Study Guide

MHC602
Introduction to the Hospitality Industry
It’s great to have you here and we hope that your time with us will be a great learning experience. As you may have already discovered through your own work experience or what you have read or researched, hotels are constantly changing. As a result, the techniques of management of modern hotels must adapt to changing circumstances. This study guide is designed to help you discover information, and offer methods and techniques for dealing with these changing circumstances.

Through this study guide, each topic will be introduced, objectives for your study laid out and readings, videos, clips, and useful websites specified.

First let's identify the aims of the subject and what we envisage you will get out of it.

The aim of this subject is to develop students understanding and expertise in the efficient and effective management of hotel service operations. Students will be provided with practical management skills within an applied context (focusing specifically on food and beverage services) together with the overall theoretical knowledge required to manage a hotel.

Upon completion of this subject, students should be able to demonstrate, in the appropriate context, the ability to:

a. Undertake and reflect critically upon food and beverage management functions;

b. Appraise the complexities of the hospitality industry;
c. Assess the interdependencies between the hospitality, event, tourism and travel sectors;

d. Critically reflect upon the key skills and resources needed and applied in hotel food and beverage operations;

e. Critically analyse and utilise the various ownership/management models of the international accommodation sector;

f. Evaluate a hotel with regard to its markets, service levels and staffing;

g. Evaluate the changing nature of environmental, social, technological; and legal trends, influencing hotel operations;

h. Apply the principles of sustainability to food and beverage operations.

The vast majority of information, research articles and industry data in this study guide deal with one or more aspect of modern hotel management and have been sought from the following:

Books:


National Restaurant Association 2012 Manage First: Principles of Food and Beverage Management, Pearson, Australia.


Research Journals:

- Cornell Hotel and Restaurant Quarterly
- Harvard Business Review
- International Journal of Hospitality Management.
- International Journal of Contemporary Hospitality Management
- Journal of Hospitality & Tourism Management
- Tourism Review

Industry Periodicals:

- Australian Hotelier
- Sloan Management Review
Liberal Arts
• Hospitality
• Hotel
• Hotels and Resorts
Hotel Management
• Hotel Business
• Australian Hotelier

It is my strongest recommendation that you visit the library database and view the many journals we have available to make your studies with us easier and more engaging:

Library Database

**Teaching Approach:**

The Master of International Hotel Management course is learner centred and as such has a spectrum of approaches to the delivery of teaching and learning. These include traditional lectures that will provide students with an overview of the material; tutorials and workshops that will prepare students for practical work in food and beverage and will allow students to discuss and resolve any problems and clarify any questions pertaining to the topics in this subject; collaborative learning through small group case analysis and exercises; and the encouragement of a greater level of communication by way of technology and electronic material and visits by industry professional.

Finally we have several resources that are available to assist you in your research, referencing, writing, and formatting of academic work.

In this topic we define tourism and hospitality and introduce the main components of the industry as well as discuss the inter-related nature of the hospitality and tourism network. We emphasise the global nature of the industry and revisit the many events that have impacted on tourism and hospitality, and discuss how the industry has adopted changes as a result.
In the first part of this lecture we review what the subject is about, specifically we discuss the aims and objectives, the learning outcomes, assessments, and the structure of the course. Please ensure that you have studied closely the requirements for assessment, and check your weekly schedule for information each week. The lectures, guest speakers, workshops and practical tuition times and even days change. It is your responsibility to know where you should be each week.

We then go on to discuss our first topic and that is the inter-related nature of tourism and hospitality. There are several diagrams in your lecture slides that show the various components of hospitality and tourism. The important things to grasp, is that the industry is extremely large and broad, that there are countless professions within it, and that in very broad terms it’s all about meeting the needs and wants of people who are away from home. We then go on to discuss our first topic and that is the inter-related nature of tourism and hospitality.
In order to do so you need to learn and know the definitions, starting with the definition of tourism. Tourism works within a system that includes a generating region, a transit region and a destination region. It involves a tourist, and there is a travel purpose or in many cases there may be a multipurpose. During that travel the tourist will encounter many of the elements of the tourism industry including hospitality. One of those elements will be the accommodation sector, which is the main area of study for us.

Hotels come in many shapes and sizes, and we will discuss them all in topic 3 but for now it’s enough for you to look at the major players by looking at the latest hotel rankings and understanding that hotels are just one small part of a much broader tourism industry.

That industry is influenced by a number of factors globally and so when an event (positive or negative) occurs in one country it has broad ranging impacts on the global hospitality industry. This then brings us to the discussion of globalisation and what it may mean for hotels. A conversation that we continue in Topic 2. I remind you that the full set of PowerPoint’s for topic 1 can be found on SharePoint.

**Readings**

Please note that in most cases for readings other than textbooks there is a link provided. However in some cases you may need to enter a password for the reading. In those cases please use the passwords provided on the library webpage on SharePoint. The link to this site is:

**Library page for passwords**

For this first topic the reading is relatively light. I recommend these chapters:


After reading this chapter you may like to test your knowledge by completing the Quiz at the end of this section.


Cutting Edge Thinking and Practice 2011, The Cornell School of Hotel Administration, Chapter 1-6.

**Additional websites**

As hospitality professional you will need to stay in touch with various associations and some of these are:


Restaurant and Catering Australia [http://restaurantcater.asn.au/](http://restaurantcater.asn.au/)

Additionally hotels rely heavily on tourism movements and so as a Hotel Manager you need to stay updated on those movements. One way to do this is to review the literature put out by the World Tourism Organisation. You can find the 2013 highlights at:

http://www.unwto.org

Portfolio

Your Learning Portfolio for this topic is relatively simple, I asks you to reflect on what we discuss in the lecture, read the articles, and text chapters as listed in your weekly outline and then discuss the elements that facilitate travel and the interrelated nature of tourism and hospitality.
In this topic we look at the positive and negative impacts of tourism, growth of accommodation and the globalisation of the products on offer. We also look at the trends and some of the issues related to tourism and hospitality development. Specifically we explore lifestyles; branding; food production and supply; technology and regulations which have an impact on how we do business.
The fact that the tourism industry is so large, generates large amounts of revenue and creates jobs for many communities is obviously a positive impact. However tourism can do more than that, it can break down the stereotyping of people and revitalise cities, towns and regions. Tourism also stimulates local arts and crafts, and has a large part to play in revitalising local cultures and traditions, that are showcased as tourism products.

However along with the positive impacts as listed above, tourism brings with it a number of negatives, the obvious being overcrowding, traffic congestion and extra pollution. Even more serious is the possibility of over-reliance on tourism, which may result in traditional activities such as farming to decline. The danger then being that local people become acculturated to foreign culture, which then leads us to the discussion of globalisation.

Globalisation and tourism have obvious connections. As we travel more due to positive conditions such as more time, money, and curiosity, we seek adventures in new destinations and thus become more globalised. However with globalisation comes the more probable negative impacts such as commodification, Americanisation, and homogenisation. Some argue that in order to make the tourism product more digestible and accessible to the broader traveller we stage our traditions, ceremonies arts and crafts, and costumes to please. As we modify these activities our traditions and cultures become man made and lose their authenticity.

Many argue that this has also become the case with food. As opportunities for business open in more countries due to new travel patterns more trans-national corporations spread throughout the world. Creating food chains that make food taste the same wherever we go. Some obvious examples are Starbucks, MacDonald’s, Pizza Hut, and Coca Cola.

For developing countries the temptation to participate in tourism is very attractive. However to attract travellers these
countries need appropriate infrastructure, and this often leads to the borrowing of money from foreign investors, or giving foreign developers tax concessions, and in some cases the relaxing of laws pertaining to environmental regulation. Such activities have consequences, especially those related to economics. If investment is sourced from outside a destination it must be understood that the profits made from those investments are likely to flow out of the country, and in economic terms this is a leakage out of the economy.

Such large investments in tourism can often only be made by international operators who can enjoy the economies of scale in marketing, computer reservations systems, and purchasing power. This obviously puts undue pressure on small domestic enterprises.

A major consequence of tourism is reported to be ‘sex tourism’. Both men and women have sexual preferences that cannot be realised in their home country, and thus they choose travel destinations that will accommodate their needs. Some argue that this type of tourism is helping poor people and that sex workers have free choices. This is not a reality and whilst there are national economies that do make a lot of money from sex tourism there are many health related consequences to this wealth.

The major trends that are shaping tourism and hospitality development relate to:

- Lifestyles, that is the kinds of things travellers want to do whilst they are away on holidays.
- Branding, the key factor companies now look for to stand out from their competitors
- Food production and supply, the trends in food and the concerns that people have over what they eat.
- Technology, which allows for the transfer of information to be made very quickly, such as reviews, ratings, and stories of satisfaction and dissatisfaction.
- Legislation and regulation, which changes as people become more aware of the dangers of smoking, sustainability issues and the need for corporate social responsibility.

In class we will have a comprehensive discussion on these issues and once again I remind you that the full set of PowerPoint’s for Topic 1 can be found on SharePoint.

Readings

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Library page for passwords
Your textbook provides a reasonable introduction to this topic; however there are several readings that will help you broaden your understanding:


**Hotels 2020: Beyond Segmentation**, Report by Amadeus


**Additional websites**

Please visit the special report by the Hotel Magazine in the July/August 2012 issue. The top 10 chains rankings are listed. Emerging China-based companies continue to climb the list, but the hotel world will need to witness a serious merger or acquisition to disrupt the current order of the industry’s giants.

Additionally trip advisor has published its Best Hotels in the World Annual Awards and you can have a look at these on:


I would also recommend you visit


This site has the latest news videos on what goes on in hotels, which will be useful for your portfolio as well as for your general interest in building your hotel knowledge.

**Portfolio**

For your Learning Portfolio I ask you to read an article about the airline industry, especially the merges and acquisitions of late and then, comment on the how the trials and tribulations of the airline industry can affect tourism generally and the hotel sector in particular.

Recently we have seen a terrible disaster for tourism, airlines, and travellers, so there is plenty of material to discuss on mass tourism.
Ownership and management structures

In this topic we discuss how the accommodation sector has changed over the years, especially in respect to transportation technology and recent economic developments. We examine the various ways that accommodation houses are classified discuss the differing management/ownership opportunities and discuss the challenges of differing classification systems.
In the last two lectures we have discussed tourism and hospitality from a broad perspective, and from this lecture onwards we discuss hotels more specifically. Hotels are hospitality firms that provide food, refreshment and accommodation to those who are away from home. As travel for pleasure and business has expanded so has the need for more and broader types of accommodation. Hotels are generally described according to location, type of trade, and various standards. These will be discussed at length in the lecture for this week.

Obviously the organisation structure will be very dependent on the its size, but a large international hotel will generally have at the top of its hierarchy a General Manager (GM), and there will be several key department heads that report to the GM.

The job of those people charged with managing the hotel will revolve around the primary functions of rooms, food and beverage, and product design. These primary functions are supported by the business functions of marketing, human resources, finance and accounting, information systems, and purchasing. The managers of those functions are responsible for capacity utilisation, process, staff, stock, and quality. All this we refer to as a framework of hotel operations, which is what this subject is all about. Enabling you to join a hotel organisation and be part of hotel management.

The major challenge for us as hotel managers is that our product is one of service, and as such is mostly intangible, what we are selling is an experience. Added to this we have other products such as beverages and food. In order for these to be sold and experienced successfully an operations manager plays a central role. The role centres on coordination activities and making decisions.

The decisions are fundamentally concerned with the transformation process, which takes inputs and converts them into outputs. These require a hotel manager that is assertive, has imagination, is calm but competitive, cheerful but bold, independent, flexible, participative and practical.
Overall then operations is concerned with the way that hotel firms deliver their product/service to the consumer. Operations is generally divided into three activities:

1. Customer processing operations
2. Information processing operations
3. Product processing operations

All this requires a great deal of work and is often accompanied by long days and nights, and most importantly requires the cooperation of many departments.

Unfortunately performance measure associated with hotel operations has traditionally been short term, focused on past achievements, and mainly concentrate on financials. However developments have been made toward new performance measurement frameworks aimed at enabling hotel firms to more effectively, meet changing demands and challenges of their competitive environments.

Today we look for broader measures such as: Financial measures; Non financial factors; Service quality; Customer satisfaction; and Strategic intent

Hotel operations is essentially concerned with the efficient conversion of resources into products and services. In the next several weeks you will learn what it means to play a role in this dynamic business.

Readings

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Library page for passwords

Chapter three (3) of your textbook covers the material pertaining to ownership and managements of hotel operations. Additionally I suggest you read:

Cutting Edge Thinking and Practice, 2011, The Cornell School of Hotel Administration, Chapter 17 and 18, and 19.

I have also found some great articles on the topic and I recommend you go through these also:


Virgin Magazine, 2013, "Boutique Call", April, pp. 31-32.


Additional websites

There are many and varied accommodation options for customers who don't wish to stay at a traditional hotel, the following websites give you are insight of what else is available. You too may wish to work in hotels that a just that bit unusual.

http://www.unusualhotelsoftheworld.com/

http://www.escapenormal.com/2012/12/05/the-100-most-amazing-unique-and-beautiful-hotels-in-the-world/

http://www.theguardian.com/travel/gallery/2013/feb/22/worlds-most-unusual-hotels-in-pictures

I don’t know about you, but luxury is where I want to be, last year I visited Dubai and was lucky enough to have a viewing of a very luxurious hotel, check it out:

The Australian Bureau of Statistics has a range of useful data on the accommodation sector:


Portfolio

For your learning portfolio I ask you to reflect on the lecture and the readings and show your understanding of the
different ownership and management structures for accommodation.

Before you do that try the quiz and test your knowledge.

Question 1 of 23
Lodging continually changes to accommodate its guests.

A. True
B. False
In this topic we discuss the functions of food and beverage in a typical hotel. We address human resource issues, financial issues, food service issues, customer satisfaction, health and safety, security, staff training and performance management.
The food and beverage department of a hotel has multiple responsibilities as they must serve and satisfy both the tourist and the local residents. As such Hotel food and beverage units must adopt street restaurant philosophies with respect to merchandising, advertising, decor/ambience, menu; and their service must compete with local competition and maintain profits.

The managerial structure of food and beverage will obviously depend on size but in general, the Food and Beverage Director will be at the helm, and each unit of food and beverage will have separate managers that deal with the day-to-day matters.

Whilst the skill of those managing the food and beverage function is many, the main concern of F and B is to manage materials, information and people.

We will discuss at length the various departments and personnel in food and beverage in the full lecture, but I remind you that the full set of PowerPoint’s for Topic 4 can be found on SharePoint.

**Readings**

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[Library page for passwords](#)

For an in-depth look at food and beverage read:


Additionally there are several useful industry articles that I recommend:


Additional websites

Our library stocks a number of food and beverage magazines that follow trends in food and beverage, some online magazines you may wish to check out are:


This one good for Food and Beverage in Asia:
- [http://www.asianpalate.com/](http://www.asianpalate.com/)

AND then there is also a lot of information on wine:
- [http://www.winespectator.com/video](http://www.winespectator.com/video)
- [http://www.wineaustralia.net.au/en.aspx](http://www.wineaustralia.net.au/en.aspx) This one is great!

**Portfolio**

Your task for learning portfolio on this topic is fun and I hope you make the most of your visit to bottle shops, bars, pubs, and coffee shops. Observation and participation are fantastic ways to learn. Take your time at these outlets to observe the way that things are done, try and talk to both operators and customers and get their perspectives.

At this stage, you have read many articles, visited a number of operations, and hopefully learnt a great deal. So that you are adequately prepared to make the most of your learning portfolio.
In this topic we discuss different ways to classify food service establishments according to the type of business and level of service, including the differences between commercial and institutional food services. We introduce the concepts and processes of developing a restaurant concept. Specifically we go over the importance of location, market feasibility and menu design.
Today, restaurants are a vital part of every day life and as a society we spend a large percentage of our food dollars away from home. It is not surprising then, that restaurants have become a multi-billion dollar business, and obviously a large employer of full time and part time staff. According to Tourism Australia restaurants are also draw cards for tourism to specific regions.

Not unlike hotels, restaurants need to keep an eye on the consumer, understand their needs and move with the trends.

Thus the key question concerning the demand for food and beverage products include:

1. Who are the consumers?
2. What products do they want?
3. Why, when and where do they want a food and beverage product?
4. How do they obtain a food and beverage product?

So if you intend opening a restaurant please consider that you need more than just a willingness to cook. Careful attention needs to be paid to the product – consumer relationship. Starting with Market Research.

Food service operations need to be profitable at all times of the day and throughout the week, so they need to be designed to meet the demand today, and then changed, when the demand becomes something different. They need to appeal to people at a broad level, so that many use it, often, for numerous occasions.

Value is paramount in the restaurant business. However as value is a personal judgement, it’s often difficult to quantify and predict. When consumers make decisions about value they will be thinking about many factors, including the perceived worth, transport costs and time.
Restaurants are commercial sites, and may be classified as Restaurants Chains, as a restaurant franchise, an independent restaurant, in-house restaurants, or an off premises catering operation.

In the lecture this week we will go through each type of restaurant and present the features, differences and benefits of each.

No matter what type or business model is chosen food service establishment owners must undertake thorough research, choose a location, create an atmosphere, a concept and a menu that is in demand, and then stay on top of the behavioural intentions of their customers to stay in business.

**Readings**

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[Library page for passwords](#)

Your textbook is always a good start:


There are several readings for this topic, many of them short articles on current trends:


**Additional websites**

You may wish to visit the following websites for more information on gourmet travel:

Finally I recommend you read the special report on the best hotel restaurants in the September issue of the Hotel Magazine.

**Portfolio**

For your learning portfolio this week I ask you to visit a restaurant and make some observations on the elements we discussed in the lecture. Then I ask you to do some research and discuss how restaurants use social media.

To help you find the right places you may wish to visit these to check out what Sydney has to offer:
http://www.au.timeout.com/sydney/restaurants
http://www.sydneyrestaurants.com/

Additionally I ask you to do some research on how restaurants use social media, and I have provided a number of links to sites that help you understand and analyse:

http://fourtopper.com/blog/three-cool-free-tools-for-social-media-restaurant-marketing
http://www.restaurant.org/Manage-My-Restaurant/Marketing-Sales/Promotion/Back-to-Basics-Social-Media-Fundamentals
http://socialmediarestaurant.com/
http://restaurant-mobile-marketing.com/
http://www.seatme.com/blog/
http://restaurant-hospitality.com/aspen/how-restaurants-can-make-most-social-media
NOW Test your knowledge by doing the quiz..

**Question 1 of 26**

**Theme is the collective effect of a number of factors that create a unique and total dining experience.**

- A. True
- B. False
Hospitality

Feeding of lots of people

Related Glossary Terms
Drag related terms here

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