

---

**PART FOUR: TRAVEL AND TOURISM** 425

**CHAPTER 13  TOURISM: FRONT AND CENTER** 426

**The Importance of Tourism** 427

Factors Affecting Travel and Tourism  ■  Income Trends  ■  Demographics and Travel

**Travel Trends** 431

*Global Hospitality Note 13.1: Public Anxiety and the Travel Industry* 432

Mode of Travel  ■  Trip Duration

**The Economic Significance of Tourism** 435

Tourism and Employment  ■  Publicity as an Economic Benefit

**The United States as an International Tourist Attraction** 438

Measuring the Volume  ■  Reasons for Growth of the United States as a Destination

**Businesses Serving the Traveler** 440

Passenger Transportation  ■  Channels of Distribution  ■  Reservation Networks
## Contents

**Noneconomic Effects of Tourism** 448
- Crowding  
- Favorable Noneconomic Effects

**Global Hospitality Note 13.2: Volunteer Tourism—or Voluntourism** 452

**Summary** 453
- Key Words and Concepts 454
- Review Questions 454
- Internet Exercises 455
- Notes 457

### CHAPTER 14 DESTINATIONS: TOURISM GENERATORS 458

**Motives and Destinations** 460
**Mass-Market Tourism** 464
**Planned Play Environments** 465
- Theme Parks  
- Themes  
- Scale  
- Regional Theme Parks  
- Themes and Cities

**Industry Practice Note 14.1: A Different Kind of Theme Park** 472
- Employment and Training Opportunities  
- Casinos and Gaming  
- Las Vegas  
- Atlantic City  
- Mississippi Gulf Coast

**Case History 14.1: Changes Come to Atlantic City** 486
- Other Markets  
- Casino Markets and the Business of Casinos  
- Casino Staffing

**Urban Entertainment Centers** 490

**Case History 14.2: The National Restaurant Association Restaurant Show** 492
- Shopping Centers  
- Zoos, Sanctuaries, and Aquariums

**Temporary Attractions: Fairs and Festivals** 497

**Case History 14.3: The New Orleans Jazz Fest** 499

**Natural Environments** 500

**On a Lighter Note** 503

**Summary** 504
- Key Words and Concepts 504
- Review Questions 505
- Internet Exercises 505
- Notes 508
PART FIVE: MANAGEMENT IN THE HOSPITALITY INDUSTRY 509

CHAPTER 15 MANAGEMENT: A NEW WAY OF THINKING 510

Management and Supervision 512
The Economizing Society 513
The Managerial Revolution 514

Taylor: The Work Process Focus  ■ Fayol: Administrative Management
■ Human Relations: Work as a Social Process  ■ Implications for the
Modern Hospitality Manager

Management: A Dynamic Force in a Changing Industry 520
Statler: The First “National” Hospitality System  ■ Stouffer’s Modern
Management Techniques  ■ The Building of Complex Hospitality Systems

Case History 15.1: Where Does a Concept Come From? 527

What Is Management? 528
What Is Our Business?  ■ In Business for Yourself?

Summary 535
Key Words and Concepts 535
Review Questions 536
Internet Exercises 536
Notes 537

CHAPTER 16 PLANNING IN HOSPITALITY MANAGEMENT 538

Why Study Planning? 540
Planning in Organizations 541

Case History 16.1: Planning on an Olympic Scale at ARAMARK 542

Some Planning Concepts

Goal Setting 545
Characteristics of Well-Thought-Out Goals  ■ Goal Congruence
■ Goals and Policies

Planning in Operations 549
Strategic Issues  ■ From Strategy to Tactics

The Individual Worker as Planner 553
Planning as a Personal Process

Long-Range Planning Tools 554
Return on Investment  ■ Cost-Benefit Analysis
CHAPTER 17 ORGANIZING IN HOSPITALITY MANAGEMENT 562

Authority: The Cement of Organizations 563

The Basis of Authority  ■  Authority and Responsibility  ■  Authority: A Summary

Departmentalization 568

Case History 17.1: Reorganization in a Multibrand Company 569

The Delegation of Authority  ■  Span of Control  ■  Bases for Departmentalization

Line and Staff 573

Line Management  ■  Staff Support

Issues in Organizing 576

Functional Staff Authority  ■  Increasing the Span of Control: Empowering Managers  ■  Committees  ■  Bureaucracy  ■  Ad Hocracy

Summary 585

Key Words and Concepts 586

Review Questions 586

Internet Exercises 586

Notes 587

CHAPTER 18 STAFFING: HUMAN RESOURCES MANAGEMENT IN HOSPITALITY MANAGEMENT 588

Issues in Human Resources Management 590

Fitting People to Jobs 591

Job Descriptions

Recruiting 596

Internal Sources  ■  External Sources  ■  Segmenting the Employee Market

Selection and Employment 600

Selection  ■  Orientation

Training 606

Global Hospitality Note 18.1: Training in a Global Hospitality Industry 608
PART SIX: HOSPITALITY AS A SERVICE INDUSTRY 663

CHAPTER 21 THE ROLE OF SERVICE IN THE HOSPITALITY INDUSTRY 664

A Study of Service

What Is Service?

Industry Practice Note 21.1: Six Sigma Comes to the Hospitality Industry 670

Types of Service

Rendering Personal Service

Task  ■  Interpersonal Skills

Managing the Service Transaction

The Product View of Service  ■  The Process View: Empowerment
■  Production or Process View?

How Companies Organize for Service

Service Strategy  ■  Service Culture  ■  The Employee as Product: The Importance of People  ■  Service as a Sustainable Competitive Advantage

Summary 688

Key Words and Concepts

Review Questions

Internet Exercises

Notes

Index 693