

TRT3701

Hospitality Management

Learning unit 2: The Hospitality Product

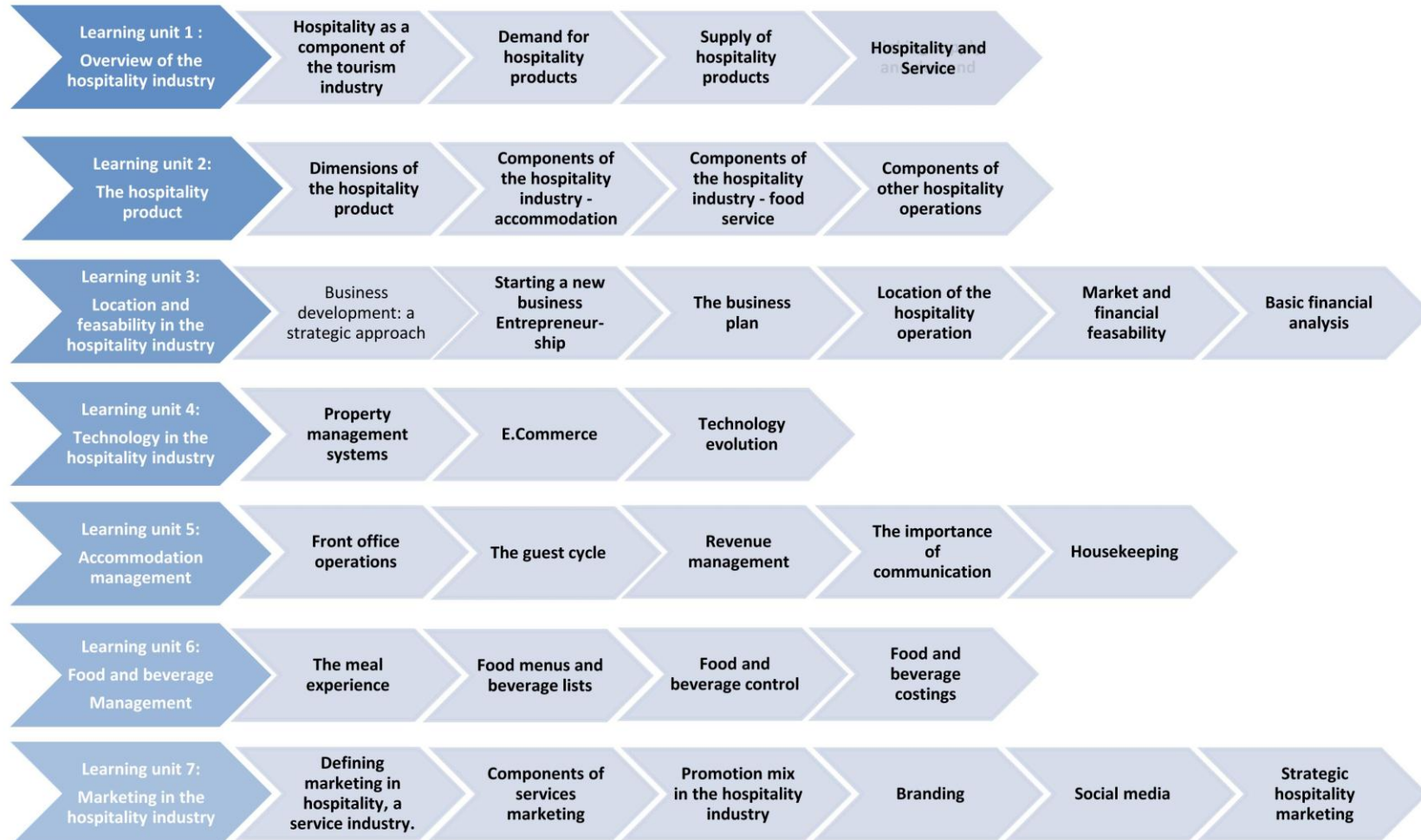


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The Hospitality Management Model: A Schematic overview of the module content



LEARNING OUTCOMES

Once you have completed this learning unit, you should be able to

- differentiate between different types of accommodation establishments
- distinguish between the two major segments of food service providers and give examples of each
- identify and explain other hospitality operations within the hospitality industry

2.1 INTRODUCTION

Case study

Prof Dave Sietz and his wife, both from Germany, have decided to spend their summer vacation in South Africa. A while back, Mrs Sietz read a magazine article about Sun City -- Africa's Kingdom of Pleasure -- in the Pilanesberg (North West province). The Sietzes decided that this would be the ideal place for their holiday, since it is truly African but also offers some home comforts. They visited their usual travel agent and she shared the following information with them.

Sun City is one of South Africa's well-known holiday resorts, boasting an array of entertainment, attractions and activities, while guests enjoy a variety of accommodation options. This fun-filled resort offers both international and domestic guests opportunities to play golf, go game viewing, gamble, enjoy shows and also swim and relax.

The accommodation product consists of four top quality hotels, The Palace of the Lost City, The Cascades Hotel, The Sun City Hotel and The Cabanas. The latest addition to their accommodation product is the Vacation Club, a timeshare unit belonging to Resort Condominiums International (RCI).

The food service product includes a number of restaurants that are hosted at each of the hotels, including The Crystal Court, The Villa del Palazzo, The Palace Pool Deck, The Orchid, The Calabash, The Gary Player Country Club, and The Palm Terrace, as well as several dining and eating options at the entertainment centre -- such as Trader's Sports and Action Bar, Squire's Loft, The Fishmonger, and the fast-food arcade which includes a number of fast-food options.

Sun City boasts an amazing entertainment product, which includes two world-class 18-hole golf courses, the Valley of the Waves, several children's activities, casinos, movies, the Sun City Superbowl and the Sun City Theatre. Sun City offers 850 slot machines and a number of table games. The gambling facilities are situated in the Entertainment Centre and the Sun City Hotel. Sun City's Valley of the Waves offers an island

experience which features waterslides, pools and an artificial beach. The resort also offers a number of sporting and recreational facilities; the most famous sporting event at Sun City is the Nedbank Golf Challenge.

After listening to the travel agent, the Sietz family decided to visit Sun City and asked the travel agent to make the necessary arrangements for them.

Source: <http://www.sun-city-south-africa.com/online> (28 February 2013).

This case study represents all the elements of a hospitality product. A good way of understanding the concept of the "hospitality product" is to remember that in reality it means the **guest's experience**, and that it consists of both physical and intangible products and services. It includes all the characteristics offered by the hospitality establishment, including the guest rooms, facilities, amenities, décor, and dining setting, as well as the services offered by the establishment and the establishment system's services (Barrows, Powers & Reynolds 2012).

The hospitality product is ultimately about how the Sietz family experienced Sun City as their chosen holiday destination. Did they enjoy it? Were they able to relax? What was the service like? Were their guest rooms suitably furnished? Answering these questions will help you picture the Sun City product and its dimensions.

2.2 THE DIMENSIONS OF A HOSPITALITY PRODUCT

Kotler (2006) emphasises that the hospitality product is represented or sold on three levels. He refers to the dimensions of a hospitality product that consist of the core product, the tangible product and the augmented product. Although these levels will be termed differently by almost every marketing expert, the value associated with the concept of internal product dimensions remains the same and should be applied by the operators of any hospitality operation or establishment.

The **core product** is intangible and represents the main benefits that satisfy consumer needs (George 2007:189). It reflects the words, pictures or perceptions of the product which are transmitted to the potential buyer. The core product does not reflect the physical product or service, but rather the characteristics of the target market and what it is that they are actually purchasing. The core product can include status, relaxation, rest or self-fulfilment.

At Sun City, for example, they sell the perception or concept of a "dream holiday", which reflects a certain status level or level of achievement.

The **tangible product** is made up of the actual tangible product, such as the specific details of a particular hospitality product or service like in-room facilities, television, lifts, décor and shops (McManus 1998). A tangible product includes the product and service features, design, service quality level, brand name and packaging (Kotler, Bowen & Makens 2010:233).

At Sun City, for example, a three-night stay at the Palace Hotel may include a breakfast and R500 in free casino chips.

The **augmented product** is a combination of the tangible and intangible aspects of any hospitality product and it is the most difficult to define. It represents the value-added components of the hospitality product, as well as the difference between the contractual obligations of the seller and the totality of all benefits and services experienced by the guest or customer (McManus 1998). The augmented product refers to the availability of additional customer services and benefits, such as a complimentary product on arrival (flowers, chocolates, fruit, a cocktail), entrance tickets to attractions or entertainment (a free ticket to a show) --- as well as the friendliness and helpfulness of the staff.

At the Palace of the Lost City Hotel, for example, every room is equipped with a special ironing unit for business people to press their suits. Guests staying at any one of the Sun City hotels may receive a free ticket to the Valley of the Waves or to an entertainment show being held at the Sun City Superbowl. The high number of staff per guest at the establishment also ensures the highest level of service excellence.

From the case study at the beginning of this learning unit it is also clear that the **hospitality product consists of a number of segments:**

- accommodation
- food service
- other hospitality operations

Sun City is an example of a world-class resort which offers accommodation, food service facilities, entertainment and leisure, and gaming facilities. Sun City caters for the leisure and business market segments since it offers such a variety of products.

Figure 2.1 illustrates each of these segments of the hospitality product and presents examples of the different types of establishments and operations that can be found in each. We will be looking at each of these segments in more detail in this learning unit by briefly describing each of the establishments and operations that form part of them.

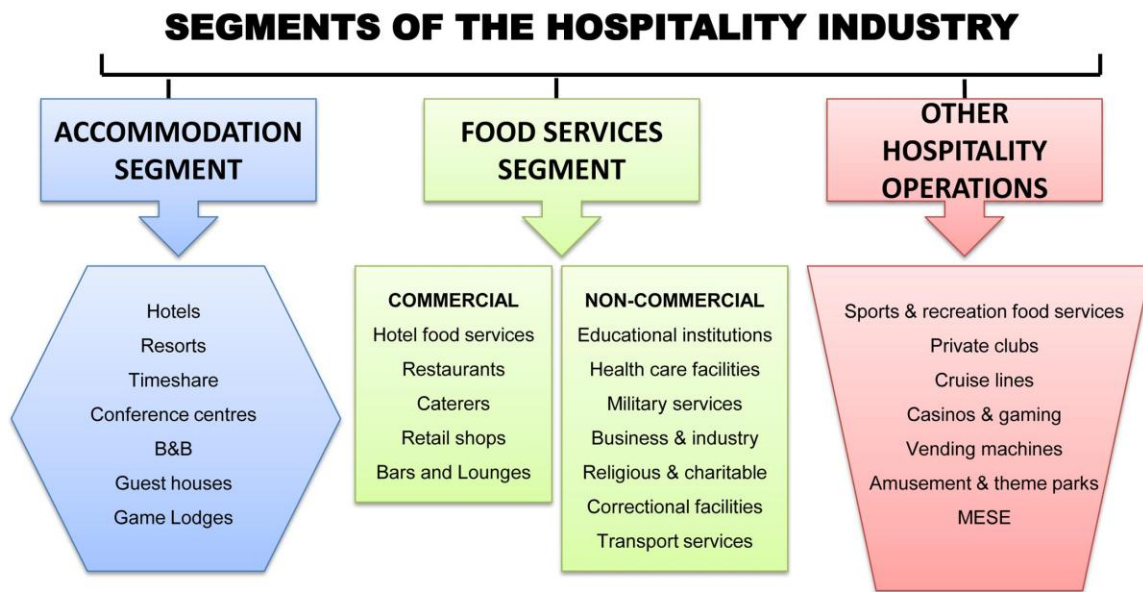


Figure 2.1 Segments of the hospitality industry

Source: adapted from Ninemeier and Perdue (2008:7)

Let's start by looking at the accommodation segment of hospitality in more detail.

2.3 ACCOMMODATION

The essence of accommodation is to provide overnight accommodation for people staying away from home. It meets a very basic human need: to have a place to sleep (Jones 1995:1). People need accommodation for a number of reasons. They may be going on their annual holiday, travelling overseas, or wanting to escape the city to relax for the weekend, or they may be attending a wedding or other event and need somewhere to stay overnight or for a couple of days. In all instances, the person will be looking for an establishment that will provide a home-away-from-home experience. But people may not only be interested in finding a nice place to sleep: they may also be interested in other accommodation amenities offered, depending on their reason for travel.

These **amenities** are services and facilities offered to guests on the establishment's property, such as a swimming pool, entertainment, children's facilities or conference venues or hotel rooms. They can also refer to complementary products provided in guest rooms, such as soaps, bubble bath and shampoos. Amenities can also play an important role in selling the establishment in the competitive hospitality industry.

Activity: Hotel Amenities Suppliers is the largest guest supply company in Africa. It has successfully supplied over 1 400 clients with an extensive range of toiletries and also provides independent hotels with their own personalised guest amenity ranges. Visit the website www.has.co.za to see what amenities are offered. Compare the different ranges that are provided to group hotels, independent hotels, as well as the off-the-shelf ranges aimed at smaller establishments. Click on the hotel's logo to see what their amenity range consists of. Take note of the branding, colours and articles that each hotel uses. For the smaller establishments, click on the different ranges to view the range and see the prices and quantities that establishments can order.

In South Africa, there are several different commercial and non-commercial accommodation establishments that can satisfy this basic human need. These establishments comprise a wide range of subsectors, including commercial hotels, airport hotels, all-suite hotels, residential hotels, resort hotels, casino hotels, bed and breakfast hotels, convention hotels, game lodges and guest houses. Let's have a look at them in more detail. There are several methods of classifying accommodation establishments. **Classification systems** enable guests to identify different types of hospitality products and assist them in their decision-making process by specifying the level of facilities and quality of service that the establishment provides. The **Tourism Grading Council of South Africa (TGCSA)** is a recognised and internationally credible quality assurance body for tourism products in South Africa. You can learn more about the TGCSA by visiting their website at <http://www.tourismgrading.co.za/>.

Tip: Classification and grading systems are not globally universal. This means that guests can experience different levels of service and range of facilities from one country to another. It is therefore important to first familiarise yourself with the specific classification system used by a specific country before you make decisions based on the criteria provided.

Medlik and Ingram (2000) in Hassanien (2010:24) provide a list of **criteria** that can be **used to classify the hotel sector**, but in essence these can be generally applied to understand the entire accommodation sector. Medlik and Ingram's (2000) criteria include the following:

1. *Location of the accommodation.* It is not only important to establish where the accommodation establishment is located: it is also essential to know the exact position of the accommodation within the location. Accommodation can be found in towns, cities, along the coast or in the countryside; and more specifically these operations can be situated in a city or town centre, next to the beach or on a road network.
2. *Reason for visit.* For what purpose does the tourist or guest need accommodation? People travel for several reasons, including leisure, business, health, education, family or a combination of these.
3. *Length of stay.* What is the duration of the guest's stay? Most people only require accommodation on a temporary basis. However there are those that require permanent or semi-permanent lodging.
4. *Facilities and services available.* A distinction is normally made between full-service or self-catering accommodation establishments. This is important so that guests can determine what is supplied and what they need to provide.
5. *Licensed and unlicensed.* Does the accommodation establishment sell alcoholic beverages?
6. *Size of the accommodation.* The size of the establishment has an influence on many other factors, such as staff requirements, management style, financial and legal requirements, all of which determine the operation's success.
7. *Classification of the establishment.* Does the accommodation belong to a grading association or organisation? This will determine the quality of service and provision of facilities that the establishment must provide to meet certain criteria.
8. *Ownership and management.* Who owns the accommodation establishment and how is it managed? Ownership may be independent, a franchise, multinational or public sector owned. The management style may be autocratic, consultative or persuasive.

Activity: Search the internet for five accommodation establishments. Try to include a variety of hospitality products, with different grading levels as well, from a five-star boutique hotel to a local guest house for example. Now classify each of the establishments according to Medlik and Ingram's (2000) eight criteria.

Did you enjoy the activity? Now that you've analysed and classified your accommodation establishments, you can also consider the following questions. Which establishment would you like to stay at and why? Which establishment had the highest grading? Were some of these establishments licensed? What management style would you employ if you were to manage a guest house? This further activity should help you to really think about each establishment in more detail, which in turn will help you better understand the different hospitality products.

This learning unit will look at the following establishments that form part of the accommodation segment:

- hotels
- resorts
- timeshare
- conference centres
- bed and breakfasts
- guest houses
- game lodges

We will begin by looking at hotels in more detail.

2.3.1 Hotels

Ninemeier and Perdue (2008:6) define a **hotel** as a profit-making business "that rents out rooms for the main purpose of sleeping, and often also provides other amenities such as food and beverage services, swimming pools and exercise facilities, meeting and business centres, as well as concierge services".

Hotels can be classified in many different ways as each establishment offers a different product at varying levels of service. Some hotels are large and others are small. Some hotels are very expensive while others offer budget accommodation. Hotels may be in high buildings in the middle of a city or set within a large area in a beautiful setting. Hotels can be located next to an airport, a shopping centre or even a casino. Often, depending on their location and target market, hotels may or may not offer food services and other facilities. Hotels may be part of a franchise or chain of hotels or they may be privately owned and operated (Ninemeier & Perdue 2008:6-7).

In this learning unit hotels have been classified according to the following categories.

Limited service hotels usually offer accommodation only, with very limited, if any, extra amenities, facilities or services. The hotel will provide only minimal food and beverage facilities, usually only a small public area is available, and most likely has no conference or meeting rooms. The room rates charged for these hotels will be low. These establishments were previously called "budget" or "economy" hotels (Barrows et al 2012:278). For example, Town Lodge, Road Lodge, Southern Sun Garden Court, and the Formula Inn.

Full service hotels offer an extensive choice of facilities and amenities. Compared to limited service hotels, these establishments provide more public areas and they offer meeting or function rooms, with a minimum of one food and beverage facility. The rates charged per room are more likely to be equivalent to or a little over market-area average rates (Barrows et al 2012:279). For example the Peermont Metcourt at Emperor's Palace and the Executive Hotel in Midrand.

Select-service hotels are the hotel category currently showing the highest growth rate, since they attract both leisure guests looking for value-for-money lodging, as well as business guests who have strict budgets to manage. These hotels target a niche market segment that requires value accommodation with basic services and facilities, which include limited food service operations, basic meeting venues, lounge areas and high speed internet access (Barrows et al 2012:278-279). For example hotels in the City Lodge Hotel group.

Luxury hotels boast unique décor and furnishings and offer a wide variety of services and amenities, which consist of a concierge facility, several food and beverage services, including fine-dining restaurants, banqueting services and 24-hour room service, a range of entertainment facilities and a high ratio of employees to hotel rooms. Due to these exclusive features these hotels charge the highest room rates (Barrows et al 2012:279). The Hyatt Regency in Johannesburg, the Tswalu Kalahari Lodge in Northern Cape and the Oyster Box Hotel in Durban, in KwaZulu-Natal are examples of luxury establishments.

Commercial hotels are graded according to stars and may have a three-, four- or five-star grading. Depending on the star grading of the hotel, the facilities offered by the

hotels will differ. Guest amenities at these hotels may include complimentary newspapers, morning coffee and tea, cable television, airport shuttle services, formal and semi-formal eating facilities, and cocktail lounges. These hotels also offer additional facilities to guests at a fee, such as laundry-valet services, uniformed services, concierge services, retailing, swimming, health clubs, tennis courts and saunas.

Commercial hotels usually charge fairly high rates and so the average person is seldom able to afford a stay in such a hotel. Examples of hotels within this range include the Sandton Towers Intercontinental, the Sandton Hilton, the Michelangelo, and the Holiday Inn Crowne Plaza.

Airport hotels typically target business customers, airline passengers with early, late or delayed flights, and airline crew. With the introduction of budget airlines, more and more people make use of air transportation to travel, which has resulted in an increased demand for accommodation close to airports. Travellers often have to wait long periods of time before catching connecting flights, so accommodation close to airports has become more popular. These hotels are conveniently located and offer guests complementary shuttle or transport services to and from the airport. They also cater for their guests' specific needs by offering extended room service and restaurant hours. Conference and meeting facilities may also be offered for the convenience of business guests.

There are a number of hotels close to OR Tambo International Airport, such as the Protea Hotel Transit OR Tambo Airport, the InterContinental Johannesburg OR Tambo, and the Southern Sun OR Tambo International Airport Hotel. These hotels vary in size and in the levels of service provided. Can you identify a list of hotels in close proximity to the Cape Town International Airport? What services and facilities do these accommodation establishments offer?

Casino hotels operate quite differently to most other hotels. Gaming operations are the primary revenue generators, while accommodation and food and beverage have more secondary functions, which support the main role. Casino hotels attract guests by promoting gaming, speciality restaurants and extravaganza entertainment. Casino hotels can also offer a range of additional services such as health spas, conference and meeting facilities, and various entertainment attractions, and some offer facilities for children to make the establishment more family friendly. Gambling activities at some casino hotels operate 24 hours a day, 365 days a year, which may significantly affect room bookings and how the food and beverage divisions operate. Some casino hotels are enormous, with as many as 4 000 rooms under one roof (Kasavana & Brooks

1988:13-14). Some of the best-known casinos in South Africa include Gold Reef City, Montecasino, Carnival City Casino and Entertainment World, Emperors Palace, GrandWest Casino and Entertainment, World Sibaya Casino, Silverstar Casino and Entertainment Kingdom, and the Wild Coast Sun Casino.

Boutique hotels offer a different and unique experience from traditional hotel properties, since they "focus on the experiential nature of service delivery" (Chan 2012:1). Chan further suggests that the following factors help to deliver the experience: "a cap on the number of rooms, a design or cultural aspect to the property ... attention to the location of the property". These hotels have a distinctive architecture, style, décor and size and they provide guests with a more personal service. The image and atmosphere created by these properties is what makes them stand out. Key future trends in this subsector include a greater attention to environmental sustainability, incorporation of technology into the property, introduction of budget boutique hotels and growth within the Asian markets (Chan 2012). The Mantis Group boasts many world-famous game reserves and boutique hotels in South Africa, England, Scotland and Europe. For example Sandton Boutique Hotel, Fairlawns Boutique Hotel, and Moloko Apartments in Sandton.

Extended stay hotels are also known as residential hotels, since they cater for guests who stay for an extended period. These hotels offer full kitchen facilities with limited housekeeping and food and beverage services. There are usually restaurants situated close by for the convenience of the guests. Guests that stay at such hotels include families that are relocating, business people on contracts and other professionals working in a location away from their normal place of residence who need temporary housing. Hotel 224 in Pretoria, the Oasis Signature Hotel, Tladi Lodge, And The Randburg Towers Hotel, are examples of residential hotels in South Africa.

Example: Extended Stay America (<http://www.extendedstayamerica.com>) is a website that caters for guests who travel for business and need temporary housing or accommodation for extended periods of time. Visit the website and view over 700 hotels in the USA and Canada to learn more about the facilities and amenities that extended stay hotels offer.

Watch this: Visit YouTube.com to view videos that guests have personally recorded about hotels they have stayed in.

This video is called "Hotel Tour: Extended Stay America St. Louis MO" and shows you all the amenities offered by an extended stay hotel:
<http://www.youtube.com/watch?v=w37jp8E8Vbw>

Here is another video entitled "This is my 'home away from home' when I am in the Blue Ridge Alta Vista Seniority district" recorded by the same person as the above video. Here he documents the various amenities, hotel duty points and facilities offered by the hotel: <http://www.youtube.com/watch?v=b855o73ZSi4>

By watching these and other videos you will get a good overview of a guest's experience in different categories of hotels and better understand what each type of hotel offers the guest in terms of facilities and services.

All-suite hotels offer guest rooms with a living room and a separate bedroom. Some of the more modern guest suites include a compact kitchenette with a refrigerator, stove, microwave and in-room beverage services. In exchange for more complete living quarters, all-suite hotels have fewer public areas and guest services than other hotels. These features enhance the competitiveness of all-suite hotels in terms of room rates. Professional and business people, such as lawyers, accountants and executives, find these hotels particularly attractive, since they provide more than just a room. They are ideal for entertainment and work. Many offer internet and modem connections for the convenience of their guests.

All-suite hotels appeal to a variety of people because they generally charge reasonable rates. People in the process of relocating transform suites into temporary living quarters, frequent travellers enjoy the comfort of a "home away from home", and vacationing families discover the privacy and convenience of hotel accommodation designed for extended stays (Kasavana & Brooks 1988:11). Most all-suite hotels offer a complimentary breakfast at the request of the guest, but such arrangements generally need to be made the night before the breakfast is required.

Examples of all-suite hotels include the All Seasons Bed & Breakfast, the Sentinel Executive Apartment Hotel, and the Villas Luxury Suite Hotel. Can you draw up a list of examples of all-suite hotels in other destinations globally? You can visit various websites to search for this information.

Convention hotels form another segment of the accommodation industry which has grown considerably over the past few decades. These large hotels are designed to accommodate large groups of people, and provide facilities and services to meet the needs of groups attending conferences and conventions. These hotels have large conference and function spaces, for meetings, conventions, banquets and exhibitions. Extensive food and beverage facilities and services provide food and drinks to all restaurants, lounges, banquets, conferences and room services within the establishment. These hotels are usually located near convention centres and other convention hotels.

The size of convention hotels makes it possible for them to accommodate delegates attending conferences. These hotels have large meeting facilities, self-service restaurants or cafeterias and elaborate formal dining areas. They also have some of the latest conference technology, such as teleconferencing, secretarial assistance, language translation, internet connections, and fax and modem points.

Convention hotels get a lot of their business from government organisations and from regional, national and international businesses and corporations. Since most conferences and conventions are usually booked and planned at least two years in advance, convention hotels are able to book their business far ahead. Good examples are The Hilton in Durban next to the ICC, The Arabella Sheraton in Cape Town next to the CTICC, and the Sandton Intercontinental Hotel, next to the Sandton Convention Centre.

Activity: The [Cape Town International Convention Centre](http://www.cticc.co.za) (CTICC) is one of South Africa's best-known and highly rated conventions centres. It hosts many local and international events. Visit the CTICC website (<http://www.cticc.co.za>) or other websites and see how many convention hotels are located in close proximity to the CTICC.

What benefits are there for delegates attending conferences at the CTICC when they stay at one of these hotels?

What benefits are there for the convention hotels located close to the CTICC?

Are there any disadvantages for either the delegates or the hotels being located so close to the CTICC?

Bed and breakfast hotels are growing in popularity, especially among the more budget-minded traveller. Often they are forgotten, but they fulfil an essential need in terms of accommodation. They are usually smaller hotels or establishments consisting of between 20 and 30 guest rooms. Due to their growing popularity, large hotel chains such as Tsogo Sun and City Lodge have also entered the market for limited service hotels.

In South Africa, there are a number of privately owned hotels and house accommodation establishments which are classified as bed and breakfast hotels, but the best-known bed and breakfast establishments are City Lodge, Town Lodge, Road Lodge and many privately owned hotels.

Activity

Visit [Trip Advisor's](http://www.tripadvisor.com) website (<http://www.tripadvisor.com>) to view guest reviews for some of the categories of hotels. Such a search may provide very interesting information and feedback about establishments: their service, facilities, entertainment, cleanliness and rooms. You can use this website and other similar websites to review establishments before booking your accommodation. This will help you get a better idea of what the property offers, the true guest experience and whether it is recommended by other guests.

Now that we have examined the different types of hotels, let's take a couple of minutes to have a look at what hotels may be offering their guests in the future.

Watch this:

Imagine robots taking a guest's luggage to the hotel room or guests being able to read information in their own language in their hotel room. These are just some of the amazing features currently offered by technologically innovative hotels. Take a moment to read the article "High-Tech Hotels Upgrade Guests' Stay With Futuristic Amenities" written by Melissa Medeiros (Huffington Post Canada) and look at some of these ground-breaking features offered by hotels worldwide:

http://www.huffingtonpost.ca/2013/07/25/high-tech-hotel-photos_n_3653737.html

You can also watch a short video called "Peek into Hotel Rooms of the Future" to see what state-of-the-art innovations some hotels are currently investigating:
<http://www.youtube.com/watch?v=WvcqfyUyBQw>

All of these ideas make you think about what the guest experience will be like in five years' time – I am sure quite different to today's experience.

Although somewhat daunting, I am sure all that made you think a little. It may also make you wonder how, and what, you will be studying in five years' time! Now let's get back to more serious business and look at the other types of accommodation establishments.

2.3.2 Resorts

Resorts are very popular destinations for guests who prefer to break away from the normal routine of work and home life. Resorts are usually located in beautiful surroundings such as mountainous areas, on islands and in exotic places. They offer all the facilities and services of full-service hotels, as well as an abundance of recreational facilities and activities to keep guests entertained for several days or more. Some of the key features that resorts focus on are spas, beautiful beach settings, tennis, horse riding, golf and skiing. These recreational and entertainment facilities almost become an attraction on their own and are the primary reason for guests visiting them.

A variety of food and beverage options are located on the property and guests can choose from a range of informal to fine-dining restaurants. These hotels are characterised by their leisurely and relaxed atmosphere. The management and staff of these hotels strive to provide enjoyable guest experiences that encourage repeat business and word-of-mouth recommendations. Resort hotels usually target families, businesspeople and foreign visitors, since they depend heavily on repeat business. For example Sun City, Safari Lodge, Beach Resorts, etc.

Activity: Search the internet for examples of resorts across the world. Analyse what each of the resorts specialises in and what they promote themselves as. Now categorise them according to which "type" of resort you think they best fit (e.g. beach, spa, golf, or ski).

Examples: Did you struggle with this activity? Below are some well-known examples of both local and international resorts. Look at these for guidance on categorising the resorts you found on the internet.

Well-known resorts:

Sun City (North West province) >> beach resort

Champagne Sports Resort (Drakensberg – KwaZulu-Natal) >> beach resort

Royal Swazi Spa Valley Resort (Swaziland) >> spa resort (but also has a casino and golf course)

Lemuria Resort (Praslin, Seychelles) >> beach resort

Royal Palm Resort (Mauritius) >> beach resort

Sun Set Beach Resort in Phuket (Thailand) >> beach resort

Avoriaz Ski Resort (France) >> ski resort

2.3.3 Timeshare

Timeshare refers to properties that sell a type of shared ownership in which a person or business buys the right to use the accommodation unit for a portion of a year within a specified period. The owner then has access to that property for the same time period every year. For example Jack Smith may buy timeshare for two weeks in April at a resort in Mauritius which he uses during the same time period every year.

Example: [Resorts Condominiums International](#) (RCI) was established in 1974 and is currently one of the leaders of the timeshare exchange industry. It is an excellent example of an organisation that has established global networks that allow owners to exchange their timeshare on an annual basis with another owner in a different property or in a different part of the world at the same or another time of the year. An exchange holiday allows members to discover new places and enjoy the freedom of visiting a range of resorts worldwide. RCI provides its more than three million members globally the opportunity to experience holidays at more than 5 000 resorts in 101 countries. Some of the key benefits that RCI timeshare members enjoy are the flexibility and variety of holiday options, as well as the knowledge and resources that the company offers based on its many years of experience.

Source: Resorts Condominiums International (2013)

Activity: Do you know which South African properties belong to RCI? Visit RCI's website <http://www.rci.co.za> to find out more.

Discuss any three advantages and disadvantages of timeshare.

Create a fictitious booking at one of these establishments. Did you get good service from the hotel? How long did it take for Reservations to reply to your query?

Activity: Warnken and Guilding (2009) have written an interesting article: "Multi-ownership of tourism accommodation complexes: a critique of types, relative merits, and challenges arising". You can read and learn more about the different types of ownership, the challenges and the benefits that timeshare properties present by downloading the free PDF versions of the article from Science Direct:

<http://www.sciencedirect.com/science/article/pii/S0261517708001611>.

2.3.4 Conference and convention centres

Conference and convention centres are venues that provide learning environments. These properties offer meeting and classroom facilities that have audio and technological support services, as well as supplying a variety of food and beverage services, from tea breaks to formal banquets. Accommodation may be provided on the property. With the growing value being placed on team building and breakaway sessions, some centres may also provide limited recreational facilities for delegates to participate in. Certain large organisations may have their own in-house venues with limited facilities and amenities.

2.3.5 Bed and breakfasts

Bed and breakfast establishments are also more commonly known as "B&Bs". They are generally very small establishments, which consist of a maximum of three guest rooms, which are owned or managed by the people living in or on the property. They are run as an informal accommodation operation. Guests sleep in a room that is part of the establishment or home and a breakfast is included in the room rate. The core product of a B&B is accommodation and breakfast, with no other meals. The size of the breakfast varies from one establishment to the next, depending on the rate charged. "Some bathroom facilities may or may not be en-suite and/or private. In general the guest shares the public areas with the host family" (Henning 2007:50). Other facilities such as meeting rooms, dining facilities, recreational facilities, and laundry and dry

cleaning services may or may not be offered by a B&B, and can therefore influence the rate charged by the establishment. However B&B rates are normally very reasonable, and much lower than full service hotels. Some examples include the Le Rose Bed and Breakfast in Cape Town, Rutland House Bed and Breakfast in Johannesburg and the Blue Oyster Bed and Breakfast near Knysna. Do you know of any B&Bs in your local area?

2.3.6 Guest houses

Guest houses are found on all grades of properties from deluxe to unclassified. Most guest house owners are genuinely interested in their guests and pride themselves on the warmth of welcome and the quality of service. Furthermore, hosts are usually local people with a good knowledge of the area so they can advise their guests competently. The viability of this sector has strengthened as domestic and overseas visitors have become bored with the bland, standardised sameness of many of the large chain hotels. As a result they are seeking a more personal, individual environment offering a specialised product --- often a style of living to which the guest would like to become accustomed (Jones 1996:73-84).

Guest houses also offer guests accommodation in a home-away-from-home experience. There is however a distinction between a guest house and a B&B. "Guest houses can be an existing home, a renovated home or a building that has been specially designed to provide overnight accommodation. A guest house will have public areas for the exclusive use of its guests. It is a commercial operation enterprise and as such the owner or manager may live on the property" (Henning 2007:50). Guest houses have four or more guest rooms, each with their own en-suite bathroom or private bathroom. Breakfast is served to all guests, while other meals and snacks may also be available to guests, depending on the facilities of the establishment. Examples of guest houses include the Simons Town Guest House, Bonne Esperance Guest House in Stellenbosch and the Treetops Guest House in Port Elizabeth. Search for these and others on Trip Advisor to see what they offer or make a list of those establishments in your own community.

Activity: B&B versus guest house

There are a number of differences between a B&B and a guest house. Use the following criteria to analyse these differences in detail:

- number of rooms
- use of public areas
- owner/manager living on the property
- bathrooms
- meals served
- type of business

Were you able to do this activity? If not, read through the theory again and make notes or draw a table and fill in the details as you analyse the information. I am sure doing so will make it much easier to understand the difference between the establishments.

2.3.7 Game lodges

Game reserves and game lodges are another important component of the accommodation sector. Their main focus is based on nature conservation and national parks. Guests often stay at game lodges in search of a wilderness experience and the opportunity to enjoy the peaceful surroundings that nature has to offer. Game lodges offer accommodation ranging from the exclusive to the more affordable, and can vary from self-catering facilities to five-star, fully inclusive luxury options. South African game reserves are either privately owned or government funded via the National Parks Board. Some of South Africa's most prestigious game lodges include Sabi Sabi, the Thornybush Game Lodge, Amakhosi Safari Lodge and Madikwe River Lodge.

Activity:

The hospitality industry consists of many businesses and establishments at different levels in the distribution chain. Many of these are small and medium-sized businesses, which have limited resources, knowledge and credibility. This has resulted in numerous organisations or associations being established between businesses or establishments that have similar interests, providing their members with more powerful and influential voices.

Can you identify the following hospitality organisations or associations and describe the purpose of each?

- GHASA
- FEDHASA
- BABASA

2.4 FOOD SERVICES

Just as with the accommodation sector, the food service sector aims to provide for a basic human need, namely eating. In order for any establishment to create an atmosphere of "home away from home", it is essential to provide both accommodation and food. The hospitality industry includes all food service establishments that cater for both the tourism industry, including tourists and accommodation guests, and those of the general public who eat out for social and business reasons, such as a couple out on a date or business people who meet over lunch.

As represented in figure 2.1 food services can be divided into two groups. You may be a little confused at this time as your first thoughts about food services reflect on restaurants, bars and shops and you are wondering what other operations form part of this segment. Let's define each of the segments and then you will be able to see the distinction between them.

Firstly, a **commercial food service operation's** primary goal is to generate a profit from the sale of their products and services to clients. On the other hand, a **non-commercial food service operation** provides food and beverage services to their clients but they do not strive to make a profit from the sale of their products and services. Therefore the main distinction between the two is that commercial food services are profit-generating while non-commercial food services are nonprofit operations (Ninemeier & Perdue 2008). Figure 2.1 illustrates the different types of food service establishments in both commercial and non-commercial food service operations.

2.4.1 Commercial food services

The following types of commercial food services can be classified.

Hotel food services include the dining rooms, restaurants, bars, coffee shops, banquet facilities and room service facilities offered on the hotel property that supply food and beverages to guests. These are all profit-generating operations aiming to make a profit that will supplement the profit generated from the hotel itself from the rates charged for guest rooms.

Restaurants are all profit-generating establishments that sell food and beverages but they can vary in many other ways. Restaurants can differ according to size, service, price, theme, location, type of meal, and ownership, and they may be formal or informal. Restaurants may or may not be located within a hotel, resort or shopping mall. One method of classifying restaurants is according to franchises, fine dining and, lastly, fast-food restaurants.

Activity: Can you identify an example of a South African restaurant for each of these classifications? What is your favourite restaurant? Why do you enjoy eating at this establishment?

Example: Let's look at the Spur restaurant franchise as an example. These are generally fairly large restaurants that cater for families by offering average priced meals for adults and children; they are of a more informal nature and mostly provide some sort of recreational facility for children. In comparison, Kentucky Fried Chicken (KFC) is a fast-food outlet that sells a small menu of chicken meals and may include a drive-through facility. The one common denominator for both these restaurants is that they each aim to make a profit from their business.

Caterers produce food on their own premises for consumption by groups of people or individuals at off-site locations. Some caterers have dining facilities available on their own properties that customers can make use of. Caterers can prepare food for events, such as weddings or meetings, or for institutions that do not have their own kitchen facilities, for example old age homes or schools, as well as for other food and beverage establishments.

Retail shops vary in size and purpose but they all sell various food and beverage products to make a profit. These shops include large department stores, grocery stores or supermarkets, convenience food stores and petrol stations. Consider the Woolworths Food Stops located within Engen service stations. These small shops offer customers a range of convenience foods from bread and milk to Coke and sandwiches, and even prepared meals. What other examples of retail shops can you think of that provide food services to the public and/or tourists?

Bars and lounges primarily sell a range of alcoholic and non-alcoholic beverages to customers seated at tables or at the bar counter. However, many of them also sell a limited menu of food items as well. The reason is that they make a greater profit from their beverage sales than from food sales. These properties' main focus and profit generation is beverages, and the food items are merely provided as a support service to their customers (Ninemeier & Perdue 2008:9-11).

2.4.2 Non-commercial food services

Non-commercial food service establishments sell food and beverages as part of their service, but making a profit from these products is not the main purpose of the business or organisation. Refer back to figure 2.1 and you will see that most of the establishments included in this category of food services are not normally available to tourists. Only aeroplanes and trains are an exception, as tourists and other travellers using these public transportation services can enjoy food and beverage facilities provided as a secondary service on these carriers.

Non-commercial food services can be self-operated or managed by an external contact company. Examples of such food services include the following (Ninemeier & Perdue 2008:11-12):

- *Educational institutions.* For example primary and secondary schools, and university residences, may offer meals and beverages to their students and staff members. This can be in dining rooms and canteens. The University of Pretoria has a number of residences where students receive accommodation and meals daily. Do you know of a college or school that caters for its students?
- *Health care facilities.* These include hospitals or retirement homes that prepare meals for their patients and the elderly who are unable to do so themselves. Hospitals belonging to the Netcare and Life Medical groups are examples of such

facilities, while Retirement Villages SA has a number of retirement centres across South Africa.

- *Military services.* For example the South African Military Health Service of the South African National Defence Force provides meals to their troops and personnel.
- *Businesses and industry organisations.* These organisations have food services available for their employees in the form of a cafeteria. This is a service offered to the staff of the organisation and can vary in services and offerings. Telesure and Vodacom are two examples of South African companies that have canteens at their head offices. Can you think of other examples of organisations that offer such facilities?
- *Religious and charity organisations.* These organisations supply food to members of their community or to those that are unable to provide for themselves. Soup kitchens are a good example of such a facility.
- *Correctional facilities.* These facilities, such as the Drakenstein Correctional Centre, Pollsmoor Prison, the Pretoria Central Prison and Pollsmoor Prison, provide food for both staff and inmates.
- *Transport services.* Trains and aeroplanes provide their passengers with meals, the cost of which can be included in the ticket price or charged at an additional fee. These meals are required by the travelling passengers but they also form part of their overall experience. The carriers Greyhound and Kulula both offer their clients limited food and beverage services during travel trips by coach and air.

Activity:

Demonstrate your understanding of non-commercial food services by choosing a South African example of each of the above operations and writing a brief description of each.

Activity:

Construct a list of establishments available in your own community and then identify which category of food services each belongs to – commercial or non-commercial? This will give you, as well as tourists visiting your area, a good idea what establishments are available in your community.

2.5 OTHER HOSPITALITY OPERATIONS

Now that we have discussed the accommodation and food services segments of the hospitality industry we will take a brief look at some of the other hospitality operations that do not fall into either of these two groups, but which still form part of the greater hospitality industry, and which tourists and guests make use of during their travels. Many recreational and entertainment facilities as well as establishments that are part of the meetings and events sector will fall in this category. Let's look at them briefly (Ninemeier & Perdue 2008:12-15).

2.5.1 Sports and recreation food services

Examples of these hospitality services are food and beverages provided at restaurants and bars, as well as cold drinks, wops or sausage rolls and other snacks sold at kiosks, which fans can take with them to their seats at sports events including rugby, cricket and soccer games, and at athletics or swimming events. South Africa is well known for its many sporting events. Have you attended a sporting event? If so, did you buy any food or drink during the game? This reminds me of the 2010 Soccer World Cup, which is a very good example of where sports and recreation food services were provided.

2.5.2 Private clubs

Private clubs are made up of private members who all join the specific organisation because they share a common interest. Some examples of private clubs are golf clubs, social clubs, yacht clubs and dinner clubs, but there are many more. Most clubs offer some kind of food and beverage service and several also offer accommodation facilities for their members and guests. Do you belong to a club or know of someone who belongs to a club? What facilities does the club offer? Is there a restaurant on the premises or do the members attend a monthly dinner, for example?

2.5.3 Cruise lines

Cruise ships are also a popular tourist attraction or destination in their own right. These ships host hundreds of people during a single voyage, all of whom have to be fed and have somewhere to sleep. Cruise ships boast an impressive selection of food and beverage facilities, including fine-dining restaurants, informal restaurants, snack outlets and cocktail bars, and there is also a choice of cabin types, from budget to first-class accommodation. For example: Carnival Cruises, Caribbean Cruises, etc.

Example: MSC Cruises boast a number of cruise options along the South African and Mozambique coastlines. You can explore Maputo and the Portuguese Island or travel to Madagascar. Visit their website <http://www.msccruises.co.za> to learn more about their hospitality offerings.

2.5.4 Vending machines

Vending machines provide food and beverages; such as cool drinks, chips, and chocolates; to people at points of convenience when other food service facilities and amenities are not available or are located at inconvenient locations. These machines still have to be well managed to ensure that they are continually well stocked and that the coin facility is regularly cleared to ensure that no blockages occur. Have you used a vending machine before? Can you think of places where these machines are often located? Businesses located in office blocks often offer their employees this service, providing a convenient source to purchase food and beverages.

2.5.5 Casinos and gaming

Casinos primarily focus on making a profit from gaming and gambling. However, to further provide for their guests' needs, and generate additional income, casinos generally also offer their guests a range of food and beverage facilities as well as accommodation facilities. Montecasino is an excellent example. This entertainment facility's key drawcard is its impressive gaming facilities; however, it also offers guests and visitors an array of restaurants and fast-food outlets, as well as three hotel options catering for the accommodation needs of its patrons. Tsogo Sun and Sun International are two of the biggest casino operators in South Africa. Can you think of other examples?

2.5.6 Amusement and theme parks

Amusement and theme parks, Gold Reef City for example, are large recreational sites that offer tourists and visitors a wide variety of leisure and entertainment facilities and activities. To supplement the visitor experience at these parks, various food and beverage amenities are available, from the fast-food outlet to the more formal dining restaurants, as well as a range of sweets, snacks, drinks from trolleys or other outlets from which visitors can satisfy their needs. Limited accommodation facilities are also generally provided. Gold Reef City and Ratange Junction are some of South Africa's popular theme parks that offer exciting adventures and experiences for the young and

young at heart. Have you been to an amusement park before? Make a list of all the hospitality facilities available at each of these parks.

Case study: Covering 12 173 hectares, the [Walt Disney World Resort](#) must be one of the world's most renowned theme parks. Located in Florida, it boasts four theme parks, two water parks, over 20 resort hotels, and a range of other recreational and entertainment venues, including spas, fitness centres and golf courses. The resort employs more than 60 000 performers, who entertain visitors and allow them to experience the magic of Disney. Disney World, as it's more commonly known, is certainly an excellent example of an undertaking that offers various hospitality operations on its premises.

Watch this:

Take some time to watch these exciting and enthralling videos about Walt Disney World on YouTube and see how this theme park comes alive!

Ultimate Walt Disney World 2013 – experience the adrenalin and magic of the amazing attractions at this famous theme park:

<http://www.youtube.com/watch?v=duauoIR13N8>

Disney World Food Channel Unwrapped – learn more about the amazing array of food and beverages on offer at Disney World, and even go behind the scenes to see how some of these items are prepared:

<http://www.youtube.com/watch?v=W-O9NaTzvF8>

Dream-Along With Mickey, Magic Kingdom, Walt Disney – enjoy a real-life Disney show extravaganza with all the wonderful Disney characters:

<http://www.youtube.com/watch?v=QD5tLmJ9NBc>

Career clip: Visit the website <http://wdw.disneycareers.com/en/career-areas/overview/> to see the various career opportunities available at this resort. This will also give you a good idea of the vast range of departments/sectors available at this resort, from corporate and entertainment to marketing and media; there are many possible career paths to follow.

2.5.7 Meetings, exhibitions and special events (MESE)

The MESE industry is one of the fastest growing industries in the world: a multitude of meetings, of various sizes, are held every day globally. Incentives, including travel opportunities, are also being offered by various companies to motivate their staff to achieve specific deadlines and targets. Organisations and associations arrange large conferences annually at different exciting locations, and often other events or exhibitions are run alongside them as well. In all cases, delegates attending these events need to be provided with food and beverages, and possibly accommodation. These amenities can be provided either at the event venue or at another location.

IBTM Africa is an invitation only event for Africa's incentives, meetings and business travel industry. This event aims to bring buyers and suppliers together for business, education and networking. INDABA is one of the largest tourism marketing events on the African calendar and one of the top 'must visit' events of its kind on the global calendar. You can also visit [World Tourism Exhibitions](http://www.world-tourism-exhibitions.com) (<http://www.world-tourism-exhibitions.com>) to see a schedule of international exhibitions for the coming years. It is quite interesting to see the diversity of exhibitions and the many amazing host destinations.

Examples: [Meetings Africa](http://www.meetingsafrica.co.za) (<http://www.meetingsafrica.co.za>) is the biggest business-to-business tourism exhibition on the African continent and represents Africa's diverse offering of MESE services and products, as well as African associations and meetings industry professionals. [SAACI](http://www.saaci.co.za) (South African Association for the Conference Industry) (<http://www.saaci.co.za>) is the official body and voice of the conference and meetings industry of South Africa. Visit these organisations' websites to discover more about the MESE industry and see how it is linked to the hospitality industry.

Activity: Below is a quote from a speech delivered by Mr Marthinus van Schalkwyk, Minister of Tourism, at the opening of the Meetings Africa expo on 28 February 2012, which highlights the important role that the MESE industry plays in South Africa:

South Africa has made great strides in elevating its big event host status and is fast becoming one of the world's favourite destinations for big events, meetings, conferences and exhibitions.

Browse the following website: <http://www.southafrica.net/media/en/news/entry/news-media-and-stakeholder-media-statement-by-the-office-of-mr-marthin7> to read more about what the Minister had to say on the important role being played by partnerships

and the National Convention Bureau (NCB) in the process of making South Africa an MESE destination of choice.

Meetings Africa is held annually in February. Visit its website (<http://www.meetingsafrica.co.za>) to learn more about the event. Who were this year's key sponsors and partners? What was the most important news generated from this year's event? What events were held during the event?

Now that you have answered all these questions, do you think you would like to work in this segment of the hospitality industry? Take a moment to think about this.

2.6 CONCLUSION

Whether eating out to celebrate an anniversary, travelling overseas on an annual holiday, attending a local business conference or taking a once-in-a-lifetime trip on a cruise ship, people need to eat, drink and have somewhere to sleep during their travels. The hospitality industry strives to meet and exceed guests' expectations at all three levels of a hospitality product.

Accommodation, in its universal sense, has to satisfy the diverse needs of the market and therefore offers different products such as hotels, guest houses, timeshares and lodges. All forms of accommodation have different dimensions and can be classified according to size, levels of service and location. The food service segment plays a vital role in the hospitality industry. It can be divided into commercial and non-commercial operations, and tourists patronise commercial operations more frequently.

It is also important to remember that there are a number of other operations, such as private clubs, casinos and theme parks, as well as certain meetings and events for example, all of which play a key role in the hospitality industry and which include accommodation, and food and beverages, in their service offerings.

In the next learning unit we will take a closer look at how to develop a hospitality business.

2.7 KEY TERMS

Hospitality	Bars and lounges
Hospitality industry	Sports and recreation food services
Tourism industry	Private clubs
Classification systems	Cruise lines
Hotels	Vending machines
Resorts	Casinos and gaming
Timeshares	Amusement and theme parks
Conference and convention centres	Meetings, exhibitions and special events (MESE)
Bed and breakfasts	Tourism Grading Council of South Africa (TGCSA)
Guest houses	Guest House Association of South Africa (GHASA)
Game lodges	Federated Hospitality Association of South Africa (FEDHASA)
Commercial food services	Turnkey Accommodation Solutions (Bed and Breakfast Association of South Africa) (BABASA)
Non-commercial food services	
Hotel food services	
Restaurants	
Caters	
Retail shops	

2.8 SELF-ASSESSMENT QUESTIONS

1. Analyse the dimensions of a hospitality product.
2. Explain the term "amenities" as it is used in a hospitality establishment.
3. Discuss the criteria that can be used to classify the hotel sector, according to Medlik and Ingram (2000) in Hassanien (2010).
4. Differentiate between different types of accommodation establishments and give South African examples of each.
5. Define the term "hotel".
6. Differentiate between a guest house and a bed and breakfast.
7. Distinguish between the two major segments of food service.
8. Discuss the types of commercial food services fully.
9. Describe the types of non-commercial food services.
10. Discuss other hospitality operations that operate within the hospitality industry.

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