

# Introduction to Hospitality – Accommodation Sector

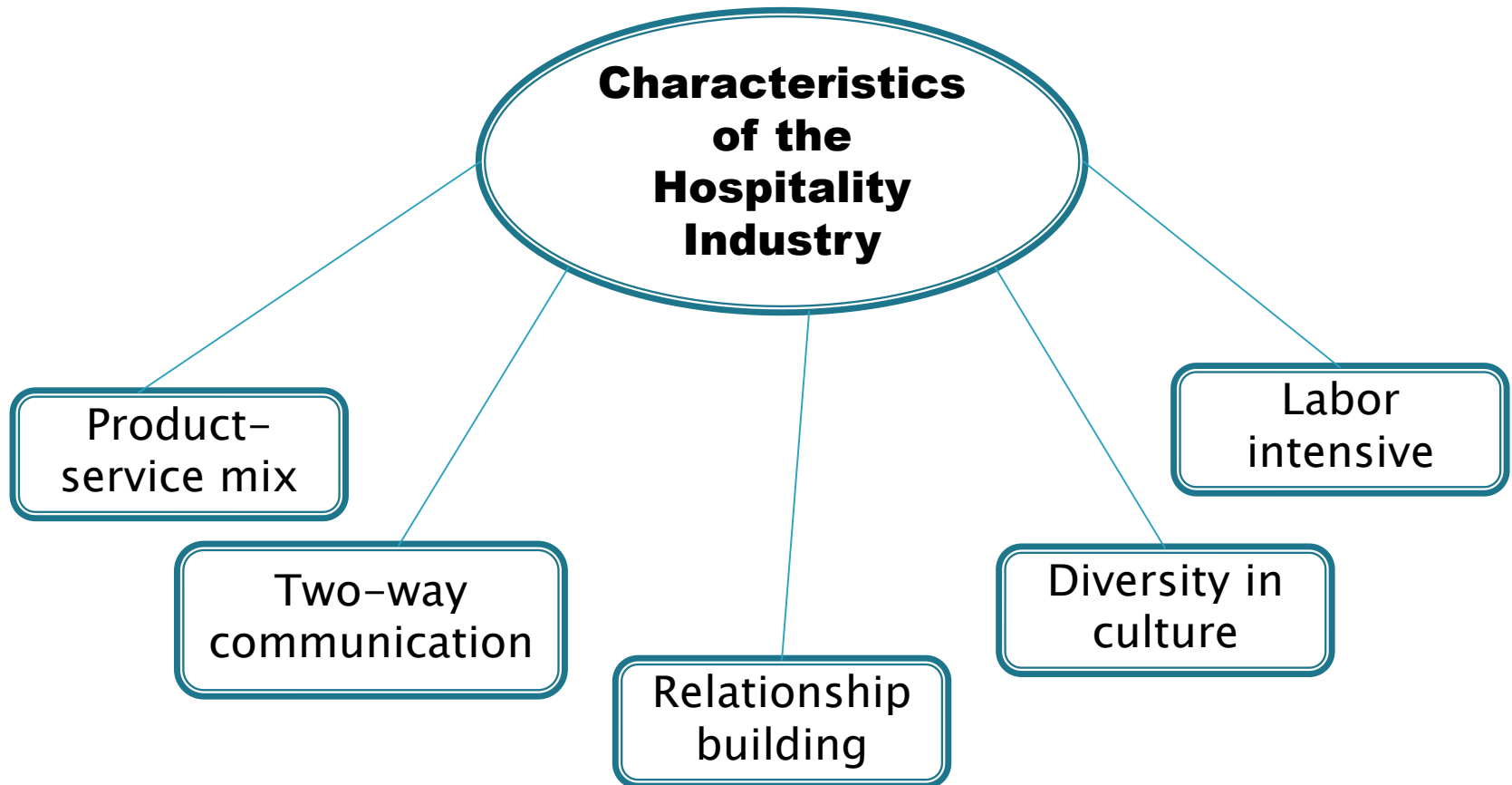
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# Lesson Outlines

- ▶ Characteristics of the hospitality industry
- ▶ Classification of hotels
- ▶ Types of rooms, room rates and hotel guests
- ▶ Hotel ownership and modes of management
- ▶ Front office department – front office positions, guest cycle
- ▶ Housekeeping department – room status code, security procedures

# Characteristics of the Hospitality Industry



# Characteristics of the Hospitality Industry

## ▶ Product–Service Mix

- Tangible features – e.g. a glass of house wine, a comfortable bed
- Intangible features – e.g. a luxury dining atmosphere, the friendly attitude of staff

## ▶ Two–way Communication

- Requires the involvement and participation of both customers and service staff in the service delivery process
- Interactions between internal staff is also critical



# Characteristics of the Hospitality Industry

## ▶ Relationship Building

- Building long term relationship with customers by developing brand loyalty (e.g. membership programmes)
- High degree of personal attention and customization

## ▶ Diversity in Culture

- Staff to customers
- Staff to staff
- Differences in cultural backgrounds

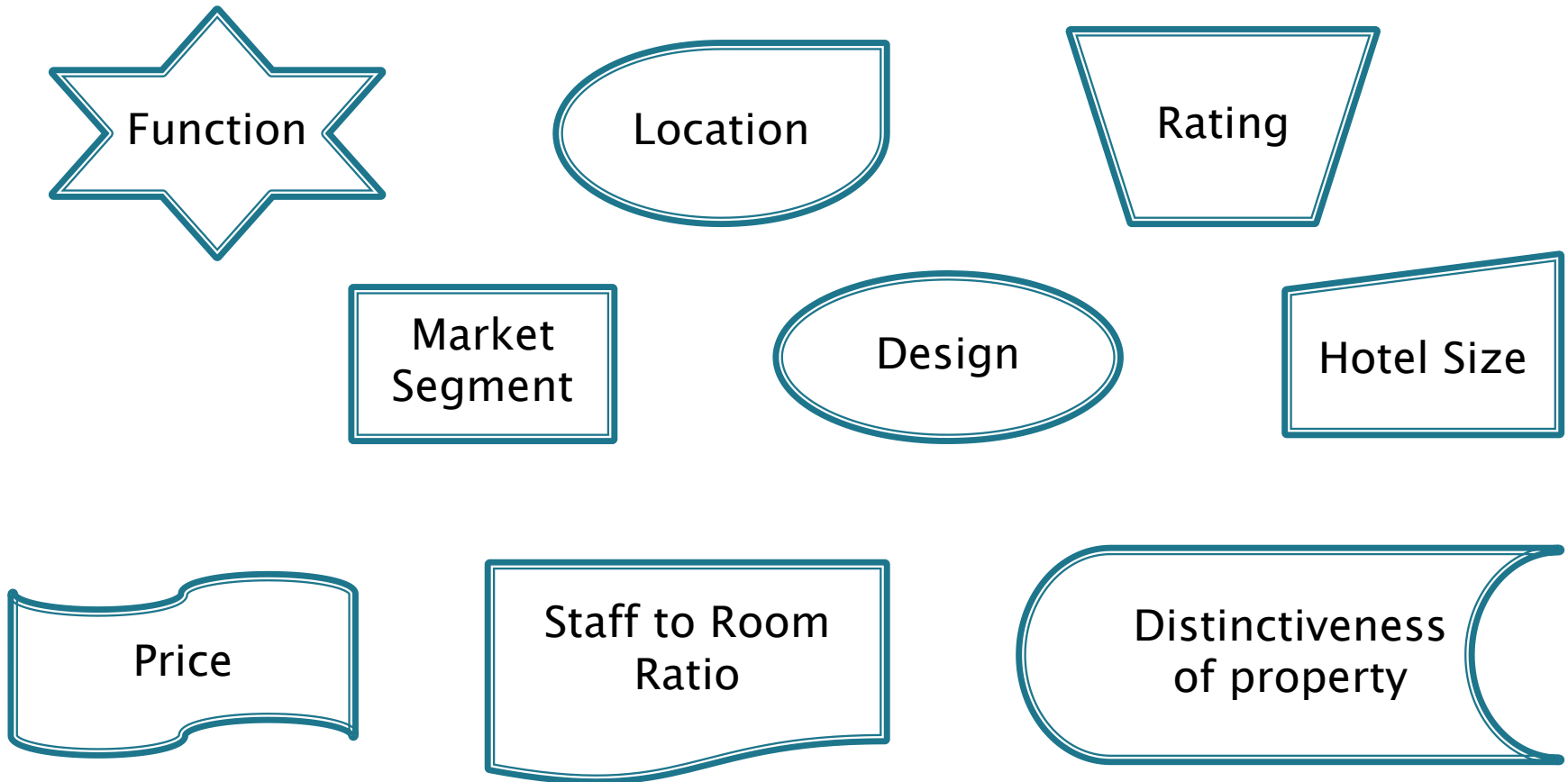
## ▶ Labor Intensive

- Requires a huge supply of labors to create a memorable experience for the customers

# Classification of Accommodation Establishment

- ▶ Non-commercial
  - Private – e.g. Private Home
  - Non-profit – e.g. Shelter
  - Institutional – e.g. University
- ▶ Commercial
  - Hotels
  - Service Apartments

# Classification of Hotels



# Types and Characteristics of Hotels

City center hotels	All-suite hotels
Suburban hotels	Boutique hotels
Airport hotels	Timeshares or Vacation ownership
Highway hotels or Motels	Historic conversion hotels
Convention hotels	Extended-stay hotels or Serviced Apartments
Commercial hotels	Bed and breakfast inns
Resort hotels	Guest houses
Spa hotels	Hostels
Casino hotels	Cabins
	Villas or Chalets



City center hotel  
e.g. Mandarin Oriental  
Hong Kong



Airport hotel  
e.g. Regal Airport  
Hotel Hong Kong



Convention hotel  
e.g. L'hotel Nina et  
Convention Centre



Resort hotel  
e.g. Dusit Thani Laguna Phuket



Casino hotel  
e.g. Marina Bay  
Sands



Boutique hotel  
e.g. Lanson Place  
Hotel
















Historic conversion hotel  
e.g. Tai O Heritage Hotel

# Hotel Rating Systems (Hong Kong)

- ▶ Rating System of the Hong Kong Tourism Board (HKTB)
  - High Tariff A Hotels
  - High Tariff B Hotels
  - Medium Tariff Hotels; and
  - Tourist Guesthouses
- ▶ 5 key indicators: Facilities, Location, Staff to Room Ratio, Achieved Room Rate, Business Mix

# Hotel Rating System (Worldwide)

- ▶ Forbes Travel Guide – ‘Star-award’ System
- ▶ <https://www.forbestravelguide.com/award-winners>

PROPERTY	RATING	TYPE ▲	DESTINATION	COUNTRY
Four Seasons Hotel Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
InterContinental Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
The Landmark Mandarin Oriental, Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
The Langham, Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
Mandarin Oriental, Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
The Peninsula Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
The Ritz-Carlton, Hong Kong	5-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
Conrad Hong Kong	4-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
Grand Hyatt Hong Kong	4-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
Hotel ICON	4-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
Kowloon Shangri-La	4-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
The Upper House	4-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>
W Hong Kong	4-Star		<a href="#">Hong Kong</a>	<a href="#">China</a>



# Hotel Rating System (Worldwide)

- ▶ American Automobile Association – ‘Diamond–award’ System
  - <https://www.aaa.com/diamonds/diamond-awards>
  - Each year, AAAs announces all hotels and restaurants across U.S., Canada, Mexico and Caribbean that received Four or Five Diamond Rating during the previous year.

Property	Rating	State	City	Country
The St. Regis Mexico City	5 Diamond	DF	Mexico City	Mexico
Bellagio	5 Diamond	NV	Las Vegas	United States
Waldorf Astoria Las Vegas	5 Diamond	NV	Las Vegas	United States
Park Hyatt Aviara Resort, Golf Club & Spa	5 Diamond	CA	Carlsbad	United States
ARIA Resort & Casino	5 Diamond	NV	Las Vegas	United States
The Peninsula Chicago	5 Diamond	IL	Chicago	United States
The Ritz-Carlton, Cancun	5 Diamond	QR	Cancun	Mexico
The Ritz-Carlton, Fort Lauderdale	5 Diamond	FL	Fort Lauderdale	United States
The Ritz-Carlton, Naples	5 Diamond	FL	Naples	United States



# Types of Room

## Room Categories / Room Grading

### Standard



Garden view or car park view  
Basic setting (e.g. bed with blanket only, disposable paper slippers, etc.)

### Superior



City view or sea view  
Upscale setting (e.g. bed with comforter, cloth slippers, etc.)

### Deluxe



Sea view at high floor  
Grand setting (e.g. bed with feather comforter, leather slippers, etc.)

Adjacent  
Room?

Adjoining  
Room?

Connecting  
Room?

# Types of Room

Single Room



Twin Room



Hollywood Twin  
Room



Double Room



Double-Double  
Room



Murphy Room



Suite



President Suite



Villa



# Types of Room Rates

- ▶ **Rack Rate**
  - The standard rate charged for the room only.
- ▶ **Corporate Rate**
  - Room rate offered to executive personnel who are regular guests or employees of a corporation that has a contract rate with the hotel which reflects all businesses from that corporation.
- ▶ **Commercial Rate**
  - Room rate offered to executive personnel of an enterprise who have infrequent visit.
- ▶ **Airline Rate**
  - The rate agreed between an individual airline and the hotel as determined by the volume of business the hotel obtains from the airline.

# Types of Room Rates

- ▶ **Group Rate**
  - Room rate given to bookings for a large group of people made through a travel agent or professional organization.
- ▶ **Children's Rate**
  - Each hotel has a specific age limit for the child to stay with their parents in the same room free of charge or at a nominal rate.
- ▶ **Package Rate**
  - Room rate, which includes goods and services and the rental of a room, is developed by the hotel to attract guests in during low sales periods.
- ▶ **Complimentary rate (Comp)**
  - Guest is assessed no charge for staying in a hotel. The management of the hotel may grant comp rooms for guests who are tour directors, local dignitaries, executives from the hotel's head office and so on.

# Types of Hotel Guests

## **Leisure Travelers**

They are individuals who travel to engage in leisure activities, outdoor recreation, relaxation, visiting friends and relatives or attending sports or cultural events.

## **Corporate Business Travelers**

They are individuals whose frequent bookings are usually made by enterprises with reduced room rates. Business travelers travel to conduct business, attend business meetings or workshops, and engage in selling or purchasing products.

## **Free Independent Travelers (FITs)**

They are sometimes referred to as “foreign independent travels”. FITs are international tourists who purchase their own accommodation and make their own travel arrangements.

## **Group Inclusive Tours (GITs)**

Tourists who travel together on package tours with accommodation and sometimes meals which are booked through travel agents. Group tourists tend to spend less and budget their spending allowance.

# Types of Hotel Guests

## **Domestic Tourists**

They are local residents who stay at a hotel for special occasions and functions.

## **Conference Participants**

Individuals who travel to attend conference and whose accommodation is usually reserved by himself/herself, his/her enterprise or a conference organizer before their arrival.

## **Very Important Persons (VIPs)**

Very important persons may include celebrities, frequent-stay guests, guests in expensive rooms, guests with security risks and top executives from enterprises.

## **Incognito**

They are guests who stay in a hotel with concealing identities so as to avoid notice and formal attention.

# Hotel Ownership and Modes of Management

## ▶ **Hotel Ownership:**

- Private (e.g. Shamrock Hotel)
- Local Group (e.g. Harbour Plaza Hotels and Resorts)



- International Group (e.g. Marriott International, Inc.)



## ▶ **Modes of Hotel Management**

- Independently Owned and Operated
- Management Contract
- Franchising

# Independently Owned and Operated

- ▶ These can be independent hotels, with no affiliation, that are being managed by the owners of the properties.
- ▶ e.g. Popway Hotel



# Management Contract

- ▶ Management contracts are hotel management enterprises which operate properties owned by other entities. In some cases, the hotel owners may arrange to run their properties through a management contract with an enterprise that specializes in managing hotels.
  - e.g. Crowne Plaza Causeway Bay Hong Kong (SEA Group)



- e.g. The Ritz-Carlton, Hong Kong (Sun Hung Kai Properties)



# Management Contract – Advantages and Disadvantages

	Advantages of management contract	Disadvantages of management contract
Hotel owners	<ul style="list-style-type: none"><li>• Acquisition of operational expertise which can reduce the chance of business failure and enhance the services quality;</li><li>• Gain national or international recognition for the hotel if it is operated by a reputable management enterprise;</li><li>• The owners are not required to be involved in hotel's operations.</li></ul>	<ul style="list-style-type: none"><li>• Lost of operational control;</li><li>• Financially liable for all costs, expenses and losses of the hotel;</li><li>• The management enterprise may have less incentive and morale in managing the hotel if only a fixed management fee is paid without any sharing of profits.</li></ul>

# Management Contract – Advantages and Disadvantages

	Advantages of management contract	Disadvantages of management contract
Management enterprises	<ul style="list-style-type: none"><li>• Receive a management fee during the contract period regardless of the hotel performance;</li><li>• Little or no up-front financing or equity involved;</li><li>• Management contract period can last for five, ten or twenty years.</li></ul>	<ul style="list-style-type: none"><li>• Over dependence on owner for providing necessary funds in operations;</li><li>• Minimum input in ownership decisions, such as the transfer of hotel ownership from the owner to another buyer;</li><li>• No extra rewards for good business performance if the management contract is run in a fee structure without any incentive schemes.</li></ul>

# Franchising

- ▶ Some investors prefer to use the franchising concept in running the hotel. Franchising in the hospitality industry is a concept that:
  - Allows interested investors to use a enterprise's (the franchisor) name and business format;
  - Is made up of properties where the franchisees agree to run the hotel in accordance with the strict guidelines set by the franchisor; and
  - Allows a enterprise to expand more rapidly by using others' capital.
  - e.g. InterContinental Hotels Group, AccorHotels

# Franchising – Advantages and Disadvantages

	Advantages of franchising	Disadvantages of franchising
Franchisees	<ul style="list-style-type: none"><li>• Obtain from the franchisor the expertise in doing business such as site selection, planning, pre-opening training, operations manuals, information management, central reservation system, field support etc.;</li><li>• Acquire a brand name with regional or national recognition;</li><li>• The franchisee has complete control and responsibility over the daily operation of the property</li></ul>	<ul style="list-style-type: none"><li>• Need to follow the standard set by franchisors without any tolerance of modifications in operations;</li><li>• Need to pay for a joining fee and an ongoing fee which means sacrificing some of the revenues;</li><li>• Risks of termination of contracts or no continuation of new contract if franchisor wants to take the rights of operation back.</li></ul>

# Franchising – Advantages and Disadvantages

	Advantages of franchising	Disadvantages of franchising
Franchisors	<ul style="list-style-type: none"><li>• Receive a joining fee and an ongoing fee from the franchisee;</li><li>• Expend the business and market share more rapidly without heavy investment;</li><li>• Lower the risk of business loss by using franchisees' investment to expand the chains in new locations and markets.</li></ul>	<ul style="list-style-type: none"><li>• Franchisees may fail to follow the standard set by the franchisors and so may affect the quality of services provided to customers;</li><li>• The trade name can be spoiled by misfits of franchisees;</li><li>• The franchisor has to disclose confidential information to franchisees and this may constitute a risk to the business.</li></ul>

## How our business works

We operate hotels in three different ways – as a franchisor, a manager and on an owned and leased basis. We focus on the mainstream, upscale and luxury segments of the hotel industry and have a targeted portfolio of brands individually tailored to meet guests' needs and occasions.

Open rooms by region as at 31 March 2019



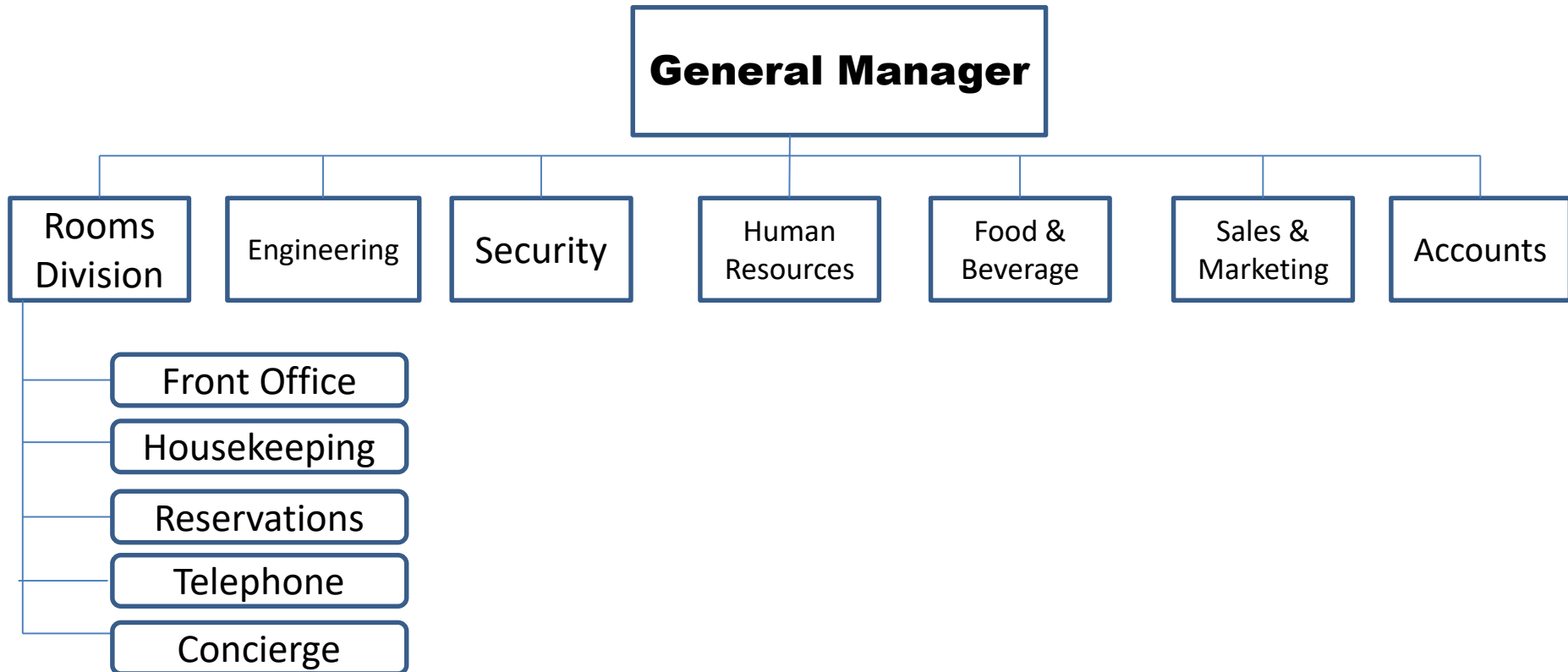
- Americas (61%)
- EMEAA (25%)
- Greater China (14%)

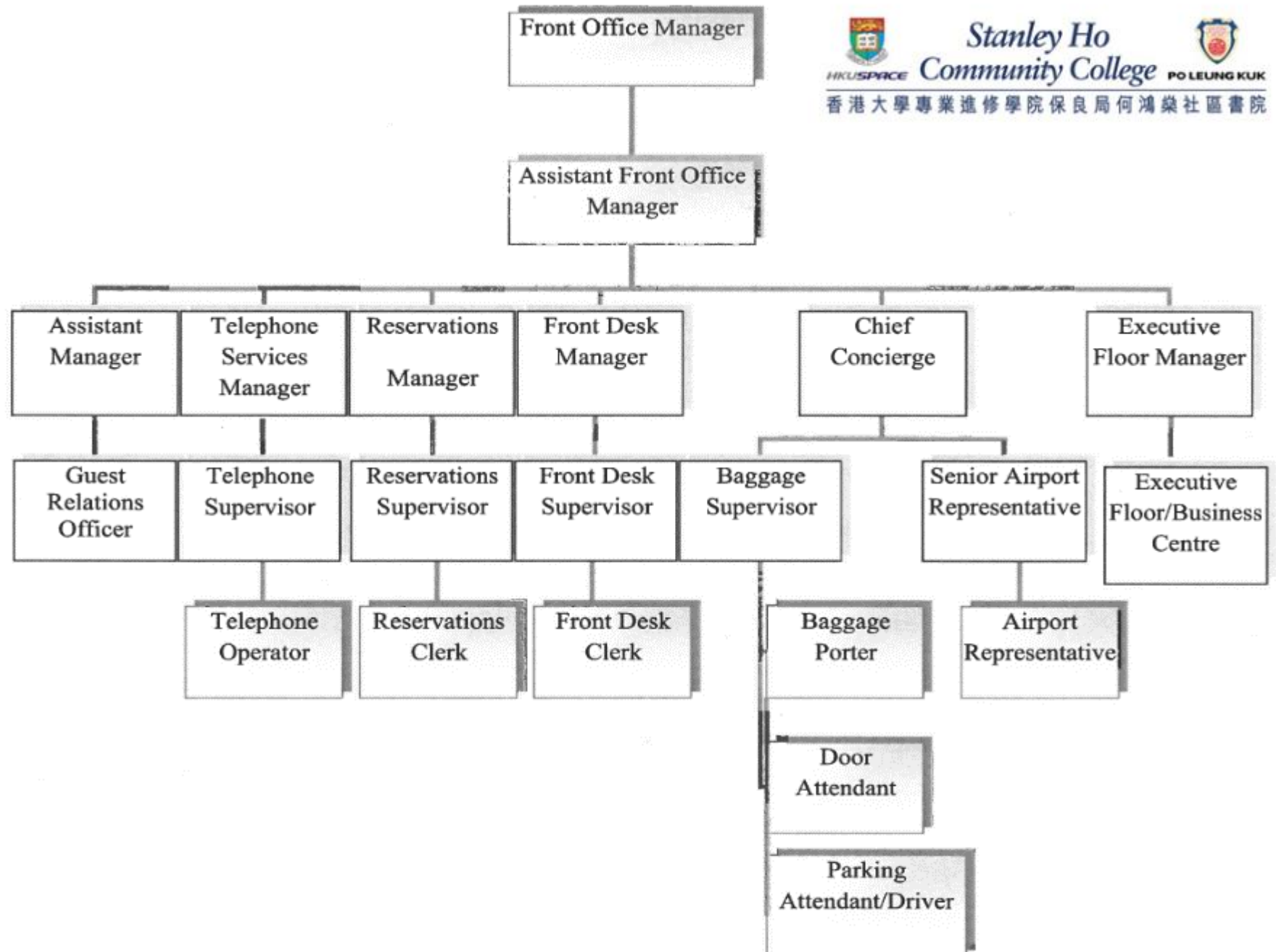
2018 Group revenue by region (\$1,933m)



- Americas (54%)
- EMEAA (29%)
- Greater China (7%)
- Central revenue (9%)

# Organization of Hotel Departments

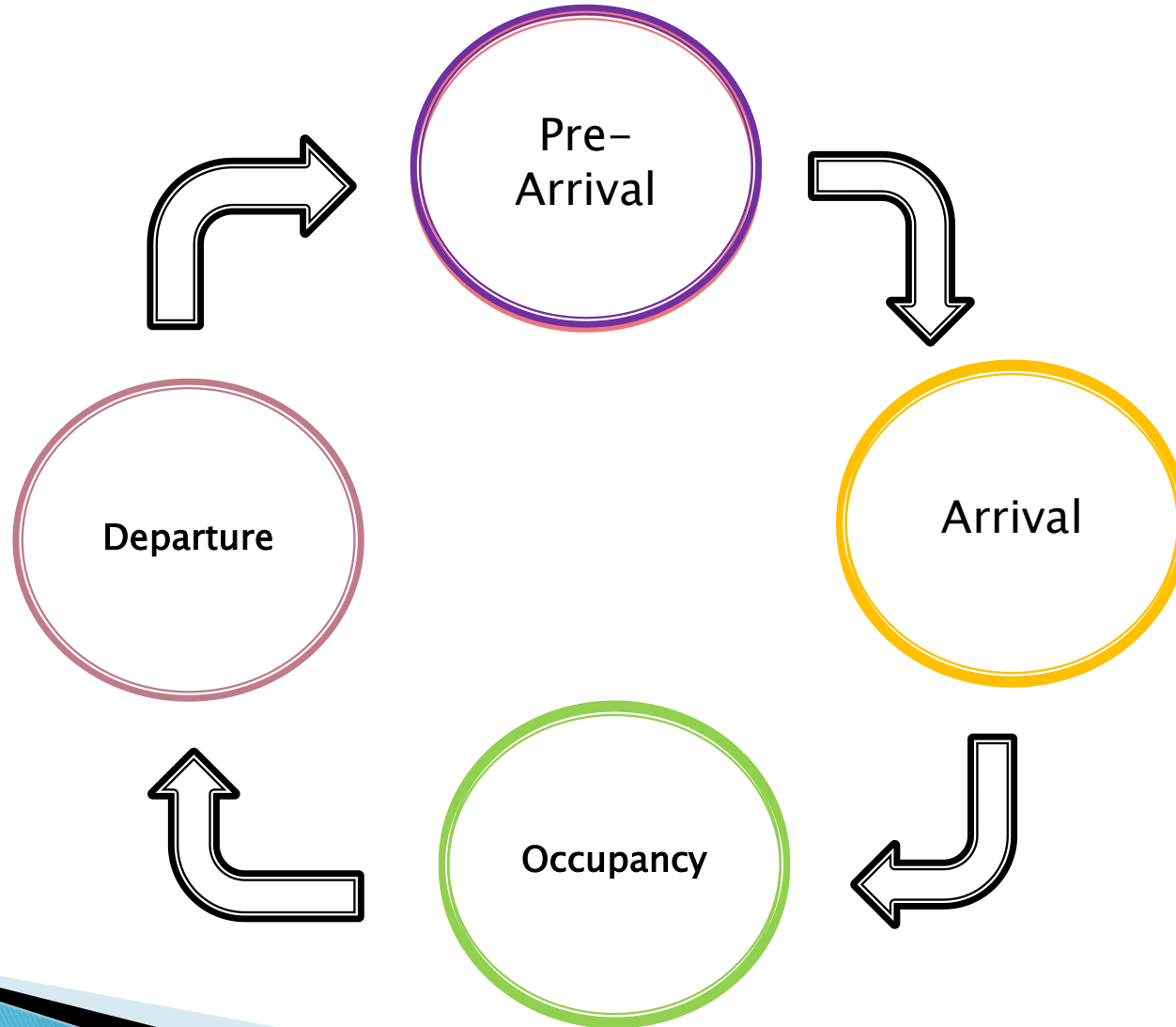




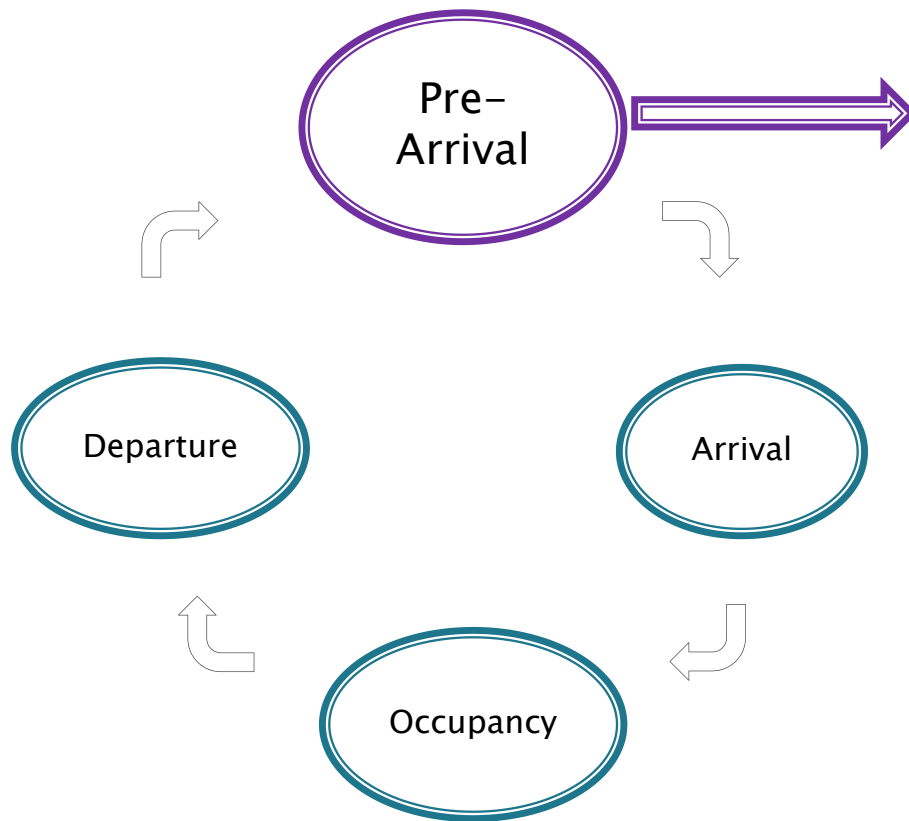
# Front Office Department

- ▶ The front office is the nerve center or hub of a hotel. It is the department that makes the first and last impression on the guests, and the place that guests approach for information and service throughout their stays.
- ▶ Three main functions:
  - Selling rooms;
  - Maintaining balanced guest accounts; and
  - Providing services and information to guests.

# Guest Cycle

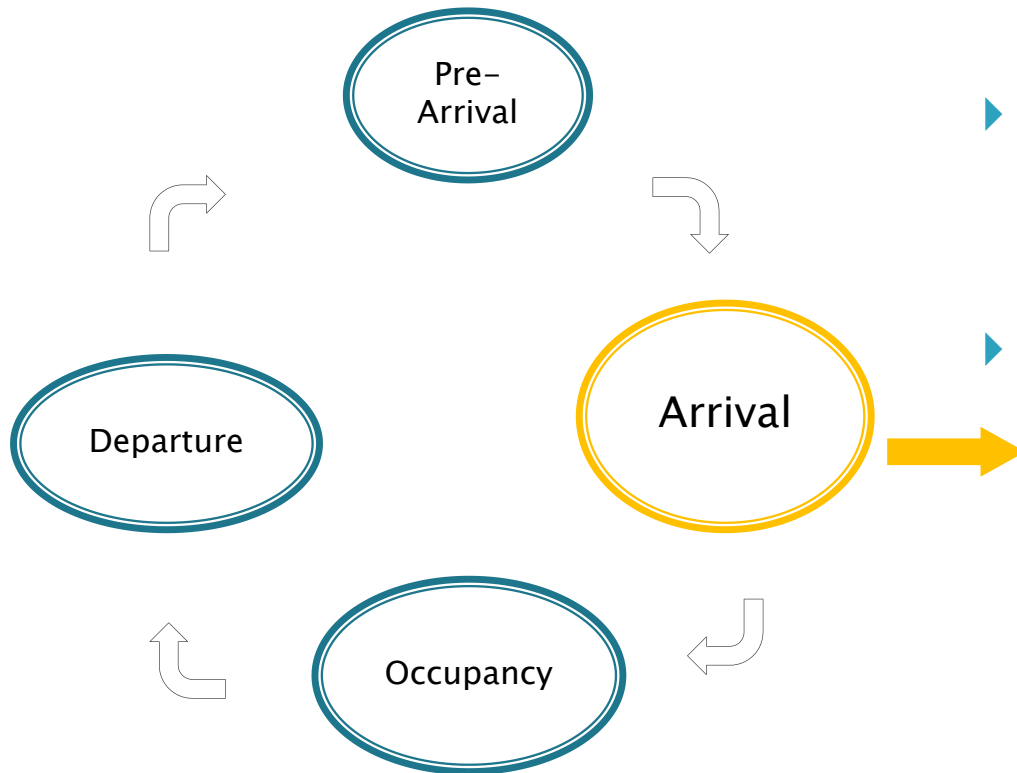


# Pre-Arrival



- ▶ The stage where the guest makes room reservation.
  - Room types
  - Special request

# Arrival



- ▶ The point when the guest arrives at the hotel.
- ▶ Once the guest arrives, the registration procedures performed by receptionists / front desk agent should be efficient and accurate.

# Arrival – Registration and Check-in Procedures

## Registration / Check-in Procedures

1. Greet the guest

2. Verify the guest's identity

3. Present the registration form

4. Confirm the method of payment

5. Check and update guest's account in the  
PMS

6. Issue room key and give further  
information

7. Escort guest to the room

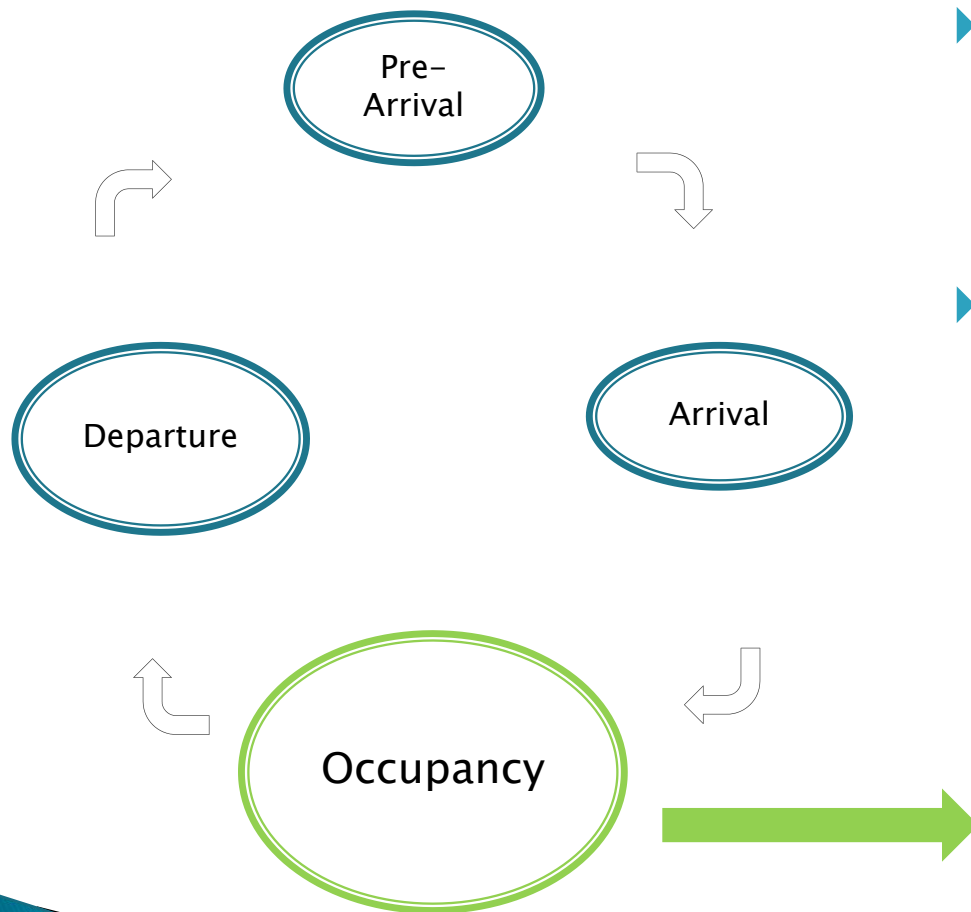
# Arrival – Registration and Check-in Procedures

Procedures	
1. Greet the guest	Always be attentive Give warm greetings
2. Verify the guest's identity	Check passport, booking voucher and confirmation number
3. Present the registration form to the guest	Confirm booking information printed in the registration form with the guest. e.g. room rate, room type, length of stay and special requests
4. Confirm the method of payment	Credit card (check the guest's name, card's validity and its date of expiry) Cash ("paid in advance" (PIA) with cash deposit) .....
5. Check and update guest's account in the PMS	Any mail, message or article is received Select and assign a suitable room
6. Issue room key and give further information	Issue room key Information of hotel (e.g. operation hours of outlets)
7. Escort guest to the room	Take the guest's baggage and escort guest to the guest room

# Arrival – Registration and Check-in Procedures

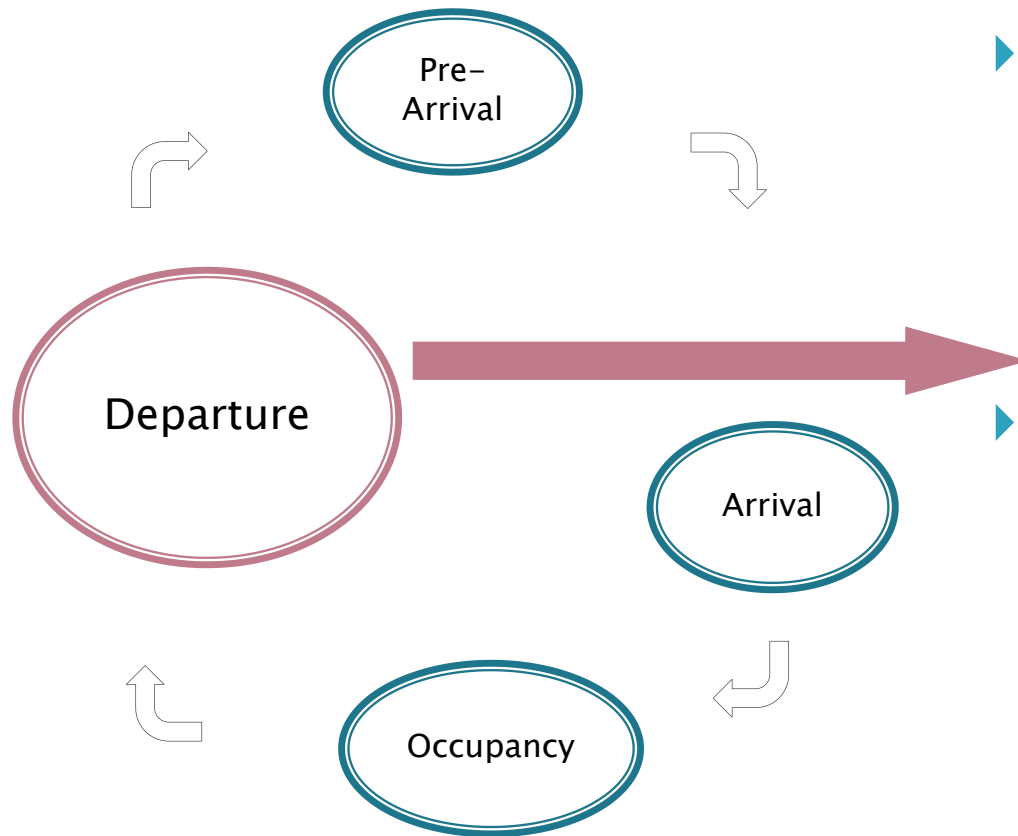
- ▶ Pre-registration
  - Preparation works performed before group guests' arrivals. Key cards are prepared in advance according to the rooming lists
- ▶ Group check-in
  - Tour escorts or event organizers check-in at the group check-in counter
  - Set up a tour assembly point for large group

# Occupancy



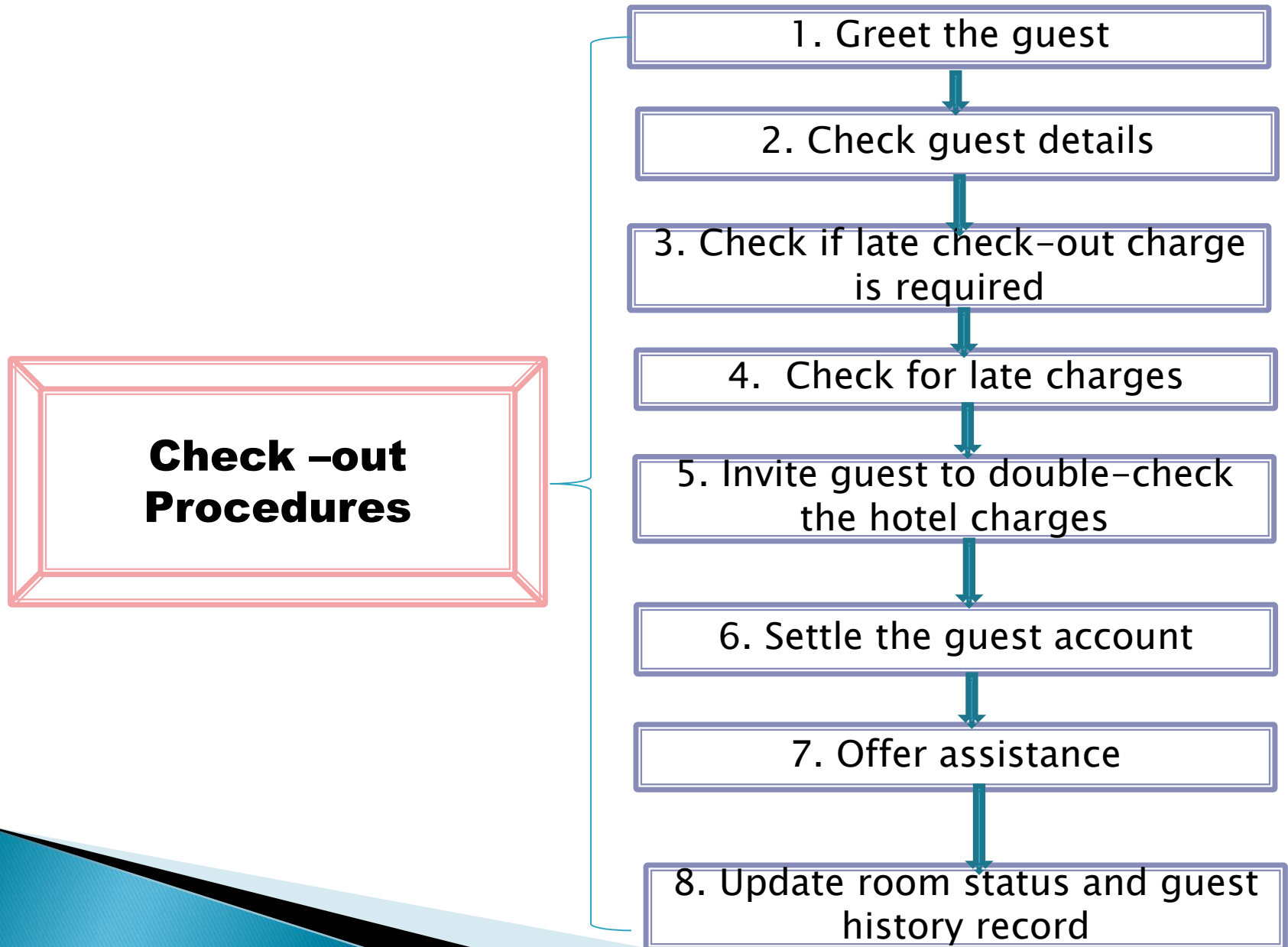
- ▶ The period during which the guest stays in the hotel.
- ▶ Enjoy various services and facilities offered during the stay (e.g. wake-up call, swimming pool, laundry)

# Departure



- ▶ The point when the guest checks out and leaves the hotel.
- ▶ The standard check-out time is always set at 12pm or before

# Departure – Check-out Procedures



# Departure – Check-out Procedures

## Greet the guest

- Warm greeting
- Ask the guest for his/her comment about the stay

## Check guest details

- e.g. guest's name and room number
- Guests with identical or similar names should be aware

## Check if late check-out charge is required

- 50% of daily room rate check-out before 6pm
- Full rate is charged after 6pm

## Check for late charges

- e.g. mini-bar items, transportation charge

## Invite guest to double-check the hotel charges

- Guest folios (guest bills)
- Master folios (master bills) for tour escort's inspection

## Settle the guest account

- Re-confirm the method of payment
- Business travelers and tours: master folios and incidental folios

## Offer assistance

- e.g. bell service, transportation, future reservations

## Update room status and guest history record

- From OD to VD
- e.g. room preference, consumption record

# Handling Overbooking

- ▶ Overbooking occurs when a hotel takes more reservations than the number of rooms available.
- ▶ It is a common practice of hotels which contributes to a higher chance of full house while reducing the loss of no-shows and last minute cancellations.

# Handling Overbooking

- ▶ Apologize to the guest
  - Hotel staff should apologize to the guest with no excuse.
- ▶ Provide alternatives
  - Compensations are always provided by the hotel:
    - Free room for the 1<sup>st</sup> night of stay in an alternate hotel;
    - Free transportation to the alternate hotel;
    - .....
- ▶ Provide baggage assistance and transportation
- ▶ Follow-up Services
  - Personal calls to the unhappy guests

# Housekeeping Department

- ▶ The housekeeping department is responsible for the cleaning and maintaining the guest rooms, public areas, office spaces and back of the house *areas*.



# Relationship Between Housekeeping Department and Front Office Department

## Please provide the following information:

- Check-in (arrival time), occupied (special requests) and check-out rooms (check minibar)
- Any discrepancy found will be double checked by Assistant Manager

- Actual room status
- Check-out rooms can be returned as quickly as possible
- Repairs and maintenance can be scheduled
- Any unusual guest behaviors



Housekeeping



Front Office

# Room Status Codes

- ▶ Occupied Clean (OC) – The room is occupied and has been cleaned by room attendant
- ▶ Occupied Dirty (OD) – The room is occupied and hasn't been cleaned by room attendant
- ▶ Vacant Clean/Ready (VC/VR) – The room is vacant and has been cleaned by room attendant or ready for sale
- ▶ Vacant Dirty (VD) – The room is vacant and hasn't been cleaned by room attendant
- ▶ Do Not Disturb (DND) – The guest has requested no disturbances
- ▶ Out of Order (OOO) – The room is under maintenance, refurbishment or extensive cleaning

# Security Procedures

- ▶ Handling Guests' Valuables
  - A room attendant must report to the housekeeping office any guests' valuables found inside the guest room during cleaning.
  - The room attendant waits for the assistant manager, floor supervisor and the security officer arrive at the guest room.
  - The case must be recorded in the Housekeeping Log Book.
  - The guest room will be double locked until the guest returns.



# Security Procedures

## ▶ Key Control

- The room attendant must complete or sign “The sign in and out” log book for the key issued.
- The key cabined must remain locked at all times.
- Keys must never be left hanging on the trolley or in the door lock.

### MASTER KEY CONTROL SHEET

Date: \_\_\_\_\_

Section Master Key	Pager No.	Time Out	Time In	RA Signature	Clerk Signature
5-6/F	3	07:15	16:25		

# Security Procedures

## ▶ Suspicious Person

- The housekeeping staff must report any suspicious person loitering on guest floors and public areas to the housekeeping office.

## ▶ Lost and Found

- The information of the lost items must be recorded in the Lost and Found Logbook.
- All items found by the guests and staff should be stored in a ventilated room and kept for three months.

# References

- ▶ Education Bureau (2013). Manual on Module II – Introduction to Hospitality (Fine-tuned version). P.1 – P.156
- ▶ Forbes Travel Guide (2019). “Award-Winners” retrieved on 31 May 2019 from <https://www.forbestravelguide.com/award-winners>
- ▶ American Automobile Association (2019). “Diamond-award” retrieved on 31 May 2019 from <https://www.aaa.com/diamonds/diamond-awards>