



# Introduction to Hospitality & Tourism



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# About This OER Text

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This textbook has been adapted and remixed from a variety of sources — faculty from across the US and Canada who led the way in creating the first OER resources in the hospitality and tourism field. It is particularly inspired by *Introduction to Tourism and Hospitality in B.C.* by Morgan Wescott and Wendy Anderson. Their book, which focuses on British Columbia's hospitality and tourism industry, served as an excellent source and model. With this version, my aim was to follow that model using global, national, and local context, often highlighting New York State and Hudson Valley hospitality businesses and organizations.

This first edition OER textbook is a work in progress. The next edition (planned for Fall 2025) will include more images, embedded videos, interactive H5P activities, accessible slides, and profiles of hospitality and tourism leaders. I welcome any and all feedback. Feel free to contact me at [maureen.gittelman@sunydutchess.edu](mailto:maureen.gittelman@sunydutchess.edu)

## OER Sources

The following source materials, licensed as [CC-BY-NC](#) were adapted, reused, and remixed to create this textbook:

Wescott, Morgan and Wendy Anderson. [Introduction to Tourism and Hospitality in BC – 2nd Edition](https://opentextbc.ca/introtourism2e). BC Campus, 2021. <https://opentextbc.ca/introtourism2e>

Douglass, Christy. [All Are Welcome: An Introduction to the Hospitality Industry](https://workforce.libretexts.org/Workbench/All_Are_Welcome%3A_An_Introduction_to_the_Hospitality_Industry). UC Davis Library, the California State University. [https://workforce.libretexts.org/Workbench/All\\_Are\\_Welcome%3A\\_An\\_Introduction\\_to\\_the\\_Hospitality\\_Industry](https://workforce.libretexts.org/Workbench/All_Are_Welcome%3A_An_Introduction_to_the_Hospitality_Industry)

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## A Note About AI Use

Most chapter content has been reused, remixed, and adapted from the existing OER materials listed above. The text also includes newly written content to fill in gaps as needed to meet course learning outcomes. Some portions — specifically chapter learning objectives and end-of-chapter key takeaways — were written with the assistance of generative AI tools.



# Introduction



*View of the New York City skyline at night, including the Empire State Building. Photo by Reynaldo Brigantty on Pexels.*

## Welcome!

If you're reading this, you're likely interested in a career in the hospitality and tourism and hospitality industry. Perhaps you work in industry and want to enhance your skills. Or maybe you're interested in learning more about business management and marketing through the lens of hotels, restaurants, tourist attractions, events, festivals, and the many other facets of this dynamic industry. No matter your background, we're happy you are here.

No textbook could possibly cover the hospitality and tourism industry in depth. It has been written with a first-year college and university audience in mind and should be considered as a stepping stone for further resources. We'll be covering various components of the industry, through a global, US, and New York State lens.



# UNIT 1: THE HOSPITALITY & TOURISM INDUSTRY



# Chapter 1: The Hospitality and Tourism Industry



*Welcome translated into Arabic, Danish, French, Spanish, German, Greek, Hebrew, Italian, Russian, Welsh, Swedish, Polish, Malay, Indonesian, Zulu. Image Source: rosliothman, 2015. iStock Photo*

## Learning Objectives

After completing this chapter, you should be able to:

1. Define hospitality and describe its role within the broader context of the service industry.
2. Identify and explain the unique characteristics of services (intangibility, perishability, inseparability, variability) and how they distinguish services from physical goods.
3. Analyze the importance of customer service in hospitality and describe how moments of truth impact overall customer experience.
4. Identify various career opportunities within the hospitality industry and explain the unique demands and rewards associated with these roles.
5. Discuss critical ethical issues shaping the hospitality industry, such as tipping culture,

overtourism, technology, and human trafficking.

## What is Hospitality?

The Merriam-Webster dictionary defines hospitality as *“the activity or business of providing services to guests in hotels, restaurants, bars, etc.”* This is a good definition in the context of the hospitality industry – hotels, restaurants, cruise lines, tourist attractions, events, transportation, and travel services. Dictionary.com offers a similar definition but also includes *“the friendly reception and treatment of guests or strangers”* and *“the quality or disposition of receiving and treating guests and strangers in a warm, friendly, generous way.”* The perspective shows that the concept of hospitality can apply to just about ANY type of business. After all, shouldn't every business want its customers to be treated in a warm, friendly, and generous way? Danny Meyer, founder and former CEO of Union Square Hospitality Group thinks so. He expands on the definitions of hospitality by declaring that *“hospitality is probably the single most powerful business strategy that doesn't get taught nearly enough in business school.”*

## Hospitality Is a Service Industry

Businesses provide products, services, or a combination of both. Products are physical goods—sneakers, clothing, smart phones. In the hospitality industry, businesses provide services and experiences to guests (and in this industry, we generally refer to customers as guests): a meal with friends, a family stay in a hotel, an afternoon at the Dutchess County Fair, and a flight to Miami. Service ‘products’ are also found in a wide variety of industries: utilities, educational institutions, consulting firms, medical care providers, and banking, to name but a few.

There are unique characteristics of services that set them apart from goods; it is important to understand the differences. Services are intangible, perishable, inseparable and variable, and they require high buyer involvement.

## Intangibility

With the purchase of a good, you have something **tangible**—an item that can be seen, touched, tasted, worn, or displayed. **Intangible services**, on the other hand, cannot be “touched” beforehand. An airplane flight is an example of an intangible service because a customer purchases it in advance and doesn't “experience” or “consume” the service until they are on the plane. Another example is attending a professional football game. You spend money on a ticket and spend nearly three hours

taking in the entertainment. After the game, you leave. Unless you have purchased a good at the game, you will not take anything tangible to take away (except, perhaps, the ticket stub).

## Perishability

Services are consumed at the same time they are being produced. For example, a tourist attraction produces entertainment or pleasure at the same time it is consumed. Similarly, the service provider is often present when consumption takes place. Dentists, hotel staff, hair stylists, and ballet dancers are all present when the service is used.

Perishability also impacts inventory. Services and experiences cannot be stored; they are highly perishable. In contrast, goods may be held in physical inventory in a lot, warehouse, or store until purchased, then used and stored at a person's home or place of work. If a service is not sold when available, it disappears forever. Using the airline example, once the airplane takes off, the opportunity to sell tickets on that flight is lost forever, and any empty seats represent revenue lost.

## Inseparability & Variability

Because service products are so closely related to the people providing the service, ensuring the same level of satisfaction every time is very difficult. Dentists have their bad days, not every baseball game is exciting, and the second vacation to Walt Disney World Resort may not be as wonderful as the first. Variability in experiences may be caused by location, time, topography, season, the environment, amenities, events, and service providers. Because human beings factor so largely in the provision of services, the quality and level of service may differ between locations or may even be inconsistent within one specific restaurant or hotel.

## High Buyer Involvement

With many services, the customer may provide a great deal of input into the final form of the product. For example, if you wanted to go on a Caribbean cruise, you would visit a number of websites describing the various cruise locations, review the available options for cabin location and size, islands visited, food, entertainment, prices, and whether they accommodate children. Although the task would be very time consuming, you could, if you wanted, practically design every moment of your vacation.

## Service Businesses Require...Customer Service

Built into the above definitions of hospitality is customer service. While there are many other factors that contribute to the success of a hospitality and tourism business, one of the most critical is customer service. **Customer service** is the assistance and advice provided by a company to customers throughout the customer journey, before, during, and after the sale. Quality customer service is an experience of feeling valued or heard. Sometimes it's an intangible component of why a guest may prefer one tourism or hospitality provider over another. There is something about quality customer service that you often can't put your finger on — but you know it's there. And it's a critical factor for success, both as a means of satisfying ever-increasing customer expectations and as a way to achieve business profitability.<sup>1</sup>

## Customer Experience and Moments of Truth

**Customer experience** is the result of an interaction between the customer and the company. It is how customers perceive their interactions with the company or brand. A **customer touch-point or moment of truth** is a point in time when the company connects in some form with the customer (e.g., website, phone, email, social media, retail store, returns, service, and products). There are many different customer touch-points: when a customer phones the contact center for support, when a customer first visits the company website to review its products, or when the customer visits the store. The customer will get an impression of the company from each of these interactions. If the store is unclean, the products are difficult to find, or the staff are rude, this could leave the customer with a negative impression of the company, and they might perceive the store in a negative way, thus, having a negative customer experience. The customer's perception IS the customer's experience.

For example, if you make a hotel reservation but need to change your checkout date because of a scheduling conflict. You might wait until you arrive and check-in, speak with the front desk staff about your reservation, request the change, and wait for them to update your booking. You might even call the hotel beforehand to inquire about availability or other details. In this scenario, your perception of the hotel and your overall experience will be influenced by several factors:

- Availability of parking at the hotel
- Ease of accessing the hotel lobby
- Wait time at the front desk
- The ability of the hotel to make a change to your reservation
- The manner in which the front desk staff speaks to you (courteous, professional)
- The efficiency of the front desk staff in making the reservation change (system speed, knowledge)
- The manner in which the hotel staff speaks to you on the phone (courteous, professional)

Companies work hard to create a positive experience for customers, but things do go wrong at times,



and some customers will perceive that the company has not met their expectations in some way, thus, leaving those customers with a negative impression or perception of the company.

**Service recovery** occurs when a customer service professional takes action that results in the customer being satisfied after a service failure has occurred. Often service failures are not the fault of front-line staff, and at times, may not even be the fault of the business. Failure may be the result of an error made by another employee, by the guest themselves, or by a technical error. Regardless of where the problem originated, when customers bring it to the attention of the staff, they have certain expectations for resolution.

Disappointed customers often want:

- An empathetic ear. Sometimes they simply want to vent. They want to know that the employee or manager is listening and cares.
- An apology. In some cases a sincere apology is enough.
- A solution. Typically customers bring issues to the attention of staff because they want them fixed.
- Compensation. Upset customers are looking for compensation, but not always.
- Follow-up. For some people, it's important to know that their concerns are brought to the attention of management and are fixed for future customers.
- Reassurance. Customers want to know they're in good hands.

Over time, as the customer has more and more experiences with the company, these experiences may shape the customer's perception negatively or positively, and too many negative experiences will most likely cause the customer to discontinue engaging with the company; they will visit a competitor's business instead.

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## Working in Hospitality

The hospitality industry employs more than 300 million people worldwide – that's nearly 10% of the global population.<sup>2</sup> The United States boasts a similar percentage, with the Bureau of Labor Statistics reporting 16.82 million people working in the hospitality and leisure industry. as of December 2023.<sup>3</sup> Here in Dutchess County, 8.8% of the local workforce is employed in hospitality and tourism.<sup>4</sup>

An industry as large as hospitality is bound to have employment and career opportunities for anyone. Hospitality organizations hire employees in all of the traditional front-of-house and back-of-house roles, however as every hospitality business is a business, they must also fill administrative roles such as human resources, marketing, and finance positions. Having these more traditional roles within a hospitality organization can offer unique perks and benefits that other companies do not provide. The bottom line is that, whatever your interest or passion, the hospitality industry has career opportunities for you.

Working in the hospitality industry offers a career experience that is both challenging and rewarding. At the core of any hospitality career, is an interest in people and a sincere desire to be of service to others. Hospitality employees are at the forefront of delivering exceptional guest experiences, whether in hotels, restaurants, resorts, or event venues. The industry is known for its fast-paced environment, requiring individuals to be adaptable, customer-focused, and skilled in problem-solving. Despite the demanding nature of the work, hospitality careers provide unique opportunities for personal and professional growth, international exposure, and the chance to build lasting relationships with colleagues and guests from around the world.

Hospitality management is often considered a 24/7 job due to the industry's demand for round-the-clock service. Hotels, restaurants, resorts, and other hospitality venues operate day and night, catering to guests' needs at all hours. As a result, hospitality managers must be prepared to handle situations that arise at any time, whether it's ensuring smooth operations during late-night shifts, addressing unexpected issues, or maintaining high standards of service during peak hours. The role requires a high level of commitment, flexibility, and the ability to lead and support a team that works across various shifts. While this aspect of hospitality management can be demanding, it also offers a unique and dynamic work environment where no two days are the same, and the opportunity to make a significant impact on guest experiences is ever-present.

#### *SPOTLIGHT ON: Hospitality Careers*

Potential careers in the hospitality industry include but are not limited to:

- Hotel Manager or Assistant Manager
- Meeting, Convention and Event Planners
- Restaurant or Food Service Manager
- Housekeeping Manager
- Front Desk Manager
- Destination Marketing
- Attraction/Theme Park Manager
- Spa Manager
- Hotel Recreation Director
- Executive Housekeeper
- Sales & Marketing Director
- Travel Planner or Travel Agent
- Country Club Manager
- Entrepreneur

## Issues Shaping Hospitality

The hospitality industry is shaped by a variety of critical issues that influence its operations, workforce, and customer experiences. Understanding these challenges is essential for navigating and succeeding in this constantly changing and growing field.

**Tipping Culture:** In the US, tipping is a way of life in many parts of the hospitality industry. Restaurant servers, hotel housekeeping and concierge staff, tour guides, and other workers' compensation partially depend on tips. Tipping culture can create income disparities among staff and sometimes lead to inconsistent service quality. It can also result in wage insecurity, impacting employee morale and stability within the hospitality workforce. This is a particular issue in the restaurant industry with some groups advocating to raise the minimum wage for tipped employees or eliminate tipping altogether in favor of a fair hourly wage.

**Overtourism:** The UN World Tourism Organization defines overtourism as *"the impact of tourism on a destination, or parts thereof, that excessively influences perceived quality of life of citizens and/or quality of visitor experiences in a negative way."*<sup>5</sup> Overtourism poses significant challenges for the hospitality industry by straining local resources, increasing costs, and potentially damaging the environment and local culture. Many cities around the world – including popular designations like Venice, Italy, and the Greek Islands of Santorini and Mykonos, are discussing ways to limit the number of tourists visiting their cities. And in Summer 2024, residents of Barcelona engaged in violent [protests against tourists](#). Managing the influx of tourists in popular destinations is crucial to sustaining the quality of the guest experience and maintaining community relations.

**Sustainability:** The push towards sustainability in the hospitality industry reflects growing consumer demand for eco-friendly practices. There are many definitions when it comes to the topic. One agreed-upon definition of **sustainability** is "Meeting our own needs without compromising the ability of future generations to meet their own needs". Implementing sustainable practices, such as reducing waste, conserving energy, and sourcing locally, not only helps protect the environment but also enhances the brand's appeal to environmentally conscious travelers.

However, hospitality and tourism do have their negative aspects as well. They do play a part in degrading sustainability. This can come from waste, destruction of ecosystems, greenhouse gas emissions, unfair working wages, and so on. Stakeholders in this industry need to strongly evaluate how they operate so that they can minimize the negatives impacts while maximizing the positive ones.

**Technology vs. Human Interaction:** The integration of technology in the hospitality industry, such as self-service kiosks and mobile check-ins, offers convenience but can sometimes detract from the personal touch that defines excellent hospitality. Striking the right balance between technology and human interaction is vital to maintaining guest satisfaction and loyalty.

**Human Trafficking:** Human trafficking is a significant issue in the hospitality industry, where hotels and other establishments can unknowingly become venues for this illegal activity. The industry has a

responsibility to train staff to recognize and report signs of trafficking, ensuring that their properties are safe and secure for all guests and employees.

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## Conclusion

Hospitality, at its core, is more than just an industry; it is a fundamental human practice of welcoming and caring for others, be they guests, customers, or strangers. The definitions emphasize both the business aspects and the interpersonal warmth that defines hospitality. This dual nature makes hospitality unique in the business world, blending service provision with the art of making people feel valued and cared for. As Danny Meyer suggests, hospitality is a powerful business strategy that transcends the traditional boundaries of service industries, influencing the success of any business that values customer relationships.

The hospitality industry is diverse, encompassing hotels, restaurants, events, travel, and more. It is an industry driven by service and the creation of memorable experiences. The unique characteristics of services—intangibility, perishability, inseparability, and variability—set hospitality apart from product-based industries and present both challenges and opportunities for those who work within it. A focus on customer service and the management of customer experiences is paramount, as these elements directly influence guest satisfaction and, ultimately, business success.

In summary, hospitality is about making others feel welcome and valued, whether through a warm smile at check-in or the careful preparation of a meal. It is an industry that, while challenging, offers immense rewards for those who are passionate about service and the human connection. As the industry continues to evolve, the fundamental principles of hospitality—care, service, and customer satisfaction—will remain at its heart, guiding its growth and success in the years to come.

### *Chapter 1 Key Takeaways: What is Hospitality?*

- Hospitality is not just limited to hotels and restaurants; it encompasses any business focused on providing services to guests, emphasizing warm, friendly, and generous treatment.
- Hospitality is a service-driven industry characterized by intangibility, perishability, inseparability, and variability, which distinguish it from product-based industries.
- Positive customer experiences are essential for success in hospitality. Every interaction, known as a moment of truth, shapes the customer's perception of the service and the brand.
- Effective service recovery strategies are vital for maintaining customer satisfaction after service failures, demonstrating the importance of empathy, quick resolution, and follow-up.

- The hospitality industry offers a wide range of career paths, from front-line service roles to administrative and management positions, each requiring a strong commitment to customer service and adaptability.
- The hospitality industry faces several ethical challenges, including tipping culture, overtourism, sustainability, and human trafficking, all of which require thoughtful management and action.
- While technology enhances efficiency and convenience in hospitality, maintaining a balance between technological solutions and personal interaction is key to delivering exceptional guest experiences.
- Hospitality is a major global employer, contributing significantly to the economy, with opportunities for growth and development across various sectors.

## Notes

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# Chapter 2: Tourism



*Blue Mosque at Sunset, Istanbul, Turkiye Photo by Soner Arkan at [Pexels](#)*

## *Learning Objectives*

After completing this chapter, you will be able to:

- Understand what tourism is: definition, components, and importance.
- Understand the economic, social, and environmental benefits and costs of tourism.
- Define hospitality and the pineapple tradition.
- Identify the major tourism sectors

# What is Tourism?

The tourism industry is often cited as the largest industry in the world, contributing 10 percent of the world's GDP. According to the United Nations World Tourism Organization (UNWTO), international tourism in 2023 reached 88% of pre-pandemic levels, with an estimated 1.3 billion international arrivals.<sup>1</sup> Tourism is also considered an export and is unique in that the consumers come to the product where it is consumed on-site.

**Tourism is travel with a purpose.** There are a number of ways tourism can be defined. The United Nations World Tourism Organization (UNWTO) embarked on a project from 2005 to 2007 to create a common glossary of terms for tourism. It defines **tourism** as follows:

*A social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure.*<sup>2</sup>

In other words, tourism is the movement of people for a number of purposes (whether business or pleasure). Later in this chapter, we'll look at different forms of tourism, including cultural and country-specific tourism, culinary tourism, adventure tourism, eco-tourism, among others.

It is important to understand the various groups and constituencies involved in tourism. Of course it includes the tourist, but also the vast array of businesses providing goods and services for the tourist, the government and political structure of a destination, and the local residents of the destination community itself. Each of these components are necessary parts of a successful tourism destination and operate within private and public sectors, the built environment, and the natural environment. All these come together to create the processes, activities, and outcomes of tourism.

If it all seems a little overwhelming, it might be helpful to break tourism down into broad industry groups, many of which will be covered in more detail throughout this book:

- Food and Beverage Services
- Convention & Event Management
- Recreation and Entertainment
- Gaming Entertainment
- Cruising
- Managed Services
- Travel Services
- Private Clubs
- Transportation



## Tourism, Travel, and Hospitality: What are the Differences?

It is common to confuse the terms tourism, travel, and hospitality or to define them as the same thing. While tourism is the all-encompassing umbrella term for the activities and industry that create the tourist experience, the UNWTO defines **travel** as the *activity* of moving between different geographic locations for any purpose – getting from one place to another. People typically travel for business, leisure, and recreation.

On the other hand, **hospitality** refers to the friendly and generous reception and entertainment of guests, visitors, or strangers. It involves creating a welcoming and comfortable environment, often characterized by acts of kindness, service, and support. It is a fundamental aspect of social interaction and community building, emphasizing the importance of treating others with warmth and respect.

In the context of the hospitality and tourism industry, **hospitality** refers to the comprehensive service and experience provided to guests and customers within sectors such as lodging, food and beverage, event planning, travel, and tourism. It encompasses a wide range of businesses including hotels, restaurants, resorts, and cruise lines, where the primary focus is on delivering excellent customer service, ensuring guest satisfaction, and creating a welcoming and enjoyable environment. The hospitality and tourism industry aims to meet and exceed the needs and expectations of guests, often through personalized service, high-quality amenities, and attention to detail, to foster positive and memorable experiences.

### A few more definitions: Tourist, Excursionist, Traveler, and Visitor

**Tourist:** A tourist is a person who travels to and stays in places outside their usual environment for leisure, business, or other purposes for more than 24 hours but usually less than a year. Tourists often engage in activities such as sightseeing, visiting attractions, and experiencing the local culture for the purpose of enjoyment or exploration. We can breakdown the definition of tourist even further by noting that tourists can be:

1. **Domestic:** residents of a given country traveling only within that country. For example, a New York resident visiting Disney World in Orlando, FL is a domestic tourist.
2. **Inbound:** non-residents traveling in a given country. German tourists visiting New York's Hudson Valley are considered inbound tourists to the US.
3. **Outbound:** residents of one country traveling in another country. US citizens vacationing in Paris are outbound tourists.

**Excursionist:** An excursionist, on the other hand, is someone who travels to a destination and returns to their point of origin on the same day. They are also known as a day-trippers and typically engage in short-term activities such as visiting a park, attending a concert, or going on a day tour. If you've ever taken a Caribbean cruise, you probably signed for an excursion while the ship was docked at

one of the ports on the cruise itinerary. You might also be familiar with excursionists who come up to the Hudson Valley from New York City, Long Island and the surrounding areas to experience our beautiful fall foliage, apple orchards, and wineries during the fall.

**Traveler:** A traveler is a broad term encompassing anyone who moves from one place to another, regardless of the duration, purpose, or distance of the trip. This can include tourists, excursionists, business travelers, and individuals traveling for other reasons such as education or migration. The term does not imply any specific type of travel activity or duration.

**Visitor:** A visitor is another broad term for tourists, excursionists, and travelers.

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## Benefits and Costs of Tourism

Tourism has many benefits, but its impacts can be grouped into three main categories: economic, social, and environmental. These impacts are analyzed using data gathered by businesses, governments, and industry organizations. Some impacts gain more attention than others. It is also important to recognize that different groups and constituencies are impacted differently.

### Economic Impact

Tourism is one of the world's leading industries, making it a significant driver of economic growth and development. According to the World Travel & Tourism Council, travel & tourism accounted for 10.5% of all jobs (334 million) in 2019.<sup>3</sup> Here in the US, the travel and tourism industry directly employs 8 million Americans and supports more than 15 million jobs – nearly a quarter of all US jobs!<sup>4</sup>

In addition to jobs, the tourism industry benefits local economies through a concept called the multiplier effect. The **multiplier effect** in tourism refers to the way that spending by tourists circulates through the local economy and generates additional economic activity. When tourists spend money, that expenditure creates a ripple effect, leading to increased income and further spending within the community.

Here are some examples of the multiplier effect and the economic impact of tourism:

1. **Job Creation:** Tourism generates employment opportunities in various sectors such as hotels, restaurants, transportation services, tour companies, and attractions. This includes both direct jobs (e.g., hotel staff, tour guides) and indirect jobs (e.g., suppliers, maintenance services).
2. **Income Generation:** Tourism brings income to local businesses and communities. Tourists spend money on accommodations, dining, entertainment, and souvenirs, which boosts the local economy. This spending supports businesses and contributes to the income of residents.
3. **Infrastructure Development:** The need to accommodate tourists often leads to improvements

in infrastructure such as roads, airports, public transportation, and recreational facilities. These improvements can benefit both tourists and local residents.

4. **Foreign Exchange Earnings:** For many countries, especially developing ones, tourism is a major source of foreign exchange earnings. International tourists bring foreign currency into the country, which helps balance the national economy and can be used to import goods and services.
5. **Cultural Exchange and Preservation:** Tourism promotes cultural exchange and understanding. It also incentivizes the preservation of cultural heritage and natural sites, as these become attractions that draw visitors.

Here is a short video demonstrating the multiplier effect and the positive economic impact of tourism:



One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://hospitalitytourism.pressbooks.sunycreate.cloud/?p=1694#oembed-1>

However, there are also negative impacts. Property values may increase to the point of unaffordability for local residents, and the tourism industry's seasonality may create a feast-or-famine economy. As with any economy, if too many resources are focused on just one industry, communities may be vulnerable to any unexpected economic, social, or environmental changes. One example is the New Jersey shore after the devastation of Hurricane Sandy in 2012. The tourism industry was severely impacted, leaving no economic fallback for local residents.

## Learn More!

For more data on the economic impact of tourism, visit the [UNWTO Tourism Data Dashboard](#).

## Social Impacts of Tourism

In addition to the economic benefits of tourism development, positive social impacts include an increase in amenities (e.g., parks, recreation facilities), investment in arts, culture, heritage and tradition, celebration of indigenous communities, and community pride. Tourism also has the potential to break down language, socio-cultural, religious, and political barriers. When developed conscientiously, tourism can, and does, contribute to a positive quality of life for residents and promotes a positive image of the destination.

However, as identified by the United Nations Environment Programme, negative social impacts of tourism can include: change or loss of indigenous identity and values; culture clashes; changes in family structure; conflict within the community for the tourism dollar; and ethical issues, including an increase in sex tourism, crime, gambling, and/or the exploitation of child workers.<sup>5</sup>

## Environmental Impacts of Tourism

Tourism relies on and greatly impacts the natural environment in which it operates. In some destinations, there is a great appreciation of the environmental resources as the source of the tourism industry, and as such, there are environmental protection policies and plans in place. Tourism has helped to save many delicate ecosystems and their flora and fauna. Preservation of these important resources benefits not only tourists but also the local residents.

Even though many areas of the world are conserved in the form of parks and protected areas, tourism development can still have severe negative economic impacts. According to The United Nations Environment Programme, these can include the depletion of natural resources (water, forests, etc.), pollution (air pollution, noise, sewage, waste, and littering), and physical impacts (construction activities, marina development, trampling, loss of biodiversity, and spread of disease).<sup>6</sup>

The environmental impacts of tourism can reach beyond local areas and have an effect on the global ecosystem. One example is increased air travel, which is often identified as a major contributor to climate change.

Whether positive or negative, tourism is a force for change around the world, and the industry is transforming at a staggering rate. Before discussing the major tourism sectors, let's first examine tourism's history and evolution.

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## Origins of Tourism

The tourism industry, from its beginnings to the present, owes its development to individuals' ability to travel safely and their desire for different experiences. The industry's dependence on these two factors has created its growth and development in certain periods of time and led to its stagnation and decline.

The origins of the tourism industry are difficult to determine. Most often, we look to ancient Greece and Rome as the first recording of travel but it is more likely that travel in the ancient world was more common than our assumptions.

The inns established during Roman times were located along Roman roads between 16 and 19 miles apart or a day's journey. Generally, there would be an inn or **Mansiones** for individuals in the ruling

class and on official business. More common folk would stay in a **Cauponae**, a type of inn and tavern that offered beds, hot meals, wine, and sometimes gambling.

With the extensive network of roads in the Roman Empire, travel was commonplace. These roads were well-designed and could accommodate carriages and horses. However, travel was more for the purpose of trade, military, or official duties. Travel for leisure and recreation has little reference for us to study.

After the fall of the Roman Empire, travel became limited. A period known as the Dark Ages would see history enter into a period of regional development of city-states that were relatively isolated. Unless an individual wanted to take a religious pilgrimage, there was no need to travel beyond one's immediate home and region.

The Renaissance would spark the human experience in dramatic ways impacting art, science, and business enterprises. In turn, travel would become more common throughout Europe and would lead to a resurgence of human interest to travel away from their home.

## Tourism's Modern Era

The Modern Era would begin in the mid-seventeenth century when young nobility and the wealthy would go on a tour through Europe. Generally, these sojourns, known as **Grand Tours**, provided wealthy travelers with an educational experience of the roots of Western Civilization.

The Grand Tour fell out of fashion, as the known world at that time expanded with European colonies being established around the world. As new and distant worlds were being discovered the development of rail and steam systems of transportation came into common use opening travel to a mass market.

The purpose of travel during these times was not generally for the leisure activities we equate with today's industry but for relocation away from tyrannical systems of governments and religious persecution to more open societies.

As people became more comfortable with travel, the concept of travel for leisure and recreation became more attractive. At first, the leisure experiences were generally located at hot springs where visitors could refresh in the warm waters of a natural spring.

Eventually, people became comfortable visiting distant relatives and enjoying other natural vistas and pristine waters. These traveling experiences were the forerunners of today's modern tourism industry.

## Major Tourism Sectors

Given the sheer size of the tourism industry, it can be helpful to break it down into broad industry groups or sectors:

1. Lodging
2. Cruise Lines
3. Gaming Entertainment
4. Food and Beverage Services
5. Meetings & Events
6. Attractions, Recreation and Entertainment
7. Travel Services
8. Transportation

It is typical for the entire tourist experience to involve more than one sector. Consider three general travel phases: pre-departure, during travel, and post-departure. During **pre-departure**, tourists use the travel services and transportation sectors. **During travel**, tourists use the travel services, accommodations, food and beverage, recreation and entertainment, and transportation sectors. Finally, in the **post-departure** phase, tourists use the transportation sector.

## Lodging

The **lodging industry** encompasses businesses that provide overnight accommodation to travelers and tourists. This sector includes a variety of establishments such as hotels, motels, resorts, bed and breakfasts (B&Bs), hostels, and vacation rentals. In addition to providing travelers with a comfortable place to stay, lodging often provides many services and amenities. These can include guest services such as housekeeping, room service, concierge, shuttle busses, dining options, meeting and event spaces, and leisure/recreation spaces such as fitness centers, pools, and spas.

We'll cover lodging more in-depth in Chapter 3; but for now, here is an overview of some common types of lodging:

### *SPOTLIGHT ON: Types of Lodging Accommodations*

**Hotels:** These are the most prevalent form of lodging, offering a range of amenities such as rooms, suites, restaurants, conference facilities, and recreational areas. Hotels can vary widely in terms of size, quality, and services, from budget hotels to luxury resorts.

**Motels:** Typically located along highways, motels provide basic accommodation for travelers,

often featuring direct access to rooms from the parking area. They are usually more affordable and offer fewer amenities than hotels.

**Resorts:** These are full-service lodging facilities that provide extensive amenities and recreational activities, such as swimming pools, golf courses, and entertainment. Resorts are often located in vacation destinations and cater to leisure travelers.

**Bed and Breakfasts (B&Bs):** These are smaller, often family-run establishments that offer a more personal and home-like experience. Guests are typically provided with a private room and breakfast.

**Hostels:** Popular among budget travelers and backpackers, hostels offer shared dormitory-style accommodations as well as private rooms. They emphasize social interaction and community experiences.

**Vacation Rentals:** This category includes private homes, apartments, and villas rented out to travelers on a short-term basis. Platforms like Airbnb and Vrbo have popularized this form of lodging, offering a wide range of options for different budgets and preferences.

## Cruise Lines

One of the most expansive tourism segments is the Cruising industry. From inland riverboat cruises in Europe and North America to the island-hopping offerings in the Mediterranean and Caribbean, the cruise industry has become a mega-tourism offering.

Tourists who want to travel comfortably, visit a variety of locations, and not have to change sleeping accommodations have fueled the exponential growth of the cruise industry. The industry has expanded its market segments beyond individuals with higher incomes to provide cruises that attract the mass-market segment.

The rapid expansion of cruise line offerings is the result of ships operating under foreign jurisdictions to avoid taxation, restrictions on casino gaming, and compliance with labor laws required by ships flagged in the United States. Consequently, the majority of cruise ship employees are recruited from developing countries.

## Gaming Entertainment

**Gaming** is a tourism option with casino gambling being offered as the core or center experience surrounded by a variety of ancillary or supporting products—food, beverage, shopping, and other amusements.

This sector is unique in the hospitality and tourism industry because individual properties often offers guests a total experience within their facility – much like an all-inclusive resort or destination

resort. Gaming is legal in all but two US states, but the two most popular destinations are Las Vegas, NV and Atlantic City, NJ.

## Food and Beverage Services

The **food and beverage industry** includes all businesses that prepare, serve, and sell food and drinks to customers. This sector is a critical component of the hospitality and tourism industry, providing quality food and drinks to enhance tourists' overall travel experience and satisfaction.

### *SPOTLIGHT ON: Types of Food & Beverage Services*

**Restaurants:** Establishments that prepare and serve meals and drinks to customers. They range from fast food outlets and casual dining to fine dining restaurants. Restaurants cater to various tastes and budgets, offering a wide array of cuisines and dining experiences.

**Bars and Pubs:** Places that primarily serve alcoholic beverages along with light snacks or meals. They provide a social environment for relaxation and entertainment, often featuring music or televised sports.

**Catering Services:** Businesses that provide food and drink for events such as weddings, corporate functions, and parties. Catering can range from small, private gatherings to large-scale events.

**Managed Services:** This sub-sector refers to the outsourcing of food and beverage operations to specialized third-party companies. These companies manage and operate dining services on behalf of various institutions such as schools, hospitals, corporate offices, airports, sporting arenas, and other facilities. The aim is to provide high-quality, efficient, and cost-effective food and beverage services.

**Food Trucks and Street Food:** Mobile vendors that offer a variety of foods and beverages. They are popular for their convenience, affordability, and the diverse culinary options they provide.

**Bakeries and Pastry Shops:** Establishments specializing in baked goods such as bread, cakes, and pastries. They often serve beverages and offer a place for customers to enjoy their products.

## Meetings & Events

**Meetings and events** are also a significant driver of tourism and include a wide range of gatherings such as conferences, conventions, trade shows, corporate meetings, exhibitions, and social events like weddings and festivals. A key feature of the sector is its reliance on meticulous planning and coordination. Event planners and managers work closely with venues, caterers, audiovisual providers, and other vendors to ensure the seamless execution of events. This involves everything



from booking venues and arranging accommodations to coordinating transportation and managing on-site logistics. The goal is to create memorable and successful events that meet the specific needs of their clients, whether they are businesses, organizations, or individuals.

As a result, meetings and events drive significant economic activity, attracting large numbers of visitors who require accommodations, dining, and other services, thereby benefiting local economies.

## Attractions, Recreation and Entertainment

At the beginning of this chapter, we defined tourism as *the movement of people to countries or places outside their usual environment for personal or business/professional purposes*. Most non-business tourism involves people engaging in activities such as sightseeing, visiting natural, cultural, historical, and recreational attractions, sporting and entertainment venues, participating in leisure activities, and experiencing the local culture. These activities connect us with the past, introduce us to diverse cultures, and deepen our understanding of the world we inhabit.

### SPOTLIGHT ON: Types of Tourist Attractions & Activities

**Natural Attractions:** These include national parks, wildlife reserves, beaches, mountains, and scenic landscapes. Natural attractions draw visitors interested in outdoor activities such as hiking, wildlife viewing, and enjoying natural beauty.

**Cultural and Historical Attractions:** This category includes museums, historical sites, monuments, and cultural heritage sites. These attractions educate visitors about the history, art, and culture of a destination, often preserving and showcasing the local heritage.

**Theme Parks and Amusement Parks:** Large-scale entertainment complexes featuring rides, games, shows, and themed environments. These parks are designed for family-friendly entertainment and are major draws for tourists.

**Entertainment Venues:** Includes theaters, concert halls, cinemas, and sports arenas where visitors can enjoy live performances, movies, sports events, and other entertainment forms.

**Recreational Facilities:** Facilities such as golf courses, ski resorts, water parks, and marinas. These venues offer specialized recreational activities catering to various interests and skill levels.

**Festivals and Events:** Organized events such as music festivals, cultural festivals, fairs, and exhibitions. These events attract tourists and often reflect the local culture and traditions.

**Shopping and Dining Districts:** Areas with a concentration of shops, restaurants, and cafes. These districts provide opportunities for visitors to explore local cuisine, purchase souvenirs, and enjoy the local atmosphere.

## Travel Services

**Travel services** are another important element of the tourism industry because they support industry development and the delivery of guest experiences. This area comprises various suppliers, tourism products, destination marketing organizations, tour operators, and travel agents, among many others.

Before the internet, planning a trip, reserving a hotel, or booking a flight required a phone call or an in-person visit to a travel agent or reservations agent. While those options still exist, the majority of us are going online. According to 2022 data, 68% of all travel and tourism sales were online, which is expected to grow to 73% by 2026.<sup>7</sup>

In addition to booking directly with a hotel or airline, online travel agents have emerged and have revolutionized the travel industry by making it easier, more convenient, and more cost-effective for travelers to plan and book their trips. **Online Travel Agents (OTAs)** are web-based platforms that provide various travel services, including booking flights, hotels, car rentals, vacation packages, and other travel-related activities. Examples of well-known OTAs include Expedia, Booking.com, Airbnb, and TripAdvisor. OTAs have significantly transformed how travelers plan, book, and experience their trips.

## Transportation

Transportation is vital to the success of the hospitality and tourism industry. Simply put, if we cannot move people from place to place, we do not have an industry. Effective and efficient transportation systems enhance the overall travel experience and can significantly influence tourists' decisions and satisfaction. Air transportation is essential for long-distance and international travel, trains offer comfort and scenic journeys, autos provide flexibility and independence, and buses offer affordable and widespread connectivity. Understanding the strengths and challenges of each mode helps in planning efficient and enjoyable travel experiences.

Transportation evolution is by no means slowing down. The rapid expansion of the airline industry provides access to many destinations in developing countries, and the competition of low-fare airlines has opened up tourism attractions to individuals who live only within an hour or two of a destination. These travel expansions are not without consequences and have impacted the infrastructure of transportation hubs such as airports and rail stations, creating congested freeways and straining related service providers, such as taxis and bus lines.

## Key Tourism Organizations

There are many organizations that promote tourism on the local, regional, national and international levels.

The premier international agency for tourism is the **United Nations World Tourism Organization (UNWTO)**. The mission of this organization is to promote tourism as a driver of economic growth and environmental sustainability. UNWTO includes 158 countries and over 500 affiliate organizations that seek to grow tourism products throughout the world. Tourism is seen as a prime vehicle for the peoples of the world to interact in a positive and productive manner that promotes world peace.

**The United States Travel and Tourism Office** advocates for tourism throughout the United States. They promote programs, lobby Congress, and serve as a repository of facts and information on the industry.

Regional promoters for tourism are generally funded by local governments that collect the hotel or **occupancy tax** levied on hotel guests. This hotel tax, sometimes referred to as a bed tax, is apportioned with the majority of the funds going into the local general fund and a smaller portion being used to support tourism programs such as convention and visitor bureaus.

In addition to organizations that promote tourism, there are also number of industry associations such as the American Hotel & Lodging Association, International Air Transport Association, Cruise Lines International Association, United States Tour Operators Association, the International Council on Hotel, Restaurant and Institutional Education...and MANY more! Together these associations work together by pooling resources, sharing knowledge, and coordinating marketing efforts to develop and implement strategies that highlight destinations, improve tourism infrastructure and workforce development opportunities, and enhance visitor experiences.

### SPOTLIGHT ON: Dutchess Tourism



Dutchess Tourism, Inc. (DTI) is the officially designated destination marketing organization of Dutchess County, New York. It works to bring tourism dollars to area businesses and our community by marketing and promoting the assets of Dutchess to the nation and the world. DTI's mission is to drive visitation to Dutchess County to generate the maximum impact through hotel stays and visitor spending for the benefit of our community.

Thanks to the great work of the DTI team, tourism in Dutchess County generates \$706 million in visitor spending and contributes more than \$88 million in local and state taxes.<sup>8</sup>

Visit the [Dutchess Tourism website](#) to learn more about their work and the exciting things to do in our county.

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## Conclusion

As you can now see, the hospitality and tourism industry is a multifaceted one encompassing lodging, food and beverage, transportation, attractions, leisure, and entertainment. Each component plays a crucial role in enhancing the overall travel experience, from providing comfortable accommodations and diverse dining options to ensuring efficient transportation and offering engaging activities. Additionally, tourism is a major economic driver of economic growth and cultural exchange. Together, these elements create a dynamic and interconnected industry that continues to evolve and adapt to the changing needs and preferences of travelers worldwide.

### *Chapter 2 Key Takeaways: Tourism*

- Tourism involves the movement of people outside their usual environment for various purposes, including leisure, business, or other personal reasons. It encompasses a wide range of activities and expenditures that contribute significantly to economies globally.
- Tourism can be categorized into different types such as cultural tourism, culinary tourism, adventure tourism, eco-tourism, and more, each catering to different interests and motivations of travelers.
- The tourism industry involves various stakeholders, including tourists, businesses providing services, governments, and local communities. Each plays a crucial role in shaping the tourism experience and managing its impacts.
- While related, tourism refers specifically to the movement of people for specific purposes, while travel is the act of moving between locations, and hospitality focuses on providing a welcoming and comfortable experience to guests.
- Tourism is a significant economic driver globally, contributing to GDP, job creation, and local economic development through activities such as accommodations, dining, transportation, and entertainment.
- Tourism can enhance community amenities, cultural understanding, and local pride, but it can also lead to social challenges like cultural clashes and economic inequalities if not managed effectively.
- The tourism industry affects natural environments through activities like development, pollution, and resource depletion, highlighting the need for sustainable tourism practices to preserve destinations for future generations.
- Tourism has evolved from ancient times when travel was limited to modern-day mass tourism facilitated by advancements in transportation and technology.

- The tourism industry comprises diverse sectors including lodging, cruise lines, gaming entertainment, food and beverage services, meetings and events, attractions, recreational facilities, travel services, and transportation.

## Notes

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# UNIT 2: LODGING





# Chapter 3: Accomodation and Lodging



*The reception lobby of the Hyatt House in Fishkill, NY. Photo courtesy of Hyatt House Fishkill.*

## *Learning Objectives*

- Summarize the contribution the lodging sector makes to the US and world economy.
- Summarize the concepts of hotel franchising, management contracts, and independent hotels.
- Identify how a hotel classifications are determined and describe different hotel types and categories.
- Summarize current lodging trends.

# Lodging: An Overview

**Lodging** refers to the provision of accommodation services to travelers and guests, offering a place to sleep and rest. As you can imagine, it is a key component of the hospitality and tourism industry — after all, unless we are visiting family or friends, we need a place to stay. In this chapter, we explore the lodging industry – primarily hotels, but we’ll also take a brief look into other types of accommodation such as camping and vacation rentals like Airbnb and Vrbo. From their historical origins to their contemporary evolution, you’ll learn how the industry evolved, how hotels look and work today, and why they’re so important for travelers.

The lodging industry also offers a wide range of employment opportunities, from entry-level positions such as front desk agents and housekeeping staff to executive roles in hotel management and corporate offices. This diversity of roles makes the lodging industry an attractive career choice for individuals with varying skills and educational backgrounds. You’ll learn more about several of these roles in the next chapter.

To start, let’s take a look at both the US and global hotel industry. While the actual number of global hotels and hotel rooms is unknown, industry research suggests there are 187,000 hotels and 17.5 million guestrooms worldwide.<sup>1</sup>

There are more than 60,000 hotels and motels in the US with approximately 5.3 million rooms. According to data from the American Hotel & Lodging Association’s 2023 State of the Industry Report, US hotels generated more than \$189 billion in revenue in 2022. This revenue is made up of 1.27 billion **room nights** (the rental of a single hotel room for one night, regardless of the number of guests occupying the room or the duration of their stay) and a 62.7% occupancy rate. U.S. hotels directly employed nearly 2 million people. Additionally, these hotel stays represent a significant economic impact — state and local tax hotel tax revenues in 2022 were \$44 billion, an amount that does not include additional traveler spending at local restaurants, shops, and attractions.<sup>2</sup>

## History & Evolution of Lodging & Hotels

The references to the earliest recorded lodging establishments may be dated to the prehistoric Lascaux caves in France and inns were referenced in ancient China and Japan. However, the Roman Empire documents the best reference of lodging establishments that served travelers from ancient times. In the ancient city of Pompeii, the discovery of the Inn of Sittius provides a glimpse of the accommodations travelers experienced in these times.

Other lodging establishments appear throughout Pompeii, and rates for the use of a room are posted on the walls. These establishments provided a single room with an adjacent stable for the traveler’s horse or donkey. Dining was not included in establishments because the city had tavernas offering food and drink 24 hours a day. Bathing was available in public baths for a fee, and bathroom facilities had modest septic tank arrangements in the inn or public facility.

During colonial times, American inns and taverns became common in cities and towns. These establishments—some of which are still in operation—became local meeting places and served the traveling public. Here in Dutchess County, we are fortunate to have what is believed to be one of the oldest continuously operating inns in the United States—the [Beekman Arms](#) in Rhinebeck.

## The Modern Hotel Era

The truly first modern hotel chain in America was founded by Ellsworth Statler with the construction of the [Statler Hotel](#) in Buffalo, New York, in 1907. Ellsworth Statler passed away in 1927, but the Statler hotel chain continued to open and operate hotels until 1954, when Hilton Hotels purchased the chain for \$111 million dollars—the largest real estate transaction on record at that time.

Not surprisingly, the development of the hotel industry was stopped during the Depression. Occupancy rates and average room rates plunged, and the hotel bankruptcy rate soared. As a result, bank loans to develop hotel properties dried up. This unfortunate episode would impact the industry for almost twenty years and underscored that the key to the hotel industry was the desire of business people and tourists to travel.

After World War II, a convergence of the lack of hotels, a growing desire of people wishing to travel, the development of the interstate highway system, and the advent of jet travel with the introduction of the Boeing 707 would create an unprecedented business expansion of the lodging industry.



There were several leaders developing the hotel industry. Among them was Kemmons Wilson, a building contractor on a visit to Washington, D.C., who could not find a hotel for his family to stay in. After his return home in Memphis, Tennessee, he built four roadside Holiday Inns in 1959. He would then pioneer the franchising of Holiday Inns to bypass the banks, who remained reluctant to extend loans for the development of hotels.

Another innovator of the modern hotel industry was [J. Willard Marriott](#). As a successful restaurant developer, he had the foresight to build the Twin Bridges Hotel in Arlington, Virginia, in 1957. His experience in the restaurant business and his understanding of delivering customer service would serve him well as he carefully studied and learned the hotel business at the Twin Bridges.

[Conrad Hilton](#) was another pioneer of the hotel industry. The Hilton Corporation was founded in 1919. Through the Depression and World War II, he was able to forge a successful hotel chain. His focus and sheer determination through the variances of the American economy would lead to the creation of one of the foremost international hotel chains.

By franchising its name, operating systems, training, and construction resources, Holiday Inn would open a new franchise hotel every three days in the early 1970s. But, this robust expansion did not address the finer points of hotel operations. More and more Holiday Inns failed to update and refurbish their facilities and keep in compliance with the standards of their franchising agreements. Other hotel chains began to emerge buying Holiday Inns and reshaping them into lower-priced

economy hotels. The lesson was simple. Holiday Inn's level of service was based on the "One size fits all," theory. Today, we find all major hotel chains have broken their offerings into different brand names for targeted market segments.

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## Ownership Structures

The type of ownership, management, and brand affiliation are very important variables in the classification of hotels. Several ownership models are employed in the sector today, including independent, management contracts, chains, and franchise agreements. This section explains each of these in more detail and provides examples of each.

### Independent Ownership

An **independent hotel** is financed by one individual independent hotel or a small group and is directly managed by its owners or third-party operators. The term *independent* refers to a management system that is free from outside control.

There are a number of very well-established independently branded hotels. These hotel companies have developed their own standards, support systems, policies and procedures, and best practices in all areas of the business. Independent hotels have the flexibility to customize or adjust their systems to position their property for success, and the location, product, service, experience, sales and marketing, and brand are all necessary for that success. An example of an independent hotel is the [Dutchess Inn & Spa](#) in Beacon, NY, owned and operated by Bethany Souza.

### Franchise Agreements and Management Contracts

Owners may manage their hotels independently, but in today's competitive environment, they would likely sign a franchise agreement with a nationally recognized brand as well as a management contract with a hotel management company to manage the property. A hotel chain such as Marriott, Hilton, Hyatt, or IHG (Intercontinental Hotel Group) is comprised of multiple brands. Marriott, following their recent merger with Starwood, currently has 30 different hotel brands, with each name representing a different level of price, service, or target market segments.

Selecting a brand affiliation is one of the most significant decisions hotel owners must make. The brand affiliation selected will largely determine the cost of hotel development or conversion of an existing property to meet the standards of the new brand. The affiliation will also determine a number of things about the ongoing operation, including the level of services and amenities offered, cost of operation, marketing opportunities or restrictions, and the competitive position

in the marketplace. For these reasons, owners typically consider several branding options before choosing to operate independently or to adopt a brand affiliation.

## *Franchise Agreements*

The first thing that comes to mind when you think of a franchise is probably fast food restaurants like McDonalds and Burger King. But franchises operate in a variety of other industries, including food, retail, travel, real estate, business services, cleaning services, fitness centers, and of course, hotels. In fact, four out of five branded hotel rooms in the US are franchised.<sup>3</sup>

A **franchise** is a business method that involves one business (the franchisor) licensing their trademarks and methods of doing business to another business owner (the franchisee). Essentially, the franchisee buys into a ready-to-go business model that has proven successful elsewhere, also getting other ongoing support from the franchisor, which has a vested interest in their success. A hotel franchisee becomes part of a network of properties that use a shared brand, image, loyalty program central reservations system, regional and national marketing programs, central purchasing, revenue management support, and brand operating standards. A franchisee also receives training, support, and advice from the franchisor and must adhere to regular inspections, audits, and reporting requirements.

Selecting a franchise structure may reduce investment risk by enabling the franchisee to associate with an established hotel company. Franchise fees can be substantial, and a franchisee must be willing to adhere to the contractual obligations with the franchisor. Franchise fees typically include an initial fee paid with the franchise application and continuing fees paid during the term of the agreement. These fees are usually a percentage of revenue but can be set at a fixed fee. The total percentage of sales ranges significantly for hotels from 3.3–14.7 percent with a median of 11.8 percent.

## *Management Contracts*

It is common in the hotel industry for ownership to utilize a **management contract**, which is a service offered by a management company to manage a hotel or resort for its owners. Owners have two main options for the structure of a management contract. One is to enter into a management agreement with an independent third-party hotel management company to manage the hotel. There are hundreds of these companies, but some of the large organizations include Aimbridge, Benchmark Hospitality, Crescent Hotels, and Interstate Hotels.

A slightly different option is for owners to select a single company to provide both the brand and the expertise to manage the property. Marriott, Hilton, and Hyatt are companies that provide this second option to owners.

No matter what the ownership model is, it's critical for properties to offer a return on investment for owners. In the next chapter, you'll learn ways the hotel industry measures financial performance.

## Types of Lodging Facilities

Before discussing types of hotels and other lodging facilities, let's first consider four common customer segments and their unique needs and preferences. **Leisure travelers** often seek amenities such as pools, spas, and recreational activities. **Business travelers** typically prioritize convenient locations, meeting facilities, and high-speed internet access. **Groups** require accommodations for events, conferences, and weddings, with special group rates and event planning services. Finally, **extended-stay guests** need home-like amenities, including kitchenettes and laundry facilities, for longer stays.

Hotels are typically referred to by classification or hotel type, which can be determined by categories such as service levels, size, location, and price. The various ownership structures and brand affiliations also used to differentiate hotels. It's also important to note that *many hotels fit more than one of the categories below*.

### Hotel Classification by Service Level

Hotels can be classified by the range and quality of services they offer, with full-service hotels providing extensive amenities and facilities on one end and motels offering little more than a room at the other end of the spectrum.

**Full-Service:** [Smith Travel Research](#) (STR) is an organization that provides the lodging industry with global data benchmarking, analytics and marketplace insights. It defines **full-service hotels** as upscale, upper upscale and luxury properties with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms or spas.

**Limited-Service:** STR further defines **limited-service hotels** as properties that offer select or focused facilities and amenities, typically without a full-service restaurant. These hotels are often in the Economy, Midscale, or Upper Midscale segments. Limited-service hotels are often labeled “budget-friendly” and, because of their focused level of services and amenities, require smaller operational staff.

**Extended Stay Hotels:** **Extended stay hotels** are a distinct category of lodging that caters to guests looking for accommodations beyond the typical short-term stay, often a week or more. They provide a home away from home for an extended period, whether for work assignments, relocation, or any other extended travel needs. Extended-stay hotels typically offer suite-style rooms, which include a separate living area and a fully equipped kitchen with appliances like a refrigerator, stove, and microwave. These hotels often include amenities like comfortable seating areas, larger workspaces, and additional storage space. Some may also feature on-site laundry facilities. Guests also often have access to common areas like lounges, outdoor spaces, or BBQ areas, creating opportunities for guests to socialize with one another and build a sense of community.

According to real estate investment company CBRE, this hotel category is experiencing increased

demand: *“The pandemic and hybrid work arrangements have generated strong demand for longer hotel stays, increasing the popularity of cost-effective extended-stay hotels and making them one of the fastest growing segments in hospitality.”* Additionally, many families find extended-stay hotels attractive because they offer more space and can save on vacation dining costs.

**Resort & Destination Hotels:** A special part of the lodging industry is hotels designated as resorts. A **resort** is a full-service hotel that provides access to or offers a range of recreation facilities and amenities and is generally located in areas that attract vacationers. A resort is often the primary provider of the guest experience – and is often the reason a guest selects to visit a region. It will generally have one “signature” amenity or attraction.<sup>4</sup> Examples of signature amenities and experiences include skiing and mountains, golf, beach and ocean, lakeside, casino and gaming, all-inclusiveness, spa and wellness, marina, tennis, and waterpark. In addition, resorts also offer secondary experiences and a leisure or retreat-style environment. The [Mohonk Mountain House](#), located in New Paltz, NY, offers guests exclusive access to more than 85 miles of hiking trails, one of its signature amenities.

Generally, the guests at resort hotels are more relaxed and not on the fast-paced schedule of their normal lives. The purpose of their visit creates a profile of a far different guest than visiting city hotels. Customer service is always a criterion for service industry success and takes on a different dynamic when the guest is looking to relax. Consequently, these venues offer a more comfortable guest interaction.

## Hotel Classification by Size & Complexity

A hotel can be classified by the number of guest rooms it has; hotel sizes can range from a small boutique hotel with fewer than 50 rooms to a large resort hotel with more than 1,000 rooms. The complexity of the hotel is determined by the volume and number of additional revenue-generating functions, such as the square feet of available conference space, the number of F&B operations, and additional services and amenities like pools, fitness centers, spas, golf, etc.

**Boutique hotels** are intimate, stylish, and often independently owned accommodations that emphasize individualized and unique guest experiences. Characterized by their smaller size and distinctive design, these hotels typically feature carefully curated decor, personalized services, and a strong sense of personality. Boutique hotels aim to create a sense of intimacy and charm, often found in quirky or historic buildings. Guests can expect personalized attention, thoughtfully designed rooms, and an ambiance that reflects the local culture or a specific theme. These hotels offer an alternative to the cookie-cutter approach of larger chain hotels, appealing to travelers seeking a more intimate, one-of-a-kind stay.

According to Bill Lewis, general manager for the Magnolia Hotel and Spa in Victoria, BC, *“Boutique hotels are all about their smaller size, sense of style, and personalized nature.”* He further notes that *“the individual style of boutique hotels really provides a differentiated experience than that of the larger branded properties which have seen considerable consolidation in the last number*



*of years. Our guests really appreciate this luxurious and intimate experience which our size and staffing levels allow us to achieve."*

**Convention Hotels** are large hotels specifically designed to host conferences, conventions, and other large-scale events. Many professional associations, like the National Association of Realtors or the American Medical Association, have large annual tradeshows and conferences designed for business development, education, and networking. This is a significant market within the hospitality and tourism industry, with 2023 revenues reaching more than \$23 billion in the United States.<sup>5</sup>

Convention hotels typically feature extensive meeting and event spaces, such as ballrooms, conference rooms, and exhibition halls, equipped with state-of-the-art audiovisual technology and support services. Convention hotels also offer a range of amenities to accommodate business travelers and event attendees, including multiple dining options, business centers, fitness facilities, and a significant number of guest rooms to house participants. Their locations are often strategic, near major airports, city centers, or convention centers to facilitate easy access for attendees.

## Hotel Classification by Location

The location of a hotel can also determine the type of guest served. An airport hotel may be very different from a city-center property in an urban environment, a remote island resort, or a small quaint bed and breakfast located on top of a mountain. Hotels that specialize in conferences may be located near entertainment destinations like Las Vegas or Disney theme parks to provide pre-and post-conference activities for attendees.

**Business/Airport Hotels** are a specific category of accommodations designed to cater primarily to the needs of business travelers and those passing through airports. They typically offer business-focused amenities such as high-speed internet access, business centers, meeting rooms, and printing or copying facilities to support work-related tasks. These hotels also prioritize convenience for guests, offering shuttle services to and from the airport and express check-in and check-out services to streamline the process for those with tight schedules. Many business hotels also have on-site conference rooms and meeting facilities, making them an ideal choice for smaller corporate events and meetings. While business and airport hotels can be upscale properties, most offer competitive pricing to attract cost-conscious business travelers. Special packages and loyalty programs may be available to frequent guests.

**City Center Hotels** are located (you guessed it!) in the central business district or downtown area of a city as well as in areas known for tourist, cultural, and entertainment attractions. These hotels typically offer amenities such as business centers, meeting rooms, fitness facilities, and on-site dining. City center hotels provide easy access to public transportation, landmarks, shopping districts, and dining options, making them an ideal choice for guests who want to be in the heart of the city's activities and attractions. A local example would be the [DoubleTree by Hilton Poughkeepsie](#), which provides easy access to the Mid Hudson Civic Center, the [Bardavon 1869 Opera House](#), and the Dutchess County government offices.



Another location-based hotel classification is **Highway/Interstate Hotels**. As the name suggests, they are lodging facilities located near major highways or interstate routes, designed to accommodate travelers who are on long road trips or need a convenient overnight stop. These hotels typically offer easy access to and from the highway, ample parking, and basic amenities such as comfortable rooms, complimentary breakfast, and sometimes dining options or vending machines. Their primary appeal lies in their convenience for motorists, often featuring 24-hour check-in services and being situated near gas stations, fast food outlets, and rest areas to cater to the needs of road-weary travelers.

## Hotel Classification by Price

As you can probably tell from what you've read about hotel classifications, the price points for the various types of hotels is wide-ranging. You would expect a full-service, all-inclusive luxury resort to be quite expensive. You might also expect a hotel located just off an interstate highway exit to be on the cheaper side since most guests are just spending a night before continuing their travels. In most business travel and tourist destinations, you'll find various types of hotels at many different price points.

For example, we would consider all of the Walt Disney World Resort hotels to be classified as resort/destination hotels. But within this service-level classification Disney offers four price points: Value (Disney's All-Star Sports Resort), Moderate (Disney's Port Orleans Resort), Deluxe (Disney's Animal Kingdom Lodge) and Deluxe Villa (The Villas at Disney's Grand Floridian Resort & Spa).<sup>6</sup> Hotel companies like Marriott, Hilton, and InterContinental Hotels Group also offer a portfolio of brands across price points.

Pricing a hotel involves a complex set of factors, including brand recognition and positioning, target market demographics, location, service level, amenities, operational costs, and market demand. By carefully considering these elements, hotels can strategically set prices that reflect the value offered, meet guest expectations, and optimize revenue. Luxury hotels justify higher prices through exceptional service, premium locations, and extensive amenities, while economy hotels attract budget-conscious travelers with basic accommodations and essential services at lower prices.

## Other Hotel Classifications

**Bed and Breakfast/ Small hotels** are hotels with less than a hundred rooms and comprise a sizable portion of the lodging industry. These operations provide a more intimate connection between the line employees and guests. Additionally, their lean management system allows for faster operational changes that may be quickly implemented. The unique character of these offerings has long been an attractive career path for many lodging professionals, providing an opportunity to develop basic operational experience in the front office, marketing, housekeeping, and maintenance.

**Vacation Ownership** had been an area of remarkable growth in the lodging industry. Also known as timeshares, these facilities offer guests the opportunity to purchase the ownership of a lodging—generally a condominium with kitchen facilities—for a short-term period of a week or two. Effectively, the guest is an owner during their stay. Timeshares typically offer a guaranteed vacation spot at the same location each year, which can be appealing if you have a favorite destination you love to visit regularly. They also offer cost predictability. You pay for the timeshare upfront or through annual maintenance fees, which may be more stable than fluctuating hotel prices.

Hilton Grand Vacations and the Marriott and Disney Vacation Clubs are among the most popular timeshare brands around the world.

**Industry and Consumer Ratings.** There are also several industry-related organizations, such as Forbes and AAA which provide consumer ratings for individual hotels and serve as (yet) another form of classifying a property. Forbes has traditionally awarded one to five “Stars” and AAA, one to five “Diamond” ratings. Additionally, many internet sites and digital apps like [Trip Advisor](#), [Hotels.com](#) and [Booking.com](#) offer hotel property ratings to consumers.

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## Trends & Issues in the Hotel Industry

The lodging sector, like any type of industry, is sensitive to shifting local, regional, and global economic, social, and political conditions. Businesses must be flexible to meet the needs of their different markets and evolving trends. These trends affect all hotel types, regions, and destinations differently. However, hotel owners and managers must respond to these trends in a business landscape that is increasingly competitive. As the digital revolution continues to change the way we work and spend our free time, hoteliers are adapting to respond to what guests expect in their interactions with a hotel, from the booking experience right through to leaving guest reviews and sharing their experiences with others.

## The Sharing Economy: Airbnb

Airbnb is an example of a shift to the sharing economy, an economic model in which people rent beds, cars, boats, and other underutilized assets directly from each other, all coordinated via the internet.<sup>7</sup> Airbnb is the most prominent example of this model. It provides a platform for travelers and manages all aspects of the relationship using digital platforms that include the Airbnb app, mobile, and website.

When hosts create an account, they set the price and write the descriptions to advertise the space to guests.<sup>8</sup> At Airbnb, the host who rents out the space controls the price, the description of the space, and the guest experience. The host also makes the house rules and has full control over who books the space. Airbnb provides digital platforms for all aspects of the host and guest interaction, and for

these services, it charges hosts a 3.5% service fee. As well, both hosts and guests can rate each other and write reviews.

One criticism of Airbnb from the hospitality industry is that Airbnb does not follow the same operating regulations as those required for hotels. Another comes from homeowners in apartment complexes who object to neighbors repeatedly renting out their homes to short-term Airbnb guests. Airbnb rentals have also created pressure on the rental housing marketing in popular tourism destinations leading to less long-term rental inventory and higher rental prices.

## Distribution and Online Travel Agents

**Online Travel Agents** (OTAs) are a valuable marketing and third-party distribution resource for hotels and play a significant role in online distribution. In 2020, OTAs like Expedia, Hotels.com, and Kayak.com had a 24% share of transient reservations in North American markets.

OTAs offer global distribution so that each hotel and chain can be available to anyone. Smaller independent hotels that do not have the global marketing and sales resources of a larger chain are able to gain exposure, sell rooms, and build their reputation through online guest ratings and reviews. OTAs also help hotels offer combined value and packaging options that are attractive to many consumers (for example, booking and search options for hotels, car rentals, air fare, attractions, and travel packages). Customized searches, travel guidance, and rewards points are also available when booking through an OTA. If a hotel or chain has an exceptional product and service, OTAs share guest ratings, which can increase the number of reservations and referrals.

## Mobile Devices & Smart Technologies

Mobile devices have placed everything at our fingertips. Guests are booking stays on their smartphones, and the traditional touch points in hotels are changing. Guests are looking for 'frictionless' check-in and check-out, digital locking systems, and 'smart' automated energy-saving devices. Smart technology can now not only improve guest experiences but also reduce operational costs. For example, with smart reserved parking, hotels can use smart sensors and hotel apps to give guests the choice of reserving their parking space in advance of their arrival, reducing the cost of operating a manual parking inventory (Attala, 2019).

No longer seeking the same 'touch points' the hotel and lodging industry must continue to find ways to connect with their guests through mobile devices, touch screens, voice activated technologies and more.

# Environmental Sustainability

Hotels are increasingly adopting sustainability practices to reduce their environmental impact and appeal to eco-conscious travelers. Key trends include improving energy efficiency through LED lighting and renewable energy, conserving water with low-flow fixtures and linen reuse programs, and reducing waste by minimizing single-use plastics and enhancing recycling efforts. Sustainable sourcing of local, organic foods and eco-friendly products, along with green building designs that incorporate energy-efficient materials and natural lighting, are also becoming prevalent. Additionally, hotels are engaging guests in their sustainability initiatives by offering incentives and promoting eco-friendly activities, fostering a shared responsibility for environmental stewardship.

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## Conclusion

### *Chapter 3 Key Takeways: Accommodation & Lodging*

- The global hotel industry comprises 187,000 hotels with 17.5 million guestrooms; the US has 60,000 hotels with 5.3 million rooms.
- US hotels generated over \$189 billion revenue in 2022, employing nearly 2 million people.
- Historical origins trace back to ancient inns in Pompeii, evolving through colonial American inns and Statler's modern hotel chain in 1907.
- After WWII, hotel industry growth was fueled by travel demand, highway development, and jet travel. Holiday Inn and Marriott hotel chains were pivotal in industry expansion.
- Ownership models include independent hotels, franchise agreements, and management contracts.
- Franchise agreements involve licensing a brand's trademark and business model; management contracts are service agreements.
- Hotel types range from full-service and limited-service to extended stay and resorts.
- Hotels can be classified by size/complexity (boutique hotels, convention hotels), location (airport, city center, highway/interstate), and price (luxury, moderate, budget and economy).
- Pricing varies widely based on brand recognition, location, service level, amenities, operational costs, and market demand.
- Hotels often have multiple brands targeting different price points, like Walt Disney World Resort hotels.
- Trends include Airbnb's impact on hospitality, OTAs' role in distribution, smart technology integration, and sustainability efforts.

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# Chapter 4: Lodging Operations



Guest entering a hotel room. Photo by Pixabay from [Pexels](#)

## *Learning Objectives*

- The role and duties of the general manager and hotel management team
- The Rooms Division – front office, reservations, housekeeping, and guest services
- The Food and Beverage Division
- Other hotel departments – sales & marketing, catering & conferences, human resources, and accounting
- Property management systems, revenue management and key financial ratios used in the hotel industry

# Introduction: Hotel Operations

Generally, people consider hotels to provide sleeping accommodations, bathrooms, gathering spaces, food and beverage, and amenities. However, there is much more behind the scenes. Running a hotel involves many intricate daily tasks that involve many staff. As a hotel guest, you might only interact with the front desk associate who checks you in, the housekeeper who cleans your room, and your server in the hotel restaurant. But behind the scenes, there are sometimes hundreds of employees ensuring a smooth and enjoyable experience for you and all of the other guests.

Staffing levels for hotels can vary based on the size, type, and services offered by the hotel. Each hotel general manager will determine the appropriate **staff-to-room ratio** (the number of employees/number of available rooms in a hotel). For example, a luxury, full-service resort with 500 rooms might use a 1:1 ratio, meaning there are 500 employees, one for every hotel room. On the other hand, a 100-room, limited-service, extended-stay hotel can successfully operate with a much lower staffing ratio, typically about 15-20 employees. Some hotels prefer to use a staff-to-guest model instead.

The focus of all staff, but especially hotel management, is to work together to ensure an outstanding lodging experience and to make a profit to the property owners.

Let's examine what—and who—it takes to manage and operate a hotel. First, we will examine how a typical hotel is organized, then we will explore some of the more common roles and functions within a hotel.

The organizational structure of hotel operations, as well as the number of roles and levels of responsibility, vary depending on the type and size of accommodation. They are also determined by ownership structure and the management company's or franchisor's standards and procedures. In the section below, we explore the organizational structure and roles typically in place in a full-service hotel with under 500 rooms. These can also apply to smaller properties and businesses such as campgrounds — although in these cases, several roles might be fulfilled by the same person.

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## The General Manager

In most properties, the **hotel general manager** or hotel manager serves as the chief executive and is responsible for overseeing the overall operation of a hotel or lodging establishment. Their role is multifaceted and includes a wide range of responsibilities to ensure the hotel's success and guest satisfaction. Here are some of the key duties and responsibilities of a hotel general manager:

- **Overall Leadership:** General managers are typically the highest-ranking individuals at the hotel. They are responsible for providing leadership and direction to all staff members and overseeing all day-to-day operations. In this leadership role, they also develop and implement long-term



strategies to improve the hotel's performance and competitiveness in the market.

- **Staff Management:** This includes hiring, training, and managing the hotel staff. The general manager needs to ensure that employees are well-trained and motivated and that labor laws and regulations are adhered to.
- **Financial Management:** They are responsible for the financial performance of the hotel, which includes budgeting, cost control, and revenue management. They need to ensure the hotel is profitable, that expenses are in check, and provide regular reports to the hotel's owners or corporate headquarters,
- **Guest Relations and Safety:** General managers are often the face of the hotel and are responsible for ensuring that guests have a positive experience and that safety protocols are not only in place but followed at all times.
- **Community Relations:** General managers are also the face of the hotel for the community in which they operate. Building and maintaining positive relationships with the local community and government entities can be important for the hotel's success.

Because hotels operate 24 hours a day, seven days a week, many hotels also employ one or more assistant general managers to provide day-to-day operational management and supervision of department heads and to assume the general manager's responsibilities when they are absent from the property.

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## The Rooms Division

**Rooms Division Management** is a crucial part of hotel operations and is responsible for overseeing all aspects related to the accommodation and guest services within a hotel. It is pivotal in ensuring guests have a comfortable and memorable stay. It's similar in nature to the front of house in a restaurant.

The **rooms division director** reports to the General Manager and oversees the hotel's accommodations, including front office, reservations, housekeeping, and guest services. They are responsible for ensuring the smooth operation of these departments, maintaining guest satisfaction, and maximizing room revenue. This role involves setting and implementing strategies, managing budgets, and training staff to maintain high standards of service and cleanliness in guest rooms. Effective rooms division management is critical for guest satisfaction, the hotel's reputation, and financial success.

## Front Office

The front office is often considered the “nerve center” of the hotel. Reporting to the director of rooms, the **front office manager**, sometimes called the reception manager, controls the availability of rooms and the day-to-day functions of the front office. Key responsibilities include guest check-in and check-out, managing reservations, handling guest inquiries, and providing information about the hotel and local area. The front office staff ensures a smooth and efficient arrival and departure experience for guests.

The **front desk agent** reports to the front office manager and works in the lobby or reception area to welcome the guests to the property, process arrivals and departures, coordinate room assignments and pre-arrivals, and respond to guest requests.

The job of a hotel **night auditor** involves reconciling the hotel's financial transactions, handling guest check-ins and check-outs during late-night shifts, and ensuring the accuracy of accounting records for the day's operations. They play a crucial role in maintaining financial accuracy and assisting guests with their needs during overnight hours.

## Reservations

Large full-service hotels typically have a reservations department, and the **reservations manager** reports directly to the front office manager. The guest's experience starts with the first interaction a guest has with a property, often during the reservation process. Reservations agents convert calls to sales by offering the guest the opportunity to not only make a room reservation but also book other amenities and activities.

Today, with online and website reservations available to guests, there is still a role for the reservations agent, as some guests prefer the one-to-one connection with another person. Additionally, the reservations team also works with online travel agencies (OTAs) and group tour operators to maximize occupancy and revenue.

## Housekeeping

The **housekeeping department** is truly at the heart of the hotel. It is essential to a hotel's success, as it directly influences guest satisfaction, health and safety, operational efficiency, and revenue generation. The department is responsible for maintaining the cleanliness, order, and overall appearance of guest rooms, public areas, and other facilities within the hotel. Housekeeping plays a crucial role in creating a positive and memorable guest experience, which is fundamental to the hotel industry. The housekeeping department is also the department with the largest number of employees. Nearly every hotel general manager has spent some part of their career managing this area.

Reporting to the director of rooms, the **executive housekeeper** manages and oversees housekeeping operations and staff including the housekeeping manager, supervisor, house persons, and room attendants. An executive housekeeper is responsible for implementing the operating procedures and standards. They also plan, coordinate, and schedule the housekeeping staff, management maintenance requests and work orders, and the ordering of an inventory of room supplies. Room audits and inspections are completed regularly to ensure standards are met.

Housekeepers, or **room attendants** complete the day-to-day task of cleaning and preparing rooms for new guests, replenishing supplies, and coordinating with maintenance for any repairs or upgrades. **House persons** clean public areas including hallways, the lobby, and public restrooms, and deliver laundry and linens to guest rooms.

## Guest Services

Depending on the size and type of hotel, the rooms division might include bell attendants and concierge staff. The **bell attendants** are uniformed employees who are often the first person that a guest encounters when they enter the hotel. They greet guests, assist with luggage, hail taxis, and provide directions inside and outside of the hotel. A portion of their total compensation comes from gratuities.

The **concierge** may also be uniformed but occupies their own desk in the lobby. They assist guests with restaurant reservations, tickets to the theater, concerts, and attractions as well as reserving hotel amenities like private poolside lounges, golf tee times, and spa services. Concierge services are typically found in resorts and large city center hotels; they also receive a portion of their compensation from gratuities.

The hotel **security team** is responsible for ensuring the safety and security of guests and the property. The security team may include security personnel, surveillance systems, and emergency response plans.

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## Food and Beverage Division

The **food and beverage director** is responsible for catering and events, in-room dining, and stand-alone restaurants and bars. The executive chef, the director of banquets, and the assistant managers responsible for each restaurant report to the director of food and beverage. The director assists with promotions and sales, the annual food and beverage budget, and all other aspects of food and beverage operations to continually improve service and maximize profitability.

## Catering and Conference Services

In larger full-service hotels with conference space, a hotel will have a dedicated catering and conference services department. The director of this department typically reports to the director of sales and marketing. The catering and conference services department coordinates all events held in the hotel or catered off-site. Catering and conference events and services range from small business meetings to high-profile conferences and weddings.

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## Internal Operational Roles

In a hotel, there are many internal operational roles that are behind the scenes but help ensure smooth and efficient functioning across various departments. Understanding these roles and their interconnections is essential for maintaining high service standards and achieving overall business success.

## Sales & Marketing

The **sales and marketing director** is responsible for establishing sales and marketing activities that maximize the hotel's revenues. This is typically accomplished by increasing occupancy and revenue opportunities for the hotel's accommodation, conference and catering space, leisure facilities, and food and beverage outlets. The sales and marketing manager is responsible for coordinating marketing and promotional activities and works closely with other hotel departments to ensure customers are satisfied with all aspects of their experience.

## Human Resources

The **human resources department** provides guidance and advice on a wide range of management-related practices including recruitment and selection, training and development, employee relations, rewards and recognition, performance management, diversity and inclusion and health and safety.

## Accounting

The **controller** is responsible for overall accounting and finance-related activities including accounts receivable, accounts payable, payroll, credit, systems management, cash management, food and

beverage cost control, receiving, purchasing, food stores, yield management, capital planning, and budgeting.

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## Critical Skills for Hotel Employment

The purpose of this chapter, for the student of the lodging industry, is to address the activities a motivated individual takes to prepare for a management position. There is no single, clear path individuals take to become excellent managers but there are preparatory actions one takes in their entry-level employment or as supervisors that will serve them well as managers.

**Consistency:** The multilayered responsibilities of lodging management require a consistent steady hand in operations. Lodging managers are required to be consistent players within the operation. An individual needs the same steadiness in the daily discourse of directing the lodging operation. This personality trait that walks out of the hotel at the end of the day needs to be the same personality trait that walks in on the following morning. Consistency is not a born talent but is a learned activity. The best place to develop this talent is through the work effort you put into your entry-level employment. Practice consistency providing the same excellent performance today as you did on all the days prior. This practice will become a habit.

**Excellence** is not a single point of achievement but a series of your best efforts in everything that you do. Setting the simple goal of “doing your best,” becomes a habit. Excellence is not about the results but the efforts to achieve results.

**Attention to Detail** is a critical skill that needs development. As do all these management attributes. Practice in your employment to focus on the smaller tasks in your daily work responsibilities, take the extra step in whatever you are doing to make sure the details have been addressed. Housekeepers, front office personnel, and all the customer service employees are given many opportunities to focus on the smallest items or activities in delivering service to the guest.

**Organization** is a desperately needed attribute of any lodging enterprise. So many service delivery systems become cluttered and chaotic. Focus on organizing your own work area on a daily basis. This self-organizing experience will help you to organize the system you manage and the employees that work in that system.

**Communication** is the cultivation of past experiences that need serious attention. Lodging employees learn to choose their words carefully. Their verbal talents will naturally improve through interactions with the guest. The verbal communication between guest and hotel professional is reported to be about 20% of the total interaction. The key for the aspiring manager is to focus on their non-verbal messaging—posture, eye contact, and dress. And the all-important talent of learning how to actively listen to another individual.

Students seeking to develop a career in the lodging industry need to evaluate the operating

principles of their management team. Does the team empower their employees to grow and develop? Do they provide training opportunities and allow employees to cross-train in other departments. Is the working environment challenging but enjoyable? If you have positive responses to these questions, your career is on the right track.

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## Property Management Systems & Revenue Management

A **hotel property management system** (PMS) is a software application that hotels use to manage and streamline various day-to-day operations. It serves as the central hub for hotel management, including guest reservations, check-ins and check-outs, room assignments, billing, housekeeping, and other administrative tasks. A PMS helps hotels efficiently handle guest data, room inventory, and financial transactions while improving overall guest service and staff productivity. It also often integrates with other systems, such as point-of-sale, accounting, and online booking platforms, to facilitate a seamless operation.

According to hotel consultant Betsy McDonald from HVS International Hotel Consultancy, the “industry rule of thumb is that a hotel room must make \$1 per night for every \$1,000 it takes to build or buy. If the hotel costs \$125,000 per [room], the room has to rent for \$125 per night on average and you need 60% to 70% occupancy to break even”.<sup>1</sup>

Hotel **revenue management**, also referred to as yield management, is the strategic practice of optimizing a hotel’s revenue and profitability by effectively managing room rates, inventory, and distribution channels. The primary goal of hotel revenue management is to maximize revenue by selling the right room to the right guest at the right price and at the right time.

Ideally, the hotel would sell every room at the **rack rate** – the published rate for one night’s stay without any discounts or premiums included. However this is not realistic, so managers use a combination of dynamic pricing, demand forecasting, inventory management, and competitive analysis to drive revenue.

**Dynamic Pricing:** Revenue managers use data and analytics to adjust room rates based on factors like demand, seasonality, local events, competitor pricing, and booking trends. Rates may be adjusted in real-time to capitalize on opportunities and minimize losses. Dynamic pricing has long been used in the airline industry, which is why fares for the same flight change so frequently.

**Demand Forecasting:** Accurate demand forecasting is essential for revenue management. By analyzing historical data and market trends, revenue managers can anticipate demand fluctuations and adjust pricing strategies accordingly. For example, hotels will typically increase rates when a major event is taking place in the area, such as a college football game or music festival.

**Inventory Management:** Revenue managers manage room availability, allocating the right number of rooms to various market segments, distribution channels, and rate categories to optimize revenue.

**Competitive Analysis:** Analyzing the pricing strategies of competitors and adapting to market conditions is crucial to stay competitive and protect market share.

**Costs per occupied room (COPR)** is a figure that states all the costs associated with making a room ready for a guest (linens, cleaning costs, guest amenities).

### *Measuring Hotel Financial Performance*

Some of the key figures generated by the property management system that hotel managers use to assess revenue goals include:

- The **Occupancy Rate** is where the total occupied rooms are divided by the total available rooms. For example, 200 occupied rooms in a 250 room hotel will realize an occupancy rate of 80%.
- The **Average Daily Rate (ADR)** is determined by dividing the total room revenue by occupied rooms. For example, a hotel with a total room revenue of \$21800 for 200 occupied rooms would realize an **ADR** of \$21800 divided by 200 would equal \$109.
- The **REVPAR** or the Revenue Per Available Room would divide the room revenue by the total room count of 250. The calculation would provide for \$87.20.

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## Conclusion

### *Chapter 4 Key Takeaways: Hotel Management and Operations*

- Running a hotel involves intricate daily tasks and numerous staff members to ensure a smooth guest experience.
- Staffing levels vary based on hotel size, type, and services. Luxury resorts may have a 1:1 staff-to-room ratio, while limited-service hotels may operate with significantly fewer employees.
- The General Manager (GM) oversees the entire hotel operation, providing leadership, managing

staff, handling financial performance, and ensuring guest satisfaction.

- The Rooms Division oversees accommodation and guest services, including front office, reservations, housekeeping, and guest services.
- The Rooms Division Director ensures smooth operation, guest satisfaction, and maximized room revenue.
- The front office, managed by the Front Office Manager, handles guest check-in and check-out, reservations, and guest inquiries.
- The front desk agent and night auditor play essential roles in maintaining guest service and financial accuracy.
- The reservations department, led by the Reservations Manager, converts calls to sales and manages online travel agency (OTA) and group tour operator bookings.
- Housekeeping maintains cleanliness and order, directly influencing guest satisfaction and safety.
- The Executive Housekeeper manages staff and ensures high standards through regular audits and inspections.
- Bell attendants and concierge staff assist guests with luggage, transportation, reservations, and directions.
- The security team ensures the safety of guests and property.
- Overseen by the Food and Beverage Director, the Food and Beverage Division manages catering, events, in-room dining, and standalone restaurants.
- The director works on promotions, budgeting, and service improvement.
- The Catering and Conference Services department coordinates events and meetings, reporting to the Director of Sales and Marketing.
- Various internal roles include Sales & Marketing, Human Resources, and Accounting, each contributing to overall hotel success.
- Consistency, excellence, attention to detail, organization, and communication are vital skills for aspiring hotel managers.
- A Property Management System (PMS) manages guest data, room inventory, and financial transactions.
- Revenue management optimizes room rates, inventory, and distribution channels to maximize revenue.
- Key metrics include Occupancy Rate, Average Daily Rate (ADR), and Revenue Per Available Room (REVPAR).

## Notes

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# Chapter 5: Cruising



Royal Caribbean Quantum of the Seas. Photo by Sơn Bõm from [Pexels](#)

## Learning Objectives

- Distinguish the different **segments in the cruise market**.
- Distinguish the different **types of cruises**.
- Identify the **key players** in the cruise industry.
- Explain the **organization** and staff roles of a cruise ship.
- Describe the gaming entertainment industry.
- Explain unique aspects of the casino resort business.
- Discuss the different positions within the gaming industry.

# Introduction to Cruising

In this chapter, we explore the economic impact of cruising, the types of cruise ships, the roles of ship staff, and the intricacies of the ship's hotel operation. Though it only represents 2% of international travel, the cruise industry has a significant economic impact and is poised for growth. According to the Cruise Lines International Association, the cruise industry contributed \$138 billion in total economic impact globally, supporting 1.2 million jobs worldwide and \$43 billion in wages in 2022.<sup>1</sup>

Often referred to as “floating hotels,” cruise ships are a unique sector within the umbrella of hospitality and tourism. Defined by opulent vessels sailing across the world's oceans and rivers, cruising captures the essence of luxury, exploration, and unparalleled service. Even for more budget-conscious travelers, cruise vacations can offer several benefits – especially for families. Like all-inclusive resorts, cruise packages often cover accommodation, meals (including many kid-friendly options), and entertainment while also offering a range of activities for children, including supervised kids' clubs and age-appropriate entertainment. Cruising also allows families to visit multiple destinations without the need for additional transportation costs or hassle. Cruise lines also offer discounts for groups or families booking multiple cabins, providing an opportunity for additional savings along with savings promotions during off-peak seasons.

## *Spotlight On: Cruise Lines International Association*

Cruise Lines International Association (CLIA) is the world's largest cruise industry trade association with representation in North and South America, Europe, Asia, and Australasia. CLIA represents the interests of cruise lines and travel agents in the development of policy. CLIA is also engaged in travel agent training, research, and marketing communications (CLIA, 2014). For more information on CLIA, the cruise industry, and member cruise lines and travel agencies, visit the [Cruise Lines International Association website](#).

## The Evolution of Cruising: From Transportation to Vacation

Travel by water is as old as civilization itself. However, the industry as we know it began when Thomas Newcomen invented the steam engine in 1712. The first crossing of the Atlantic by steam engine took place in 1819 aboard the SS *Savannah*, landing in Liverpool, England, after 29 days at sea. Forty years later, White Star Lines began building ocean liners, including the *Olympic*-class ships (the *Olympic*, *Britannic*, and *Titanic*), expanding on previously utilitarian models by adding luxurious amenities.<sup>2</sup>

A boom in passenger ship travel toward the end of the 1800s was aided by a growing influx of immigrants from Europe to America, while more affluent passengers traveled by steamship for pleasure or business. The industry grew over time but, like rail travel, began to decline after the arrival of airlines. Shipping companies were forced to change their business model from pure transportation to “an experience,” and the modern cruise industry was born.

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## Ocean Cruising

Ocean cruising has experienced steady growth over the past 15 years. [Statista](#) reported that the number of global ocean cruise passengers increased significantly in 2023 over the previous year, totaling 31.7 million and recovering from the impact of COVID-19. This figure was forecast to rise steadily in the following years, reaching an estimated 39.4 million in 2027.<sup>3</sup> To accommodate this increased demand, 14 new cruise ships are expected to launch in 2024.<sup>4</sup>

The world's largest cruise liner is Royal Caribbean's [Icon of the Seas](#), which launched its maiden voyage in January 2024. The ship accommodates a maximum of 7,600 passengers in 2805 cabins, as well as a crew of 2,350 across 20 decks. It offers more than 20 unique dining options. Facilities include the largest waterpark, tallest waterfall, and tallest water slide at sea, along with seven pools, an ice arena, a children's playground, a full-size basketball court, a surf simulator, theaters, nightclubs, and more.<sup>5</sup> Massive ships like this, carrying 3,000 or more passengers, are often called “mega” ships.

More than half of the world's cruise passengers are from North America, and the leading destinations (based on ship deployments), according to CLIA, are:

- The Caribbean
- The Mediterranean
- Northern Europe
- Alaska
- Asia & China
- Australia/New Zealand

## Major Ocean Cruise Lines

Several major players dominate the global cruise industry. These cruise lines operate globally, offering a wide range of cruise experiences, from budget-friendly to luxury, family-oriented to expedition cruises.

- **Carnival Corporation** is one of the largest cruise companies globally, operating a diverse fleet of ships under various brands, including Carnival Cruise Line, Princess Cruises, Holland America Line, Costa Cruises, Cunard, and more.

- **Royal Caribbean Group** is a major player in the cruise industry, known for its innovative ship designs and a wide range of cruise experiences. Its brands include Royal Caribbean International, Celebrity Cruises, Azamara, and Silversea Cruises. Notably, the Celebrity Edge is helmed by Captain Kate McCue, the first American woman to captain a mega-ship.
  - **Norwegian Cruise Line Holdings** operates a varied fleet catering to different market segments, from contemporary to luxury cruising. The Brands operated by NCL are Norwegian Cruise Line, Oceania Cruises, and Regent Seven Seas Cruises.
  - **MSC Cruises** is a global cruise line with a rapidly expanding fleet, offering cruises to various destinations around the world.
  - **Disney Cruise Line**, a subsidiary of The Walt Disney Company, is known for family-friendly cruises with Disney-themed entertainment and activities.
  - **Viking Ocean Cruises** is part of the Viking Cruises brand, focusing on destination-focused cruises with an emphasis on cultural enrichment.
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## River Cruising

While mass cruises to destinations like the Caribbean remain incredibly popular, river cruises are emerging as another strong industry segment. The river cruise sector has experienced significant growth and popularity in recent years. Unlike ocean cruises, river cruises navigate inland waterways, providing passengers with an intimate and immersive travel experience through scenic rivers and water bodies. European river cruises lead the market, though American and Asian destinations are becoming more popular. According to a 2024 report, the global market for River Cruising was valued at an estimated US\$4.8 Billion in 2023 and is projected to reach US\$10 Billion by 2030.”<sup>6</sup>

River cruise ships are smaller and typically offer a more laid-back atmosphere with fewer amenities and entertainment options than larger ocean cruise ships. However, this aligns with the preferences of many river cruise passengers seeking a quieter experience. River cruises focus on cultural immersion, with itineraries designed to explore historic sites, charming villages, and iconic landmarks along the riverbanks. Passengers can easily disembark and explore destinations on foot. And, unlike ocean cruises, many river cruise lines include shore excursions and unlimited wine and beer in their packages.

## Major River Cruise Lines

Here are some of the key players in the river cruise sector:

- **Viking River Cruises** is one of the largest and most well-known river cruise operators. They offer itineraries on major rivers in Europe, Asia, and Egypt.
  - **Avalon Waterways** is a river cruise company owned by the Globus family of brands and offers cruises in Europe, China, Southeast Asia, South America, India and the Galápagos Islands.
  - **AmaWaterways** is recognized for its luxury river cruises. They operate on European rivers, the Mekong in Southeast Asia, and the Chobe River in Africa.
  - **Uniworld Boutique River Cruise Collection** focuses on luxury river cruising, providing a boutique experience with lavishly decorated ships. They offer itineraries in Europe, Asia, and Egypt.
  - **Crystal River Cruises** is known for its high-end river cruises, offering luxury accommodations, gourmet dining, and curated shore excursions on European rivers.
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## Cruise Ship Operations

The organizational hierarchy on a cruise ship is structured to efficiently manage the various aspects of ship operations, encompassing both technical and hospitality functions. The key departments include the Deck Department, Engine Department, and Hotel Department, each led by designated officers. Each department operates semi-autonomously but collaborates to provide a safe, enjoyable, and well-functioning cruise experience. Each of these departments report to the ship captain.

### Captain

The Captain is the highest-ranking officer on the cruise ship and holds overall responsibility for the vessel's safety, navigation, and operations. In many respects, the captain is the chief executive officer of the ship. They work closely with other department heads to ensure a seamless and secure voyage. The captain's responsibilities include decision-making during emergencies, overseeing crew activities, and maintaining compliance with maritime regulations.

### Deck Department

The Deck Department, headed by the Staff Captain or Chief Officer, manages navigation, safety, and external ship maintenance. Key positions within this department include Navigation Officers, Safety Officers, and Deckhands. Together, this team is responsible for navigation planning, handling ship maneuvers, safety drills, and exterior maintenance.

## Engine Department

The Engine Department, led by the Chief Engineer, is responsible for the cruise ship's propulsion, power generation, and technical systems. Engineers, Electricians, and Mechanics work in this department to ensure the proper functioning of engines, generators, and other machinery. On a day-to-day level, they maintain, troubleshoot, and repair the ship's technical systems.

## Hotel Department

The Hotel Department, headed by the Hotel Director, focuses on passenger services, accommodations, and onboard amenities. This high-ranking position requires a comprehensive understanding of hospitality management, exceptional leadership skills, and the ability to coordinate diverse teams to deliver a seamless and enjoyable cruise experience. Key divisions under the hotel department include accommodations, housekeeping, guest services, food and beverage, entertainment, and purser.

**Accommodations & Housekeeping:** The hotel operation on a cruise ship is a multifaceted department responsible for managing the accommodations and overall well-being of passengers. From intimate interior cabins to lavish suites with panoramic ocean views, the range of accommodations is vast. The hotel operation ensures that each room is a haven of comfort, equipped with amenities that cater to the diverse preferences of passengers.

Just like in land-based hotels, housekeeping plays a pivotal role on a cruise ship, ensuring the cleanliness, comfort, and overall well-being of passengers throughout their voyage. Led by the Housekeeping Manager or Director, the housekeeping staff is responsible for maintaining the cleanliness of cabins, public areas, and shared spaces. This includes daily cabin cleaning, bed-making, and restocking amenities. Housekeeping also oversees the laundry services, ensuring that passengers have access to fresh linens and towels. Attention to detail, efficiency, and a commitment to maintaining high standards of hygiene are paramount in fulfilling the housekeeping department's mission, ensuring a pleasant and comfortable environment for cruise ship passengers.

**Guest Services:** Guest services form the backbone of the ship's hospitality. The hotel operation manages the front desk, concierge services, and shore excursions. This includes handling passenger inquiries, addressing concerns, and facilitating a seamless experience both onboard and during port visits. Exceptional guest services are paramount to ensuring passenger satisfaction and loyalty.

**Food & Beverage:** Cruise ships are renowned for their diverse culinary offerings. The hotel operation oversees an array of dining options, from fine dining establishments offering gourmet cuisine to casual buffets presenting a variety of international dishes. Chefs, kitchen staff, and servers collaborate to deliver a culinary journey that is as delightful as the destinations themselves.

**Entertainment and Activities:** The entertainment and activities offered onboard are an integral part of the cruise experience. The cruise director leads these activities and oversees a staff of activity coordinators and performers to curate a diverse program. This includes Broadway-style shows, live performances, workshops, fitness classes, and other engaging activities that cater to passengers of all ages and interests.

**Purser:** The role of a cruise ship purser is a multifaceted and vital position that serves as the central point for administrative functions and financial transactions on board. Among their many responsibilities are three key functions: passenger financial transactions, crew administration, and immigration documentation. In their financial role, the purser is the ship's accountant, settling passenger accounts for on-board purchases at the end of the cruise crew payroll, and handling the ship's day-to-day expenses. They also serve in a human resources capacity by managing crew paperwork, personnel issues, and time-off requests. The purser also serves as the liaison for customs and immigration as the ship enters ports in various countries.

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## Key Challenges in Cruise Ship Operations

Regardless of a staff member's role, operating a cruise ship presents a unique set of challenges due to the complex nature of operations. Here are some key challenges that directors and managers in charge of the cruise ship's hotel operations might face:

*Limited Space and Resources:* Cruise ships are confined spaces with finite resources. Coordinating accommodations, dining areas, and recreational spaces for thousands of passengers while maintaining a sense of luxury and comfort can be challenging.

*Diverse Passenger Preferences:* Cruise ships host a diverse range of passengers with varying preferences and expectations. Balancing the needs of families, couples, and solo travelers, each with different dining, entertainment, and activity preferences, requires careful planning and flexibility.

*High Staff Turnover:* The nature of cruise ship employment often leads to high staff turnover rates. Training new personnel consistently and ensuring that service standards are maintained can be challenging, impacting the overall guest experience.

*Safety and Emergency Preparedness:* Cruise ships must adhere to strict safety regulations. Coordinating emergency drills, ensuring compliance with international maritime safety standards, and managing guest safety during unforeseen events, such as adverse weather conditions or medical emergencies, are constant challenges. Additionally, ships must implement rigorous health and safety protocols to mitigate the risk of onboard infections, including norovirus, COVID-19, flu, and other easily transmitted illnesses.

*Logistical Complexities:* Coordinating the movement of thousands of passengers and crew

members during embarkation, disembarkation, and shore excursions requires meticulous planning. Delays, logistical hiccups, or unforeseen circumstances can disrupt the cruise schedule and impact passenger satisfaction.

*Supply Chain Challenges:* Cruise ships rely on a complex supply chain for provisions, including food, beverages, and other necessities. Managing inventory, dealing with potential shortages or delays, and ensuring quality standards are maintained throughout the journey pose logistical challenges.

*Cultural Sensitivity:* Cruise ships visit diverse destinations with unique cultural norms and preferences. Adapting services to accommodate the cultural sensitivities of both passengers and crew while maintaining a consistent brand identity requires a delicate balance.

*Environmental Sustainability:* The cruise industry is facing increasing scrutiny regarding its environmental impact. Implementing sustainable practices, such as waste management and energy conservation, while providing an exceptional guest experience poses a challenge in an industry traditionally associated with resource-intensive operations.

*Technology Integration:* Implementing and managing technology onboard for reservations, guest services, and entertainment while ensuring a seamless experience without compromising data security can be challenging in the maritime environment.

*Adapting to Market Trends:* The hospitality industry is ever-evolving with new trends and technologies. Staying ahead of the curve, incorporating innovative concepts, and meeting changing passenger expectations require a proactive approach to keep the cruise experience relevant.

Successfully navigating these challenges requires a combination of strategic planning, effective leadership, and a commitment to continuous improvement. Cruise ship operators must be agile and adaptive to ensure the smooth operation of the hotel and deliver exceptional experiences to passengers in a competitive and dynamic industry.

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## Conclusion

The cruise industry stands as a dynamic sector within hospitality and tourism, characterized by its economic significance, diverse offerings, and operational complexities. Ocean cruising continues to expand globally, driven by a resurgence in passenger numbers and the launch of innovative mega ships that redefine onboard experiences. Meanwhile, river cruising emerges as a niche market, prized for its intimate voyages through scenic waterways and cultural immersion. Major cruise lines, from Carnival Corporation to Viking River Cruises, cater to a wide spectrum of travelers, offering everything from budget-friendly voyages to luxury expeditions. Despite facing challenges like high staff turnover and environmental scrutiny, the industry's commitment to innovation and guest satisfaction remains paramount. Looking forward, embracing technology and sustainability will be crucial for navigating future trends and maintaining the industry's growth trajectory.



- While the cruise industry represents only 2% of international travel, it contributes significantly to the global economy, with a \$138 billion economic impact and supporting 1.2 million jobs worldwide.
- Despite challenges, the cruise industry is poised for growth, with increasing passenger numbers and new ship launches anticipated.
- Cruise ships are often referred to as “floating hotels” and cater to a wide range of travelers, offering benefits like all-inclusive packages and family-friendly amenities.
- The industry includes ocean and river cruising, each offering distinct experiences tailored to different preferences and destinations.
- Leading ocean cruise destinations include the Caribbean, Mediterranean, Northern Europe, Alaska, Asia & China, and Australia/New Zealand.
- Several global cruise lines dominate the industry, offering diverse experiences from budget-friendly to luxury and family-oriented to expedition cruises.
- Mega ships like Royal Caribbean’s Icon of the Seas accommodate thousands of passengers and offer extensive amenities and entertainment options.
- River cruising is gaining popularity for its intimate and immersive travel experiences on inland waterways.
- River cruise ships are smaller and provide a laid-back atmosphere with focus on cultural immersion and shore excursions.
- European river cruises dominate the market, with growing interest in American and Asian destinations.
- Cruise ship operations are complex, divided into departments such as Deck, Engine, and Hotel, each crucial for ensuring a safe and enjoyable passenger experience.
- Key challenges include managing limited space and resources, diverse passenger preferences, high staff turnover, safety regulations, logistical complexities, and environmental sustainability.

## Notes

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# Chapter 6: Casino Resorts and Gaming Entertainment



The classic start to the famous Las Vegas Strip. Photo by Snapwire from [Pexels](#)

## Learning Objectives

- Understand the definition and scope of gaming entertainment:
- Examine the historical evolution of the gaming industry:
- Assess the economic contributions of casinos to local and national economies, including job creation, tax revenues, and tourism.

- Identify different types of casinos and their characteristics:
- List and describe popular casino games and their appeal:
- Explain the roles and responsibilities of casino managers, including casino floor management, regulatory compliance, and customer service.
- Describe the role of hotel management within casino resorts, including room reservations, housekeeping, food and beverage services, and entertainment management.

## Gaming Entertainment: An Overview

To this point, you should understand the operational functions central to most hotel operations, such as rooms, housekeeping, and food & beverage. Gaming entertainment properties often, but not always, include these functions in addition to having a casino and other entertainment activities. In this chapter, you will learn how the modern gambling industry came to be, how the industry is globalizing, and how this evolution has created new career paths for you to consider as a hospitality student.

What is gaming — also known as betting or **gambling**? It's the wagering of something of value ("the stakes") on a random event intending to win something else of value, where instances of strategy are discounted. In this context, we are referring to legal gaming, which is regulated by a state or other jurisdiction gaming control board or commission. These regulations are designed to ensure fair play, prevent criminal activities, and promote responsible gaming. In the United States, regulations differ from state to state, with some allowing extensive casino operations while others permit only limited forms of gaming.

While our focus is on casino gaming, there are other forms of legal gambling in the US. These include lotteries like Powerball and Mega Millions, dog and horse racing, and charitable games. Yes, that raffle ticket fundraiser supporting the local little team is considered gambling!

According to the American Gaming Industry's [State of Play](#) report, there are 1011 casinos in the US. These casinos generate an economic impact of more than \$328 billion and support 1.8 million jobs. And, while tourism is a major driver for the hospitality industry, jurisdictions that allow for gambling also gain from gambling. In 2023, gambling taxes surpassed \$40 billion in the U.S.<sup>1</sup> Some form of gambling is legal in all but two states: Utah and Hawaii.

## Gaming in the US

The casino industry in the United States has a rich history that has evolved over several centuries. Gambling has been a part of American culture since the early colonial days, with lotteries and informal betting prevalent in the 17th and 18th centuries. However, the real transformation occurred in the 20th century.

In the early 1930s, during the Great Depression, Nevada became the first state to legalize casino gambling. This move aimed to boost the state's economy, and Las Vegas quickly emerged as the epicenter of casino entertainment. The construction of iconic hotels and casinos along the famous Las Vegas Strip began, with establishments like the Flamingo, Sands, and Golden Nugget setting the stage for the city's reputation as a gambling mecca. Las Vegas, Nevada is the most popular gaming destination in the US, with more than 40 million visitors in 2023. <sup>2</sup>

The casino industry faced challenges in the mid-20th century, with concerns about organized crime and corruption. However, the industry underwent significant regulatory changes, including establishing the Nevada Gaming Control Board in 1955, to ensure fair play and eliminate criminal influence.

In the late 20th century, other states started legalizing casino gambling to generate revenue and attract tourism. Atlantic City, New Jersey, emerged as a prominent gambling destination after opening its first casino in 1978. <sup>3</sup>

The 21st century witnessed further expansion of the casino industry, with Native American tribes operating casinos on tribal lands and additional states legalizing various forms of gambling. The proliferation of online casinos and the rise of integrated resorts offering gambling, entertainment, dining, and lodging further diversified the industry.

## Worldwide Gaming Entertainment

Outside of the US, several destinations worldwide are renowned for their vibrant casino gaming and casino resort scenes. In fact, as of 2024, there are 5098 casinos and online gambling businesses worldwide. <sup>4</sup>

Macau, China, has become the world's largest gambling hub. The region surpassed Las Vegas in terms of gaming revenue, featuring a plethora of high-end casinos, resorts, and entertainment options. Monte Carlo, Monaco, which has long been associated with glamour and luxury, is famous for its historic Casino de Monte-Carlo. The principality attracts high rollers and tourists seeking a sophisticated gambling experience in a picturesque setting. London, England, has a thriving casino scene, with establishments like the Hippodrome Casino and the Ritz Club offering a sophisticated gaming experience. Australia boasts vibrant casino scenes in cities like Melbourne and Sydney. On the African continent, Sun City, South Africa, is a popular resort and casino complex featuring a variety of gaming options, golf courses, and entertainment for visitors. Additionally, many cruise

ships feature onboard casinos, allowing passengers to enjoy gambling while sailing to various destinations.

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## Type of Casinos

The casino industry comprises a wide variety of establishments that offer gambling activities, each with its unique characteristics and offerings. The primary categories include standalone, integrated resorts, riverboat, and Native American (Tribal) casinos.

**Standalone or traditional casinos** focus primarily on gambling activities. They offer a variety of games, such as slot machines, table games (like blackjack, poker, and roulette), and sometimes bingo or keno. While these casinos may have some additional amenities like restaurants, bars, and entertainment venues, their primary focus is on providing a space for gambling. They are often smaller in scale compared to casino resorts. [Resorts World Hudson Valley](#), located in Newburgh, NY, is an example of a standalone casino.

**Integrated resorts** are large-scale complexes that combine casinos with hotels, restaurants, shopping centers, entertainment venues, and convention facilities, creating a comprehensive destination experience. The goal is to provide visitors with a comprehensive and immersive experience beyond gambling. In addition to gaming, casino resorts often feature luxury hotels, spas, shopping centers, theaters, concert venues, golf courses, and other recreational facilities. This variety of offerings aims to cater to a broader audience, including those who may not be interested in gambling. Casino resorts are typically larger in scale compared to standalone casinos, often occupying significant acreage or even entire entertainment districts. Additionally, many casino resorts position themselves as tourist destinations and event venues, hosting conventions, concerts, and other large-scale events to attract a diverse crowd. The [Bellagio Las Vegas Casino and Hotel](#) and the [Borgata Hotel Casino & Spa](#) in Atlantic City are examples of integrated resorts.

**Riverboat casinos**, predominantly found in the United States, operate on waterways to comply with specific state regulations, offering a blend of nostalgia and modern gaming. As of 2022, there were more than 60 riverboat casinos in the US.<sup>5</sup> And while many states have riverboat casinos, you'll find the majority of them along the Mississippi River, where they originated.

**Native American casinos** are located on tribal lands throughout the US. In 1988, Congress passed the Indian Gaming Regulatory Act which enabled sovereign Native American tribes to create casino-like halls. Tribal gaming ranges from bingo halls to massive, integrated resorts like [Mohegan Sun](#) in Uncasville, CT. Revenue from tribal casinos has significantly contributed to the economic development of many Indigenous communities, providing substantial revenue and employment opportunities.

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## Popular Casino Games

Earlier in this chapter, gambling was defined as the wagering of something of value (“the stakes”) on a random event with the intent of winning something else of value, where instances of strategy are discounted. Gambling requires three elements to be present: consideration (an amount wagered), risk (chance), and a prize. The outcome of the wager is typically immediate.<sup>6</sup> Below are some of the more popular casino games: slot machines and table games.

**Slot Machines:** There are a variety of casino games, each offering a range of experiences and a unique set of rules and strategies. Slot machines are the most popular game in any casino and dominate land-based casinos, with some of the biggest establishments featuring as many as thousands of machines. The reason for the game’s popularity comes from the simplicity of the gameplay. Originally, gamblers pulled a lever, but today’s machines are video-based. Many casinos feature progressive jackpots which gradually increase their jackpot over time. The longer it takes to hit, the bigger the jackpot will be!

**Table Games:** Popular table games include blackjack, roulette, poker, craps, baccarat, and keno. People enjoy table games for a variety of reasons, and the appeal of these games goes beyond the potential for financial winnings. Table games provide a social and communal atmosphere where players can engage with each other and the dealer. This social aspect adds a level of camaraderie and fun to the gaming experience. Interacting with a live dealer adds a human touch to the gaming experience; dealers often converse with players, creating a more personal and enjoyable atmosphere. Also, unlike some purely luck-based games, table games often involve an element of skill and strategy. Games like blackjack and poker allow players to make decisions that can impact the outcome, creating a sense of agency and involvement. The physicality of table games, such as the spinning roulette wheel or the shuffling of cards, adds a visual and sensory element to the experience, enhancing the overall entertainment value.

Both slots and table games offer patrons a psychological thrill. The anticipation of the next card, the roll of the dice, or the spin of the wheel adds an element of excitement. However, it’s important to remember that the casino – the house – ALWAYS has the advantage.

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## Casino Resort Operations

Successful casino resort operations require a well-coordinated effort to create a seamless and enjoyable guest experience, while meeting financial and regulatory requirements. The ultimate goal is to provide diverse entertainment options that cater to a broad audience and encourage repeat visits.

Casino resorts have two major divisions: gaming operations and hotel management.

## Gaming Operations Management

The **casino manager** has two primary areas of responsibility: casino floor management and regulatory compliance. They supervise casino staff and oversee table games, slot machines, and electronic gaming devices, ensuring optimal game mix, fair play, and gaming equipment maintenance. Compliance with all local, state, and federal gaming regulations is critical to the casino manager's job, which involves staying informed about regulatory changes and making necessary operational adjustments. The casino manager also supervises security protocols and customer service.

**Security and surveillance** are critical components of operations management. Casinos invest heavily in advanced surveillance systems and employ a large security workforce to monitor activities, prevent cheating, and ensure the safety of patrons and staff. These systems often include hundreds of cameras, facial recognition technology, and other sophisticated tools to detect and deter fraudulent activities. Additionally, security personnel are trained to handle various incidents, from minor disputes to major emergencies, ensuring a safe environment for all visitors.

**Customer service** is another vital area, as the success of a casino resort (as well as standalone, riverboat, and tribal casinos) heavily relies on guest satisfaction and repeat business. Staff training programs focus on delivering exceptional service. Player loyalty programs are also essential, offering rewards and incentives to frequent visitors to encourage continued patronage. These programs often include tiered benefits, such as free play credits, complimentary meals, and exclusive event invitations designed to enhance the overall guest experience.

**Technology** plays an increasingly significant role in casino operations. The rise of online and mobile gaming has expanded the reach of casino resorts beyond their physical locations, offering new revenue streams and attracting a broader audience. Innovations such as cashless gaming, digital wallets, and blockchain technology are being integrated into casino operations to streamline processes and enhance security. Moreover, data analytics are used extensively to track player behavior, optimize marketing strategies, and improve operational efficiency.

## Resort Hotel Management

The **hotel manager's** job at a casino resort is like that of any resort hotel or cruise ship. In the context of a resort casino, the hotel management division is the area responsible for overseeing the operations of the on-site accommodations. The role of the hotel manager includes overseeing room reservations, managing housekeeping services, coordinating front desk operations, and ensuring that the overall atmosphere is conducive to guest comfort. Additionally, the hotel manager oversees food and beverage operations and guest amenities like the pool, spa, and golf course. They may also be responsible for entertainment, such as managing theaters, arenas, or other spaces where performances and events take place.



# Conclusion

## Chapter 6 Key Takeaways: Casino Resorts and Gaming Operations

- Gaming, also known as betting or gambling, involves wagering something of value on a random event with the intent to win something else of value.
- Legal gaming is regulated to ensure fair play, prevent criminal activities, and promote responsible gaming, with regulations varying by state.
- The U.S. has 1,011 casinos, which generate over \$328 billion in economic impact and support 1.8 million jobs. Gambling taxes in the U.S. surpassed \$40 billion in 2023, contributing significantly to state revenues.
- In the U.S., Nevada legalized casino gambling in the 1930s to boost the economy, leading to Las Vegas becoming a major gambling hub.
- Other states, like New Jersey, followed suit in the late 20th century, and the 21st century saw further expansion through Native American casinos and online gambling.
- Internationally, Macau, China has become the world's largest gambling hub, surpassing Las Vegas in gaming revenue.
- Standalone casinos focus primarily on gambling activities. Integrated resorts offer a combination of casinos, hotels, restaurants, shopping centers, and entertainment venues. Riverboat casinos operate on waterways and Native American casinos operate on tribal lands.
- Slot machines are the most popular casino games due to their simplicity and potential for progressive jackpots. In contrast, table games like blackjack, roulette, poker, craps, baccarat, and keno provide a social and strategic gaming experience.
- Casino managers oversee gaming operations, regulatory compliance, security, and customer service.
- Casino resort hotel managers oversee room reservations, housekeeping, front desk operations, and guest experience. They also manage food and beverage services, guest amenities like pools and spas, and entertainment venues within the resort.

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# UNIT 3: FOOD & BEVERAGE



# Chapter 7: Restaurants



Restaurant table setting. Photo by Burak The Weekender from [Pexels](#).

## *Learning Objectives*

Upon completion of this chapter, you should be able to:

1. Understand the historical evolution of the restaurant industry and its significance in the us economy
2. Differentiate between commercial and non-commercial foodservice establishments and identify various segments within the industry, such as quick-service, fast-casual, and full-service restaurants.
3. Compare and contrast independent, franchised, and corporate-owned restaurant models,

understanding the benefits and challenges associated with each.

4. Recognize key components of restaurant operations
5. Evaluate current trends and emerging issues in the restaurant industry

## Introduction to the Restaurant Industry

Restaurants are such a big part of our lives – we get coffee at the Dunkin drive-thru on the way to school or work, have lunch with friends at Panera or Chipotle, go on dates, celebrate birthdays and anniversaries, or order food for delivery for a cozy night in. We eat at restaurants at home and on vacation – sometimes, we even pick a vacation destination for the food. Many of us got our first jobs in the restaurant industry, and it is a vital part of our lives and the US economy.

The restaurant industry grew out of simple origins: as people traveled from their homes, going about their business, they often had a need or desire to eat or drink. Others were encouraged to meet this demand by supplying food and drink. As the interests of the public became more diverse, so too did the offerings of the food and beverage sector.

It is estimated that there are more than 749,000 restaurants in the US. According to the National Restaurant Association (NRA), the US restaurant industry is the nation's second-largest private sector employer, with 15.7 million jobs and projected sales of more than \$1 trillion in 2024. These numbers are expected to grow: 9 in 10 adults say they enjoy going to restaurants because they allow them to enjoy a favorite meal that has flavor and taste sensations they can't easily replicate at home.<sup>1</sup>

Many students are familiar with the sector through their workplace — restaurants are the largest employer of teenagers, providing job opportunities for nearly 2 million 16-19 year olds – or 35% of all working teens.<sup>2</sup>

### *SPOTLIGHT: The US Restaurant Industry*

The [National Restaurant Association](#) is the leading business association for the US restaurant industry. Below are eight interesting facts about the size, scope, and impact of the industry:<sup>3</sup>

- 9 in 10 restaurants have fewer than 50 employees
- 7 in 10 restaurants are single-unit operations

- 8 in 10 restaurant owners started their industry careers in entry-level positions
- 9 in 10 restaurant managers started in entry-level positions
- 63% of adults have worked in the restaurant industry, making it the nation's training ground
- Restaurants employ more minority managers than any other industry
- 41% of restaurant firms are owned by minorities – compared to 30% of businesses in the overall private sector.
- Waitstaff at fullservice restaurants earn a median of \$27.00 an hour, with an upper quartile of \$41.50 and a lower quartile of \$19.00.

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## Types of Foodservice Providers

The increasing awareness and demand for organic, sustainable, local, or craft options, as well as special dietary needs in food and beverage, continue to challenge this industry. In addition, to better attract and serve a diverse array of diners, the food service industry now consists of a variety of segments.

There are two key distinctions: **commercial foodservice**, which comprises restaurant operations whose primary business is food and beverage, and **non-commercial foodservice** establishments where food and beverages are served but are not the primary business. It is made up of quick-service restaurants, full-service restaurants, catering, and drinking establishments. Below, we'll look at each of these in more detail. But first, let's classify restaurants by their ownership structure

## Classifying Restaurants by Ownership Structure

Restaurant ownership is similar to hotel ownership in that there are independent, franchised, and corporate-owned entities.

### *Independent Restaurants*

**Independent restaurants** are typically locally owned and operated by individuals or small partnerships, often just one, two, or three locations. These restaurants offer owners the greatest amount of creative freedom and operational control, allowing them to tailor their menu, decor, and overall concept to their unique vision. Independent restaurant owners can quickly adapt to local market trends and customer preferences, but they also bear the full brunt of financial risk and responsibility. Independents are the majority of restaurants in the US – the NRA estimates that 70% are single-unit operations.

## *Franchise Restaurants*

Like hotels, **franchise restaurants** like Burger King and Applebee's operate under a business model where independent owners (franchisees) purchase the rights to use the branding, recipes, and operational systems of an established restaurant brand (franchisor). This structure allows franchisees to benefit from the franchisor's established reputation, marketing support, and standardized procedures. The franchisor typically provides extensive training and ongoing support to ensure consistency across all locations. While franchisees enjoy reduced risk due to the established brand and support network, they must adhere to strict guidelines and operational standards set by the franchisor. This can limit their ability to make independent business decisions and necessitates payment of initial franchise fees and ongoing royalties. Nonetheless, the franchise model has proven successful for many entrepreneurs seeking to enter the restaurant industry with a reliable framework and built-in customer base.

## *National (Corporate-Owned) Chains*

**National or corporate-owned restaurant chains** – such as Chipotle, Shake Shack, and Starbucks – are managed and operated by a central corporate entity. These establishments often have multiple locations across various regions or countries, all controlled directly by the corporation. This ownership structure allows for a high degree of consistency in brand image, menu offerings, and customer experience, as all decisions are made at the corporate level. Corporate-owned chains benefit from economies of scale in purchasing, marketing, and logistics, leading to cost efficiencies that independent or franchise restaurants may not achieve. However, these chains must navigate the complexities of managing numerous locations, which can lead to challenges in maintaining quality and customer service standards. Additionally, the corporate structure often involves layers of management and bureaucracy, which can slow down decision-making and responsiveness to local market conditions. Despite these challenges, national chains often dominate the market due to their extensive resources and widespread brand recognition.

## **Classifying Restaurants by Service Type**

### *Quick-Service Restaurants*

Formerly known as fast-food restaurants, **quick-service restaurants**, or QSRs, include familiar names like McDonald's, Subway, and Dunkin'. They make up approximately 33% of total food sales in the US and 48% of restaurants.<sup>4</sup> This important segment of the food sector generally caters to both residents and visitors and is represented in areas that are conveniently accessed by both. Brands, chains, and franchises dominate the QSR landscape, but it also includes your favorite local deli and pizza shop. While the sector has made steps to move away from the traditional fast-food image and



style of service, it is still dominated by food that is prepared and purchased quickly, and generally consumed quickly.

Convenience and familiarity are key in this sector. Examples of QSRs include:

- Drive-through locations
- Stand-alone locations
- Locations within retail stores
- Kiosk locations in shopping centers
- High-traffic areas, such as major highways or commuter routes

**Fast-casual** restaurants focus on higher quality ingredients than QSRs and provide made-to-order food in an environment that does not include table service. Customers usually order at a counter. The seating area is more upscale and comfortable. Examples would include Chipotle Mexican Grill, Panera, and Five Guys.

### *Full-Service Restaurants*

With nearly 33% of the market share,<sup>5</sup> **full-service restaurants** — which provide table service, with waitstaff taking guest orders and bringing food and drinks to the table — are perhaps the most fluid of the F&B operation types, adjusting and changing to the demands of the marketplace. Consumer expectations are higher here than with QSRs.<sup>6</sup> The menus offered are varied but, in general, reflect the image of the restaurant or consumer's desired experience. Major segments include fine dining, family/casual, ethnic, and upscale casual.

**Fine dining restaurants** are characterized by highly trained chefs preparing complex food items that are exquisitely presented. Meals are brought to the table by experienced servers with sound food and beverage knowledge in an upscale atmosphere. The concept of fine dining has evolved over the years. It was once mandatory to have table linens, fine china, crystal stemware, and silver-plate cutlery in order to be referred to as a fine dining establishment. Service was often very formal and reserved, with minimal personal interaction between guests and servers. The table was often embellished with fresh flowers and candles as well. Today, the best restaurants focus on the quality of preparation, presentation, and flavor of the food, utilizing the best and, where possible, local ingredients. Servers who are engaged, customer-centric, and well-informed are sought after by the best restaurants. In these businesses, the **average check**, which is the total sales divided by the number of guests served, is quite high (often reviewed with the cost symbols of three or four dollar signs- \$ \$ \$ or \$ \$ \$ \$). Examples include national chains like Ruth's Chris Steakhouse and Capitol Grille. Shadows on the Hudson and Henry's on the Farm offer fine dining experiences here in the Hudson Valley.

**Casual restaurants** serve moderately-priced to upscale food in a more casual atmosphere. Casual dining comprises a market segment between fast-casual establishments and fine dining restaurants. Casual dining restaurants often have a full bar with separate bar staff, a larger beer

menu and a limited wine menu. This segment is full of chains such as Chili's, Outback, and Red Robin, as well as many independent restaurants in regional or local markets, such as Cosimo's and Mill House Brewing Company in Poughkeepsie.

**Family restaurants** offer affordable menu items that span a variety of customer tastes. They also have the operational flexibility in menu and restaurant layout to welcome large groups of diners. An analysis of menus in family/casual restaurants reveals a high degree of operational techniques such as menu item cross-utilization, where a few key ingredients are repurposed in several ways. Both chain and independent restaurant operators flourish in this sector. Examples of chains in this category would be Golden Corral, Cici's Pizza, and local restaurants like the Daily Planet and the Red Line Diner.

### *Specialty Restaurants*

**Ethnic restaurants** serve food and offer dining experiences that are representative of a specific ethnicity or nationality, often reflecting that of the owner or chef. The growth and changing nature of this sector reflects the acceptance of various ethnic foods within our communities. Ethnic restaurants generally evolve along two routes: toward remaining authentic to the cuisine of the country of origin or toward larger market acceptance through modifying menu items.<sup>7</sup>The authenticity of the experience often drives the customer's decision. The driving force behind these operations is the Chef's background, commitment to the quality of the product, innovative preparation mixed with exceptional technique, and knowledgeable service staff to bring it to the consumer. The ethnic category can include fine dining, casual, and quick-service restaurants. Some local examples include [Tamarind](#), a fine-dining Indian restaurant in Poughkeepsie, [Café con Leche](#), a casual restaurant serving Puerto Rican cuisine in Wappingers, and Chan's Peking, a Chinese restaurant in Poughkeepsie.

**Theme restaurants** are dining establishments that create a unique and immersive experience by centering their decor, menu, and overall ambiance around a specific concept or theme. These restaurants often incorporate elaborate decorations, costumes, music, and even interactive elements to enhance the thematic experience for guests. The goal is to transport diners into a different world, providing not just a meal but a memorable and entertaining outing. An example of a theme restaurant is Rainforest Cafe, which simulates a tropical rainforest environment complete with lush vegetation, animatronic animals, and the sounds of rain and thunder, creating a captivating and family-friendly dining experience.

**Celebrity-owned restaurants** are dining establishments owned, co-owned, or heavily endorsed by famous individuals from various fields such as entertainment, sports, or fashion. These restaurants leverage the star power of their owners to attract diners, often incorporating elements of the celebrity's persona or interests into the restaurant's theme, menu, and decor. An example of a celebrity-owned restaurant is Nobu, co-owned by renowned chef Nobu Matsuhisa and actor Robert De Niro.

Though technically a part of the QSR category, **cafes and coffee shops** are a significant sector of

the restaurant industry. Specializing in coffee, tea, light meals, and pastries, these establishments serve as social hubs where people can relax, work, or meet friends in a casual and comfortable atmosphere. Known for their cozy interiors and inviting ambiance, cafes and coffee shops often feature free Wi-Fi, comfortable seating, and a welcoming environment. They range from small, independently owned local spots like Bank Square Coffeehouse in Beacon or Poughkeepsie's Crafted Kup, to large international chains like Starbucks. This sector has seen significant growth, driven by the increasing global demand for specialty coffee and tea, as well as a rising trend toward casual dining and community-centric spaces. With a focus on quality beverages and light fare, cafes and coffee shops have become essential fixtures in urban and suburban landscapes, appealing to a wide range of customers seeking both convenience and a place to unwind.

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## Restaurant Customers

Now that we've classified the industry based on business type let's look at restaurants from another perspective: customer type. The first way to classify customers is to divide them into two key markets: residents and visitors.

**Residents:** The first of these, the resident group, can be further divided based on their purpose for visiting a restaurant. For one group, food or drink is the primary purpose for the visit. For example, think of a group of friends getting together at a local restaurant to experience their signature sandwich. For another group, food and drink is the secondary purpose, added spontaneously or as an ancillary activity. For example, think of time-crunched parents whisking their kids through a drive-through on their way from one after-school activity to the next. Here the food and beverage providers offer an expedient way to access a meal.

**Visitors:** In many regions, restaurants also service the visitor market, which presents unique challenges as guests will bring with them the tastes and eating habits of their home country or region. Locally owned establishments generally follow one of two directions. One is to cater completely to visitors from the day the doors open, with an operational and market focus on tourists. The other is to cater primarily to residents.

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## Key Components of the Restaurant Industry

Several key components contribute to a dining establishment's success and appeal. Understanding and excelling in areas such as menu development, beverage service, customer experience, and marketing are crucial for creating a thriving and competitive restaurant.

## Menu Development

According to the Auguste Escoffier School of Culinary Arts, “A menu not only helps answer these questions but also gives diners a deeper understanding of what they can expect out of their dining experience. By spending the time to carefully create a restaurant menu, this seemingly simple piece of paper can effectively convey the restaurant’s quality standards, dining experience, and ambiance.”<sup>8</sup> **Menu development** is a critical component of the restaurant industry, involving the creation and planning of dishes that define a restaurant’s identity and appeal to its target market. A well-designed menu balances creativity and profitability, offering a mix of signature items and customer favorites while considering food costs and kitchen capabilities. It also reflects current culinary trends and seasonal availability, ensuring freshness and variety. Effective menu development requires a deep understanding of customer preferences, dietary trends, and competitor offerings. By continuously refining and updating the menu, restaurants can keep their offerings fresh and exciting, attracting new patrons and retaining regular customers.

## Beverage Service

Beverage service is another vital aspect, encompassing everything from coffee and tea to alcoholic drinks like wine, beer, and cocktails. An appealing beverage menu can significantly enhance the dining experience, complementing the food offerings and increasing overall revenue. Craft cocktails, artisanal sodas, and specialty coffees are popular trends that draw in customers looking for unique and high-quality drink options. Proper staff training in beverage preparation and service is essential to ensure consistency and quality. Additionally, understanding the principles of pairing beverages with food can elevate the dining experience, encouraging higher spending and customer satisfaction.

## Customer Service and Experience

Exceptional customer service is the cornerstone of a successful restaurant. It encompasses all interactions between staff and guests, from the moment they make a reservation to when they leave the establishment. High-quality service creates a welcoming atmosphere, encourages repeat business, and generates positive word-of-mouth. Staff training in areas such as hospitality, conflict resolution, and cultural sensitivity is crucial for maintaining high service standards. Moreover, personalizing the dining experience, such as remembering regular customers’ preferences or celebrating special occasions, can significantly enhance customer satisfaction and loyalty.

## Restaurant Marketing and Branding

Effective marketing and branding are essential for attracting and retaining customers in the competitive restaurant industry. A strong brand identity, which includes the restaurant's name, logo, design, and overall concept, helps to distinguish it from competitors and creates a memorable impression on customers. Leveraging online review platforms and maintaining a strong online presence through a user-friendly website and active social media profiles can drive traffic and build a positive reputation. Engaging with customers through various marketing channels and providing consistent, high-quality experiences are key to building a loyal customer base.

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## Trends and Emerging Issues in the Restaurant Industry

One of the newest trends is the “experience”. Customers now expect an authentic, interactive experience while patronizing our restaurants. It is no longer enough to merely provide a great product and service. The experience must also be present in everything we do.

## Evolving Consumer Food Preferences

Menus and food preferences are always evolving. Today, guests are more knowledgeable about food and more adventurous than ever before. This trend is partly due to the proliferation of television programming specifically tailored to food and celebrity chefs (see the *Food Network* for example). In line with this trend, we now see more adventurous items on today's menus, such as bone marrow gratin and pig's blood pappardelle, just to name a few. The National Restaurant Association highlights that we now see a focus on the sustainability, quality, wholesomeness, and calorie content of menu offerings. “Consumers like spending their money locally,” says Larry Reinstein, president and CEO of LJR Hospitality Ventures. “It gives them a good psychological feeling. Not only do they feel like they're helping their communities, they also learn more about where the food and drink they order comes from.”<sup>9</sup>

## Tipping Culture

A hot topic in restaurants is whether or not front-of-house employees should be tipped or be paid a higher hourly wage. In 2015, Danny Meyer, founder and former CEO of Union Square Hospitality Group (which includes Union Square Café, Gramercy Tavern, and others) introduced a “hospitality included” policy in select restaurants. Mr. Meyer sought a way to achieve greater pay equity between front-of-house and back-of-house employees. However, this policy was reversed in part due to the

global pandemic and its impact on restaurants. Other restaurants have experimented with no-tipping policies with mixed results.

## Sustainable Practices

In hand with plant-based diets is the continued drive to reduce our impact on the environment through recycling, composting, donating leftover food, or water and energy conservation. A 2021 survey by the National Restaurant Association and the American Culinary Federation identified the ten sustainability trends chefs believe are important to consumers:<sup>10</sup>

1. Sustainable, reusable, and recyclable packaging
2. Packaging that maintains food quality and ensures the food travels well during delivery
3. Packaging that retains temperature—hot food hot, cold food cold
4. Zero waste/sustainability
5. Immunity-boosting snacks
6. Menu streamlining, featuring fewer items and SKUs
7. Immunity-boosting/functional ingredients
8. Plant-based sandwiches
9. Food security/tamper-proof packaging
10. Alternative sweeteners, like maple and coconut sugars

## Restaurant Technology

Technology continues to play an ever-increasing role in the sector. It is most noticeable in QSRs, where many functions are automated in both the front and back of the house. In the kitchen, temperature sensors and alarms determine when fries are ready and notify kitchen staff. Out front, remote printers or special screens ensure the kitchen is immediately notified when a server rings in a purchase. WiFi enables credit/debit card hand-held devices to be brought directly to the table to process transactions, saving steps back to the serving station.

Consumers are interacting with restaurants using their smartphones and tablets in various ways. We are seeing more consumers use rewards, claim special deals, and make reservations through an app or website.

Other trends include automated services such as that offered by [Open Table](#), which provides restaurants with an online real-time restaurant reservation system so customers can make reservations without speaking to anyone at the restaurant. And now smartphone apps will tell customers what restaurants are nearby or where their favorite chain restaurant is located.

## Taking It to the Street

Street food has always been a component of the food service industry in most big cities. These operations are often run by a single owner/operator or with minimal staff and serve hot food that can be eaten while standing. Food trucks allow owners the opportunity to share their original food concepts with a broader audience, along with a high degree of flexibility in how they operate and connect with their community. In 2022, food trucks represented \$1.2 billion share of the restaurant market in the US.<sup>11</sup>

## Staffing & Labor Shortages

The restaurant industry has been grappling with significant labor shortages, a challenge exacerbated by the COVID-19 pandemic. Factors contributing to these shortages include low wages, long and irregular working hours, and the physically demanding nature of the job, which have led to high turnover rates and difficulty attracting new employees. The pandemic further intensified these issues, with many workers leaving the industry due to health concerns, layoffs, or a shift to other career opportunities offering more stability and better working conditions.<sup>12</sup>

To address labor shortages, many restaurants have had to increase wages, offer signing bonuses, and improve working conditions. Additionally, there is a growing focus on automation and technology to streamline operations and reduce the reliance on human labor. However, the ongoing labor crisis continues to challenge the industry, impacting service quality and operational efficiency.

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## Conclusion

Food and beverage, without question, is a key component of the hospitality experience. Moreover, food service establishments are a dominant player in the U.S. economy. As this chapter highlights, there is a great variety in establishments and segments within commercial food service. These different segments provide unique experiences for customers and guests, and they offer a wealth of career options for those seeking a career in food and beverage. Foodservice is a challenging and exciting business, and we hope this chapter has provided a useful overview of the breadth of diversity in food service establishments.

- Restaurants are integral to daily life and the U.S. economy, offering diverse dining experiences and contributing significantly to employment.
- The industry is divided into commercial foodservice (primary business is food and beverage) and non-commercial foodservice (food and beverage are secondary).
- Restaurants can be independently owned, franchised, or corporate-owned, each with distinct operational models and challenges.
- Quick-Service Restaurants (QSRs) are characterized by fast food, convenience, and familiarity. Examples include McDonald's and Dunkin'.
- Fast-Casual Restaurants offer higher quality ingredients and a more upscale environment than QSRs, such as Chipotle and Panera.
- Full-Service Restaurants include fine dining, casual dining, and family restaurants. Examples range from Ruth's Chris Steakhouse to local diners.
- Specialty Restaurants include ethnic and theme restaurants provide unique dining experiences. Examples include Rainforest Cafe and celebrity-owned establishments like Nobu.
- Cafes & Coffee Shops: Significant sector specializing in coffee, tea, and light meals, with examples like Starbucks and local coffeehouses.
- Restaurants cater to local residents and visitors, each with unique preferences and expectations.
- Menu Development is critical for defining a restaurant's identity, balancing creativity with profitability, and reflecting culinary trends.
- Beverage Service enhances the dining experience, with trends in craft cocktails, specialty coffees, and food-beverage pairings.
- Customer Service is essential for success, involving high-quality interactions and personalized service.
- Restaurant Marketing and Branding is important for attracting and retaining customers, involving strong brand identity and online presence.
- Trends include experience-based dining, evolving consumer food preferences, changes in wage and tipping practices, sustainability, and technology.
- The restaurant industry faces significant labor shortages due to low wages, demanding work conditions, and impacts of the COVID-19 pandemic.

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# Chapter 8: Restaurant Operations



*Chef working in a restaurant kitchen. Photo by Kampus Production on [Pexels](#)*

## *Chapter 9 Learning Objectives*

Upon completion of this chapter, you should be able to:

1. Identify and describe the key roles and responsibilities of front-of-house (FOH) and back-of-house (BOH) staff in a restaurant.
2. List various restaurant service styles and how they cater to different guest expectations.
3. Analyze restaurant management practices including financial management, human resource management, and quality control, that are essential for successful restaurant operations.

4. Understand how different technologies, such as pos systems and reservation management software enhance efficiency and customer service in restaurants.
5. Discuss strategies for customer interaction and service excellence
6. Explain key financial management practices, such as budgeting, cost control, and revenue management, and their impact on a restaurant's profitability.

## Restaurant Management: An Overview

Working in food service takes a certain kind of individual. The industry itself can be very rewarding and a lot of fun, but it also requires people who like to work with other people, enjoy a fast-paced environment, and enjoy a lot of variety in their routine, as things often change from day to day and week to week. Likewise, restaurant management is hard work. Many factors influence the success of a restaurant – location, cost control and profit margin, sales and marketing strategies, staffing, customer service, and, of course, menu and food quality. Creating the right team, employing them in accordance with legal guidelines, and keeping up with the demands of the business are challenges that can be addressed by an experienced leader and food service manager.

## The Restaurant General Manager

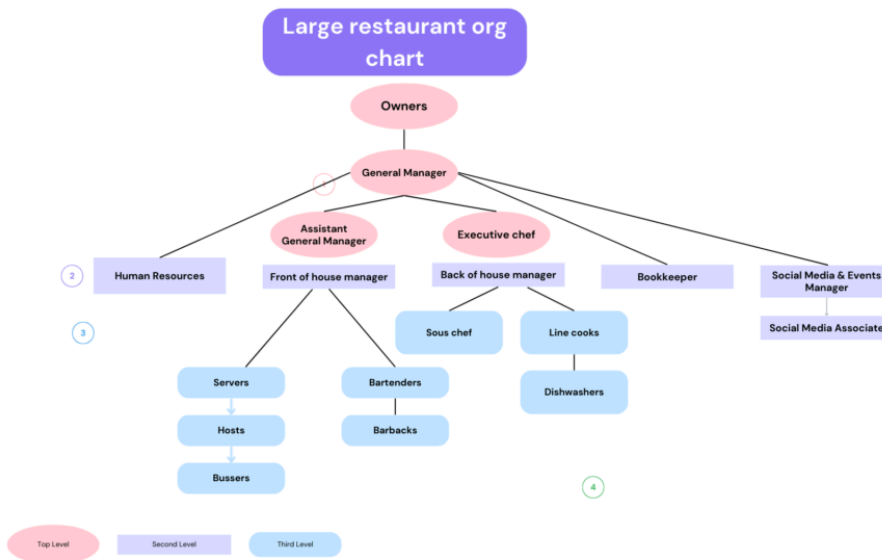
A **restaurant general manager** (GM) has a wide range of responsibilities that ensure the smooth and efficient operation of the establishment. The GM is the leader and primary decision-maker, overseeing both front-of-house (FOH) and back-of-house (BOH) operations. In this capacity, they are responsible for hiring, training, and managing staff, fostering a positive work environment that motivates employees and promotes high standards of service.

The GM also plays a crucial role in financial management, which includes budgeting, cost control, revenue management, and financial reporting. Together with the executive chef, they are responsible for maintaining quality control and food safety standards, ensuring compliance with health regulations and consistently delivering high-quality food and service to customers. The GM also oversees customer relations, handling complaints and feedback to enhance the dining experience and build customer loyalty. Finally, the GM must be aware of industry trends and technological advancements, integrating new tools and practices to improve operational efficiency and stay competitive.

In most restaurants, the general manager oversees both the “front of house” and “back of house” operations. The **front of house** (FOH) refers to the customer-facing part of the restaurant; that is, all of the areas where customers are welcomed, seated, and served their food and drinks. Conversely,

the **back of house** (BOH) refers primarily to the kitchen, but also includes the dishwashing area, food storage, and back office.

Here is a typical organization chart for a large restaurant:



A restaurant organization chart showing the owner at the top. Reporting to the owner is the general manager (GM). The GM oversees all front of house staff (host, servers, bussers), while the chef oversees all back of house staff (assistant chefs and line cooks and other kitchen staff.). Image Source: Toast (n.d.). "The Best Restaurant Organizational Chart Examples For Success". Retrieved from: <https://pos.toasttab.com/blog/on-the-line/restaurant-organizational-chart>

## Front of House: Staffing

Front of house jobs will vary from restaurant to restaurant, depending on size and service level but generally include the following roles:

The **front of house manager** oversees FOH staff and operations, ensures high levels of customer service and satisfaction, and manages the scheduling, training, and performance of FOH employees. Sometimes this role is filled by the general manager, who may also be aided by one or more assistant managers.

The **host** is responsible for greeting and seating guests, managing reservations and waitlists, and handling special requests and customer inquiries. They play a crucial role in a guest's first impression of the restaurant. In some establishments, the host also processes payment transactions and handles takeout orders.

The **server or waitstaff** is key to ensuring customer satisfaction. They take orders, serve food

and beverages, provide menu recommendations, answer questions, and handle guest complaints.

The **bartender** prepares and serves drinks, both alcoholic and non-alcoholic, engages with customers, takes bar orders, and manages bar inventory while maintaining cleanliness.

The **busser or runner** clears and sets tables delivers food from the kitchen to the dining area and assists servers in maintaining a clean and organized dining environment.

In fine-dining restaurants, a **sommelier** manages the wine list, assists with wine selections, provides wine recommendations and pairings, and oversees wine storage and inventory.

To create a positive guest experience, restaurant GM's need to establish **standard operating procedures**, which are procedures designed to allow businesses to create consistency in workflows and job performance. Training of staff is another essential element. Staff should be prepared to understand guest concerns and be knowledgeable on menu offerings as well as service expectations. Servers must be trained to be problem solvers and empowered with the ability to provide exceptional recovery. The investment in training has the ability to provide benefits for not only the guest but the entire restaurant team.

## Front of House: Guest Experience

One of the primary goals of a restaurant is to provide guests with an enjoyable dining experience. This experience extends beyond the food served and the price associated. Quality food is important. If guests don't enjoy their meal, they won't return. In fact, 68% of customers rank food quality as the most important factor when deciding where to dine, according to a 2022 trend report from TouchBistro.<sup>1</sup>

But quality food isn't enough. Restaurant guests also want a satisfying experience at a restaurant, whether they are making a quick stop at the Dunkin drive-thru or celebrating an anniversary at an expensive, full-service restaurant. Restaurants must strive to provide an atmosphere that is both welcoming and comforting. Restaurateur Danny Meyer is quoted in his book, *Setting the Table* as stating "food is secondary to something that matters even more. In the end, what's most meaningful is creating positive, uplifting outcomes for human experiences and human relationships." Meyer, the founder and CEO of Union Square Hospitality, created an entire organization of restaurants whose primary goal is providing the best possible service.

Good food coupled with a good experience leads to positive reviews. Restaurant reviews have been a part of the food and beverage sector for a long time. With the increase of online reviews by customers at sites like Yelp, Urbanspoon, and TripAdvisor and sharing of experiences via social media, operators are becoming increasingly aware of their web presence.<sup>2</sup> On one hand, these online platforms create readily available information to allow customers to find information on your restaurant. On the other hand, they create challenging environments where restaurants are unable to control their public presence. The freedom to create and provide reviews helps provide customer

expectations but creates more responsibility for managers. Online presence and online reviews can single-handedly influence a customer's choice of where they will dine. For this reason, all major restaurant operators carefully monitor their online reputation

## Types of Meal Service

The style of meal service chosen by a restaurant impacts the its ability to make meaningful impressions on customers. There are many different styles of food service delivery, and it is important that an operation chooses the style that best meets its guests' expectations. Types of service include table, buffet, cafeteria, and other services, including quick service and deli service.

Table service is traditionally provided to seated guests and is common with fine dining, casual dining, diners, bars, and pubs as well as many other establishments. **Table service** traditionally involves servers responsible for providing meals, maintaining guest experiences, and clearing tables at the conclusion of a meal. Table service can be organized into four categories including plate, family-style, cart, and platter.

**Plate service** is the most common service style and involves guest orders being taken at their table. The server then provides information to production staff. Items are prepared and delivered to the table by servers who also are responsible for maintaining tables during the guest's dining experience. Plate service provides ample time for service staff to build a relationship with guests.

**Family-style Service** is increasingly becoming more common in dining establishments, particularly farm to table restaurants. Family-style service involves shared dishes served and distributed amongst a table of diners. Servers deliver ordered food to the table and guests are able to pass the items amongst themselves based on their desired choice. Family-style service provides an environment more closely related to dinner service at home.

**Cart service** is more commonly associated with fine dining experiences and incorporates a portion of tableside preparation. Although guests are seated and order as typically utilized with most table service, meals are delivered via cart and are commonly finished in the presence of the guest. This may include the selection of a specific cut of meat, the slicing of cooked meat, or the addition of a sauce to be served with a dish. Examples of cart service are common in French restaurants and can often be found in Mexican restaurants where guacamole is made tableside. The restaurant *Rosa Mexicana*, with locations expanding from Los Angeles to New York, is known for its signature guacamole en Molcajete.

**Platter service** is another form of table service with similarities to cart service. Platter service involves food being arranged specifically on a platter and brought out to tables for guests' viewing. After unveiling food, servers are responsible for serving portions onto guest plates. Platter service is commonly associated with banquet service.

**Buffet service** involves food arranged and held under appropriate temperature standards while guests willingly come and choose as they prefer to select food items. Buffet service differs

significantly from table service in the manner of food selection and service. Although guests are typically seated and utilize servers to order beverages and other necessities, guests freely choose and arrange meals on plates. Buffet services typically contain carving stations for select items. Buffet services are common for banquets and are commonly found in hotels as well as full-service restaurants. Some operations utilize buffet service specifically for brunch on weekends, while others utilize a buffet service daily.

## Front of House Technology Tools

Within the operation, restaurants use a variety of technological services to impact their guest experience. Technology includes point-of-sale terminals, precheck terminals, self-service order entry kiosks, online ordering, etc. The usage of technology within a restaurant has the ability to store information in a database to create more effective, personalized service in the future. It has the potential to automate service and remove human error.

The majority of restaurants utilize **Point of Sale (POS) Terminals**, which are the basic hardware components of food service computer systems. Point-of-sale terminals allow a safe system to input and output orders, reconcile receipts, and compile data associated with sales. Terminals can be located at various locations throughout the restaurant and can be associated with payment terminals to create a cash control system. Terminals can be a touchscreen, keyboard, handheld, or magnetic strip operated.

Many POS systems are also integrated with reservation systems, such as Resy, Open Table, Toast, and TouchBistro. These systems often include customer relationship management (CRM) tools. These technology tools help restaurants collect guest contact info and other personal details, special requests and other information that enables the restaurant staff to provide a personalized experience and encourage loyalty.

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## Back of House: Kitchen Staff

Efficient kitchens are well-organized kitchens. Most kitchens are organized into stations or sections, with each responsible for preparing different food or menu items. All the stations together form what is called the line. Usually, each station on the line has a separate name, but job titles often reflect the experience and the skills of the cook. This can be a bit confusing. For example, in larger establishments the positions of first cook, second cook, and third cook are common, but the skills and qualifications of people with these job titles can vary from restaurant to restaurant. As well, many people call themselves a chef when they are in reality a cook in a restaurant or someone who has taken culinary training.

The traditional hierarchy of the kitchen is a system called the brigade, created in France in the



19th century by Auguste Escoffier. Although most modern restaurants do not follow the traditional brigade system to the letter, many of the positions in restaurants are still referred to using the French terminology. Read the [full listing of job titles in the traditional brigade](#) online. Below are description of key roles in modern restaurant kitchens:

**Executive Chef:** The executive chef (or more informally called “exec”) coordinates the kitchen operations of at least one but more likely multiple restaurants. A chef who oversees more than one kitchen may also be called a “corporate chef.” Some responsibilities of the exec include but are not limited to, frequent communications with the owners/general managers, menu development, ordering the product, vendor negotiations, recipe cost control, labor percentage control, disciplinary actions for those under his/her previous, quality control, and customer interactions. The exec is the face of the kitchen and will, most likely, have to represent the kitchen in the dining room from time to time. An executive chef should always have a clean white coat in their office to put on when out in the dining room.

**Chef de Cuisine:** A chef de cuisine (or informally known as the chef) is a position that is more commonly found in establishments with European roots and where the executive chef is managing multiple locations and may not be available at all times. The chef takes on all executive responsibilities in the absence of the exec and is able to make decisions without prior authorization.

**Sous Chef:** The sous chef is what is most commonly seen in the industry as the second in command. They may also be charged with training new staff members. It is not uncommon for the sous chef to walk the dining room in the absence of the executive chef or make executive-level decisions when needed. A good sous chef should be able to work every station below them in case a cook has called out or some unforeseen circumstance forces them to take over.

**Pastry Chef:** The pastry chef is responsible for all things dessert. The pastry chef will usually be in charge of creating menus, overseeing prep work, quality control, and at times customer service. Executive pastry chefs are highly skilled and specialized individuals who have honed their craft. They may work alone, or they may have pastry cooks working under them. This will depend on the size of the restaurant, the concept of the restaurant, and the volume of production.

**Station or Line Cooks:** This is a broad term that is a “catch-all” for the restaurant industry. Within this category, you find grill cooks (responsible for all grilled items), the fry cook (responsible for all fried items), pantry cook (responsible for cold preparations like salads and charcuterie), breakfast cook (responsible for breakfast service), line cook (responsible for all dishes utilizing the burners), etc. Each of these station cooks has a specific job and menu items they are responsible for.

**Dishwasher:** This station is where most everyone starts. It doesn’t matter if you went to the best culinary schools in the world; when you walk into a restaurant for the first time, you will spend time in the “dish pit.” The greats started here, and no one in the restaurant should

be above rolling up their sleeves and helping with the dishwasher when they need it. The dishwasher is in charge of maintaining the cleanliness of equipment, including pots, pans, plastic equipment tops, blades, sheet trays, hotel pans, plates, and silverware. They are tasked with keeping a steady flow of clean equipment available throughout service to be used by station cooks. Without this, the service would come to a grinding halt. This is a hard job, and those who have worked it never take their dishwashers for granted.

#### *SPOTLIGHT ON: Food Safety*

Created by the National Restaurant Association Education Foundation, **ServSafe** training is a widely recognized certification program in the United States designed to educate restaurant workers and managers about food safety and sanitation practices. ServSafe training aims to prevent foodborne illnesses by educating food service employees on safe food handling, preparation, and storage practices. It is designed to meet the needs of various roles within the restaurant industry, from line cooks to managers. To learn more or register for a course, [www.servsafe.com](http://www.servsafe.com).

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## Restaurant Financial Management

The ability to accurately forecast sales and expenses is a necessary skill for a manager or owner to possess. In this section, we will look at ways to help you become more proficient in forecasting both your sales and expenses.

### Forecasting

Using the history of past sales in a restaurant operation is critical for managers attempting to forecast future sales accurately. Three important figures to track in a foodservice operation's sales history, in addition to overall sales, are customer count or number of "covers", guest check average, and table turnover rate. These figures are likely part of a computerized sales and accounting system and can be saved for multiple years. Looking back at these records is often the basis for predicting future sales and customer counts. Guest check average is also useful in comparing performance from one time period to another or one unit to another. Guest check average, past customer counts, and sales are also critical to developing budgets and other plans for future operations.

**Covers** are simply the number of restaurant guests served during a specific time period. Calculating the **guest check average** is also quite simple: it is just what it says, the average of what each guest spends. It is calculated by dividing the total food and beverage sales by the total number of guests

(or covers) in a particular time period. Challenging owners, managers, and even servers to increase the guest check average over a period of time or during a particular meal period can be a way to motivate everyone in the operation to help increase revenue and grow the business.

Finally, **table turnover rate** indicates how frequently tables are occupied and turned over during a given period. When customers are seated promptly upon arrival, served efficiently, and the table is cleared quickly, the restaurant can serve more customers and generate higher revenue.

#### *Customer-Related Restaurant Metrics*

**Guest Check Average** measures the average amount spent by each customer. Increasing the average check size can boost overall revenue.

- **Formula:** Total Sales / Number of Guests

**Table Turnover Rate** indicates how frequently tables are occupied and turned over during a given period. A higher turnover rate suggests efficient use of seating capacity.

- **Formula:** Number of Guests Served / Number of Tables
- Turnover rates can range from 45 minutes to three hours, depending on service level and party size.

## Cost Control

Food and beverage costs combined are the single largest expense a restaurant owner, general manager, and chef have to manage. Food cost is typically 28-35% of total food sales, and beverages generally will be anywhere from 18-25% of total beverage sales, depending on whether alcohol, beer, wine, or soft drinks are sold. With the added expense area of labor, these three categories of controllable expenses are termed prime costs. If not properly analyzed for each and every shift, will make profitability difficult to achieve. Managers should also keep a close eye on other costs, but it's really all about food and labor cost control (unless the business sells a lot of alcohol, but generally speaking, food sales account for 75-80% or more of total sales).

One of the ways to control food costs is the consistent use of a costed-out, **standardized recipe**. Each menu item should have a known cost, which is not only essential to cost control but also to product consistency and, therefore, quality. There are many different items that can potentially be made in any given restaurant. Each recipe will have a list of ingredients, the amount of each ingredient to use, and, of course, the manner in which to prepare it. Each ingredient in the recipe can be costed out, and the total is used to determine the total cost for the menu item. The important thing to

understand is that managers need to be aware of the cost of these menu items so they will know how much to charge for them in order to make them profitable.

Labor costs consist of **salaries** (management) and **wages** (hourly workers), as well as all payroll taxes, benefits, etc. A general target of 30% labor cost is commonly used in restaurants. Every day, managers should be trained to keep a critical eye on the schedules for each shift, and note whether staffing levels are appropriate or not. For example, too few servers may result in slow service, unhappy customers and a low table turnover rate. However, if too many servers are scheduled, each gets fewer tables and fewer tips, and this raises the restaurant's expenses for the night.

### *Key Restaurant Performance Metrics*

**Food Cost Percentage** shows the percentage of revenue spent on food ingredients. A lower food cost percentage indicates better control over food costs and higher profitability.

- **Formula:**  $(\text{Cost of Food Sold} / \text{Food Sales}) * 100$
- Food costs should be around 30% of sales

**Beverage Cost Percentage** shows the percentage of revenue spent on beverage ingredients. A lower beverage cost percentage indicates better control over costs and higher profitability.

- **Formula:**  $(\text{Cost of Beverages Sold} / \text{Beverage Sales}) * 100$
- Beverage cost percentage should be around 30% of sales

**Inventory Turnover Ratio** measures how efficiently inventory is managed by comparing the cost of goods sold to the average inventory. A higher turnover ratio indicates efficient inventory management, meaning the restaurant is selling and replenishing inventory quickly.

- **Formula:**  $\text{Cost of Foods Sold} / \text{Average Inventory}$

**Labor Cost Percentage** indicates the percentage of revenue spent on labor. Efficient labor management results in a lower labor cost percentage, contributing to higher profitability.

- **Formula:**  $(\text{Total Labor Costs} / \text{Total Sales}) * 100$
- Labor cost percentage should be 20-35% of sales

While not specifically a financial metric, **Customer Satisfaction Score (CSAT)** measures customer satisfaction based on feedback and surveys. High customer satisfaction can lead to repeat business and positive word-of-mouth.

- **Formula:**  $(\text{Number of Satisfied Customers} / \text{Total Number of Customers}) * 100$
- A good CSAT score typically falls between 75% and 85%.

## Conclusion

Effective restaurant management requires a comprehensive understanding of both front-of-house and back-of-house operations, with a focus on maintaining high standards of service, food quality, and financial performance. From the role of the general manager to the coordination of kitchen staff, each element contributes to the overall success of the establishment. A well-organized kitchen, efficient purchasing, stringent food safety practices, and savvy financial management are essential components that underpin a thriving restaurant. Additionally, leveraging technology for POS and CRM systems can enhance guest experiences and operational efficiency. Ultimately, achieving excellence in restaurant operations involves continuous improvement, adaptability to industry trends, and a commitment to delivering exceptional dining experiences to guests.

### *Chapter 9 Key Takeaways: Restaurant Operations*

- Successful restaurant management requires a blend of interpersonal skills, financial acumen, and operational expertise.
- Key factors influencing restaurant success include location, cost control, staffing, customer service, and menu quality.
- The general manager (GM) oversees both front-of-house (FOH) and back-of-house (BOH) operations. Their responsibilities include hiring, training, managing staff, financial management, quality control, food safety, and customer relations.
- Front of House staff roles include the FOH manager and/or assistant managers, hosts, servers, bartenders, bussers, and in fine-dining establishments, a sommelier.
- Quality food and a satisfying overall experience are crucial for customer retention, while atmosphere and service also play a significant role in customer satisfaction.
- Various meal service styles (table, plate, family-style, cart, platter, and buffet) cater to different guest expectations.
- Point of Sale (POS) systems, reservation systems, and Customer Relationship Management (CRM) tools enhance operational efficiency and help collect guest information, personalize service, and encourage loyalty.
- Kitchen Staff Roles include the Executive Chef, Chef de cuisine, sous chef, pastry chef, line cooks, and dishwashers
- ServSafe certification educates employees on safe food handling, preparation, and storage practices to prevent foodborne illnesses.
- Financial management and accurate forecasting of sales and expenses is essential for profitability.
- Important metrics include customer count, guest check average, and table turnover rate.
- Cost control focuses on food, beverage, and labor costs (prime costs).
- Key Financial Ratios include food cost percentage, beverage cost percentage, inventory turnover rate, and labor cost percentage.

## Notes

1. Restaurant Business Magazine (2022). "Dine-in customers rank food quality a top priority when choosing a restaurant." Retrieved from: <https://www.restaurantbusinessonline.com/consumer-trends/dine-customers-rank-food-quality-top-priority-when-choosing-restaurant>.
2. Kwok, L., & Yu, B. (2013). Spreading social media messages on Facebook. An analysis of restaurant business-to-consumer communications. *Cornell Hospitality Quarterly*, 54(1), 84-94

# Chapter 9: Beverage Management



*Bartender mixing a drink. Photo by Andrea Piacquadio from [Pexels](#)*

## *Learning Objectives*

At the end of this chapter, you should be able to do the following:

1. Identify and distinguish between the main segments of the beverage industry, including alcoholic and nonalcoholic beverages.
2. Recognize beverage production processes for various beverages, such as coffee roasting, tea fermentation, wine fermentation, and spirit distillation.
3. Analyze and discuss the factors contributing to high-profit margins in different segments of the

- beverage industry, particularly nonalcoholic beverages like soda, fruit juices, and bottled water.
4. Differentiate between various types of beverages, including the classifications of bottled water, types of coffee roasts, and the differences between sparkling wine and champagne.
  5. Understand the role of fermentation in the production of alcoholic beverages, including wine, beer, and spirits, and its impact on flavor and quality.
  6. Evaluate current trends in the beverage industry, such as the rise of craft cocktails, the popularity of cold-brew coffee, and innovations in beverage packaging and marketing.

## Introduction to Beverage Management

The beverage industry is an extremely complex local, regional, national, and global business that includes nonalcoholic and alcoholic products. Students can find it challenging to understand the interconnectedness of this industry when developing beverage-oriented hospitality businesses and serving these products in restaurants.

The beverage industry is vibrant and ever-evolving. Its components and areas include agriculture, marketing, sales, scientific research, fermentation, barrel-room technicians, consumer behavior, sommeliers, manufacturing, and supply chain management.

Beverages also have high-profit margins, and in many cases, jobs in this segment of the hospitality industry do not require detailed specialized skills. This makes working and launching careers in the beverage industry extremely accessible. There are two main segments of the beverage industry: nonalcoholic and alcoholic.

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## Nonalcohol Beverage Management

The nonalcoholic beverage industry is composed of liquid refreshment beverages (LRBs). These products include soda, bottled water, fruit juices, coffee, and tea.

### Soda

Carbonated beverages can trace their history back to the 1700s in Europe and were designed to duplicate high-quality water. Early sodas had flavor profiles of lemon and lime with carbon dioxide added. Today, the major ingredients in sodas include natural flavors such as cinnamon, nutmeg,



citrus, citric acid, high-fructose corn syrup, and carbonated water. For darker sodas such as Coca-Cola or Pepsi, caramel coloring provides a unique color and various taste profiles

## **Bottled Water**

Before the 1970s, bottled water was just a niche product for the wealthy. Water was a natural resource that was accessible to everyone. The development of plastic bottles and the convenience of having branded water products have led to the growth of this industry.

Bottled water is defined as drinking water that is sourced from natural environments. The disposal of the bottles that are used for water has produced huge environmental risks and challenges. Plastics contribute to the leaching and contamination of soil and water sources in areas that are close to dump sites. The unintended consequences of plastics impact waterways and oceans.

For pop-up restaurants and other food-service businesses, understanding what consumers are looking for as to how bottled water is being sold and facilitated is key. Most would agree that from a sustainability and entrepreneurial perspective, bottled water, although convenient, is not good for our planet.

Most restaurants weigh the sales of bottled water against the investment of resources and cost of materials businesses can derive from these products. It also is important to recognize that bottled water consumption will vary from geographical destinations and is impacted by the movement of customers.

### *Types of Bottled Water*

- Mineral water—water that is sourced from springs that contain minerals such as salts and sulfur compounds, is geologically and physically protected, and has no added minerals
- Hydrogen water—water that contains dissolved hydrogen gases, producing a carbonation effect
- Groundwater—water from an underground source
- Alkaline water—water that has an increased pH level through electrolysis
- Fluoridated water—water in which fluoride is added during the sourcing and production process
- Artesian water—water that originates from a confined aquifer
- Purified water—water that has been produced by deionization, distillation, and reverse osmosis
- Sparkling water—water that contains the same amount of carbon dioxide when it is sourced
- Springwater—water that is developed from an underground formation in which the water flows to the earth's surface
- Well water—water that is sourced from drilling or tapping into a groundwater source

## Fruit Juices

Fruit juices have been consumed since the beginning of human civilization. In ancient times, extracting the juice from fruits was done normally under extreme circumstances due to the time and processing involved in obtaining a useable product. Pre–World War II, fresh-squeezed juices were products that mostly only the wealthy could afford and had access to.

In more recent years, with increased manufacturing technology, commercial farming can plant more fruit trees and bushes and produce more fruits twelve months a year in various destinations across the globe.

With this high quantity of fruit stuffs, more human beings globally have access to funds to purchase these products, which leads to a greater focus on health and wellness that millennials, Generation Zers, and Generation Alphas enjoy. This simply means that globally, we are producing more fruits that can be pressed and produced into juices along with more individuals that can afford to purchase these juices.

Fruit juices are made of 100 percent pure juice. These products consist of the flesh or meat of whole fruit. The various types of fruit juices are endless, and some common juices include apple, orange, grapefruit, grape, lemon, and pineapple.

Many commercial juice products contain additional water and commercial sugars and ingredients, allowing for less fruit juice to be used, which then increases the product yield and decreases the price point.

## Coffee and Tea

For many pop-up restaurants, coffee and tea are important components of beverage options but also can be the concept and overall design of the businesses themselves. With the rise over the past twenty years of firms such as Starbucks and La Colombe, large companies have partnered with various businesses such as hotel groups to increase their economic footprint along with providing opportunities for more consumers to consume their products. For hospitality businesses, both coffee and tea allow for product options to drive sales.

### *Coffee*

There are two types of commercial coffee types: arabica and robusta. Arabica institutes about 70 percent of the world's coffee production and is grown predominantly in Latin America and Africa.

Robusta is grown in Indonesia and Africa at high altitudes. These beans are produced in wet and humid geographical areas. Coffee beans are also grown and cultivated on trees and are called cherries while they are growing.

## Coffee Classifications

- Robusta—grown and produced in Southeast Asia and Africa and accounts for around 20 percent of all coffee produced; flavor and taste profiles include aromatics and are full bodied
- Colombian mild—grown and produced in Tanzania, Kenya, and Colombia and constitutes about 15 percent of the world’s production; flavor and taste profiles include sweet and deep citrus flavors
- Additional mild arabicas—grown and produced in Latin America and account for about 25 percent of world coffee production; flavor and taste profiles include medium with sour aromatics
- Brazilian—grown and produced in Brazil and Ethiopia and constitutes about 40 percent of global coffee production; flavor and taste profiles have a moderate level of citrus components

## Utilization and Roasting of Beans

Once the cherries or coffee beans are harvested, the roasting process is what brings out and develops a unique aroma and flavor. Coffee beans are roasted at temperatures around five hundred degrees for varying amounts of time, depending on the level of caramelization desired.

As coffee beans are roasted, the level of acidity is decreased, and the flavor profiles and bitterness are increased. Coffee roasts are classified into three categories:

1. Medium—medium caramelization
2. Heavy—heavy levels of caramelization
3. Dark—extremely heavy levels of caramelization and carbonized flavor profiles

## Levels and Classification of Roasting Coffee Beans

Full city. This process involves coffee beans that are roasted to a medium level. This roast is the most common for American and Canadian coffee consumers.

French roast. This process involves heavy roasting, which develops more enhanced and bitter flavor profiles. These final beans will display a light oily appearance, and this roast is extremely popular with French demographical populations including New Orleans.

Italian roast. This is the last stage of roasting and produces a dark flavor profile. The beans become carbonized, with small aspects of carbon and light hints of oils. Coffee beans roasted using this method are used to produce espresso and cappuccino.

## Decaffeinated Coffee

The objective of decaffeinating coffee is to remove the caffeine from the product. Caffeine is a nitrogen-based compound found in coffee plants. For some consumers, caffeine can cause

sleeplessness and an increase in their heart rate. There are two methods for processing coffee beans and removing the caffeine.

Chemical method. This method starts with green coffee beans and involves soaking them for a few minutes in methylene chloride, which decreases the caffeine from the bean.

Water method. This method involves green coffee beans that are soaked in water for several hours to remove the caffeine.

## Tea

The overall art of classic tea service over more recent years has been lost. For pop-up restaurants, tea provides opportunities as a beverage option offered to customers along with a low cost and various production options. Tea is served either hot or cold and, due to its properties, can be combined and incorporated with other flavors. This allows for greater creativity and optionality from a menu-design perspective.

### *Tea and Manufacturing*

Tea shrubs grow in warm climates and at high elevations, up to six thousand feet. Most tea production is performed within large plantations in tea-growing countries and provides positive cascading effects on the economy. All tea is produced by the same plants, but there are over 1,475 different grades and over 2,000 various blends with various flavor profiles and tastes.

Unfermented green tea. These tea leaves are steamed in boilers or cylinders until soft and rolled on mats. This process is repeated until the tea leaves are crisp and dry.

Fermented black tea. These tea leaves are spread on a screen and dried by hot air or by the sun. Next, the tea leaves are rolled, exposing the oxidized juices, and are cooled. This process is completed until the tea leaves are dry.

Oolong. These tea leaves are partially fermented before drying.

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## **Alcohol Beverage Management**

The alcoholic beverage industry is composed of wine, spirits, and beer. Each of these segments has unique production methods and offers sales options for diverse demographical segments.

# Wine

Humans have been consuming wine for thousands of years, with the oldest grape wine, Syrah, being sourced in modern-day Iraq. Even religious readings such as the Bible contain historical stories involving the use of wine.

Wine is a beverage that is normally produced with the fermented juice of grapes. During the fermentation process, the grape juice is turned into wine. One important key step when understanding wine production is that the name of the grape normally represents the primary grape that is used to produce the wine itself.

In a bottle of Pinot Noir, the primary grape will be Pinot Noir, or in a bottle of Sauvignon Blanc, the primary grape will be Sauvignon Blanc. This understanding of how the grape itself works is key as we explore wine production and its uses within the hospitality industry and pop-up restaurants.

There are five major stages when producing wine:

1. Harvesting
2. Crushing and pressing
3. Fermentation
4. Adding tannins
5. Aging and blending

Harvesting is the process of removing grapes from the vine, which can be processed by hand or mechanically. The style of wine that the maker is looking to produce and the type of grape will impact the timing of harvest. Weather can play an important factor in grape harvesting and overall wine production. Circumstances such as light rain or an early or late frost during the vine-growing development of the grapes; midsummer, when grape production is at its peak; or before and during the harvest time periods will impact the overall quality of wine being produced.

Crushing and pressing incorporate the juice from grapes. There are two major techniques winemakers use to produce wine: manual and mechanical. Manual wine production uses stomping the grapes with a person's feet, and mechanical wine production uses machines to separate the juice from grapes. With both techniques, must is developed, which is grape juice that is extracted from grapes once wine production begins.

Fermentation is the must or juice that begins to ferment within eight to twenty-four hours. A key component of this process includes the incorporation of wild yeast, or some winemakers will elect to add commercial yeast. This process continues until all or most of the sugar is converted into alcohol.

Tannins are components and elements that are added to impact the flavor as the wine is being processed. These include bark, seeds, flowers, and additional flavor profiles.

Aging and blending provide winemakers with the option to bottle wine immediately or allow for additional aging. Aging can occur in bottles, stainless steel tanks, or oak barrels. Oak barrels are

normally used for the aging of red wines and Chardonnay. White and blush wines use stainless steel tanks for aging.

An additional key component of wine production is the Brix scale, which measures the sugar content in must. Winemakers in best-case scenarios are looking for a Brix factor of 21 to 25 percent. The lower percentage of these numbers will increase the need for processed sugar added during the fermentation process to assist with alcohol conversion. This adding of sugar is called chaptalization.

During fermentation, it's important to remember that the color profile of wines—red, white, or blush—is determined by not the grape but whether the seeds, skins, and vine stems are left in the must during fermentation.

As winemakers begin the fermentation process for white wines, the seeds, skins, and vine stems are removed. With blush wine, these items are left in the must for twenty-four to seventy-two hours, and for red wines, the seeds, skins, and vine stems are left in the must during the entire fermentation process.

## Champagne and Sparkling Wines

Champagne and sparkling wines are produced once wines are processed through a second fermentation. To be called champagne, the grapes must be grown and processed in the Champagne region of France. The three grapes required for true champagne are Chardonnay, Pinot Meunier, and Pinot Noir.

Sparkling wines will go through the same exact second fermentation used with champagne but do not have the same grape and geographical classification requirements. Once the wine goes through the second fermentation, the Charmat or traditional method is started, which traps bubbles in the wine bottle. Here are the remaining steps needed to produce champagne and sparkling wines after the first fermentation:

**Assemblage.** Assemblage is the art of blending wines in order to prepare for the second fermentation.

**Second fermentation.** The second fermentation takes place once the wine is developed and involves adding a mixture of yeast nutrients, sugar, and wild or natural yeast into the wine bottle. Once this step is conducted, the bottle is sealed so that carbon dioxide cannot escape.

**Aging.** As the second fermentation begins, the complex flavor profiles and bubbles that are found in sparkling wines and champagnes continue to take place.

**Riddling.** Riddling is the time-honored process of placing the champagne bottle upside down at a seventy-five-degree angle. Each day the bottle is turned one-eighth a degree. This step allows the sediment at the bottom of the bottle to work its way toward the top of the bottle.

**Disgorging.** Once the second fermentation has been completed, the champagne bottle is held

upside down, and the tip of the bottle is frozen. The bottle cap is quickly removed, and the pressure of the carbon dioxide will cause the frozen wine to release.

Dosage. Next, the dosage is completed in which a light mixture of white wine, brandy, and sugar—called liqueur de tirage in France—is added to make up for the lost product and the sweetness of the champagne is adjusted. Liqueur de tirage assists with classifying the champagne as brut nature, extra brut, brut, extra dry, dry, semidry, or doux, which all provide classifications as to the sweetness and sugar content of the champagne. The final step in this process is the corking of the bottle.

## Terroir and Geography

Terroir or topography is an important factor during wine production and includes the land, shapes, soil, weather, and natural features that impact how grapes are grown.

Geography plays a key role in the unique characteristics of wine production. Key indicators for grape production and producing high-quality wine include temperature, climate, elevation, and types of soil. Most top global wine production regions are located close to coastal areas or large bodies of water. These geographic regions are normally close to mountains and valleys. This idea of the association of valleys to grape production and higher elevations results in two key components that increase the quality of the grapes being produced. First, the grapes are kept cooler during the peak output of sunlight during the day. Second, natural precipitation produced from large waterways produces a mist that holds heat in valley areas, creating a natural blanket to protect the grapes.

Some examples of this combination of terroir and geography can be found in Casablanca Valley in Chile, the Finger Lakes in western New York State; Willamette Valley in Oregon, and Bordeaux, France.

## ***Common Varietal Types of Wine***

There are thousands of grape varieties globally, but there are only seven noble grapes. Noble grapes are varieties or types of grapes that can grow in diverse climates and topography. These grapes include Merlot, Cabernet Sauvignon, Pinot Noir, Carmenère, Sauvignon Blanc, Chardonnay, and Riesling.

In restaurants and bars, the following varieties are most popular for wine lists and programs.

### **Reds**

Cabernet Sauvignon

Pinot Noir

Merlot

### **White**

Sauvignon Blanc

Chardonnay

Riesling

|                |                  |
|----------------|------------------|
| Syrah          | Pinot Gris       |
| Zinfandel      | Semillon         |
| Malbec         | Chenin Blanc     |
| Sangiovese     | Gewurztraminer   |
| Grenache       | Viognier         |
| Carmenere      | Moscato Bianco   |
| Tempranillo    | Albarino         |
| Cabernet Franc | Gruner Veltliner |
| Barbera        | Airen            |

## Consumer Behavior

Globally, wine consumption has changed in recent years, as millennials and Generation Zers have increased not only their alcohol consumption but also simply their enjoyment of wine. Pre-COVID-19, intrapandemic, and postpandemic, lower-price wines and wines packaged in cans have become more popular and have made wine more accessible. A more recent trend is sourcing the wine production, such as top-rated wines being produced in Latin America and China. These new wine-producing locations are changing how consumers look to explore and purchase wine.

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## Spirits

Spirits play a key part in alcoholic beverage programs in restaurants and bars. They are diverse and demand planning to ensure that drinks are served safely. Spirits produce options to enhance the customers' experience during the meal, introduce creativity or flavor profiles, and can be the main attraction of a pop-up.

Many spirits have a common process of distillation, which is the process of incorporating the liquid into alcohol.

## Spirit Production

Distillation is the process in which a liquid is heated to create vapors that will condense back into the liquid. During this process, droplets remain, resulting in alcohol production. Percolation is a cold



methodology for producing spirits that has a brewing process like coffee with flavoring elements placed on the top of the apparatus.

When producing spirits, there are three methods: the cold method, the hot method, and maceration. The cold method in most cases uses fruit flavors, plants seeds, and peels; flowers use the hot method; and maceration is used for all other ingredients when producing spirits.

Spirits also have precise and distinct categories that allow for unique styles that provide sophistication and sensory flavor profiles.

## *Types of Liqueurs*

### ***Fruit Flavored Liqueurs***

Labels will indicate which fruits were used to produce the product. Here are some examples:

- Midori—melon
- Cocoribe—coconut
- Peter Heering—cherries

### ***Seed-Based Liqueurs***

Traditionally, seed-based liqueurs do not use a single seed but several ingredients, with the seed flavor being predominant. Here are some examples:

- Arak—anise
- Anisette—anise
- Kummel—caraway, cumin, and fennel seeds

### ***Herb Based Liqueurs***

Production processes focus on a combination of herbs. Here are some examples:

- Chartreuse—wild mountain herbs and honey
- Jägermeister—a blend of fifty-six roots and herbs

### ***Peel Based Liqueurs***

The flavor profiles are produced by the rind of citrus fruit being used. Here are additional examples:

- Curacao—orange
- Grand Marnier—orange
- Le Grande Passion—passion fruit

### ***Crème Based Liqueurs***

Crème-based liqueurs have creamy textures and a sweet taste, with crèmes always taking on the dominant ingredients, being normally very sweet. Here are some examples:

- Crème de banana—banana
- Crème de cassis—black currants
- Crème de framboise—raspberry

## Cocktail Programs Embedded with Restaurants & Bars

There are two types of drinks that are produced with spirits. These drinks are called classic and craft cocktails. Classic cocktails are normally served at many alcoholic beverage establishments and are common in modern beverage programs. Craft cocktails are designed at individual restaurants and bars with unique ingredients. Both craft and classic cocktails provide amazing options and opportunities to improve profit margins and enhance menu options and overall aesthetics.

These various cocktails include primary and secondary spirits, herbs, fresh fruits, jams, juices, vegetables, and additional ingredients.

## Primary Spirits Used For Cocktails

- Gin
- Rum
- Whiskey
- Bourbon
- Tequila
- Mescal
- Vodka

## Secondary Spirits Used For Cocktails

- Chambord
- Frangelico
- St. Germain Elderflower
- Calvados
- Cointreau
- Green Chartreuse
- Vermouth
- Amaro

### *Classic Cocktail Examples*

- French 75
- Mojito
- Moscow Mule
- Manhattan
- Daiquiri
- Whiskey Sour
- Cosmopolitan
- Sidecar
- Margarita
- Negroni

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## Beer

As we have explored in regard to wine, beer has a long history that can be traced back to ancient times. Western Europe has a long tradition of beer making, which was introduced to America primarily via Irish and German immigrants. Before the Industrial Revolution, the product was consumed due to the low quality of drinking water.

In more recent years, beer has increased in popularity and has the flexibility to be infused with additional flavor profiles and styles. Here are the major ingredients to produce beer:

- High-quality water
- Malt
- Partial mash
- All grain
- Hops
- Yeast

### *Top Beer Fermentation*

Top-fermentation-produced beers are fermented around 65–75°F. Once the yeast is converted into alcohol, a second crop is added. Types of top-fermentation beers include ales, porters, and stouts.

### *Bottom Beer Fermentation*

Bottom-fermentation-produced beers are fermented around 45–55°F. Settled yeast is decanted from the beer along with sediment retrieved. Types of bottom-fermentation beers include lagers and pilsners.

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## **Conclusion**

Beverages can improve the financial viability of pop-up restaurants and enhance the food customers consume. With the correct beverage selections and offerings for consumers, profits can be increased.

In pop-up restaurants, the storytelling of beverages can be used to entertain, educate, and enhance the relationship between business and customers. Being able to share the story and design of a pop-up restaurant through beverages, classes for designing craft cocktails, and wine and beer tastings provide amazing options to drive and increase revenue.

- The beverage industry encompasses a wide range of products, each with unique production methods, market demands, and consumer preferences.
- The beverage industry is a complex and interconnected industry that includes nonalcoholic and alcoholic products and involves various sectors such as agriculture, marketing, sales, scientific research, and more.
- Beverages have high-profit margins, and jobs in this industry often do not require specialized skills, making it accessible for careers.
- Nonalcoholic beverages, also known as liquid refreshment beverages include soda, bottled water, fruit juices, coffee, and tea.
- Carbonated beverages have evolved from the 1700s with ingredients like cinnamon, nutmeg, citrus, high-fructose corn syrup, and carbonated water.
- Bottled water became popular with the development of plastic bottles but poses significant environmental risks due to plastic waste.
- Coffee and tea are important components in beverage options for restaurants, with coffee types including arabica and robusta, and tea offering various production options.
- Wine production involves stages such as harvesting, crushing, pressing, fermentation, adding tannins, and aging/blending. Key components include the brix scale and chaptalization.
- Champagne and sparkling wines are produced through a second fermentation process with specific regional and grape requirements for champagne.
- Terroir and geography are unique characteristics of wine production that are influenced by land, shapes, soil, weather, and natural features.
- Common varietal types of wine include both red and white wines with popular varietals like cabernet sauvignon, pinot noir, merlot, chardonnay, and riesling.
- Distillation is key in spirit production, with categories like fruit-flavored liqueurs, seed-based liqueurs, herb-based liqueurs, peel-based liqueurs, and crème-based liqueurs.
- Classic and craft cocktails enhance profit margins and menu options, using primary and secondary spirits, fresh herbs, fruits, jams, juices, vegetables, and additional ingredients.
- Major ingredients in beer include high-quality water, malt, hops, yeast, and methods like top and bottom fermentation.



# UNIT 4: ATTRACTIONS AND EVENTS





# Chapter 10: Attractions, Recreation and Leisure Activities



*Eiffel Tower, Paris; Photo by Mart LMJ from [Pexels](#)*

## *Learning Objectives*

*After completing this chapter, you should be able to:*

1. Differentiate between cultural attractions, recreation, and leisure activities.

2. Describe the significance, size, and economic contribution of this sector to the overall tourism industry in the US.
3. Explain the role and importance of cultural heritage attractions in preserving history, culture, and identity, and their impact on local and global tourism.
4. Differentiate between recreation, outdoor recreation, golf, ski, water-based, and adventure tourism, and nature-based tourism.
5. Identify different types of leisure activities that attract tourists to a destination.
6. Describe the different types of fairs, festivals, and events and differentiate between events and mega events.

## Introduction to Attractions, Recreation & Leisure Activities

Many of us have childhood (and adult!) memories of going on family vacations to theme parks like Disney or taking day trips to Six Flags or even more locally at Splashdown Beach.

In Chapter 2, we defined tourism as travel with a purpose. For many, that purpose involves engaging in activities such as sightseeing, visiting natural, cultural, historical, and recreational attractions, sporting and entertainment venues, participating in leisure activities, and experiencing the local culture. These activities connect us with the past, introduce us to diverse cultures, and deepen our understanding of the world we inhabit. In this chapter, we will look at three broad categories of “attractions” that often influence our destination choices and help create lifelong memories and experiences:

- Cultural Attractions
- Recreation
- Leisure Activities

**Cultural attractions** are those places of culture, heritage, nature, or activities that draw people to visit, typically for its inherent or an exhibited natural or cultural value, historical significance, natural or built beauty, offering leisure and amusement. Cultural/Heritage attractions include historic sites and landmarks, museums and performing arts, zoos, and culinary tourism.

**Recreation and leisure** refers to activities that people do outside of work for pleasure. The recreation category includes theme parks, national and state parks, golf resorts, ski resorts, and water sports. Leisure attractions include spectator sports, casino gaming, mega events, festivals, and agritourism.

To exist, these attractions often need to generate revenue to pay for site operations, to pay for staff, and to run educational programs. The sector involves a range of organizations, some privately

owned, while others are government-funded or non-profit. Revenue to culture- and nature-based sites has the added benefit of supporting their preservation as well as to build awareness and a deeper understanding in the public.

## Tourism Attractions & The Experience Economy

In the late 1990's, authors and management advisors B. Joseph Pine II and James H. Gilmore coined the term "experience economy." The **experience economy** is an economic concept where businesses focus on creating memorable experiences for customers rather than just selling goods or services. In this economy, people are willing to pay more for unique, enjoyable, or meaningful experiences, such as going to a concert, dining at a themed restaurant, or taking part in a personalized travel adventure. The idea is that these experiences are more valuable to consumers because they create lasting memories and emotional connections. This concept is especially important when it comes to tourist attractions, recreation, and leisure activities.

The Good Tourism Institute notes, "Travellers are more and more searching for meaningful and unique experiences they will remember for a lifetime. More specifically, they don't want to tick off the same list as everyone else. They are looking for an actual connection with the local population and enjoy untouched nature. They look for experiences they will think back to ten years later. To put it simply, travellers no longer want to just visit places, they want to truly experience it. And they're also willing to pay more for it."<sup>1</sup>

Examples of experiences might include Wild Encounters at the Bronx Zoo, where visitors chat with zookeepers and have up-close experiences with animals, a princess (or knight) makeover at Disney World's Bibbidi Bobbidi Boutique, or a guided tour and champagne toast at the top of the Eiffel Tower in Paris.

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## Cultural Heritage Attractions

**Cultural heritage** is the living expression of a society's identity. It encompasses not only the tangible artifacts found in museums and archaeological sites but also the intangible aspects such as traditions, languages, cuisine, and art forms.<sup>2</sup> Cultural heritage tourism provides a gateway to understanding the heart and soul of different communities, fostering a sense of appreciation for the rich tapestry of human civilization. The UNWTO defines cultural tourism as "a type of tourism activity in which the visitor's essential motivation is to learn, discover, experience and consume the tangible and intangible cultural attractions/products in a tourism destination."<sup>3</sup>

Below, we'll review four types of cultural heritage attractions: Historical Sites and Landmarks, Museums and Art Galleries, and Performing Arts.

## Historic Sites and Landmarks

A **landmark** is a prominent or well-known feature in a location, often used as a point of reference. Landmarks can be natural, like a mountain or a river, or man-made, such as a tall building, bridge, or monument. They are recognizable and significant, often becoming symbols of the area they are located in, like the Golden Gate Bridge in San Francisco or the Walkway Over the Hudson in Poughkeepsie. While they are popular tourist attractions, they don't necessarily have historical significance.

On the other hand, a **historic landmark** is specifically recognized for its historical, cultural, or architectural importance. These are places that have played a significant role in history or represent important aspects of the past. For example, Independence Hall in Philadelphia is a historic landmark because of its role in the American Revolution and the signing of the Declaration of Independence.

- [Eiffel Tower](#): The most visited monument in the world. As France's symbol in the world, and the showcase of Paris, today it welcomes almost 7 million visitors a year (around 75% of whom are foreigners), making it the most visited monument that you have to pay for in the world.
- [Statue of Liberty](#): One of the most iconic landmarks in the United States, the Statue of Liberty Museum welcomes 4.3 million annually
- [The Pyramids of Giza](#): Over 14 million people visit Egypt's Pyramids of Giza each year, making it one of the most popular tourist sites in the world.

## Art Museums and Galleries

Art museums and galleries may be public, private, or commercial. Both present works of art to the public, exhibiting a diverse range of art from more well-known artists to emerging artists. Exhibitions are assembled and organized by a curator who oversees the installation of the works in the gallery space. However, art museums and public galleries have different mandates and, therefore, offer different visitor experiences.

**Art museums** collect historical and modern works of art for educational purposes and to preserve them for future generations. Public galleries, on the other hand, do not generally collect or conserve works of art. Rather, they focus on exhibitions of contemporary works as well as on programs of lectures, publications, and other events.

The number of museums in the United States has more than quadrupled since 1950. They support over 726,000 American jobs and contribute \$50 billion to the U.S. economy each year.<sup>4</sup> There are many types of museums, including general, art, science and technology, natural history, history, and military.

Some of the most popular US museums include The Smithsonian in Washington, DC; the Metropolitan Museum of Art, Museum of Modern Art, and Museum of Natural History in New York City; and Chicago's Field Museum and Art Institute. Internationally, must-visit museums include The

Louvre and Musee d'Orsay in Paris, the National Gallery and The Tate Modern in London, and the Galleria dell'Accademia in Florence.

Here in the Hudson Valley, we are fortunate to have our very own hidden gem—the [Frances Lehman Loeb Art Center at Vassar College](#). Home to a notable collection of Hudson River School paintings, the center also includes works by Pablo Picasso, Jackson Pollock, and Georgia O'Keefe.

Zoos also fall under the museum umbrella. According to the Association of Zoos and Aquariums, they attract more than 183 million annual visitors in the US and over 200 million worldwide – more visitors than NFL, NBA, NHL, and MLB annual attendance combined!<sup>5</sup>

## Performing Arts

**Performing arts** generally include theatre companies and dinner theatres, dance companies, musical groups, and artists and other performing arts companies. Music, dance, and theatre are often key features of cultural promotion intended to attract tourists and are regularly featured in tour operators' itineraries.<sup>6</sup> This is especially true for destinations like New York City. Broadway alone accounts for a significant visitor impact:

- In the 2022-23 season, Broadway shows welcomed 12.3 million admissions (\$1.6 billion in ticket sales)
- In the 2018-2019 season, Broadway contributed an astonishing \$14.7 billion to the city's economy.
- Approximately 35% of those attendances were by people from the New York City metropolitan area.
- Tourists made 65% of admissions: 46% from the United States and 19% from other countries.

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## Recreational Attractions

Recreation can be defined as the pursuit of leisure activities during one's spare time and can include vastly different activities such as golfing, sport fishing, and rock climbing.<sup>7</sup> Defining recreation as it pertains to tourism, however, is more challenging. For this chapter, we'll include amusement parks, outdoor recreation, national parks, golf courses and resorts, mountain resorts, water-based recreation and adventure tourism.

## Amusement & Theme Parks

Amusement parks and theme parks are both destinations designed for entertainment, offering rides, games, and attractions, but they differ in their focus and experience.

**Amusement parks** typically offer a wide range of rides and attractions, including roller coasters, Ferris wheels, water rides, and more. The rides are usually the central feature, with the park's layout designed to provide maximum fun and thrills. Examples of amusement parks in the US include Coney Island in New York, Six Flags Great Adventure in New Jersey, and Cedar Point in Ohio.

**Theme parks** are built around a specific theme or concept that influences the park's design, attractions, and overall atmosphere. Everything from the architecture to the rides and even the staff's costumes is designed to immerse visitors in that theme. Today, it is hard not to compare any theme park destination to Disneyland and Disney World, which set the standard and remain among the worlds most visited

### *SPOTLIGHT ON: Walt Disney World*

Operating Walt Disney World in Orlando is a massive undertaking! Here are a few interesting facts about the park and resort.<sup>8</sup>

- In 2021 the Magic Kingdom welcomes 57,000 average daily visitors and more than 21 million annual visitors while EPCOT welcomes 34,000 average daily visitors and more than 12 million annual visitors.
- There are 77,000 cast members throughout the Disney World resort, which makes it the biggest single-site employer in the United States.
- Each year, WDW horticulturalists maintain over 2 million shrubs, 13,000 roses, and train 200 perennial shrubs on the property. With 2,000 acres of turf to maintain, WDW grounds crews log 450,000 mowing miles every year!
- 285,000 pounds of laundry is cleaned by WDW employees every day.
- In total, Disney World has over 30,000 hotel rooms, 409 wilderness cabins, 799 campsites, and 3,293 Disney Vacation Club units. Disney's Pop Century Resort has the most guest rooms of any Disney World Resort (2,880 rooms)
- WDW has over 300 dining outlets with a staff of 350 chefs. Every year, Disney World serves 10 million hamburgers, 6 million hot dogs, 9 million pounds of French fries, 300,000 pounds of popcorn, and 1.6 million turkey drumsticks.
- 13 million bottles of water and 75 million Coca-Colas are sold each year at WDW.
- An average of 250,000 guests travel daily to and from various WDW properties via the 400+ buses, 12 monorail trains, and the fleet of water taxis and boats owned by Disney. The monorail alone has an average of 150,000 daily riders

## Outdoor Recreation

**Outdoor recreation** is another umbrella term. It can be defined as “outdoor activities that take place in a natural setting, as opposed to a highly cultivated or managed landscape such as a playing field or golf course”.<sup>9</sup> This term is typically applied to outdoor activities that individuals engage in and that are located close to their community. When these activities are further away, and people must travel some distance to participate in them, they are often described as adventure tourism.

Another term that is used, one that overlaps with the definitions of outdoor recreation and adventure tourism, is **nature-based tourism**, which refers to “those tourism experiences that are directly or indirectly dependent on the natural environment”.<sup>10</sup> This term is often used to describe activities that are closely connected to nature, such as whale watching, birding, or self-propelled travel such as hiking and kayaking.

## National Parks

It may come as no surprise that the venues where many recreation and leisure activities are conducted is within local, county, state, and national parks, forests, and recreation areas.

Parks are most often owned and operated by public sector agencies at the local/regional, state, and national levels of government for reasons that extend well beyond just recreational pursuits. These reasons often include designation due to an area’s natural beauty or geographical features, historical or cultural significance, or a particular scientific interest in an area’s formation, its natural resources, or biological diversity. These varying perspectives are reflected in the US National Park Service’s (NPS) mission of “conserving unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. The Service is also responsible for managing a great variety of national and international programs designed to help extend the benefits of natural and cultural resource conservation and outdoor recreation throughout this country and the world.”<sup>11</sup>

The NPS currently manages 63 national parks and more than 420 historic sites, monuments, battlefields, rivers, seashores, scenic trails, preserves, and recreation areas. The NPS welcomes 318 million visitors annually and supports a staff of 200,000 employees.

While national parks are well-known examples, publicly funded recreation can encompass a wide range of initiatives, including city parks, state parks, wildlife reserves, historic sites, public swimming pools, sports facilities, and community centers. Here in New York, our 180 state parks saw record attendance in 2022 with 79.5 million visits.

## Golf Courses and Resorts

The National Golf Foundation (NGF) reports that 45 million people over the age of six played golf – both on-course and off-course – in 2023. Additionally, 3.4 million played on a golf course for the first time that year.<sup>12</sup> The NGF's 2023 Economic Impact Report also noted that the total economic impact generated by the business of golf is \$226.5 billion and that golf supports approximately 1.65 million jobs.<sup>13</sup>

Golf is a significant tourism attraction in the US, with California, Florida, New York, and Texas being the top states for golf. [Golf.com](https://www.golf.com) and [Golf Digest](https://www.golfdigest.com) each publish an annual list of the top golf courses and resorts in the US and around the world. These tend to be luxury, full-service properties offering pools, spas, gourmet dining, and other high-end amenities.

## Ski & Mountain Resorts

The US offers many world-class facilities and high-quality snow conditions that appeal for downhill skiers and snowboarders. Many of mountain resorts have diversified to offer summer operations, including mountain bike parks, hiking, and sightseeing. Mountain resorts can be separated into two principal categories: destination resorts and regional resorts.

**Destination mountain resorts** are often significantly larger and offer a greater range of amenities such as on-mountain accommodation and food services; they are also generally marketed to out-of-area and international visitors. Popular ski destinations in the northeast include Vermont and New Hampshire, while Colorado, Utah, Wyoming and Idaho dominate the west. On the other hand, **regional mountain resorts** are usually smaller in size and capacity, have fewer amenities, and often cater more directly to the local community such as Gore Mountain in the Adirondacks and Windham Mountain Club in the Catskills.

Together, both types of ski resorts have a significant impact on tourism and the economy:<sup>14</sup>

- There are approximately 470 ski areas operating in 37 states in the US – and 52 in New York
- During the 2021/22 season boasted more than 60 million skier visits; 10.7 million of which were *unique* visits
- Most resorts offer single tickets, season passes, and multi-resort passes
- Many resorts also offer a variety of additional activities such as lessons, tubing, skating, spa, and dining

## Water-Based Recreation and Tourism

Water-based recreation and tourism in the US is extensive and varied. The shoreline of more than 95,471 miles provides ideal opportunities for coastal recreation and tourism, as well as inland, fresh



water-based activities on lakes and rivers. Activities include scuba diving, boat tours, sport fishing, paddle sports (sea kayaking, river kayaking, canoeing, sailing, stand up paddleboarding (SUP), and more.

## Adventure Tourism

According to the United Nations World Tourism Organization (UNWTO), **adventure tourism** is “a type of tourism which usually takes place in destinations with specific geographic features and landscape and tends to be associated with a physical activity, cultural exchange, interaction and engagement with nature. This experience may involve some kind of real or perceived risk and may require significant physical and/or mental effort.”<sup>15</sup>

Examples of adventure tourism include zip lining in the Costa Rican rainforest, scuba diving in Great Barrier Reef, hiking the volcanic fields of Iceland, or whitewater rafting in Colorado. According to industry data, the global adventure tourism travel market is valued at \$282 billion and is expected to grow steadily through 2030.<sup>16</sup>

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## Leisure Activities & Attractions

Leisure is a very broad category that overlaps with many of the areas discussed elsewhere in this chapter, such as performing arts, zoos, and museums. The major types of leisure activities that we'll discuss in this section are spectator sports, casino gaming, festivals and events, and culinary/agritourism.

### Spectator Sports and Sport Tourism

Sports events such as college and professional football, baseball, basketball, and soccer have historically been more popular than other forms of available entertainment. This could be due in part to their rabid fan bases and long-standing rivalries that fuel the competitive spirit of the sports fans. As anyone who has attended a University of Michigan game in the “Big House” with its capacity of 107,000, will understand that sporting events do not “just happen”. It takes considerable organization and coordination of many moving parts to ensure a smooth product that might seem effortless to the casual fan.

According to the UNWTO, sports tourism is one of the fastest-growing sectors in tourism. **Sports tourism** is any activity in which people are attracted to a particular location to attend a sport-related event as either a participant, spectator, or visitor to sports attractions. Spectator sports and the growing field of sports tourism also contribute significantly to the economy and have become

a major part of the tourism industry. Grandview Research reports that “the global sports tourism market was valued at USD 587.87 billion in 2022” and is expected to continue to grow over the next decade. Some examples of sports tourism include:

- **Olympic Games:** The Summer and Winter Olympics are among the most prominent international sporting events. Travelers from around the world visit the host country to witness the opening and closing ceremonies, as well as various Olympic competitions, such as gymnastics, swimming, skiing, figure skating, and more.
- **FIFA World Cup:** The FIFA World Cup is *the most-watched sporting event globally*. Fans travel to the host country to support their national teams and enjoy the vibrant atmosphere of the tournament. Countries like Brazil, Russia, and Qatar have hosted or will host the World Cup, attracting millions of tourists.
- **Wimbledon:** Tennis enthusiasts flock to London, England, for the Wimbledon Championships, one of the most prestigious tennis tournaments in the world. Visitors can watch matches on the famous grass courts and soak in the tournament's rich traditions.

## Casino Gaming

As discussed previously in Chapter 6, casino gaming has grown significantly in the United States and globally. Casinos are found all over the United States in major cities, riverboats, and on Native American lands. Most casinos involve other facets of the Hospitality industry, such as lodging, food and beverage, golf, entertainment, spas, etc. US casinos generate an economic impact of more than \$328 billion and support 1.8 million jobs.

## Mega-Events

A **mega-event** is a large scale, highly prestigious event such as the sporting events mentioned above or a global economic summit. These events typically gain tremendous media coverage and have major economic impacts on the host location, both positive and negative. High levels of tourism (1 million visitors) associated with a mega-event brings revenue, but the revenue may be outweighed by substantial capital and social costs incurred by the host. The events are often awarded to host destinations through a bidding process and gain tremendous media coverage.

## Special Events

A **special event** is a one-time or infrequent specific ritual, presentation, performance, or celebration. Special events are planned and created to mark a special occasion, such as a presidential inauguration or a royal wedding in the United Kingdom. Like mega-events, there may be significant media coverage and economic impact for the host city or destination.

A **hallmark event** is a unique event that is often identified with the location where it is held, like Carnival in Rio de Janeiro, Mardi Gras in New Orleans, or Oktoberfest in Munich. Hallmark events contribute significant economic benefits and even can create a competitive advantage for the host city or destination that attracts tourists.

A **festival** is a themed public celebration that conveys, through a kaleidoscope of activities, certain meaning to participants and spectators. Festivals are often celebrations of community or culture and feature music, dance, or dramatic performances. Examples include Lollapalooza, the Cannes Film Festival, and Junkanoo in the Bahamas.

## Culinary & Agritourism Tourism

The National Agricultural Law Center defines **agritourism** as “the crossroads of tourism and agriculture” and “a form of commercial enterprise that links agricultural production and/or processing with tourism to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and/or educating the visitors while generating income for the farm, ranch, or business owner.”<sup>17</sup>

The local food movement is growing in popularity; agritourism presents a great opportunity to use farm resources to create experiences for visitors, whether they be for entertainment, education, or as venues for business/meeting events. Agritourism can include a variety of activities and attractions:

- Fixed attractions such as historic farms, living farms, museums, food processing facilities, and natural areas
- Events based on an agricultural theme such as conferences, rodeos, agricultural fairs, and food festivals
- Services such as accommodations (B&Bs), tours, retailing (farm produce and products), and activities (fishing, hiking, etc.) that incorporate agricultural products and/or experiences

Agritourism is also an umbrella term that encompasses culinary and beverage tourism. Industry experts predict it will continue to attract visitors and play a growing role in the US economy. Locally, agritourism is a major driver for Hudson Valley tourism. Our wineries, cideries, distilleries, “U-pick” farms, and apple orchards continue to attract record numbers of visitors each year.

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## Conclusion

This chapter explored cultural attractions, recreational sites, and leisure activities, highlighting their significance within the hospitality and tourism industry. Cultural heritage attractions, such as historical sites and museums, play a crucial role in preserving history and fostering a deeper understanding of different cultures. Recreational attractions, including national parks and outdoor

activities, promote physical and mental well-being while providing economic benefits to local communities. Leisure activities, characterized by their focus on relaxation and enjoyment, contribute to the overall quality of life and offer numerous opportunities for personal and social enrichment.

#### *Chapter 10 Key Takeaways: Attractions, Recreation & Leisure Activities*

- Cultural heritage attractions, such as landmarks, historical sites, museums, and performing arts, serve as custodians of history and cultural identity.
- Cultural attractions offer educational experiences that connect visitors with the past, enhancing their understanding of different cultures and historical events.
- Amusement and theme parks are designed to cater to families and groups, offering a wide range of rides, shows, and themed experiences.
- Outdoor recreation involves activities in natural settings; nature-based tourism, overlapping with outdoor recreation and adventure tourism, includes activities dependent on the natural environment, such as whale watching, birding, hiking, and kayaking.
- Parks, forests, and recreation areas are primary venues for outdoor recreation, often managed by public sector agencies at various governmental levels.
- Golf is a significant recreational activity and tourism attraction in the U.S., with 45 million people playing golf in 2023.
- U.S. mountain resorts cater to both winter sports like skiing and snowboarding and summer activities like mountain biking and hiking.
- The U.S. offers extensive water-based recreation with activities that include scuba diving, boat tours, sport fishing, kayaking, canoeing, sailing, and stand-up paddleboarding (SUP).
- Adventure tourism involves travel to destinations with specific geographic features, often requiring physical activity, cultural exchange, and interaction with nature.
- Leisure activities encompass various forms of entertainment, including spectator sports, casino gaming, festivals, events, and culinary/agritourism. These activities often overlap with other areas discussed in the chapter, such as performing arts, zoos, and museums.
- Sport tourism, a fast-growing sector in tourism, includes activities where people travel to attend or participate in sports events or visit sports-related attractions. Major examples of sport tourism include the Olympic Games, FIFA World Cup, and Wimbledon, which attract global audiences and contribute significantly to the economy.
- Mega-events are large-scale, prestigious events like global sporting events or economic summits, bringing significant media attention and economic impact.
- Special events are one-time or infrequent occasions, such as presidential inaugurations or royal weddings, often accompanied by significant media coverage and economic impact.
- Hallmark events are unique to a specific location and festivals are themed public celebrations that convey cultural or community significance.
- Agritourism links agriculture with tourism, attracting visitors to farms, ranches, or agricultural businesses for entertainment or education while generating income for the hosts.

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# Chapter 11: Meetings and Events



Table set for a wedding reception. Photo by Tae Fuller from [Pexels](#)

## Learning Objectives

After completing this module, you should be able to:

- Explain the key elements that contribute to event success
- Summarize the event planning process
- Describe career opportunities within the meeting and event planning segment of the hospitality industry
- Describe the meetings, conventions, and expositions industry including key players.
- Summarize the different types of meetings, conventions, and expositions.

- Compare the various venues for meetings, conventions, and expositions.

## Overview of the Events Industry

Event planning is a dynamic sector of the hospitality industry. In this chapter, you will explore the complexities of producing memorable events tailored to specific occasions, audiences, and purposes. Events – large and small — play a central role in creating exceptional experiences for guests, leaving lasting impressions, and, in the case of mega-events, fostering positive brand associations. Whether it's crafting the perfect ambiance for a charity gala, ensuring the seamless execution of a dream wedding, coordinating the details of a corporate retreat, or producing the Summer Olympics, event planning demands a unique blend of creativity, organizational skill, and meticulous attention to detail.

Industry reports suggest that the global event management market is expected to reach \$1.76 trillion by 2029.<sup>1</sup> This includes everything from your aunt's retirement party to the FIFA World Cup.

The areas expected to grow include corporate events, holiday parties, and professional social occasions such as company picnics and retreats. The US event industry supports 135,000 jobs and employment is expected to grow 7.5% over the next 10 years.<sup>2</sup>

In the context of hospitality and tourism, events can be categorized into small/medium-scale events, large-scale events, and mega events, each distinguished by their size, complexity, impact, and the resources required for their execution. First, we'll look at various types of small and medium-scale events and the planning and staffing required to execute them. In the second half of the chapter, we'll discuss larger-scale events, particularly the meetings, conventions, and expositions market.

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## Small and Medium Scale Events

Small and medium-scale events typically cater to a more intimate audience and may include personal social events, community events, and business meetings. These events often have simpler logistics, requiring less intricate planning and a more hands-on approach, but they still often require months and months of planning.

**Personal Social Events** represent a significant part of the events industry. These types of events include weddings and other celebrations such as graduations, milestone birthdays and anniversaries, retirement parties, and showers. They are unique in that they are deeply personal and often highly emotional, requiring careful attention to detail and a strong focus on the client's vision



and desires. Event planners must closely collaborate with clients to understand their vision, cultural traditions, preferences, and budget. Weddings are a particularly important segment: it's reported that the average couple will spend \$22,500 for their ceremony/reception<sup>3</sup> and that 27% of couples hire a professional wedding/event planner, with day-of planners being the most in demand.<sup>4</sup>

**Charity and Fundraising Events** hosted by nonprofit organizations are another significant part of the event planning industry. These events can include formal black-tie galas that raise funds for charitable causes – like the [DCC Foundation's Annual Gala](#), which raises funds for student scholarships, as well as smaller benefit dinners and auctions, and big outdoor events like walkathons that encourage community participation.

**Corporate Events** can range from board meetings, networking events, conferences, and seminars to product launches (Apple is known for introducing new iPhones and other product through highly anticipated [press events](#)), and employee team-building retreats. Cvent, a leading event technology provider, describes corporate events as “...often staged to communicate company strategy, change internal company behavior, launch a product or service, motivate, train or reward staff, or influence the external behavior of customers towards the brand. In many instances, they bring company employees together, support wider marketing or sales initiatives, incentivize team achievements, or entertain senior leaders.”<sup>5</sup>

## Event Planning 101

There are countless ideas, efforts, and decisions that contribute to an event's success. Following a detailed event planning process is crucial for ensuring a systematic and successful execution. Each stage of the process, from initial concept to post-event evaluation, plays a vital role in achieving the event's objectives. A structured planning approach helps identify key elements such as budgeting, venue selection, vendor coordination, and marketing strategies. It minimizes the risk of overlooking critical details, enhances organizational efficiency, and provides a clear roadmap for the entire event team. Additionally, the planning process allows for better problem-solving (and there will be problems!), ensuring that any challenges are addressed proactively.

A quick internet search will show results for a multitude of event planning guides and steps. But to keep things simple, below are the five basic stages of the event planning process:

1. **Concept:** In the concept phase, the overall vision and purpose of the event are established. It's a creative stage where ideas are brainstormed, and the foundation for the event's theme and style is laid. This is also a time to gather research on similar events and determine if the event is a good fit for the organization.
2. **Design:** The design phase focuses on translating the conceptual ideas into a concrete plan. This involves defining the event's goals, target audience, key messages, and aesthetics. Design considerations also encompass branding, color schemes, and any audiovisual components.

3. **Planning:** During the planning phase, logistical details are addressed. This includes selecting and securing a venue, creating a budget, identifying and coordinating with vendors, establishing a timeline, and developing a comprehensive event schedule. Planning involves careful organization to ensure all aspects align with the event's objectives and budget constraints.
4. **Execution:** The execution phase involves putting the meticulously planned details into action. This includes setting up the venue, managing logistics, coordinating vendors, and overseeing all operational aspects of the event. Effective communication and coordination among the event team are crucial during this stage to ensure a smooth and successful execution.
5. **Evaluation:** After the event concludes, the evaluation phase begins. This involves assessing the success of the event against its predetermined goals and objectives. Feedback from attendees, sponsors, and stakeholders is collected and analyzed. The evaluation phase provides valuable insights for improvement, highlights successes, and helps inform future event planning endeavors.

## Professional Event Planners & Event Staff

There are many moving parts when it comes to planning and executing a successful event. A **professional event planner** is responsible for coordinating and executing a wide range of events, ensuring they meet the client's objectives and expectations. This role involves meticulous planning, budget management, and attention to detail in venue selection, catering, logistics, and guest experience. Event planners collaborate with clients and vendors, negotiate contracts, and oversee the seamless execution of events, whether they be weddings, corporate conferences, fundraisers, or other special occasions. Successful event planners possess strong organizational and communication skills, creative flair, and the ability to adapt to unforeseen challenges while focusing on delivering exceptional and memorable experiences. Let's take a look at three types of event planners: independent, in-house, and venue staff.

**Independent Event Planner:** A professional event planner operating independently typically runs their own business, offering event planning services to clients. They may work on a freelance basis, taking on projects for a diverse range of clients, including individuals planning weddings, corporations organizing conferences, or organizations hosting fundraisers. Independent event planners are responsible for managing all aspects of the event planning process, from initial concept and design to execution and evaluation. They need strong organizational and communication skills, as well as the ability to adapt to different client needs and event types. Click here to read a [profile of Hillary Needle](#), founder and president of Long Island, NY-based Hillary Needle Events Inc.

**In-House Event Planner:** Some professionals work as in-house event planners employed by a specific nonprofit, company, or association. In this role, the event planner becomes a dedicated member of the organization's staff, focusing exclusively on planning and executing events that align with the organization's goals. In-house event planners often work closely with internal teams,

understanding the organization's culture and objectives to create events that resonate with stakeholders. This role requires event planning expertise and a deep understanding of the organization's mission and values.

**Venue Event Staff:** Venues, such as hotels, conference centers, or event spaces, often employ their own event staff to assist clients in coordinating events hosted at their facilities. Venue event staff collaborate with external event planners or clients to provide the necessary infrastructure and support for successful events within their spaces. While event venues may vary in size and features available to event hosts, most provide their event operations out of three distinct departments: catering sales, set-up, and banquets. Each of these departments plays an important role in making sure that all events are a success. Through that success, they help retain established clients and attract new clientele.

The **Catering Sales department** is responsible for securing new clients, scheduling events, establishing banquet event orders, and maintaining relationships with current clients. They are the event host's point of contact before and after the event. In addition to planning events and managing contracts, Catering Sales Managers are also in charge of securing staffing for events. They must ensure there are enough managers, set-up staff, servers, bartenders, etc., scheduled for the event to run smoothly. During and after an event, the Sales Managers handle client and guest complaints. It is their job to make sure that any issues are properly resolved as quickly as possible. A Sales Manager's biggest asset is the ability to communicate effectively. This is vital when it comes to getting all the details from the client and passing them along to the appropriate staff members.

The **Set-Up department** generally makes things happen behind the scenes, handling the setting up of the event space, including tables, bars, stages, dance floors, etc. They are also in charge of running all the audio-visual (AV) equipment needed for the event. In some venues, they even double as the bar managers, making sure everything is needed for the bar to run smoothly.

The **Banquet department** is in charge of executing the event. They coordinate food service and work with the event host to meet any urgent needs, maintaining the event timeline and keeping things on schedule. During the event, they become the point of contact for any changes that need to be made.

Whether independent, in-house, or venue staff, event planners must work together to meet the needs of the client or organization. Leadership, time management, and customer service skills are vital in all of these roles.

*SPOTLIGHT ON: Event Staffing Challenges*

Venues that host banquets and various events often face specific challenges related to event staffing, which can impact the overall success of the event and the venue's reputation. Some common challenges include:

**Variable Staffing Needs:** Events at venues can vary greatly in size and complexity. Balancing the staffing levels to accommodate smaller gatherings as well as large-scale banquets presents a challenge. Ensuring that there are enough staff members to provide quality service without overstaffing during smaller events requires careful planning and flexibility.

**Training and Consistency:** Maintaining a consistent level of service across different events can be challenging, especially if there is a high turnover in staff or a lack of standardized training programs. Ensuring that all staff members are well-trained and adhere to a consistent level of service is crucial for delivering a positive experience for clients and attendees.

**Communication and Coordination:** Effective communication among event staff is essential for smooth operations. Venues often host multiple events simultaneously or in quick succession. Coordinating between different departments, such as catering, audiovisual, and facility management, becomes crucial to prevent logistical hiccups and ensure all aspects of the event run seamlessly.

**Flexibility and Adaptability:** Events can be unpredictable, and last-minute changes are not uncommon. Venues need staff who can adapt to changes on the fly, whether it's adjusting the seating arrangements, accommodating special requests, or addressing unexpected challenges. Flexibility is key in providing a positive experience for clients and guests.

**Customer Service and Client Expectations:** Meeting and exceeding client expectations for banquets and events is a constant challenge. Clients often have specific requirements, and ensuring that the venue staff understands and delivers on these expectations is crucial for client satisfaction and positive word-of-mouth.

**Time Management:** Banquets and events often have strict timelines. Efficient time management by venue staff is crucial to ensure that set-up, service, and breakdown are executed smoothly and within the specified timeframes.

By addressing these challenges through careful planning, training, and communication, professional event planners can enhance their capabilities and consistently deliver high-quality, memorable service for various events.

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## Large-Scale Events

Large-scale events, such as conferences, major concerts, or international expos, involve massive audiences and complex logistics. Managing larger events requires extensive coordination, strategic planning, and a sophisticated understanding of crowd dynamics. Budget considerations, marketing strategies, and risk management also become more intricate when dealing with large-scale events, demanding more organizational expertise and coordination among a larger team of professionals. These types of events are often run by comprehensive meeting management companies.

Many types of large-scale events were highlighted in Chapter 10 because they often bring visitors to a destination. **Cultural and entertainment events** include industry events like the Academy Awards or Grammy Awards, red-carpet film premieres, concerts, and music festivals. **Sports Events** can be a single NFL football game, the Super Bowl, or the NCAA Championship, as well as global events like the FIFA World Cup and the Summer Olympics. Sporting events can also include fan experiences that create opportunities to engage with athletes and teams, like Major League Baseball's [All-Star Week](#). **Fairs, Festivals and Parades:** While most towns offer a variety of small street fairs and parades, mega events like Mardi Gras in New Orleans, Mexico City's Dia de los Muertos, or the Macy's Thanksgiving Day Parade often draw visitors from across the country and around the world.

## Meetings, Incentives, Conventions, and Expositions

Another very significant market within the large-scale event space is **meetings, incentives, conventions, and expositions**, otherwise known as MICE travel. These events typically (but not exclusively) focus on business professionals. The MICE segment is a significant driver of business for the hotel industry. Group sales teams negotiate contracts to establish terms and conditions and create customized packages that include room blocks, meeting spaces, catering service, audio-visual equipment, and other amenities.

For many people new to the travel industry, incentive travel is an unfamiliar concept. The Society for Incentive Travel Excellence has explained that **incentive travel** is “a self-funding marketing activity that employs unique travel experiences to reward people who achieve exceptional business performance.”<sup>6</sup> Unlike other types of business events, incentive travel is focused on fun, food, and other activities rather than education and work. Business sectors that use incentive travel include insurance, finance, technology, pharmaceutical, and auto manufacturers and dealers. The incentive travel market is extremely competitive and demanding. When rewarding high-performance staff, Fortune 500-type companies are looking for the most luxurious and unique travel experiences and products available.

There are several types of large scale business events. **Conventions** generally have very large attendance and are held annually in different locations. They also often require a bidding process. **Conferences** have specific themes, and are held for smaller, focused groups. It's worth noting that conventions and conferences are a \$100 billion industry. **Expositions or trade shows** can be stand-alone events but are usually held as part of a convention. Expositions such as the National Restaurant Association (NRA) annual event held in Chicago, as well as the annual International Hotel Motel & Restaurant Show (IHRMS) in New York City, are two of the largest hospitality and tourism-related expositions held. The IHRMS is held as a part of the American Hotel and Lodging Associations (AHLA) conference. Expositions give vendors a unique chance to show off their products and services to attendees. A lucrative market, business conventions, and trade shows generated \$10 billion in 2022.<sup>7</sup>

Convention attendees and exhibitors also use these events for networking, self-improvement (usually through attending information sessions or certification training), entertainment, and last

but not least as a chance to get away from work. Attendees often report that they felt more inclined to purchase a product or service if it was featured at an event they attended.

## Convention Venues

While many large hotels and resorts host conventions and expositions, no discussion of business events would be complete without noting the importance of convention centers — very large venues that can host thousands of attendees, such as the Jacob Javits Convention Center in New York City. The Javits Center hosts hundreds of events each year, among them public events like the New York International Auto Show and New York Comic Con and industry events like the Specialty Food Association's [Fancy Foods Show](#) and [Retail's Big Show](#) presented by the National Retail Federation.

Convention centers offer expansive floor space that can be configured for various types of events, including trade shows with multiple exhibitors, corporate conferences with breakout sessions, and large conventions with plenary sessions. Venues often include auditoriums, exhibition halls, meeting rooms, and banquet facilities, and offer advanced technology infrastructure. The three largest convention centers in the US are McCormick Place in Chicago, the Orange County Convention Center in Orlando, and the Las Vegas Convention Center.<sup>8</sup>

Convention centers are significant drivers of local economies and are often integral to a city's destination marketing efforts. Cities with world-class convention centers are more likely to attract high-profile events, which can raise the city's profile as a global business and tourism hub. Large-scale events attract out-of-town attendees who contribute to the local economy by staying in hotels, dining in restaurants, and visiting local attractions. This influx of visitors boosts revenue for the hospitality sector and other related businesses.

Key success factors for convention venues include:

- Air access to the destination
- Quality hotels close to or adjacent to the venue
- Quality venue space
- Relative cost of the destination and venue
- Attractiveness of the destination

Because of the important economic impact, many convention centers work closely with a destination's convention and visitor bureau (CVB). CVBs are destination marketing organizations (usually not-for-profit) that promote visitor and business travel, which generates overnight lodging for a destination.

## Other Venues

As meeting planners have become more creative, meeting and convention attendees have become more demanding about meeting sites. No longer are hotel meeting rooms and convention centres the only type of location used; non-traditional venues have adapted and become competitive in offering services for meeting planners. These include architectural spaces such as airplane hangars, warehouses or rooftops, and experiential venues such as aquariums, museums and galleries.<sup>9</sup>

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## Conclusion

The events industry encompasses a wide range of event types, from personal milestones like graduation parties and weddings to large-scale conventions and global mega-events. Each category presents unique challenges and opportunities, requiring planners to blend creativity with detailed organization and adaptability. The success of any event hinges on careful planning, effective communication, and the seamless coordination of numerous moving parts, whether through independent planners, in-house teams, or venue staff. As the industry continues to evolve, driven by technological advancements and changing consumer expectations, the ability to deliver memorable, impactful experiences will remain at the core of successful event management. Ultimately, the events industry not only contributes significantly to local economies but also plays a crucial role in shaping cultural and social experiences on a global scale.

### *Chapter 11 Key Takeaways: Meetings & Events*

- The events industry includes a wide range of event types, from small personal celebrations to large-scale conferences, conventions, and mega-events. Each type of event requires unique planning, logistics, and management.
- Successful event planning involves a structured process with key stages: concept, design, planning, execution, and evaluation. Each stage plays a critical role in ensuring the event meets its objectives and delivers a memorable experience.
- Events are categorized into small/medium scale events, large-scale events, and mega-events, each with distinct characteristics in terms of size, complexity, and impact.
- There are different types of event planners, including independent planners, in-house planners, and venue staff. Each plays a crucial role in coordinating and executing events, ensuring that all aspects align with the client's vision and goals.
- Event venues face challenges such as variable staffing needs, training consistency,

communication, and adaptability. Effective management of these factors is essential for the successful execution of events.

- Large-scale events, particularly in the MICE (Meetings, Incentives, Conventions, and Expositions) sector, significantly contribute to local economies by attracting visitors who spend on lodging, dining, and other services.
- The choice of venue is critical to an event's success. Convention centers and non-traditional venues each offer unique advantages, and factors such as location, accessibility, and available facilities must be carefully considered.
- Meeting and exceeding client expectations is a central challenge in the events industry, requiring a deep understanding of client needs, effective communication, and flexibility to adapt to last-minute changes.
- The global event management market is rapidly growing, driven by increasing demand for both personal and corporate events.

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# Glossary

## **adventure tourism**

a type of tourism which usually takes place in destinations with specific geographic features and landscape and tends to be associated with a physical activity, cultural exchange, interaction and engagement with nature.

## **agritourism**

a form of commercial enterprise that links agricultural production and/or processing with tourism to attract visitors onto a farm, ranch, or other agricultural business for the purposes of entertaining and/or educating the visitors while generating income for the farm, ranch, or business owner.

## **Amusement parks**

venues that typically offer a wide range of rides and attractions, including roller coasters, Ferris wheels, water rides, and more

## **Art museums**

Organizations open to the the public that collect historical and modern works of art for educational purposes and to preserve them for future generations

## **back of house**

refers primarily to the kitchen, but also includes the dishwashing area, food storage, and back office.

## **Banquet department**

The venue event staff in charge of executing the event

## **bell attendants**

uniformed employees that greet guests, assist with luggage, hail taxis, and provide directions inside and outside of the hotel

## **Boutique hotels**

intimate, stylish, and often independently owned accommodations that emphasize individualized and unique guest experiences

**Buffet service**

involves food arranged and held under appropriate temperature standards while guests willingly come and choose as they prefer to select food items

**Business/Airport Hotels**

a specific category of accommodations designed to cater primarily to the needs of business travelers and those passing through airports.

**cafes and coffee shops**

restaurants that specialize in coffee, tea, light meals, and pastries and often serve as social hubs where people can relax, work, or meet friends in a casual and comfortable atmosphere

**Cart service**

incorporates a portion of tableside preparation

**Casual restaurants**

serve moderately-priced to upscale food in a more casual atmosphere

**Catering Sales department**

Event venue staff responsible for securing new clients, scheduling events, establishing the banquet event orders, and maintaining relationships with current clients

**Celebrity-owned restaurants**

ining establishments owned, co-owned, or heavily endorsed by famous individuals from various fields such as entertainment, sports, or fashion

**Charity and Fundraising Events**

Special events that raise money for non-profit organizations.

**City Center Hotels**

hotel located in the central business district or downtown area of a city as well as in areas known for tourist, cultural and entertainment cultural attractions.

**commercial foodservice**

restaurant operations whose primary business is food and beverage

**concierge**

assist guests with restaurant reservations, tickets to the theater, concerts, and attractions as well as reserving hotel amenities

**controller**

responsible for overall accounting and finance-related activities

**Convention Hotels**

large hotels specifically designed to host conferences, conventions, and other large-scale events

**Corporate Events**

Company sponsored events that include board meetings, networking events, conferences, and seminars to product launches, and employee team-building retreats

**Covers**

the number of restaurant guests served during a specific time period

**Cultural attractions**

those places of culture, heritage, nature, or activities that draw people to visit, typically for its inherent or an exhibited natural or cultural value, historical significance, natural or built beauty, offering leisure and amusement.

**Cultural heritage**

the living expression of a society's identity.

**Customer experience**

the result of an interaction between the customer and the company; how customers perceive their interactions with the company or brand

**Customer service**

the assistance and advice provided by a company to customers throughout the customer journey; before, during, and after the sale.

**customer touch-point or moment of truth**

a point in time when the company connects in some form with the customer (e.g., website, phone, email, social media, retail store, returns, service, and products).

**Destination mountain resorts**

Ski and winter sports oriented resorts that are often significantly larger and offer a greater range of amenities such as on mountain accommodation and food services; they are also generally marketed to out-of-area and international visitors

**Ethnic restaurants**

restaurants that serve food and offer dining experiences that are representative of a specific ethnicity or nationality

**Excursionist**

someone who travels to a destination and returns to their point of origin on the same day

**executive housekeeper**

manages and oversees housekeeping operations and staff including the housekeeping manager, supervisor, house persons, and room attendants

**experience economy**

an economic concept where businesses focus on creating memorable experiences for customers rather than just selling goods or services.

**Extended stay hotels**

a distinct category of lodging that caters to guests looking for accommodations beyond the typical short-term stay, often a week or more.

**Family-style Service**

involves shared dishes served and distributed amongst a table of diners

**festival**

a themed public celebration that conveys, through a kaleidoscope of activities, certain meaning to participants and spectators

**Fine dining restaurant**

characterized by highly trained chefs preparing complex food items, exquisitely presented

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**food and beverage director**

responsible for catering and events, in-room dining, and stand-alone restaurants and bars

**food and beverage industry**

all businesses that prepare, serve, and sell food and drinks to customers

**franchise**

a business method that involves one business (the franchisor) licensing their trademarks and methods of doing business to another business owner (the franchisee)

**franchise restaurants**

operate under a business model where independent owners (franchisees) purchase the rights to use the branding, recipes, and operational systems of an established restaurant brand (franchisor).

**front desk agent**

works in the lobby or reception area to welcome the guests to the property, process arrivals and departures, and coordinate room assignments

**front of house**

the customer-facing part of the restaurant; that is, all of the areas where customers are welcomed, seated, and served their food and drinks

**front office manager**

controls the availability of rooms and the day-to-day functions of the front office

**full-service hotels**

upscale, upper upscale and luxury properties with a wide variety of onsite amenities, such as restaurants, meeting spaces, exercise rooms or spas.

**full-service restaurants**

provide table service, with waitstaff taking guest orders and bringing food and drinks to the table

**gambling**

the wagering of something of value ("the stakes") on a random event intending to win something else of value, where instances of strategy are discounted.

**Gaming**

a tourism option with casino gambling being offered as the core or center experience surrounded by a variety of ancillary or supporting products—food, beverage, shopping, and other amusements.

**general manager**

the restaurant's leader and primary decision-maker, overseeing both front-of-house (FOH) and back-of-house (BOH) operations

**guest check average**

the average of what each guest spends, calculated by dividing the total food and beverage sales by the total number of guests (or covers) in a particular time period

**hallmark event**

a unique event that is often identified with the location where it is held, like Mardi Gras in New Orleans

**Highway/Interstate Hotels**

lodging facilities located near major highways or interstate routes, designed to accommodate travelers who are on long road trips or need a convenient overnight stop.

**historic landmark**

a landmark that is specifically recognized for its historical, cultural, or architectural importance.

**hospitality**

the comprehensive service and experience provided to guests and customers within sectors such as lodging, food and beverage, event planning, travel, and tourism

**hotel general manager**

the chief executive who is responsible for overseeing the overall operation of a hotel or lodging establishment

**hotel property management system**

a software application that hotels use to manage and streamline various day-to-day operations.

**housekeeping department**

responsible for maintaining the cleanliness, order, and overall appearance of guest rooms, public areas, and other facilities within the hotel.

**human resources department**

oversees recruitment and selection, training and development, employee relations, and rewards and compensation

**In-House Event Planner**

an event planner employed by a specific nonprofit, company, or association

**Independent Event Planner**

A professional event planner operating independently typically runs their own business, offering event planning services to clients.

**independent hotel**

financed by one individual or a small group and is directly managed by its owners or third-party operators.

**Independent restaurants**

typically locally owned and operated by individuals or small partnerships, often just one, two, or three locations.

**Intangible services**

"products" that cannot be touched beforehand and must be experiences, such as a haircut or hotel stay.

**Integrated resorts**

large-scale complexes that combine casinos with hotels, restaurants, shopping centers, entertainment venues, and convention facilities, creating a comprehensive destination experience

**landmark**

a prominent or well-known feature in a location, often used as a point of reference.

**limited-service hotels**

properties that offer select or focused facilities and amenities, typically without a full-service restaurant

**Lodging**

The provision of accommodation services to travelers and guests, offering a place to sleep and rest

**lodging industry**

businesses that provide overnight accommodation to travelers and tourists

**management contract**

a service offered by a management company to manage a hotel or resort for its owners

**Meetings and events**

a wide range of gatherings such as conferences, conventions, trade shows, corporate meetings, exhibitions, and social events like weddings and festivals

**mega-event**

a large scale, highly prestigious event such as the Olympic Games, FIFA World Cup, and the Super Bowl sporting events or a global economic summit.

**Menu development**

the creation and planning of dishes that define a restaurant's identity and appeal to its target market

**multiplier effect**

the way that spending by tourists circulates through the local economy and generates additional economic activity.

**National or corporate-owned restaurant chains**

managed and operated by a central corporate entity and often have multiple locations across various regions or countries, all controlled directly by the corporation.

**Native American casinos**

casinos that are located on tribal lands throughout the US

**nature-based tourism**

those tourism experiences that are directly or indirectly dependent on the natural environment

**night auditor**

responsible for reconciling the hotel's financial transactions, handling guest check-ins and check-outs during late-night shifts

**non-commercial foodservice**

establishments where food and beverages are served but are not the primary business

**Online Travel Agents**

web-based platforms that provide various travel services, including booking flights, hotels, car rentals, vacation packages, and other travel-related activities.



**Outdoor recreation**

outdoor activities that take place in a natural setting, as opposed to a highly cultivated or managed landscape such as a playing field or golf course

**Performing arts**

includes theatre companies and dinner theatres, dance companies, musical groups, and artists and other performing arts companies

**Personal Social Events**

Events such as weddings and other celebrations that are personal and often highly emotional, requiring careful attention to detail and a strong focus on the client's vision and desires.

**Plate service**

the most common service style, it involves guest orders being taken at their table.

**Platter service**

involves food being arranged specifically on a platter and brought out to tables for guests' viewing

**professional event planner**

The person responsible for coordinating and executing a wide range of events, ensuring they meet the client's objectives and expectations

**quick-service restaurants**

restaurants that specialize in food that is prepared and purchased quickly, and generally consumed quickly.

**rack rate**

the published rate for one night's stay without any discounts or premiums included

**Recreation and leisure**

activities that people do outside of work for pleasure.

**regional mountain resorts**

Ski and winter sports oriented resorts that are usually smaller in size and capacity, have fewer amenities, and often cater more directly to the local community

**resort**

a full-service hotel that provides access to or offers a range of recreation facilities and amenities and are generally located in areas that attract vacationers.

**revenue management**

the strategic practice of optimizing a hotel's revenue and profitability by effectively managing room rates, inventory, and distribution channels

**Riverboat casinos**

casinos that operate on waterways to comply with specific state regulations, offering a blend of nostalgia and modern gaming

**room attendants**

complete the day-to-day task of cleaning and preparing rooms for new guests, replenishing supplies, and coordinating with maintenance for any repairs or upgrades

**room nights**

the rental of a single hotel room for one night, regardless of the number of guests occupying the room or the duration of their stay

**rooms division director**

oversees the hotel's accommodations, including front office, reservations, housekeeping, and guest services.

**Rooms Division Management**

a crucial part of hotel operations with responsibility for overseeing all aspects related to the accommodation and guest services within a hotel.

**sales and marketing director**

responsible for establishing sales and marketing activities that maximize the hotel's revenues

**security team**

responsible for ensuring the safety and security of guests and the property

**Service recovery**

occurs when a customer service professional takes action that results in the customer being satisfied after a service failure has occurred.

**Set-Up department**

The event venue staff responsible for behind the scenes activities of handling the setting up of the event space, including tables, bars, stages, dance floors, etc.

**special event**

a one-time or infrequent specific ritual, presentation, performance, or celebration

**Sport tourism**

any activity in which people are attracted to a particular location to attend a sport-related event as either a participant, spectator, or visitor to sport attractions

**Standalone or traditional casinos**

casinos that focus primarily on gambling activities

**standard operating procedures**

procedures designed to allow businesses to create consistency in workflows and job performance.

**Table service**

involves servers responsible for providing meals, maintaining guest experiences, and clearing tables at the conclusion of a meal.

**table turnover rate**

how frequently tables are occupied and turned over during a given period

**tangible product**

an item that can be seen, touched, tasted, worn, or displayed

**Theme parks**

Amusement parks that are built around a specific theme or concept that influences the park's design, attractions, and overall atmosphere

**Theme restaurants**

dining establishments that create a unique and immersive experience by centering their decor, menu, and overall ambiance around a specific concept or theme

**tourism**

A social, cultural and economic phenomenon which entails the movement of people to

countries or places outside their usual environment for personal or business/professional purposes.

**Tourist**

a person who travels to and stays in places outside their usual environment for leisure, business, or other purposes for more than 24 hours but usually less than a year

**travel**

the activity of moving between different geographic locations for any purpose

**Travel services**

comprises various suppliers, tourism products, destination marketing organizations, tour operators, and travel agents, among many others that support the delivery of guest experiences

**Traveler**

a broad term encompassing anyone who moves from one place to another, regardless of the duration, purpose, or distance of the trip