OPEN UNIVERSITY MALAYSIA

OUM Business School

BBHT2103

Introductory Hospitality and Tourism Industry

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BBHT2103 INTRODUCTORY HOSPITALITY AND TOURISM INDUSTRY

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COURSE GUIDE

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COURSE GUIDE DESCRIPTION

You must read this *Course Guide* carefully from the beginning to the end. It tells you briefly what the course is about and how you can work your way through the course material. It also suggests the amount of time you are likely to spend in order to complete the course successfully. Please keep on referring to the *Course Guide* as you go through the course material as it will help you to clarify important study components or points that you might miss or overlook.

INTRODUCTION

BBHT2103 Introductory Hospitality and Tourism Industry is one of the courses offered by the OUM Business School (OUMBS) at Open University Malaysia (OUM). This course is worth 3 credit hours and should be covered over 15 weeks.

COURSE AUDIENCE

This is a core major course for all learners enrolled in the Bachelor of Hospitality Management and Bachelor of Tourism Management programmes.

As an open and distance learner, you should be acquainted with learning independently and being able to optimise the learning modes and environment available to you. Before you begin this course, please ensure that you have the right course material and understand the course requirements as well as how the course is conducted.

STUDY SCHEDULE

It is a standard OUM practice that learners accumulate 40 study hours for every credit hour. As such, for a three-credit hour course, you are expected to spend 120 study hours. Table 1 gives an estimation of how the 120 study hours could be accumulated.

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Table 1: Estimation of Time Accumulation of Study Hours

Study Activities	Study Hours
Briefly go through the course content and participate in initial discussion	5
Study the module	60
Online participation	20
Revision	15
Assignment(s), Test(s) and Examination(s)	20
TOTAL STUDY HOURS ACCUMULATED	**120**

COURSE OUTCOMES

By the end of this course, you should be able to:

1. Discuss the concepts and components of hospitality and tourism;
2. Describe the hotel industry in general and the ownership and classifications of hotels;
3. Compare food service preparation and types of restaurants;
4. Explain the roles of land and air transportations in tourism;
5. Assess the various types of water transportation used in tourism;
6. Review retail travel and tour operations;
7. Recognise various types of tourist attractions and activities; and
8. Analyse hospitality and tourism planning and development.

COURSE SYNOPSIS

This course is divided into 9 topics. The synopsis for each topic can be listed as follows:

Topic 1 is an introductory topic covering the definitions and basic concepts of hospitality and tourism, the hospitality and tourism network as a whole and components of the hospitality and tourism industry. Future careers in hospitality and tourism are also highlighted.

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Topic 2 presents an evolution of the lodging industry as well as classifications and ownership of hotels. The organisational chart of a hotel and functions of its various departments are also explained.

Topic 3 explores an area of food service preparation by discussing types of restaurants, how a restaurant operates and issues of food safety and hygiene.

Topic 4 provides insight to general aspects of transportation and discusses land transportation as the first mode of passenger or tourism transportation. It pays particular attention to the development of land transportation and its importance to the growth and development of travel and tourism. This topic concludes by providing examples of the types of land transportation that are available in Malaysia.

Topic 5 is a continuation of the previous topic in that it discusses water transportation as the second mode of tourism transportation. In general, this topic focuses predominantly on the cruise industry, which is the fastest growing segment of travel and tourism now. This topic concludes by providing examples of the types of water transportation that are available in Malaysia.

Topic 6 discusses air transportation as the third mode of tourism transportation. This topic covers many aspects such as development of the airline industry, international airline regulations, the roles of IATA, airline management and marketing for airlines. This topic concludes by providing examples of the types of air transportation that are available in Malaysia.

Topic 7 focuses on retail travel and tour operations. It discusses the travel industry, types of travel operations, tour package preparation and marketing and sales strategies.

Topic 8 discusses tourist attractions and activities. It includes aspects such as types of tourists, why people travel, types of travels, classifications of attractions and types of tourism from the perspective of planning and development.

Finally, **Topic 9** discusses the planning and development process of the hospitality and tourism industry including the government's role, impact of tourism activities and the outlook of the hospitality and tourism industry.

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TEXT ARRANGEMENT GUIDE

Before you go through this module, it is important that you note the text arrangement. Understanding the text arrangement will help you to organise your study of this course in a more objective and effective way. Generally, the text arrangement for each topic is as follows:

Learning Outcomes: This section refers to what you should achieve after you have completely covered a topic. As you go through each topic, you should frequently refer to these learning outcomes. By doing this, you can continuously gauge your understanding of the topic.

Self-Check: This component of the module is inserted at strategic locations throughout the module. It may be inserted after one sub-section or a few sub-sections. It usually comes in the form of a question. When you come across this component, try to reflect on what you have already learnt thus far. By attempting to answer the question, you should be able to gauge how wellyou have understood the sub-section(s). Most of the time, the answers to the questions can be found directly from the module itself.

Activity: Like Self-Check, the Activity component is also placed at various locations or junctures throughout the module. This component may require you to solve questions, explore short case studies or conduct an observation or research. It may even require you to evaluate a given scenario. When you come across an Activity, you should try to reflect onwhat you have gathered from the module and apply it to real situations. You should, at the same time, engage yourself in higher order thinking where you might be required to analyse, synthesise and evaluate instead of only having to recall and define.

Summary: You will find this component at the end of each topic. This component helps you to recap the whole topic. By going through the summary, you should be able to gauge your knowledge retention level. Should you find points in the summary that you do not fully understand, it would be a good idea for you to revisit the details in the module.

Key Terms: This component can be found at the end of each topic. You should go through this component to remind yourself of important terms or jargons used throughout the module. Should you find terms here that you are not able to explain, you should look for the terms in the module.

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References: The References section is where a list of relevant and useful textbooks, journals, articles, electronic contents or sources can be found. The list can appear in a few locations such as in the *Course Guide* (at the References section), at the end of every topic or at the back of the module. You are encouraged to read or refer to the suggested sources to obtain the additional information needed and to enhance your overall understanding of the course.

PRIOR KNOWLEDGE

No prior knowledge required.

ASSESSMENT METHOD

The assessment method and evaluation distribution for this course is as follows:

Assignment	40%
Final Examination	60%
TOTAL	**100%**

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Topic 1 Introduction to Hospitality and Tourism

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Define the underlying concepts of hospitality and tourism;
2. Describe the hospitality and tourism network;
3. Identify hospitality and tourism components;
4. Discuss motivational factors in travel and tourism;
5. Explain the importance of ethics in hospitality and tourism; and
6. Analyse the career prospects in hospitality and tourism.

INTRODUCTION



The Pineapple Tradition

The pineapple has enjoyed a rich and romantic heritage as a symbol of welcome, friendship and hospitality. Pineapples were brought back from the West Indies by early European explorers during the seventeenth century. From that time on, the pineapple was cultivated in Europe and became the favourite fruit to serve to royalty and the elite. The pineapple was later introduced into North America and also became a part of North American hospitality. Pineapples were displayed at the doors or on gate posts giving public notice to friends and acquaintances: "The ship is in! Come join us. Food and drink for all!"

Since its introduction, the pineapple has been internationally recognised as a symbol of hospitality and a sign of friendliness, warmth, cheer, graciousness and conviviality. (Adapted from: Walker, 2006)

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Now you know how this prickly yet sweet fruit became a symbol of welcome. Even today, we can see this tradition being practised in hotels and restaurants whereby they display symbols of the pineapple to signal hospitality. Interesting? Now, let us go on to explore this topic.

We will start by learning about the history of tourism and hospitality and how these evolved over time. We will also discuss the complex but interesting interrelationship between hospitality and tourism networks.

Did you know that tourism would not exist if people did not travel? What factors do you think influence people to travel? You will find out about these next in this topic. Then, we will learn about the importance of ethics in the hospitality and tourism industry as well as future issues on ethics. We will wrap up this topic with a discussion on career prospects in the industry.

1.1 HOSPITALITY AND TOURISM

The introduction to hospitality and tourism should begin with the history of the hospitality and tourism industry followed by definitions of relevant key terms. These will be explained in the following subsections.

1.1.1 History of the Hospitality and Tourism Industry

Tourism and hospitality have a long history. The concept of hospitality began and flourished very long ago. The word **"hospitality"** was derived from the word **"hospice"**, a French word meaning "to provide care and shelter for travellers".

It is believed that the hospitality industry originated from **conduct of trade**, which later developed towards outgrowth of travel. According to Walker (2006), hospitality was found in 3000 B.C. when Sumerian traders who travelled from one region to another in the Mesopotamian kingdom to sell their grains, needed shelter, food and drink.

Most travels were long journeys, so the people of that time realised the importance of arranging ways to meet the needs of travellers. As trade routes expanded, hospitality establishments flourished.

Later, in 1700 B.C., ancient Greece and Rome founded the first hospitality establishments, which were called **taverns**. There was an increase in travel and trade which, in turn, increased the need for accommodation for traders.

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Historians speculated that the first overnight lodging structures were erected along the Mid-Eastern trade and caravan routes around 4,000 years ago. These structures were called caravanserai (look at Figure 1.1).



Figure 1.1: Caravanserai in Karaj, Iran, from the Safavid era
Source: http://en.wikipedia.org/wiki/Caravanserai

The travellers had to bring their own food, water and bedding. The hospitality establishments in those days were poor and provided only limited accommodation. In many countries, the quality of hospitality services varied according to the fees paid and the location of the establishments. For example, a place for social gathering in ancient Greece called **"lesches"** provided guests with a variety of good food and drinks such as lamb, fish, goat's milk, honey, cheese, barley bread, peas, figs and olives.

Later, as trade travel increased, hospitality establishments began offering other services such as restaurants, toilets, more equipped bedrooms, a kitchen and a bar.

According to Chon and Sparrowe (2000), Roman society had a significant influence on the hospitality industry. Many Roman citizens were wealthy enough to travel for pleasure. Besides that, well-built roads gave them easy access to most parts of the known world. Roman citizens could visit exotic places and faced no communication problems between guest and host as Latin had become a universal language by then. Some hospitality terms even originated from Latin, such as **"hospe"** which means host or guest and **"hospitium"** which means guest chamber, inn or quarters.

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After the fall of the Roman Empire, travel declined and inns became the province of religious matters. From the fourth to 11th centuries, the Roman Catholic Church kept the hospitality industry alive by encouraging religious pilgrimages between monasteries and cathedrals throughout Europe.

Many travellers at the time were missionaries, priests and pilgrims who visited holy places such as temples. Roads were built and maintained by the clergy from local monasteries. Hostels which were built on church grounds offered places to eat and sleep. Churches did not charge for these accommodations, although travellers were expected to make contributions to the church. The monasteries remained a major hospitality provider as travel and trade gradually increased in Europe.

Besides priests and missionaries, trade merchants, diplomats and military personnel also travelled through the Mediterranean and European roadways. Again, as there were many travellers using the roadways, independent innkeepers built inns and taverns to welcome them along their journey.

As the quality of the inns improved, more people began to travel. Some of the travellers were wealthy and their high expectations caused inns to be upgraded. Later, during the 16th and 18th centuries, the inns flourished and were more equipped with decorations and settings. More restaurants and coffeehouses were also built and people were conscious about the culinary arts and traditions.



ACTIVITY 1.1

Why do we study hospitality and tourism? Do you know how hospitality and tourism evolved in Malaysia? Research and discuss these with your coursemates.



SELF-CHECK 1.1

True or False Statements

1. The first establishments by ancient Greeks were called towns.
2. After the fall of the Roman Empire, inns became the province of religious matters.
3. The term "hospitality" originated from Latin.

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1.1.2 Definition of Tourism and Hospitality

Now that we have learnt the history of hospitality and tourism, let us now look at the definitions of tourism and hospitality-related terms.

Tourism is a term explaining the activity that takes place when tourists travel. This involves everything from planning a trip, travelling to the chosen place, the stay itself, the return and recollections of the trip later on. It also includes activities during the travel period, for example, the purchases made and the interactions that occurred between the host and guest.

There are also various definitions of tourism and hospitality as given by scholars in the field. Let us look at some of these definitions.

The **tourism industry** is a collection of productive businesses and government organisations that serve travellers who are away from home.

These organisations include restaurants, hotels, motels and resorts; all facets of transportation, including rental cars, travel agents and gasoline service stations, national and state parks or recreation areas and various private attractions.

Organisations which support these firms' retail activities, including advertising companies, publications, transportation, equipment manufacturers and travel research and development agencies are also a part of this vast industry (Powers & Barrows, 2006).

In addition, McIntosh, et. al., (2000, pg.14), stated that:

Tourism is a composite of activities, services and industries that delivers a travel experience. This includes transportation, accommodations, eating and drinking establishments, shops, entertainment, activity facilities and other hospitality services that are available for the individuals or groups that are travelling away from home. It encompasses all providers of visitor and visitor-related services. Tourism is the entire world industry of travel, hotels, transportation and all other components, including promotions that service the needs and wants of travelers.

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According to Holloway (2002), tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business or other purposes.

The word **hospitality** is derived from the Latin word *hospitalitas*, which refers to the act or practice of entertaining strangers or guests in a friendly and generous manner.

The World Tourism Organisation (UNWTO), an agency under the United Nations, is the intergovernmental body concerned with tourism. The International Conference on Travel and Tourism Statistics 1991, in Ottawa, Canada, adopted a set of resolutions and recommendations related to tourism concepts, definitions and classifications.

The definitions of the various terms commonly used in the tourism industry are shown in Table 1.1:

Table 1.1: Definitions of Various Terms Used in the Tourism Industry

Term	Definition
Tourism	The activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.
Tourist	Visitor staying at least one night in a collective or private accommodation in the place visited.
Excursionists (same-day visitor)	Visitor who does not spend the night in a collective or private accommodation in the place visited.
Traveller	Any person on a trip between two or more locations.
Visitor	Any person travelling to a place other than that of his or her usual environment for less than 12 consecutive months and whose main purpose of travel is not to work for pay in the place(s) visited.

Source: WTO, 1995

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Tourism can be categorised into the following components as shown in Figure 1.2:

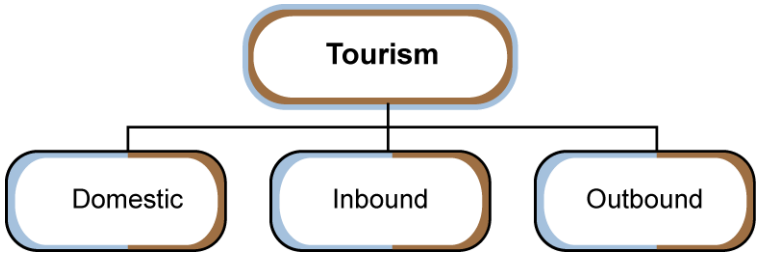


Figure 1.2: Components of tourism

Let us now look at each of these components in detail. Read on.

Table 1.2: Components of Tourism

Components	Definition
Domestic tourism	This form of tourism involves travel within the country of residence. For example, Malaysian tourists travel to Langkawi.
Outbound tourism	This is a form of international tourism that involves the departure of residents to other countries. For example, the departure of Malaysian tourists to Australia.
Inbound tourism	This is a form of international tourism that involves the arrival in a country by residents of other countries. For example, the arrival of Australian tourists in Malaysia.

Visit http://www.world-tourism.org and read about the World Tourism Organisation (WTO). Can you list the main objectives of WTO?

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SELF-CHECK 1.2

1. Define "tourism industry".
2. What is "hospitality"?
3. What is the difference between a tourist and an excursionist?
4. What is domestic tourism? Give an example of this form of tourism.
5. What is the difference between inbound tourism and outbound tourism?

1.2 HOSPITALITY AND TOURISM NETWORK

The hospitality industry, which began with privately owned, independently operated businesses, has grown tremendously in complexity and size. Today, hospitality businesses interact with one another on a global basis and must stay aware of what is happening around them.

Hospitality businesses are also closely intertwined with those in the travel and tourism industry. Tourism is travel for recreation or the promotion and arrangement of such travel. Tourism and the hospitality industry strongly affect one another. The hospitality and tourism industry include:

(a) Food and beverage services;

(b) Lodging services;

(c) Recreation services;

(d) Travel-related (tourism) services; and

(e) Products provided with personal services.

All these components are referred to as being a part of the hospitality and tourism network as they are separately operated and are often competing industries. A network is a complicated interconnection of parts or components. Figure 1.3 provides an overview of the hospitality and tourism network.

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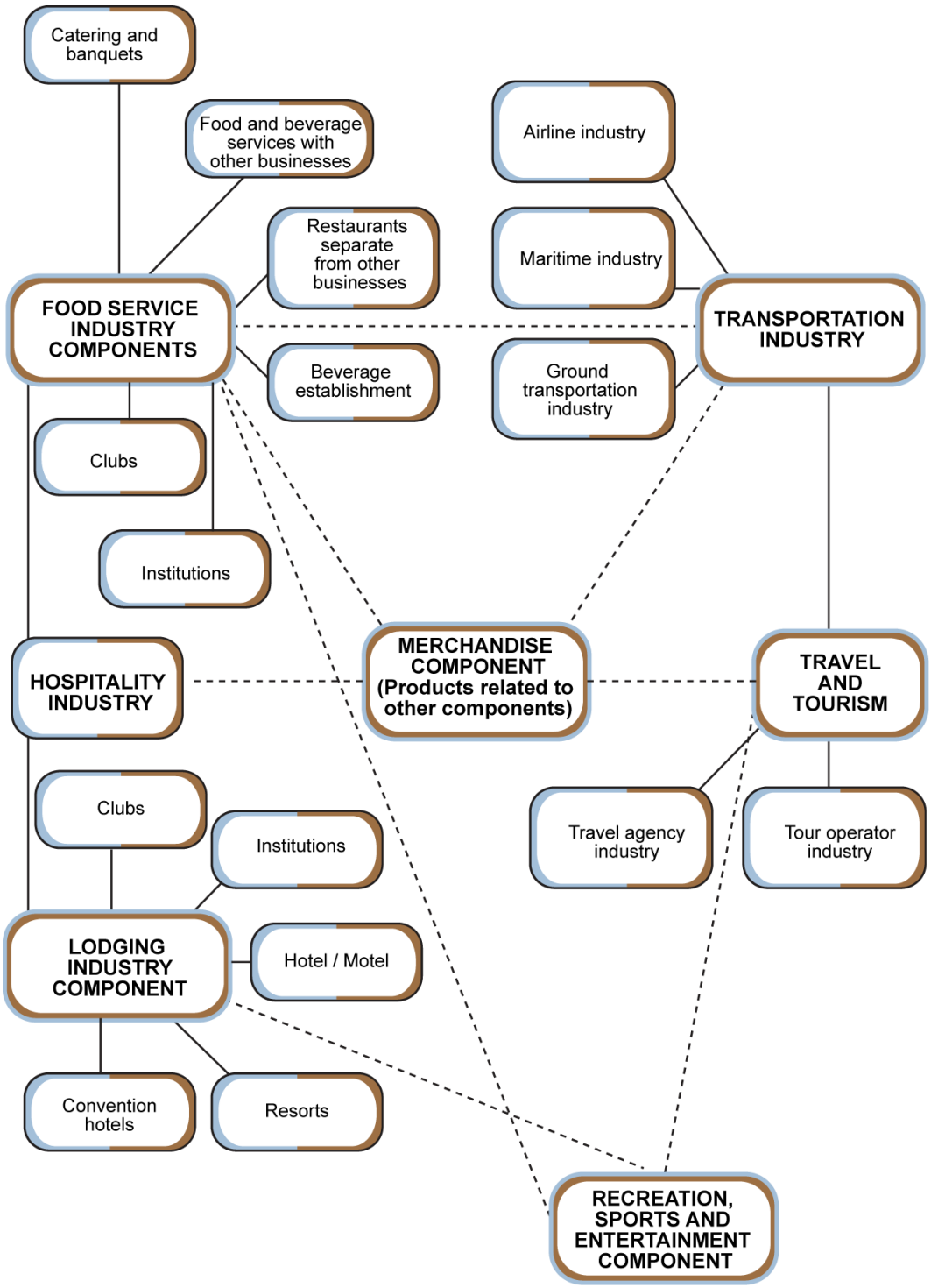


Figure 1.3: Hospitality and tourism network
Source: Chon & Sparrowe, 2000

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1.2.1 The Relationship between Hospitality, Travel and Tourism

As seen in Figure 1.3, there are strong ties between hospitality and tourism components. The components may be independent and competing with one another.

For example, the accommodation or lodging industry offers various types of properties such as resorts, bed and breakfasts, hotels, etc. that compete with one another to get their market share of customers. However, they are interdependent with one another. For example, some might operate in a chain hotel where the parent company has a different market segmentation to cater to different markets.

Hospitality can also be expanded to include all products and services offered to a customer who is away from home including travel, lodging, eating, entertainment, recreation and gaming.

Destination and hospitality facilities play an important role in motivating people to travel. The tourism industry is concerned with attractions and events that draw tourists and excursionists to an area.

However, not all travel involves tourism although travel encompasses all movements or displacements of people. Refugees, migrants, explorers, nomads, soldiers and commuters are not tourists although they travel. This is because tourism-related travel involves the movement of visitors to a place to enjoy its attractions, special events, hospitality, lodging, food and entertainment.



ACTIVITY 1.2

Have you travelled recently? Describe your experience and the persons and parties involved in the trip. See how the hospitality and tourism components relate to each other then discuss with your coursemates.

1.2.2 Interdependence in the Hospitality and Tourism Network

The interdependence of the many products and services that make up the tourism and hospitality network is an important aspect of hospitality, travel and tourism. For example, if tourists want to go to Langkawi, there should be an adequate number of boat transfers or flight services to cater to them. In addition,

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the ground services in Langkawi such as the car rental, taxi and accommodation services should be sufficient to cater to their needs. This is the meaning of interdependency.

So, now can we confidently say that all these components of hospitality and tourism are interrelated? Certainly yes, because without attractions and hospitality establishments, there is usually no popular destination; without a popular destination, there may be no need for an airport; without an airport, there may be less need for travel agents. The interdependence among the components of hospitality, travel and tourism is strong, especially in countries which rely on hospitality and tourism for a major portion of their economic base.



SELF-CHECK 1.3

Fill in the blanks

1. The hospitality and tourism industry includes food and beverage services, _____ services, _____ services, travel-related services and products provided with personal services.

2. _____ means a complicated interconnection of parts or components.

3. The _____ industry is concerned with attractions and events that draw tourists and excursionists to an area.

4. Destination and _____ facilities play an important role in motivating people to travel.

1.3 HOSPITALITY AND TOURISM COMPONENTS

The travel, tourism and hospitality industry is the world's largest and fastest growing industry. Therefore, we can say that this industry has tremendous career opportunities internationally.

There are many different professions which are a part of this industry, ranging from bell person to general manager. Each profession has its own roles and job tasks. However, all them have two common tasks – to provide friendly, courteous, quality services and products to all customers and to create the best customer-guest impressions.

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The term **"moments of truth"** is widely used to create long-lasting impressions. All employees are subject to create a positive moment of truth whether an employee is serving in the front of the house (in direct contact with guests) or performing duties behind the scene or at the back of the house (not in direct contact with guests).

Being involved in the tourism and hospitality industry means being able to welcome, inform, comfort and take care of tourists, which is part of a process that can positively affect human lives and well-being. People in this industry provide services to tourists and help to create experiences which are pleasurable and memorable when delivered successfully. People travel for many reasons and under the umbrella of travel and tourism, many professions are necessary to meet their needs and wants. See Figure 1.4 for some of the components of the industry, which in turn create various professions to cater towards each one.

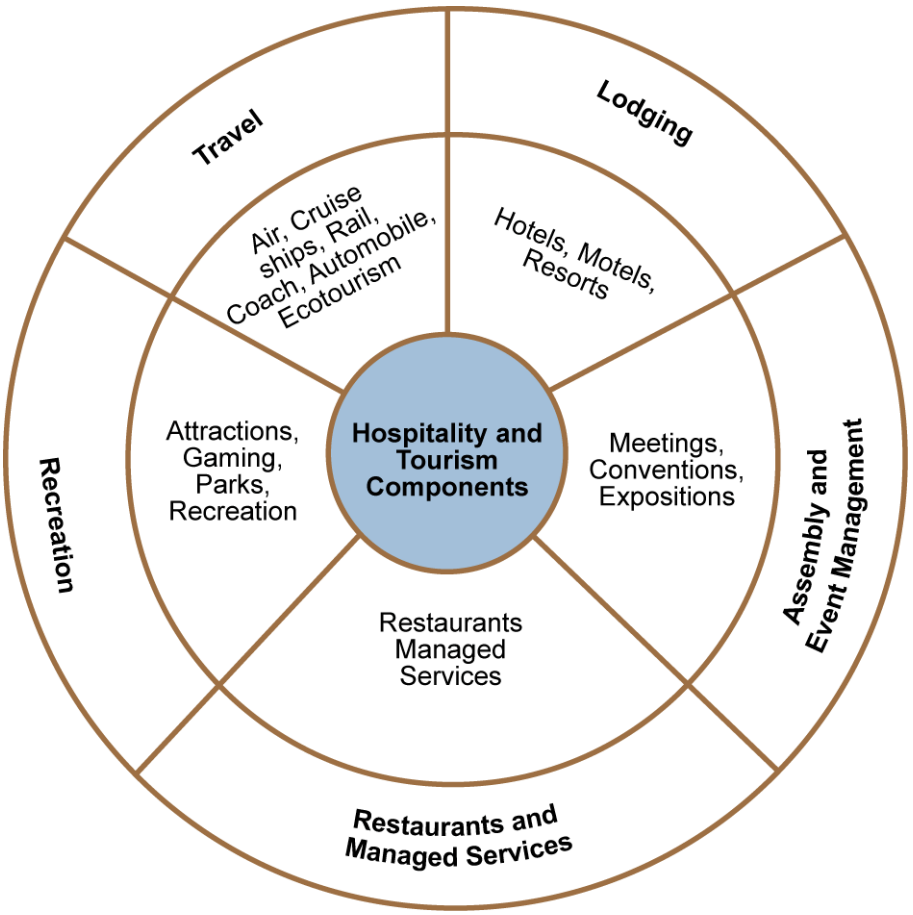


Figure 1.4: Hospitality and tourism components
Source: Adapted from Walker, 2006

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ACTIVITY 1.3

Why is excellent customer service important in the hospitality and tourism industry? How does it affect the job satisfaction of staff? Discuss with your coursemates.

1.4 MOTIVATIONAL FACTORS IN TRAVEL AND TOURISM

Do you know why people travel? If we want to understand why people travel, we first need to know what motivates them to travel.

According to Cooper (2002), "an understanding of motivation is the key to understanding tourist behaviour, answering the question of why people travel". He also said that, "the classic dictionary definition of motivation is derived from the word 'motivate' which causes a person to act in a certain way, or to stimulate interest".

Understanding what stimulates curiosity and the various factors of motivation will enable us to plan our destinations accordingly.

ACTIVITY 1.4

Think about the top three places you would like to visit most and explain why. What are the various factors that motivate you to travel? Take turns to share your thoughts on these with your coursemates.

1.4.1 McIntosh's Basic Travel Motivators

McIntosh put forth basic travel motivators which can be grouped into four categories as shown in Figure 1.5.

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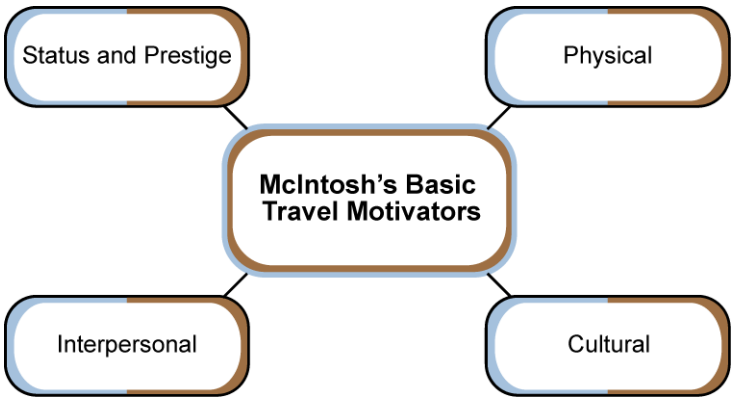


Figure 1.5: McIntosh's basic travel motivators

Let us look at each motivator closely in Table 1.3.

Table 1.3: McIntosh's Basic Travel Motivators

Motivator	Description
(a) **Physical motivators**	Related to physical relaxation and rest, sporting activities and specific medical treatment.
(b) **Cultural motivators**	Connected to an individual's desire to travel in order to learn about other countries, their people and their cultural heritage which is expressed in the form of art, music, literature, folklore, etc.
(c) **Interpersonal motivators**	Related to a desire to visit relatives or friends or to escape from one's family and workmates or simply to escape from the routine of everyday life.
(d) **Status and prestige motivators**	Identified with needs of personal esteem and personal development; related to education or the pursuit of hobbies.

From the four basic travel motivators, we can further expand into eight reasons as to why people travel. These are:

(a) **Physical Relaxation**
This is becoming a necessity in modern life which is filled with speed, stress and strain.

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(b) **Wellness or Healthy Lifestyle**
To enjoy fresh air, away from haze and polluted air, to take a dip at a hot spring, bathe in medicated water or undergo any special medical treatment.

(c) **Sporting Activities**
Taking part in a wide range of activities such as mountaineering, rock climbing, canoeing, sailing, fishing, surfing or cycling.

(d) **Sheer Excitement of the Activities**
An individual's need for pure pleasure is very strong together with the need for travel and holidays. Taking part in certain activities will satisfy a person's need for such pleasure.

(e) **Arts and Cultural Interest**
People with such interests will visit historical or cultural places as well as those which have special festivals for art, drama, music, etc.

(f) **Interpersonal Networking**
People also travel to visit friends or relatives. Some travel to meet new people, seek new friendships or escape from their routine environment of friends.

(g) **Religious or Spiritual Purposes**
Some people go on a pilgrimage or visit a holy place. For example, many Muslims try to perform the hajj (major pilgrimage) in Mecca at least once in their lives. Some will also perform umrah (minor pilgrimage) if they have the money and time. Christians will try to visit Vatican City while Hindus seek to go to India to take a dip in the Ganges River.

(h) **Professional or Business Reasons**
Attending conventions related to the professions, industry or commerce or some organisation which the individual belongs to.



SELF-CHECK 1.4

1. Explain the four basic travel motivators put forth by McIntosh.
2. Give an example for each travel motivator.
3. Besides the basic travel motivators, give three other reasons why people travel.

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1.4.2 Choosing Destinations

Travellers today avail themselves of hospitality services for many of the same reasons as in the past. The two main categories of motivating factors for travel are:

(a) Business activities; and

(b) Leisure-time activities.

These motivators guide travellers in choosing the destinations of their travel. The characteristics of these factors are detailed in the following:

(a) **Business Activities**

Business travel has become an important part of the hospitality and tourism industry. The airline, rental car and lodging industries are particularly interested in this segment because it is not as variable as pleasure travel.

The destination of a business traveller is rarely a matter of personal taste or preference. For example, if you are working in the home office of a company based in Kuala Lumpur and you have to attend a meeting with a plant manager in Terengganu. Whether you want to go to Terengganu or another destination is largely irrelevant. Terengganu is where the meeting will be held and that is where you will need to go.

The characteristics of business travel include:

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- **Business travel is not as variable as compared to pleasure travel.**
  - There are many services/operators that are particularly interested in this segment, for instance the airline, rental car and lodging industries.
- **Business travel's demand is rather elastic, that is, it changes with economic conditions**.
  - However, compared to pleasure trips, the demand is even more elastic.
  - This means that when the economy is poor, pleasure trips can be postponed but for business trips, certain types of business travels must still take place whether the economy is good or bad.
- **The destination of the business traveller is rarely a matter of personal taste or preference**.
  - Usually the company will make the arrangements and pay for all the expenses including travelling, boarding and entertainment.
  - People travelling on a business trip usually will not hesitate to spend money as it is covered by their sponsors.
- **Business travel is less seasonal than pleasure travel.**
  - This means that business travellers travel continuously throughout the year, regardless of what season it is.
  - This balances and attracts more revenue in the less seasonal demands that hotels and other hospitality organisations have in servicing the pleasure travel market.
  - Examples of business travel are – a public relations executive goes to Johor Bahru to discuss a business proposal with clients or Ministry of Trade and Industry officials go to Japan to discuss trade issues.

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Basically, business travel involves two main activities. As seen in Figure 1.6, meetings and conventions account for a large segment of business travel.



Figure 1.6: Business travel

Nowadays, a large segment of business travel incorporates **meetings** and **conventions**. Let us see the definitions of these words.

A **meeting** is a collection of two or more people discussing relevant issues and can vary in size and type. Today, it has become a practice to hold meetings in specific locations.

A **convention** is a meeting with a large number of people in attendance. Conventions are held by large corporations, government agencies and other organisations.

A large portion of business travel also encompasses **trade shows** and **expositions**. A **trade show** is an exhibition organised by a company to showcase and demonstrate its new products or services. An **exposition** is a meeting held mainly for informational exchange among trade people and usually includes a product display.

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Business and professional people travel to attend meetings and conventions for various reasons. Here are some of them:

(i) To learn about the latest trends in an industry;

(ii) To take part in a training programme;

(iii) To see demonstrations of new technology;

(iv) To make contacts; and

(v) To find out about the competition.



SELF-CHECK 1.5

1. List the four characteristics of business travel.
2. Explain the two main activities in business travel.
3. What is the difference between a meeting and a convention?

(b) **Leisure Activities**

Have you ever gone on a vacation? What factors motivated you in your choice of destination? In this section, we will look at leisure-time destination choices and motivations for travel that can be grouped into common categories. Generally, people evaluate more than one category when they make the decision to travel.

(i) **Visit Friends and Relatives (VFR)**

Visiting family and friends is one of the main reasons for leisure travel, thus influencing the choice of destination. During such travel, people will use all related hospitality and tourism services such as public transportation, food and beverages, museums, entertainment and other products.

Some people will also patronise lodging properties as an alternative to staying with their friends and relatives, depending on the number of nights they intend to stay and persons travelling with them.

(ii) **Cultural Attractions**

Different parts of the world have different cultural understandings. Culture can be in the form of everyday life in terms of what the locals eat and do for a living as well as their cultural ceremonies, events or religious matters. For example, many tourists who come to Malaysia are interested in learning about wayang kulit or batik.

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In learning about different cultures, tourists also need to respect cultural sensitivity and local customs. For example, it is part of Malaysian custom to be barefooted inside houses. So, tourists are expected to take off their shoes before entering a Malaysian house.

Architectural masterpieces such as the pyramids in Egypt and the Taj Mahal in India also draw tourists from all over the world. The people living in a particular site, for instance the aborigines in Australia and the Red Indians in the US are also considered to be forms of cultural attractions.

(iii) **Natural Attractions**

Natural attractions are very popular with tourists. Natural landmarks around the world such as the Twelve Apostles on the Great Ocean Road in Australia, the Grand Canyon in Arizona, the lush tropical rainforest in Borneo and the Angel Falls in Venezuela attract scores of tourists.

As mentioned before, when a destination has attractive products and services to offer, other related services will benefit from the influx of tourist arrivals. Some tourists like to stroll along white sandy beaches, visit beautiful and scenic volcano sites or go on an adventurous trip in the wild animal reserves of Kenya to appreciate nature.

(iv) **Historical Sites**

Some tourists like to visit historical sites around the world. Thus, appreciating historical monuments and sites is another motive to travel. People in this group of travellers will sometimes travel far and wide for the historical experience and to increase their knowledge of history.

Monuments too are part of historical attractions. Many tourists visit monuments erected to honour patriots or people who have lost their lives for a worthy cause. For example, the Vietnam Veterans Memorial in Washington D.C. draws thousands of visitors daily.

(v) **Education**

Many countries, including Malaysia, are now considering education as another motivation to travel. This is because some people choose a travel destination based on the opportunity it offers them to further their studies. When they go to a place to study, they are able to reap other benefits as well.

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All these generate income for the country concerned and brings it recognition as a tourist education destination. Therefore, countries seeking education tourism should offer more economical and inexpensive lodging facilities in addition to more public facilities and amenities.

Education tourism includes summer programmes, foreign language classes and archaeological explorations.

(vi) **Recreation**

People nowadays tend to be more health conscious and appreciate quality of life. It is increasingly popular for tourists to travel to a recreation site to make use of recreation facilities. Large crowds are drawn to destinations that offer visitors the opportunity to participate in a variety of sports or activities such as hiking, golfing, fishing and diving.

Large theme parks, such as Disney World, Movie World and Dreamworld in Gold Coast, Australia, offer various recreation and entertainment activities. In promoting their products and services, these recreational attractions will usually offer numerous activities that cater to all age groups, from children to adults. Some even cater to families by providing organised, adult-supervised activities for children while the parents enjoy themselves participating in other activities.

(vii) **Event**

Attending internationally recognised events is another motivating factor that encourages people to travel. These events can be sports events, cultural events or world fairs. Examples of sports events are Formula One Grand Prix, Olympic Games, Super Bowl and World Soccer Finals. Examples of world fairs may be Mardi Gras in Australia, Carnival in Rio de Janeiro, the Calgary Stampede in Canada or a Broadway play.

Most countries realise the importance of holding international events because sometimes the event is more important than the location it is being held at. Tourists who attend the events will use the hospitality and tourism services during their trip which will in turn generate money for the country.

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(viii) **Health**

Spas are gaining more popularity nowadays. More hotels are adding spas to their list of facilities in order to have an edge over their competitors. Spas, which were initially patronised by mostly elites and royals, now attract people from all walks of life.

In the present era, people travel to places that will help them to shape up, trim down or feel better physically. Sometimes a destination is chosen because of its climate. For example, many sinus sufferers in the eastern US find relief in the dry, hot climate of the west.

(ix) **Miscellaneous Factors**

There are many other reasons why people travel. For example, some people travel for religious reasons. Muslims travel to Mecca to perform hajj or *umrah*. Christians travel to the Vatican City for pilgrimage and Hindus visit India, the land of their ancestors.

People also travel to a destination because of its accessibility (ease of access). This depends on the transportation modes, price, the safety and security level, attractive advertising and level of satisfaction in previous experiences.

The hospitality and attitude of local residents are also contributing factors. Vacationers are more likely to return to a destination where they feel welcomed than to one where they feel unwanted.



ACTIVITY 1.5

1. Explain three leisure activities that attract people to travel.
2. Give three examples of international events.
3. Name two recreational theme parks in Malaysia.

1.5 ETHICS IN HOSPITALITY AND TOURISM

Ethics is a study of moral principles concerning "rightful" conduct based on our deeply held values. It is also a set of moral principles and values that people use to answer questions about what is right and wrong.

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Figure 1.7: Torn between what is right and wrong
Source: Adapted from http://www.howe.k12.ok.us/~jimaskew/ethics.jpg

Ethics involves a discussion on "morality", "right thing to do" or "wrong thing to do", "moral obligations", "moral responsibilities", "fairness" and "justice". Ethics is not only about understanding our personal value system but also understanding other people's value systems. However, the foundation of all principles is that the rights of everyone are important and should not be violated.

Examples of ethical situations are:

- If a restaurant's menu says fresh fish, the restaurant must serve fresh fish although it could use frozen fish, without the guests' knowledge, because it is cheaper.
- A hotel should replace a used pillowcase although it looks newly replaced even if a guest is only taking a day use room.

ACTIVITY 1.6

In your opinion, what is ethics? Is ethics important in our life? Explain why with examples.

1.5.1 A Code of Ethics for the Hospitality and Tourism Industry

Now that we know what ethics means, we can look at why we need to have a code of ethics. This code plays a major role in establishing a framework for professional behaviour and responsibilities. Look at the code of ethics used in the hospitality and tourism industry as shown in Figure 1.8.

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(1) We acknowledge ethics and morality as inseparable elements of doing business and will test every decision against the highest standards of honesty, legality, fairness, impunity and conscience.

(2) We will conduct ourselves personally and collectively at all times so as to bring credit to the hospitality and tourism industry.

(3) We will concentrate our time, energy and resources on the improvement of our own products and services and we will not denigrate our competition in the pursuit of our success.

(4) We will treat all guests equally regardless of race, religion, nationality, creed or gender.

(5) We will deliver all standards of service and product with total consistency to every guest.

(6) We will provide a totally safe and sanitary environment at all times for every guest and employee.

(7) We will strive constantly, in words, actions and deeds to develop and maintain the highest level of trust, honesty and understanding among guests, clients, employees, employers and the public at large.

(8) We will provide every employee at every level all the knowledge, training, equipment and motivation required to perform his or her tasks according to our published standards.

(9) We will guarantee that every employee at every level will have the same opportunity to perform, advance and be evaluated against the same standard as all employees engaged in the same or similar tasks.

(10) We will actively and consciously work to protect and preserve our natural environment and natural resources in all that we do.

(11) We will seek a fair and honest profit, no more, no less.

Figure 1.8: Code of ethics
Source: Stephen Hall, as cited in Walker (2006)

1.5.2 Future Ethical Issues

Ethical issues are important as these demonstrate a person's right or wrong actions. With the advancement of technologies, new challenges in terms of ethical issues are expected to arise for people involved in the hospitality field in the future. Being involved in this industry offers a lot of space for unethical actions. Therefore, people involved in this industry (managers, employees, etc) must

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make the right decisions and not be influenced by personal considerations (although this is what frequently occurs).

Three possible areas of concern in discussing future ethical issues are as follows:

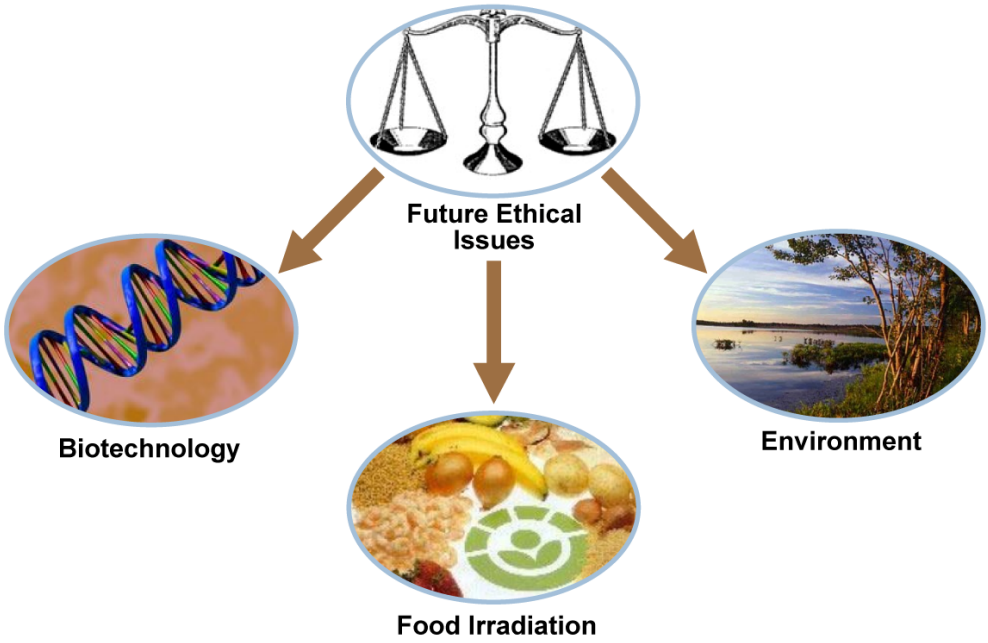


Figure 1.9: Future ethical issues

Let us discuss each one in detail:

(a) **Biotechnology**

Biotechnological food issues are an important concern. Practising biotechnology involves altering the genetic code of plants to produce plants that are more resistant to disease, less likely to rot in transit, more nutrient-laden and less loaded with saturated fat. This in turn will create a more disease-resistant crop which will reduce the use of pesticide on crops and eventually cater to poorer countries.

Bioengineering also may produce leaner meats and food that contain genes from different species. Although it is a means of improving food sources, however, nobody knows the effects that biotechnology might cause in the long-term. Possible effects foreseen are effects on the food chain and the ecosystem while unforeseen allergens or toxins may also develop. For example, the genetic modification of fruits for export purposes might have some long-term effects on the quality of the fruits.

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(b) **Food Irradiation**

Food irradiation is causing controversy as it becomes more popular. In food irradiation, gamma rays are used to kill bacteria and parasites that spoil food. It can also delay the ripening process, thus allowing for longer shelf life of perishable foods.

While most foods have no lingering amounts of radiation, the process is still a cause of concern because of its unknown or undetected potential health hazards.

(c) **Environment**

Issues concerning the environment are increasingly becoming important to the hospitality industry. This can be seen in the use of food and paperboard waste, oil and coal consumption, the availability of portable water and the use of refrigerants or coolants that do not have substances which could deplete the ozone.

Other issues include solid waste management, energy consumption, water quality and air pollution which will directly affect the hospitality field. Some beach hotels dump their waste residues straight into the sea, thereby posing danger to their guests.



SELF-CHECK 1.6

1. Define "ethics".
2. What are three possible future ethical issues?
3. Is ethics important in the hospitality and tourism industry? Explain why.

1.6 CAREERS IN HOSPITALITY AND TOURISM

For many people, the phrase "careers in hospitality and tourism" may evoke images of chefs, tourist guides and hotel waiters. These are all careers in hospitality and tourism but these are not the only options available for jobseekers who are interested in this industry. In fact, hospitality and tourism is a huge industry which offers a variety, diversity and large number of careers. Figure 1.10 shows the field of employment in this industry.

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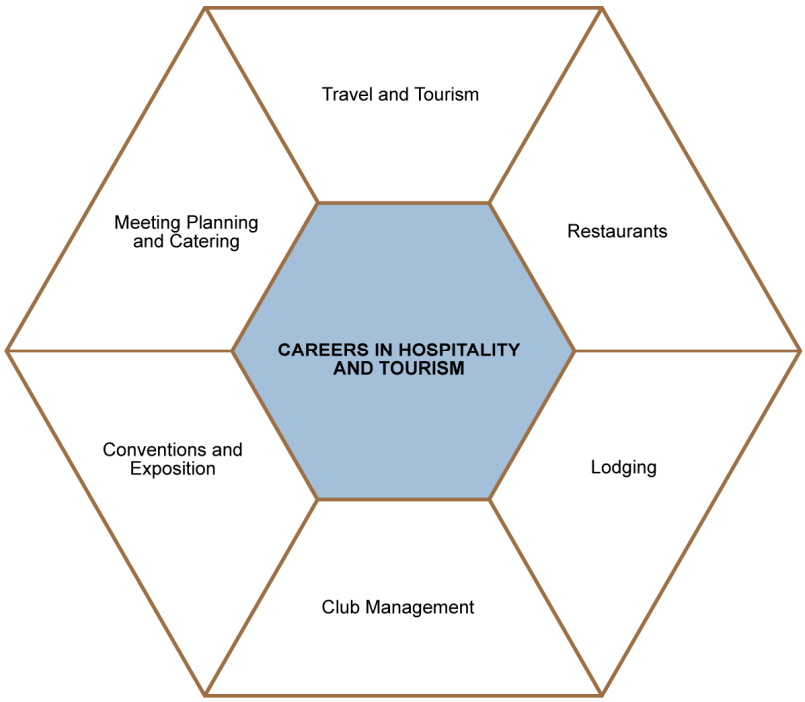


Figure 1.10: Careers in the hospitality and tourism industry

To be able to serve tourists, a person pursuing a career in the travel, tourism and hospitality industry should equip himself or herself with skills such as:

- Interpersonal skills
- Negotiating skills
- Problem-solving skills
- Being considerate
- Leadership skills
- Having empathy
- Able to work in a team
- Good listening skills
- Time management skills
- Self discipline

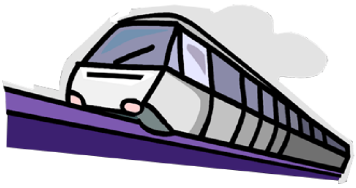
In addition, a high level of energy, talent for working with people and dedication to providing high-quality service are also qualities that will help a person to climb the ladder of success in this industry.

1.6.1 Travel and Tourism

Travel includes areas of air, sea, rail and automobile while tourism includes the attractions and places that people visit. Table 1.4 explains the careers in travel and tourism.

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Table 1.4: Careers in Travel and Tourism

Sector	Explanation
(a) **Airline Industry** 	The airline industry is a major travel industry employer, offering jobs at many levels ranging from entry level to top management. Among the jobs available are as reservations agent, flight attendant, pilot, flight engineer, maintenance staff, baggage handler, airline food service crew, clerk and ticketing agent. From the flight deck to the operations, marketing to accounting and finance officer to flight attendant, there are plenty of career opportunities.
(b) **Cruise Industry** 	The cruise industry is the fastest growing segment of the tourism industry today. The jobs available include positions as sales representative, clerk, cruise director, recreation director and hotel manager. A cruise director arranges all the onboard activities and entertainment. The career path for a cruise director begins with a position as an activities staff member or a sports and fitness specialist then rises through the ranks.
(c) **Rail** 	The careers available include passenger service representative, sales representative, reservations clerk, conductor, engineer and station agent.
(d) **Automobile** 	Car rentals are popular as there is an increase in pleasure travel nowadays. Jobs offered in this segment are as a rental sales agent, clerk, service agent, mechanic, district manager and regional manager. Bus companies require management personnel, ticket agents, tour representatives, information clerks, bus drivers and mechanics.

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1.6.2 Accommodation

The range of jobs offered in the accommodation sector is very broad. There are several careers paths that one can take in this sector of the hospitality and tourism industry.

In the hotel and motel sector, the jobs that are available include that of general manager, resident manager, controller, accountant, director of sales, director of food and beverage, director of personnel, reservation clerk, front office manager, housekeeper, doorman, maid, chef, cook, kitchen helper, waiter, bartender, maintenance worker, engineer, technician, painter, carpenter, etc.

In resorts, more jobs tend to be offered as they are larger and provide more recreation facilities and amenities. These include jobs in the areas of entertainment, recreation and social events.

It is better if a graduate has undergone a training session or internship during undergraduate study. This can provide the person with exposure on the job and other skills.

Practical training is very different from theoretical learning. Graduates who join major hotels usually spend their first few months in several departments to gain all-round experience in operations. There may be an emphasis on room or food and beverage management if an individual wants a career path that leads to becoming a director of rooms, operations or food and beverages.

1.6.3 Restaurants

As the population of people increases, the number of restaurants built around the world also increases due to the rise in demand. There are many job opportunities readily available such as head waiter, captain, waiter, waitress, chef, cook, bartender, restaurant manager, assistant manager, dietician, cashier, food service manager, menu planner, butcher, kitchen helper and dishwasher. A typical restaurant career leads a person to becoming a kitchen manager, bar manager, restaurant manager, general manager, vice-president, president and owner.

As with accommodation, a person who wishes to pursue a career in the food service industry should take the opportunity to undergo a practical session whenever possible. This can be done as an internship or a part-time job during term breaks. Experience is very important and it is easier to start from the bottom and progress along the way.

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There are many career opportunities in restaurants. What do you think is the most popular position in this field? Let us take a look at Table 1.5.

Table 1.5: Popular Positions in Restaurants

Position	Description
(a) **Kitchen manager or chef** 	The kitchen usually has a **kitchen manager** or chef and at least one prep cook who performs preliminary tasks such as **gathering ingredients and preparing them for use**. Large operations employ several chefs who specialise in a particular area of cooking. For example, a pastry cook is hired to make desserts, a pantry cook to prepare cold dishes for lunch and dinner and a grill cook to take care of that station.
(b) **Restaurant manager** 	A **restaurant manager** must be proficient in all areas of the establishment, from the kitchen to the host stand to visiting tables besides overseeing the daily operations of the restaurant. Other tasks include **selecting menu items and predicting total daily food and beverage consumption**. Managers also act as the human resource department – recruiting, hiring, firing and keeping peace among employees.

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1.6.4 Club Management

Club management is different from hotel management in that the guests at a club are members and typically pay for their memberships. Included under club management are golf, country, city, athletic and yacht clubs.

Club managers have almost the same responsibilities as hotel managers. Among their jobs are to monitor restaurants on the property and the various internal departments such as human resources and accounting, prepare budgets and forecast future sales and ensure that maintenance work is carried out properly. In short, they are responsible for the overall well-being of the club.

1.6.5 Conventions and Expositions

More and more countries are realising the potential of having large convention centres. This in turn provides more job opportunities. Among the jobs available in this area include that of manager, convention planner, information specialist, marketing manager, public relations staff, sales personnel, secretary and clerk.

Do you know what are the two most important careers in this industry? See Table 1.6 to find out what these are:

Table 1.6: Popular Positions in Conventions and Expositions

Convention Planner	Convention Manager
A **convention planner** is an organised individual who keeps careful written records of each transaction and decision. He or she coordinates meetings, conventions and special events for very large groups of people.	A **convention manager** is involved in the planning of a proposed meeting from the very beginning. He or she is in constant communication regarding all aspects of the event and must be keenly aware of everything that is happening. He or she must also ensure the coordination of communication between all the staff so that everything runs well.

The most important tasks of a convention planner and a convention manager are **conducting negotiations** and **budgeting**. One crucial element in **conducting negotiations** with a client is to establish an agreed contract. This is very important because it states the terms and conditions in black and white, which will be very useful in case anything goes wrong.

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Budgeting is another important element. Sometimes it can be difficult as conventions and expositions can be huge and require large sums of money. Other responsibilities include staffing, sales, registration and marketing.

The details of meeting planning and catering which are important but less understood professions are explained in the following:

(a) **Meeting Planning**

(i) Meeting planning is a growing profession.

(ii) The job tasks are quite similar to those of convention managers but meeting planners operate on a smaller scale.

(iii) More hotels opt to have meeting planners.

(iv) In general, the duties include arranging, planning and conducting meetings.

(v) Meeting planners are involved in the planning of the meeting from the early stages.

(vi) They are responsible in the budget setup and other pre-arrangements.

(vii) Usually, meeting planners have numerous supplier contacts.

(viii) They should be there on the day of the meeting or be on standby in case of mishaps to do troubleshooting.

(ix) After a function ends, meeting planners conduct a post-mortem meeting.

(x) Other jobs are event planners, conference coordinators and convention planners.

(b) **Catering**

(i) Catering is an interesting but very challenging field.

(ii) It is a career choice for entrepreneurs.

(iii) Catering can be divided into on-premises catering and off-premises catering.

(iv) Gaining prior experience in the catering industry is essential as it is complex in terms of the preparation and execution of the function.

(v) To become a catering manager, one needs more than energy, patience and skills.

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SELF-CHECK 1.7

1. List at least five skills that a person must have to be in the hospitality and tourism industry.
2. Explain the two most popular positions in a restaurant.
3. Differentiate between a convention planner and a convention manager.

SUMMARY

- The hospitality and tourism industry is the largest and fastest growing industry in the world.
- Hospitality and tourism are interlinked with each other through a network of components.
- The hospitality and tourism industry includes components such as:
  - Food and beverage services;
  - Lodging services;
  - Recreation services;
  - Travel-related (tourism) services; and
  - Products provided with personal services in conjunction with the first four components.
- People travel based on certain travel motivations which can be grouped into four categories, according to McIntosh: Status and prestige, physical, interpersonal and cultural. These can be further expanded to include visiting friends and relatives, business travel and for social purposes.
- Ethics is a very important consideration in hospitality and tourism and a code of ethics plays a major role in establishing a framework for professional behaviour and responsibilities.
- Future ethical issues include biotechnology concerns, food irradiation and the environment.

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- There are a wide range of career prospects in the hospitality and tourism industry, across areas of travel and tourism, accommodation, restaurants, club management and conventions and expositions.

KEY TERMS

Domestic tourism	Tourism
Excursionists	Tourism industry
Hospice	Tourist
Inbound tourism	Traveller
Outbound tourism	Visitor

SELF-TEST 1

1. Provide definitions for the following:
   (a) Hospitality;
   (b) Tourism;
   (c) Tourist;
   (d) Traveller; and
   (e) Visitor.

2. What are the personal qualities that are required for professions in the hospitality industry?

3. List five careers in travel and tourism.

4. List five careers in lodging.

5. Describe eight reasons why people travel.

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6. What is meant by ethics? According to the code of ethics for the tourism and hospitality industry, how would you tackle the situation below?

> For a grand opening, a hotel hires 200 foodservice workers, room attendants and security people, but does not tell its new employees that only 150 of them will be kept after the first six weeks.

SELF-TEST 2

1. List the scope of the hospitality and tourism industry.

2. Provide definitions for the following:
   (a) Excursionist;
   (b) Domestic tourism;
   (c) Inbound tourism;
   (d) Outbound tourism; and
   (e) Tourism industry.

3. What is meant by ethics?

4. List five careers in each of these areas:
   (a) A restaurant;
   (b) Club management;
   (c) Conventions and expositions; and
   (d) Meeting planning and catering.

5. Discuss potential future ethical issues.

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Topic 2 The Hotel Industry

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Describe the history and evolution of the hotel industry;
2. Differentiate between the various classifications of hotels;
3. Identify the ownership and management structures of a hotel;
4. Analyse the organisational structure and department functions in a hotel; and
5. Discuss the sales and marketing strategies of a hotel.

INTRODUCTION



Figure 2.1: Burj Al Arab Hotel
Source: http://www.travelblog.org/Photos/8470.html

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Look at the picture in Figure 2.1. Did you know that this hotel is the world's only seven-star hotel and one of the world's most expensive hotels? This world-famous hotel is situated in Dubai, United Arab Emirates (UAE). Due to the gradual depletion of the country's oil reserves, Dubai has shifted its attention to luxury tourism as a means of diversifying the country's economy. It has invested millions of dollars on hotels, artificial islands and theme parks. Today, the UAE is ranked as one of the most significant destinations with outstanding modern architecture and soaring skyscrapers. Do you think the tourism boom in Dubai will eventually increase the employment opportunities there, especially in the hotel industry?

You will find the answer to that question in this topic. First, this topic will delve into the history and evolution of the hotel industry. Then it will expose you to the diverse classifications of hotels, their ownerships and management structures. Hotel operations will be explored next, with focus on the various departments in a conventional hotel. The sales and marketing department will be emphasised on as it is one of the fundamental departments in hotels. Other issues related to the industry will also be discussed.

2.1 PAST PERSPECTIVE AND CURRENT SITUATION

In the following subtopics, we will discuss the history of lodging and the evolution of motels.

2.1.1 The History of Lodging

Have you ever wondered about the world's first hotel? Or how this industry evolved into a gigantic industry? Read on to find the answers to these questions.

The lodging industry has evolved enormously over the years. We can trace its development to the code of Hammurabi in about 1800 BC. The code made a reference to "tavern keeping" which meant inn keeping in those days.

As mentioned in Topic 1, the industry flourished due to the development of trade. Later, the Romans built an extensive system of paved roads and included inns and taverns along the way to accommodate travellers.

Religious pilgrimages were another primary reason for travelling in Europe during the Middle Ages, with charitable institutions and religious orders providing lodging facilities.

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In the 15th century, many European cities became centres of commerce and culture. With the development of stagecoach routes connecting major cities, the first hotel rooms were built.

As the lodging industry responded to changes in destination patterns, inns were set up along stagecoach routes. This was followed by the location of lodging establishments convenient to the major travel modes of railroads, automobiles and airplanes. Hence, we can say that the boom of the lodging industry was mainly because of its positive response to changes in destination patterns.

According to Walker (2006), inns and taverns were important centres of activity for American colonies in the 17th and 18th centuries. The early inns were sometimes called "the candles of liberty" and served as meeting places for colonists planning to separate from England. The inns of Colonial America, called "ordinaries" typically provided a midday meal or supper as part of the overnight stay.

By the beginning of the 19th century, lodging establishments which were larger and more commercial than inns emerged. Among the early hotels were the City Hotel in Broadway, New York City in 1794, the six-storey 200-room City Hotel in Baltimore, built in 1826 and the Tremont House in Boston, built in 1829.

Luxury hotels were later developed as people became more value-conscious and willing to spend money on quality products and services. Among the grand hotels at the time were the Grand Hotel in Rome, Paris Ritz, Savoy of London and the Waldorf-Astoria Hotel, which was the world's largest hotel of its day. The 20th century saw the beginnings of several major hotel companies that are still prominent today. These include Hilton, Sheraton and J.W. Marriot, to name a few.



ACTIVITY 2.1

Describe the history and evolution of the hotel industry in Malaysia. Do some research and discuss with your coursemates.

2.1.2 The Evolution of the Motel

According to the Oxford dictionary, the word **"motel"** is a blend of motor and hotel which means a hotel for people who travel by car, with space to park cars near the rooms. The federal Road Aid Act of 1916 resulted in the creation of a new segment of the lodging industry, as thousands of rooms were added to properties along the new state and federal highways which were being constructed.

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Figure 2.2: Motel Inn in San Luis Obispo
Source: http://freakpowertix-santababylon.buzznet.com

Look at Figure 2.2. Did you know that this old building was the first roadside motel? It was opened in San Luis Obispo, California, in 1925 with room rates of $2.50 a night. Sometimes referred to as "tourist courts," the first motels were small, simple affairs, with less than 20 units or guest rooms.

Motels were built at the edge of town where land costs were substantially lower than downtown. As the land and building costs were lower, the guests were charged lower rates.

As highways developed, motels were established, offering convenience to travellers. Most travellers wanted to stay in a simple, informal place whereby they could drive to any local destination during the day and return to the accommodation in the evening. During check-in, they were greeted by the owner working at the front desk, which was regarded as a personal touch complemented by the motel's convenience and lower prices. These were the advantages of patronising a motel.

Transportation modes changed the nature of the industry. Towards the end of the 19th century, North American hotels grew to serve rail travellers. Often, a hotel was physically connected to a railroad station.

Railroads and hotels complemented each other in providing travellers with a remarkable experience. Later, the automobile industry created a significant evolution in the lodging industry. This happened during the 1940s to 1960s when numerous hotels and motels were constructed.

This was then followed by the development of the air travel industry which was another catalyst for the development and re-development of city hotels and destination resorts. It resulted in the evolution of business and leisure travels. The positive economic evolution provided more disposable income for travel and tourism activities. With the advancement of railroads, automobiles and air transportation, people became more mobile and regarded travelling as a way of life.

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Now, let us take a look at some of the industry's milestones as detailed in Figure 2.3.

1794	The City Hotel opens in New York City, just below Wall Street. It is the first hotel built in the United States.
1829	The Tremont House in Boston opens. It has a major influence on hotel design.
1840	Antoine's Restaurant opens in New Orleans, setting the pattern for the city's fine restaurants.
1854	Elisha G. Otis of Yonkers, New York, demonstrates an elevator equipped with an automatic safety device, paving the way for high-rise buildings.
1904	The St. Regis Hotel, New York City, introduces individually controlled air-conditioning and heating.
1907	The Plaza Hotel, New York City, provides "telephones and pincushions" in every guest room.
1920s	The first roadside tourist cabins appear.
1928	Elwood Include starts a rack folder service for California hotels.
1930	Howard D. Johnson initiates the first hospitality industry franchise.
1937	Sheraton Hotels debut with a small property in Springfield, Massachusetts. Founders Ernst Henderson and Robert Moore are said to have named the company after an electric sign they could see from their office window in Boston.
1939	The first issue of the Hotel and Travel Index is published, 64 pages long.
1946	Inter-Continental Hotel negotiates the industry's first management contract.
1948	The New Haven Restaurant Institute (later changed to the Culinary Institute of America) opens in Connecticut, the United States' first serious cooking school.
1953	A Plaza Hotel and the spring issue of the Hotel and Travel Index state that a double room with bath in New York City costs between $12 and $25. Air-conditioning, if ordered, is $2 extra per day.
1955	Ground broken in Anaheim, California, for the Disneyland Hotel. Large screen televisions are installed in seven Sheraton Hotels.
1958	On Summer Avenue in Memphis, Tennessee, Kemmons Wilson opens his first Holiday Inn.
1960s	Weekend and off-season promotional packages are introduced.
1962	The American Hotel Association becomes the American Hotel and Motel Association.
1963	The first no-frills budget motel, Motel 6, opens.
1965	T.G.I. Friday's opens and is featured in life magazine as an example of how social patterns are changing in America. The singles bar is born.
1967	The first atrium hotel opens – the Hyatt Regency Atlanta. Designed by architect John C. Portman, it becomes the most copied architectural form of its time.
1980s	The lodging industry introduces all suites
1982	The hotel-within-a-hotel concept is introduced; a separate executive floor providing more luxurious accommodations and concierge service.
1990s	Management introduces price tiers, separate brands within a chain and environmentally responsible hotels.

Figure 2.3: Hotel industry milestones
Source: Starr, 1997

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SELF-CHECK 2.1

1. What is a motel?
2. What are the factors that influenced the emergence of motels?
3. What is the name of the first motel?

2.2 CLASSIFICATION OF HOTEL PROPERTIES

In this section, we will be learning about the various classifications of hotels or lodging properties. Normally, lodging properties can be categorised according to price, function, location, particular market segment and distinctiveness of style or offering (see Figure 2.4). Here, we also have to note that a hotel can fall into more than one category.

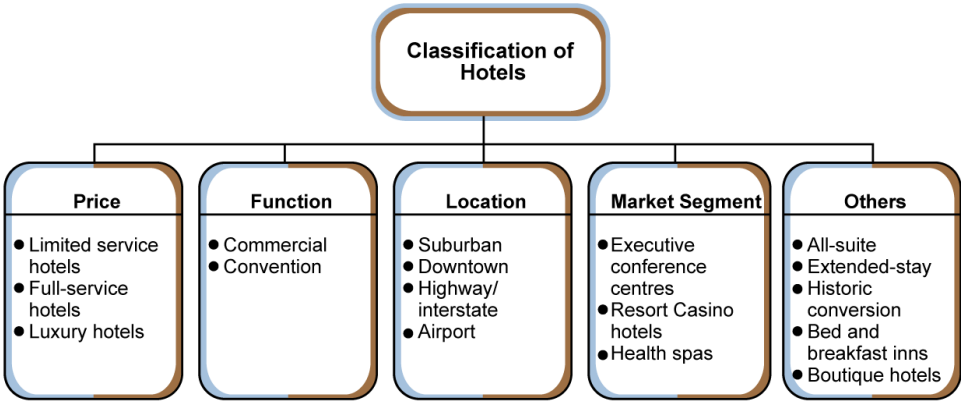


Figure 2.4: Classification of hotel properties

2.2.1 Classification of Hotel by Price

We can classify lodging properties by price into three categories:

(a) Limited-service;

(b) Full-service; and

(c) Luxury hotels.

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Now, let us look at each of these in detail.

Table 2.1: Classification of Hotels by Price

Type of Hotel	Description
(a) **Limited-service Hotels**	These hotels offer **guest rooms only**. Usually, there is **no or very limited food and beverage facilities**, **very little or no public space and no meeting or function space**. **Room rates are low** as there are very limited offerings. It is also called a "budget" or "economy" hotel. This type of hotel draws tourists or leisure travellers the most, followed by business travellers in addition to conference, convention and other travellers.
(b) **Full-service Hotels**	These hotels offer **a wider range of facilities and amenities** compared to limited-service hotels. Usually, there is at least one food and **beverage outlet** in this type of property. These hotels have more than 250 rooms as well as **more public space and meeting** or **function space**. Business travellers, conference and convention travellers and tourists make up the clients for this type of hotel.
(c) **Luxury Hotels**	These hotels usually have 150 to 400 guest rooms. These properties offer **a full array of services and amenities and are furnished with upscale decor features and furnishings**. There are **several food and beverage operations**, including a gourmet or fine-dining restaurant, banquet facilities and **full room-service facilities** in addition to a 24-hour **concierge service**. **Recreational facilities** or access to nearby facilities are also available for guests. The room prices are high as the hotels provide more offerings compared to other hotels.

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SELF-CHECK 2.2

Fill in the blanks

1. The three classifications of hotel by price are _____, _____ and _____.
2. Limited-service hotels are also called_____ or economy hotels.
3. _____ hotels offer a full array of services and amenities and are furnished with upscale decor features and furnishings.

2.2.2 Classification of Hotel by Function

As shown in Figure 2.5, we can also classify lodging properties into two categories according to their functions.

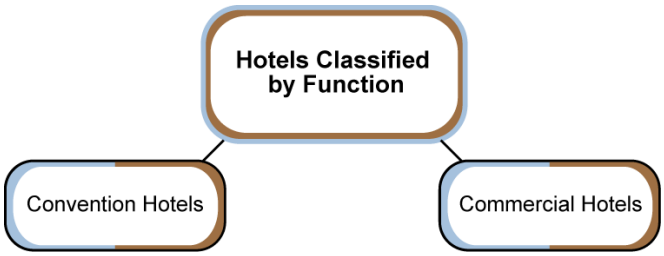


Figure 2.5: Classification of hotel properties according to functions

The details of these categories are as follows:

(a) **Commercial Hotels**

These are smaller hotels with 100 to 500 guest rooms. They offer a **smaller meeting and function space, fewer food and beverage outlets** and **less public space**.

Although these hotels have limited recreation amenities, they are usually strategically located in downtown areas, close to business centres as well as city entertainment centres. Thus, they draw both day and night crowds.

Underground security-controlled parking is usually provided for guests in addition to valet services to pick up and deliver their cars. Room prices for commercial downtown hotels are higher as they need to offset the higher land cost.

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(b) **Convention Hotels**

These are large, with 500 or more guest rooms. This type of hotel offers **extensive meeting and function space**, typically including **spacious exhibition areas and large ballrooms**.

Food and beverage operations tend to be extensive in these properties, with several restaurants and lounges, banquet facilities, in addition to room service. These properties also tend to be in close proximity to other convention hotels and convention centres while providing facilities for citywide convention and trade shows.

2.2.3 Classification of Hotel by Location

Hotels can also be classified according to location. The types of hotels under this category include:

(a) Suburban hotels;

(b) Downtown hotels;

(c) Highway orinterstate hotels; and

(d) Airport hotels.

Table 2.2 will give you a clearer picture of each category.

Table 2.2: Classification of Hotels by Location

Types of Hotels	Description
(a) **Suburban Hotels**	These hotels are smaller hotels with 200 to 350 guest rooms. These hotels would most likely have interior corridors and meeting and banquet facilities.
(b) **Downtown Hotels**	Possess similar characteristics as commercial and convention hotels.
(c) **Highway/ Interstate Hotels**	These hotels are even smaller with 100 to 250 rooms. They most likely have an exterior corridor leading to guest rooms, minimal banquet and meeting space and some food and beverage facilities.
(d) **Airport Hotels**	Emerged as air travel became more and more common in the 1950s and 1960s. Their primary guests are of course air travellers. There are around 250 to 550 rooms and a mix of facilities and amenities. The extra services provided include a courtesy pick-up which offers guests transportation to and from the airport.

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SELF-CHECK 2.3

1. What is the difference between convention hotels and commercial hotels?
2. What is an airport hotel?
3. Can you name two hotels each in Malaysia that fall under the following categories?
   (a) Commercial hotel
   (b) Convention hotel
   (c) Suburban hotel

2.2.4 Classification by Market Segment

Apart from price, function and location, do you know that we can also classify hotels by market segments? This category includes the following:

(a) Executive conference centres;

(b) Resorts;

(c) Casino hotels; and

(d) Health spas.

Let us go over each one in detail.

(a) **Executive Conference Centres**

(i) Have fewer than 300 guest rooms.

(ii) Situated in suburban areas.

(iii) Facilities provided include a variety of small meeting rooms and classrooms featuring full audio-visual and technological support.

(iv) Room rates: inclusive of meals and the use of recreational facilities.

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(b) **Resorts**

(i) Normally located in remote or suburban areas surrounded by picturesque settings.

(ii) Have about 200 to 500 guest rooms.

(iii) Compared to commercial hotels and depending on the geographic location, resorts provide a comprehensive array of recreational amenities and facilities.

(iv) There will be a variety of food and beverage outlets available and guests can have a choice of informal to fine-dining restaurants to choose from.

(v) Have a few dining outlets because many resorts are in remote locations where it is often not feasible for the guests to leave the property for other dining options.

(vi) Can be further categorised into:

- **Destination Resorts**
  - Located in remote, dramatic and desirable locations such as the Maldives, Caribbean and Hawaii.
  - Guests have to travel at least several hundred kilometres, usually by air, to reach such resorts.
  - Visits to these resorts tend to be infrequent, usually once a year or less.
- **Non-destination Resorts**
  - Also called regional resorts, these involve a two- to three-hour trip for guests who tend to stay for a shorter period of time compared to those at destination resorts.
- **Eco-tourism Resorts**
  - Have a high involvement in preserving nature.
  - Remote lodging establishments: located in areas of significant natural beauty with the design elements of the property blending with the surroundings and protecting the ecosystem.

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(c) **Casino Hotels**

(i) Differ significantly in their operations from most hotels.

(ii) Gaming operations are the major revenue centres for these hotels.

(iii) Have room rates which are lower than those of other hotels.

(d) **Health Spas**

(i) Often located in a resort-type setting.

(ii) Provide additional amenities focusing on needs ranging from losing weight to reducing stress and pampering oneself.

(iii) Come in several categories, including spas with **natural mineral hot springs, beauty spas**, **fitness spas** and **spa facilities within hotels.**

(iv) Emphasise health therapies, behaviour modification and holistic treatment.

(v) Have professional staff including dieticians, therapists, masseurs, exercise physiologists and physicians.

(vi) Hotels providing spa and fitness facilities now add more space to their establishments to offer comprehensive health facilities as a means of revenue potential and in order to remain competitive as more people begin to value the quality of life.

2.2.5 Other Classifications

As mentioned at the beginning, other hotel classifications can be categorised by distinctiveness of style or offerings. The hotels that fall under this category include:

(a) All-suite hotels;

(b) Extended-Stay hotels;

(c) Historic conversions;

(d) Bed and breakfast inns; and

(e) Boutique hotels.

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Table 2.3: Other Classifications of Hotels

Types of Hotels	Description
(a) **All-suite Hotels**	• The guest rooms are larger with measurements of more than 500 square feet. • Living area is separated from the bedroom, with some properties offering kitchen/pantry areas. • Can be found in urban, suburban and even residential locations. • The range of amenities and services (availability of on-site restaurant operations, meeting space and recreation facilities) vary widely.
(b) **Extended-stay Hotels**	• Provide many of the same features and amenities as all-suite properties, such as a stove and or microwave in the guest rooms, refrigerators, kitchenware or dishes, grocery shopping service, business service and limited housekeeping service. • Compared to all-suite hotels, the room rates are often significantly less with rates quoted in daily, weekly and monthly rates. • No on-site food and beverage outlets although there may be restaurants nearby.
(c) **Historic Conversion**	• Hotel properties which have historic significance and have been renovated to bring back their original splendour. • Have great appeal for those wishing to experience some of the grandeur and elegance of earlier days with the comforts of modern-day features. • Room rates are slightly higher than those of normal hotels. • Examples. Eastern and Oriental Hotel in Penang, Malaysia and the Raffles Hotel in Singapore.
(d) **Bed and breakfast Inns (B&B)**	• Have five to 10 rooms. • Usually operated by a husband and wife team who will run all the operations. • The room rate will cover breakfast and there is no on-site restaurant and no licence for alcohol service.
(e) **Boutique Hotels**	• These span across all price segments and are noticeably different in look and feel from traditional lodging properties. • Interior design styles range from post-modern to homey. • Typically distinguished by soft attributes such as image and atmosphere.

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SELF-CHECK 2.4

True or False Statements

1. Executive conference centres have more than 300 guest rooms.
2. Destination resorts are located in remote, dramatic and desirable locations.
3. Health spas are normally located in casino hotels.
4. Examples of historic conversion hotels in Malaysia are Palace of Golden Horses and Hilton Kuala Lumpur.
5. A bed and breakfast inn normally has about five to 10 rooms.

2.3 OWNERSHIP AND MANAGEMENT

Have you ever wondered how a hotel is managed? What is the corporate structure of a hotel? Well, hotels are structured by law and management arrangement. The legal structure of a hotel is not the same as its management structure, although it can be.

2.3.1 Legal Structure

Legally, hotel ownership can be sole proprietorship, partnership or corporation. Each structure has advantages and disadvantages for the controlling owners. Look at Figure 2.6 for more details on each one.

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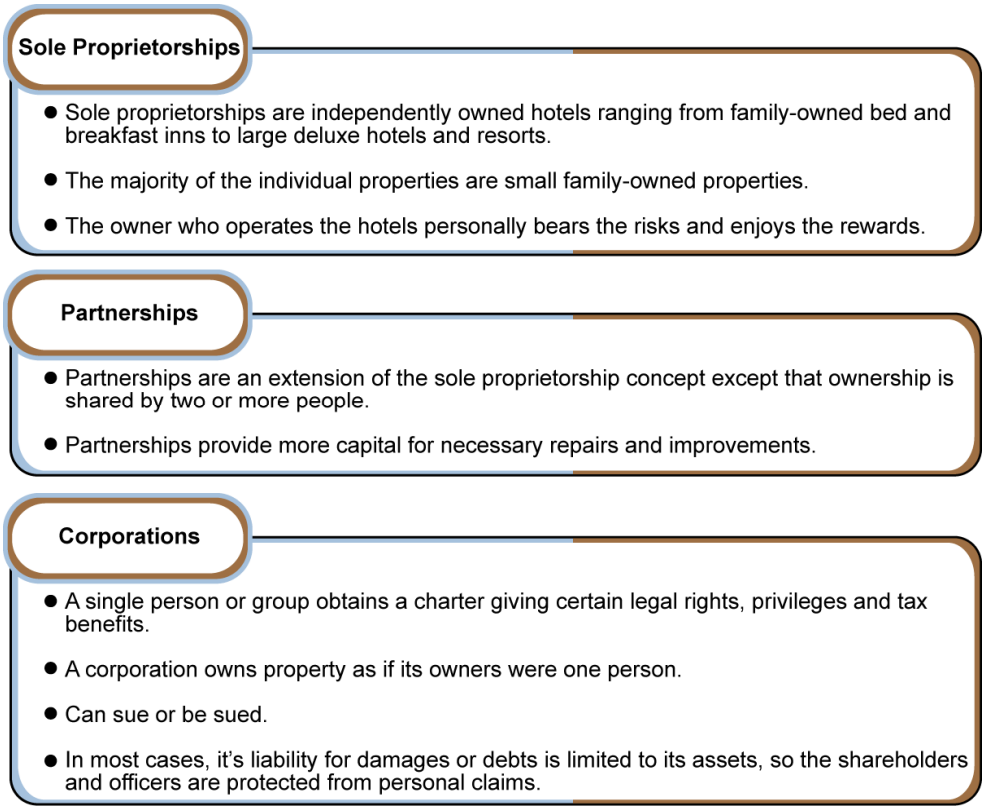


Figure 2.6: Hotel ownership structures

2.3.2 Management Structure

Now you know that hotels can be independently or jointly owned. Hotels can also be affiliated to a chain as a member or franchise or owned by one entity and operated by another under a management contract.

This structure falls under the managing and marketing structures. Another management method chiefly used for marketing and reservations purposes rather than ownership, is a referral group or voluntary membership association, which is a group of independent properties and small chains united to market their properties. Interesting? Let us explore these further:

(a) **Hotel Chains**

During the mid-1990s, numerous hotels owned by individuals or companies united into hotel chains. In a **proprietary chain**, all the hotels are **owned by one company**. In a **co-owner chain**, ownerships of individual properties are **shared by the hotel company and independent**

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investors. The investors finance construction of the property and the hotel company builds and manages the hotel.

According to Starr (1997), Hilton and State were among the first hotel builders to combine their properties into chains. The advantage of being a part of a chain is that the operation will be more efficient and there is less expense compared to most independent hotels.

In the 1950s, only a few leading companies, including Inter-Continental Hotels, Hilton International and Sheraton, tapped into the international hotel market. By the 1970s, major chains clearly established their plans for international growth.

Hospitality Franchise Systems is the largest hotel chain in the world, consisting of 3,700 hotels with more than 384,452 room offerings. Holiday Inn Worldwide is the second largest with 1,795 properties and 340,881 rooms. In third place is Best Western International while the fourth is Accor and the fifth is Choice.

(b) **Franchise**

Franchising was introduced to the lodging industry in the late 1950s and early 1960s. Many hotel chains use the franchise system, in which **properties can have the same name and design but be operated and owned by different companies**. Franchise is the most common form of chain ownership nowadays.

In this system, an individual, a partnership, a small corporation or a group of investors buys the right to own and operate a hotel in a chain for a certain number of years, commonly 25 or 30 years. The owner pays the chain an initial fee plus part of the hotel's annual income in return for the use of the chain's reservation system and well-known name and reputation.

Hoteliers adopted franchising as a way to grow without having to invest substantial capital as building a hotel costs a lot of money. The reputation of the chain is extremely valuable to the franchisee. The franchisor then provides support in marketing and training. Franchising spreads the costs of promotion, advertising and reservation systems among all properties.

(c) **Management Contract**

The role of conglomerates and multinational companies in the business world influence the ownership structure of many hotels. Many large corporations buy a hotel or hotel chain and let the



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property be operated under a management contract by the chain or independent organisation.

This process is mutually advantageous, i.e. corporation that owns the hotel contributes financial resources and property while hotel management chain provides hotel expertise.

2.4 ORGANISATIONAL STRUCTURE AND DEPARTMENT FUNCTIONS

Now we will touch on the organisational structure and department functions of a hotel. To start off, take a look at the organisational chart in Figure 2.7. You may have seen such a chart before. This chart describes the administrative and functional structures of a hotel in simple terms.

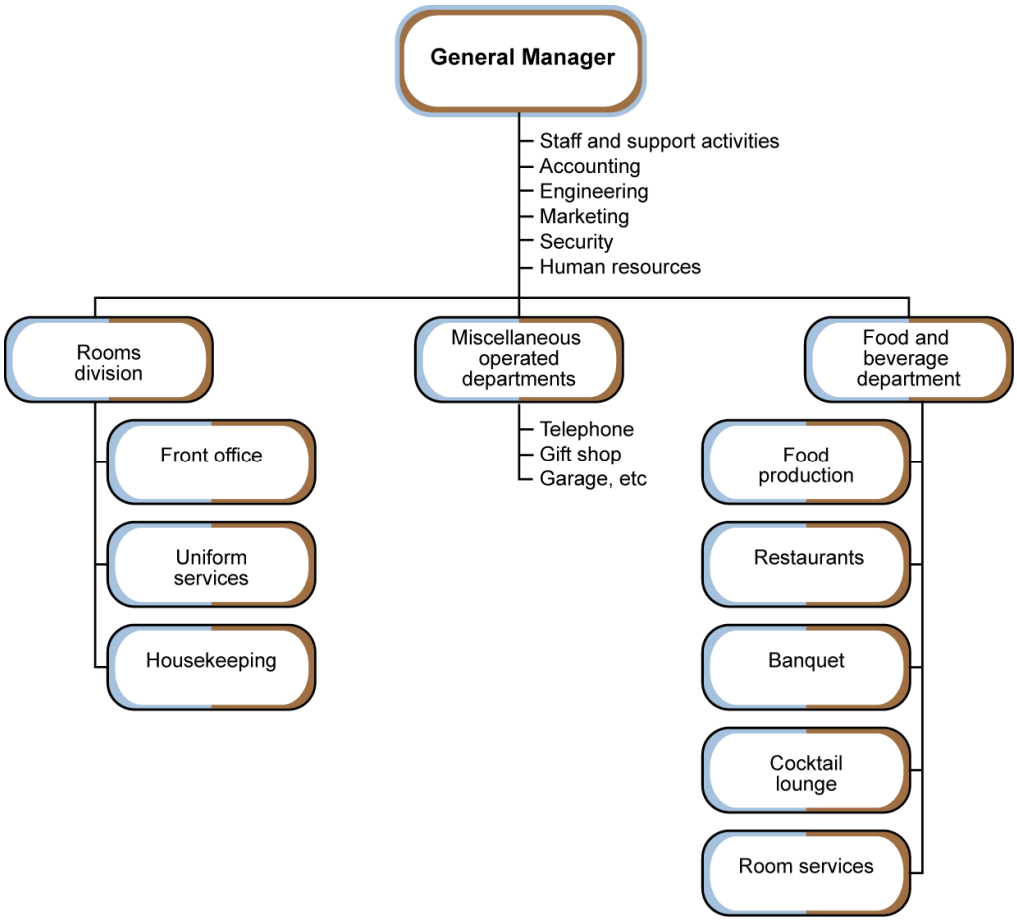


Figure 2.7: Organisational structure of a typical hotel

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In this section, we are going to learn about the **three** main departments of a hotel. These include:

(a) The rooms side of the house;

(b) Hotel food and beverage departments; and

(c) Staff and support departments.

2.4.1 The Rooms Side of the House

One of the most important divisions in a hotel is the rooms side of the house. This is the division which directly deals with customers from the time of check-in to the check-out. Each department is responsible for its own departmental income, that is, the revenue remaining after deducting the direct operating costs of the departments in the division. This department consists of:

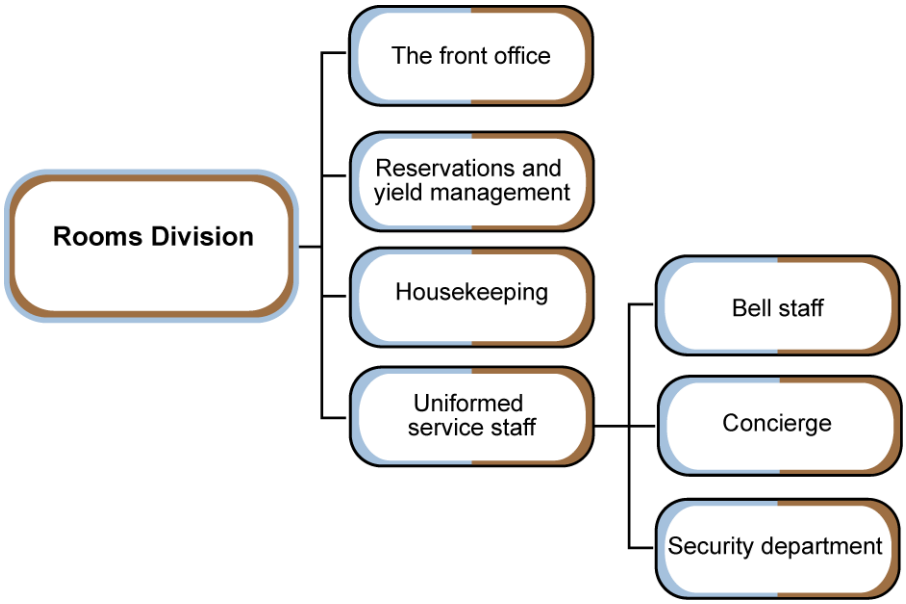


Figure 2.8: The rooms side of the house

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Each department is explained further in the following:

(a) **The Front Office**



Front-desk employees are the first contact persons when a guest walks into a hotel. Therefore, a positive first impression is very important as they serve as the representation of the hotel to guests. Front-desk employees are also known as front-desk receptionists, front-desk agents or clerks.

The attentive, warm greeting of a front-desk receptionist can have a tremendous impact in making guests feel welcome. The front office serves three main functions – sell rooms, maintain a balanced account and offer services such as handling mails, faxes, messages and providing local and hotel information.

The front office is headed by a **front office manager** whose main duty is to enhance guest services by constantly developing services to meet guests' needs.

(b) **Reservations and Yield Management**

Occupancy is a measure of success in the hotel industry. Other measures that are frequently used in room occupancy calculation are the average rate per rented room (average daily rate or ADR) and revenue per available room (RevPar). The reservations department is headed by a **reservations manager** who reports directly to the director of rooms division.

Yield management is a demand forecasting technique to maximise room revenue and increase profitability. It is based on the economics of supply and demand. Yield management combines the measure of occupancy and ADR and using forecasting based on the previous trends and current demands, sets out to get the best combination to determine the number and types of rooms to sell at a certain price to obtain the maximum revenue for the hotel.

The argument is that when the hotel is going to be full, it makes no sense to sell any rooms at special discount rates. On the other hand, on a night when the hotel is definitely not going to be filled, selling a room at a discounted price is better than not selling one at all.

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(c) **Housekeeping**



The largest department in terms of the number of employees employed in a hotel is the housekeeping department. **Keeping the guest rooms clean and comfortable** is a major duty of the housekeeping department.

It is clear that without clean rooms to rent, a hotel would have to close. Do you know that the logistics of servicing large number of rooms on a daily basis can be challenging?

The housekeeping department is usually headed by an **executive housekeeper**. This person's duties and responsibilities call for exceptional leadership, organisation, motivation and commitment to maintaining high standards.

In a smaller property, this role may be held by a **housekeeping supervisor**. In larger properties, the executive housekeeper will have at least one assistant and several supervisors who supervise room attendants in designated areas.

In particular, four major areas of responsibilities are outlined for an executive housekeeper which include:

- Leadership of people, equipment and supplies.
- Cleanliness and servicing of guest rooms and public areas.
- Adherence to financial guidelines in operating the department.
- Keeping accurate and timely records.

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In relation to their responsibilities, housekeeping departments purchase equipment necessary to keep hotels clean. This includes vacuum cleaners, carpet-care machines and floor buffers.

In addition, to be able to do their jobs properly, housekeeping employees require numerous chemical cleaning products, which must be purchased. These range from porcelain cleaners for the bathroom to glass cleaners, furniture polish and carpet shampoos.

The housekeeping department also plays a significant role in purchasing guest room supplies including linens and guest room amenities. Guest room amenities may range from bars of soap to a full array of toiletries including shampoo, conditioner, body lotion, sewing kits and shoe-polishing cloths. Full-service and luxury properties provide a more extensive array of guest room amenities.

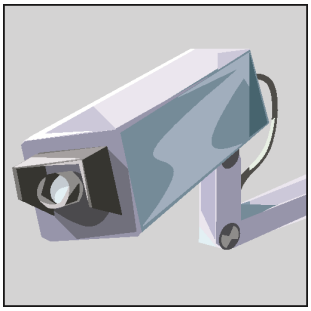
(d) **Uniformed Service Staff**

Uniformed staff who perform personal service for the guests are part of the room division. These include the bell staff, concierge and security staff. The property classification, size and location determine whether there is a need for these positions.

Uniformed service staff have a special responsibility as first impression is very important to the guests. Examples of uniformed service staff in hotels are as detailed in Table 2.4.

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Table 2.4: Uniformed Service Staff

Uniformed Service Staff	Description
(a) **Bell staff** 	• Play an important role in large and luxurious hotels. • Main functions are to: – Escort guests and transport luggage to their rooms. – Provide guests with information on all the facilities and features offered in the hotel and the surrounding areas. – Demonstrate the room's operation and features upon entering the guest room (e.g. Lighting, television, air-conditioning, room service, etc). • Generally receive tips from the guests.
(b) **Concierge** 	• Has own desk located in the lobby area. • Needs to have a pleasant personality and a desire to help people. • Speaking several languages is a bonus. • Main functions include: – Giving directions to local attractions. – Arranging last-minute bookings to local restaurants, tours and other entertainment. • Knows about local transportation, tour schedules and nearly any other information that a tourist might want such as local attractions and facilities.
(c) **Security** 	In most hotels, security has become the focus of top management. Hotel security has traditionally focused on safety of guests and their property, fire prevention and natural-disaster contingencies. In conjunction with these issues, more hotels are adopting the use of closed-circuit televisions (CCTVs) in strategic locations throughout their premises to monitor safety and security.

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2.4.2 Hotel Food and Beverage Department

Another important division in a hotel is the food and beverage division. This division is led by the **director of food and beverage** who reports directly to the general manager of the hotel.

There are usually three departments under the food and beverage division, depending on the size of the property, as shown in Figure 2.9:

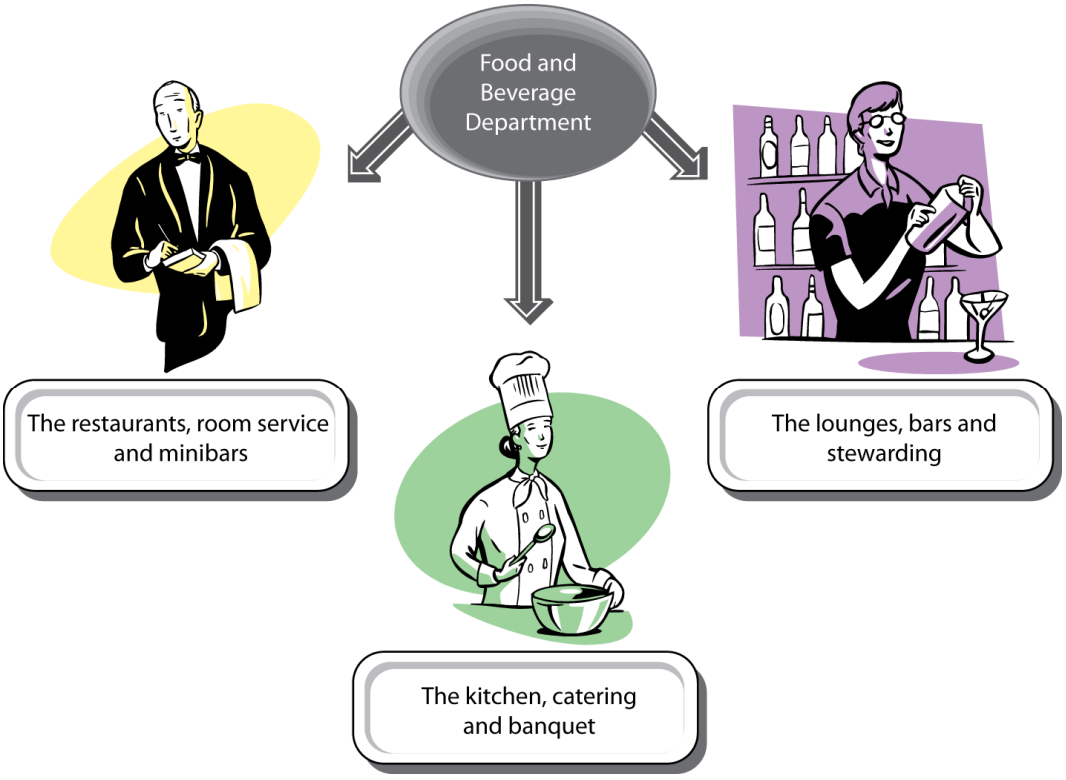


Figure 2.9: Food and beverage department

The restaurant industry has grown in terms of diversity of concept and menus. As the cost of food is always higher in relative to beverage cost, different hotel properties opt to offer only very limited food services. For example, a simple complimentary breakfast is offered in an economy hotel while in an all-suite operation, a complimentary cocktail is offered in the evening in addition to a complimentary breakfast.

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2.4.3 Staff and Support Departments

In addition to the two main operating divisions in a hotel, there are other departments that support the operation of a hotel. Without these departments, no matter how clean the rooms are and no matter how cozy and attractive the restaurant is, the hotel would not be able to draw guests. These departments are the **sales and marketing**, **accounting**, **human resource** and **engineering**. The activities of these departments offer no direct guest services except for the sales and marketing department.

Their function is to **maintain systems for the property** as a whole and are referred to as the **support areas of a hotel.** These departments support those departments that do provide direct guest services so that overall hotel operations run smoothly.

We will discuss these departments in detail.

(a) **Sales and Marketing**

The sales and marketing department is considered an important department in a hotel and crucial to its success. This is because their main function is to attract people to visit a hotel and hopefully, return on a regular and frequent basis.

This department consists of **sales managers** and **sales associates** who are responsible for finding sales leads and following up on them with sales calls and booking functions. This is called **personal selling**.

The sales and marketing personnel need to be very knowledgeable about the hotel's products and service offerings. They are also expected to have very close contact with their existing customers.

They have to be attentive to customers' wants by providing regular promotions on food and beverages, a wide availability of meeting rooms, a business centre within the hotel, guest rooms with speedy Internet service, spa services and recreational amenities.

Therefore, the sales personnel's function is to **encourage the guests to choose the hotel by emphasising all of the services and features** that make the property pleasant, convenient and uniquely tailored to their personal requests. Another sales and marketing function involves **promoting the property** among various potential guests and groups of guests.

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(b) **Accounting**



As we know, managing finance is important, especially in ensuring the success of any business, including hotels. The department that controls the finances is called the accounting department.

In a hotel, the accounting department is usually headed by a **controller** who reports directly to the general manager of the hotel.

The controller is regarded as a key member of the management team who can proactively **advise and guide the hotel to increased profitability through better controls and asset management**.

Other functions in this department cover **bookkeeping** and **financial reporting** which includes accounts payable (the area overseeing the payment of incoming bills incurred by the hotel), accounts receivable (the area receiving payments from various sources) and payroll (oversees paying hotel employees).

Other routine accounting responsibilities also **include preparing the monthly profit and loss statement**, **overseeing the hotel's cost controls system** and working with department managers to **develop and implement the hotel's budget**.

(c) **Human Resources**

The human resources department usually deals with the internal staff of the hotel. As lodging is a labour-intensive industry with a relatively high employee turnover, issues related to human resources are an important consideration for any hotel.

The human resources department's functions include the following:

- Recruiting employees;
- Developing and maintaining job descriptions;
- Overseeing the employee selection process;
- Providing employees with orientation to the company and the hotel;
- Designing and reviewing compensation patterns and benefit packages;
- Complying with the government on labour regulations;

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- Handling wage and benefit administration;
- Managing labour relations; and
- Handling employee relations and training.

The human resources department is initially involved with the employment process by helping the relevant departments to seek individuals interested in the vacant positions. However, hiring decisions are usually made by the relevant department heads by running a series of interviews for suitable candidates.

The human resources department can assist in improving hotel operations in terms of having **better hiring and training policies**, **reduced turnover**, **fewer work-related accidents** and **maximised employee satisfaction** which can all lead to a healthier working environment.

(d) **Engineering**

Do you wonder what an **engineering** department has to do with hotels? Well, it is one of the most important departments in hotels, acting as a "technical" team.

The engineering department is headed by a **chief engineer** who reports directly to the general manager. He is part of the main management team running the hotel.

Under the chief engineer, are other supporting engineering staff. The main functions of the engineering department are **operating the hotel's heating and air-conditioning**, **maintaining its refrigeration**, **lighting** and **transportation (elevator) system** as well as **overseeing all of the hotel's mechanical equipment**.

The engineering department is equipped with equipments of high technology such as a computerised energy management system which allows hotels to have enhanced control over energy usage. This system works in such a way that the system will shut down in unoccupied parts of the hotel during slow periods or regulate temperature control throughout the day in different sections of the hotel.

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SELF-CHECK 2.5

1. What is the role of a front office manager?
2. Define "yield management".
3. Who is the head of the housekeeping department?
4. List the main functions of the bell staff.
5. Name the three departments under the food and beverage division.
6. List at least three functions of the human resources department.

2.5 SALES AND MARKETING STRATEGY



Figure 2.10: Research and marketing efforts
Source: http://www.andertoons.com

Look at Figure 2.10. Can businesses increase their sales through effective research and marketing? Marketing and sales are the most important elements in a business that ensure growth.

Marketing is the process by which **sellers find buyers** and by which **products and services move from suppliers to consumers**. Meeting a guest's needs is an essential element in the marketing concept. However, as guest needs and desires are constantly shifting, it can be very challenging for hotel properties to fulfil their requirements.

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In order to understand and stay current with the needs and desires of potential guests, the hotel's marketing department must regularly conduct research to plan and implement ways to meet those needs.

The marketing task has never been so challenging than now with the ever-changing and fierce competition that goes on in the hotel industry. Successful marketing involves the process of planning the hotel's concept (type of facility, services offered and location), what rates to charge and how to reach potential customers, all in a way that satisfies individual and organisational objectives.

2.5.1 Market Segmentation

What do you think is a **market segment**? It is a marketing technique that targets a group of customers with specific characteristics. Market segmentation is useful in better understanding customers' needs.

Lodging properties will usually identify their potential guests according to market segmentation, that is, by grouping guests in smaller, identifiable groups with common characteristics. These segments can be defined using any set of characteristics, such as geographic, demographic or psychographic information.

The lodging industry's target market is all potential guests of lodging properties – whether they are visiting relatives, conducting business or relaxing on vacation. Through market segmentation, sales personnel can have more precise target markets and follow-up on potential sales leads. For example, a hotel may first narrow its target segments by focusing on one geographic area e.g. all people living in Malaysia. The segments may then be further narrowed by financial status e.g. all people living in Malaysia whose income is above RM20,000 and below RM50,000 a year.

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Table 2.5 describes some of the market segments of hotels.

Table 2.5: Market Segments

Segment	Explanation
(a) **Broad Segments**	The most common marketing segment is defined by trip purpose – either business or leisure. Most lodging facilities try to attract members of business or leisure groups. For instance, business guests are more likely to need lodging from Monday through Thursday and hoteliers can lessen the weekend slack by planning specials for leisure guests who are more likely to travel on weekends.
(b) **Business Guests**	Business travel is one of the most important sources of guests for most hotels. Business travel is high on weekdays (Mondays to Fridays) and low on weekends (Saturdays and Sundays). It is very important to know and recognise the business traveller's needs and requirements. Usually, the rooms for business travellers are relatively small as they are out of the room most of the time. Business travellers are not really worried about the price charged as the company will pay and make arrangements for them. However, there are some business travellers who are on limited budgets. Attention should be given to details such as having well-lighted workspaces, a telephone, access to equipment like personal computers, modems, Internet, photocopiers or facsimile machines to cater to their needs. Most hotels offer an executive conference room or business centre with a secretary or personal assistant to assist this type of travellers.
(c) **Leisure Guests**	In addition to business travel, personal and leisure travel also account for a big portion of the lodging industry. There are various motivations for pleasure travel trips. We covered these in Topic 1. Compared to business travellers, the desires of leisure travellers can be very varied depending on their motives. Nowadays, the increase in dual-income families has influenced the trend towards shorter, more frequent trips close to home.

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2.5.2 The Marketing Plan

The process for marketing services is different from the processes used for marketing goods. This is due to the unique characteristics of the service industry. One of these differences is tangibility (product can be seen e.g. computers, furniture, or appliances).

Hospitality products, on the other hand, are largely intangible. The product is the **service** a guest receives from the hospitality firm and its staff although tangible items such as room or food may also be involved. A successful marketer uses a variety of methods to promote the lodging industry, including direct or personal sales, advertising, public relations, promotions and packaging.

There are generally two marketing plans used as shown in Figure 2.11. Marketing plans are used so that the desired goals can be achieved. There are generally two types of marketing plans, as shown in Figure 2.11.



Figure 2.11: Marketing plans

A **short-term plan** determines the marketing strategies of the organisation for a year or less. A **long-term plan** covers five years or more. The plans will contain much the same material, although the short-term plan allows for more details.

Strategies outlined in a plan include **budgeting** and **time schedules for each goal**, **market analysis** and the **company's intended image or marketplace**. Effective marketing of a hotel's advantages is crucial so as to provide better services to customers.

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2.5.3 Elements of Marketing Methods

While many marketing mix elements have been introduced, the hospitality industry supposedly introduced the **eight Ps** as described by Alistair Morrison, an author, marketing consultant and associate professor.

The eight Ps of marketing are shown in Figure 2.12. Each of these methods is controllable by the hospitality firm and is used to attract guests based on their needs.

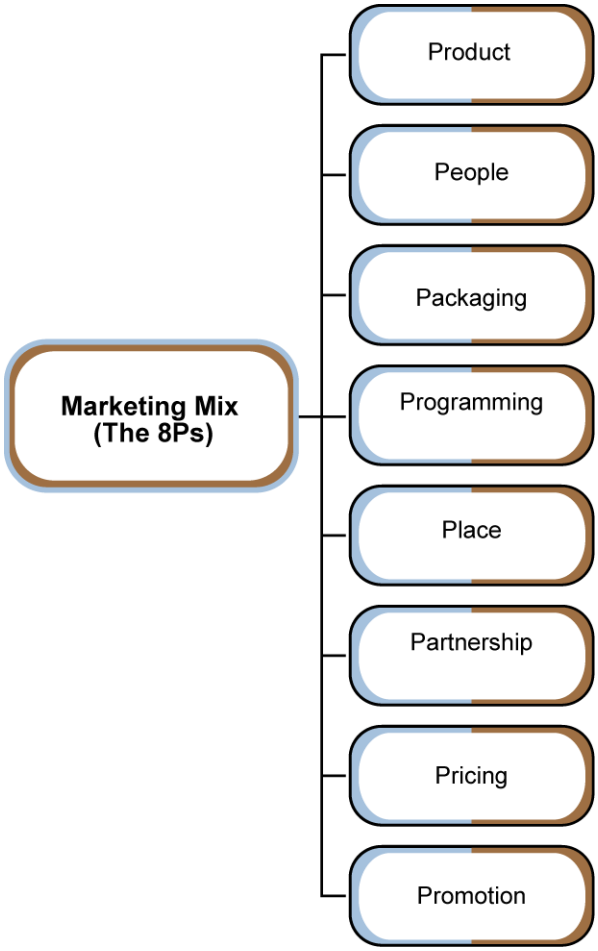


Figure 2.12: Marketing mix (the 8Ps)

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Now, let us take a look at each marketing mix, as depicted in Table 2.6.

Table 2.6: The 8Ps Marketing Mix

Marketing Mix	Explanation
(a) **Product**	• Emphasises their **services**, **ambiance** and **luxurious accommodations**. • Example: Pools, tennis courts, jacuzzi, sauna and exercise equipment.
(b) **People**	• Example: An advertisement featuring a chef holding a tandoori delicacy with outstretched arms and the caption "Just like Mom used to make".
(c) **Packaging**	• Often appeals to the value-conscious guest. • Defined as offering more than one product or service, together, to the consumer for one total price. • Example: A budget hotel offering a "Weekend Family Holiday Package" featuring two nights accommodation, a fishing trip for the whole family and a buffet dinner for two adults and two children.
(d) **Programming**	• Refers to tailor-made offerings for groups sharing a special interest. • Includes joint events and activities such as dancing classes, theatre class and movie-going.
(e) **Place**	• Refers to the desirability of its location. • Example: Hotels located at popular destination sites such as Genting Highlands or Tioman Island use the popularity of the site to attract guests.
(f) **Partnership**	• Requires cooperative efforts of several industry groups. • Example: Seri Malaysia Hotels cooperate with a limousine service, three credit card companies and a restaurant chain where the guest can enjoy a limousine ride and a discount when patronising the restaurants by using the credit cards involved.
(g) **Pricing**	• The use of a combination of price and location elements can attract a certain group of people. • Inexpensive yet clean and comfortable lodgings located along travel routes attract customers.
(h) **Promotion**	• Refers to the activities that stimulate and create consumer interest in a product or service. • Makes use of sales, advertising and public relations.

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Sales involve direct, personal attempts to sell products to potential guests and are commonly used in promotion. For instance, sales personnel will persuade convention planners to schedule their next meeting at the resort. It can be a challenging task yet a valuable experience.

Advertising is making a product known through media. The advantages of advertising compared to sales are that:

(a) Many people can be reached at once;

(b) An advertisement can "reach behind closed doors"; and

(c) A large staff is not necessary since advertising does not require personal contact.

Examples of advertising are found almost everywhere, from television to radio to print and outdoor media.

Public relations is the process of positively manipulating public relations advertisements and also through press releases, special events and company policies which can be related to financial disclosure, the environment, affirmative action and other areas of public concern.



ACTIVITY 2.2

Using a hotel as an example, identify and discuss its marketing strategies with your coursemates.



SELF-CHECK 2.6

1. Define "market segmentation".
2. What is the difference between a short-term and a long-term marketing plan?
3. What are the strategies outlined in a hotel's marketing plan?
4. Name the eight marketing mix elements.
5. What are the advantages of advertising?

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2.5.4 Vacation Ownership

Vacation ownership involves a "type of shared ownership in which a buyer purchases the right to use a residential dwelling unit for a portion of the year". Vacation ownership is also known as **vacation intervals** or **time-shares** and is considered as one of the fastest growing segment of travel and tourism.

Major lodging companies such as Marriott, Ritz Carlton, Four Seasons, Hyatt, Accor, Carlson, Starwood and Disney are big holders of the vacation ownership market. According to Powers and Barrows (2006), there are over 5,000 vacation ownership resorts in over 150 countries worldwide, which encompass over five million households that own some type of vacation interval properties.

Powers and Barrows (2006) also stated that the US is the worldwide leader in the vacation ownership resort market, with over two million owners in over 1,600 resorts properties. Each condominium or unit of a vacation ownership resort is divided into intervals, typically by the week, which is then sold separately. The condominiums are priced according to several factors such as unit size, resort amenities, location and season. Through this system, the purchasers of vacation ownership properties can typically travel to other destinations through vacation exchange programmes provided by time-share resort developers.



ACTIVITY 2.3

1. What is your opinion of vacation ownership or time-sharing? Explain with examples of companies that implement these methods.
2. What are the advantages and disadvantages of vacation ownership?
3. Visit http://www.berjayavacation.com.my. Read about the vacation ownership offered by the Berjaya Group. Can you list the facilities provided?

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2.5.5 Unique Properties

As the hotel industry becomes more competitive, there is a demand for different types of atmosphere and ambience in hotel surroundings. More hotel operators are trying to create a totally different and unique experience to offer to guests in order to gain a competitive edge over their rivals.

Unique properties add spice to the hotel industry. Each country has its special favourites and they occur at all price levels (see Table 2.7). Unique properties can be individually owned or government owned and managed. Since unique properties reflect the local culture, leisure travellers enjoy staying in such settings.

Table 2.7: Unique Properties

Name	Description
Bed and breakfast	In English-speaking countries, a private home that takes in boarders or a small inn.
Casa antiga	A Portuguese inn converted from a house that belonged to one family for more than 300 years.
Castle or chateau	The former home of a royal or super-rich family.
Chalet	An alpine mountain home.
Dude (guest) ranch	A place where one can observe US ranch life.
Estalgen	In Portugal, a privately owned historic hotel.
Gasthaus	A small inn in Germany, Austria or Switzerland.
Gite	A holiday home in the French countryside.
Kro	A Danish country inn featuring local food specialties.

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Pacos	A Portuguese house in which royalty has stayed.
Paradore	A hotel owned and operated by the Spanish government. In Puerto Rico, a government-sponsored network of countryside inns.
Pension/ Pensione	A small hotel or inn in France, Switzerland or Italy.
Pousada	A Portuguese government-owned hotel in a historic building.
Quinta	In Spain or Portugal, an old farmhouse or large estate.
Rorbu	A Norwegian fisherman's hut in the Lofoten Islands.
Ryokan	A Japanese traditional inn.
Villa	A French or Italian country estate.
Xenia	An inn built by the Greek government; the traditional settlements of the countryside.
Yogwan	A Korean inn, a budget property.

Source: Starr, 1997

SUMMARY

- The hotel industry has seen a tremendous evolution since its beginning.
- Hotels can be classified into various categories based on **price, function**, **location**, **market segment**, etc. Many types of hotels fall into more than one category.
- The ownership of hotels can be in the form of sole proprietorship, partnership or corporation.
- The management structure of hotels can be in the form of hotel chains, franchise or management contracts.
- Each department in a hotel plays an important role in the hotel operations. The most important departments are room's side of the house, food and beverage operations and staff and support departments.

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- All the departments in the hotel depend on each other to function well.
- A good sales and marketing strategy is important. Successful marketing involves effective planning by using marketing methods.

KEY TERMS

All-suite hotels
Bed and breakfast inns
Casino hotels
Commercial hotels
Convention hotels
Departmental income
Destination resort
Executive conference centres
Full-service hotel
Health spas
Limited-service hotels
Luxury hotels
Non-destination resorts
Resorts
Vacation ownership

SELF-TEST 1

1. List the classification of hotels by price.
2. List the classification of hotels by market segment.
3. What are destination resorts?
4. Define "eco-tourism resort".
5. Name the supporting departments of a hotel.
6. Explain the functions of a sales and marketing department in a hotel.
7. List the 8Ps of marketing mix for the hotel industry.
8. Differentiate between the criteria for limited-service hotels and full-service hotels.

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SELF-TEST 2

1. List the classification of hotels by function.

2. List the classification of hotels by location.

3. What are non-destination resorts?

4. What type of ownership is included under the legal structure of a hotel?

5. Define "departmental income".

6. Name the departments under the rooms division of a hotel.

7. Discuss the two broad segments in segmenting lodging property guests.

8. Differentiate between the criteria for all-suite hotels, extended stay-hotels and bed and breakfast inns.

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Topic 3 ▶ Food Service Preparation

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Discuss the development of the food service industry;
2. Differentiate between classifications of restaurants or food service;
3. Describe restaurant ownership;
4. Explain restaurant operations; and
5. Evaluate food safety and hygiene.

▶ INTRODUCTION

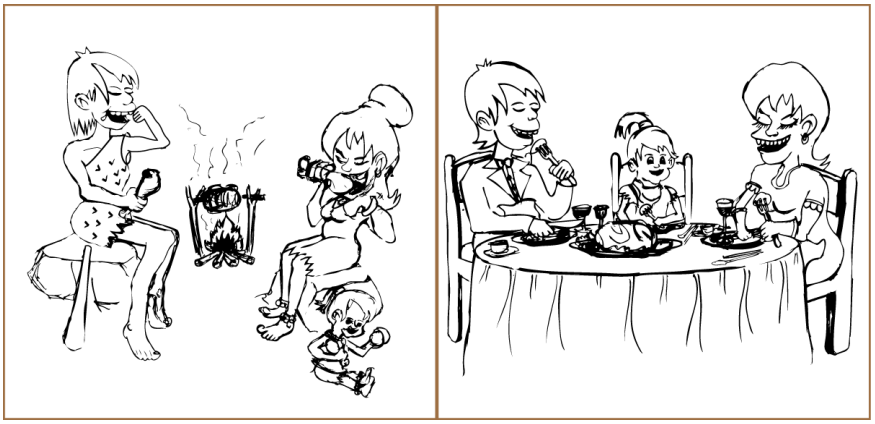


Figure 3.1: Mealtime then and now

Lifestyles have changed dramatically from the days when mealtime involved sitting around a fire, waiting for your food to be cooked. Nowadays, people go to restaurants where they order from a menu and are waited on by a waiter or

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waitress (see Figure 3.1). The concept of eating out has become so popular in the current era that food service has become big business.

In this topic, you will learn about the food service industry and how it operates. First, you will find out about the fascinating developments in the food service industry. This will be followed by a discussion on the classification of restaurants into full-service restaurants, casual restaurants and quick-service restaurants.

Then, you will move on to the ownership of restaurants. We will discuss three main categories of ownership – independent restaurants, chain restaurants and franchised restaurants. Restaurant operations will follow next, where you will learn that a restaurant is typically divided into three segments – front of the house, back of the house and office. We will discuss each segment thoroughly, focusing on their roles, tasks and responsibilities in helping restaurants to operate smoothly.

This topic wraps up with a discussion on the importance of food safety and hygiene. We will emphasise personal cleanliness, workplace cleanliness, prevention of contamination and safe handling of cooked food. The concept of Hazard Analysis Critical Control Point (HACCP), which is a systematic technique for reducing the possibility of food-borne illnesses, will be highlighted.

3.1 DEVELOPMENT OF THE FOOD SERVICE INDUSTRY

Restaurants play an important role in our life and society as a whole. **Increasing population**, **more dual-income families**, **more food to go**, etc. are some of the factors influencing the rise in food service properties.

These are some of the reasons why the restaurant industry is developing rapidly throughout the world. The word "restaurant" covers a broad range of food service operations. **Food service** is a broader term which encompasses all sorts of public and private locations that provide food for sale. The word **"restaurant"** comes from the French word meaning "restorer of energy".

Why do you think people want to dine out? There could be many reasons for this. However, we will look at four basic reasons, which are:

(a) To escape from boredom;

(b) For convenience;

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(c) To socialise; and

(d) To have food different from what they normally have at home.

Apart from these, food served, service offered, restaurant theme and on-site entertainment all contribute to the overall experience of the guest.

A restaurant is any public place that specialises in the sale of prepared food for consumption **on-premises** or **off-premises**. Let us see the definition of these terms.

On-premises refers to restaurants in which customers buy food and beverages for immediate consumption at or near the point-of-sale.

Off-premises refers to restaurants in which customers buy food and beverages that will not be consumed at or near the point-of-sale.

Nowadays, **off-premises food services** are becoming increasingly popular. This includes food operations such as takeouts, drive-throughs and delivery meals. Food away from home may be purchased in a variety of locations. This speaks of the size and scope of the food service industry as it includes employee cafeterias, convenience stores, traditional restaurants, hotel facilities, casinos and taverns, among others.

On-site food service (or sometimes known as institutional or non-commercial food service) is also one of the important sectors of the food service industry. You already know the definition of this term. What do you think is the main objective of institutional food service? Basically, it is all about **minimising expenses**.

Institutional food services are composed of contractors and caterers who serve food in places such as manufacturing plants and office buildings, health care facilities and schools and colleges. These institutions own and operate their own food services or self-ops. This includes their own food services for employees, secondary and elementary schools, colleges and universities, hospitals, nursing homes and community centres.

As the restaurant business is constantly changing, it encounters tremendous challenges and opportunities. These include changes that affect the **fine dining** sector of the food service industry.

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The fine dining sector is regarded as a luxury and up-scale restaurant segment. Fine dining is more formal in style and emphasises excellence in food service and quality of food. Fine dining restaurants have their own market segments – usually, their patrons have a higher income on average, really appreciate good food and excellent service and are older and more educated.

It is said that the fine dining sector is declining in popularity and that most of the restaurants will not survive for long. This may be due to the rapid change and growth of the casual dining sector as patrons now are more sensitive regarding the relatively high prices that fine dining restaurants charge and the value of food served in casual dining outlets.

The lifestyles of guests today have changed their attitude and behaviour towards fine dining. People nowadays prefer eating in places that are more casual and have an informal atmosphere. These are among the interesting developments that are occurring in the food service industry.

SELF-CHECK 3.1

1. Define on-premises and off-premises food services.
2. What are the factors that influence people to dine out?
3. Why is the fine dining sector less popular nowadays?

ACTIVITY 3.1

What sort of experience do you expect when you dine at a restaurant? Explain the different elements of your expectation and the reasons behind them.

3.2 CLASSIFICATIONS OF RESTAURANTS

The food service industry can be classified in many different ways. As the restaurant industry is diverse and evolving, restaurants can be divided into full-service restaurants, casual restaurants and quick-service restaurants in general (as depicted in Figure 3.2). Some restaurants may even fall into more than one category. For instance, restaurants can be both ethnic and quick-service such as Taco Bell.

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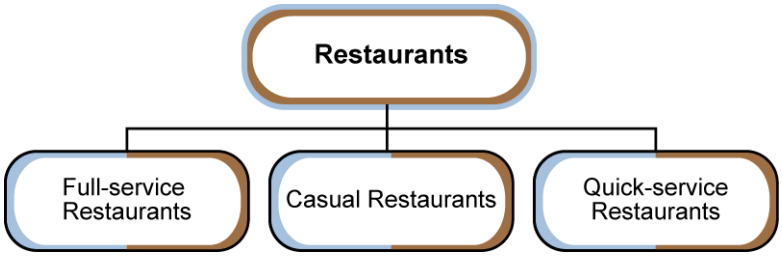


Figure 3.2: Classification of restaurants

Now, let us look at each category of this classification in greater detail.

3.2.1 Full-service Restaurants

The restaurant types included in this category are:

(a) Fine dining;

(b) Theme; and

(c) Celebrity restaurants.

Each one will be elaborated further:

(a) **Fine Dining**

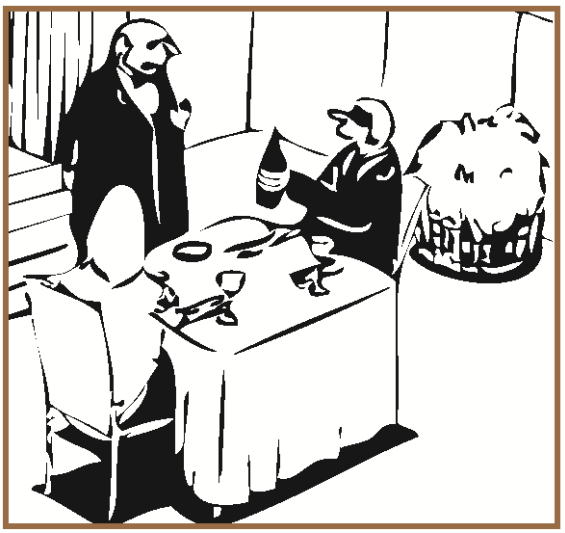


Figure 3.3: Fine dining
Source: Adapted from http://www.cartoonstock.com/directory/f/fine_dining.asp

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Look at Figure 3.3. Have you ever eaten at a fine dining restaurant? How did you feel? It must have been a very interesting experience. Read on to discover more about fine dining.

The main characteristics of fine dining restaurants are:

(i) Significantly expensive in price and emphasise excellence in service.

(ii) Staffed by trained and skilful chefs and servers.

(iii) Usually located in city centres or tourism areas.

(iv) Usually cater to high-income people because of the high prices charged. Patrons of fine dining restaurants are usually willing to pay because they expect the finest quality of food and excellent service.

(v) Their customers are mostly repeat customers, so keeping these customers is very crucial for the restaurants' survival.

(vi) Have a good selection of food and drinks on the menu.

In terms of their menu selection, as the price is very high, usually the food made on the premises is cooked using raw or fresh ingredients. There are generally at least 15 or more different entrees cooked to order.

Full-service restaurants may be formal or casual and may be further categorised by price, décor or atmosphere, level of formality and menu. Fine dining restaurants serve **haute cuisine**, which is a French term meaning elegant dining or high food. The decor of fine dining restaurants is generally compatible with the overall ambiance and theme that the restaurant is seeking to create. Thus, the elements of food, service and decor create a memorable experience for the restaurant guests.



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The level of service in fine dining restaurants is generally high. There are even individual hosts or hostesses to greet and seat patrons. Each customer is given the highest level of service. Captains and food servers advise guests on the special items of the day and assist in describing and selecting dishes while customers are making their orders. The captain or food server may also offer a description of the wine that will complement the meal and assist with the order taking.

Some luxury full-service restaurants will offer French services from a gueridon cart and also have table-side cooking where professional chefs, assisted by another chef, will cook the food selected in front of the guests.

Because of the high-skilled, labour-intensive requirements of fine dining restaurants, most of their **staff are highly paid**. This is one of the main reasons why they operate with a high labour cost. Most fine dining restaurants are independently owned and operated by an entrepreneur or partnership. **Strong competition from other restaurant segments** make it more difficult to make a profit in the fine dining business.

They have to work hard at maintaining the level of service in order to impress their customers. Moreover, the provision of quality service and consistency in delivery are difficult to maintain as value-conscious guests expect more for their money. As discussed earlier, fine dining restaurants are declining as more people are getting more accustomed to casual dining nowadays.

(b) **Theme Restaurants**

Many **theme restaurants** are a combination of a sophisticated specialty and several other types of restaurants. They generally serve a limited menu but aim to wow guests by the total experience.

The decorations of these restaurants are based on a theme. For example, a restaurant with a 1960s theme has waiters and waitresses dressed in polka-dot attire and popular 1960s songs played during operating hours.

People are attracted to theme restaurants because they offer a total **exciting experience** and serve as a **social meeting place**. This is achieved through decoration and atmosphere which allows the restaurants to offer a limited menu that blends with the theme. Examples of other themes offered are rainforest (example: Rainforest Cafe) and Rock and Roll.

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(c) **Celebrity Restaurants**

Celebrity restaurants are restaurants that are owned or partly owned by celebrities. These celebrities might not run the operations totally but will visit the restaurants often.

The patrons of these types of restaurants sometimes come not just to enjoy the food and beverages but also to spot their favourite celebrities on certain occasions.

Celebrity restaurants are well-equipped and beautifully designed. They usually have a great atmosphere in addition to great food and service. For example, in Malaysia we have Linda Onn's Chicken Rice Shop and Chef Ismail's Rebung Restaurant.

Celebrity-owned restaurants were initially introduced internationally. Such restaurants have been growing in popularity. Among the celebrities who have invested in the restaurant industry are supermodels such as Naomi Campbell, Claudia Schiffer and Elle Macpherson (owner of Fashion Café), sports celebrities such as Michael Jordan and also talk-show host Oprah Winfrey, to name a few.

3.2.2 Casual Dining

Casual dining is more relaxed than fine dining. The types of restaurants that can be included in this category are:

(a) Casual restaurants;

(b) Family restaurants; and

(c) Ethnic restaurants.

Let us look at each of these in Table 3.1.

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Table 3.1: Casual Dining Categories

Types of Restaurants	Description
(a) **Casual restaurants**	• More informal and more reasonably priced. • Include restaurants from several classifications – chain **or independent, ethnic or theme**. • Some examples are Hard Rock Café, TGI Friday's and Red Lobster.
(b) **Family restaurants**	• Evolved from the coffee shop style of restaurants. • Most are operated by individuals or families. • Generally located in or with easy access to the suburbs. • Offer an informal setting with a simple menu and usually will offer breakfast, lunch and dinner which cater to all ages in a family. • The service provided is designed to please all in the family. • Some offer alcoholic beverages, which mostly consists of beer, wine and perhaps a cocktail special. • One example is the A&W restaurant.
(c) **Ethnic restaurants**	• Can be a combination of several different classifications. • Usually offer a cuisine and theme that give the patrons a getaway experience rather than what they normally have. • This is supported by the change of people's tastes as patrons want to explore new types of food. • Usually independently owned and operated. • There are two **main reasons** for operating an ethnic restaurant: – The operator can **provide something different for the adventurous** diner who loves to experience new international tastes. – To **give a taste of home** for those of the same ethnic background as the operator. • Some examples are Indonesian, Indian, Chinese, Thai, Italian and Mexican restaurants.

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3.2.3 Quick-service Restaurants

So far, we have seen the classification of full-service restaurants and casual restaurants. Now, let us move on to quick-service restaurants. What are quick-service restaurants? Well, they are more commonly known as fast-food restaurants.

A **quick-service restaurant** is a restaurant characterised by food which is supplied quickly after ordering and by minimal service.

Quick-service restaurants have experienced major growth internationally. More and more quick-service restaurants are being built in developing countries. Quick-service restaurants consist of diverse operating facilities whose slogan is "quick-service food". Among the types of operations included under quick-service operations are burger, pizza, chicken and sandwich shops and delivery services.

Quick-service operations are in demand because of a few unique characteristics. They are as follows:

(a) They offer limited, simplified menus featuring food such as burgers, fries, hotdogs, chicken, tacos and various finger foods which save guests money and the food is prepared in a speedy service which is very important for the convenience of people on the go.

(b) The operations use unskilled labour which results in the reduced price charged to customers.

(c) The menus, which feature colour photographs of food items, are usually displayed at the back of the counter. These menus are brightly lit and appeal to customers, attracting them to order.

Customers will usually proceed to the counter to place their order upon walking into the restaurant. This is called "self-service". After finishing their meals, customers are encouraged to clear their own trays, helping to reduce costs. This is another reason why food prices are reasonable, as very few staff need to be employed to assist in the operations.

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The following are examples of different types of quick-service, fast-food restaurants:

- Burger – McDonald's, Burger King
- Pizza – Pizza Hut, Domino's Pizza
- Chicken – Kentucky Fried Chicken, Kenny Rogers Roasters, Popeyes Chicken and Biscuits Restaurants
- Sandwich – Subway
- Mexican – Taco Bell
- Drive-thru-in Delivery – Domino's, Pizza Hut, McDonald's



SELF-CHECK 3.2

1. Name the three categories of restaurants.
2. Why are fine dining restaurants declining?
3. Why are people attracted to theme restaurants?
4. What is the other name for quick-service restaurants?
5. What are the main characteristics of quick-service restaurants?

3.3 RESTAURANT OWNERSHIP

As mentioned earlier, the restaurant industry is a challenging yet rewarding industry. People who are interested and have the capital to open a restaurant should make wise decisions on how to own and operate a restaurant. Failing to do so will result in a failed business.

In simple terms, there are three categories of restaurant ownership structures. These are – **independently owned**, **chain** and **franchise**.

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3.3.1 Independently Owned Restaurants

Independently owned restaurants have advantages compared to chain or franchised operations. Some of the characteristics of this type of restaurant include:

(a) Managed by one or more owners who are usually involved in the day-to-day operations;

(b) Offer the owner the greatest independence in terms of flexibility and creativity in running the operations and motivation that the owner needs to operate the property to its fullest capacity; and

(c) Can respond quickly to changes in customer demand or economic conditions.

These restaurants will usually employ a limited number of staff and the owner will have a very close relationship with the employees. This will eventually help to reduce turnover in the restaurant operations. If the owners have more than one property, each property operates independently with no formal relationship in identity or marketing with the others.

However, independent restaurants are usually faced with greater risks than chain or franchised restaurants because there is no support in terms of finances or in any other areas.

3.3.2 Chain Restaurants

Chain restaurants play an important role and represent an important source of growth in the food service industry. According to Chon and Sparrowe (2000), the total market share of the food service industry is dominated by the increase in chain food service operations. A chain food service operation is distinguished from other restaurants by the fact that all of the individual restaurants under the chain are virtually **identical in market, concept, design and name**.

Chain operations also concentrate on **ensuring consistency** in quality and services. In terms of ownership, a chain restaurant may be owned by a family, a corporation franchise company or a management company. Therefore, all the employees of a chain restaurant are employees of the parent company.

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Chain restaurants have a few strengths that make them preferable to invest in:

- **Most chain properties try to make up a catchphrase which will be familiar and unique to their operations.**
  - For instance, Kentucky Fried Chicken (KFC) has the catchphrase "finger-lickin' good" which resembles a brand image.
- **A chain restaurant removes uncertainty from the dining experience and the customers will be familiar with the operation anywhere it is located.**
- **The same menu, food quality, level of service and atmosphere can be found in any of the chain restaurants, regardless of its location.**
- **They can afford to hire site selection experts to help them in choosing a favourable site to open new businesses.**
  - This can be very costly as expertise is needed to provide information about the demographics of the people at the location, conduct consumer surveys, focus groups, etc and can be very complex.
- **Chain operations usually have access to capital, have more credit resources and have greater buying power.**
  - This allows them to buy in bulk and usually have centralised purchasing power.

3.3.3 Franchises

The third kind of restaurant ownership is franchise. The characteristics of a franchise operation lies somewhere between independent ownership and chain operation. Most commonly, a franchise is a form of restaurant ownership that is utilised by chains.

Franchising is a **strategy for financing the capital required for growth** through the franchisees that put up the money required for the investment from their own resources and this helps the parent company to expand far more rapidly.

According to Chon and Sparrowe (2000), the concept of franchising involves a business arrangement between the franchise company and individual business operators. The franchising company is known as the **franchisor** while the individual business operator is known as the **franchisee**.

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The franchising concept involves the franchisor selling the franchisee the **right** to use its name and logo (the symbol that identifies the company), its products, services and all other systems and standards used in the business including its concept.

Usually, to join a franchise, a future investor or an individual businessperson puts up a certain amount of money to buy the franchise. After joining the franchise, the individual businessperson will be known as the franchisee. A new franchisee will be offered the established products, an operating system and a complete marketing programme from the franchisor to help operate the new franchise.

In addition, **proper training**, **advertising support**, **start-up assistance** and **tested operating procedures** will also be supplied by the franchisor. In turn, the franchisee must agree to meet specific conditions set by the franchisor. Among the conditions are to establish the location of the restaurant and the specific procedures of equipment products and facility designs which must be used. The franchise owner typically pays the franchisor an annual fee based on sales.



ACTIVITY 3.2

Discuss with your coursemates the advantages and disadvantages of a food franchise operation.

3.4 RESTAURANT OPERATIONS

Restaurant operations are not just about running the operations of a restaurant but also about the tasks and functions that occur within it. It is very beneficial to gain experience operating a restaurant as it is more practical and the best way to become familiar with operations. One could gain this experience through an internship or practicum at an undergraduate level. In general, restaurant operations involve functions such as forecasting, purchasing, receiving, storage, issuing and food production.

Other tasks performed in the operation of a restaurant include **budgeting**, **restaurant accounting** and **controls**. In carrying out all these tasks and functions, the staff of a restaurant need to **maintain the highest quality of service** at all times.

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A good restaurant will help establish its quality in the eyes of the public. This in turn will become a valuable profit-maker to the establishment, establish competitive advantages over competitors and encourage existing patrons to return.

Restaurant operations also involve the daily routines and activities in a restaurant. To simplify the understanding of operations of a restaurant, three areas can be focused on:

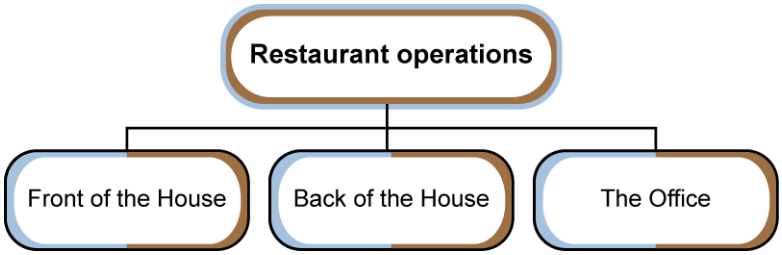


Figure 3.4: Three ares of restaurant operations

Within each area, the principal responsibilities of each one, the tasks that are performed there and each employee's role will be discussed thoroughly in the following.

3.4.1 The Front of the House

The "front of the house" is the **area of the restaurant that is visible and can be seen** by all. Generally, it is the place where the employees of the restaurant are in direct contact with the guests. The front of the house serves **three** major functions:

- **An operating system**
  - It is laid out to provide maximum efficiency to workers and ease of movement for guests.
- **A business place**
  - It is a marketplace that provides an exchange of service for money, which requires appropriate controls.
- **A social place**
  - It is a social place where people not only enjoy their meals but also one another's company, good service and pleasing atmosphere.

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Now, let us explore this division further where we will learn the responsibilities, tasks, roles and supervision of the front of the house. Are you ready?

(a) **Responsibilities**

Do you think the front of the house is important? Certainly, it is important because the front of the house is a place where the restaurant staff (front-liners) and the customers interact. The most crucial element here is the personal service rendered. Do you agree with this statement?

Well, do you not think that customers who are satisfied with the services offered will come back and also tell others about their positive experience? I am sure you will agree with this.

Therefore, it can be said that the key responsibility of the front of the house is to provide **guest satisfaction**. In order to achieve guest satisfaction, personal service should be given particular emphasis. Because customers represent potential future sales and powerful **word-of-mouth** advertising, an unhappy guest is much more expensive than a lost meal.

Personal service can be defined as service that should be delivered by the front-liners of a restaurant. The service should match what guests want and expect out of their money. For example, when guests walk into a fast-food restaurant, they would expect a friendly greeting and accuracy in the filling of orders, in addition to economic and speedy service at the counter.

Even if the concept of self-service is practised and customers are expected to discard their own used disposables after they finish their meal, extra personal service can still be provided. For example, if a guest receives an emergency call while having his or her meal and has to leave in a rush. The restaurant's waiters or waitresses can help to discard the used disposables. Another example of personal service is a cheerful willingness to handle any problems that occur during the visit.



Figure 3.5: Example of bad personal service

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Look at Figure 3.5. What would you do if you were the customer in that scenario? Would you want to go to the restaurant again? How would you react to the waiter?



A waiter or waitress who provides bad personal service in taking orders at a family restaurant will leave a bad impression on the guests. This will jeopardise the level of interaction with the guest and eventually create negative word of mouth. Even if it is a self-service restaurant, the success of the guest's experience is dependent on the server's personal style. A server with a pleasant disposition can help immensely if things go wrong.

Personal service is viewed differently in a fine dining restaurant. This affects guest satisfaction and the service requirements offered in this type of restaurants. In a fine dining restaurant, speed is not always as important as the course made to order. In fact, the guests usually want to experience and appreciate the skills of chefs in preparing the food. Customers usually expect professional service and a high degree of expertise on the part of the staff as a contra to the high prices they will be charged.

Another important responsibility of the front of the house, besides rendering efficient personal service is to **provide quality, on-time food**. This means that the food order should be accurately taken and delivered to the kitchen immediately. After the food is ready to be served, it should be taken immediately to the customer and not left to get cold. The waiter or waitress should be alert if the customers want to make an additional order and also be attentive to any complaints that may arise. Complaints are the last thing that a front-liner would want in a restaurant operation.

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Figure 3.6: Dealing with complaints
Source: Adapted from http://www.cartoonstock.com/lowres/vsh0050l.jpg

How do you think front-liners should deal with complaints? One way to do so is shown in Figure 3.6. If there are any complaints, front-liners need to compromise on two things. These are detailed in Figure 3.7.

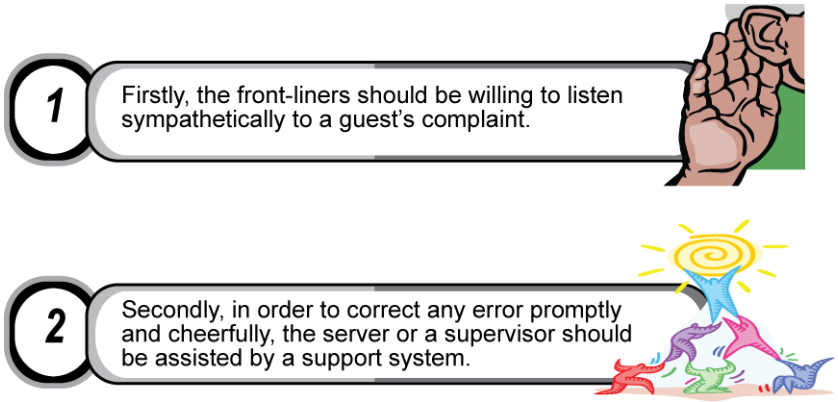


Figure 3.7: What should a front-liner do in dealing with a complaint?

The term commonly used in this kind of situation is **"empowerment"**. In other words, in order to satisfy guests' needs and to solve their problems without further delay, employees must be empowered.

What is empowerment? According to Powers and Barrows (2006), **empowerment** refers **to an approach to managing people that gives employees discretion over as many decisions as possible which affect the quality of the guest's experience**.

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The third responsibility concerning the front of the house is the function it plays as a **business place**. This is where the exchange of goods and services takes place and as a result, a lot of money changes hands.

When it comes to handling money, there should be controls in place, as this is an area popular with ethical concerns. Items under control can include check control, credit card control and cash control. Cash should be handled wisely and only authorised personnel should manage the register counter at any one time.

(b) **Tasks**

Now, you know what the main responsibilities of front-liners are. Let us recap. The front of the house is where front-liners and customers are in direct contact with each other.

What then are the main tasks of a front-liner in order to achieve high customer satisfaction? **Tasks** are the jobs that a particular employee has to perform. There are various kinds of tasks performed in the front of the house. You can see the main tasks of a front-liner in Figure 3.8.

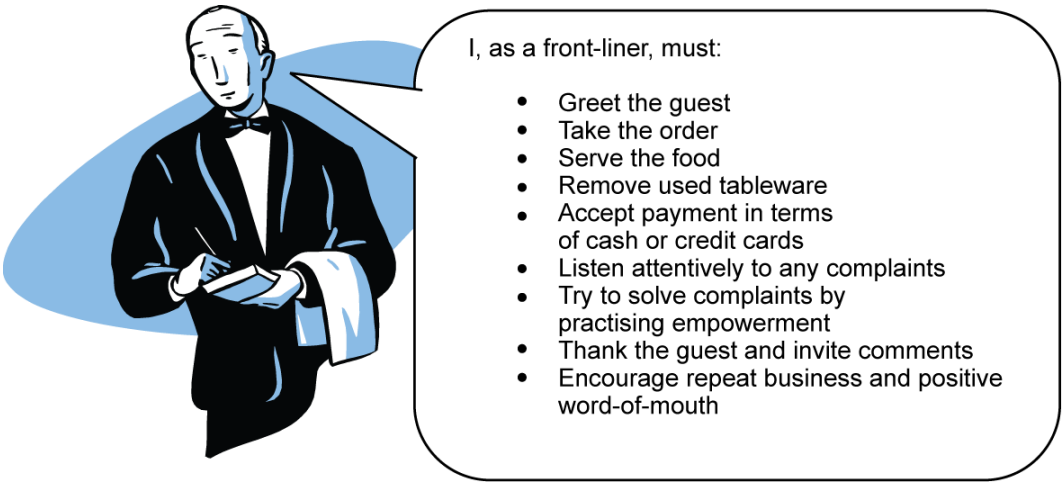


Figure 3.8: Main tasks of a front-liner

(c) **Roles**

The front of the house is staffed by employees in different positions. This is further differentiated by different levels of restaurants. Therefore, the tasks performed by each position varies according to the different types of restaurants. However, it is particularly important to practise and deliver excellent service at any level of restaurant service in order to compete in an

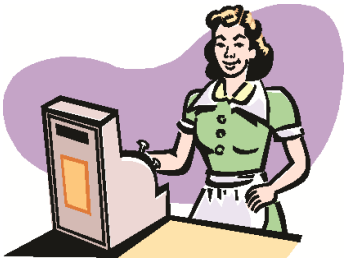
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increasingly competitive market. The various positions of front-liners and their respective roles are described in Table 3.2.

Table 3.2: Roles of Front-liners

Position	Roles
(i) **Host, hostess or maitre d 'hotel** 	In fine dining restaurants, the host, hostess or maitre d 'hotel perform the role of greeting customers in a friendly and courteous manner. They also show customers to their table and supervise the services rendered.
(ii) **Counter person** 	When a customer walks into a fast-food restaurant and heads straight to the order counter, he or she will be greeted by the counter person in a friendly and personal manner. The counter person will then take the customer's order and also solve any problem that may arise. In family restaurants and quick-service operations, although the length and intensity of interaction are lower, the guests still have reasonable expectations for friendly and cheerful service and competence in serving the right food promptly.

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(iii) **Cashier** 	Another position in the front of the house is the cashier. As it is a business place, the cashier should take responsibility and be accountable for controlling the cash register. His or her main duty is taking money or changing slips from guests and giving change when the check is paid.
(iv) **Food server** 	In table service operations, the food server takes the order and looks after the guest's needs for the remainder of the meal. The server is the person who spends the most time with the guest than any other employee. What the guest expects regarding service is based on the type of operation. More elaborate service, potentially longer interactions with the server and highly considerate behaviour on the part of the server are all expected in more expensive operations.

(d) **Supervision**

Supervision is important in any department. **Supervision** involves carefully supervising, monitoring and controlling all functions and operations at the front of the house.

The supervision of the front of the house is usually done by the **restaurant manager** or **manager on duty.** The supervision includes areas in the front of the house and back of the house.

Having a manager on duty to supervise is always crucial to the operation of a restaurant. Customers will be confident if a manager is around especially during peak mealtimes and also whenever a problem arises. Direct interaction between the manager and the customer will provide the customer with a sense of belonging as the manager acknowledges their patronage through warm greetings and friendly service.

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This will in turn motivate the staff to perform their tasks. Managers too can assess their employee's performance and at the end of the day, decide which type of training is necessary for each employee. During off-peak periods, the manager can concentrate on the operations of the back of the house. This will allow the manager to assess the overall quality of the restaurant's operations.



SELF-CHECK 3.3

1. Explain the three major functions of the front of the house.
2. Why is customer satisfaction important?
3. How does personal service in a fine dining restaurant differ from that in a family restaurant?
4. If there is a complaint, what should a front-liner do?
5. List the roles of a front-liner.

3.4.2 The Back of the House

In comparison to the front of the house which is in direct contact with customers, the back of the house is actually the reverse. There is an "invisible thin line" connecting the two areas of the restaurant because the two separate areas make up a restaurant. Generally, the back of the house of a restaurant consists of the **kitchen, stewarding area** and **storage area**.

The kitchen is the major area in the back of the house. It is in the kitchen where food production occurs – after the waiters or waitresses take the customers' orders to the kitchen, the preparation of the ordered food begins. This is true for casual restaurants where table service is offered. In fast-food restaurants, after a customer places an order from the simplified menu offered, the food production will consist of activities performed on a routine arrangement that has been laid out on the production floor. The responsibilities, tasks and roles of the back of the house staff will be explained in the following:

(a) **Responsibilities**

Although the back of the house is not in direct contact with the guests, this does not mean that the persons working there should take their responsibilities lightly. They too play a major role to the customers by serving food of the highest quality.

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So, the major responsibility of the back of the house personnel is to **maintain quality standards**. Quality can be very subjective – it not only encompasses the service but also the products (in terms of meals and beverages). In other words, quality means:

- Achieving a standardised food taste.
- A high quantity of food.
- Delivering food fast and on time.

Other responsibilities of the back of the house are maintaining food sanitation and safety, food cost control, management of supplies and etc.

(b) **Tasks**

As stated previously, the kitchen is the major area in the back of the house and the production of food is the main task performed there. The kitchen is usually divided into workstations, depending on the size of the restaurant. Each person at a workstation is responsible for performing his or her tasks as required. In performing their tasks, they must adhere to quality standards at all times.



Cost control has a direct impact on the profitability of a restaurant. This means that standardised recipes and carefully thought-out procedures will produce food that has correct ingredients, thus ensuring both quality and cost control.

Food portioning is very important in food preparation. This means that every guest should have the same portion of food and again the same portion of food should be served for every visit. For example, if a small cup of chicken rice is served on a plate together with a piece of chicken wing and three types of condiments to make a complete chicken rice meal, then that exact portion should be served in every order. In this way, not only is the quality of the food guaranteed but the cost control is also standardised.

Other areas in the kitchen involve the clearing of plates after guests finish eating and washing of the plates. These tasks are also important as **maintaining a good supply of clean plates and cutlery** is very important especially during peak periods.

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Usually, restaurants will employ part-timers as dishwashers during peak periods but at other times, permanent staff will do all the work. Therefore, labour control is important because it involves handling and controlling labour costs. Moreover, during washing up, a lot of chemicals are used and this involves the controlling of detergents used too. Everybody in the back of the house have their own tasks to do in addition to controlling quality and cost at all times.

(c) **Roles**

From the kitchen manager to the kitchen helper and dishwasher, everybody in the back of the house have their own important roles to play, which complement each other in one way or another. The following are some of the roles of the back of the house staff:

(i) **Dishwashers**

- Responsible for washing plates, pots, pans and others.
- If they do not perform their roles, such as by not washing pots and pans, the chef cannot start cooking the food ordered.
- This will delay the serving of the food, which will be a serious matter during peak periods.
- If the utensils are washed but are still not clean enough for use, it will affect the quality of food cooked.

(ii) **Kitchen Helpers**

- Main duty is to prepare the ingredients for the meals.
- Can be time-consuming and stressful if the correct ingredients are not in place before the kitchen starts receiving orders.

(iii) **Chefs**

- Main duty is cook the ordered meals.
- Have varying skill levels and may have their own specialised expertise. For example: pastry chefs, Western chefs, etc. They are also in charge of their own workstations.

(iv) **Storekeeper**

- Responsible for receiving the shipment of goods ordered.
- He or she should not only check the accuracy of the quantity and quality of products ordered but also check to see whether the goods delivered are the right size, right brand, have not gone past the expiry date, etc.

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- If the wrong product is received, correct quantity and quality of the end product (example, food prepared) will be jeopardised.

Another area of importance for all staff at the back of the house is cleanliness and sanitation. This includes cleanliness of the surrounding area and also pest control. In order to ensure the success of the back of the house operations, it is important for everyone to play their respective roles, which will eventually result in a well functioning restaurant.

SELF-CHECK 3.4

Fill in the blanks

1. The back of the house of a restaurant consists of the _____, stewarding area and _____ area.
2. The _____ is the major area in the back of the house.
3. A _____ is responsible for receiving the shipment of goods ordered.

3.4.3 The "Office"

We have learned about the front of the house and the back of the house which are the two major areas in a restaurant. Both are production or practical areas that are involved with serving customers either directly or indirectly.

Nevertheless, there is a need to have an area or a place to coordinate things, take phone calls and keep all the records safely in order to keep track of the operations of a restaurant. This place is known as the **"office"**.

The "office" supports the functioning of the operations at the back of the house and the front of the house. The "office" has many organisational designations, from "manager's office" to "accounting office". The "office" functions relate to the administrative coordination in the operation of a restaurant. The responsibilities, tasks and roles of the "office" are explained in the following:



(a) **Responsibilities and Tasks**

The "office" is usually staffed by an administrative assistant to the general manager. He or she usually handles the administrative tasks of the "office".

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Other personnel include clerks who are responsible for **correspondence handling, answering phone calls, giving quotations, doing menus** and **other office procedures**.

Their responsibilities and tasks are very important as they support the manager in clerical and routine work so that the managers need not be too involved in administrative routines. This will enable them to devote more time to other important operation matters in the front of the house and the back of the house.

Book- and record-keeping are also major responsibilities of the "office". Book-keeping includes processing of cashier's deposits, preparation of payrolls and approval of bills to be paid to vendors, etc. These are all part of the responsibilities of the "office" staff.

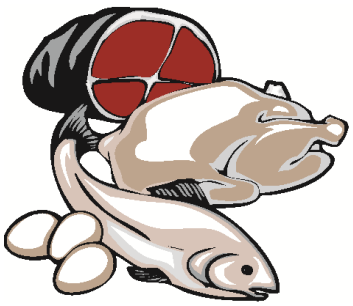
Keeping proper records and documentation of the daily income and expenses are also the responsibilities of the "office". It is important to have systematic record-keeping as it is very valuable to keep track of the current conditions of the restaurant.

(b) **Roles**

In the "office", it is usually the administrative assistant of the manager who takes charge of the administration. All the personnel there report directly to him or her. The responsibilities of the administrative assistant is to fill out forms that serve as the basis for the more formal reports, monitor record keeping, assist other staff in their roles, etc.

3.5 FOOD SAFETY AND HYGIENE

Hygiene is the science of preserving or promoting health. Food hygiene seeks to preserve or promote health by ensuring the safety of food.



Food safety, therefore, is a core part of any food service business. What is food hygiene? It involves **preventing or minimising contamination**. Contamination can be in **physical, chemical** or **biological** form.

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The study of food safety and hygiene is very crucial as it involves the preparation of food that we consume every day. Furthermore, a single accident involving food safety can cause bigger implications. It may damage a restaurant's image for years or even cost the owners thousands of dollars in the settlement of lawsuits.

According to Chon and Sparrowe (2000), food poisoning is caused by disease agents and some food, more than others, are excellent hosts of these agents. The most common hosts of disease agents are seafood, eggs, cooked pasta, rice, soups, meats and poultry. Table 3.3 lists some of the hosts of disease agents that are commonly found.

Table 3.3: Hosts of Disease Agents

Host	Disease Agents
Cheese, shellfish and raw milk	Campylobacter bacteria
Chicken	Salmonella bacteria, Campylobacter bacteria
Turkey, beef, eggs, fish and milk	Salmonella bacteria
Beef, poultry, mayonnaise, potatoes and apple cider	E. coli bacteria
Pork	Trichina worm

Source: Chon & Sparrowe, 2000

As most food that we consume every day (as listed in Table 3.3) are active hosts of disease agents, caution must be strongly emphasised in the handling of food. The correct way of handling food can ensure food safety and hygiene. The acts of ensuring food safety include:

- Practising cleanliness in the workplace.
- Practising personal cleanliness.
- Preventing contamination.
- Thawing and cooking food correctly and safely.
- Handling cooked food safely.

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3.5.1 Practising Cleanliness in the Workplace and Personal Cleanliness

Food handlers have a major impact on food handling. A clean workplace is a workplace that discourages food-borne diseases and is sanitised. In addition, workers need to practise personal cleanliness by following stringent hygiene practices to prevent food contamination. In order to combat food poisoning, workplace cleanliness and personal cleanliness must work together.

In terms of having a clean and sanitised **workplace**, the key practice that should be followed by all personnel is to always:

- **Maintain the cleanliness of all utensils** and regularly sanitise them.
- **Clean all the equipment and work surfaces** after use – take each equipment apart to clean it thoroughly.
- Use leak-proof containers with tight-fitting lids for trash. In terms of **trash-handling**, trash should be frequently removed from the food area and the trash cans should be kept separately from the food area.

There are various standard practices and key elements which should be followed in maintaining **personal cleanliness**. This includes body parts such as hands. Food-handling personnel should wash their hands thoroughly and regularly, especially after using the toilets, scratching or touching body parts such as mouth, nose and shoulders, especially if there are cuts or infected areas of the skin, during the handling of raw food or after touching food or when switching from one job function to another.



It is good practice to wear aprons while in the kitchen and change them regularly. Additionally, not wearing hair ornaments or other jewelleries, wearing hair nets or hats, keeping fingernails short and scrubbed and not handling food when sick are important personal cleanliness habits that should be practiced by food-handling employees.

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3.5.2 Preventing Contamination

A food-borne illness occurs when a customer consumes contaminated food. Contamination may cause severe damage and in worst-case scenarios, even lead to fatality.

Contamination can be prevented or minimised by having a sanitary kitchen and ensuring that workers practise good hygiene. Important procedures of handling food, whether it is cooked, half-cooked or raw, are essential and must be understood and carried out by food handlers. Certain regulations of storing and preparing food also need to be adhered to in order to prevent contamination.

Other practices to prevent contamination include knowing where to put the correct food in refrigeration shelves, having separate workstations for raw and cooked food and wearing gloves or using tongs when handling food. Installing special hand-washing sinks in the foodservice area is a must since hands should never be cleaned in a sink where food is prepared.

3.5.3 Handling Cooked Food Safely

It is crucial to handle cooked food safely. Following specific procedures can prevent contamination which can cause food borne illness. Cooked food that either has not been refrigerated soon enough nor cooled or reheated properly provides a base for bacteria to grow. If cooked food is left at room temperature for more than two hours, it should be thrown away therefore, food needs to be refrigerated as soon as possible after cooking.

One of the primary causes of food-borne illnesses is improper cooling of food. This involves commercial and on-site foodservice operations, for instance, airline catering, where food is prepared in bulk for later use. The food may be soups, sauces, roasts and other products. When food products are cooked in bulk and then placed in a walk-in refrigerator to cool, the outside of the product cools much more rapidly than the inside. Precautions should be taken to monitor safe handling of cooked food especially because it will be consumed many hours after it is cooked.

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3.5.4 Hazard Analysis Critical Control Points (HACCP)

Hazard Analysis Critical Control Points (HACCP) is an approach to food hygiene management. It is a systematic technique for reducing the possibility of food-borne illnesses. According to Chon and Sparrowe (2000), there are four control steps involved in the implementation of HACCP. Figure 3.9 explains these in detail.

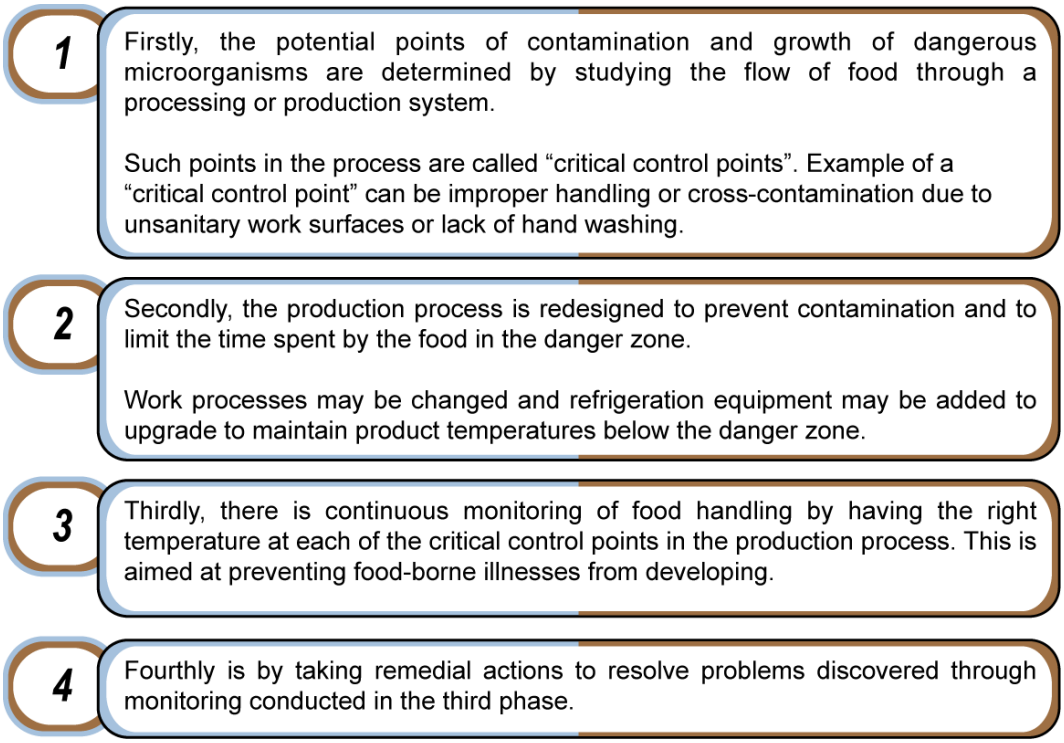


Figure 3.9: The four control steps involved in the implementation of HACCP

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ACTIVITY 3.3

Analyse the following problem involved in food preparation.

Problem: Restaurant workers eat, smoke or use tobacco in any form in the food preparation, service, equipment or utensil washing areas. Since the hands of smokers come into contact with the mouth each time a cigarette is taken from the mouth, smoking employees may contaminate the product with which they are working with bacteria from their mouth.

(**Source:** http://www.dec.state.ak.us/eh/fss/establishments/21reason. htm)

What do you think of this problem? Is it very serious? Why do you think so? Can you suggest a solution? Discuss.

SUMMARY

- A restaurant is a public place that specialises in the sale of prepared food for consumption on- or off-premises.
- Food service is generally used to represent a broader term, which encompasses all sorts of public and private locations that provide food for sale.
- As the restaurant industry is a diverse and evolving industry, restaurants can be classified as full-service restaurants, casual restaurants or quick-service restaurants.
- There are also sub-types of restaurants in the three classifications of restaurants. All have their own characteristics and attributes.
- Restaurant ownership can be categorised into independent, chain and franchise.
- The operation of a restaurant can be divided into three divisions: the front of the house (place dealing with the guests), the back of the house (not in direct contact with the guests) and "the office". Each has its own tasks, responsibilities and roles to play.

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- The issue of food safety and hygiene should be highlighted and given close attention to as it is a matter of significancein the food service industry.
- Ensuring food safety can be done in four ways: Practising cleanliness in the workplace, practising personal cleanliness, preventing contamination, thawing and cooking food correctly and safely and handling cooked food safely.

KEY TERMS

Chain restaurants	Franchisor
Ethnic restaurants	Haute cuisine
Family restaurants	Independent restaurants
Fine dining	Quick-service or Fast-food restaurants
Franchise	Theme Restaurants
Franchisee	Hazard Analysis Critical Control Points (HACCP)

SELF-TEST 1

1. Name the restaurants that are classified under full-service restaurants.
2. Define "family restaurant".
3. Define "independent restaurant".
4. Explain the concept of a franchise.
5. Discuss the functions and key responsibilities of the front of the house.
6. How can we prevent food poisoning?
7. Differentiate between the tasks performed by staff in the front of the house and those in the back of the house of a restaurant.

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SELF-TEST 2

1. List the types of restaurants classified under casual dining restaurants.

2. Describe a quick-service or fast-food restaurant.

3. Define "chain restaurant".

4. Discuss the divisions that are involved in a restaurant operation.

5. Discuss the responsibilities of the back of the house.

6. HACCP is a systematic technique for reducing the possibility of food-borne illnesses. Discuss the four control steps in HACCP.

7. "All restaurants need to practise cleanliness in the workplace in addition to personal cleanliness". Do you agree with this statement? Why?

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Topic 4 Land Transportation

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Describe the forms and importance of transportation;
2. Identify the challenges of transportation;
3. Discuss the dominant role of private vehicles in travel and tourism and the growing importance of train and rail transportation worldwide;
4. Review factors that influence the choice of transportation as well as the dimensions of transportation particularly in relation to travel and tourism;
5. Evaluate the importance and potential of buses as well as the car rental industry;
6. Examine other types of recreational vehicles used in travel and tourism; and
7. Explore the ways to travel around Malaysia by land.

INTRODUCTION

In the previous topic, we covered hospitality and tourism in general and also food service preparation. In this topic, we are going to learn about land transportation.

Before we go on with this topic, let us take a look at Figure 4.1. What do you think? How will our life be without transportation? It is difficult to even think about it! Well, it is the same when it comes to tourism.

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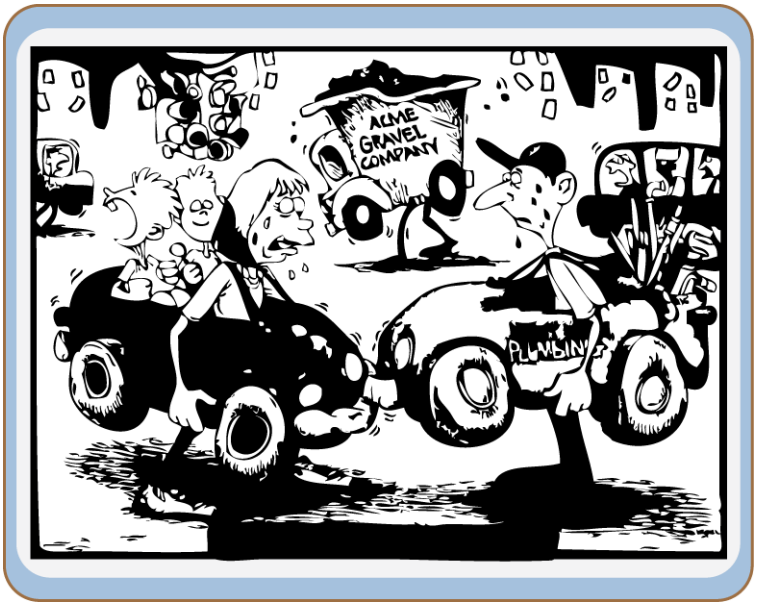


Figure 4.1: A world without transportation
Source: http://www.emu.edu.tr/~oyilmaz/CHEM509/Scientific%20Jokes/Files/World%20without%20engineers.htm

As we already know, for years, people have been travelling for many reasons, motivations and purposes. Travel developed from motivations such as a need to survive, quest to conquer and desire to expand trades and businesses. From the invention of the wheel to the latest "state-of-the-art" gigantic A380 passenger aircraft, the allure of travel has inspired "never-ending" inventions in technology, commerce and education.

Nowadays, transportation is undeniably a vital factor in tourism as tourism itself is the action and activities of people travelling or making trips to places outside their normal place of residence. Depending on its operational medium, transportation is generally categorised into land, water and air transportation. In this topic, you will learn in detail about land transportation.

In a technical sense, anything that moves over land may be considered as land transportation: from less conventional horse-drawn carriages and snowmobiles to more conventional cars and limousines, train and other recreational vehicles. We will discuss more about land transportation in this topic.

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4.1 TRANSPORTATION: AN OVERVIEW

For thousands of years, people have been travelling by various modes, from foot to riding in a supersonic aircraft. Today, millions of tons of cargo and thousands of passengers take to the air, roadways, rails or sea each day. However, how far do you think the transportation sector contributes to the growth of the tourism industry? Can we say that this sector is the backbone of the tourism industry?

Well, tourism and transportation are inextricably linked. A good transportation system enables easy and rapid access to destinations and attractions in comfort. On the other hand, the growth of tourism leads to an increase in demands of the transportation sector.

In short, there is an important relationship between transportation and tourism. The improvement of transportation facilities has stimulated tourism, whereas the expansion of tourism has increased the need for better transportation.

Hence, we can say that the transportation sector plays a very important role in the growth of tourism throughout the world.

4.1.1 The Importance of Transportation to the Tourism Industry

Now we know that transportation is an important factor in tourism as tourism involves people moving out of their normal places of residence. Without transport, travel would be impossible, except by walking. As one of the three sectors of the tourism industry, transport is important to tourism in three different ways. This is explained in Table 4.1.

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Table 4.1: Importance of Transportation to Tourism

Importance of Transportation	Explanation
As a means of **travel to a destination**	• Provides the means for travel to a destination from the tourist's place of origin and back again. • Provides the essential link between tourism origin and destination areas. • For example: A flight from the Kuala Lumpur International Airport (KLIA) to Heathrow Airport in London, would provide tourist transportation from Kuala Lumpur to London and back to Kuala Lumpur.
As a means of travelling **around a destination**	• Provides the means of travelling around a destination, once tourists have arrived there and wish to explore further. • For example: A chartered bus for tourists brings them to places of interest around the destination area.
As one of the **main features** of a tourist trip	• Can be one of the main features of a tourist trip when the form of transport itself is one of the major reasons for taking the trip. • Can also form the focal point for tourist activity in the case of cruises and holidays which involve a significant amount of travel. • For example: During a cruise holiday, the ship is one of the main features, providing accommodation, food and entertainment besides being the means of travel for the tourists. This use of transport is found throughout the holiday. In some cases, the tourists may not even need to leave the chosen form of transport. Other examples: bus holidays and scenic rail journeys.

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4.1.2 Forms of Transportation

There are many forms of transportation in the tourism industry.These include modes of transport in both commercial and non-commercial sectors. Look at Figure 4.2 which shows the forms of transportation in the commercial sector.

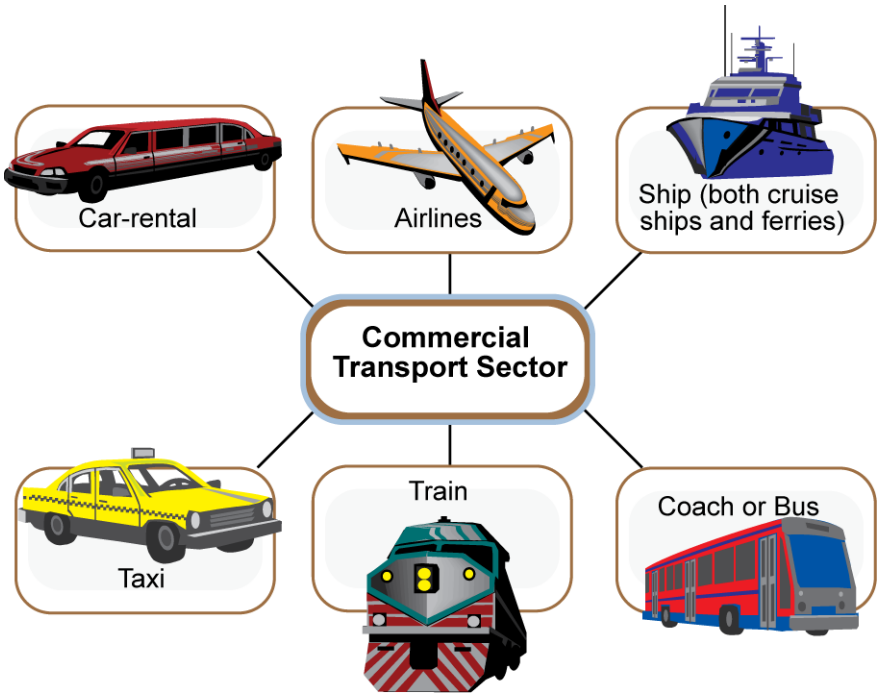


Figure 4.2: Forms of transportation in the commercial sector

On the other hand, as shown in Figure 4.3, the non-commercial transport sector includes:

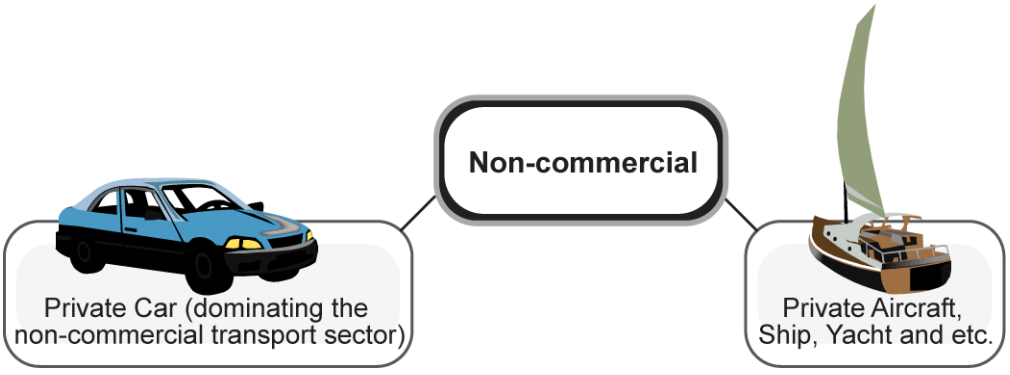


Figure 4.3: Forms of transportation in the non-commercial sector

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4.1.3 Choice of Mode of Transportation



Have you ever wondered what makes people choose a particular mode of transportation when they travel? There could be many factors affecting their decision. However, in general, their decision probably depends on a combination of the following factors:

(a) Length of trip;

(b) Number of people involved (affects overall costs); and

(c) Disposable income available for travel.

Other considerations affecting this decision are:

(a) Availability, frequency and flexibility;

(b) Time it takes to travel;

(c) Level of comfort or luxury;

(d) Ground services or terminal facilities available; and

(e) Status or prestige involved.

4.1.4 Dimension of Transportation

By now, you should know the basis of tourism, which is that "people want to travel to a place that is different from that which they are used to". The destination may be different in terms of culture, climate or scenery.

Apart from that, you should also know that different places are physically apart from each other. Therefore transportation is needed to get them there safely and comfortably. Now, let us look at the factors that influence the travel between two points and the ways to save time during travel.

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(a) **Conditions for Travel**

As shown in Figure 4.4, travel between two points can be explained in terms of three factors:

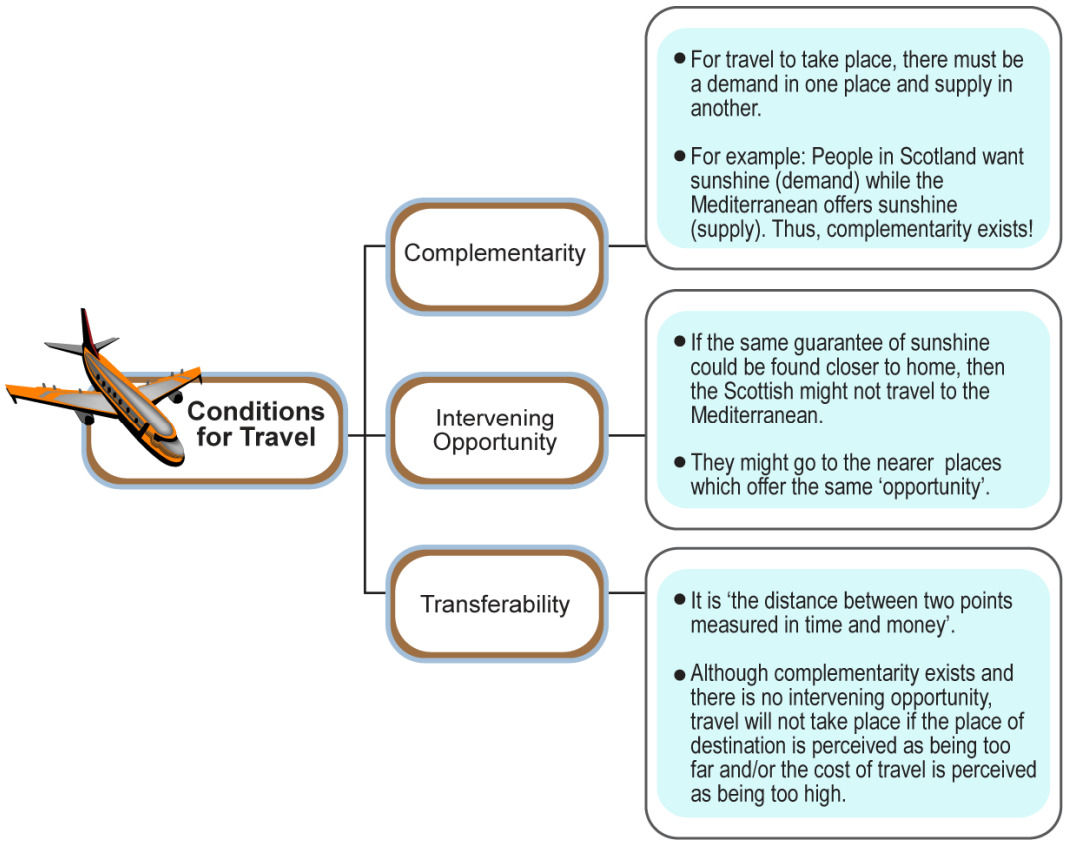


Figure 4.4: Conditions for travel

(b) **Saving Time**

Did you know that, nowadays, people measure distance not in terms of kilometers but in terms of time? They "spend" time to get from one point to another. Thus, saving time during travel is essential for a pleasant travel. But how can we save time during travelling? Well, Table 4.2 explains this:

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Table 4.2: Saving Time During Travelling

	Explanation
Air travelling	• This has become a popular way of travelling since the introduction of jet aircrafts in the 1950s. • Airplanes can now fly over 600 mph effectively halving the time between destinations. This saves time.
Rail lines	• By improving rail lines to allow faster movement. • For example, AMTRAK (USA) spent a considerable amount of money on improving the "road bed" (condition of the track), thereby reducing the time spent on journeys.
Scheduling full passenger loads	• If a tour operator can guarantee an airline a full plane of tourists, the plane will leave whenever the operator wants it to leave. Departure times can then be scheduled according to the travellers' convenience. • As the speed of today's planes increase, it often takes less time to fly between two airports than it does to get from the plane to downtown e.g. time is spent getting off the plane, waiting for luggage, finding ground transportation etc. • Therefore, time can be saved by considering ways to improve the travel from terminal to town by such means as high-speed rail connections.

4.1.5 Transportation Networks

Transportation networks are important for tourism as many vehicles, vessels and crafts play a great role in transporting tourists by land, water and air. So, what does "transportation networks" really mean?

A **transportation network**, is typically a network of roads, streets, pipes, aqueducts, power lines or nearly any structure which permits either vehicular movement or flow of some commodity.

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In other words, we can say that transportation networks is simply the land, water and air routes along which the various forms of transport travel. It includes bus and rail stations, ports and airports which passengers need at the beginning and end of their journeys.



Do you think that good transportation networks are important for tourism? Well, the answer is obviously "yes"! This is because, no country or region within a country can hope to receive a large number of tourists unless it has an excellent transport network. Let us look at the following examples:

(a) **Airports**:

(i) Need long runways for aircrafts to be able to land on and take off;

- Must provide efficient support services; and
- Need to have sufficient and efficient facilities to help cater to the needs of air tavellers.

(b) **Docks** must be deep enough to accommodate huge cruise ships.

(c) **Roads** leading to and around a destination must be capable of carrying the great volume of traffic created by tourism.

(d) **Buses** need wide and smooth roads to enable holidaymakers or tourists to reach their target destination fast.

(e) Tourists driving to a destination need good roads, clear road signs and convenient car parks.

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Do you see the logic behind these examples? Do you agree with them? Thus, as has been mentioned earlier, **transportation and tourism are inseparable**. Roads, railways, inland waterways, shipping lanes and airways form transport networks which help to determine the number of visitors to a country and the ways in which they will travel around in it.

Although we may not be aware of it, ships and aircrafts, travel along carefully specified routes. They do not simply sail or fly at random between two places. Ships follow shipping lanes and aircrafts fly along airways or air corridors. It may sound simple, but in this context, rules and regulations should be carefully laid down to prevent collision of ships or aircrafts within these "invisible" paths.

ACTIVITY 4.1

Visit http://www.tourism-malaysia.net/transportations.html and read up on transportations in Malaysia. Then discuss the various modes of transportation available with your coursemates.

4.1.6 Challenges Facing the Transportation Industry

The growth of visitor traffic and demands will pose significant challenges to governments, planners, engineers and others in the future. There are four major challenges in this context:

(a) **Fleet planning**;

(b) **Congestion**;

(c) **Safety and security**; and

(d) **Environmental impact**.



Each one will be explained in greater detail in the following:

(a) **Fleet planning**

Fleet planning is an important process in satisfying the transportation service demands of the tourism industry. Why is this so?

Fleet planning has been a constant challenge especially for companies that provide transportation services. What is fleet planning?

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Fleet planning is a company's efforts to match its supply (of available seats) with passenger demand.

Do you think this plan is critical? Well, it is because of the nature of transportation supply. Imagine that you are the boss of a bus company. What will happen if the tickets to the buses are unsold? The seats available must be sold or you will lose money. This will lead to a loss for the company.

Let us look at an example: A bus which carries 30 per cent of its capacity will lose 70 per cent of its potential revenue. The bus operating costs, such as wages and fuel, generally remain fixed regardless of the number of passengers.

Therefore, fleet planning is necessary to maximise the number of seats that are sold per trip. Maximising ridership is important because the costs of providing transportation are usually high. The costs include:

- The acquisition or lease of the airport or rental of vehicle
- Any debt service associated with the acquisition – for example, bank loans
- Facilities for holding and maintenance
- Labour

(b) **Congestion**



Figure 4.5: Traffic congestion
Source: http://www.bkmarcus.com/blog/images/traffic_jam.jpg

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Look at Figure 4.5. What comes to your mind? Frustration? Waste of time? Can you imagine being caught in this traffic jam when you travel? This definitely is not a favourable situation! Thus, apart from fleet planning, we can say that congestion is one of the most significant challenges faced by the transportation industry. You must have experienced traffic congestion at least once, either on the road or at the airport. Well, most travellers or tourists face congestion on roads, passenger terminals and even in airports at one time or another, especially in urban areas.

What do you think is the cause of this? The primary cause identified is **inadequate facilities** to handle growing demand. Other than that, **traffic flow design** or **system problems**, repairs and other construction related activity and **tighter security procedures** contribute to congestion. Immigration and Customs procedures often require travellers to stay within the confines of a passenger terminal for a long time. This contributes to the overall congestion of terminals.

Fluctuation in traffic levels throughout the year is also a major cause of congestion. We also have to consider the "**seasonality factor**" - the volume of leisure travel often varies greatly due to factors such as the weather, school holidays, public holidays and work schedules. Seasonal fluctuations also cause other problems for transportation companies. For example, transport providers must balance the need for capacity to handle peak traffic with the costs of maintaining that capacity throughout off-peak seasons.

Traffic congestion can result in significant costs to the travelling public. For example, a tourist who misses a flight due to airport congestion may face additional costs relating to the rescheduling of his or her accommodation and rental car booking.

Greater stress is also placed on security systems due to traffic congestion. For example, travellers might have to undergo a more thorough process of physical screening and certain places may have controlled access.

The quality of the visitors' experience can also be diminished by overcrowded streets and terminals.

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(c) **Safety and Security**



Figure 4.6: The 11th September 2001 incident
Source: http://logicalblather.typepad.com/my_weblog/2005/09/

Look at Figure 4.6. Can you recall what incident that was? Yes, it was the shocking terrorist attack on the World Trade Centre in New York. Ever since the accident, the issue of providing safety and security for travellers has become the prime concern of most transportation providers, especially airlines. Wonder why? Read on:

Circumstances and images of such incidents i.e. airline accidents and terrorism tend to emphasise vulnerability of air passengers. It can also have a significant effect upon people's willingness to travel by air. This can be seen clearly in the point of view of international tourism, "increase in the public's fear of flying can have a significant negative implication".

Can this be solved by improving security at airports, bus terminals and railway stations? In a way it could. However, there are some challenges in improving safety and security measures of transportation points. Let us read the following to know more about these challenges:

(i) Ensuring the safety of travellers can result in conflicts with other aspects of the travelling experience. For example, heightened security at an airport normally results in greater congestion and delays, therefore, diminishing the quality of visitor experience.

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(ii) Safety measures entail significant costs. Costs result from hiring additional security personnel, purchasing newer and better equipment and mandating compliance with additional procedures.

Thus, we can conclude that balancing the costs of safety measures against those resulting from accidents and terrorism will continue to pose a challenge to the transportation industry.

(d) **Environmental Impacts**

In response to the rising number of tourists and their greater mobility, transport by air, road and rail is continuously increasing. Do you know that this development can put pressure on natural resources as it sometimes increases consumption in areas where resources are already scarce? Do you wonder how? Read on.

(i) **Air Pollution**

All modes of transport require energy (mostly provided by "fossil fuels"). The carbon dioxide emitted as a result of transportation energy use leads to acid rain, global warming and photochemical pollution. Do you know that a single transatlantic return flight emits almost half the carbon dioxide emissions produced by all other sources (lighting, heating, car use, etc.) used by an average person yearly?

(ii) **Petroleum Industry**

We know that all modes of transport use fossil fuel. There have been many accidents in the petroleum industry that are environmentally destructive such as oil tanker spills, explosions at oil and gas wells and problems in offshore drilling. These pose a great threat to the ecosystem.

(iii) **Transportation Infrastructure**

The building of transportation infrastructure such as roads, terminals and airports also has a significant impact on the environment. For example, long roads pass through several different ecosystems and in the long-term, those ecosystems will be affected by the flow of traffic. Besides this, the siting and construction of airports involves a lot of noise and air pollution. This will lead to the destruction of existing flora and fauna in the affected area.

(iv) **Transportation in Tourism**

Apart from transporting tourists from one destination to another, transportation in tourism provides access to areas such as coral reefs and mangrove forests. These are considered ecologically vulnerable areas.

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Access to such areas pose direct detrimental effects on the physiology of these areas. For example, ocean transport businesses can inflict damage on the marine environment through engine noise, oil and fuel leaks, physical injury to ocean animals and etc.



SELF-CHECK 4.1

1. Why do we say that tourism and transportation are inextricably linked?
2. Explain three ways in which tranportation is important to tourism.
3. Name two forms of transportation.
4. What is a transportation network?
5. List the factors that influence the choice of transportation for travel.



ACTIVITY 4.2

Discuss with your coursemates the transportation problems that you faced when you were on vacation and how you handled them.

4.2 TYPES OF LAND TRANSPORTATION

So far, we have been given an overview of transportation in tourism. Next, we are going to touch on the types of transportation involved in tourism. Figure 4.7 depicts the types of transportation that we are going to cover in this section.

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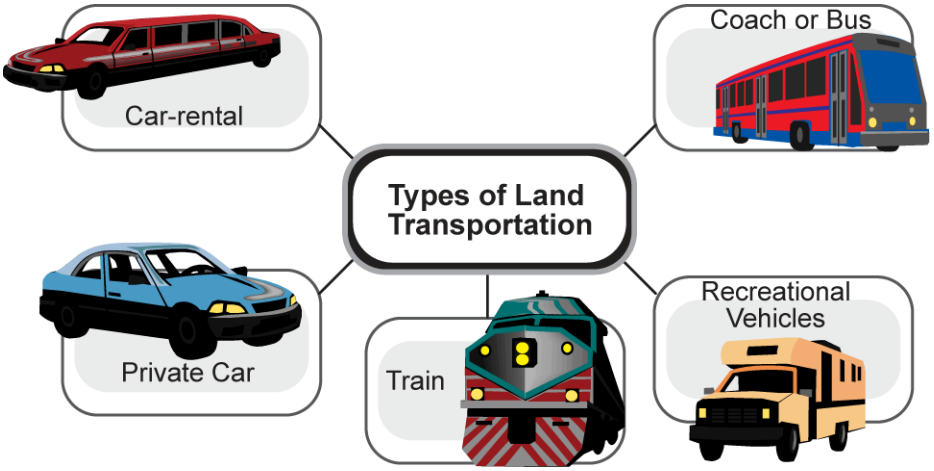


Figure 4.7: Types of land transportation in tourism

Now, let us examine each one in greater detail.

4.2.1 Private Vehicles or Automobiles

For a start, we will look at private vehicles. Most travels in many parts of the world take place in automobiles. Private automobile ownership changed domestic travel habits and abilities more than any other factor in tourism and gave people more freedom of movement.

So far, we have mentioned the word "automobile" a few times. What is an automobile?

An automobile (or motor car) is a wheeled passenger vehicle that carries its own motor.

An automobile is also called a motorcar. It is designed to run on roads with seating for one to seven people.

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Now, let us go on to the types of private vehicles involved in tourism. As depicted in Figure 4.8, private vehicles in this section are categorised into four types:

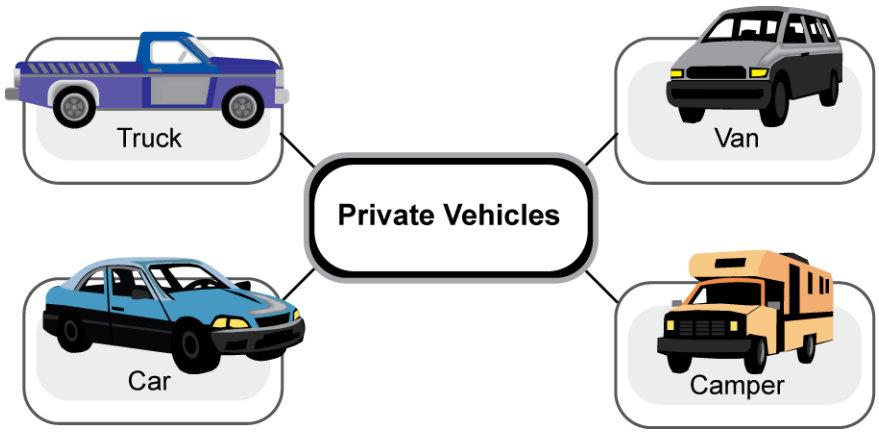


Figure 4.8: Private vehicles

According to (Goeldner and Ritchie, 2006), in the US alone, auto travel is an integral part of the travel industry with a vast majority, about 79 per cent, of domestic person-trips being taken by car, truck, rental car and camper or RV. We can conclude that motor vehicles will continue to be a dominant mode of transportation for decades as passenger car registrations continue to rise worldwide.

Travel patterns before the emergence of automobiles were very predictable. This was mainly because most resorts and hotels were built along rail lines and ports. However, a more random, unstructured pattern of travel movements was introduced by automobiles. Motor hotels or motels sprang up along highways and enjoyed booming business. Interesting? Read on.

As mentioned by Goeldner and Ritchie (2006), **affordability**, **flexibility** and **convenience** make auto travel the most popular mode of transportation around the world. The automobile will continue to be a popular mode of travel as long as perceptions of its benefits continue (Nickerson, 1996).

To add further, nowadays there is an emergence of shared travel resources that improves travel experiences. It is the current trend now for the tourists and even the locals to use the Uber services to get around. Uber provides a "taxi" service but the "drivers" uses their own personal car to drive people around.

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Table 4.3: Data Across Demographic

Services	Age Group			Travel Frequency		
Uber	Baby Boomer	Gen X	Millenials	1–5 Times Per Week	1–5 Times Per Month	1–10 Times Per Year
	41%	35%	70%	78%	35%	41%

Source: Business Travel Survey, 2015

Referring to Table 4.3, it shows how private vehicles have changed public transport services. And all of this could happen with the use of app – application. Interesting don't you think? This provided services really re-affirms Goeldner & Ritchie (2006) affordability, flexibility and convenience of the car as a mode of transportation.

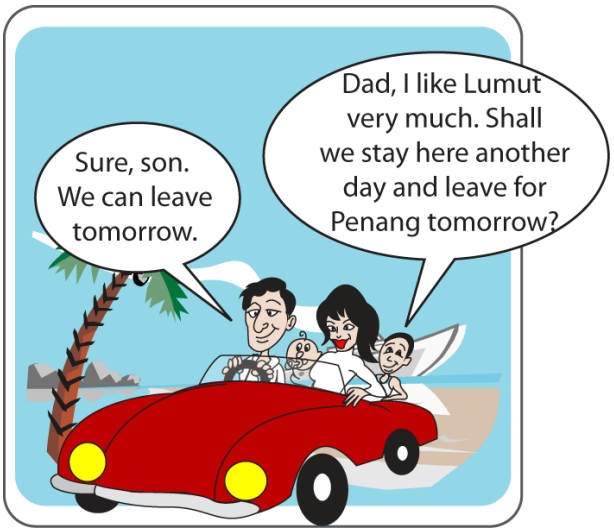


Figure 4.9: Travel by car

Why do you think people rather travel by car than public transportation? Look at Figure 4.9. Do you think that people like to travel by car because of its flexibility? Or do they have other reasons for doing so? Nickerson (1996) stated that people prefer to travel by car rather than by public transportation for the following reasons:

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(a) Perception of low cost, especially for three or more people

(b) Convenience

(c) Flexibility in departure and arrival times, routes and stops

(d) Enhanced trip experience

(e) Easier luggage transport with less restriction

(f) Assured transportation on arrival at the destination

(g) Opportunity for a relaxing and private atmosphere

After the tragedy of 11 September 2001, the automobile has played an even more important role in travel. The trend now is shifting from air travel to auto travel and in taking trips closer to home. The share of auto person-trips increased by two per cent in just one year and auto travellers stayed close to home after the tragedy in 2001. In fact, we can say that future incidents will likely produce the same results.

What are the factors that encourage travel by automobile? Well, **good and well-maintained interstate highways and road systems** significantly encourage vacation travel and especially long-distance travel. This has made automobile travel much faster and more comfortable.

On the other hand, a poor road system costs the individual driver and other users additional funds. This is especially in terms of increase in fuel usage and vehicle maintenance. This may cause travellers to select other destinations to avoid related problems if they find out that a particular highway is in poor condition.

Now that you have been introduced to private vehicles in tourism, we will proceed on to the next most important mode of transportation - train travel.



SELF-CHECK 4.2

1. Name the four categories of private vehicles in tourism.
2. List three factors that make auto travel the most popular mode of transport.

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4.2.2 Train Travel

Instead of cars, trains were the early pioneers of the domestic travel industry in many countries including the US and Britain.

Now, let us go over a short history of trains. Do you know the person in Figure 4.10? He is George Stephenson, an English mechanical engineer who designed the famous and historically important steam locomotive named Rocket and was dubbed the "Father of Railways". He built the first railway between Darlington and Stockton. His steam locomotive hauled 34 wagons packed with 450 excited passengers on 27 September 1825. This is when rail transportation began.



Figure 4.10: George Stephenson
Source: http://www.nndb.com/people/102/000097808

Many of the early railway networks in South America, Africa and Asia, including India, were built by British engineers. One of the most famous British colonial trains was the Bombay-Calcutta Express (Foster, 1995).

Steam engines were used to power the early trains. In the 20th century, however, the development of electric, turbine and diesel engines brought an end to the smoke-spewing locomotives. In comparison, a single electric engine locomotive could perform the work of three steam engines. In fact, electric trains were quick-starting, quiet and relatively efficient.

In 1880, Thomas Edison produced an electric locomotive. By 1895, steam engines were replaced by electric trains. US railway operators were more interested in diesel engines despite the advantages of electric locomotives. This is because a diesel locomotive can provide greater distance between refuelling stops as it had

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300 per cent better fuel efficiency than a steam engine. At the end of World War II, gas-electric-turbine engines were placed in service on Pacific rail lines. A single 7,400-horsepower turbine locomotive, could haul up to 5,000 tons of cargo (Foster, 1995).

So far, we have looked at a brief history of train travel. Next, we will focus on the advantages of train travel compared to other modes of transportation. As indicated by Gee, Makens and Choy (1997), much of the renewed interest in rail travel has been spurred by environmental factors as well as economic ones, including:

(a) **Congestion and Pollution**
Almost all industrialised countries as well as many Third World countries are seriously facing dual problems of congestion and pollution by individual motor vehicles.

(b) **Cost of Motor Vehicles**
In many countries including Canada and the US, the cost of owning a personal motor car has outpaced inflation. Segments of the lower-income population, therefore, must use public transportation or buy used vehicles.

(c) **Air Congestion**
Air congestion has become a global issue. There is fear that air safety may be compromised as travel by air may have reached the maximum level in many regions.

(d) **Airline Economics**
As the fleets of the world's airlines grow older and profits become more elusive, air carriers may drop travel to smaller quantities and bankruptcies may plague the airline industry.

The following are some of the major rail travels of the world and their detailed descriptions:

(a) **European Railways**
As dramatic changes are occuring within European railway systems, they have begun to separate the systems into two components:

(i) **Ownership and development of rail systems**; and

(ii) **Ownership and management of train operations**.

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Huge investments and the condemnation and/or purchase of private land are required for the construction of a rail line and this task is left to governments. Railway management includes pricing, marketing and other managerial functions and is best left to more efficient private sectors.

The governments of the European Union have been pressed by the European Commission responsible for the economic integration of Europe to follow the scheme of separating rail ownership and development from train management. The commission believed that the separation would result in a more efficient European railway system. In reality, such a separation has already occurred in countries outside the European Union, such as in Australia, New Zealand, Switzerland, Norway and Sweden.



Figure 4.11: Treno Alta Velocita
Source: http://en.wikipedia.org/wiki/Image:FS_ETR500-brandAV.jpg



Figure 4.12: Train à Grande Vitesse
Source: http://en.wikipedia.org/wiki/ImagE:TGV_train_inside_Gare_Montparnasse_DSC08895.jpg

These high-speed trains known as **Treno Alta Velocita** (TAV) in Italy and **Train à Grande Vitesse** shown in figures 4.11 and 4.12 (TGV) in France play an important role in transporting tourists. Between 1990 and 1994, passenger traffic carried by high-speed trains doubled. It has been identified that one of the major reasons for European enthusiasm over these trains has been their record of financial success in France. Over RM87.5 billion has been spent by the French on TGV transportation development since 1970 and returns of nine to 16 per cent have been claimed on the investment (Gee, Makens and Choy, 1997).

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In 1994, a new TGV train service was introduced. It connects London with Paris in three hours and London and Brussels in three hours and fifteen minutes through the English-French Channel tunnel (also known as Chunnel). Amazing? Let us read on.

A state-owned British company known as European Passenger Services runs Eurostar in collaboration with French Railways and Belgian Railways. It believes that it can capture half of the London to Paris airline trade. In this context, the London to Paris Eurostar service was priced cheaper than business class airfares between the two cities and below most economy class airfares.

The high-tech Eurostar trains are expensive, costing about RM137 million per car. Each train is technologically advanced and has the ability to differentiate and deal with three different power and signalling systems. These trains travel at 300km per hour. There is also a high-speed train in Sweden. The Swedish Railways' X2000 Metroliner can reach a speed of 200km per hour on six routes throughout Sweden. Unlike other high-speed trains, this train does not require special tracks and now carries one million passengers annually.

So far we have discussed train travel in Europe. Now, it is time to look at train travel in the US. Let us move on.

(b) **US Rail Travel**

As an effort to save an alternate form of transportation that possessed priceless assets, including existing tracks and rights of way into the major population centres of the US, the US Congress authorised the National Railroad Passenger Corporation (Amtrak) in 1971 (see Figure 4.13). As a state-owned enterprise, Amtrak accounts for all US intercity passenger traffic.

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Figure 4.13: Amtrak in 1971
Source: http://www.trainweb.org/chris/tributeamtrak.html

When Amtrak began operations in 1971, most of its equipment was old. This is because Amtrak had inherited passenger trains and locomotives built prior or during the 1950s. In addition, ownership of the terminal, stations and rail yards remained with various private railroads. Despite frequent charges that Amtrak was slow to respond to consumer needs, numerous innovations, as listed and described in Table 4.4, have been introduced.

Table 4.4: Innovations Introduced by Amtrak

Innovation	Explanation
Road railer	A hybrid rail highway trailer or road railer that has been developed and tested for possible use in carrying mail behind Amtrak passenger trains. The road railer is expected to provide extra revenue for Amtrak and improve postal service.
Railfone	A cellular telephone service that is available on more than 60 per cent of Amtrak routes, thus allowing passengers to call anywhere in the world.
More comfortable seating	More comfortable seat cushions were developed in response to customer dissatisfaction with the existing seats of the train.

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Terminal improvements	Terminals at Washington, DC and Philadelphia have been greatly improved. To match the needs of customers accustomed to flying first class, the amenities at the Penn Station in New York City have been upgraded.
Video entertainment	For use on board trains, Amtrak and Via Rail of Canada have tested video systems.
Seamless transportation	Amtrak and Midway Airlines offer seamless transportation services for rail and air passengers: service of single air/trail ticketing and baggage handling.

Source: Gee, Makens & Choy, 1997

Due to the improved facilities and services, we can say that US rail travel has the ability to compete with airlines. Let us see what Gee, Makens and Choy (1997) have said on this matter. They indicated that passenger trains have demonstrated that they can effectively compete with airlines in the same market. To elaborate, the New York to Washington, DC routes have successfully competed with airlines for four following basic reasons:

(i) City centre to city centre terminals permit passengers to avoid airport congestion, allowing more time for business.

(ii) Equipment is comfortable and well maintained.

(iii) Prices are competitive

(iv) The outstanding modern and efficient Washington, DC terminal has managed to retain its traditional charm after renovation.

(c) **Asian Railroads**

So far, you have been introduced to European and US rail travels. Do you wonder how it is like in Asia? Are high-speed trains given serious consideration in countries like Japan, China, India or even in our country, Malaysia? Well, you will find the answer to this when you read on.

Japan was the first country to build dedicated railway lines for high-speed travel. The proposal of a high speed train project was discussed in Japan as early as in the 1930s. However, the Japanese introduced Shinkansen, their high-speed bullet train between Tokyo and Osaka only in 1964.

How about other countries in Asia? Apart from Japan, the rest of Asia showed little interest in train travel until the 1990s. The first high-speed train project, outside Japan was carried out in South Korea. Seoul and

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Pusan is linked by a 423km line, on which high-speed trains are operating. Taiwan also plans for a 350km high-speed train between Kaoshiung and Taipei. Currently, Malaysia is considering plans for a fast train between Kuala Lumpur and Singapore.

By far, China is the biggest market for train travel, where a billion passengers a year crowd into existing trains. By the year 2000, China spent about RM176.5 billion to develop modern high-speed trains. Therefore, cross-border trains will be likely to develop, assuming continuing peace and stability within this region. If this is to occur, airlines in the Asian region could lose millions of passengers annually.

(d) **Great Trains of the World**

Take a look at Figure 4.14. Do you wonder what it is? You may have heard of the "Orient Express" before. Well, the picture shows the Orient Express which has become very famous since 1833. It is also called the "Train of Kings" and the "King of Trains".

The Orient Express is perhaps the most famous train in the world. During its days, it was a symbol of luxury and it still stands as the most romantic of travel experiences. It carried the rich and powerful from Paris to Istanbul over a spectacular scenic route. The four-day trip passed quickly as it took place in an elegant setting and with food fit for royalty and high quality service to match. The Orient Express made its last run in 2009. The Venice Simplon-Orient-Express was inaugurated five years later, featuring many of the train's original 1920s buses restored to their former splendour.

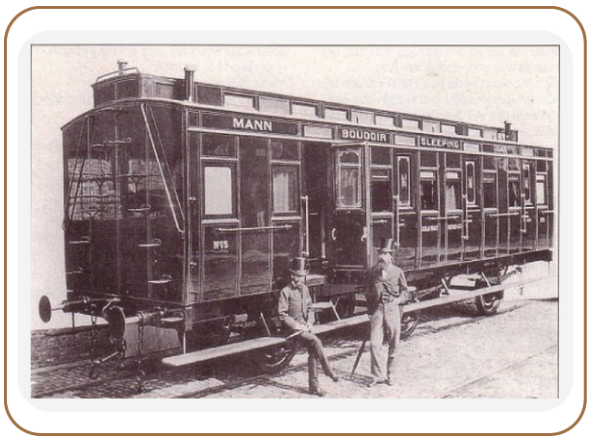


Figure 4.14: Orient Express
Source: http://www.smart-art.at/agathachristie/orientexpress/ orientexpress-1-e.htm

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Today, new Orient-Express passengers can start their journey in London or Paris. The train winds through the Swiss and Austrian Alps after crossing France, cutting through the Brenner Pass to Italy and heads for cocktails and dinner in Venice.

Now, let us look at other popular and glamorous trains:

- **The Blue Train**
  Provides a 24-hour luxury trip to Pretoria from Cape Town in South Africa.

- **The Trans-Siberian Special**
  Makes a leisurely 19-day voyage to Mongolia from Moscow, Russia.

- **The Royal Scotsman**
  Meanders through Scottish highlands in renovated Edwardian and Victorian railroad cars with staff wearing kilts.



SELF-CHECK 4.3

True or False Statements

1. Steam engines were used to power early trains.
2. Train à Grande Vitesse in Italy, played an important role in transporting tourists.
3. Korea was the first country to build dedicated railway lines for high-speed travel.



ACTIVITY 4.3

Can you list the rail-based transportation available in Malaysia? Do you think that these rail services contribute to the growth of the tourism industry in the country?

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4.2.3 Bus Travel

The industry is generally referred to as the motorcoach industry although the terms "bus", "coach" and "motorcoach" are used interchangeably. In addition, it also applies to all operators of large passenger buses. According to Gee, Makens and Choy (1997), the motorcoach industry in the US is actually composed of several subgroups as detailed in Table 4.5.

Table 4.5: Subgroups of the Motorcoach Industry

Subgroups	Explanation
Interstate carriers	National motorcoach companies provide service between two or more states within the US.
Regional carriers	National motorcoach companies provide service between two or more states within the US. Regional bus companies usually serve small-to-medium-sized communities within a particular area.
Tour operators	Tour operators create and offer tours to meet the price and interest demands of different markets.
Charter buses	Charters specialise in transporting local groups to events and destinations, e.g. a high-school band headed to a national band competition in a particular city or a group of community leaders headed for a National Celebration of Independence.
Public and private buses	Some municipalities offer charter servicing using city buses to provide day trips for student groups or tourists. Revenue potential from these groups may be limited, but the special bus service brings millions of visitors to zoos, historical sites and cultural or science exhibits which increase public patronage.

Although the intercity bus was a major player in both business and pleasure travel for many years, its place has been largely replaced by airplanes for long-distance travel and by the private automobile for short distances. However, intercity buses serve more communities than rail or air and for relatively short distances. These buses are also cheaper than air travel. In fact, for many communities, a bus is the only option of public transportation.

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From the preceeding paragraph, we know why intercity buses are still popular. Now, it is time to get to know some of the terms used in the motorcoach industry. First of all, you should know that there are two words which are constantly used in this industry. These are as follows:

(a) **Ground Transportation**
Refers to buses that transfer passengers between airports and hotels.

(b) **Motorcoaches**
A distinction is sometimes made between buses and motorcoaches. Thus, in this context, motorcoaches are always referred to as vehicles that are custom-designed for tour operators and contain a toilet and possibly an upper deck (Lundberg, 1990). Motorcoaches are also used for city sightseeing and for city package tours that may include hotel accommodations, entertainment and meals.

Do you wonder why people like to choose motorcoaches over other modes of travel? According to Lundberg (1990), convenience and economy are the major reasons for selecting bus travel over other modes of travel. You must have noticed this from the bus service which is available in almost every town of 1,000 people or more. Travelling by bus for the purpose of pleasure is a service that is available almost at every destination but which characteristics varies widely within the US and around the world.

Lundberg also agrees that the convenience and economic aspect of bus transportation between some destinations cause travellers to favour buses over other modes of transport, including private automobiles. For example, there is a regular bus service between most sizable communities in New York and New England. For travel in the heavily populated northeast corridor, it is often easier for travellers to ride the bus than to drive their automobiles into the city. According to the American Bus Association, intercity bus travel is far safer than travelling by automobile.

Besides providing services between towns and cities, buses also provide:

(a) Local route service;

(b) Charter, tour and special services;

(c) Commuter service;

(d) Airport service; and

(e) Urban and rapid transit service.

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ACTIVITY 4.4

Within the context of Malaysia:

(a) What do you think of the motorcoach industry?

(b) How important is this industry for local tourism?

(c) Do you think that tourism will lead this industry to grow? Why?

4.2.4 Car Rental Industry

In addition to travelling by private vehicles, trains and motorcoaches, travel by rented car is becoming popular among tourists nowadays. We can say that the car rental industry provides a critical service for business and pleasure travel all over the world. Businesspeople and holidaymakers rely on rental cars more than public transportation because of the freedom of travel at the intended destination.

In fact, this industry can actually attribute its growth to commercial airlines. The need for transportation at the destination increases as air transportation grows. For example, air travel is so critical to the car rental business as airport revenues account for approximately 88 per cent of overall car rentals in the US (Goeldner and Ritchie, 2006). In this context, Hertz is the airport market leader with about one-third of airport rental business. As the world's largest rental car company, Hertz has over 5,000 locations in over 130 countries with a revenue of $6.3 billion (RM 9.88 billion)(as of 2006).

As shown in Table 4.6, the major companies for this industry in the US are Hertz, Avis, Budget, National, Alamo, Dollar, Trifty, Advantage and Payless. According to Business Travel News, the rental car industry grossed around $20 billion (RM 70.6 billion) in 2003. Many of the auto rental systems are international and have services in many major tourist destinations around the world. Companies like Hertz International, Ltd, Inter Rent, Avis, Americar Rental System, Auto Europe and Europcar International arrange for the purchase, lease or rental of automobiles domestically and abroad.

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Table 4.6: US Rental Car Companies Ranked by Revenue in 2003

Rank	Car Company	Revenue ($000)
1	Hertz	4,239,200
2	Avis	4,067,910
3	National	1,650,000
4	Budget	1,240,000
5	Alamo	970,000
6	Dollar	949,700
7	Thrifty	867,500
8	Advantage	155,000
9	Payless	82,700

Source: Business Travel News, Goeldner and Ritchie (2006)

Even though 75 per cent to 80 per cent of all car rental business takes place at airports, car rental agencies also have in-town and suburb locations. Usually, rental prices vary depending on the location of the rental agency. Car rental agencies pay more to lease counter and parking spaces at airports. Therefore, in many cases, travellers will pay more for a car rented at an airport than for one rented from the same company in town. To avoid the high price of the airport location, some car rental agencies provide a free shuttle bus service to an off-airport location. In this case, the extra time spent by travellers to get to the location is offset by reduced rental rates.

So far, we have learnt interesting facts about the car rental industry, Now let us take a look at other recreational vehicles (RV) which are used in tourism.

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ACTIVITY 4.5

Visit www.mayflowercarrental.com and read about the car rental company in Malaysia. Can you list the **three** services offered by Mayflower Car Rental? Can you explain the importance of the car rental industry to tourism?

4.2.5 Other Recreational Vehicles

Have you ever seen American films in which some of the characters live in a mobile home? These homes on the move are similar to ordinary houses except that they come with wheels.These "mobile" homes are called **Recreational Vehicles** or **RV**s. Looking at Figure 4.15, can you get an idea of what RVs are? In this section we will learn about RVs. For a start, let us look at the definition of RVs.



Figure 4.15: Recreational vehicle
Source: http://www.comcorner.com/Gen_List.asp?Iden t=Rec2&Listnum=100000

According to the Bureau of Vehicle, Department of Vehicle of the Secretary State, State of Maine (http://www.state.me.us/sos/bmv/commercial/Glossary.htm), recreational vehicles are:

> Vehicles that are used for personal pleasure and not in connection with any commercial or business enterprise. Recreational vehicles include such vehicles as campers and motor homes.

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Apart from automobiles, train, motorcoach and car rentals, **RV**s are listed as one of the most popular mode of land transportation. Eventhough it is not common in Malaysia, RVs are very popular in the US and other European countries.

We can get detailed information about them in the following discussion on RVs, extracted from Wikipedia (http://en.wikipedia. org/wiki/Rv). It provides good insight into RVs especially in terms of the trends and developments in RV travel in North America, specifically in the US and Canada.

In North America, the term **recreational vehicle** and its derived acronym, **RV**, are generally used to refer to an enclosed piece of equipment dually used as both a vehicle and a home for temporary travel or full-time.

In other parts of the world, particularly Australia, the term may be used to refer to a sport utility vehicle, also known as an SUV. RVs are intended for everything from brief leisure activities, such as vacations and camping, to full-time living. RVs can be rented in major cities in the US and Canada.

Next, let us see the different classes of vehicles that are generally labelled as RVs in Table 4.7.

Table 4.7: Different Classes of RVs

Classes of RVs	Explanation
Truck Camper	A camper shell unit that is affixed to the bed or chassis of a pickup truck.
Folding Camping Trailer	Also known as a pop-up, is a light-weight unit with sides that collapse for towing and storage. Suitable for towing by many vehicles.
Travel Trailer	Unit with rigid sides designed to be towed by larger vehicles with a bumper or frame hitch.
Hybrid Trailer	A blend between a travel trailer and a folding (tent) trailer. One type has rigid sides and pull-out tent sections (usually beds) while another's top section of walls and roof can be lowered over its bottom section to reduce its height for towing.
Fifth Wheel Travel Trailer	Designed to be towed by a pickup or medium duty truck equipped with a special hitch in the truck bed.

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Toy Hauler	A motor home, fifth wheel or travel trailer, it is designed to be part living space and part garage for storing things such as motorcycles and ATVs.
Park Model	Designed for occasional relocation and will require a special tow vehicle and a highway movement permit.
Motorhome	"Winnebago", a product of Winnebago Industries that dominated the market for many years, was long a synonym for a motorhome, but this usage has faded in recent years. **Class A Motorcoach** – constructed on either a commercial truck chassis, a specially designed motor vehicle chassis or a commercial bus chassis. Sizes run from 26 feet (7.92 metre) to 45 feet (13.71 metre). **Class B Campervan** – built using a conventional van, to which either a raised roof has been added or had the back replaced by a low-profile body (compared to a Class C). Sizes run from 19 feet (5.79 metre) to 24 feet (7.32 metre). **Class C Motorhome** – built on a truck chassis with an attached cab section, which is usually van based, but may also be pickup truck based or even large truck (freightliner) based. Sizes can vary from 17 feet (5.18 metre) to 34 feet (10.36 metre).
Toterhome	This is not a common term but when used indicates a motorhome, built around a semi-truck chassis such as a freightliner. This type of motorhome allows you to pull large and heavy trailers while having all the conveniences of a large motorhome. Large motorhomes not built on a semi-truck chassis can also be capable of pulling heavy loads.

A minimal RV typically contains beds, a table, food preparation and storage areas. Larger models add full bathrooms, refrigerators, living areas, master bedrooms, etc. Some RVs are very elaborate, with satellite TV and Internet access, slide-out sections and awnings. Many RVs can cost (new) from less than $10,000 (RM 35300) to $200,000 (RM706,000) with some costing more than that.

Many RVers stay at RV parks, most of which feature electrical, water and sewer service (full hookups), as well as cable television and wireless Internet. Amenities often include swimming pools, game rooms and even destination-resort activities such as horseback riding. Some prefer staying in rural, remote areas, which is called Boondocking, others prefers public campgrounds with minimal facilities. Many RVers also stay at city parks, county parks, state parks and national parks.

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We have seen the description of RVs so far. Now, let us see the advantages and disadvantages of RVs. It is explained in Table 4.8.

Table 4.8: Advantages and Disadvantages of RVs

Advantages	Disadvantages
• Need not move one's things in and out of motel rooms • Need not rent multiple motel rooms • Get to sleep in a bed one is comfortable with • Get to prepare own food that saves money compared to eating in restaurants • More organised living space and better protection from the weather than a tent.	• Low fuel economy for motorised RVs or tow vehicles. • Lack of maid service as experienced in motels (maid service is available at a few high-end resorts) • Larger RV models can be difficult for a novice to drive or tow.

According to the Recreation Vehicles Industry Association, there are currently 7.2 million RVs on the road in the US with enthusiasts totalling over 30 million. RVers spend about 28 to 35 days in their vehicle and travel an average of 4,500 miles (7245km) per year.

The typical US RV owner is 49 years old, owns a home, is married and has an annual income of $56,000 (RM 197,680) (Goeldner and Ritchie, 2006). A study conducted by the University of Michigan indicates that "intentions to purchase an RV are strongest among baby boomers. Nearly 10 per cent of those 55 and over own an RV, slightly exceeding the 8.9 per cent ownerships rates of 35- to 54-year-olds".

Travel agencies around the world are responding to the demand by including RV rental information in their customer brochures (Goeldner and Ritchie, 2006). Comprehensive tour packages are also available from some rental dealers that include services such as railway and airline connections for rail, drive and fly, drive plans, off-season rates, one-way package, vacation planning, guided escort tours as well as campground discounts.

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An estimated half a million overseas visitors a year rent RVs in the US. Major international customers from Japan, Australia, New Zealand and the United Kingdom have helped in the growth of the RV rental market.



SELF-CHECK 4.4

1. Define Recreational Vehicle (RV).
2. List at least three classes of RVs.
3. What are the advantages of RVs?

4.3 GETTING AROUND MALAYSIA BY LAND

More Malaysians are now utilising the North-South Expressway, which stretches from Johor Bahru at the southern tip of the peninsular all the way up to the Thai border in the North. In fact, most points in Peninsular Malaysia are accessible via the North-South Expressway which links up to coastal roads and the rest of the road arteries in the country. The Expressway is an excellent road network which allows travellers to drive through Peninsular Malaysia. There are also other modern highways which connect towns and villages throughout the length and breadth of the country.

Interstate air-conditioned buses travel between most cities and towns in Malaysia. They offer a comfortable ride at a reasonable rate. There are set charges for outstation travel.

The railway network extends from neighbouring Singapore through the major cities and towns within Peninsular Malaysia up to Thailand on both the West and East Coasts. Passengers can travel in air-conditioned comfort in daytime first class coaches with single or double berths. Second class coaches also have sleeping berths.



ACTIVITY 4.6

Have you heard of the "Hop-on Hop-Off" bus service in Kuala Lumpur? If not, log on to: http://sayangawak.wordpress.com/2006/12/30/kl-hop-on-hop-off/. Can you figure out the challenges faced by this service provider?

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SUMMARY

- Tourism and transportation are inextricably linked.
- Land transportation revolves around rail or train service, automobiles and motorcoaches (buses).
- The importance of transportation:
  - Means of **travel to a destination**;
  - Means of travelling **around the destination**; and
  - **Main feature** of a tourist trip.
- The challenges faced by the transportation industry are mainly: fleet planning, congestion, safety and security and environmental impacts.
- Travelling by private vehicles became popular due to its affordability, flexibility and convenience.
- Trains were the early pioneers of the domestic travel industry.
- The convenience and economic aspect of bus trasportation between some destinations lead travellers to highly favour buses over other transportation modes.
- Rental cars are popular because they supplement air travel.

KEY TERMS

Amtrak
Automobile
Bullet trains
Eurostar
Intercity bus travel
Motorcoach
Rail passenger service
Recreational vehicle (RV)
Rental car
Scheduled road service
Train à Grande Vitesse (TGV)

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SELF-TEST 1

1. As one of the three sectors of the tourism industry, transport is important to tourism in three different ways. Describe these three importance.

2. List five factors which need to be considered prior to choosingany mode of transportation for any trip.

3. Explain fleet planning as one of the challenges facing the transportation industry.

4. Renewed interest in rail has been spurred by environmental factors as well as economic ones. Briefly describe four factors as indicated by the statement.

5. What can be done by some car rental agencies to avoid the high prices of their airport location?

6. Land transport is sometimes called space transport.

   A. True B. False

7. Time can be saved by scheduling full passenger loads.

   A. True B. False

8. George Stevenson, an Englishman, is regarded as the originator of the modern railway system.

   A. True B. False

SELF-TEST 2

1. List five commercial transport sectors in the tourism industry.

2. What is a transportation network?

3. Explain traffic congestion problems as discussed in the module.

4. List three reasons why people travel by car rather than public transportation.

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5. What are the two major reasons for selecting bus travel over other modes of travel?

6. The rental car industry grossed around $20 million (RM70.6 million) in 2003 in the US.

   A. True B. False

7. Intentions to purchase a RV are strongest among baby boomers.

   A. True B. False

8. Buses that transfer passengers between airports and hotels are said to be providing ground transportation.

   A. True B. False

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Topic 5 ▶ Water Transportation

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Describe the history and development of the cruise industry;
2. Differentiate the types and categories of cruises;
3. Identify the main routes and season for cruises;
4. Analyse the marketing strategies of cruise lines; and
5. Discuss ways to travel around Malaysia by sea or river.

▶ INTRODUCTION

This topic is a continuation from the previous topic. We will discuss water transportation as the second mode of passenger transportation.

You must have heard about water transportation before. This mode of transportation is widely used for many purposes. It plays an important role as the basic mode of transportation in many parts of Malaysia, for example, the ferry in Penang and sampans in many parts of Sarawak. Water transportation is very important for the tourism industry as well. You will learn about this in detail by the end of this topic.

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This topic will focus more on the cruise industry. The first cruise ship was launched by King Charles IV of Sweden in 1821. Since then, the cruise industry has evolved and experienced fluctuation and faced particular events as well as technological advancement. It has evolved as a mass tourism factor which contributes to a nation's development.

This topic begins with a discussion on the development of the cruise industry before it goes on to discuss cruise types and categories. The topic continues by highlighting main routes before it concludes with a discussion on marketing strategies for cruise lines.

5.1 OVERVIEW OF THE CRUISE INDUSTRY

This section will provide an overview of the cruise industry, focusing first on its history, then its development.

5.1.1 History of the Cruise Industry

For a start, let us first look at the history of the cruise industry as shown in Figure 5.1.

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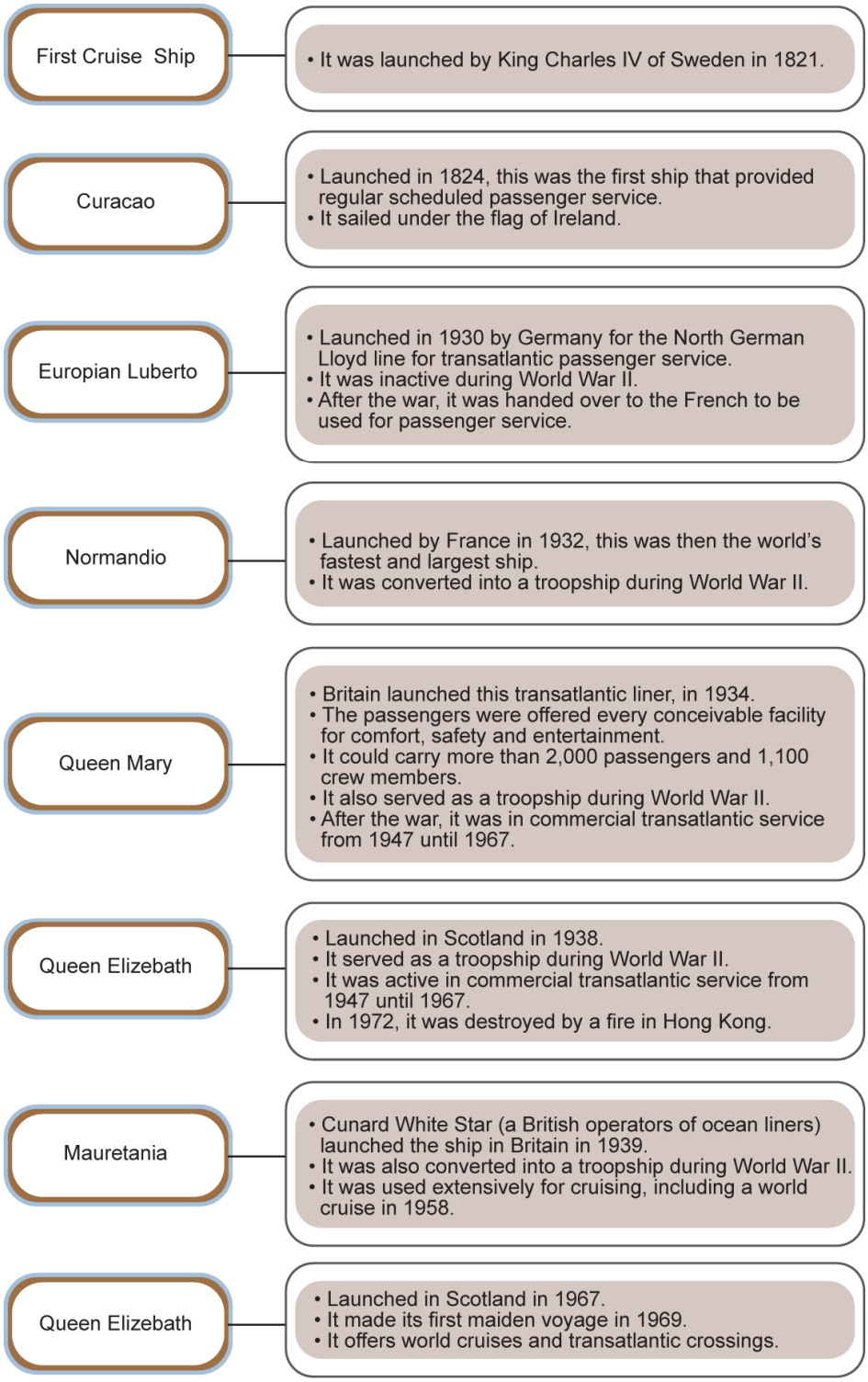


Figure 5.1: History of famous cruise ships

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ACTIVITY 5.1

For more information on the cruise ships mentioned in Figure 5.1, log on to: http://www.greatoceanliners.net/index2.html. You will also get information on other ships there. Draw up a timeline of the cruises, with their respective descriptions and discuss with your classmates.

We have learnt about the famous ships in the cruising industry. These giant ocean liners were commonly called "the big ships" during this era (Foster, 1995). The main business of these "big ships" was to transport passengers across the Atlantic Ocean. Besides the transatlantic crossing, many ship lines started to offer vacation cruises during winter to increase their revenues. The vacation cruises involved sailing from ports on the east coast of the US to the Caribbean region.

Until the 1950s, big ships conquered the transatlantic crossing. However, the dominance of the big ships came to an end in 1958. This was due to the emergence of jet aircrafts which transported passengers across the Atlantic Ocean. Hence, ship travel soon became little more than an object of curiosity by 1970.

Apart from decreased demand, many cruise lines were forced to cease operations due to an increase in fuel price. In fact, many ship building companies also went bankrupt.

5.1.2 Development of the Cruise Industry

So far, you have been introduced to the history of the cruising industry. We have also learnt that the cruise industry faced a downfall after the emergence of the aircraft industry in the 1950s. However, the cruise industry has grown tremendously since then and continues to play a big role in tourism. Now, we are going to touch on the importance of this industry to tourism.

Currently, as stated by the Cruise Lines International Association (CLIA), the cruise industry is the fastest growing segment of the travel industry. This can be seen in the growing number of ships and passengers. The cruise industry enjoys a very high level of passenger satisfaction and repeated business.

Now, let us look at some statistics of the industry:

(a) Since 1980, the industry has had an average annual growth rate of 8.1 per cent.

(b) About 1.43 million passengers cruised in 1980.

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(c) Since then, there has been steady growth till 2003 when 8.19 million passengers cruised. You can see this clearly in Table 5.1.

(d) The CLIA estimates that a record 10.5 million passengers cruised in 2004 and predicted that 11.1 million cruised in 2005.

(e) Since 1990, approximately 71 new ships have been introduced.

Table 5.1: Number of North American Passengers

Year	Passengers (Millions)	Year	Passengers (Millions)
1980	1.43	1992	4.13
1981	1.45	1993	4.48
1982	1.47	1994	4.44
1983	1.75	1995	4.37
1984	1.85	1996	4.65
1985	2.15	1997	5.05
1986	2.62	1998	5.42
1987	2.89	1999	5.89
1988	3.17	2000	6.88
1989	3.28	2001	6.90
1990	3.64	2002	7.64
1991	3.97	2003	8.19

Source: Cruise Lines International Associations, 1980-2003 year-end Passengers (From: Goeldner and Ritchie, 2006)

We must also note that most cruises nowadays represent floating destination resorts in the minds of consumers. Cruises get profits through **casinos**, **spas**, **alcoholic beverage sales**, **shopping**, **shore excursions** and **pre-and post-cruise packages**.

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As mentioned earlier, the cruise industry is young although ships have been a means of transportation since ancient times. Nowadays, the main purpose of a cruise is to provide a resort experience rather than point-to-point transportation. It has established itself as an important component of the travel and tourism industry in the US.

A study by Business Research and Economic Advisors (BREA), commissioned by the International Council of Cruise Lines (ICCL), revealed that the North American cruise industry generated $12 billion (RM 42 billion) in direct spending and $20.4 billion (RM 71.4 billion) in total economic activity in 2002. In addition, an estimated 279,112 American jobs were created. Is this not amazing?

As mentioned before, cruise ships are often referred to as "floating hotels", but to many people, a cruise is more than a vacation at sea. To some passengers, a cruise is a romantic interlude, a honeymoon or a wedding anniversary celebration.
Before we go any further, let us look at two terms which are commonly used in this industry:

Port of Call

- The destinations at which a ship docks.
- Cruise ports of call range from the Caribbean, Mexico and Alaska to Europe, Far East and the South Pacific.

Embarkation Point

- The point from which a cruise ship begins its journey.
- In North America, major embarkation points include Miami, New York City, Fort Lauderdale, San Francisco, Los Angeles, Seattle, New Orleans, Honolulu, San Juan (Puerto Rico), Acapulco, Montreal and Vancouver (Canada).

What is **"cruising"** all about? Besides relaxing on the deck, enjoying your favourite activity or visiting an exotic destination, we can say that the best offer that a cruise can give is the best travel value for your money. This is owing to the fact that a typical cruise fare includes meals, accommodation, entertainment, recreation and activities for children and teenagers, depending on the ship. In certain cases, airfare may also be included. Do you not think this is worth the money? Ward (2000) gave his justifications on why people are attracted to cruises. He believed that cruises are attractive to people because:

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- Accommodation, meals and entertainment are included in the price paid;
- Cruise package holidays which offer flights to the port of departure;
- A wide range of fitness and sports activities are available;
- A number of different interesting places can be visited without having to change passenger's accommodation;
- Services like currency exchange and guided tours are provided; and
- Food, language and surroundings are familiar.

When we look at the cruise industry in terms of a demand-supply relationship, Prosser (2000) indicated that no sector demonstrates the dynamic character of tourism better than an ocean cruise package holiday. In fact, ocean cruises have traditionally carved a niche as an elite, high-cost sector of the tourism market.

As we know, cruise holidays have become one of the fastest growing and profitable sectors of the tourism industry. How can this industry experience such fast growth despite its decline in the 1980s? We can get a clearer picture of the reasons for this occurrence when we look at the demand, supply, destination offered and marketing strategy of the industry.

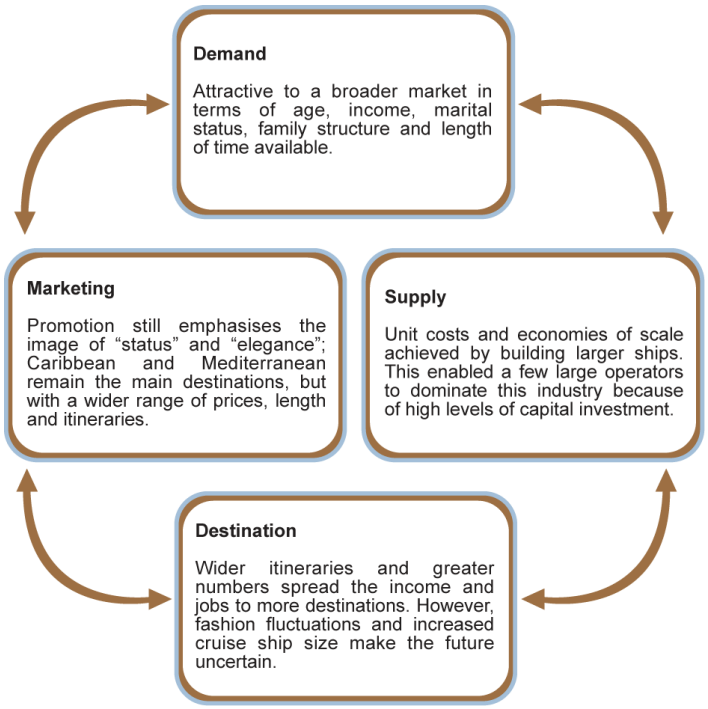


Figure 5.2: The changing world of ocean cruise tourism
Source: Adapted from Prosser, 2000

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Let us look at Figure 5.2. We can say that the cruising industry has emerged as a form of mass tourism due to several shifts in demand, supply, destination and marketing and the relationships between them. According to Prosser (2000), these shifts illustrate several fundamental attributes of tourism processes as detailed in the following:

- The importance of fashion, status, prestige and new experiences;
- Progressive market penetration from the trend-setting elite;
- Increasing dominance of transnational corporations;
- The use of economies of scale to reduce unit costs and to broaden the potential market – an increased range of options around a core format; and
- Demand and supply are dominated by more economically developed countries (MEDC) – two-thirds of world demand and cruise origins come from North America although cruise itineraries are global.

SELF-CHECK 5.1

1. Why did the cruising industry face a decline in the 1950s?
2. Define the following:
   (a) Port of calls; and
   (b) Embarkation Point.
3. List two cruise liners in Malaysia and their embarkation points.

ACTIVITY 5.2

What do you think of the cruise industry in Malaysia? How will the future of this industry be in Malaysia? What factors do you believe will contribute to the development of this industry in Malaysia? Discuss with your coursemates.

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5.2 TYPES AND CATEGORIES OF CRUISES

We have been discussing the cruise industry so far. Now, let us explore the types and categories of cruises. For your information, there are different ways of classifying cruises. In this section, we will cover the categories of cruises based on three sources: Gee, Makens and Choy (1997), Foster (1995) and Nickerson (1996). Take a look at Table 5.2.

Table 5.2: Cruise Types and Categories

Gee, Makens and Choy (1997)	Foster (1995)	Nickerson (1996)
(a) Resort (b) Deluxe or luxury (c) Adventure or exotic cruises	(a) Volume cruises (b) Premium cruises (c) Luxury cruises (d) Specialty cruises	(a) Sea cruises (b) River cruises (c) Lake cruises and ferries (d) Freight cruises (e) Charter yachts and sailboats

Now, let us see categories of cruises as indicated by Gee, Makens and Choy (1997).

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Table 5.3: Cruise Types as Indicated by Gee, Makens and Choy (1997)

Cruise Types	Explanation
(a) **Resort cruises**	• Represent the majority of cruise types with Carnival Cruise Lines, Norwegian Cruise Lines and the Royal Caribbean Cruise Line leading this category. • Ships are large, with about 1,000 to more than 2,000 passengers. • Food and beverage are plentiful, but are not necessarily a gourmet fare. • Destinations are normally warm climate places. • Markets are highly segmented e.g. families with children and homeowners. • Shipboard activities such as entertainment, aerobics and bingo are emphasised. • Short itineraries: three to seven days.
(b) **Deluxe or luxury cruises**	• High level of personal service. • Capacity vary from 125 to 950 passengers. • Dining is elegant with crystal tableware and fine china. • Cabins are usually suites. • Itineraries are 14 days or longer with some as long as a month. • Entertainment consists of classical music, shows and educational lectures. • A high crew-to-passenger ratio. For example: the Seabourn Cruise Line in the US has 140 crew members to serve a maximum of 200 passengers.
(c) **Adventure or exotic cruises**	• Likely to explore narrow inlets and allow passengers to wade ashore. • Education is offered as entertainment with experts in various fields giving onboard lectures covering topics of relevance to the trip. • Ships may be older and smaller, having been retired as resort cruise ships. • Ports of call are out of the ordinary. • Tourist-type shopping and sightseeing are less important than discovering new places and experiences. • Basic dining services with a substantial fare. • Passengers are older, well-educated; many are professionals and interested in environmental and international topics.

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Foster (1996), classified cruises into four categories. Each of them is explained in Table 5.4:

Table 5.4: Cruise Types as Indicated by Foster (1996)

Cruise Type	Explanation
(a) **Volume cruises**	• Also called mass-market cruises, account for approximately 60 per cent of all cruise revenues. • Three types: **short cruises** (two to five days), **standard-length cruises** seven days) and **longer cruises** (nine to 14 days). • Include budget and standard cruises. • Accommodations and services are comparable to those of most standard hotels. • Emphasises short itineraries and quick turnover (the number of times that new passengers are brought on board) – fast turnover means more cruises can be conducted over a shorter period of time, generating more revenue. • Examples of successful mass-market cruise lines: Carnival Cruise Lines, Kloster Cruise Limited and Cunard Cruise Lines.
(b) **Premium cruises**	• Also known as upscale cruises, these account for about 30 per cent of all cruise revenues. • Range from a week to three months of sailing. • Accommodations, facilities, entertainment and meal service equivalent to those of a first-class resort hotel. • Example: Royal Viking Cruises and Cunard Cruise Lines.
(c) **Luxury cruises**	• Account for about six per cent of the cruise market. • Offer high level of elegance and comfort, the most expensive type of cruise. • Luxury liners feature long itineraries and exotic destinations. • Example: Seabourn Pride, which has a capacity of 212 passengers, sails from New York to Europe, West Africa, the Carribean and South America all in one itinerary, in six to 12 months of cruising time. • Other examples: Crystal Cruises, Renaissance Cruises and Oceanic Cruises.

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(d) **Specialty cruises**	• Include scuba diving, archaeology, whale-watching and biology cruises. • Ships used for such cruises are specially equipped passenger vessels with only basic food and beverage service. • Popular among well-educated single travellers and couples without children. • Examples of specialty itineraries include cruises to the Amazon River, Antarctica or the Aleutians.

As stated by Nickerson (1996), cruise lines are certainly the largest component of the cruising industry. However, smaller cruises on rivers, coastal areas and lakes are also common. Nickerson has categorised cruises into five types as described in Table 5.5.

Table 5.5: Cruise Types as Indicated by Nickerson (1996)

Cruise Type	Explanation
(a) **Sea cruises**	• Range from one-day "see nothing" trips (which cost as low as $70 (RM 245) per person) to three-month around-the-world trips (may cost in excess of $24,000 (RM 84,000) for two people). • Lasts three to seven days and involves stops at various ports so that the passengers can experience local customs. • Promoted as a vacation – the stops along the cruise are an added luxury to an aboard-ship vacation of sun and relaxation in the Mediterranean or the Caribbean or viewing glaciers and scenic mountains along the Alaskan and Canadian coasts. • Offer on-board entertainment, with swimming pools, 24-hour buffets, health spas, themed special events and recreation centres. • Destinations vary – the Caribbean and the Mediterranean are the most popular warm weather cruises. Other destinations include the Bahamas, San Juan, Mexico and Mexican Rivera, the Canary Islands and Morocco and transcanal trips through the Panama Canal. Other North American trips include the Pacific coast from Los Angeles to Vancouver and the Alaskan vacation up to Skagway or Prince William Sound. Northern Europe is also popular for its scenery in and around Norway and Sweden. • Gambling cruises to nowhere is another type of sea cruise, quite common along some US coastal areas.

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(b) **River cruises**	• Can be a short (two to three hours) or long (up to 12 days) trip. • A popular tourist attraction for many communities. • Many riverboats are used for wedding receptions, company retreats and other group parties. Some provide dinner as well as entertainment on board. • Winter season is a disadvantage for river cruises as many northern areas freeze during this time, so many riverboats must close down for the season. • There are two popular cruises at the Mississippi River- the **Delta Queen and Mississippi Queen**. These give travellers a sense of the historic way of travel in North America on paddle-wheel ships. • Example: An Alaskan wheeler travels past dogsled teams and Eskimo fishing wheels and stops at an Eskimo hunter's village.
(c) **Lake cruises and ferries**	• Common in some of the Great Lakes. • Combined as a ferry and a cruise, travel to a destination across the lake, then turns around for the return trip. • Ferries also transport vacationers' vehicles across Lake Superior, travelling day or night across the lakes. • Ferries are common in New York and Seattle, between Alaskan and Canadian islands and the mainlands, across the English Channel and around other spots where people need to get across the water with their car for work or leisure on the opposite shore. • Ferries go to areas where plane service is non-existent and automobiles have limited ways of reaching the destination. • Short-distance ferries usually have an informal seating and decks space for passengers, while long-distance ferries may have cabins, food service and recreation rooms for passengers.
(d) **Freight cruises**	• Tourists can also travel via freighter lines worldwide. • Accommodations are similar to those of cruise lines with little or no on-board entertainment. • Advantage: passengers get to visit ports around the world that have never been used by cruise ships. • Attract adventure – travellers who do not need pampering and who like to view the world from a less touristic stance. • Passengers are limited to 12 or fewer so the chance of getting on a freighter is limited. • Some freighters allow passengers to disembark at destinations of their choice and return by plane.

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(e) **Charter yachts and sailboats**	• Chartering a yacht or sailboat was considered an activity for the very rich, but now it is within the reach of people with middle-class incomes. • Can be arranged either for a few hours or an entire vacation. • Can also be rented with the sailor included or to experienced sailors who sail their own boats. • As many owners of the boats cannot keep up with the maintenance, they usually allow their boats to be chartered. This is known as **"yachtaminium"**, a concept like the time-share for a condominium. Time on a yacht is purchased by the consumer who then can trade for time on another yacht in another marina across the country.



SELF-CHECK 5.2

True or False Statements

1. Premium cruises are also called mass-market cruises.
2. Crystal Cruises is categorised as luxury cruises.
3. River cruises normally offer long itineraries upto three to four months.
4. Specialty cruises have a high level of personal service.
5. There are three types of volume cruises – short cruises, standard-length cruises and longer cruises.

5.3 MAIN ROUTES OF CRUISES

Next, we will touch on the main routes of cruises. Cruise routes are fixed ways along which cruises regularly travel. We can locate major cruise routes in seven regions across the globe. These include:

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(a) Caribbean, Bermuda and the Bahamas, including Coast of Central and South America;
(b) West coast of North America, including Mexico, the US (including Alaska) and Canada;
(c) Mediterranean, divided between western and eastern sectors;
(d) Pacific Islands and Far East;
(e) Baltic Sea, northern European capitals and the North Cape;
(f) West Africa and Atlantic Islands of Canaries and Madeira; and
(g) Around the world.

Table 5.6 highlights the main cruising areas including the season of particular cruising as well as the specialisation of the cruises.

Table 5.6: Cruising Areas

Cruising Areas	Season	Specialisation
Ocean and Sea Crossing		
Bahamas	Year-round	Combo with Disney World
Baltic Sea	Summer cruising	Ferries year-round
Bermuda	Spring to fall	The ship ports for several days
Black Sea	May to October	Extension of Mediterranean itineraries
Caribbean	Year-round	East – Puerto Rico, Virgin Islands West – Mexico, Cayman Islands, Jamaica South – smaller islands
China and Japan	April to June	Visits on a world cruise or coastal
Hawaii	Year-round	Whale-watching, island culture
Mediterranean	May to October	East – Greece, Egypt, Israel, Turkey Central – around Italy West - Balearics and Spain
Mid-atlantic	Year-round	Madeira, Azores, Canary Islands
South America	Varies	Galapagos Islands
South Pacific	Year-round January to March Year-round	Australia, Great Barrier Reef World segments, Melanesia, Polynesia
Southeast Asia	October to March	Expedition on world cruises and Indonesia

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Transatlantic Crossings	Summer	Queen Elizabeth 2
Coastal Cruising		
Alaska	May to September	Cruises in summer and the Marine Highway year-round
Canada, New England	Summer to fall	Fall foliage
Europe	Spring and fall	
Mexico	Year-round	West Coast and Yucatan
Norway, North Cape	May to September	Hurtigruten year-round
Specialty Cruises		
Adventure cruises	Year-round	Off-beat destinations
Cruise to nowhere	Seasonal	Party cruises
Dive boats	Year-round	Appeal to dedicated divers
Freighters	Year-round	Flexible requirements
Windjammers	Year-round	Informal
Yachts	Year-round	Bareboat or with crew
Inland Waterways		
Australia's Danube River	April to October	Scenery and history
Brazil's Amazon River	December to April	Soft adventure
China's Li, Yangtse Rivers	Spring, fall	Unique scenery
Canals	Varies	Belgium, England, France and the Netherlands
Egypt's Nile	November to April	Port-intensive
Germany's Elbe, Moselle and Rhine Rivers	April to October	Ferries year-round
Mississippi River	Year-round	Varied itineraries
Sweden's Gota Canal	May to September	Slow-paced

Source: Starr, 2000

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5.4 MARKETING STRATEGIES OF CRUISE LINES

By now, you should know that the cruise industry is the fastest growing segment of the travel industry. However, did you know that it has a great untapped market? Market penetration has been a great challenge in this industry. In this section, we will learn about the marketing strategies of the cruising industry.

For many individual cruise lines, marketing strategies are a trade secret. However, in general, we can say that creative marketing is very important in order to secure return passengers and encourage new passengers.

Nickerson (1996) believes that cruise line marketing strategies should be based on the concept of the marketing mix - 4Ps: Product, Price, Place and Promotion. Look at Figure 5.3 to get an overview of the 4Ps in the cruising industry.



Figure 5.3: The marketing mix of the cruising industry

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The details of the 4Ps are as in Table 5.7.

Table 5.7: The 4Ps of the Cruising Industry

4Ps	Explanation
(a) **Product**	• Products: ship, service and amenities on board and routes. • Provided with quality and service. • Price, place or promotion cannot keep customers coming if the product is outdated. • The **ship** should be **comfortable**, **appealing** and **interesting** to the passengers: – The cabins, as hotel rooms which are afloat must be comfortable and provide privacy for passengers. – **Entertainment** should be provided for the guests. – The ship must also be equipped with large multipurpose rooms for meetings, conferences or dancing. – It must also have health spas, swimming pools, a fully equipped gymnasium and other recreational facilities. – The meals provided must be good as eating on a cruise is one of the most popular activities on such a vacation. – The ship must also provide other facilities such as a doctor's office or clinic, casino and clothing and souvenirs shop. • The **amenities** on board should come with quality service – the ratio of crew members to passengers should guarantee a high level of service for every passenger; a variety of services should be offered and performed professionally. • The **route** as a product is actually a key marketing strategy. For example, shorter trips can be introduced in order to provide a cruising opportunity for people with lower or fixed incomes. This strategy is actually to obtain repeat customers since it is believed that people who have taken a cruise are more likely to take another one of a longer duration. • The actual route and stops en route are also of considerable importance – warm weather cruises usually stop for several hours in one or more ports to allow passengers to shop and experience other cultures.

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(b) **Price**	• Varies according to **cruise duration**, **ship age** or **profile**, **season** and **cabin choice**. • The longer the trip, the more costly it will be. • **Season** is also an important factor in pricing. For example, many people want to get away from the cold north in the winter and bask in the warmth of a tropical climate. • For the **ship profile**, older ships actually cost more than newer ships. This is because the cabins of older ships are roomier and other rooms are also larger. • The choice of **cabin** is also a factor in overall cruise price.
(c) **Place**	• For marketing purposes, place refers to the **port of departure**. • The port has a significant bearing on the target market area and the number of potential customers. For example, ports in Florida such as Miami, Tampa and Fort Lauderdale draw customers mainly from the southeastern part of the US. • Today, the port's target market is restricted only by the availability of fly, cruise or rail, cruise packages. • Recently, cruise ships have developed fly, cruise and land packages that include airfare, cruise ship accommodation and attractions in the port city or a nearby city. For example, the Bahamas cruise is combined with a three-day stay in Orlando to visit Disney World, Magic Kingdom and Epcot. The price of such packages is all inclusive.
(d) **Promotion**	• Promotional activities are developed around product, price and place as well as consumer's knowledge. • Involves selling shorter trips to first-time cruisers and selling any trip to repeat customers. • Involves **advertising** fly, cruise and rail, cruise packages and setting a price that the consumers are willing to pay. • Success in the cruise industry requires niche marketing, such as business or theme cruises. • Also requires joint marketing efforts and creative strategies for selling to travel agents or directly to consumers. • Cruise lines depend heavily on travel agency loyalty and spend a great deal of their promotional efforts on a limited number of agencies that actively sell cruises. Other agencies are reached through direct mail, telemarketing and travel shows. • Promotion directly to the consumer is usually through newspaper advertisement.

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ACTIVITY 5.3

You are invited as a guest speaker and asked to speak on "Barriers to the Growth of Cruise Travel in Malaysia". Think about the answers to the following questions from the point of view of a guest speaker and discuss them with your coursemates.

(a) What barriers do you think will hinder the growth of cruise travel in Malaysia?

(b) What strategies should be taken to cope with the identified barriers? How can these strategies be implemented?

(c) What can you propose to make cruises more affordable and available for many more people?

ACTIVITY 5.4

Visit www.starcruises.com and read about Star Cruises. Can you fill up the following table on the marketing mix that they use?

Product	*Example:* *Product: Ships* – *SuperStar Virgo* – *SuperStar Gemini* – *SuperStar Libra* – *SuperStar Aquarius* – *Star Pisces* – *MegaStar Aries* – *MegaStar Taurus*
Price	
Place	
Promotion	

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5.5 GETTING AROUND MALAYSIA BY SEA OR RIVER

Let us look at the ways in which we can travel around Malaysia by sea or river. Travelling by sea or river can be very interesting in Malaysia. Well, there are many ferry services which provide links between mainlands and islands and islands to islands. There are also sea and river cruises operated by some local tour agents.

Peninsular Malaysia and Sabah and Sarawak in Borneo are easily accessible via several ports of entry at Penang, Port Klang, Kuantan, Kuching and Kota Kinabalu. Port Klang is the most popular port of entry. It is known as Malaysia's largest modern sea port and is located midway on the west coast of the peninsula. It has excellent harborage and is a major shipping and cargo terminal.

Ferry is a popular form of water transportation at major islands. In Peninsular Malaysia, ferry services between Butterworth and Penang are still popular despite the existence of the Penang Bridge. There is also a modern ferry service for those who wish to travel between Kuala Perlis on the mainland and Langkawi Island.

How about boat services? Regular boat services are available from Lumut to Pangkor Island and the Mersing toTioman Island routes. In Sabah, longboat services are available from Labuan to Menumbak. In the riverine areas of Sarawak, the major means of transportation are air-conditioned express boats.

Other than ferries and boats, cruise travel is also becoming popular in Malaysia. Westport in Port Klang is the site of the largest cruise ship terminal in the Asia-Pacific region. It is known as the Star Cruise Terminal. The Star Cruises and Empress Cruise Lines are major international leisure cruise lines that call at Penang, Port Klang, Melaka and Langkawi.



SELF-CHECK 5.3

1. List two ferry services in Malaysia.
2. Name five ports in Malaysia.
3. Name two cruise lines that call at Penang, Port Klang, Melaka and Langkawi.

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SUMMARY

- Cruise holidays have become one of the fastest growing and profitable sectors of the tourism industry.
- A typical cruise fare includes meals, accommodation, entertainment, recreation and activities for children and teenagers, depending on the type of ship.
- There are different classifications of cruises:
  - Resort, deluxe or Luxury and adventure or exotic cruises;
  - Volume, premium, luxury and specialty; and
  - Sea, river, lake and ferries and freight cruises and charter yachts and sailboats.
- Throughout the world, there are several major cruise routes located in seven regions.
- For individual routes, there are specific seasons and specialisation of cruising.
- In general, creative marketing is required to secure return passengers and attract new passengers.
- Cruise line marketing strategies are based on the 4Ps of marketing of **product**, **price**, **place** and **promotion**.

KEY TERMS

Berth

Cruise Lines International Association (CLIA)

Cruise

Cruise line

Cruise ship

Disembark

Embarkation point

Itinerary

Port of call

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SELF-TEST 1

1. Describe three categories of cruises as identified by Foster (1996).

2. Major cruise routes of the world are located in seven regions of the globe. State the seven regions.

3. Identify and list five examples of inland waterway cruises.

4. Describe charter yachts and sailboats.

5. Explain the marketing strategies of cruise lined that is based on the marketing concept of product.

6. Known as a flying craft a hovercraft is capable of transporting cars and passengers like ferries.

   A. True B. False

7. In South America, major embarkation points include Miami, New York City, Fort Lauderdale, San Francisco, Los Angeles, Seattle, New Orleans, Honolulu, San Juan (Puerto Rico), Acapulco, Montreal and Vancouver (Canada).

   A. True B. False

8. Premium cruises are known as mass-market cruises and account for approximately 60 per cent of all cruise revenues.

   A. True B. False

SELF-TEST 2

1. Nickerson has categorised cruises into five types – sea cruises, river cruises, lake cruises and ferries, freight cruises and charter yachts and sailboats. Explain sea cruises.

2. Explain the cruise line marketing strategy that is based on the marketing concept of promotion.

3. Identify and list five examples of ocean and sea crossing cruises.

4. Define "yachtaminium".

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5. Describe "specialty cruise".

6. The Queen Mary and the Queen Elizabeth II were used to transport British assault troops during World War II.

   A. True B. False

7. Ferries are faster and bigger than hovercrafts.

   A. True B. False

8. Since 1980, the cruise industry has had an average annual growth rate of 8.1 per cent.

   A. True B. False

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Topic 6 Air Transportation

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Describe the development of the airline industry;
2. Explain aspects of international air transport regulations;
3. Identify the roles of the International Air Transport Association (IATA);
4. Discuss the five forces that have lead to the criticism of IATA;
5. Assess some aspects of airline management;
6. Explore the marketing strategies of airlines; and
7. Review ways to travel around Malaysia by air.

INTRODUCTION

In Topic 5 you have learnt in detail about water transportation. Now you would have a clear picture of what water transportation is and how important it is to tourism. Let us now move on to another mode of transportation i.e. air transportation.

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Figure 6.1: Grand sale
Source: www.airasia.com.my

Before we go on further, let us look at the advertisement in Figure 6.1. What attracts you to it? The price, destination or services? As we know, in Malaysia, we are spoilt for transportation. However, what makes air transportation special over the other types of transportation? In order to find the answer to this question, let us explore this topic which specifically discussing the development of the airline industry and its elements as well as national and international regulations. Apart from these, we will also learn about the management aspects and marketing strategies of airlines. This topic concludes with a discussion on getting around Malaysia by air. Let us start!

6.1 OVERVIEW OF THE AIRLINE INDUSTRY

In the following subtopics, we will discuss the history and development of the airline industry and the elements of civil aviation.

6.1.1 History of the Airline Industry

As 100 years of flight have since passed, the airline industry has seen immense growth from its infancy to now a giant industry. We should thank Orville and Wilbur Wright who first launched the aviation age. You may be very curious as to who Orville and Wilbur Wright were. They were better known as the Wright

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brothers who invented the first aeroplane. Now, let us learn the history of the airline industry as shown in Table 6.1.

Table 6.1: Chronology of Airline Development

Year	Explanation
1900s	1903 • The Wright brothers' first successful flight in Kitty Hawk, North Carolina, marked the beginning of the aviation industry.
1920s	1921 • Four aircrafts flew between Los Angeles and New York, taking 33 hours. • The route was lighted with 289 large flashing beacons covering the 2,600 miles. • There were also well laid out emergency landing fields alongside the beacons. 1925 • Air Mail Act of 1925 – the "Kelly Act" – was passed giving the airmail service over to private airmail operators for four-year periods under a bidding scheme. • These private carriers, through the airmail revenue, could then expand into carrying other forms of cargo, including passengers. 1926 • The Air Commerce Act, passed in 1926, allowed federal regulation of air traffic rules. This helped to improve the safety of flights. 1927 • Charles Lindbergh successfully completed a solo flight across the Atlantic Ocean and created massive interest in flying with the general public. • American Airlines was created (the first major airline).
1930s	1931 • United Airlines was created.

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World War II (1939 – 1945) • World War II (WWII) was the major and singular event that promoted the growth of the commercial airline industry.	• WWII temporarily disrupted commercial flights but it brought tremendous long-run gains for the development of the air transportation industry, including: – The creation of a large body of experienced pilots. – Increased knowledge of weather. – Improved maps and knowledge of foreign terrain. – Construction of thousands of airfields in wide parts of the world. – Increased public acquaintance with aviation, as hundreds of thousands of military personnel and civilian employees experienced their first flight during the war. – A large assortment of surplus aircrafts which were purchased relatively inexpensively after the war and converted to commercial use. – Increased knowledge of aircraft design, flying techniques and other knowledge necessary for advancement of the industry. – The development of jet aircrafts. • Invention of the jet-propelled engine (aviation technology developed during World War II) or known as the **jet age** promoted the growth of the aviation industry: – Travel time was cut down tremendously e.g. in the US, passengers crossed the coast in five hours. – Building of faster and bigger jet planes i.e. Jumbo Jet, Boeing 747; capacity of up to 500 passengers at speeds of over 1000km/h. – Majority of aircrafts were jet-propelled.

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1950s	1958 • The Federal Aviation Administration (FAA) was created. • It was charged with developing an air traffic control system because of in-air collisions. 1959 • Jets were introduced first in the US, then soon around the world. • Jet aircrafts greatly increased travel speed and flight distance. They also: – Enabled planes to fly farther without refuelling. – Allowed for smoother flights. – Increased passenger seating capacity. • All of these factors helped to win greater public acceptance of commercial airlines and resulted in formidable competition for slower transportation modes such as railroads and passenger ships.
1970s	1970 to 1972 • The wide-bodied Boeing 747 (1970), Douglas DC-10 (1971) and Lockheed Tristar 1011 (1972) were introduced. – These planes further increased passenger comfort and seating and freight capacity. – The major factors behind the success of these aircrafts was the improved economics of long-distance air service. 1978 • **Airline Deregulation Act of 1978** was introduced. – It removed government control over commercial aviation and exposed the passenger airline industry to market forces.

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1980s	• Further improvements were made in aircraft technology with the introduction of aircrafts such as DC-9-80, Boeing 757 and Boeing 767. – The aircrafts were designed for fuel-efficient operations, offering about 30 per cent lower fuel consumption per passenger than the older models. – The introduction of the longer-range Boeing 747-400 dramatically shifted travel patterns with its range of 8,000 miles (over 12,000km) and capacity of 418.
1990s • Introduction of new aircrafts including MD 11, Airbus A-340 and Boeing 777.	**1994** • The member airlines of the International Civil Aviation Organisation (ICAO) carried an estimated 1.2 billion passengers on international and domestic routes, an increase of sixty-fold (60) since the first jetliner flew in 1949.

6.1.2 Development of the Airline Industry

The airline industry remains a large and growing industry. It facilitates economic growth, world trade, international investment and tourism. Do you wonder how? Take a look at the statistics that follow.

(a) The world's airline industry carries over 1.6 billion passengers annually (Goeldner and Ritchie, 2006).

(b) Commercial aviation, in the US alone, generates more than US$100 billion (RM351billion) in annual revenue while employing about 600,000 people.

(c) 2004 was thought to be the first profitable year of this century for the air industry. With US$2.8 billion (RM9.8billion) in losses, the world airline industry survived SARS, terrorism, conflict in Iraq and a sluggish economy in 2003.

(d) In spite of outstanding passenger gains in 2004, the price of oil denied profitability yet again.

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Now, can you imagine how big the industry is? Air transport is also the fastest growing sector of the world economy. You can see this clearly in a report by the International Air Transport Association (IATA) which projects that "passenger and freight traffic will increase at an average annual rate of five per cent until the year 2000. By the year 2010, aviation's economic impact could exceed US$1.5 (RM 5.3) trillion with over 30 million jobs provided".

Let us take a look at Table 6.2 to see the top 20 airlines in the world in 2003.

Table 6.2: Top 20 World Airlines by Revenue Passenger Kilometres (RPKs), 2003

		RPKs (000,000)
1	American	193,604
2	United	167,970
3	Delta	143,896
4	Northwest	110,637
5	Air France	101,644
6	British Airways	100,850
7	JAL Group	93,847
8	Continental	92,662
9	Lufthansa Group	90,708
10	Southwest	77,288
11	Qantas	77,225
12	Singapore	63,940
13	US Airways	60,792
14	Air Canada	59,507
15	KLM	57,368
16	All Nippon	50,182
17	Thai	44,934
18	Cathay Pacific	42,774
19	Iberia	41,983
20	Emirates	40,000

Source: Air Transport World, from Goeldner and Ritchie, 2006

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So far you have read about the potential of the airline industry. However, do you know that this industry faces many problems? One of the significant problems faced by major carriers is the growth of low-cost carriers. You can see this happening in Malaysia. It has a great impact on the growth of major carriers. It makes the comeback to profitability a more difficult task.

Airlines with brand names like Ryanair, Easyjet, Westjet, Southwest, JetBlue and Air Asia are growing and gaining ground against their larger competitors. These low-cost carriers are also making a profit and are joined by new low-cost carriers all over the world.

Apart from these, the airline industry faces many other challenges. For example:

(a) The fear of flying "syndrome".

(b) A lack of geographic accessibility since not all communities in a particular country are served by air transportation.

(c) The length of time spent getting to and from the airport.

Despite the challenges, the airline industry keeps on growing. We cannot deny that the air transportation system is very important to the world's economy and tourism industry. Let us look at this from a tourism perspective. We can undoubtedly say that without airline passengers there will be a slow-down in tourism related businesses. In fact, the airlines have revolutionised travel and tourism.

As countries recover from global problems such as a weak economy, SARS and others, the world's air transportation is expected to grow at a steady rate. The stronger the world economy, the greater the rate of growth for the world's air transportation. As for the future of tourism, air transport growth is an essential ingredient as the growth of tourism is linked to air transport performance.

There may be many factors that influence the growth of this industry. However, from the perspective of tourism, the growth of airline business depends on two factors. These are depicted in Figure 6.2.

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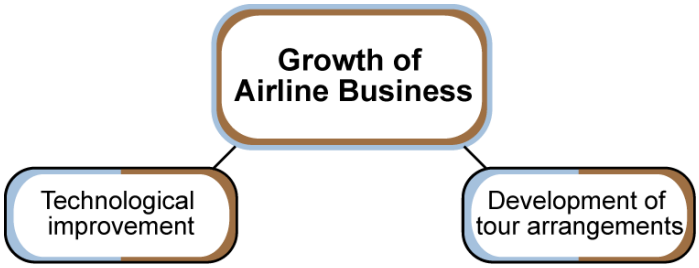


Figure 6.2: Factors influencing the growth of the airline industry

Table 6.3 explains the factors in detail.

Table 6.3: Factors Influencing the Growth of the Airline Industry

Factor	Explanation
Technological improvement	(a) Faster aircraft saves journey time (b) Bigger, economical planes carry more passengers at cheaper rates (c) Other factors: quieter engines, shorter take off and landing
Development of tour arrangements – mass travelling	(a) Tour fares by agents (b) Variable pricing techniques (c) Stand by fares (d) Charter (e) Frequent flyer programmes (f) Other promotions e.g. fly-drive, fly-stay

Today, the world airline industry has a new "future" plane which is known as "Boom". Boom is a supersonic airliner that aims to create a breakthrough aerodynamic design and enable an ultra-fast airliner as efficient and affordable as business class in today's world. The "Boom" is 2.6 times faster than any other airliner and is even speedier compared to the old supersonic, "Concorde". For instance, if you were to leave New York at 6am, within 3 hours and 15 minutes later you could make lunch and dinner meetings in London and then be home with your family again on the same day. That is how fast the supersonic is! This aeroplane can hold up to 45 passengers and could travel 2,335km per hour. It is expected that the price charged would be equivalent to a business class fare. Not only does the supersonic flight show an advancement in technology, this also implies that there would be business travellers who would gladly pay a premium price to save time. Go ahead and visit www.boomsupersonic.com to gain further information about this super innovation!

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Nonetheless, the Airbus 380 still remains as one of the largest commercial airliners designed. With twin decks and a seat capacity of 555 passengers, the Airbus is one of the frequently featured airlines in many national carrier advertisements. Take Emirates for instance; Emirates A380 offers private suites, on-board lounge (lounge bar) and shower spas in their First Class, flat bed seats in business class and in-flight Wi-Fi, an experience that only Emirates provides. Not only that, the Airbus 380 is awarded the "Best Aircraft Type" in 2015 by the Global Traveler, winning over Boeing aircrafts for the first time. The Airbus is a giant airplane that has four quiet engines with lots of room space. Moreover, the cabin in an Airbus is rather "silent". A truly sensational experience!

Alright, each airliner has its advantages in terms of room size, fare price, comfort and different types of innovation. If you are given the chance, which type of aircraft would you prefer?

ACTIVITY 6.1

Log on to: http://icmr.icfai.org/casestudies/catalogue/Business% 20 Strategy/ BSTR157.htm . Can you list the factors which contributed to the growth of Air Asia? Discuss with your coursemates.

6.1.3 Elements of Civil Aviation

In this section we are going to learn about the elements of civil aviation. What are the elements of civil aviation? It refers to the combination of several components in the aviation industry that depend on each other to serve the market. These are shown in Figure 6.3.

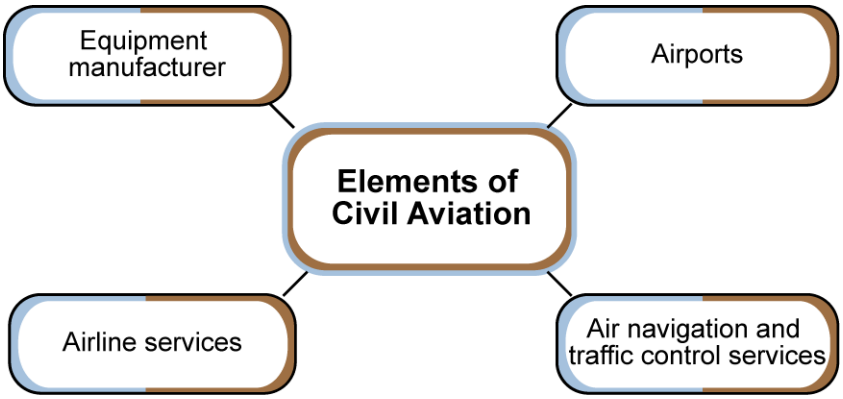


Figure 6.3: Elements of civil aviation

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Now, let us explore each of these in greater detail.

Table 6.4: Description of the Elements of Civil Aviation

Elements of Civil Aviation	Explanation
Equipment manufacturers	(a) Made up of companies that manufacture commercial aircrafts and engines (b) Demand for airframes (fuselages and wings) can be divided between those used for: (i) Large jet aircrafts (150-500 passengers) – provide passenger services throughout the world; (ii) Small (as few as 18 passengers) – most are employed on business routes; or (iii) Provide feeder services from rural airports. (c) For large aircrafts, the world market is dominated by the following manufacturers: (i) **Boeing** – has the biggest share of the market, built over 7,000 aircrafts (ii) **Airbus Industries** – a consortium of Aerospatiale (France), Daimler-Benz Aerospace (Germany), CASA (Spain) and British Aerospace (BAe – UK) – the second largest (iii) McDonnell Douglas (d) Engines are manufactured separately. The manufacturing is dominated by three companies: (i) General Electric (US) (ii) Pratt and Whitney (US) (iii) Rolls-Royce (UK) (e) Pratt and Whitney and Rolls-Royce formed a consortium, the – International Aero Engines (IAE) which also includes MTU (Daimler-Benz) and the Aero Engines Corporation of Japan - to compete more effectively for world orders. (f) The manufacture of small aircrafts is far more fragmented – several manufacturers are facing financial difficulties due to cost and competition problems; leading competitors include: (i) Saab (Sweden) (ii) British Aerospace (UK) (iii) Fokker (Dutch) (iv) ATR (French-Italian) (v) Dornier (Germany)

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Airports	(a) **Components** • An airport comprises of the following components: (i) **Passenger terminals** – buildings where tickets are bought, luggage is checked and claimed and waiting areas. (ii) **Parking lots** – vehicle parking area (iii) **Control tower** – provides air traffic control (iv) **Runways** – plane take off and landing area (v) **Taxiways** – lanes used by planes to get to and from the air terminal and the runway (vi) **Loading aprons/Jetways** – hallways that connect or link a plane to the terminal (b) **Ownership** • May be under the control of federal, state or local authorities or be under private or shared ownership (c) **Income** • Airports gain profit from the following activities: (i) Landing charges (ii) Parking fees (iii) Landing fees (iv) Airport taxes based on the size of the aircraft and number of passengers
Navigation and Air Traffic Control (ATC)	(a) Refers to the service provided on the ground to assist and control aircrafts while in the air and during landing or take off (b) ATC's functions include: (i) Guiding aircrafts into and out of airports (ii) Giving pilots detailed information of ground conditions, wind speed, cloud conditions, runways in use and the state of navigation aids. This information is usually in the form of continually updated automatic recordings.

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Airline Services	Airline services can be divided into three distinct categories: (a) **Scheduled services** (i) Provided by some 650 airlines worldwide, of which just over 250 are members of IATA. (ii) Operate on defined routes – domestic and international, for which licences are granted by the governments concerned. (iii) Operate on the basis of published timetables regardless of passenger load factor. (iv) Services may be publicly or privately owned. (v) Two types of airlines: • **Trunk route airlines** – airlines operating on major routes between "hub" airports within a country. • **Regional or feeder airlines** – airlines operating from smaller, rural airports to the "hubs"; also referred to as **commuter airlines** as their prime purpose is to serve the needs of commuting business people. (b) **Chartered services** (i) Do not operate according to published schedules, nor are they advertised or promoted by the airlines themselves. (ii) Aircrafts are chartered to middlemen (tour operators) for a fixed charge – they are responsible for selling the aircraft seats. (iii) Airlines are only responsible for operating the aircraft. (iv) Middlemen can change flight departures or cancel flights, transferring passengers to other flights. (v) Many scheduled carriers have their own charter flights, e.g. Lufthansa operates a charter subsidiary known as Condor. (c) **Air taxi services** (i) Privately chartered aircrafts which can accommodate four to eight people. (ii) Used primarily by business travellers. (iii) Offer the advantages of convenience and flexibility - routings can be tailor-made and can use small airfields. (iv) Aircraft used – helicopters and smaller planes

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SELF-CHECK 6.1

1. List the four elements of civil aviation.
2. Name the three largest aircraft manufacturers.
3. Explain the functions of the Navigation and Air Traffic Control (ATC).
4. What is the difference between trunk route airlines and regional or feeder airlines?

6.2 INTERNATIONAL REGULATIONS

Without a system of international air transportation, tourism all over the world will be almost impossible. This is because the air transportation system plays a big role in the long-term survival of the tourism industry. We have learned this in earlier sections. Here, we are going to learn about the international regulations of air transportation.

6.2.1 Bilateral Agreements

As discussed earlier, a good international air transportation system is essential to the growth of tourism. This system requires complex negotiations between nations and carriers in the form of bilateral agreements. In this context, overflight privileges must be obtained from all countries that will be crossed over during transnational flights. Among other considerations in bilateral negotiations are **landing rights**, **fuel purchase agreements** and **maintenance provisions**.

A bilateral agreement or specifically, bilateral air agreement, is a very important concept in regulating international air transportation. The concept indicates that:

> Airline service cannot be offered between a nation of origin and one of destination unless there exists a specific agreement between the two nations as to the details of the service.

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The purpose of bilateral air agreements are to ensure:

(a) **The market participation of carriers from each nation.**
- To ensure "fair" competition, as it was thought that "giant" airlines can enforce their "ultimate power" to force competition out of a particular market.

(b) **The economic capacity** by preventing duplicate flights and their scheduled frequencies to cover the same territory, which could lead to inefficient use of aircrafts by all airlines.

(c) **A system of price controls (tariffs)**
- To prevent predatory pricing e.g. discount fares in prime markets.

The need for bilateral agreements has been intensified by some small nations which feel that they should have a **flag carrier** or national airline. Most of the flag carriers are government-owned enterprises, marginally profitable and subsidised by the government. In fact, flag carriers are supported by governments due to their national pride, fear of dependency on foreign airlines and to ensure air freight for export products.

National flag carriers also provide a means of transporting visitors to support economic growth especially through tourism development. However, a few foreign airlines including US airlines are owned and operated by private enterprises. As such, they must operate at a profit and secure the market. Since the government can subsidise the losses of its flag carriers, private carriers are at a disadvantage in offering low fares.

6.2.2 Regulations on National and International Routes

With the growth of the airline industry, regulations for both national and international routes have become necessary for a number of reasons.Three of these are as follows:

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(a) **Safety of passengers** – requires the airlines to be licensed and supervised.

(b) **Public concerns** – regulations are needed in areas of noise or pollution control.

(c) **Economic consequences** – air transport has a significant impact on the economy of a region or country.

Looking at the reasons discussed, do you think that the regulation of air routes is very important to a country? Surely you would say "yes". This is the main reason for governments to develop national and international air routes which will eventually lead to the country's economic growth.

You can notice this in various policies which have been undertaken by governments. For example:

(a) Encourage competition or intervene where a route monopoly is forcing prices up;

(b) Rationalise excessive competition in order to avoid energy waste or to protect profitability of the national flag-carrier; and

(c) Provide subsidies in order to support their inefficient flag carriers.

Do you wonder how air transport operations are regulated? Generally, the operations are regulated in three ways, which are explained in Figure 6.4.

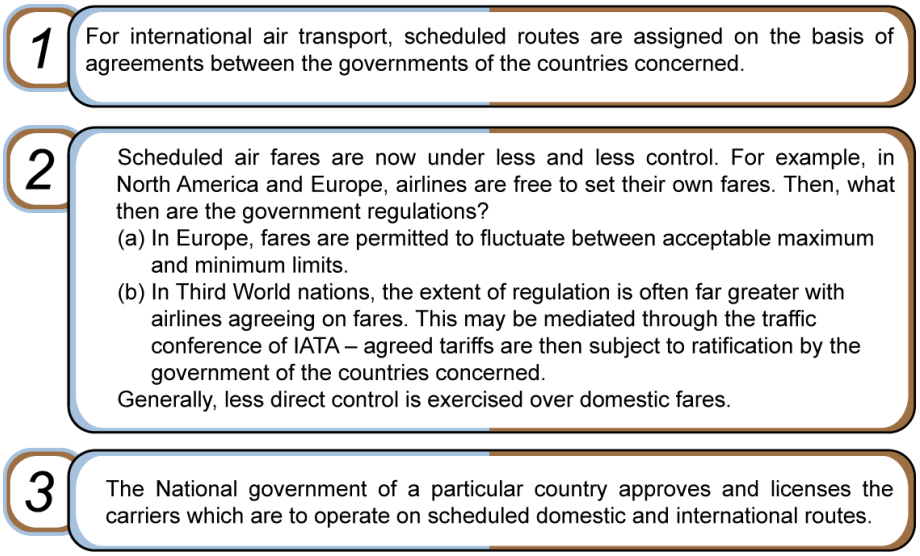


Figure 6.4: Regulations of international and national routes

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6.2.3 The Eight Freedoms of the Air

The worldwide trend now is to allow market forces to determine the shape and direction of the airline business. Today, regulation is less concerned with routes, frequency, capacity or fares but more concerned with the aspects of safety.

Before we go on further, do you know what is "freedoms of the air"? Let us look at the following definition extracted from Wikipedia.

> **Freedoms of the air** are a set of commercial aviation rights granting a country's airline(s) the privilege to enter and land in another country's airspace.

The world's governments agreed that a completely free market for international air travel is not feasible. Thus, the Chicago Convention in 1944 and the Bermuda Agreement in 1946 originated the concept of a worldwide system of airline regulation.

The beginning of continuous dialogue about the various freedoms of the air was marked by the Chicago Convention but it was unsuccessful, particularly in establishing a multilateral system of commercial aviation rights.

On the other hand, the Bermuda Agreement established an initial worldwide model for future bilateral arrangements concerning the exercise of different freedoms between countries. This model is called the **"eight freedoms of the air"**. Do you wonder what these are? Read on.

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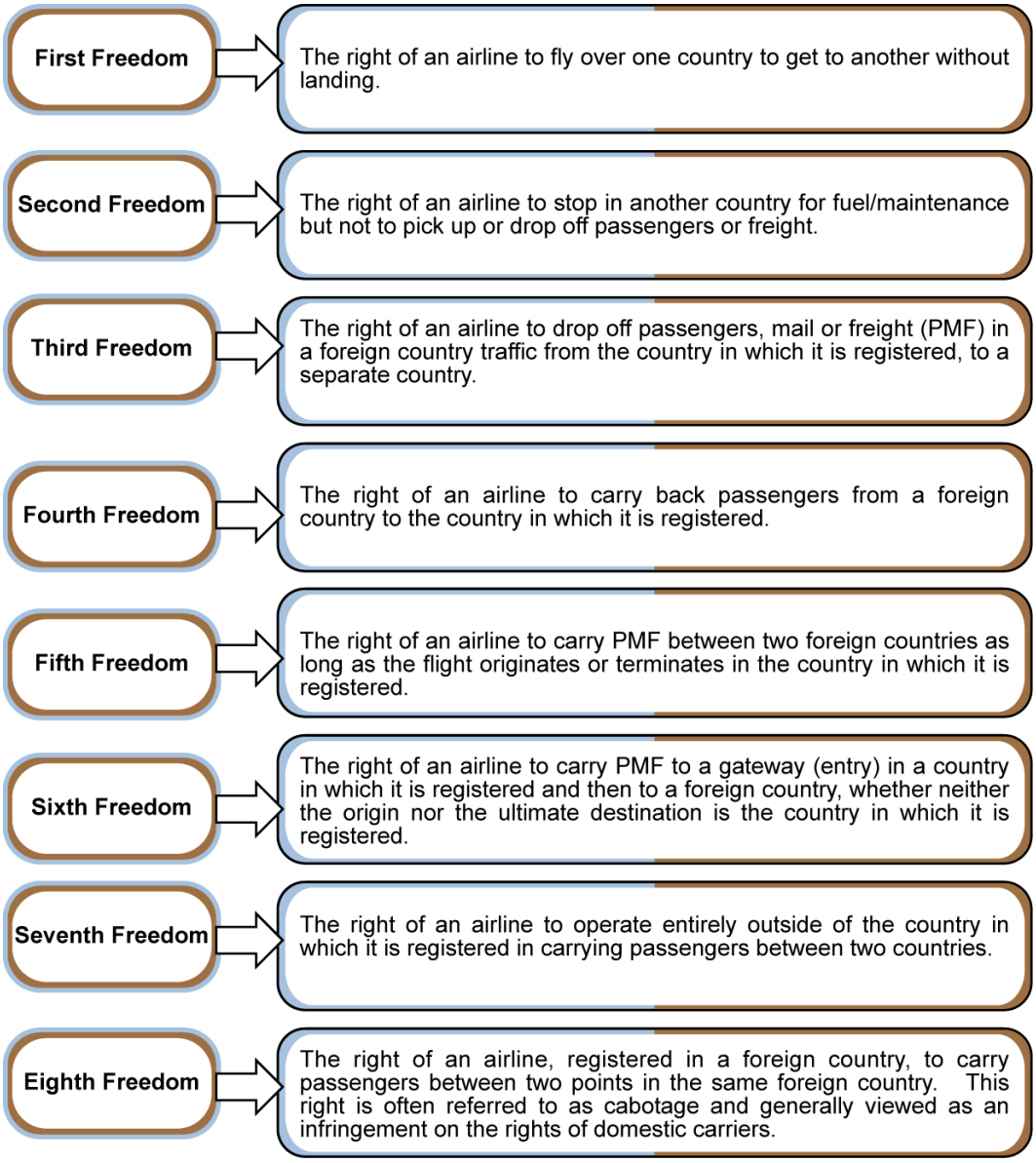


Figure 6.5: Eight freedoms of the air

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Are you still unclear about the freedoms? Let us take a look at the examples in Figure 6.6.

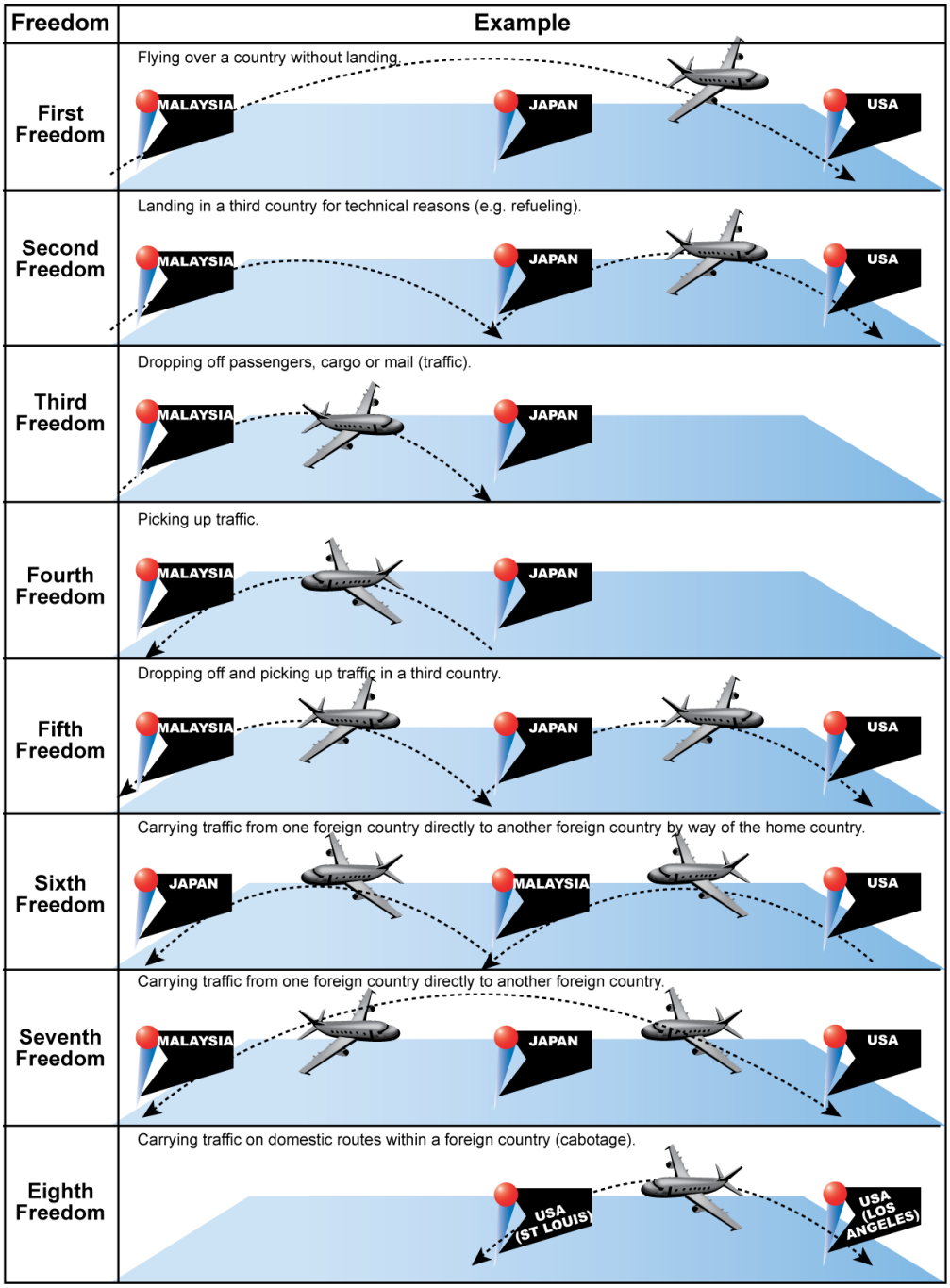


Figure 6.6: Eight freedoms of the air
Source: Weaver and Lawton, 2001

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Now, that you have learnt about the eight freedoms of the air in detail, how far do you think these privileges are accepted? Let us look at the implementation of the eight freedoms:

(a) Only first and second freedom have gained wide acceptance.

(b) The third and fourth are also generally granted although nearly with restrictions on elements such as frequency and points served.

(c) The fifth and sixth remain the subjects of bilateral bargaining.

(d) The seventh and eighth are usually allowed only in special circumstances.



SELF-CHECK 6.2

1. What is the purpose of a bilateral air agreement?
2. Explain the three ways of regulating air transport operations.
3. Explain the Eight Freedoms of the Air.



ACTIVITY 6.2

1. What do you see as the current trend in air transportation in Malaysia?
2. Have you ever travelled by air in Malaysia? Where did you go?
3. Is air transportation affordable for middle-income earners in Malaysia?
4. How important is air transportation or airlines to the growth of the tourism industry in Malaysia?

6.3 INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA)

As we already know air transport is one of the most dynamic industries in the world. **IATA** is a voluntary organisation that acts as the global trade organisation for the air transport industry.

Ever since its establishment 60 years ago, IATA has developed the commercial standards that built a global industry. Its main mission is to **represent, lead and serve the airline industry**. Its main purpose is to establish a system of

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international rates agreed upon by the airlines with the approval of their respective countries. Currently, IATA has about 260 airlines as members.

IATA was formed to ensure cooperation among international carriers as the use of bilateral agreements was insufficient to meet the need for cooperation among airlines differing in profit orientation.

What exactly does IATA do? Read on to find the answer to this question.

6.3.1 Roles of IATA

IATA aims to promote worldwide air travel and air safety and acts as a "clearing house" for member airlines concerning monies due. It has links with many non-IATA carriers throughout the world through ***multi-national interline traffic agreements*** which permit passengers to use a single ticket when travelling by two or more airlines throughout the world and which facilitate the global movement of air freight.

Now, let us look at the roles of IATA in detail as clearly explained in Figure 6.7.

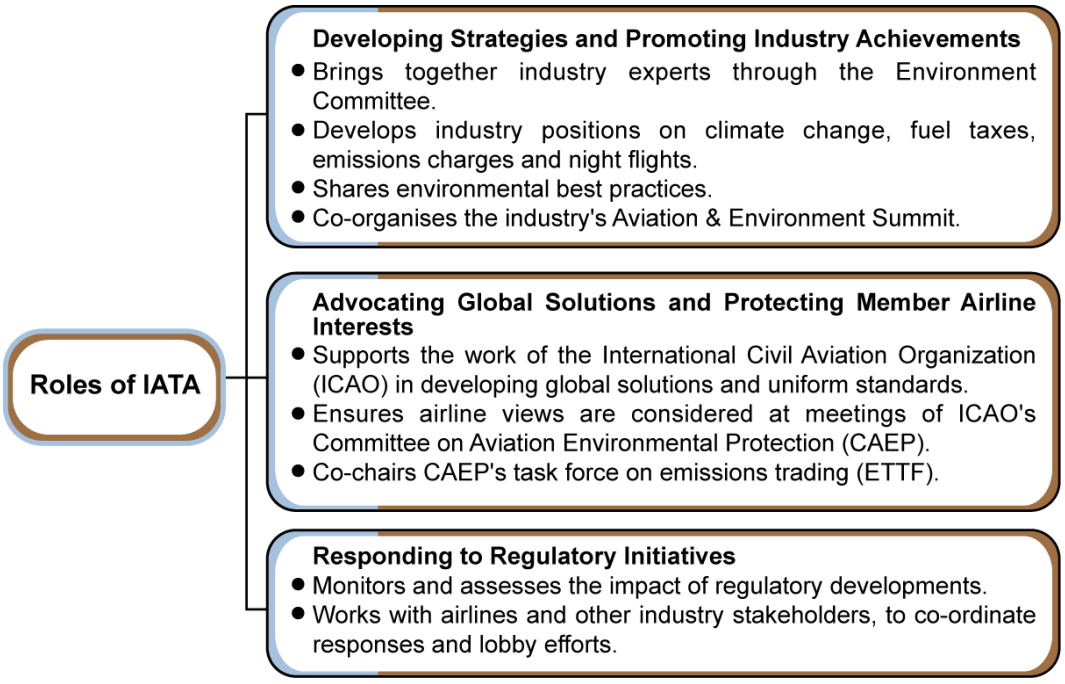


Figure 6.7: Roles of IATA
Source: www.iata.org

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However, you should note that IATA's functions should be distinguished from those of the **ICAO**. The latter was established to foster cooperation among member nations and to develop and standardise aircraft equipment, training and planning.



ACTIVITY 6.3

For more information on IATA, log on to www.iata.org. Can you explain the benefits of being a member of IATA? Discuss with your coursemates.

6.3.2 Criticism of IATA and Bilateral Agreements

There are five significant forces that led to the mounting criticism of IATA and bilateral agreements:

Table 6.5: Criticism of IATA and Bilateral Agreements

Criticism of IATA	Explanation
Conflicting national political interests	• Countries actively compete among themselves for the same natural resources and markets, contending with populations and pressures that often made existing bilateral agreements appear unfair. • Sometimes, the countries voided these agreements by taking unilateral actions.
Revolutions and wars	• War breaks out and/or change of government occurs through revolutions which then disrupt normal air services in the areas of conflict or hostility.
Overcapacity	• The capacity of international airlines to carry passengers and freights worldwide greatly increased due to the introduction of wide-bodied aircrafts. • The load capacity also increased when major airlines began selling used long-range aircrafts to developing countries which were previously restricted to relatively short flights by their existing equipment.

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	• The increased capacity was not always accompanied by growth in traffic, thus resulting in overcapacity. • Therefore, airlines and governments sought ways (even by breaking the rules) to fill as many seats as possible.
Scheduled versus non-scheduled airlines	• The original framework dealt with scheduled airlines. • Confusion and disagreement arose in the industry due to the increasing importance of non-scheduled and charter flights (in fact, it was hard to define these types of air services in many ways). • These lessened the importance of IATA.
Sales through wholesalers	• Discounted package tours by wholesalers caused a problem since they are outside the international regulatory framework.

SELF-CHECK 6.3

Explain the five forces that led to the criticism of IATA and bilateral agreements.

ACTIVITY 6.4

Do you think that Malaysia is safe enough for air travel? Why do you think so?

6.3.3 Future of International Air Transportation

International airlines will remain vital to the continuance of world commerce and tourism although external pressures, which have resulted in problems with bilateral agreements and IATA, seem to be increasing.

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What are these external pressures? Some of them are as follows:

(a) Competition in the US airline industry in offering international service has been increasing.

(b) Competition across trans-Atlantic routes as well as Asia-Pacific routes has always been fierce. US airline companies such as Northwest Orient, United Airlines, Continental Airlines and Delta Airlines have expanded trans-Pacific service to Asian and Pacific destinations.

(c) To better compete in a deregulated climate, Asian-Pacific countries such as Malaysia, Singapore and Japan have been privatising their flag carriers.

(d) Deregulation has resulted in more carriers being authorised to provide international service.

(e) Member countries of the European Union (EU) have agreed to a "free market" in aviation.

6.4 AIRLINE MANAGEMENT

The airline business requires many decisions to be made by the relevant companies including some that are peculiar to the airline industry. It is not easy to understand the economics of the airline business due to the following problems:

(a) High capital cost of equipment subject to early physical or technical obsolescence;

(b) High labour cost not offset by sufficiently high productivity;

(c) Regulatory compliance cost;

(d) High fuel cost; and

(e) Shifting demands on particular routes due to seasonality, time of day, day of week and competition.

As suggested by Gee, Makens and Choy (1997), a formula for success in the airline industry lies in achieving a critical balance among **four** key factors which affect market demand and profitability. These key factors are **route structure**, **pricing**, **equipment** and **scheduling**.

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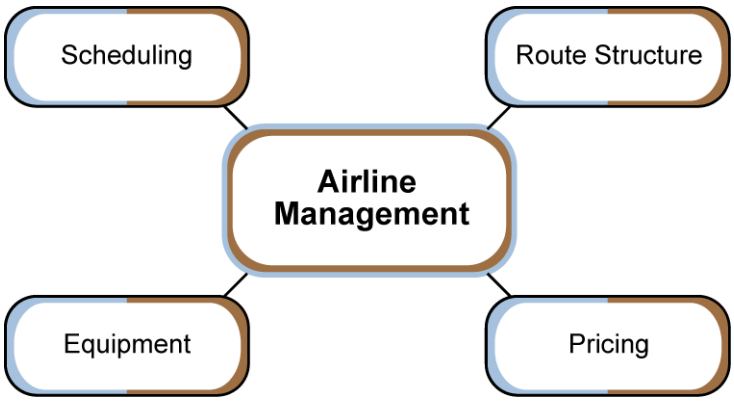


Figure 6.8: Factors of airline management

Now, let us examine further each of the key factors, in Table 6.6.

Table 6.6: Key Factors of Airline Management

Key Factor	Explanation
(a) **Route structure**	(i) Refers to the type, number and location of markets served by an airline. (ii) Two route structure concepts: **linear** and **hub-spoke routes**. • **Linear Routes** – Schedule the aircraft to fly as great a distance as possible in one direction and then turn around and repeat the flight in the opposite direction. – Can have intermediate stops such as at Denver when flying between San Francisco and Miami. – Intermediate stops can create additional traffic and revenues with limited marginal costs. • **Hub-spoke Concepts** – "Imagine a destination city as the hub of a wheel". – On worldwide basis, cities are hubs and spokes in a worldwide route system. – For example: Lubbock in Texas serves as a domestic hub city for the small towns and farms which surround it. Lubbock also serves as a spoke for the hub city of Dallas. Meanwhile, Dallas serves as a spoke city for Chicago, while the latter is a spoke for London and Paris. – Large airlines are able to combine both concepts.

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(b) **Pricing**	(i) Demand for their services has been viewed as being relatively in-elastic by airlines. (ii) As shown by deregulation, however, there are segments of the market that are quite price sensitive, such as the leisure travel segment and certain parts of the business travel segment as well. (iii) Discount pricing increases utilisation of seat capacity. • Discount fares can lead to multiple-tiered pricing which is always encumbered with many restrictions. (iv) The larger the discount, the greater the number of restrictions which would apply. (v) Discount fares can help increase the load factor but the downside is lower yield. (vi) To minimise the negative aspects of discount pricing, airlines developed yield management programmes to ensure that revenues for each flight would cover operating costs. • Done by controlling the number of seats which can be sold at discounted fares on each flight.
(c) **Equipment**	(i) The high cost of aircrafts plus USD1 million (RM 3.44 million) ground support equipment requires that each must be used to the maximum extent permitted. (ii) As the complexity and size of aircraft increase, appropriate ground equipment must be available to match the aircraft. (iii) Correct type and usage of aircraft are basic requirements for airlines success. (iv) Proper management of aircraft will generally necessitate the: • Proper matching of equipment with markets; • Standardising of equipment to permit maximum efficiency in repairs and maintenance; and • Continuous use of equipment with as little downtime as possible for repairs and maintenance and as little ground time as possible between flights.

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(d) **Scheduling**	(i) Refers to "the number and hours of flights and the type of equipment assigned to particular routes". (ii) This complex managerial responsibility involves the consideration of multiple factors such as connecting flights, competitive schedules, effect on costs, distances involved, convenient arrival and departure times, probable air traffic condition and effect on crew, ground transportation and other support sectors. (iii) Correct scheduling can mean the difference of whether a route would generate profit or incur loss. Correct scheduling: • Can also mean the difference between happy and unhappy passengers and crews. • Can allow an airline to make maximum use of its existing route structure and equipment and to plan future routes and equipment. (iv) However, correct and proper scheduling is not easy even with the assistance of computers. (v) It is generally impossible for any carrier to handle peak periods without tie-ups and delays. • It is often impossible for airlines to supply adequate flights to service markets during peak travel periods such as Hari Raya, Chinese New Year, Deepavali and other holidays. (vi) Therefore, it is clear that airlines cannot afford to keep aircrafts in reserve or completely change route schedules to meet peak demands.

6.5 AIRLINE MARKETING STRATEGIES

Airline marketing in the age of terrorism, deregulation, skyrocketing fuel prices and escalating concerns over passenger safety and security have heightened the competitive atmosphere of the airline business, not only in the US but all over the world. Other amenities are stressed to show the difference between airline companies since most airlines appear equal in travel time, comfort and security. Therefore, marketing strategies alternate between pricing and service differences.

First of all, as a marketing strategy, pricing is used to lure travellers from one airline to another through various forms of advance-purchase and discounted airfares. Most major airlines will match their competitor's prices although such ploys are successful in drawing more customers. It takes only minutes before competitors become aware of pricing strategies as the pricing is built into a

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Computerised Reservation System (CRS). Within a day, competitor airlines usually will have announced a new price structure similar to that of the airline that had just changed its strategy. Thus, we can say that the effects of price changes are only one method of marketing to consumers.

When we look at customer loyalty for a particular airline, we will see that it is created through service-oriented amenities. These amenities include business-class service, all-first-class service, on-board pubs, on-time promise, in-flight entertainment and frequent flier programmes.

In many cases, it is quite easy for competitors to "copy" or "steal" a certain idea and use it, making the airline with the original idea lose a marketing edge. To elaborate, the introduction of GTE Airfone, the first air-to-ground communications system, by a pioneer airline, was a unique and particularly useful marketing gimmick. As time passed, however, the service became available on most major US carriers.

By now, you should realise that gimmicks and other product-oriented marketing strategies are only useful in the short-term. The ultimate test of marketing strategies still lie around the service provided. Customers will go where the service is better. If an airline does not provide good service then it will lose customers. After all, the airline industry is a service industry.

Some of the best airline marketing strategies include in-house training of all employees, employee appreciation and employee benefit programmes. For many of the best airlines, their marketing strategy has always been based on the idea that: "if you treat your employees right, they will be happy and in turn will treat the customer with care and a smile".

According to Holloway (2001), an airline must determine its pricing policy. He said that the following should be considered in fixing the price of a seat:

(a) The size and type of aircraft operating

(b) The route traffic density and level of competition

(c) The regularity of demand flow and the extent to which this demand is balanced in both directions on the route.

(d) The type of demand for air service on the route, taking into account demand for first or business class, economy class, inclusive tour basing fares and other discounted ticket sales.

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(e) The estimated break-even load factor (the number of seats which must be sold to recover all costs). Typically, this will fall between 50 to 60 per cent of the aircraft's capacity on scheduled routes. The airline must aim to achieve this level of seat occupancy on average throughout the year.



ACTIVITY 6.5

Log on to www.airasia.com to read about Air Asia Bhd. Can you describe their marketing strategies based on pricing and customer loyalty?

6.6 GETTING AROUND MALAYSIA BY AIR

A large number of visitors to Malaysia arrive by air. There are six international airports in Malaysia with the main gateway being the Kuala Lumpur International Airport (KLIA) in Sepang. The rest of the country including Sabah, Sarawak and the Federal Territory of Labuan in East Malaysia are well serviced by 14 domestic airports and airstrips (for the rural areas).

The other alternative is to use domestic services available at the Sultan Abdul Aziz Shah Airport in Subang, Selangor. Besides Malaysia Airlines, other domestic airlines such as Pelangi Air, Berjaya Air, Transmile, Air Asia and Sabah Air also serve popular tourist destinations within the country.

There are also domestic air services linking KLIA with major cities within the Peninsula and with Sabah and Sarawak. Other points linked to Kuala Lumpur include lpoh, Penang, Alor Setar, Langkawi, Kota Bharu, Kuala Terengganu, Kuantan, Johor Bahru, Kota Kinabalu, Sandakan, Lahad Datu, Tawau, Labuan, Kuching, Sibu, Bintulu and Miri.

The fully-computerised, state-of-the-art KLIA,which was opened in mid-1998, is one of the most modern airports in the world and replaced the Sultan Abdul Aziz Shah Airport in Subang as the premier international gateway into Malaysia. KLIA is a four-runway airport facility capable of handling an initial 25 million passengers per annum with facilities for expansion to 45 million passengers per annum.

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KLIA is located about 50km from the city of Kuala Lumpur and linked via the ELITE Expressway which runs north to Kuala Lumpur. The journey takes about one hour. There is also a highway that runs east to the town of Nilai along the North-South Expressway. This expressway links the main towns on the west coast of Peninsular Malaysia.

The KTM Komuter train service operates from Kuala Lumpur to Nilai, which is a junction point to other towns. An Express Rail Link (ERL) from KL Sentral, is the main rail terminal and transportation hub in Kuala Lumpur. Outgoing air travellers can check in at KL Sentral and take the ERL to KLIA.

Incorporated into the airport's design are an automated people-mover shuttle system which links the satellite building where passengers disembark, to a contact pier where immigration and customs clearances take place and finally to the airport terminal building. An aerotrain from the contact pier brings passengers to the terminal building in two minutes. This fully automated baggage and passenger clearance system has reduced waiting time.

The airport terminal building has suitable rest, recreation, dining and duty-free shopping areas. Besides shops and restaurants and recreational facilities, Hotel Airside Transit offers a fitness centre with gym, steam and sauna. A world-class hotel is located within walking distance from the terminal building. Car rental, bus and coach, taxi, limousine and rail services into Kuala Lumpur and neighbouring towns are available at KLIA.



ACTIVITY 6.6

If you are planning to go on a vacation in Sabah or Sarawak for one week, what are the types of transportation which you will use as soon as you leave your home (or departure point) in Peninsular Malaysia until you reach your home after the vacation? What factors will make you choose the respective forms of transportation?

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SUMMARY

- The airline industry is one of the giant industries in the world.
- The growth of airlines depends on technological improvements and development of tour arrangement.
- The four elements of civil aviation are equipment manufacturers, airports, navigation and Air Traffic Control services (ATC) and airline services.
- With the growth of the airline industry, regulation of both national and international routes has become necessary for a number of reasons such as safety of passengers, public concerns and economic consequences.
- Eight Freedoms of the Air were established to help regulate the international airline industry more effectively and efficiently.
- The International Air Transport Association (IATA) was formed to ensure cooperation among international carriers since the use of bilateral agreements was insufficient to meet the need for cooperation among airlines differing in profit orientation.
- A formula for success in the airline industry lies in achieving a critical balance among four key factors namely route structure, pricing, equipment and scheduling that affect market demand and profitability.
- Since most airlines appear equal in travel time, comfort and security, marketing strategies that stress on pricing differences and service differences should be considered for implementation by individual airlines.

KEY TERMS

Charter airline

Commuter carrier

Direct flight

Domestic airline

Flag carrier

Hub and spoke system

Loading Apron

Navigation and Air Traffic Control (ATC)

Runways

Taxiways

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SELF-TEST 1

1. List five contributions or long-run gains of World War II towards the development of the air transportation industry.

2. Describe two new "future" planes which will be available in the world airline industry soon.

3. Describe the concept of bilateral air agreement.

4. List the top 10 world airlines in 2003 by revenue passenger kilometres.

5. List and describe the Eight Freedoms of the Air.

6. Customer loyalty for a particular airline can be created through service-oriented amenities.

   A. True B. False

7. Air Asia is one of Malaysia's flag carrier airlines.

   A. True B. False

8. Taxiways are lanes used by planes to get to and from the air terminal and the runway.

   A. True B. False

SELF-TEST 2

1. Describe charter services.

2. Describe what a "flag carrier" airline is.

3. Briefly describe the implementation of the Eight Freedoms of the Air.

4. What is the primary purpose of IATA?

5. As suggested by Gee, Makens and Choy (1997), a formula for success in the airline industry lies in achieving a critical balance among four key factors-route structure, pricing, equipment and scheduling that have an impact on market demand and profitability. Explain "scheduling".

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6. Service is the ultimate test of marketing strategies although it has been noted that gimmicks and other product-oriented marketing strategies are useful in the short-term.

   A. True B. False

7. The fifth freedom of the air is often referred to as cabotage and is generally viewed as an infringement on the rights of domestic carriers.

   A. True B. False

8. A control tower is a building where tickets are bought and luggage is checked and claimed.

   A. True B. False

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Topic 7 Retail Travel and Tour Operations

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Define "travel product", "vendor" and "end-user";
2. Examine the types of travel operations;
3. Describe the roles of a travel agency and types of travel agencies;
4. Discuss the differences between independent, hosted and escorted tours;
5. Assess the steps involved in creating tour packages;
6. Differentiate between selling and marketing in travel and tourism; and
7. Review the importance of personal selling and sales promotion to a travel agency.

INTRODUCTION

Travel agents or travel operators who prioritise on providing quality services to their clients not only survive in the marketplace but also flourish. There are many examples that we can use to prove this. One example is Thomson Holidays.

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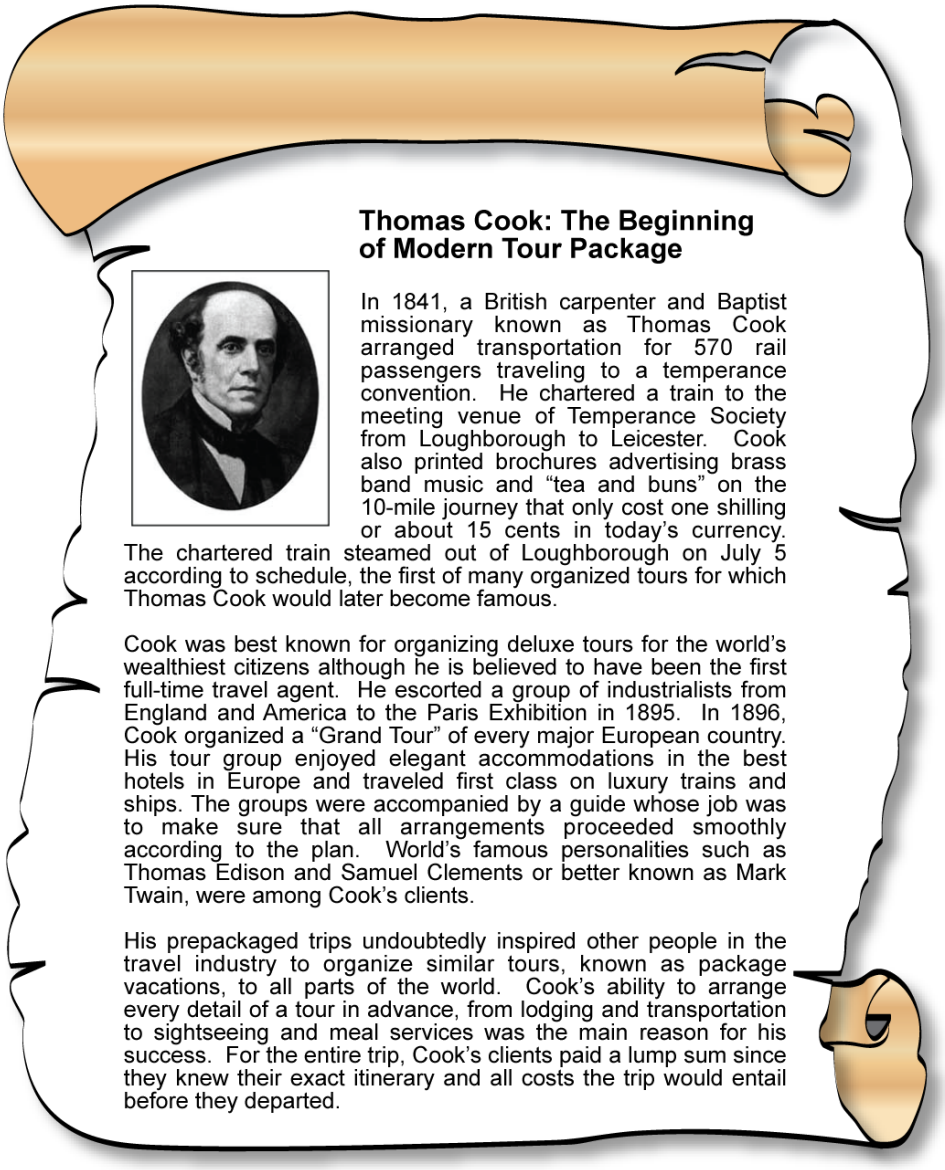
Thomson Holidays is a "power brand" that has emerged as one of the world's biggest travel agencies. How do you think they became a "power brand" in the tourism industry? What is the reason for their customer retention? Is it their value packages, quality service or effective marketing strategy? You will find the answers to these questions in this topic.

In this topic, you will be introduced to retail travel and tour operations. First, we will discuss the travel industry, specifically in terms of travel products and the travel market before going on to the types of travel operations that are available. We will also learn about travel agencies as a segment of the tourism industry, with focus on the roles and types of travel agencies. Next, we will discuss the processes of developing tour packages, including types of tours and reasons for purchasing tours. Finally, we will conclude by discussing retail travel and tour marketing and sales strategies. Have fun!

7.1 TRAVEL INDUSTRY

Have you ever wondered about the beginnings of the tourism industry? If you have, you may be surprised to learn that it all started in 1841 when Thomas Cook organised a day trip to Leicester. Would you like to know more? Read the passage that follows.

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Thomas Cook: The Beginning of Modern Tour Package

In 1841, a British carpenter and Baptist missionary known as Thomas Cook arranged transportation for 570 rail passengers traveling to a temperance convention. He chartered a train to the meeting venue of Temperance Society from Loughborough to Leicester. Cook also printed brochures advertising brass band music and "tea and buns" on the 10-mile journey that only cost one shilling or about 15 cents in today's currency. The chartered train steamed out of Loughborough on July 5 according to schedule, the first of many organized tours for which Thomas Cook would later become famous.

Cook was best known for organizing deluxe tours for the world's wealthiest citizens although he is believed to have been the first full-time travel agent. He escorted a group of industrialists from England and America to the Paris Exhibition in 1895. In 1896, Cook organized a "Grand Tour" of every major European country. His tour group enjoyed elegant accommodations in the best hotels in Europe and traveled first class on luxury trains and ships. The groups were accompanied by a guide whose job was to make sure that all arrangements proceeded smoothly according to the plan. World's famous personalities such as Thomas Edison and Samuel Clements or better known as Mark Twain, were among Cook's clients.

His prepackaged trips undoubtedly inspired other people in the travel industry to organize similar tours, known as package vacations, to all parts of the world. Cook's ability to arrange every detail of a tour in advance, from lodging and transportation to sightseeing and meal services was the main reason for his success. For the entire trip, Cook's clients paid a lump sum since they knew their exact itinerary and all costs the trip would entail before they departed.

Figure 7.1: Thomas Cook's Organised Trip
Source: Foster, 1995

Now we know that Thomas Cook not only brought excursions into the realm of reality, he also brought travel for common, ordinary citizens into scope.

Today, the travel industry represents one of the most significant sectors of the worldwide economy as spending for international and domestic tourism is over trillions of dollars annually. In fact, the travel industry is considered by many to be the largest business in the world. Despite global problems such as terrorism,

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currency fluctuations, recession and inflation and many other factors that can cause the deterioration of tourism, people all over the world, in both developed and developing countries, place a high priority on travel.

7.1.1 Travel Product

So far, we have come across the terms "travel industry" and "tourism industry" many times. What is the travel industry? According to Foster (1995),

> The terms **travel industry**, **tourism industry** and **travel and tourism industry** are used interchangeably to refer to the industry made up of businesses that provide travel-related services.

Now, let us look at the definitions of other terms in the industry as shown in Table 7.1.

Table 7.1: Other Terms of the Travel Industry

Term	Definition
Travel Vendors	Businesses that provide travel-related services.
Travel Products	Services provided by travel vendors.
End-users	People who purchase and use travel products. Also referred to as guests, clients or passengers, depending on the product that they purchase or use.

To get a clearer understanding of the terms, take a look at Table 7.2.

Table 7.2: Examples of Travel Vendors, Their Products and End-users

Vendor	Product	End-User
1. Travel agent	Travel arrangement	Client
2. Airline	Air transportation	Passenger
3. Hotel	Lodging accommodations	Guest or client
4. Car rental firm	Automobile rentals	Client
5. Tour operator	Pre-planned trips	Client
6. Cruise line	Cruise accommodations	Passenger
7. Bus line	Bus transportation	Passenger

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8. Railway line	Rail transportation	Passenger
9. Tour guide	Sightseeing tours	Client
10. Taxicab company	Local transportation	Client

Source: Foster 1995

To elaborate, a hotel sells the right to occupy a room for an agreed-upon period, called a stay. An airline sells tickets for air transportation which entitle passengers to occupy a seat on the aircraft while it travels between two designated points. There are numerous other travel products, ranging from car rentals to yacht charters. Their temporary nature is the most prominent feature of all these products.

In addition, the possession of each travel product, whether it is a hotel room, an airline seat, a rental car or accommodations on a cruise ship, has both a starting and an ending point. All end-users who purchase a travel product, at one time or another, make up the travel and tourism market. End-users include executives travelling to meetings, families travelling on a vacation, sales representatives travelling to call on clients, scientists attending conferences and people visiting relatives.

SELF-CHECK 7.1

Define the following:

(a) Travel industry

(b) Travel vendors

(c) Travel products

(d) End-user

7.1.2 Travel Market

In this section, we will learn about the travel market. Before we start off, let us reflect on our previous topics. Do you still remember the meaning of travel?

In its simplest term, **travel** refers to any movement of one or more people from one point to another. In the context of travel and tourism, the travel market consists primarily of people who spend at least one night away or travel a long distance from their places of residence. According to the United States Transportation and Tourism Administration, travel is defined as any trip of 100 miles or more.

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There are two broad categories in the travel market:

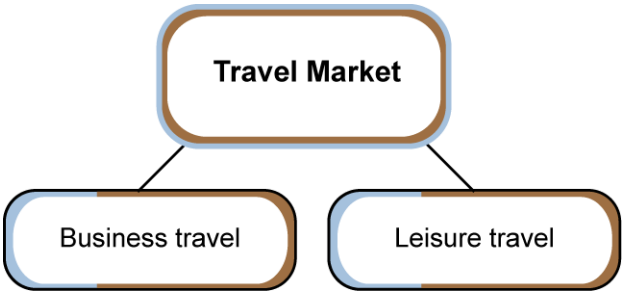


Figure 7.2: Travel market

Let us look at each of these in greater detail:

(a) **Business Travel**

First of all, let us see the definition of business travel.

> **Business travel** refers to any travel conducted for monetary benefit. It is also called commercial travel.

Examples of business travellers are sales representatives, executives and convention-goers. As we have learnt earlier, people travel based on many motivating factors. We can say that the market for business travel consists of three segments which are discussed in Table 7.3 below. You should note that for each segment, the end-users have slightly different travel needs.

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Table 7.3: Segments of Business Travel

Segment	Explanation
Corporate travel	• Includes people attending business meetings, sales representatives calling on clients, managers conducting site inspections, etc. • Often people do not have advance notice when making their travel arrangements so they end up paying more since airfares must be purchased earlier to enjoy a lower or discounted rate.
Commercial group travel	• The market consists of attendees of conventions, meetings and conferences. • Convention travellers may qualify for reduced rates on air travel and lodgings since conventions usually draw a large number of attendees (suitable and adequate facilities are highly required). • A convention is a gathering of people with a common interest or purpose, commonly held for educational, social or scientific purposes by professional and trade associations, corporations and special-interest groups. • The average length of a convention is four (4) days.
Institutional travel	• The market consists of employees of governments, schools, universities, hospitals and other similar institutions. • Includes travellers such as teachers attending conferences, scientists pursuing research, diplomats travelling to meetings and military personnel on leave. • Have many of the same needs as corporate travellers. • Often qualify for discounts from airlines, hotels and other vendors.

(b) **Leisure Travel**

The second segment is **leisure travel**.

> **Leisure travel** refers to travel conducted primarily for recreation, entertainment or sport.

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Resort guests, vacationers, adventure hobbyists and sightseers are several examples of travellers who fall under this category.

The market for leisure travel also consists of three segments based on the motives, needs and traits of travellers. Read on about the segments in Table 7.4.

Table 7.4: Segments of Leisure Travel

Segment	Explanation
Family travel	• According to the American Automobile Association (AAA), 92 per cent of American families have travelled by automobile at least once. • Families who travel together may have special needs i.e. require recreational facilities for children or accommodations that allow pets. • Children may qualify for discount fares on some airlines and families may often take advantage of special tour rates. • Also includes vacationing couples – prefer to stay at resorts that cater to couples.
Single resort travel	• The needs of single resort travellers often differ from those of couples or families. • Some seek accommodations specifically oriented to adults; others want to meet people of the opposite sex. • Cost savings may or may not be a priority for this type of traveller.
Special-interest travel	• The fastest growing segment of the leisure market. • Focus is given to a specific theme, activity or event. • Involves adventure travellers such as mountain climbers, scuba divers and trail hikers. • Also includes sports enthusiasts such as golfers, tennis players, skiers and sport fishermen. • Other examples are health, fitness and beauty enthusiasts as well as nature enthusiasts such as whale watchers, bird watchers and butterfly collectors. • Growing public awareness of environmental problems has created a new market for ecological travel or ecotourism, emphasising the preservation of natural resources and the protection of wildlife.

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Let us look at Table 7.5 to learn more about business travel and leisure travel.

Table 7.5: Examples of Business Travel and Leisure Travel

Business Travel
(a) **Business Meetings** • The Malaysian Chamber of Commerce goes to London for a one-week fact-finding tour. • A public relations executive goes to Johor Bahru to discuss a business proposal with clients. • Ministry of International Trade and Industry officials go to Japan to discuss trade issues. (b) **Conference and Conventions** • OUM representatives attend a three-day conference on distance learning in Hong Kong. • Participants attend a conference on eco-tourism in Kuching, Sarawak. • The Organisation of the Islamic Conference (OIC) holds a conference in Putrajaya. (c) **Exhibitions and Trade Fairs** • Businesspeople go to Korea to participate in an International tourism promotion. • People attend a Malaysian Education Expo at Putra World Trade Centre in Kuala Lumpur. • Matta travel fair at the Mines Exhibition Centre in Serdang, Selangor. (d) **Incentive Travel** • A salesman goes for weekend golfing in Chiengmai, Thailand, as a reward for achieving the highest sales target. • A businessman gets a one-week holiday in Europe for clinching a multi-million ringgit contract.
Leisure Travel
(a) **Holidays** • A family goes for a weekend break to Port Dickson. • A couple goes on a three-day trip to Bali. • Two friends from Australia go for a homestay programme in Labu, Negeri Sembilan. (b) **Sports** • Going to Old Trafford in United Kingdom to watch a Manchester United match.

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- Visiting Sepang Formula One circuit to watch a F1 race during the weekend.
- Going to Perlis to support Selangor Football Club's away match.

(c) **Health and Fitness**

- A walking weekend at Fraser's Hill.
- Visiting a hot water spring in Pedas, Negeri Sembilan.
- Spending a weekend at a fitness centre in Bukit Tinggi.

(d) **Education**

- A weekend at Mulu Caves to study the impact of tourism on the area.
- Spending three days at OUM library to utilise its facilities.
- Going to Paris to study French at one of the language colleges.

(e) **Culture and Religion**

- A week's stay at a Dayak longhouse to study their culture.
- Muslims going for hajj or umrah.
- Christians visiting Vatican City in Italy.

(f) **Social and Spiritual**

- A Rukun Tetangga weekend at Port Dickson.
- A yoga meditation course at Bukit Tinggi.
- A weekend reflexology workshop.

(g) **Visiting Friends and Relatives (VFR)**

- Staying with a friend in Temerloh.
- Going back to one's hometown, about 120km away for a feast.
- Staying with one's grandmother for a week during the school holidays which also happens to be durian season.



SELF-CHECK 7.2

Fill in the blanks

1. _____refers to any movement of one or more people from one point to another.
2. The two categories of travel market are _____and _____.
3. Sales representatives, executives and convention-goers are examples of _____.

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7.2 TYPES OF TRAVEL OPERATIONS

One of the most important parts of the tourism industry is the businesses which create and sell holidays and other travel-related services to those who stay away from home. There are various parties involved in these businesses. In this section, we are going to look at travel operators. Before we go further, it is important for you to understand the differences among the types of intermediary operations which are involved in selling and providing travel services.

Travel operations are carried out by various parties, namely, retail travel agents, tour operators, tour wholesalers, consolidators, general sales agents and specialty channellers. This is shown in Figure 7.3.



Figure 7.3: Travel operations

Now, let us get to know each of these in detail.

7.2.1 Retail Travel Agents

For a start, let us look at retail travel agents. These are agents for travel suppliers such as hotels, airlines, cruise lines, car rental firms and railroads which pay commission to the retail agencies for selling their respective services. For more information on this, read on:

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(a) Retail travel agencies sell directly to the client and do not take ownership or have advance commitment to purchase travel services from suppliers. This means that a retail agency will not purchase services from any supplier until a client has already paid for the travel services that he or she requested for.

(b) Generally, a retail travel agency helps people with the need for travel services by:

(i) Making reservations at hotels

(ii) Airline flights and car rentals

(iii) Selling tour packages

(iv) Travel insurance and traveller's cheques

(v) Developing travel itineraries

(vi) Providing one-stop convenience in planning and collecting payment for all services related to a trip.

(c) Usually, retail operators are **outbound-oriented** as their operations involve making reservations and providing services for people who are away from home for a vacation or business. In contrast, an inbound tour wholesaler is mainly concerned with incoming passengers arriving at a particular destination.

(d) Retail agencies may occasionally develop tours on an ad hoc basis for a specific group or client. Developing a tour upon a client's request, however, does not mean that an agency is engaging in wholesale operations although in some cases travel agencies do operate both retail and wholesale divisions.

Now that you have been introduced to retail travel agents, we will proceed to tour operators.

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7.2.2 Tour Operators

How do tour operators differ from retail travel agents? The most significant difference is that tour operators may market their tours through retail travel agencies or sell directly to travellers upon arrival at their destinations. They may also supply wholesale travel agencies with ground packages on a contractual basis. The following are details on tour operators:

(a) Primarily, **tour operators** are responsible for delivering and performing the services specified in a given, advertised tour package. In fact, they can provide these services themselves since some own hotels, buses and other facilities. They can also obtain those services from other tour operators or from other travel suppliers such as bus companies, hotels and car rental firms.

(b) **Ground operators** are tour operators who provide services at the destination only and usually do not package or market transportation from or to the destination. On the other hand, **outbound tour operators or outbound tour wholesalers** are those who package the transportation from or to a destination complete with ground services.

(c) A tour operator typically offers various packages, either escorted or unescorted, in a single season for individuals or groups.

(d) To take advantage of lower group airfares, common departure points such as Kuala Lumpur and Penang were used in the past to "collect and stage" individual travellers. With today's low discount fares (e.g. Air Asia's low-cost airfares) and bulk fare contracts, however, individuals can travel inexpensively by themselves. Therefore, to face and counter this challenge, tour operators and wholesale travel agencies are now offering flexible packages that can be varied to suit the individual needs of the travel agencies' clients.

7.2.3 Tour Wholesalers

Tour wholesalers do not deal directly with consumers unless they operate a retail division. Tour wholesalers specialise in designing tour offerings that are marketed through retail travel agencies. For further details on tour wholesalers read the following:

(a) They may specialise in developing tours for inbound travel, outbound travel or both.

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(b) Wholesalers are different from retail travel agencies in the sense that a wholesaler will have contract for services from suppliers in large volumes to achieve lower costs per unit and then repackage the services for resale through retail travel agents.

(c) A wholesale operator must have a great ability to design and market a tour package that meets the needs of the travelling public.

(d) By providing suppliers with stable business throughout the year, a wholesaler can contract for services at substantially lower costs than a retailer.

(e) On the other hand, a retail agent may be willing to commit to suppliers during peak travel periods but not during off-peak periods when agents' assistance is really needed by suppliers to sell their available capacity. In this case, wholesalers will have a greater leverage with suppliers since they provide a steady volume throughout the year.

(f) In the context of outbound travel, wholesalers develop package tours that are offered with predetermined dates of departure.

(g) For inbound packages, they usually comprise of ground services which may include any one or all of the following: transportation, reception, accommodations, baggage handling, food and beverage and sightseeing tours.

By now, you must be wondering how a tour wholesaler differs from a tour operator. You must note that the term "tour wholesaler" in the wholesale travel business may be the same as "tour operator". However, there are a few significant differences between the two. Now, let us look at Table 7.6 for more information on these differences.

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Table 7.6: Differences between Tour Wholesalers and Tour Operators

Tour Wholesaler	Tour Operator
• A tour wholesaler is a person or company that arranges transportation, hotel accommodations and other traveller's needs to create a tour package that is sold to the consumer through a retail travel agency (sometimes the term "tour wholesaler" is used interchangeably with "tour operator"). • A wholesaler leaves the operation of the tour to individual suppliers such as the bus company etc.	• A tour operator is a person or company that sells the tour package directly to the consumer after contracting with tour wholesalers on transportation, hotel accommodations and other travel needs. • A tour operator may also be a tour wholesaler by selling some of the tours through a travel counsellor and selling others directly to consumers. • May also sell directly to the public by owning a retail travel agency. • An operator may actually own the vehicles used on the tour, employ the driver and escort consumers and own some of the facilities.

7.2.4 Consolidators

Have you ever heard of the term "consolidator"? This term was used to refer to a person or company that specialised in forming groups to travel on an airline charter. However, nowadays, the term refers to travel companies that receive maximum overrides in return for an annual volume of substantial size or lower contracted rates. Consolidators are detailed further here:

(a) A consolidator is also a wholesaler and is usually not set up to sell directly to the public.

(b) The term "consolidator" is often associated with airline seats but conceptually the term can also be applied to other components.

(c) Usually, airline consolidators sell through retail travel agents and other travel intermediaries.

(d) Consolidators may waive some of the restrictions associated with discounted tickets depending on the contract with the airline.

(e) In certain cases, a consolidator may even sell directly to individuals by establishing a separate retail operation but it has to compete directly with outside travel agencies.

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7.2.5 General Sales Agent

A general sales agent (GSA) refers to an exclusive representative of a principal for a given area. The principal in this context may be a supplier of a hotel, an off-line airline or a car rental firm that does not have its own sales office in the area. A GSA:

(a) May also be the officer or representative for government tourism bureaus or other destination organisations that plan to establish a market in the area where the agent is located.

(b) In many cases, the principal normally contracts a GSA by specifying the terms and conditions of the representation.

(c) GSAs may be authorised to act on behalf of the principal, with regard to travel suppliers, in taking reservations, making sales calls and completing sales transactions.

7.2.6 Specialty Channellers

Unlike retail travel agents, specialty channellers usually do not receive commissions or act as middlemen in reselling travel services. Instead, specialty channellers act as intermediaries on behalf of the organisations they represent in contracting travel services at efficient costs. Specialty channellers are explained further in the following:

(a) As specialty channellers, incentive travel firms do not fit the normal pattern because they may either sell their professional services of designing and implementing an incentive travel programme for a buyer or act as middlemen for both suppliers and buyers.

(b) Other examples of special-interest travel that often involve specialty channellers include company educational programmes, student tours and clubs.

Before we go on further, let us look at Figure 7.4 to get a better picture of the travel sales distribution system.

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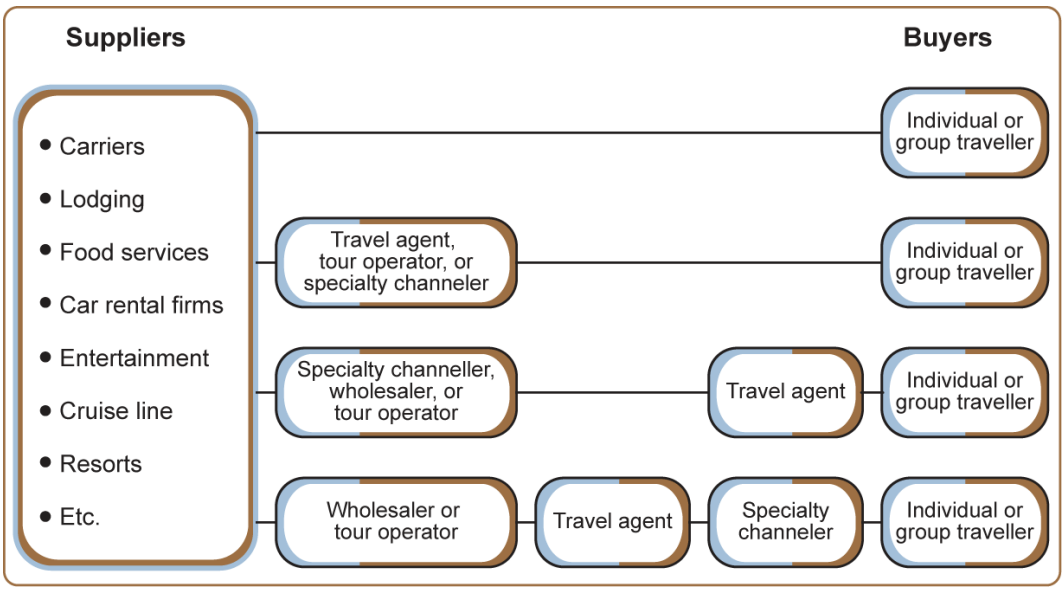


Figure 7.4: Travel sales distribution system
Source: Gee, C. Y., Makens, J. C. and Choy, D. J. L., 1997

From Figure 7.4, we can conclude that either as business associates or competitors, a retail agency must deal with tour operators, wholesalers, consolidators, general sales agents and specialty channellers. Figure 7.4 also indicates that suppliers can sell their services directly to travellers or through any one or more stages in the sales distribution system. It is also important to understand these operations and how they interrelate in order to facilitate more business dealings and assist in uncovering new opportunities for increasing revenues.

SELF-CHECK 7.3

True or False Statements

1. Retail travel agents pay a commission to consolidators for selling their services.
2. Ground operations are tours.
3. In outbound travel, wholesalers develop tours that are offered with predetermined dates of departure.
4. Consolidators are people who are in the airline industry.
5. Specialty channellers usually receive commissions or act as middlemen in reselling travel agencies.

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7.3 TRAVEL AGENCY AS A SEGMENT OF THE TRAVEL INDUSTRY



Figure 7.5: Travel operations
Source: http://www.netoons.com/catalog/WO20.php

What do you think could possibly go wrong with your perfectly planned holiday? Well, just about everything! That is why we put that burden on our travel operators' shoulders. All we do is pay the money and the rest will be taken care of. However, have you ever wondered how travel arrangements are made? Is it something easy to do? Look at Figure 7.5. Can you imagine how difficult it can be to be a travel operator? So, in this section, we will learn how travel operators work.

There are many vendors within major travel industry segments. Examples of these are as in Table 7.7. Retail travel agencies sell travel arrangements directly to the public.

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Table 7.7: Examples of Vendors Within Major Travel Industry Segments

Segment	Vendors
Travel agencies	Full-service agencies, airline ticketing agencies, cruise-only agencies
Airlines	Passenger airlines, aircraft charters
Lodging establishments	Hotels, motels, resorts, inns, condominiums
Car rental firms	Automobile and truck rentals, van charters
Tour wholesalers	Tour operators, consolidators
Cruise lines	Cruise ships
Bus lines	Bus companies, bus charters
Railway lines	Railway companies

Source: 1992 U.S. Travel Agency Market Survey, Lewis Harris and Associates

Now, look at Figure 7.6. Can you recall the main products of travel agencies?



ACTIVITY 7.1

Visit www.matta.org.my. How does this organisation help travel agents in Malaysia to survive? Discuss.



Figure 7.6: Main products of travel agencies

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As depicted in Figure 7.6, the main products of travel agencies are **transportation**, **accommodations** and **packaged tours**. The primary product line for most travel agencies are **airline tickets**.

How do you think a travel agent channels products to the public? This is illustrated in Figure 7.7. Technically, a travel agent is the owner or manager of an agency but other employees are also commonly known and referred to as travel agents.

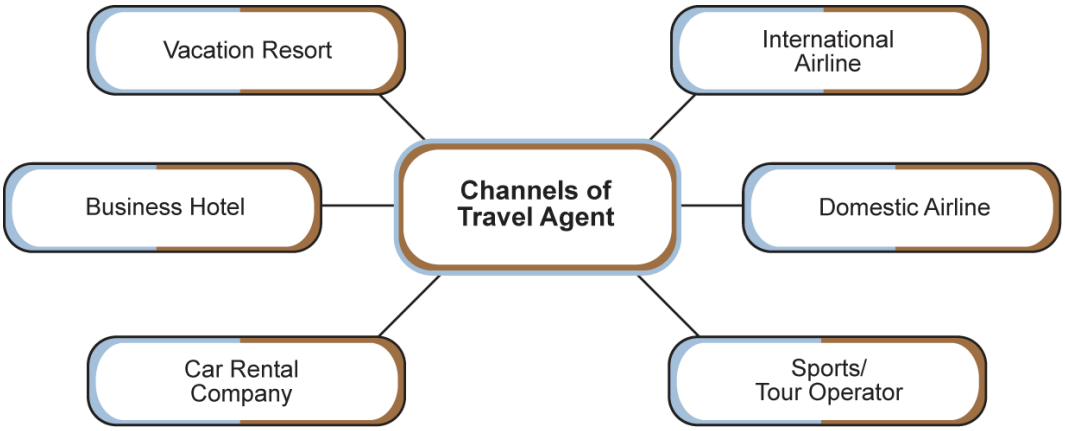


Figure 7.7: How a travel agent channels products to the public

Besides making sales, a travel agent is also involved in providing the best of travel options to customers. This is explained in Figure 7.8.

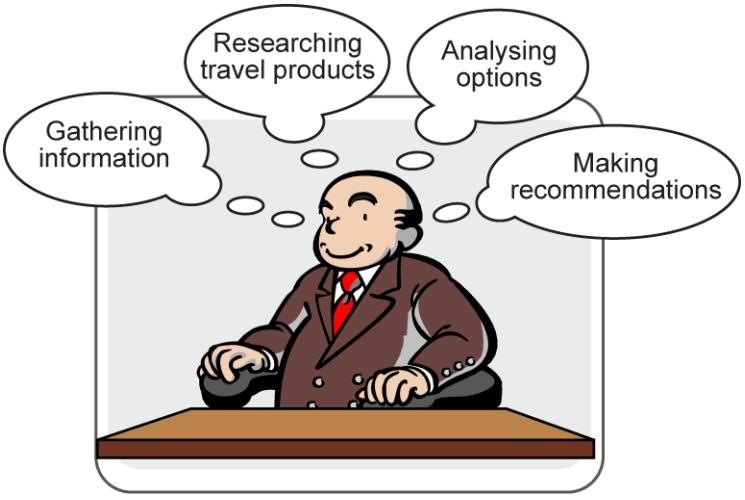


Figure 7.8: The roles of a travel agency

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For all these reasons, travel agents are often referred to as travel counsellors or travel consultants.



SELF-CHECK 7.4

1. Name the three main products of a travel agency.
2. Explain how a travel agent channels products to the public.

7.3.1 Roles of a Travel Agency

The most popular form of purchasing services is through travel agencies. In fact, travel agencies have now become "department stores" of the tourism industry. In general, travel agencies sell travel products and services to the public as they offer a wide range of travel tickets and holidays through their travel agents.

A travel agency is a place where customers go for advice and information and to purchase travel products and services. As an important intermediary in tourism distribution channels, a travel agency makes information and services widely available cost-effectively. In fact, a travel agency may perform a variety of value-added functions such as:

(a) Providing information about types and availability of services;

(b) Making reservations and other travel arrangements;

(c) Assembling packages of services;

(d) Contacting current and potential customers;

(e) Preparing tickets; and

(f) Bearing financial risk by buying services in bulk for resale to customers.

Travel agencies have no "stock" because travel agents do not buy the travel products and services in advance. In fact, travel agents sell "on behalf" of the company which provides the travel services or tour packages.

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Let us go over an example of booking a flight via a travel agent, in Figure 7.9:

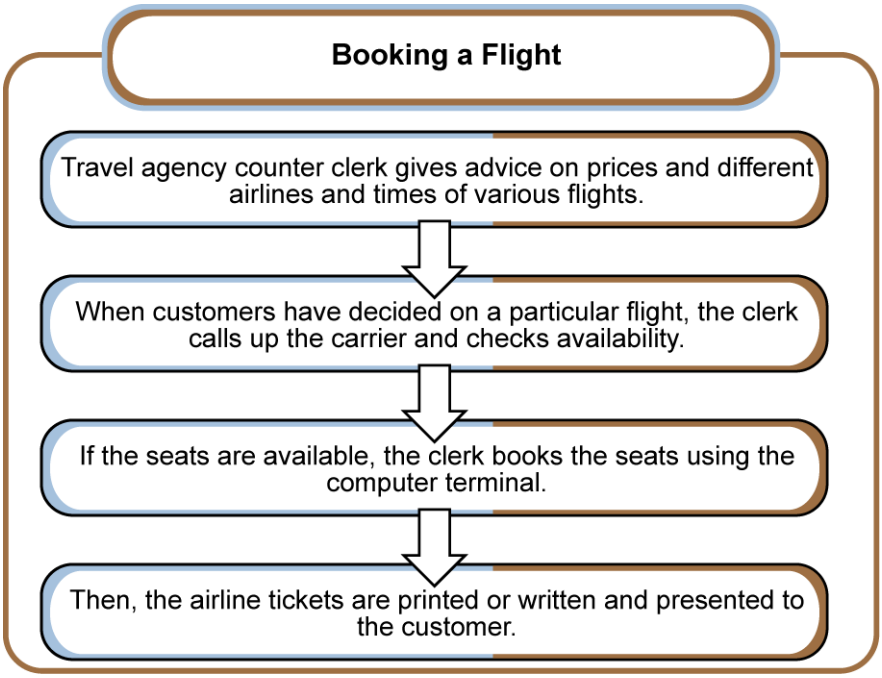


Figure 7.9: Booking a flight through a travel agent

Can you picture the processes involved in booking a flight through a travel agent? However, until a customer agrees to buy a seat, there is no purchase made by the travel agent.

The agency makes a profit through commissions paid by suppliers as the agency sells their services to customers. However, it does not take the title to the services it is selling. The more a travel agency sells, the more commissions it earns. Commission rates are subject to change and vary from one agency to another. Figure 7.10 illustrates typical percentages at which travel agencies earn commissions on various product lines.

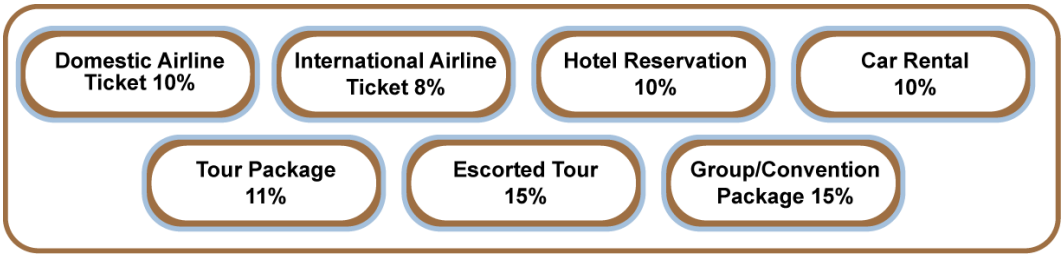


Figure 7.10: Examples of typical commissions earned by agents
Source: Foster, 1995

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Other services provided by travel agencies include:

(a) Coach, train and airline tickets: domestic and international;

(b) Cruise trips;

(c) Package holidays and short-break packages;

(d) Hotel rooms and other forms of accommodations;

(e) Travel insurance;

(f) Foreign currency and travellers cheques; and

(g) Car hire or rental.

Earlier, we said that one of the most important roles for a travel agent is: "**to advise customers on a wide range of matters relating to travel**". This can be very time consuming but if the customer eventually makes a booking, it is worth the time. Let us see an example of this in Figure 7.11.



Figure 7.11: A travel agent advising customers on travel plans

Look at the conversation in Figure 7.11. What do you think the travel agent should do? He should analyse the following before he advises the couple:

(a) The best time to go;

(b) The best place to go;

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(c) What the hotel is like;

(d) How far it is from the major "happening" spots;

(e) Whether the hotel will provide "halal" or "vegetarian" food for them if they request it;

(f) What there is to do in the way of entertainment and sightseeing; and

(g) Whether or not they will need to get special injections to protect themselves against illnesses.

A good travel agent will be able to give professional advice by using his or her own experiences and knowledge on destinations and carriers etc. through reading and familiarisation trips.

Travel agency staff are sometimes sent on a familiarisation trip (also known as **"fam"** trip) for a few days. This is a trip organised specially for the staff of travel agencies for them to familiarise themselves with a particular destination. An example of a "fam" trip is provided in the following:

A group of travel agents may be invited by the owner of a hotel in Kuala Lumpur to spend one or two evenings there, sampling the accommodations and learning about the facilities on offer. The hotel owner hopes that travel agents will be impressed and will remember the hotel and recommend it to their customers. A "fam" trip is an important way in which travel agency staff can update their knowledge of what they are selling.

Some travel agencies make their "living" by selling travel only to businesses rather than also to the public. These agencies are known as business house agencies. However, most travel agencies sell to both companies and the general public.

In the United Kingdom, most overseas tour packages purchased by British tourists are bought from top tour operators such as Thomson, ILG, Intasun, Horizon, British Airways and Airtours.

In the US, the agencies listed in Table 7.8 dominated the travel market in 1999.

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Table 7.8: The Top Ten US Travel Agencies in 1999

Agency	1999 US Gross Revenue (in Millions)
American Express	RM 47,275
Carlson Wagonlit Travel	RM 37,958
WorldTravel Partners	RM 14,838
Rosenbluth International	RM 14,493
Navigant International	RM 11,387
Maritz Travel	RM 6,004
Liberty Travel	RM 4,797
Sato Travel	RM 4,141
Travelocity.com	RM 4,141
Expedia, Inc.	RM 2,871

Source: Top 50 Travel Agencies, Travel Weekly Focus, 2000, June 26, p. F6

In Malaysia, there are more than 1,900 travel-related companies registered as members of the Malaysian Association of Tour and Travel Agents (MATTA). These include some familiar names such as Reliance Sightseeing, Sime Darby Travel, Mayflower Acme Tours, Triways Travel and Tours, Borneo Tours and Asian Overland.



SELF-CHECK 7.5

1. List five services provided by travel agencies.
2. What are the main roles of a travel agent?
3. Define "fam trip".

7.3.2 Types of Travel Agencies

So far, we have learnt about travel agents and their roles. Now, we will look at the types of travel agencies that are available.

As discussed by Cook, Yale and Marqua (2002), many travel agencies specialise by focusing their efforts on large target markets such as leisure and business travellers while others serve a general group of clients or a specific market niche

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such as cruise-only customers. They listed nine types of travel agencies, which are shown in Table 7.9.

Table 7.9: Types of Travel Agencies

Types	Description
Independent agencies	Small agencies, privately owned, unaffiliated with any larger organisation; traditionally serving clients from a walk-in office location or over the phone.
Agency chains – wholly owned	Mega-agencies that have dozens to hundreds of branch offices throughout a region, country or worldwide.
Agency chains – franchises	Semi-independent agencies affiliated with each other through franchise agreements.
Consortium-affiliated agencies	Independent agencies that link together through a consortium to gain the financial benefits of a chain but have lower fees and commissions.
Specialty agencies	Agencies that offer limited services, such as cruise-only agencies.
Corporate travel agencies	Agencies that provide services to business clients but not regularly to the general public. Specialise in business clientele and may have branch offices on-site at major clients' locations. Frequently compensated by management fees rather than commissions on the travel services they sell.
Corporate travel department	Similar to a corporate travel agency but the agents are employees of the organisation in a department that handles the travel needs of the organisation's employees.
Home-based agencies	Agents can conduct their services from home, using electronic technology, rather than from an office location where clients meet the agents in person. May be independent or affiliated with an organisation.
Internet agencies	Agencies that may or may not be home-based that attract and serve clients primarily through the Internet and use telephone, fax and postal communications to a lesser degree than traditional agencies.

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ACTIVITY 7.2

Visit the following websites. Compare and identify what types of travel agencies they are:

(a) http://www.lotusasiatours.com

(b) http://www.neenantrav.ie/index.html

(c) http://www.pinganchorage.com.my

(d) http://www.thomson.co.uk

7.4 TOUR PACKAGE PREPARATION

Have you ever wondered why anyone would go to a travel agent to plan their holiday? Is it not better to plan our own holiday rather than to ask someone else to do it for us? Well, there are many reasons for using the services of a travel agent. We will discuss this as well as the types of tour packages and the operations of tour operators in this section.

7.4.1 Types of Tour Packages

According to the United States Tour Operators Association (USTOA), a tour "encompasses a broad and varied array of products, ranging from highly structured escorted packages to a collection of independent components travellers piece together themselves".

Tour packages may vary widely in the number of elements included and in structure of the itinerary. Usually, tour packages include at least two of the following elements, namely:

(a) Accommodations;

(b) Transportation;

(c) Entertainment;

(d) Meals; and

(e) Attractions and sightseeing activities.

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Generally, there are three types of tour packages, as explained in Table 7.10.

Table 7.10: Types of Tour Packages

Type of Tour Package	Description
Independent Tour	• The traveller is able to be independent of a group but is still part of a tour. • The traveller can determine departure and return dates as well as budgetary constraints. • The purpose is to enable travellers to obtain all the benefits of volume discounts and pre-arranged, guaranteed rates without sacrificing independence and flexibility. • Independent tours vary in flexibility and complexity. • Other tours include fly/drive, rail/drive, rail/fly, cruise/fly etc. • The key to independent tour is cost savings for the traveller.
Hosted Tour	• Provides more scheduling opportunities for the traveller and a host who is available at each major tour destination to assist the traveller with the planning of activities and sightseeing excursions. • The host, who is typically a representative of the tour or a ground operator, is found at desks in the lobbies of all hotels featured in the tour. • Travellers rely on the services and events offered by the host to enhance their vacation. • The host can arrange for sightseeing trips from the hotel, purchase tickets for events and offer a variety of tour arrangements for each day. • Travellers are allowed to arrive and leave when it is convenient and choose from a variety of hotels. • The difference between independent and hosted tours is in the availability of tours and services at the destination; the hosted tour has scheduled activities to choose from whereas an independent tour does not.

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Escorted Tour	• It is a structured programme of sightseeing, meals, transportation and accommodations. • Travellers are responsible for getting themselves to the starting city on time. • The tour consists of a group of people who travel together for the entire trip. • A bus is usually used for the travel. • A professional escort is with the group at all times. • The escort is responsible for the safety and enjoyment of the travellers and to make sure that the tour operates smoothly. Sometimes, local guides are used. • It is a relaxing vacation as many people enjoy an escorted tour. • The tour is completely arranged. • Modern-day buses with air conditioning, quiet motors, plenty of leg room and smooth rides provide a comfortable setting for the traveller. • Tours are usually tested many times to ensure that the mileage travelled is comfortable. • Travellers do not waste time looking at maps and brochures, trying to decide where to go next.



SELF-CHECK 7.6

1. Define "tour".
2. Name the elements which are included in a tour package.
3. Explain the three types of tour packages.
4. What is the difference between a hosted and an escorted tour?

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7.4.2 Reasons for Purchasing Tour Packages

Now, we come to the question that we mentioned earlier – "Why do people prefer to go to a travel agent to plan their holiday?" You can find the answer here.

There could be many reasons for people to seek travel agents' advice on planning their vacation. However, here we will discuss only five major reasons. These are:



Figure 7.12: Reasons why people seek a travel agent's advice when planning a holiday

Based on Figure 7.12, read on for further details in Table 7.11.

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Table 7.11: Reasons for Purchasing a Tour Package

Reason	Explanation
Convenience	• The decision-making process can be shortened as travellers do not need to spend a lot of time deciding on what to do and which supplier to use. • Includes all the details needed by travellers such as ground transfers, baggage handling and tipping.
Cost-saving	• Buying a tour package is cheaper than buying travel services separately. • Volume discounts of tour wholesalers can be shared with tour purchasers.
Worry-free	• Tourists can concentrate on new experiences, especially when travelling on a hosted or escorted tour as all travel problems and details are in the hands of tour personnel.
One-stop shopping	• One payment covers the cost and related paperwork of two or more services, making the buying process easier for tour purchasers.
Special treatment	• Tour members tend to receive preferential treatment due to the "big" volume of business tour operators present to service suppliers.



SELF-CHECK 7.7

Let us say you are planning to buy a travel package. What are the most important factors which you will consider before purchasing a tour package? Why?

7.4.3 How Do Tour Operators Work?

Do you wonder how tour operators work? Well, if you do, the following example in Figure 7.13 will give you a clearer picture of what they do.

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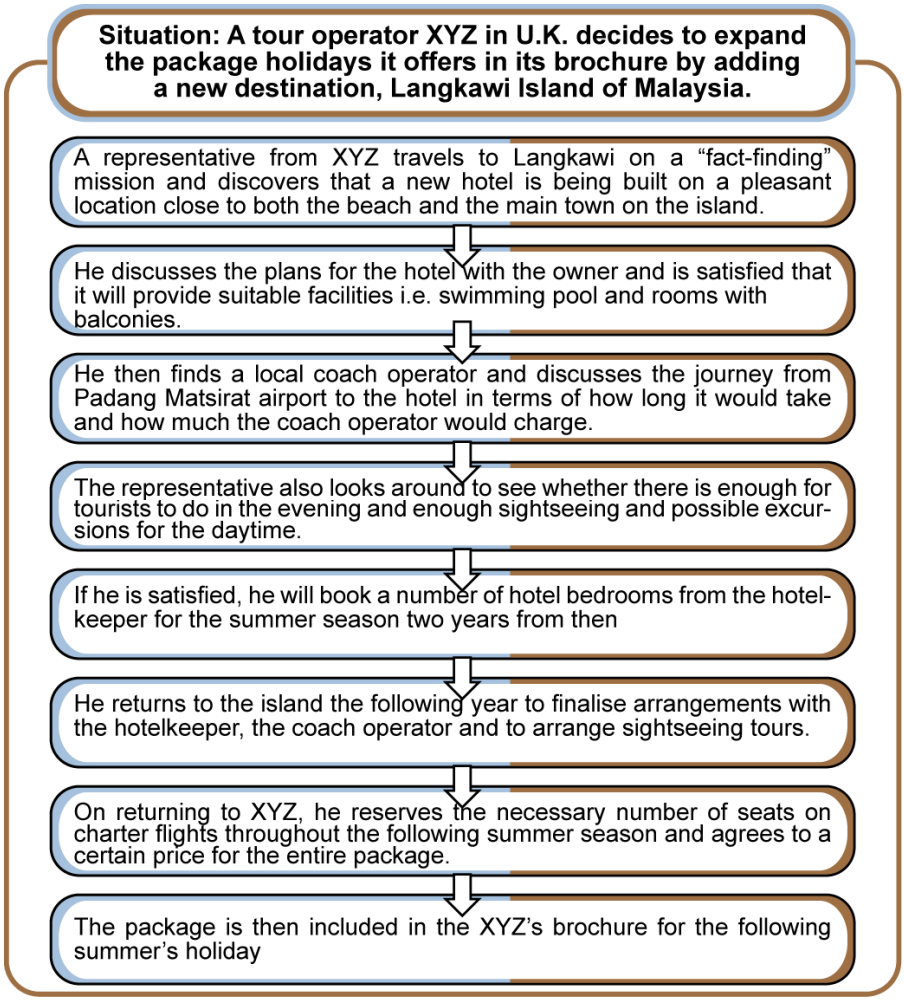


Figure 7.13: How a tour operator works

In this case, it can be seen that one of the main roles of a tour operator is "to plan and put together all the elements of the package holiday and to produce attractive brochures containing details of these holidays, with prices".

Tour operators are often able to get cheaper rates for hotels and other related services than a member of the public because they reserve the "services". For example, hotel rooms and aircraft seats are booked in advance and in bulk, therefore, the operators can often negotiate with the carrier or hotelkeeper for discounts.

The main problem for tour operators is to get their brochures out to the general public in order to sell the holidays advertised. Sometimes, a company such as Thomas Cook's can fulfil the roles of both travel agency and tour operator

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whereby it organises package holidays as well as runs travel agencies. However, its travel agencies sell a whole range of travel and holidays, not only Thomas Cook's own packages.

Ward (2000) listed the steps to be taken in creating a tour package as illustrated in Figure 7.14.

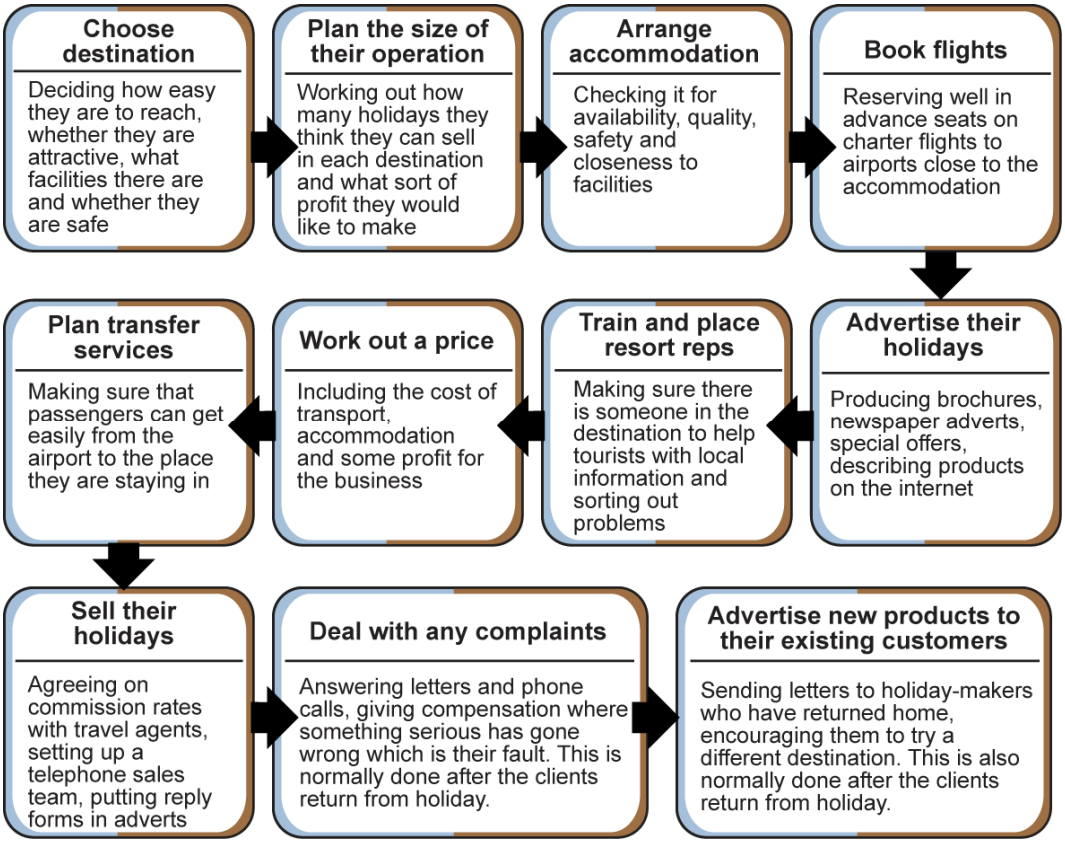


Figure 7.14: Creating a tour package

SELF-CHECK 7.8

1. Explain the steps involved in creating a tour package.
2. Why do travel agents get cheaper rates for hotels and other services?
3. Is it important for a travel agent to deal well with complaints? Why?

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7.5 MARKETING AND SALES STRATEGIES

In this section of the topic, we will be covering marketing and sales strategies of travel operators, by first distinguishing between marketing and selling and then examining the marketing strategies that are commonly used in the travel industry.

7.5.1 Marketing versus Selling

Marketing is simply what you do to get and keep customers. Starr (2000) defined marketing as:

> The process by which sellers find buyers and by which products and services move from suppliers to consumers.

In addition to attracting the most desirable prospects and converting them into customers worth keeping, the most effective marketing today places a strong emphasis on managing customer relationships. This is especially true in travel where relationship marketing is becoming more and more a critical success factor.

In the context of the travel industry, similar to other industries, in order to reach consumers a company needs marketing strategies that make relatively similar services or products stand out.

In the first place, what is a **marketing strategy**? Let us look at the definition of marketing strategy as given by Starr (2000):

> A plan for selecting and analysing a target market and developing and maintaining a mix of products to satisfy the target.

Most marketing strategies focus on the five Ps as shown in Figure 7.15.

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Figure 7.15: Five Ps of travel, tourism and hospitality marketing
Source: Starr, 2000

Now, let us read more about marketing in travel and tourism. In Webster's New World Dictionary, **marketing** is defined as "all business activity in the moving of goods from the producer to the consumer, including selling, advertising, packaging, etc".

In addition to doing the right thing in terms of what the customers think, value and do, getting and keeping customers also depends on what the competition does. To satisfy customers, an agency's entire operation should be geared towards discovering the customers' total needs.

Now, let us see the difference between marketing and selling. You may think that there is not much difference between the two terms. Look at Table 7.12 and you will be surprised to see the significant differences.

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Table 7.12: Differences between Marketing and Selling

Marketing	Selling
• Concerned primarily with the much more sophisticated strategy of trying to have what the customers may want. • Focuses on the needs of the buyers. • Preoccupied with the idea of satisfying the needs of the customers by means of the services rendered.	• Generally concerned with plans and tactics to get customers to exchange what they have (money) for what the suppliers or sellers have (service or product). • Focuses on the needs of the sellers. • Preoccupied with the sellers' need to convert their product into cash.

Gregory (1989) believed that a travel agency's survival depended on how effectively individual agents made decisions in formulating a marketing programme that will enable them to compete with others. This competition is not only concerned with other travel agents but also with many other industries that are competing for consumer dollars. Therefore, it is true that the selection and retention standards for travel agents will get stiffer and increase in the future.



SELF-CHECK 7.9

1. What is "marketing"?
2. Why is marketing important in the tourism industry?
3. Define "marketing strategy".
4. Explain the 5Ps of travel, tourism and hospitality marketing.
5. What are the differences between marketing and selling?

7.5.2 Common Marketing Strategies

Personal selling procedures and sales promotional efforts are becoming more and more important. In fact, the ultimate success or failure of any marketing effort will be determined by the competency of the individuals who perform it.

Therefore, **personal selling** and **sales promotion**, together with advertising are becoming the major components of the overall promotional programmes of most travel agencies. Let us read on to find out how these two marketing strategies are applied in the travel industry.

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(a) **Personal Selling**

What is personal selling? According to Cook, Yale and Marqua (2002), personal selling is:

> A process of communication that includes discovering customer needs, finding the appropriate services to meet those needs and then persuading the customer to purchase those services.

Looking at the definition above, I am sure that you will say that personal selling is very important and critical to the success of travel agencies. Well, this is true. It is also a valuable sales tool for most tourism suppliers.

In general, personal selling skills can provide a key ingredient to increase customer satisfaction with the services he or she purchases and acquires. Effective travel agents cultivate long-term customer relationships by creating win-win situations for both suppliers and customers.



Figure 7.16: Product knowledge and personal selling

Look at Figure 7.16. What would you do if your travel agent could not answer your questions regarding a travel product? Do you think that product knowledge is very important for a travel agent?

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To effectively sell a service, firstly, travel agents must be knowledgeable about the service to gain customer trust and confidence. Travel agents must also be honest, likable and dependable in addition to being customer-oriented and acquiring detailed knowledge of the services that they are selling.

As described by Cook, Yale and Marqua (2002) in Figure 7.17, personal selling involves six steps – approach, presentation, demonstration, negotiation, close and follow-up.

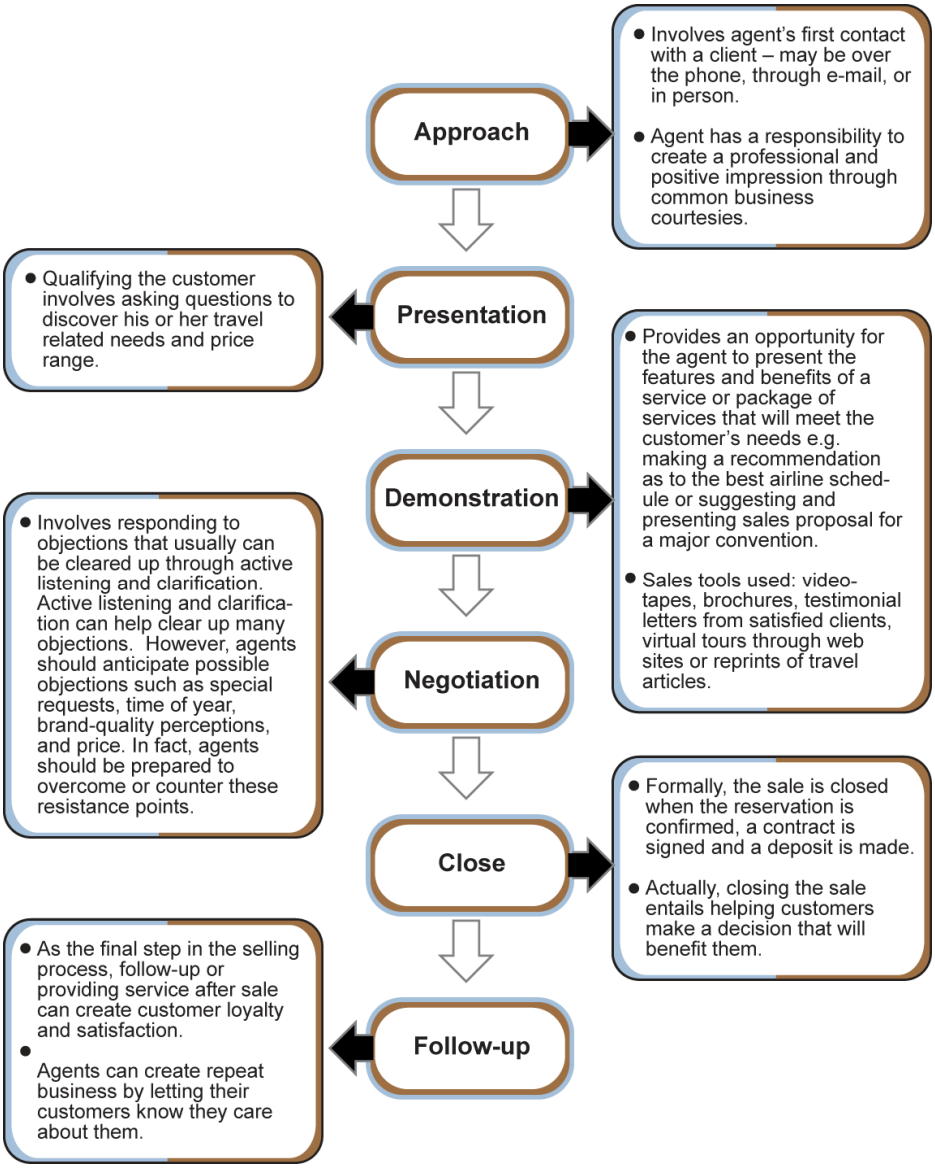


Figure 7.17: Six steps of personal selling
Source: Cook, Yale and Marqua, 2002

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In addition to the six steps of the selling process, a good travel agent provides consistent high-quality service to clients. To create customer loyalty, a good travel agent should promptly return phone calls and e-mails, immediately solve problems, provide simple tokens of appreciation by sending thank-you cards and keep on informing about special offers to his or her regular and prospective customers.

(b) **Sales Promotion**



Figure 7.18: Sales promotion
Adapted from: http://www.malaysiaoutdoor.com/

Have you been to the Matta Fair? Or have you ever purchased a travel package at any travel fair? If yes, I am sure you would have seen advertisements such as the one in Figure 7.18. How do promotions like these attract you to purchase the travel package? Are sales promotions very important to attract business for travel agents? You will find the answers in this section. Let us read on.

What is a **sales promotion**? It is:

> A promotional tool which is used to stimulate interest, trial or purchase of a product or service, using a range of short-term activities. The activities are short-term because the goal of sales promotion is to generate short-term sales.

In particular, sales promotion activities should be regarded by the management as supplementary devices designed to complement and emphasise personal selling and advertising.

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Figure 7.19: Travel agent and sales promotion
Source: http://www.tafeplus.com

In introducing a new agency, sales promotion devices in particular play an important role (see Figure 7.19). Principals in the travel industry, such as airlines, hotels and tour operators, are very generous in providing the agent with sales promotion materials and window displays. However, few have actually attempted to train agents in the sales promotion techniques and strategies needed to develop the potential business in their area.

As indicated by Gregory (1989), to help introduce a new agency, sales promotional programmes are used to:

(a) Attract new customers and give emphasis on the complete service agency;

(b) Publicise the agency's own escorted tours;

(c) Counter a competitor's sales promotions;

(d) Assist others in the travel industry by developing interest in a new destination or area;

(e) Reduce the extent of seasonal decline in travel; and

(f) Upgrade the business.

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In general, sales promotional activities aimed directly at prospective customers can be divided into those that can reach the customer either:

(a) In the home or place of business by using direct mail; or

(b) At travel shows, film shows or lectures to schools, clubs and other groups; or

(c) In the travel agency itself.



SELF-CHECK 7.10

1. Define the following:

   (a) Personal selling

   (b) Sales promotion

2. Why must a travel agent have good product knowledge?

3. Explain the six steps involved in personal selling.

4. Give one example of a sales promotion that can be carried out by a travel agent.

5. List the three target markets that travel sales promotions are aimed at.



ACTIVITY 7.3

You may have seen or been involved in a sales promotion. Can you think of other innovative techniques of sales promotions that can be carried out by travel agents?

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SUMMARY

- As a service-oriented industry that focuses on meeting the needs of the travelling public, success and profitability of the industry's suppliers depend on their ability to reach and meet the needs of selected target markets effectively and efficiently.
- Suppliers should have a very good understanding of the relationship between the travel vendor, travel products and end-users; as well as the travel market which is categorised into business travel and leisure travel.
- Travel businesses also include retail travel agencies, tour operators, wholesalers, consolidators, general sales agents and specialty channellers, but the most popular way of purchasing tourism services is still through travel agencies.
- Travel agencies make a profit through commissions paid by suppliers as they sell the suppliers' services to customers but they do not take the title to the services they sell.
- In the travel and tourism industry, many tourists and travellers prefer tour packages to buying related services individually.
- Tour packages include at least two of the following elements – accommodations, transportation, entertainment, meals, attractions and sightseeing activities.
- Finally, similar to other industries, to reach consumers and sell services effectively, a company needs a particular marketing and sales strategy.
- Personal selling and sales promotion are the two most common marketing and selling strategies for many agencies.

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KEY TERMS

Agent

American Automobile Association (AAA)

Commission

Escorted tour

Familiarisation trip

Fly/drive

Full-service travel agency

Ground arrangements

Ground operator

Hosted tour

Incentive companies

Incentive travel

Override

Principal

Retail travel agency

Supplier

Tour operator

Tour package

Wholesaler

SELF-TEST 1

1. Why are travel agents so important in distributing tourism services?
2. Describe the differences between selling and marketing.
3. Who are "ground operators"?
4. List three segments of the market for leisure travel.
5. List five major reasons for purchasing tour packages.
6. Describe corporate travellers.

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SELF-TEST 2

1. Who are the end-users of the travel and tourism industry?

2. Explain the functions of a travel agency as an intermediary in tourism distribution channels.

3. What is the definition of "travel" according to the United States Transportation and Tourism Administration?

4. List three segments of the business travel market.

5. Describe "special-interest travel".

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Topic 8 Tourist Attractions and Activities

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Define "tourist attraction";
2. Describe the types of tourists;
3. Explain why people travel;
4. Differentiate between the types of travel;
5. Examine the classifications of tourist attractions; and
6. Analyse the types of tourism.

INTRODUCTION



Figure 8.1: Different destinations in mind

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People are inspired to travel to some places due to the appeal of their attractions. Whoever the tourist may be and whatever the reasons for his or her travel, attractions are still one of the main dominant factors drawing them to their destination. In fact, attractions form the core of the tourism experience (see Figure 8.1).

We will begin this topic with a discussion of the types of tourists and why they travel. Then, we will move on to the classification of tourist attractions followed by a discussion of attraction attributes. Finally, we will discuss types of tourism from the perspectives of planning and development.

8.1 WHAT IS A TOURIST ATTRACTION?

A tourist attraction is a valuable addition to a holiday experience in an area. A good tourist attraction can have huge "drawing power" and serve as a motivator for tourists to travel to a particular destination. Some good examples in Malaysia are "Eye on Malaysia", the Mulu Caves, Taman Negara, Redang Island and many more.

What is a tourist attraction? It is difficult to define one. However, we have extracted some interesting details on tourist attraction from http://en.wikipedia.org. Read on.

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TOURIST ATTRACTION

A **tourist attraction** is a place of interest which tourists, foreign and domestic, normally visit. Some examples include famous historical places, monuments, zoos, museums and art galleries, botanical gardens, buildings and structures (e.g., castles, libraries, former prisons, skyscrapers, bridges), national parks and forests, theme parks and carnivals, ethnic enclave communities, historic trains, cultural events and rare oddities.

Tourist attractions are also created to capitalise on unusual and unexplained, even perhaps sensational, phenomena such as a supposed UFO crash site near Roswell, New Mexico and the alleged Loch Ness monster sighting near Inverness, Scotland. Reported ghost sightings in historic establishments also make tourist attractions.

Local ethnic community leaders may attempt to promote ethnic communities as tourist attractions as well as to increase revenue and cultural venues, such as various Chinatowns all over the world, the Vietnamese community of Little Saigon in southern California in the United States and the black British neighborhood of Brixtonborough of London. However, such tourist attractions tend to focus on the superficial aspects of diverse cultures. Furthermore, they may rely heavily on cultural stereotypes.

Owners and marketers of attractions usually advertise tourist attractions on billboards along the side of highways and roadways, especially in remote areas. Also, many tourist attractions have free promotional brochures and flyers in information centres, fast-food restaurants, hotel and motel rooms or lobbies and rest areas.

While some tourist attractions provide visitors a memorable experience for a reasonable admission charge or even for free, others can have a tendency to be of low quality and to overprice their goods and services (such as admission, food and souveniers) in order to profit from tourists excessively. Such places are commonly known as tourist traps.

Many tourist attractions have a higher concentration of hotels and motels located nearby.

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ACTIVITY 8.1

"Malaysia has some of the most beautiful and lively cities and tourist attractions in the world. These sites not only play host to descending tourists and curious travellers, they also shield the raw beauty of unexplored regions and unique fests from the rest of the world".

(**Source:** http://www.tsiholidays.com/malaysia/tourist-attractions-in malaysia. tml)

How far do you agree with this statement? Do you think tourist attractions play a big role in boosting the tourism industry in Malaysia? Discuss with your coursemates.

8.2 TYPES OF TOURISTS

For a long time, people have been attracted to new, unusual or awe-inspiring attractions and events in many places and corners of the world. This curiosity has encouraged people to travel long distances to discover new things.

Why did people travel in earlier days? Did they travel to experience the uniqueness and beauty of natural events such as the sunset across a mountain valley? Or to participate in a religious festival in honour of bountiful harvests? There must have been many factors which drew them to travel.

How do people (or tourists) spend their leisure time, whether travelling or staying close to home? The types and varieties of activities in which they choose to participate are as varied as the locations to which they travel or the seasons they choose to travel in.

Festivals such as planting and harvesting celebrations and natural attractions such as mountains, beaches, volcanoes and waterfalls, served as attractions for early visitors and are still popular today. As times have changed and although these natural festivals and attractions are still popular, wider varieties of alternatives have evolved to fill the leisure time of people.

Valene Smith, an anthropologist associated with the University of Pennsylvania, introduced a method of grouping different types of tourists. Basically, she was concerned with the different impacts tourists had on the residents of a host country or destination.

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There are a number of important variables in her classification, such as:

(a) Time spent by tourists in the host country;

(b) Extent to which tourists are interested in immersing themselves in the environment of the host country; and

(c) Type of host-country resident whom the tourist meets and the purpose of the meeting.

Although Smith's classification of tourists is more concerned with economic and social impacts, it is very helpful and useful in order to understand the types of tourists individually and most importantly, what attractions can be associated with the tourists.

Now, let us see the seven types of tourists as identified by Smith.

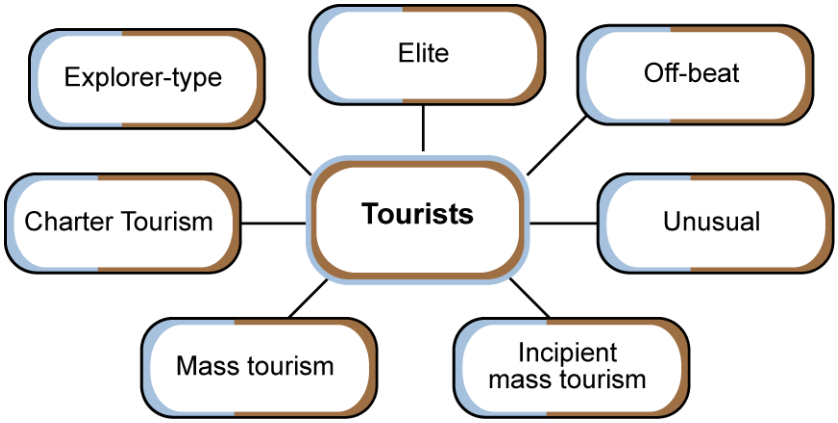


Figure 8.2: Types of tourists

For more details on the types of tourists, let us read the following table.

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Table 8.1: Types of Tourists Explained

Type of Tourists	Description
(a) **Explorer-type Tourists**	• Look for discovery and knowledge. • Numbers are limited and consider themselves as anthropologists instead of tourists. • Have very different expectations from other travellers and they accommodate easily to local norms in housing, food and lifestyles. • Intend on leaving familiarity behind and experiencing other cultures fully. • Seek to achieve a much higher level of contact with the societies of the countries visited. • Avoid air transport and instead use road or rail on overland tours of Asia or Africa. • Long duration of visit.
(b) **Elite Tourists**	• Few in number, usually include individuals who have been "almost everywhere" and now choose to try new activities. • Differ from explorers because they are tourists – use facilities that could be prearranged at home by any travel agent. • Adapt easily as they believe "if the natives can live that way all their lives, we can for a week". • Visits are largely unstructured and the duration longer than that of the mass tourist.
(c) **Off-beat Tourists**	• Include those who currently visit Nepal or participate on a hunting safari in Zimbabwe. • Seek to get away from the tourist crowd or do something beyond the norm to heighten the excitement of their vacation. • Adapt well to the simple accommodations and services provided.
(d) **Unusual Tourists**	• May include "unusual" tourists who visit South America on an organised tour but buy an optional one-day package tour to visit the Cuna Indians rather than spend the day shopping in duty-free Panama. • Interested in "primitive" culture but are much happier with their "safe" box lunch and bottled soda rather than a native feast.

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(e) **Incipient Mass Tourism**	• Early or "just beginning" mass tourism. • Consists of a steady flow of people who usually travel as individuals or in small groups; increasing in size. • Seek destinations such as Peru, Alaska (in summer), secure in guided tour, heated or air-conditioned buses and modern hotels. • Seek Western amenities and pay dearly for the comfort. • Make the most number of complaints.
(f) **Mass Tourism**	• Consists of a continuous arrival of visitors such as tourists who flood Hawaii and European resorts most of the year. • Built upon middle-class income and values and the impact of high numbers. • Have a "you get what you pay for" attitude. • Fill up hotels of every category but expect trained, multilingual hotel and tourist staff to be alert to their wants and needs.
(g) **Charter Tourism**	• Consists of groups that arrive in masses to popular resorts such as Waikiki, Acapulco and Palma de Majorca. • Have minimal involvement with the people of the country visited. • The emphasis is on the hotel and other facilities which have been developed specifically for this type of tourists. • Want to experience the "novelty of a strange place with the security of a familiar environment". • Structured and short visits, ranging from one long weekend to two weeks.



SELF-CHECK 8.1

1. List and explain the seven types of tourists as indicated by Valene Smith.
2. Suggest a destination in Malaysia that "unusual tourists" might like to visit.

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8.3 WHY DO PEOPLE TRAVEL?

There can be many reasons behind every tourists' travel. However, here we will focus on those based on the concept of **"push and pull"**. This concept has been given great attention by recent research into travel motivation.

The **"push"** factors are often a reaction to the living or working environment and are related to the social and psychological conditions unique to a particular individual. In this context, the tourists or visitors are looking for a change of pace from their leisure as well as their everyday work routines.

On the other hand, the **"pull"** factors for a vacation are aroused by the destination itself. These factors help us to explain why people develop the desire to go on vacation and explain the choice of destination.

John Crompton (through his journal entitled "Why people go on a pleasure vacation". In Annals of Tourism Research, vol. 6, no.4) said the **essence of a vacation** is a break from routine.

In most cases, the **essence of a break** from routine is either going to a different place or changing the dominant social context or doing both of these. Travellers are motivated by the general ability of a destination and attraction to meet their psychological needs and support their values.

In this sense, Crompton suggested five most common motives for travel. We can see these in Figure 8.3.

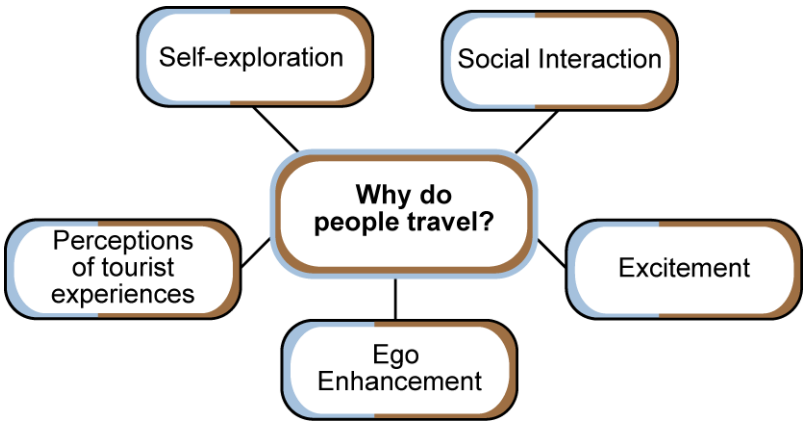


Figure 8.3: Why do people travel?

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Now, let us take a look at each motivator:

(a) **Self-exploration**

(i) As tourists learn about themselves by learning about the world around them, travel connects them to a world that they would not know and understand strictly on the basis of their daily work activities.

(ii) They are free to explore the unexpected.

(b) **Social Interaction**

(i) "How" people spend their leisure time is more relevant to the quality of the experience.

(ii) The social context is an important part of the "how".

(iii) Social interaction is also very important in any experience.

(iv) "People want to be with people" in most of the activities they are involved in.

(c) **Excitement**

(i) The experience sought by travellers should bring a change from the routine and commonplace, by providing something that is strange, unusual or novel, an experience not commonly present in the daily life of the travellers.

(ii) This can be achieved in a different but conventional setting, but for some, it requires elements of fantasy and the ability to free oneself from the inhibiting mores of home to enjoy a more permissive environment.

(d) **Ego Enhancement**

(i) In most cases, motivations can contribute to ego enhancement.

(ii) For many travellers, need for prestige influences trip choices; going to or visiting a known and admired destination or attraction.

(iii) One wants to be able to have others respond knowingly, with admiration or even with a touch of jealousy when a destination is mentioned.

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(e) **Perceptions of Tourist Experiences**

(i) Motivational needs of travellers can be met by various types of tourist settings and experiences. In addition, some have different meanings to different people. For example, for some people, skiing may be a way of providing romance and excitement, social interaction or even making business contacts.

(ii) The degree to which motivational needs are met may also be associated with the depth of involvement of the tourists in their experiences.



SELF-CHECK 8.2

1. Explain the "push and pull" concept.
2. What is the "essence of vacation"?
3. Explain the motivating factors that encourage travel.



ACTIVITY 8.2

What is the most important motive or reason for your most recent travel? Did you accomplish the motive or reason during or after the travel? Share your thoughts with your coursemates.

8.4 TYPES OF TRAVEL

In order to understand the types of tourists and motives or main reasons why people travel, we should first learn about the types of travel.

As we know, not all travellers are the same. Some will prefer the security of an escorted group tour with a tightly organised itinerary, while others prefer to explore the destination on their own. Therefore, we can say that choosing the type of vacation and the attractions for the vacation depends greatly on an individual's expectations.

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Harssel (1994) came up with the following overview of ten different classifications of travel as organised by types of tourist orientation. Let us look at Table 8.2 for more details on this.

Table 8.2: Types of Travel

Types of Travel	Description
Nature Tourism	• Draws individuals who enjoy the outdoors, beautiful scenery and wildlife. • Attractions include foliage of New England, natural beauty of Taman Negara, excitement of an adventurous African safari and the underwater heaven of Sipadan Island.
Cultural Tourism	• Draws individuals whose primary interest lies in the history and folklore of the destination. • Such tourists will visit museums or attend cultural festivals and events of local significance.
Social Tourism	• Contact with people is most important; primary satisfaction might be derived from companionship with other group members (often the case with a bus tour). • Opportunity to socialise with indigenous people at the destination. • Also include family visits.
Active Tourism	• Draws tourists with a challenge to accomplish a predetermined activity on their vacation. • Such tourists explore new things or put serious effort into learning or experiencing a subject of interest.
Recreation Tourism	• Draws tourists whose primary reason for a trip lies in the enjoyment of participating in recreational activities such as camping, organised games and learning new skills. • Such tourists need to be active on vacation without giving way to the element of relaxation.
Sport Tourism	• Draws serious sports participants. • Examples of activities are tennis camps, ski vacations, whitewater excursions and bicycle marathons.

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Specialised Tourism	• A small group of people travel together with a purpose or interest particular only to them. • Examples include car dealers visiting a manufacturer overseas or a school group on a study tour (e.g. a field trip to Payar Island to study island geography).
Religious Tourism	• Draws individuals for whom a destination has spiritual significance. • Pilgrimages to sacred religious sites such as Mecca and Medina in Saudi Arabia (hajj and umrah for Muslims), Lourdes in France, Vatican in Rome and Israel.
Health Tourism	• Draws individuals who seek to improve a physical condition. • Weight-loss camps, high-altitude resorts and European spas are several examples that come to mind.
Ethnic Tourism	• Is characterised by tourism that returns to the homeland of ancestors. • An ethnic tourist is a serious tourist in search of indigenous cultural traditions among a host country's people.



SELF-CHECK 8.3

Fill in the blanks

1. _____ attracts an individual whose primary interest lies in the history and folklore of the destination.

2. A field trip to Redang Island to study island geography is an example of _____ tourism.

3. In _____ tourism, participants need to be active on vacation without giving way to the element of relaxation.

4. _____ tourism gives opportunity for travellers to socialise with the indigenous people at the destination.

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8.5 CLASSIFICATION OF TOURIST ATTRACTIONS

So far, we have covered the types of tourists, travel motivators and types of travel. Now, we will look at tourist attractions.

National parks, beaches, mountains, theme parks, museums, zoos, world fairs, state and regional fairs are only a few of the different types of attractions found around the world.

It is difficult to group or classify tourist attractions into a single category as these come in many shapes, sizes and ownership. In fact, almost anything can be an attraction. The determining factor specifically in the context of attraction development is not how it exists or how it can be built. Instead, it depends on the following factors:

(a) How the attraction is managed;

(b) Who it is an attraction for;

(c) Where the attraction is located;

(d) How it is interpreted; and

(e) What significance it has for locals and visitors.

The concept of an attraction is very broad as it encompasses a great many different sights and sites. However, it will be helpful to categorise the attractions. In the following subtopics, you will see how attractions can be categorised.

8.5.1 Classification of Attractions by Holloway

Holloway (2002) identified three categories which will help in examining the nature of attractions. Let us take a look at each one in the following:

(a) **Attractions may be *Man-made* or *Natural***

(i) Man-made attractions include buildings of all types or attractions such as the Great Wall of China, the Statue of Liberty in the US or the Petronas Twin Towers in Malaysia.

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(ii) Natural attractions include national parks, lakes, waterfalls and other geographical phenomena. These attractions may be subdivided according to whether they are in any sense "managed" or left entirely to nature to develop.

(b) **Attractions may be *Nodal* or *Linear* in Character**

(i) Nodal character – e.g. a seaside resort or capital city will invite tourists to focus their visit within a clearly designated and narrowly defined area.

(ii) Linear character – will involve the movement of tourists from one place to another, e.g. by touring the countryside or following a scenic coastal road.

(c) **Attractions may be Distinguished between those which Involve a *Site* and Those Involving an *Event***

(i) Events can be either man-made or natural e.g. Changing of Guards in London is a "man-made" ceremony that attracts many overseas tourists; while the geyser in the Yellowstone National Park in US and annual migration of wildebeest across the Serengeti Park in East Africa are examples of natural events.

(ii) Some events are temporary and some are of very short duration.

(iii) Many sites owe their attraction to an event that happened in the past e.g. Liverpool became a place of pilgrimage for many overseas youngsters due to its links with the Beatles in the 1960s.

Holloway (2001) also listed categories of attraction as categorised by the English Tourist Board:

(a) Historic properties;

(b) Museums and art galleries;

(c) Wildlife parks;

(d) Gardens;

(e) Country parks;

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(f) Workplaces;

(g) Steam railways;

(h) Leisure attractions; and

(i) Other attractions.



ACTIVITY 8.3

Fill in the table below with examples of attractions in Malaysia.

Attraction	Example
Man-made or natural	
Nodal or linear in character	
Site and event	

8.5.2 Classification of Attractions by Weaver and Lawton

Weaver and Lawton (2001) generated four categories of attractions, namely, **natural sites**, **natural events**, **cultural sites** and **cultural events** as illustrated in Table 8.3.

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Table 8.3: Classification of Attractions by Weaver and Lawton

Attraction		Description
Natural	**Natural site**	• Subdivided into: – **Topography** – mountains, canyons, beaches, volcanoes, caves, fossil sites – **Climate** – temperature, sunshine, recipitation – **Hydrology** – lakes, rivers, waterfalls, hot springs – **Wildlife** – mammals, insects, fish – **Vegetation** – forests, wildflowers – **Location** – centrality, extremity
	Natural events	• Often independent of particular locations and unpredictable in their occurrence and magnitude. • Examples: bird migrations, solar eclipses and comets, volcanic eruptions and tidal action.
Cultural	**Cultural sites**	• Also known as "man-made", "constructed" or "built" sites. • Are as or more diverse than their natural counterparts. • Subdivided into: – **Pre-historical** – aboriginal sites – **Historical** – battlefields, old buildings, museums, ancients monuments, graveyards, statues – **Contemporary culture** – architecture, ethnic neighborhood, modern technology – **Economic** – farms, mines, factories – **Recreational** – integrated resorts, golf courses, ski hills, theme parks, casinos • **Retail** – mega malls, shopping districts
	Cultural events	• Categorised in several ways, including the extent to which they are regular or irregular in occurrence (e.g. Summer Olympics and FIFA World Cup held every four years) or location (the British Open tennis held at Wimbledon versus the changing FIFA World Cup venues). • Can also range in size from a small local arts festival to international mega-events. • Cultural events are assigned according to thematic classification which include categories such as history, sports, religion, music and arts. • Examples: battle re-enactments, festivals, world fairs, commemorations, sporting events, Olympics markets.

Adapted from: Weaver and Lawton, 2001

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SELF-CHECK 8.4

True or False Statements

1. Natural sites are often independent of particular locations and unpredictable in their occurrence and magnitude.
2. Cultural sites are also known as "man-made", "constructed" or "built" sites.
3. Cultural events are assigned according to thematic classification which include categories such as history, sport, religion, music and arts.
4. A few examples of cultural events are bird migrations, solar eclipses and comets, volcanic eruptions and tidal action.
5. Cultural events can also range in size from a small local arts festival to international mega-events.

8.5.3 Classification of Attractions by Getz

Getz (1991) came up with a model depicting the supply side of the tourism industry where attractions constitute the primary reason for the existence of tourism-related businesses.

Look at Figure 8.4. It is clearly depicted that without attractions of some type, a tourism industry of any note cannot exist.

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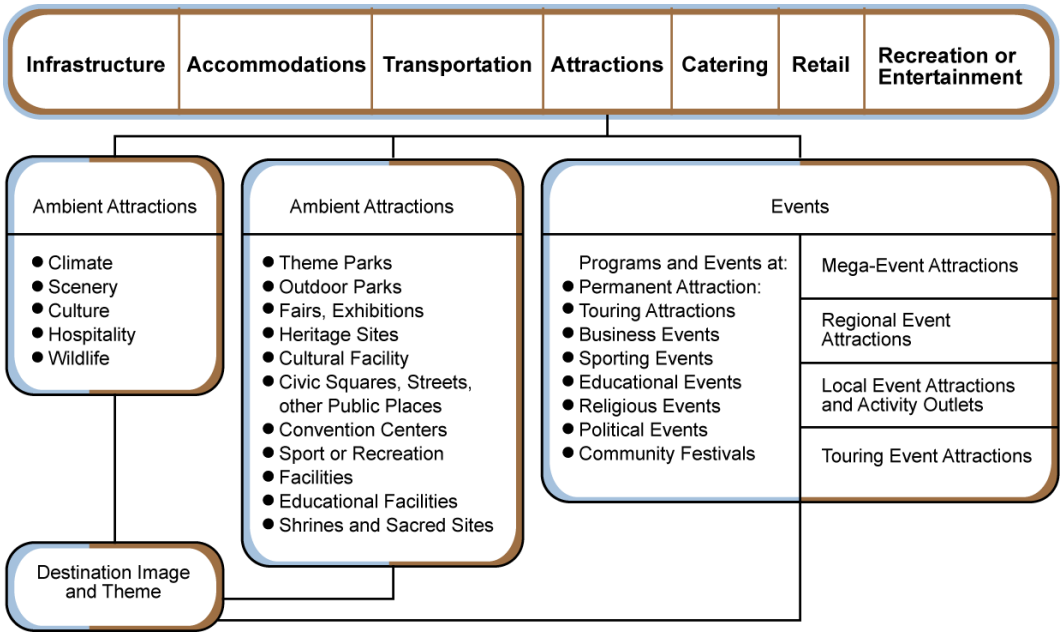


Figure 8.4: The tourism industry supply side
Source: Getz, 1991

8.5.4 Classification of Attractions by Gartner

So far, you have learnt about the various classifications of tourist attractions. For this module, types or classifications of attractions by Gartner (1996) will be adopted and discussed as well.

Gartner grouped attraction types into 11 categories. We should realise that many types of attractions can be classified under more than one category. You can see the 11 categories of attractions in the following:

(a) **Natural**

(i) Dominant land or water features, flora and fauna and climates form the main characteristics or supply supporting features for most attractions.

(ii) Natural resource characteristics are often in the public domain in order to protect them from major transformational development.

(iii) For private attractions that rely more on built environments, they still and often require particular natural characteristics i.e. climatic characteristics for success.

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(b) **Business**

(i) Conglomeration of government, manufacturing, financial services and individuals that form large markets make metropolitan area attractions for business tourism.

(ii) Growth in conference business in metropolitan areas, for example, has been led by a supporting infrastructure of accommodations and food service operations, together with publicly supported convention centres.

(iii) For rural areas, there has been a steady trend of actively seeking the convention or conference aspect of business tourism.

(iv) Element of pleasure activity in convention or conference business tourism can be enhanced by the combination of rural surroundings with an aesthetically appealing natural resource base.

(c) **Historic**

(i) Whether they are remains of built environments or places where significant events took place, relics of the past can be an attraction.

(ii) Before becoming an attraction, some sites may require restoration or preservation.

(iii) Some sites from early history or prehistoric days need grounding, such as explanation of their significance and relationship to modern-day life.

(d) **Ethnic or Culture**

(i) Include the way different people live, worship, work and play.

(ii) The presentation of an ethnic or cultural attraction must be undertaken with sensitivity.

(iii) If offered as an attraction, ethnic or cultural uniqueness must be given the same protection as other attractions, subject to transformational change.

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(e) **Friends and Relatives**

(i) Although there is no conscious effort made to develop attractions for friends and relatives, recognising their drawing power is important for the development of additional or new attractions.

(ii) Attractions in close proximity to the attraction market of friends and relatives may initiate special programmes to encourage visitors to bring along their guests.

(f) **Medical**

(i) Some examples of the first medical centres recognised as tourist attractions were health spas.

(ii) Nowadays, resort health centres are more common and treat a variety of ailments.

(iii) Technological advancements in medical science have led to specialised diagnostic and treatment centres with worldwide reputation.

(iv) Ancient methods of treating ailments practised by conservative and modern health practitioners such as acupuncture remain popular.

(g) **Special Events**

(i) Annual festivals or infrequent mega-events e.g. Olympics are special events that serve as important short-term attractions.

(ii) As generators of destination awareness or repeat visitation, special events perform poorly.

(iii) Mega-events are usually viewed as destination promotions but in terms of destination awareness, the decay of awareness begins shortly after the event is over and media exposure ceases.

(iv) As attractors, special events are most useful when they showcase community values.

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(h) **Government**

(i) National or regional capitals are attractions because of the location of governmental headquarters.

(ii) Monuments, museums and other significant buildings are usually available in capitals, built to glorify the government's accomplishments e.g. the Petronas Twin Towers in Kuala Lumpur.

(iii) Then, capitals generate attraction appeal through the business of governments and by offering built attractions for tourists.

(i) **Parks**

(i) Many publicly managed and provided parks are included in the resource category.

(ii) For their attraction appeal, private-sector parks are very different as they rely mostly on a built environment – the most obvious examples are amusement or theme parks, offering a wide range of services.

(iii) Successful theme park development often leads to other economic activity resulting in developmental spread.

(j) **Religious**

(i) From a development perspective, religious attractions are the most difficult to discuss.

(ii) The question of how religious attractions came into being poses the most difficulty, not the types of facilities constructed to host the tourists.

(iii) The base of support for religious attractions is the ethereal element of faith and therefore is not predictable.

(iv) Some of the more famous religious attractions include Mecca (for Muslims), the birthplace of Prophet Mohammed; the Ganges River (for Hindus) and Rome (Catholic Church for Christians).

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(k) **Other Built Attractions**

(i) Sports arenas, zoos, aquariums and others could all make up separate categories.

(ii) They are grouped together for simplicity and because they all require facility construction.

(iii) Nowadays, many urban areas are beginning to rely more heavily on built attractions to complement already existing business tourism.

SELF-CHECK 8.5

1. Name the eleven categories of attractions as listed by Gartner (1996).
2. What is the difference between natural attractions and business attractions?
3. Give three examples of parks in Malaysia.

8.5.5 Tourist Attractions in Malaysia

So far, we have explored the different types of attractions. Now, it is time for us to get to know the tourist attractions in Malaysia. There may be thousands of tourist attractions in Malaysia. Figure 8.5 below shows some of them as listed in http:// www.tsiholidays.com/malaysia/tourist-attractions-in-malaysia.html. Let us read on.

ACTIVITY 8.4

Do you think attractions are very important to hospitality and tourism? Explain.

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TOURIST ATTRACTIONS IN MALAYSIA

- **PERLIS**
  - Gua Kelam (Dark Caves)
  - Padang Besar
  - Kuala Perlis
  - Arau The Royal Town
  - Tasik Melati
  - Gunung Medan
  - Sungai Batu Pahat
  - Snake Farm
- **KEDAH**
  - Bujang Valley (Lembah Bujang)
  - Gunung Jerai
  - Balai Nobat (Hall of Drums)
  - Pulau Langkawi
    - Kuah
    - Mahsuri Mausoleum
    - Air Hangat Village
    - Taman Buaya Langkawi (Langkawi Crocodile Farm)
  - Kampung Tanamas
  - Pulau Singa Besar
  - Balai Besar
  - Masjid Zahir
  - State Museum
  - Pekan Rabu
  - Pantai Merdeka
- **PULAU PINANG (PENANG)**
  - Fort Cornwallis
  - Penang Hill
  - Khoo Kongsi
  - Penang Bird Park
  - Orchid and Hibiscus Garden
  - Bukit Mertajam Recreational Park
  - Penang Butterfly Farm
  - Botanical Garden
  - Penang Museum and Art Gallery
  - Wat Chayamangkalaram Temple
  - Snake Temple
  - Kek Lok Si
  - St George's Church
  - Sri Mariamman Temple
  - Tanjung Bungah beach
  - Batu Ferringhi beach
  - Teluk Bahang beach
- **PERAK**
  - Kuala Kangsar
    - Istana Iskandariah,
    - Istana Kenangan
    - Ubudiah mosque
  - Taiping
    - Lake Gardens
    - The country's oldest State Museum
  - Bukit Larut (formerly Maxwell Hill)
  - Lumut
    - Naval Museum
    - Teluk Batik beach
  - Pulau Pangkor,
  - Teluk Belanga, Teluk Nipah and Pasir Bogak.
  - Terrapin Breeding Project
  - Ipoh Cave Temples
  - Kuala Gula Bird Sanctuary
  - Banding Resort
  - Kellie's Castle
- **SELANGOR**
  - Shah Alam
  - State Mosque, Masjid Sultan Salahuddin Abdul Aziz Shah.
  - Hutan Kanching
  - Batu Caves
  - Malaysia Agriculture Park
  - Gedung Raja Abdullah.
  - Kuala Selangor
  - Taman Alam
  - Muzium Orang Asli
  - Sunway Lagoon
  - The Mines Wonderlands
- **KUALA LUMPUR**
  - Petronas Towers
  - Malaysia Tourist Information Complex (MATIC)
  - National Zoo and Aquarium
  - Kuala Lumpur Railway Station
  - Central Market
  - National Library
  - Petaling Street
  - Dataran Merdeka
  - Sultan Abdul Samad Building
  - Carcosa Seri Negara
  - Parliament House
  - Istana Negara
  - Dayabumi Complex
  - Pak Ali's House
  - Kuala Lumpur Lake Gardens
  - The Orchid Garden
  - The Hibiscus Garden
  - The Butterfly Park
  - Kuala Lumpur Bird Park
  - Malaysian National Monument
  - The Deer Park
  - Forest Research Institute of Malaysia (FRIM).
  - National Museum
  - Natural Rubber Museum
  - National Art Gallery
  - The National Planetarium
- **NEGERI SEMBILAN**
  - Seremban Lake Gardens
  - Cultural Handicraft Complex (Kompleks Taman Seni Budaya)
  - Negeri Sembilan State Museum (Istana Ampang Tinggi)
  - Port Dickson
- **MELAKA (MALACCA)**
  - Baba Nyonya Heritage Museum
  - Sound and Light Show
  - Air Keroh Recreational Forest
  - The Malacca Zoo
  - Reptile Park
  - Mini Malaysia
  - Mini ASEAN
  - Butterfly Farm
  - Crocodile Farm
- **JOHOR**
  - Johor Bahru
  - Royal Abu Bakar Museum
  - Muar
  - Mersing
  - Mount Ophir
  - Pontian and Kukup
  - Tanjung Piai
  - Desaru
  - Fishermen's Museum
  - Pulau Rawa
  - Pulau Tengah
  - Pulau Besar
  - Pulau Tinggi
  - Pulau Sibu
- **PAHANG**
  - Kuantan
  - Gua Charah
  - Tasik Chini
  - Teluk Chempedak
  - Cherating
  - Taman Negara
  - Cameron Highlands
- **TERENGGANU**
  - Kuala Terengganu Central Market
  - Pantai Batu Buruk and the Cultural Centre
  - Terengganu State Museum
  - Istana Maziah
  - Rhusila
  - Bukit Keluang/Dendong Beach Park
  - Suterasemai Centre
  - Turtle-Watching at Rantau Abang
  - The Sekayu Recreational Park
  - Kenyir Darn
  - Pulau Duyong
  - Tanjung Jara
  - Marang
  - Kapas Island
  - Pulau Redang
- **KELANTAN**
  - Buluh Kubu Central Market
  - Kota Bharu Cultural Centre
  - Gunung Stong
  - Museum of Royal Traditions and Customs
  - Masjid Kampung Laut
  - Wat Photivihan Jambu
  - Merdeka Square
  - Pantai Cahaya Bulan (PCB)
  - Pantai Dalam Rhu
  - Pantai Irama,
  - Pantai Dasar
- **SABAH**
  - Sabah State Mosque, Kota Kinabalu
  - Sabah Foundation Building, Kota Kinabalu
  - Kota Belud
  - Tuaran
  - Penampang
  - Sandakan
  - Gomantong Caves
  - Semporna
  - Kudat
  - Tanjung Aru
  - Sipadan Island
  - Tunku Abdul Rahman Park
  - Pulau Layang-Layang
  - Kinabalu National Park
- **SARAWAK**
  - Sarawak Museum
  - Outside of Kuching Skrang River Safari
  - Pepper Plantations
  - The Sarawak Cultural Village and Heritage Centre
  - Santubong Fishing Village
  - Niah National Park
  - Gunung Mulu National Park
  - Bako National Park

Figure 8.5: Tourist attractions in Malaysia

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ACTIVITY 8.5

1. For each category of attractions as listed by Gartner, list three attractions that can be found in Malaysia.
2. Identify three examples of theme parks, museums and zoos in Malaysia.
3. What is Malaysia's greatest man-made attraction? Justify your opinion.

8.6 TYPES OF TOURISM FROM A PLANNING AND DEVELOPMENT PERSPECTIVE

As previously discussed, attractions prompt tourists to travel in the first place; but the concept of "attraction" is a very broad subject. We often use the term "attraction" synonymously with "destination". In fact, the types or forms of tourism are sometimes associated and used interchangeably with the term "attraction".

Now, let us take a look at what the World Tourism Organisation (UNWTO) has said about the different types of tourism from a planning and development perspective:

(a) **Resorts**

(i) A destination area that is relatively self-contained.

(ii) Provides a wide range of tourist facilities and services including those designed for recreation and relaxation.

(iii) Their primary orientation is to offer several types of attractions and activities.

(iv) Examples of activities: water recreation and sports on rivers, beach relaxation and recreation, marine sports in lake and ocean coastal areas, mountain winter skiing and summer hiking and horse riding, important archaeological and historic sites and national parks, health facilities related to mineral springs or dry sunny climate or a combination of features.

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(v) Types of resorts:

- **"Retreat" type resorts**: may be small and isolated but provide a high-quality level of facilities and services e.g. holiday villages.
- **Integrated resorts**: are carefully planned as single entities.
- **Town resorts**: combine the usual land uses and activities of a town community; include hotels and other types of accommodations and a variety of tourist facilities and services; located near major attraction features.

(vi) Some recently developed planned resorts include new towns where the resorts support population lives; these function as viable resort towns.

(b) **Urban Tourism**

(i) Tourism in cities and towns is very widespread.

(ii) A broad range of shopping, restaurants, historic and cultural attractions and the appeal of urban vitality are offered in these urban places.

(iii) Many urban attractions and amenities are primarily developed for residents but use of those attractions and amenities by tourists can help to sustain them.

(iv) Urban areas may function as points of arrival and departure of tourists to the country or region.

(v) The common practice of developing or redeveloping certain urban areas which are oriented particularly to tourism and resident leisure use; major convention and sports facilities are often developed to attract more tourists.

(c) **Special Interest and Adventure Tourism**

(i) One of the rapidly expanding types of tourism.

(ii) **Special interest tourism**

- Involves tourists, usually in small groups, travelling to learn about and experience particular features of an area.

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- Focuses on several themes:
  - **Cultural** e.g. dance, music, drama, fine arts, handicrafts, architecture, archaeology, history and historic routes, traditional lifestyles and unusual economic activities;
  - **Nature** e.g. flora and fauna, geology, scenic beauty, national parks and marine environments;
  - **Professional interest** e.g. visits to meet people of similar professions and exchange ideas; and
  - **Educational tours** e.g. participatory activities such as tourists working under supervision at an archaeological site excavation.
- Certain forms of special interest tourism have been variously termed as responsible, appropriate, alternative and sustainable tourism. These include:
  - **Village tourism –** small groups of tourists stay in or near traditional, often remote, villages and learn about village life and the local environment.
  - **Rural, farm or agrotourism –** tourists stay with farm families and learn about farming/ plantation life and activities; or stay in fishing villages with fishermen's families and go on fishing trips.
  - **Walking and cycling tours –** tourists travel by walking or bicycling and stay in inns, hostels and private homes etc; they meet local people and learn about the culture and environment.
  - **Ecotourism –** this is a controlled form of nature tourism where tourists carry out nature-friendly activities in natural areas with local guides who explain to them about the flora, fauna and ecology.
  - **Community assistance programmes –** small groups of tourists, often community organisations in their home countries, visit an area and assist the local people with a particular development project e.g. building low-cost housing or constructing village water supply.

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- **Adventure tourism**
  - Involves tourist engaging in physically challenging and sometimes dangerous activities such as hiking, mountain climbing, safaris and trekking in remote areas, river rafting and white water boating.
  - Hunting and fishing may be considered as an aspect of special interest and adventure tourism.

(d) **Other Forms of Tourism**

- There are several other forms that are suitable in many places. For example:
  - **Water transport tourism –** cruise ship travel, boating on rivers and canals, yachting etc.
  - **Residential tourism –** development of various types of housing and related community facilities and services for use as vacation or retirement homes.
  - **Camping and caravan tourism –** development of camping facilities, usually near an important attraction or recreation feature and caravan or parks for recreational vehicles located along highways or near attractions.
  - **Transportation-oriented tourism –** hotels and other tourist facilities and services located near major transportation centres e.g. airport-related tourism facilities for transit passengers and business travellers and development of motels along major highways etc.
  - **Youth tourism –** travel by young people and students for education, sports and recreations is currently encouraged in many countries.
  - **Religious tourism –** travel by pilgrims to places of religious significance e.g. the hajj to Mecca and visits to the Vatican in Rome and Varanasi in India.
  - **Ethnic tourism –** tourists visit their homeland or places of ancestral origin.
  - **Nostalgic tourism –** tourists visit places where they had previously been involved in some activities e.g. visits by Japanese and Americans to Pearl Harbour where they were assigned and fought in World War II.

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SELF-CHECK 8.6

1. What is the difference between special interest tourism and adventure tourism?
2. Define the three types of resorts.
3. Compare ecotourism and agrotourism.



ACTIVITY 8.6

Visit http://www.virtualmalaysia.com. Read about the homestay programme in Malaysia. Explain how this programme can promote tourism in Malaysia. Can you list the advantages of this programme?

SUMMARY

- Attractions, whether permanent or special events, are needed in the tourism industry.
- Attractions add to the quality of life in a community as well as its economy through tourism revenue.
- There are seven types of tourists as identified by Smith: explorer-type tourists, elite tourists, off-beat tourists, unusual tourists, incipient mass tourism, mass tourism and charter tourism.
- Most common motives of why people travel include: self-exploration, social interaction, excitement, ego enhancement and perceptions of tourist experiences.
- There are ten types of travel: nature tourism, cultural tourism, social tourism, active tourism, recreation tourism, sport tourism, specialised tourism, religious tourism, health tourism and ethnic tourism.
- Attractions can be classified into eleven categories: natural, business, historic, ethnic or cultural, friends and relatives, medical, special events, government, parks, religious and other built attractions.
- Types of tourism as described by UNWTO are resorts, urban tourism, special interest and adventure tourism and others.

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KEY TERMS

Agricultural fairs
Attraction
Elite
Explorer-type
Incipient mass tourism
Leisure activities
Nature tourism
Off-beat tourists
Pull factor
Push factor
Recreational activities
Social tourism
Special event
Tourism resources
Tourist attractions
Unusual tourists
Urban tourism

SELF-TEST 1

1. Define "attraction".
2. Explain "explorer-type" tourists.
3. Describe "push" factors.
4. Discuss the five common motives of travel as put forth by Crompton.
5. List five categories of attraction as categorised by the English Tourist Board.

SELF-TEST 2

1. What is the basic concern of Valene Smith in her classification of tourists?
2. Describe "charter tourism".
3. Explain the "pull" factors for a vacation.
4. List the ten classifications of travel as organised by types of tourist orientation.
5. Identify and describe three categories which will help in examining the nature of attractions as stated by Holloway (2002).

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Topic 9 ▶ Planning and Development in the Hospitality and Tourism Industry

LEARNING OUTCOMES

By the end of this topic, you should be able to:

1. Identify the government's roles in tourism planning and development;
2. Explain the destination management process;
3. Differentiate the positive and negative impacts of tourism;
4. Determine the evolution of destination management; and
5. Evaluate the future challenges and outlook of the tourism industry.

▶ INTRODUCTION

"We have not inherited the Earth from our ancestors.
We have only borrowed it from our children".

- Ancient Proverb

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Have you heard of this proverb before? How would you relate it to the tourism industry? Indirectly, the proverb is telling us to take good care of Earth because it is not ours to spoil and squander. The tourism industry and all those who are involved in it are responsible for ensuring that they do not play a part in eroding Earth. Proper planning and development of the tourism industry is therefore, very crucial.

This final topic will touch on planning and development in the hospitality and tourism industry. We will discuss the roles played by governments, focusing on those of the Malaysian government. We will then move on to the planning and development process in other countries.

Next, we will discuss the destination development process. We will look at the destination life cycle using Butler's sequence model. This model shows how certain characteristics change according to the variables and stages involved.

The tourism industry has made major contributions to the growth and development of many countries and their people. However, the tourism industry has both positive and negative impacts on the economic, social and cultural aspects of the people whose lives it touches. This topic will discuss some of these impacts in detail.

We will then explain the evolution of destination management before wrapping up the topic with a discussion of the future opportunities, challenges and outlook of the hospitality and tourism industry.

9.1 ROLES OF THE GOVERMENT

As stated in Topic 1, the tourism industry is a collection of productive businesses and government organisations that serve travellers away from home. This includes all the activities that produce products and services for tourist consumption including accommodation, food and beverages, tour operations, travel agencies, commercial attractions and merchandising of souvenirs and other goods purchased by tourists. Thus, it can be said that the tourism industry generated other supporting industries as well.

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9.1.1 Importance of Government Involvement

Tourism plays an important part in a country because it makes major contributions to the economy. These include:

(a) Providing opportunities for regional employment;

(b) Contributing to the country's balance of payments; and

(c) Stimulating economic growth.

Most countries encourage tourist arrivals because of the foreign exchange earning that they can create. The foreign exchange earnings are important especially to less developed countries which are economically dependent on tourism activities.

Tourism no doubt brings great advantages to a nation. However, do you know that a country can suffer environmental and social consequences due to mass tourism?

Thus, there is a need to plan for and control the influx of tourists. This is where the government gets involved. Governments take steps to control key activities such as the building of hotels and other tourism constructions in order to limit destination destruction.

Governments take a direct interest in the development of tourism in their countries for both economic and social reasons.

Governments also influence the development and management of tourism products in their countries through the establishment of tourism-related agencies. For example, a tourism ministry is set up to deal with the overall development of tourism policies and direction for a particular country.

Governments are also responsible for introducing tourism boards which focus on destination marketing. One of the main responsibilities of this board is to conduct research on market segmentations to develop customer profiles.

In short, most of the government's roles in the planning and development of tourism can encompass a few functions. They include:

(a) Planning and facilitating tourism, including providing financial and other aid;

(b) Supervising and controlling the component sectors of the industry;

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(c) Direct ownership and operation of components of the industry; and

(d) Promoting the nation and its tourist products in local and overseas markets.

9.1.2 The Nature of Government Involvement

The Malaysian tourism industry has grown quite rapidly in recent years and has become an important source of revenue for the country. In fact, the tourism industry was a major contributor of growth for the economy during the implementation of the Eighth Malaysia Plan (2001 to 2005).

Tourism represents an important sector of the Malaysian economy and is actively promoted by the government as a means of earning vital foreign exchange. This has resulted in an increase in tourist arrivals year by year.

The tourism sector in Malaysia contributed significant foreign exchange earnings of RM72 billion in 2014, an increase of 27.4% from 56.5 billion in 2010 and also created 2.2 million jobs equivalent to 16.8 percent of total employment in 2013 (Eleventh Malaysian Plan). In year 2014, Malaysia tourist arrivals amounted to 27.44 million and the receipts amounted to 72 billion, an average of 6.7% arrival growth and 10% growth in receipt (NKEA 2014).

The number of tourist arrivals was attributed to the measures undertaken to diversify the tourism markets. The government of Malaysia is aware of the benefits the tourism industry can bring to the economic development of this country and thus, has continuously supported the growth of this industry.

In order to achieve a sustainable growth in the future, the overall policy of the Eleventh Malaysia Plan (2016-2020) listed several strategies for tourism development. These are as follows:

(a) Emphasise sustainable tourism development;

(b) Position Malaysia as a premier ecotourism destination by leveraging biodiversity assets;

(c) Increase branding and promotion as a premier ecotourism destination;

(d) Develop halal industry and integrate halal standards to international standards and promote the alternative ingredients;

(e) Grow healthcare travel through international accreditation, increase insurance coverage and leverage regional referral network;

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(f) Focus on a holistic and integrated approach to tourism development;

(g) Project Malaysia as a fascinating destination with a year round carnival atmosphere;

(h) Engage in niche products and customer focused product development and promotion;

(i) Enhance human resource development;

(j) Facilitate and increase accessibility;

(k) Ensure comfort, safety and accessibility; and

(l) Forge strategic alliances and enhance international cooperation.

Source:
Rancangan Malaysia Kesebelas (2011-2016).
Retrieved from: http://rmk11.epu.gov.my/index.php/bm/

Prior to these strategies, the government established 12 economic areas under the National Transformation Policy 2011-2020. One of the key economic areas is the tourism services and the focus is critical to the nation's continued growth towards 2020. Among the strategy initiatives for tourism development, it is indicated that income tax exemption on statutory income will be granted for tour operators that meet certain conditions as regulated for a further 3 years, up to the year of assessment in 2018. You could also see that online visa applications for tourists from China, Canada, India, Myanmar, Nepal, Sri Lanka and the US is an added service given to the international tourists visiting Malaysia (EY, 2015). The reason for the E-Visa is to provide convenience to the FITs (Frequent Independent Traveller); the tourists who travel alone instead in a big group. All of these efforts are in line with the Malaysia Tourism Transformational Plan 2020 towards achieving 36 million tourists and 168 billion in receipts by 2020 (Senutha, 2014). This is to show that the Malaysian government is shifting towards focusing on increasing the yield per tourist and relies heavily on tourist arrivals.

Source:
EY Budget 2016 Malaysia (2015, October 28)
Retrieved from: http://www.ey.com/Publication/vwLUAssets/ey-take5-budget-2016-malaysia/$FILE/EY-take5-budget-2016-malaysia.pdf

Senutha, P. R. (2014, April 22). ETP: Transforming tourism to new heights
Retrieved from: www.motac.gov.my

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So far, we have seen the nature of government involvement in tourism in Malaysia. How about in other countries? They may have their own system or degree of government intervention in the development of their tourism industry.

Countries like China, Cuba and Vietnam, which have **centrally planned economies**, have virtually complete control in terms of government intervention. This includes policy making, planning, building and operating tourist movements and promoting tourism.

However, these countries nowadays have recognised and accepted the importance of private enterprises and the benefits of private investment in their tourism plans. For example, China, which is one of the booming economies today, has cooperated with privately owned American hotel corporations to establish chains of tourist hotels in major centres of tourism in the country.

How about countries that practise **mixed economies**? Let us look at the US as an example. In the US, the public and private sectors co-exist and collaborate in the development of tourism within their borders. This is done by delegating much of the responsibility for overseas promotion of the nation either to individual states or even to private organisations. Central government intervention is limited to measuring designs to protect the health and safety of citizens such as in terms of aircraft safety and traffic control.

Another factor influencing the extent of government intervention in the tourism industry is when the country is highly dependent on the tourism industry for economic survival. The government will set up bodies which oversee tourism policy-making and planning directives. For instance, Spain has a Ministry of Tourism, Transport and Communications while Kenya has a Ministry of Tourism and Wildlife to take on this responsibility.

In order to encourage tourism, governments are also responsible for providing infrastructure. Adequate public services, roads, railways airports must be in place before private sectors invest in the superstructure of hotels, restaurants, entertainment, attractions and other facilities which will bring in tourists.

Apart from economic reasons, government interventions also have social and political reasons. Airlines for instance, since airlines play an important role in tourism.

In many countries, airlines are state-owned and operated. Operating an airline brings in profits for a country. It also brings political prestige, even if the national flag-carrier is economically non-viable. In other situations, certain airline routes

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may be unprofitable but since they may provide an important economic lifeline to the communities they serve, they will be subsidised by the government.

Government intervention in the protection and safeguarding of a national heritage is another factor in tourism development. Buildings of historical and architectural interest, particularly those of international importance such as Stonehenge, must be protected and maintained.

Sometimes, a government is caught up in a conflict between the need for economic development and the need for protection of a cherished site. We can see this in Penang, where there is a conflict between protecting some heritage and historical sites and implementing major developments for the locals as the land area is very scarce.



SELF-CHECK 9.1

1. What are the government's roles in planning and developing tourism in a country?
2. How does the government interfere in the tourism industry in planned economies such as China and Vietnam?
3. Why is good infrastructure important to tourism?

9.2 DESTINATION DEVELOPMENT PROCESS

This section focuses on the development process of destinations and will cover destination life cycles and the Butler sequence.

9.2.1 What is a Destination Life Cycle?

Everything in this world has a life cycle. All activities go through an early stage, a middle stage, a mature stage and later declines.

One simple example is the evolution or development of people – from baby, toddler, child, juvenile, adult, mature to old. The same concept applies to a tourist destination. This concept is called a **destination life cycle** where the tourism destinations (tourist-oriented locations) experience a process of birth, growth, maturation and then possibly, something similar to death.

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This concept is beneficial to tourism managers, since an enormous amount of insight can be gained by knowing where a particular destination is positioned within a life cycle sequence at a given point of time. Therefore, certain measures can be undertaken to improve the situation. For example, if the indicators point towards an "old age" status, then this implies that continued product deterioration is likely to occur if remedial measures are not taken.

9.2.2 The Butler Sequence

Several concepts have been put forth by scholars who studied destination life cycles. The most popular is the destination life cycle concept presented by Butler (1980). This concept, which is widely known as the **Butler sequence**, is an S-shaped resort-cycle model (Figure 9.2).

The Butler sequence proposes that tourist destinations tend to experience five distinct stages of growth as demonstrated in Figure 9.1 (Butler, 1980, as cited in Weaver and Oppermann, 2000).

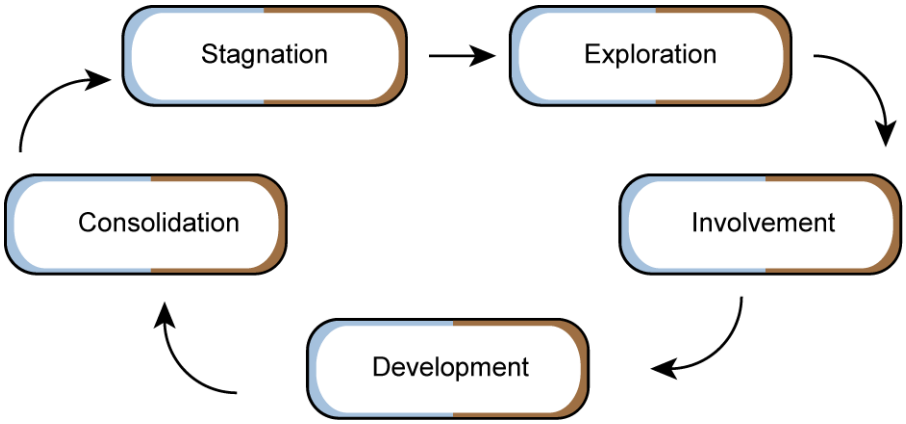


Figure 9.1: Stages in Destination Life Cycle

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This model makes the assumption that it operates under a free market and sustained demand conditions. Take a look at Figure 9.2. You can see that during the stagnation process, various scenarios are possible, such as continued stagnation, decline or rejuvenation. This is actually dependent on the response of destination managers to the onset of stagnation.

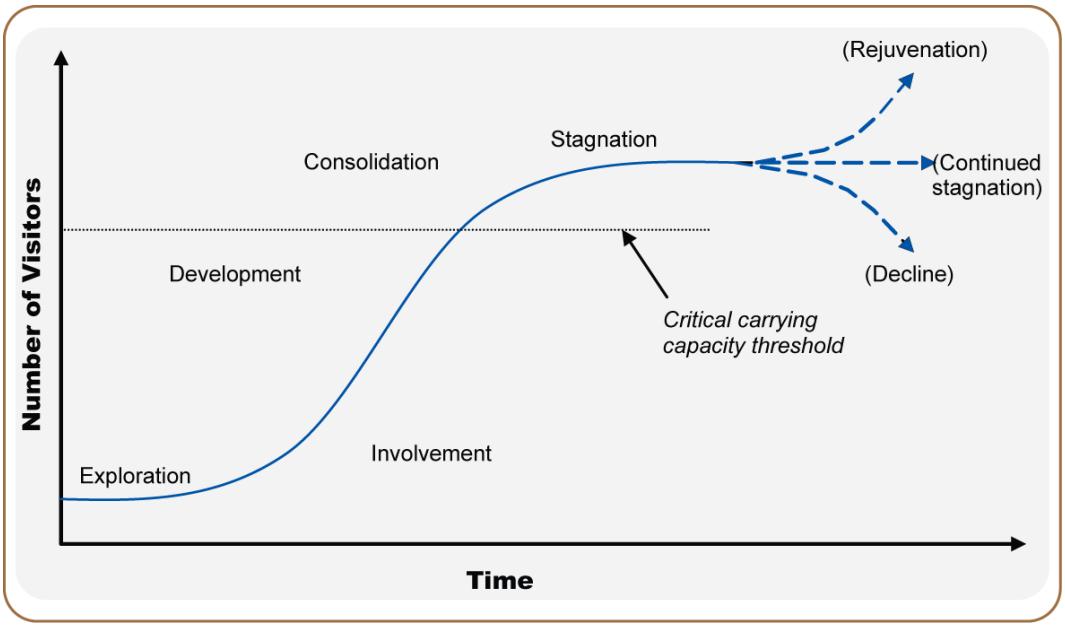


Figure 9.2: The Butler sequence
Source: Weaver & Oppermann, 2000

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According to Weaver and Oppermann (2000), this model is regarded as the most popular model and is considered as the most cited and applied destination life cycle model in literature. This is due to several factors. Let us see each of these in Figure 9.3.

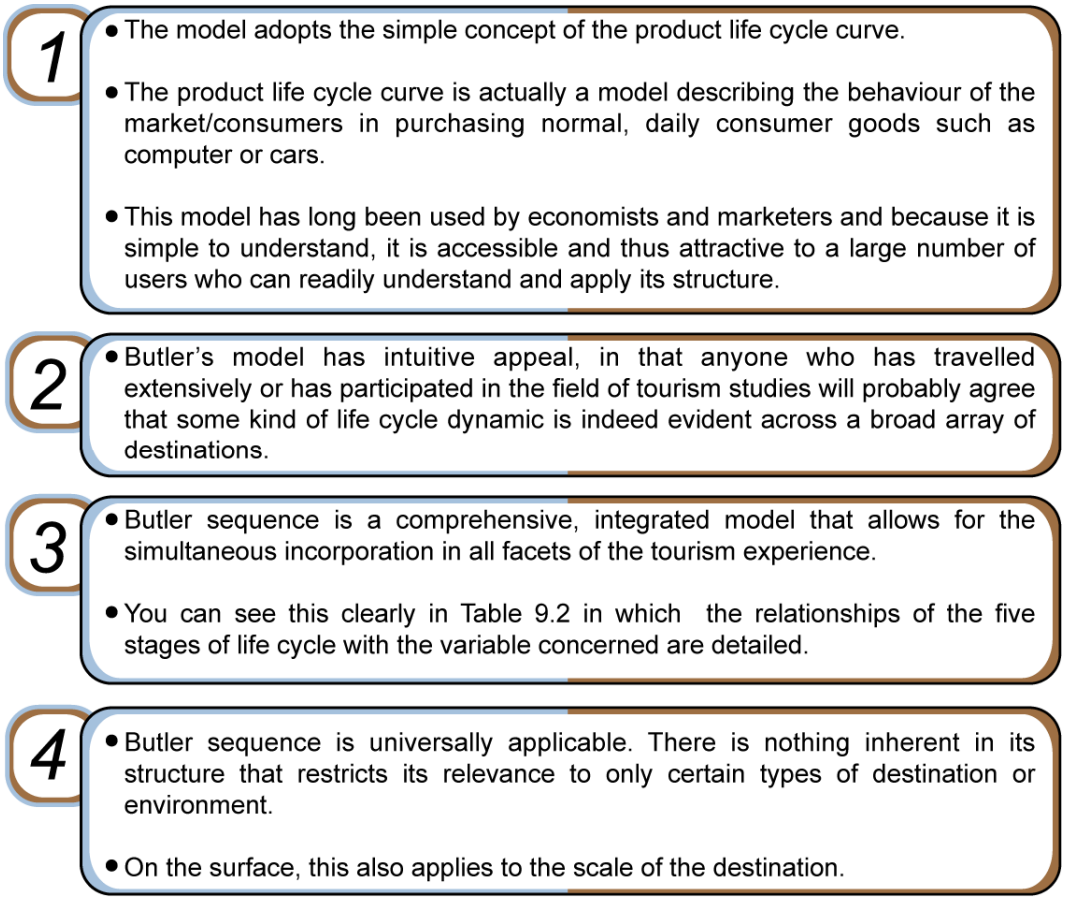


Figure 9.3: Why is the Butler sequence popular?

Now, let us see how the five stages of the life cycle are related to variables.

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Table 9.2: Changing Characteristics within the Butler Sequence

Variable	Exploration	Involvement	Development	Consolidation/ Stagnation
Tourism system status	Peripheral	Gradual incorporation	Full integration	Full integration
Rate of growth	None (low-level equilibrium)	Low growth	Rapid growth	None (high-level equilibrium
Spatial pattern	Dispersed	Dispersed, some concentration	Concentrated	Highly concentrated
Attractions	Cultural/ natural, local orientation	Mainly cultural/ natural	Mainly specialised tourist orientation	Specialised tourist orientation
Ownership	Local	Local	Mainly non-local	Non-local
Accommodation	No specialised accommodation	Small-scale, unobtrusive	Mainly large-scale	Large-scale "international" style
Market origins	Diverse	Less diverse	Concentrated	Concentrated
Psychographics	Allocentric	Allocentric-midcentric	Midcentric-psychocentric	Psychocentric
Seasonality	None	Emergent	Seasonal	Highly seasonal
Length of stay	Extended	Relatively long	Relatively short	Brief
Economic status of tourism	Insignificant	Minor, supplementary	Dominant	Overwhelming dependency
Revenue	Insignificant and stable	Small and growing	Large and growing	Large but stable
Multiplier effect	Extremely high	High	Declining	Low
Linkages	Local	Mainly local	Mainly non-local	Non-local
Leakages	None	Minor	Major	Very high
Commodification	Non-commercial, authentic	Somewhat commercial, mainly authentic	Commercial, increasingly contrived	Highly commercial, contrived
Irridex	Pre-euphoria	Euphoria	Apathy, annoyance	Antagonism, resignation
Environmental stress	Very low	Low	High	Very high

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SELF-CHECK 9.2

1. Why is a destination life cycle important to tourism managers?
2. List the five stages of the Butler sequence.
3. Why is the Butler sequence the most popular model in tourism studies?

9.3 POSITIVE AND NEGATIVE IMPACTS OF TOURISM

We have just discussed planning and development of tourism activities in which government intervention is very important depending on the countries concerned.

By now, you should know that tourism can be a potent force for economic and social growth. However, although tourism has many positive impacts, it also has some potentially negative ones.

We will discuss in detail the impacts of those who participate in tourism on the residents of the countries subjected to tourist flows and the effects of tourism on the destination itself.

9.3.1 Economic Impacts

Tourism has been a very strong factor in bringing in foreign currency exchange and in contributing to the overall economy of a destination country. As we know, the regions, countries and continents where tourism activities take place are known as tourist destinations or receiving areas. Many **tourist destinations** become independent upon an inflow of tourism to sustain their economy. On the other hand, **generating areas** are the areas from which the tourists come to visit these destinations.

As tourists take their money with them to spend in other places, this represents a net loss of revenue to the generating area and a gain to the receiving area. Additionally, incoming tourist expenditure is an **export**, while outgoing tourist expenditure is an **import**.

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To assess the economic impacts of tourism activities on a destination country, we can look at the flow of tourists between generating and receiving areas. Let us read on to find out about the economic impacts of tourism.

(a) **Income**

As we know, a country's income is commonly generated from profits, wages and salaries, interest and rent. Wages and salaries make the greatest proportion of income generation in a labour-intensive industry such as tourism. Wages and salaries are paid to those working in the jobs either directly or indirectly serving the needs of tourists or benefiting indirectly from the tourists' expenditure.

Income will be greater in those areas which generate large numbers of tourists, where visitors tend to stay for longer periods, where the destinations attract up-market or more free-spending clientele and where there are many opportunities to spend. Income is also generated from interest and rent charged and profits of tourism businesses. This could include, for example, the interest paid on loans to an airline in order to buy an aircraft or rent paid to a land owner for a car park or campsite near the sea.

Additionally, tax inclusion on tourism activities, such as sales tax on hotel bills and direct taxation which many countries levy on tourists are also sources of income. In Malaysia, a 15 per cent tax is imposed, which comprises a five per cent government tax and a 10 per cent service tax.

(b) **The Multiplier Effect**

Tourism is an industry which supports other related businesses that provide products and services, whether directly or indirectly, for travellers. Therefore, the contribution of tourism to the income of an area is enhanced by a phenomenon known as the multiplier effect.

In simple terms, the multiplier effect is a concept where the income spent by tourists is re-spent in another business sector related to the tourism activity that takes place.

For example, guests have to pay for the products and services provided by a hotel. When the hotel receives the payment, the money will be used to pay fish and vegetable suppliers, to buy new air-conditioners, to pay salaries, to pay water, electricity and telecommunication bills and to make other payments.

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As a result of the tourism activities, there is a flow of spending throughout the whole community. This flow works in stages as the money is passed from one business to the next and on to the next. The more a tourist spends, the bigger will be the flow in the economy. If this can be sustained then the local economy will flourish and this will eventually help the local community.

(c) **Employment**

As stated in Topic 1, the tourism and hospitality industry is a fast-growing industry and a source of employment which supports about 200 million jobs worldwide.

This represents about 7.8 per cent of the global workforce, according to the World Travel and Tourism Council (WTTC). By employing approximately one out of every 10 workers, travel and tourism is indeed the world's largest employer and the largest industry.

Additionally, according to WTTC, it is also estimated that by 2012, there will be 249 million jobs, accounting for 8.6 per cent of total employment, which is one in every 11.7 jobs. Various career opportunities are available, from the lowest level up to the more respectable, higher-ranking positions.

Do you know that some hospitality and tourism leaders nowadays start their careers from the bottom up? This is a good opportunity for people in this industry to develop and discover relevant skills along the way and become good leaders.

As long as tourists move from one place to another, there will be thousands of jobs available worldwide. Transport companies such as airlines will also employ staff to serve tourists in both areas.

The destination country will have the most jobs created, with jobs ranging from hotel manager to deckchair attendant, excursion booking clerk or cleaner to maintenance staff who maintain rides at leisure centres, theme parks or resorts.

However, it should be noted that although tourism is a year-round activity and operates 24 hours a day, many of the jobs inside the industry are seasonal or part-time based.

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Although tourists travel all year round, there are seasons when they travel less and more. Part-time workers will be employed when there is a high demand for tourism products and services. In addition, employment figures will be far higher in countries which are major receiving destinations because they enjoy a strong domestic demand for tourism.

(d) **Balance of Payments**

In a national context, tourism may have a major influence on a country's balance of payments. International tourists are buying tourist services in another country and these payments are noted in a country's account as **"invisibles"**.

For example, a Malaysian who goes on a holiday to Australia will make an invisible payment to that country which is a debit on the Malaysian balance of payment account and a credit on the Australian balance of payment.

The total value of receipts minus the total payments made during the year represents a country's balance of payments on the tourism account.

(e) **Investment and Development**

In general, tourism and leisure are seen by private sectors as high-risk investments. The private sector will need to do research on whether it is feasible to invest in a tourism project in a certain country as it might generate greater risk at times. Most major tourism projects are high risk.

Due to the need for large capital investments, banks are reluctant to lend money for tourism projects and developers are less willing to take investment risks. It is the government which sometimes takes the initiative to offer some form of grants or low-interest loans to private developers to encourage them to invest in tourism development.

Governments also take the responsibility of building and operating superstructure facilities such as hotels for tourists or other major developments such as shopping complexes. Providing infrastructure is one of the main roles played by governments.

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SELF-CHECK 9.3

1. Explain the "multiplier effect" concept.
2. Explain how the seasonal character of the tourism industry affects employment in the tourism industry.
3. Give an example of "balance of payments" in tourism.



ACTIVITY 9.1

Visit http://www.uneptie.org/pc/tourism/sust-tourism/economic.htm for more information on the economic impact of tourism. Discuss some of these impacts with your coursemates.

9.3.2 Social and Cultural Impacts

Tourism activities do not only affect economic conditions but also social and cultural conditions as well. Tourism can cause numerous positive and negative impacts on communities.

According to the World Tourism Organisation (UNWTO), tourism has made significant contributions to international understanding. The UNWTO also recognised tourism as a means of enhancing peace, prosperity and universal respect. How far do you think this is true?

Now let us discuss the positive and negative impacts of tourism from social and cultural perspectives.

(a) **Positive Impacts**

As mentioned earlier, tourism plays a great role in enhancing peace, prosperity and universal respect. Do you wonder how? Read on.

(i) **International Understanding**

- Tourism foresees fundamental freedom for all without distinction to race, sex, language or religion.
- This encourages international understanding. Tourists often enjoy cultural exchanges at all levels of the community and this provides them with a valuable experience.

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- Tourism creates the opportunity for social interaction between tourists and locals.
- Tourists need to respect the host community's socio-cultural norms and values.
- Basic understanding of the different cultural background that the destination country has might be beneficial in making a trip worthwhile.
- Explorers or tourists whose main interest is to meet and understand people from different cultures and background will fully accept the foreign culture.

(ii) **Promote Local Talents**

- Tourism is regarded as a clean and green industry.
- This is because some hotels are built with great concern for the environment and use local craftsmen, designers and materials in order to harmonise with the locals.
- Tourism brings new revenue to the local community and country in addition creating and maintaining higher levels of employment.

(iii) **Taxes**

- Taxes collected from tourism activities can help the government to provide other services and amenities such as schools and hospitals for the locals.
- Therefore, tourism may act as a catalyst for the development of the community.

(b) **Negative Impacts**

Tourism brings many favourable impacts for a country. We cannot deny this fact. However, have you ever wondered how far this is true? Does this industry bring only positive impacts? In reality, there are many unfavourable impacts that tourism could bring to a country. Let us look at some of these.

(i) **Social Interaction**

- There is little opportunity for meaningful social interaction between tourists and the host community.
- This is because some resorts are built by overseas developers and later the resort is managed by an international hotel company.

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- This is a disadvantage as most top positions are filled by non-natives, leaving only the lower positions for locals.

(ii) **Adaptation of Culture**

- Tourism dilutes the culture of a country by imposing the culture of the mass tourism market.
- The mass tourist is less likely to adapt to the local culture and will seek amenities and standards found in their home country, while the independent traveller or backpacker will adapt more readily to an alien environment.
- Moreover, some wealthy tourists bring with them their own value systems, either expecting or demanding the lifestyles and facilities to which they are accustomed in their own country.

(iii) **Job Opportunity**

- Job opportunities and higher salaries paid to workers in the tourist industry will attract workers from the agricultural and rural communities who may then abandon their traditional values.

(iv) **Effects on the Environment**

- There have been conflicts between tourism development and cultural heritage, ecological or environmental preservation.
- In this situation, it is crucial to strike a balance between what is appropriate for a destination in terms of the number of tourists and type of tourists that the community is capable of sustaining.

Table 9.3 shows the effects of tourism on the environment.

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Table 9.3: The Effects of Tourism on the Environment

Effect	Explanation
Crowding	• Crowding is a major potential problem in tourism. • Along with crowding, tourism can result in noise, odours and pollution. • Traffic jam is regarded as a common form of crowding. Traffic jams occur due to insufficient provision of local infrastructure (for example, roads, bridges and airports), resulting in traffic overload and delays. • The notion of "carrying capacity", that is, the idea that an area can accept only a certain number of visitors without being made less desirable as a destination, should be emphasised in many tourist destinations. • For example, the number of tourists to Pulau Payar in Langkawi is restricted to preserve its ecological condition.
Pollution	• Pollution caused by tourism development and travel is another negative effect of tourism. • Large-scale tourist movements require the use of mass transportation and fuel burnt by aircraft adds to air pollution. • Emissions from the exhausts of cars and boats used in tourism contribute to the problem. • All three forms of transportation (air, land and water) contribute to unacceptable noise which is considered another form of pollution.
Congestion	• Mass tourism also creates congestion. • Congestion is more easily measured at the physical level, that is, in terms of the capacity of an area to absorb or accommodate tourists at any given time.
Ecological effect	• Some sites are particularly fragile. Many sand dunes have been destroyed or seriously eroded by the use of beach buggies and motorcycle rallying, which can uproot the few clumps of dune grass on which the ecosystem depends. • On the Great Barrier Reef off the coast of Queensland, Australia and elsewhere in the Pacific and Indian Oceans, fragile coral reefs can be easily damaged by divers or snorkellers – even touching or standing on a live coral is enough to kill it and some visitors go so far as to break off pieces to bring back as souvenirs. Coral can also be damaged by boats anchoring.

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	• However, big companies taking tourists out to the reef by boat are taking on the responsibility of educating them and during the boat trip, the tourists are informed about the fragility of the site and how it can be preserved through careful use. • Tourists acts and tourism activities also pose threats to endangered animal species. • Sometimes, tourists are drawn to a particular site to experience attractions which involve animals, not realising that their behaviour might pose harm to the animals. • For example, fascinated spectators who watch loggerhead turtles in Terengganu and Turkey might pose distraction for turtles which come ashore to lay their eggs. The turtles might also be distracted by the use of bright lights at tourist resorts and searchlights to observe them. • Other examples include the attraction of watching the evening "penguin parade" of fairy penguins coming ashore to their nests at Philip Island, near Melbourne in Australia. As the event is very famous and a major attraction to the site, controlling a large crowd of people tends to be very difficult as they do not follow the rules set by the authorities (for example, not making any noise, no camera flash) as these acts might cause disruptions to the penguins. • Animal behaviour can be changed due to prolonged exposure to tourists. • In some countries, food lures are used to attract wildlife to a particular locality. For example, in the Samburu National Park, Kenya, goats are slaughtered and hung up for crocodiles or leopards. This modifies hunting behaviour and may encourage dependency upon human feeding.

(v) **Erosion of Buildings and Sites**

- Historical buildings sometimes suffer from overcrowding and structure of the buildings may not be able to accommodate a lot of tourists at one time.
- Souvenir-hunting by tourists visiting a particular destination also poses a threat to the destination. For example, removal of coral reefs or protected shells for sale or personal collections.
- Not only does it affect the ecological balance of the region, it is also unethical.

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(vi) **Increase in Crime Rate and Social Problems**

- Tourism activities have contributed to an increase in crime and other social problems.
- The acts of crime can be theft, pick-pocketing, fraud, cheating, etc.
- It is up to the government to impose specific regulations to prevent and minimise crime risks to draw more tourists.
- Other crimes such as prostitution and organised crime often follow the gambling sector which is a cornerstone of tourism growth.
- Certain countries which have more relaxed laws on sexual behaviour than those in the West attract tourists for sexual encounters.
- In some countries, notably Germany and Japan, tour operators organise package tours to destinations such as the Philippines and Thailand for this specific purpose.



SELF-CHECK 9.4

1. How does tourism encourage international understanding?
2. Explain the effects of tourism on the environment based on the following factors:
   (a) Crowding
   (b) Pollution
   (c) Congestion



ACTIVITY 9.2

Think of a tourist destination near your area or hometown. Give your opinion on the direct and indirect impacts of the tourism industry on the surroundings of a tourist area.

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ACTIVITY 9.3



Source: http://p.vtourist.com/1/2514477 Dont_temper_with_ the_wild_ monkeys-Penang.jpg

Look at the picture. The noticeboard is located at the Botanical Gardens in Penang. Why do you think the authorities placed the noticeboard? How can an animal's behaviour change due to prolonged tourism? How can it affect the ecology? Discuss your thoughts on these with your coursemates.

9.4 EVOLUTION OF DESTINATION MANAGEMENT

We have discussed the meaning of tourist destinations in the earlier segment. To recap, tourist destinations, also known as destination countries, are regions, countries and continents where tourism activities take place.

Tourist destinations are also a place where all service providers work hand in hand to cater to the specific needs of tourists. Service providers can be in the transportation, accommodation or entertainment sector. They can also be travel agencies which give travel advice. Each service provider has a role to play in serving tourists to make the travel experience worthwhile.

Destinations could be popular tourist cities and communities like Paris in France, Vienna in Austria and San Diego and Florida in the US. They could be attractive geographic regions like the Napa Valley in Northern California, US or Costa del Sol in Spain.

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A destination could also be a final stop on a trip to visit friends and relatives. Table 9.4 below summarises the most popular destination countries in the world in 2002.

Table 9.4: Top 15 Destination Countries, 2002

Rank	Country	Inbound Stayovers (Millions)
1	France	77.0
2	Spain	51.7
3	United States	41.9
4	Italy	39.8
5	China	36.8
6	United Kingdom	24.2
7	Canada	20.1
8	Mexico	19.7
9	Austria	18.6
10	Germany	18.0
11	Hong Kong SAR	16.6
12	Hungary	15.9
13	Greece	14.2
14	Poland	14.0
15	Malaysia	13.3

Source: WTO, 2003 as cited in Weaver & Oppermann, 2006

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Travelling has become a necessity for people with discretionary income worldwide. Even if the economy is on a downturn, some tourism activities will take place but may be done at a different pace in terms of the duration of visits (e.g. shorter trips) or the choice of destinations to visit (e.g. visiting local attractions rather than international attractions).

In a hectic world filled with time pressures and a multitude of demands, people often want to "escape" their daily routine. Destination locations provide the perfect setting for a brief change of pace or more extended stay accompanied by a variety of activities.

Destination locations can come in all sizes and shapes and are found almost everywhere, from mountaintop resorts to cruise ships sailing the high seas. There are many factors influencing people to travel to a certain destination country. Here, we will discuss four factors that influence people to travel. Take a look at Figure 9.4.

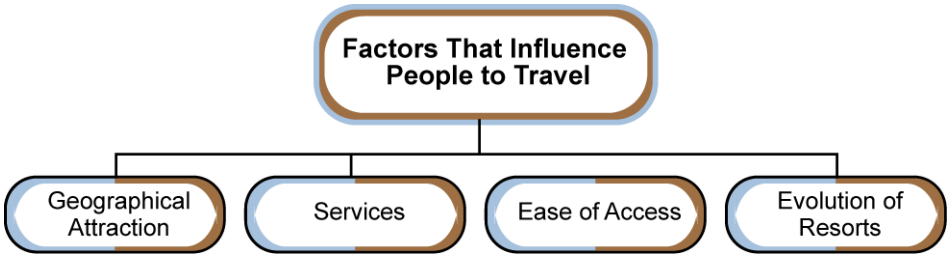


Figure 9.4: Factors that influence people to travel

Now let us see each of the factors in detail. Read on.

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Table 9.5: Factors that Influence People to Travel

Factor	Explanation
(a) **Geographical attraction**	• Some tourists want to experience something different from what they have in their usual environment. • For example, tourists from Singapore travel to Canada to experience snow or tourists from Middle Eastern countries travel to Malaysia to visit the beautiful beaches. • In fact, geography plays an important role in the development of tourism activities. • People are naturally attracted to areas with pleasing natural beauty such as the snow white sands of the Gold Coast, Australia or the majesty of the Canadian Rocky Mountains of Alberta. • The Canary Islands off the coast of Africa are areas with mild climate that are consistently popular with tourists.
(b) **Services**	• As destinations grow in popularity, so do the services needed to meet visitors' needs. • We can see this clearly when airports services are enhanced, accommodations are improved and or expanded, restaurants, retail shops and visitor information services are added to deal with the growing popularity. • At some destinations, such as the islands of Hawaii, these services and facilities are often added with little planning or consideration for the scenic beauty of the location.
(c) **Ease of access**	• Another important destination component is the ease of access. • Even locations that may not be pristinely beautiful can develop as popular destinations if they are easily accessible and close to heavily populated areas. • In other destinations, such as Cancun, Mexico, the national government developed underutilised natural resources, beautiful beaches and a near-perfect climate into a tourist destination.

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(d) **Evolution of resorts**	• Another factor contributing to the development of destinations is the evolution of resorts. • It is said that the Romans were the first to enjoy the pleasures of resorts, which were built around public baths located at natural mineral springs. • Visiting these natural hot spring baths and enjoying the relaxing atmosphere of the destination became the primary reason for travel. • Resorts traditionally focused on health concerns and escape from the daily rigours of life for rest, relaxation and rejuvenation and had spas in their properties. • Later, resorts began to expand by appealing to a broader cross-section of market segments, appealing to individuals and families as well as conventions and corporate meeting groups. • To these new resort-goers, recreation became more important than a restful break and a wider variety of activities was added to the mix of facilities and services provided. This included more recreational facilities, retail shops and casinos which cater to all ages of the community. • Common characteristics of resort destinations are: – Attractive natural settings and recreational opportunities. – Easy accessibility for visitors. – Lack of or only limited manufacturing facilities. – Major employment opportunities centred on service-oriented tourism-related businesses. – A large number of people living outside the resort area are employed and they commute to the resort to work. – A very large proportion of the population (with the possible exception of ski resorts) is retired. – Typically, presents seasonal employment opportunities and tourism activities, with periods of intense activity followed by periods of little or no activity. – Resort towns are typically small.

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Tourist destinations are special places that meet guests' desires for rest, relaxation, fun, excitement and entertainment. Although tourists travel based on individual motives, having a planned destination management will create a memorable experience for them. Therefore, all tourism suppliers must work hand-in-hand to create an attractive destination.



SELF-CHECK 9.5

1. List the five factors that influence people to travel.
2. Why do geographical attractions play an important role in tourism?
3. List three common characteristics of resort destinations.

9.5 FUTURE CHALLENGES AND OUTLOOK

We have discussed the roles that governments play in the planning and development of the tourism and hospitality industry. Different countries have their own way of being involved in the tourism industry.

Meeting the needs of travellers by providing tourism-related goods and services has proven to be an attractive form of economic development. Attempts to encourage the development and growth of tourism activities are often desirable because tourism creates jobs and brings money into a community or country. Additionally, tourism activities can also generate balance of payments and create local development.

However, do you know that unplanned tourism growth can lead to problems which might be harmful? As we have discussed, besides creating greater cultural understanding and enhancing economic opportunities, tourism may also change and dilute social structures, pose threats to endangered animal species, replace increasing demands on transportation systems, public services and utilities and lead to environmental degradation.

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It is uncertain what the future of tourism holds. With changing economic situations, environmental concerns, technological changes, etc, what lies in the future should not be underestimated. Therefore, we can say that the future of tourism may involve many challenges and opportunities as well as many unanswered questions:

(a) How will fast-paced and advanced technology change tourism experiences?

(b) How will tourists and service providers deal with each other due to the technological changes?

(c) Can tourism growth and development continue without creating environmental problems?

(d) As trade barriers are removed and the world market opens, will tourism increase?

(e) As tourism activities continue to grow, will an adequate workforce with the necessary skills be available?

(f) Will tourism change the social structure of countries and communities when they experience increased tourism activities?

(g) Will there be additional tourism suppliers in the future as the tourism industry develops to a more advance state e.g. space tourism?

Tourism has developed into a major industry, a major force for social exchange and a major power which brings a lot of benefits to a lot of countries. However, if tourism activities are uncontrolled, there will be negative consequences. The world is in a period of rapid transition where people's lifestyles and values are changing. People's tastes and preferences are also changing in accordance with the changes in lifestyles.

Technical developments, although not advancing at the same speed as few years ago, will still provide new opportunities for travel. Aviation experts agree that there will be development of jet aircrafts and hypersonic flights in the future. In shipping, work is continuing on designs for more fuel-efficient crafts. The appeal for cruise ships that resemble floating hotels with a full range of leisure facilities is leading to the construction of larger vessels.

Some futurists also project that there will be little need to travel away from home in the 20th century. There will be holographs which are capable of reproducing any environment artificially, so we can recreate in our homes any environment of our choice to experience "foreign" travel. For example, stimulating white water canoe and raft rides, winter sports or piloting an aircraft.

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Other forecasters predict that underwater leisure cities will be built on sea beds adjoining our coasts, where controlled climate will make the annual exodus to sunnier places no longer necessary. Moreover, it is expected that changes in lifestyle will affect the traditional forms of holiday accommodation. The desire for greater flexibility, coupled with advances in "convenience" food and more adventurous eating habits, suggest the swing to self-catering, with more meals out for "special occasions".

The impact of new technology will perhaps bring the biggest advances. The World Wide Web has created a demand for up-to-date, relevant information, accessible instantaneously and already available through laptop computers and mobile phones. More and more tourism and travel-related information is becoming available to the global traveller on business or holiday such as fare and timetable lists by rail, air, ferry and coach services.

Live webcam pictures of resorts can be accessed, together with up-to-date weather reports of any destination. In addition, individual holidaymakers in many parts of the world can already put together their own packages, book and pay for the booking by direct debit to their bank account. So, what lies in the future for travel agents? This is just one of the many questions and issues that need to be considered as the tourism industry gets more advanced.



ACTIVITY 9.4

Visit http://www.spacefuture.com/tourism/introduction.shtml and read about space travel. What is your opinion of space travel? How do you think tourism will be in the future?

SUMMARY

- Tourism plays an important part in a nation's economy by providing opportunities for regional employment, contributing to the balance of payments and stimulating economic growth through income generation.
- In order to control the flow of tourists, governments take a direct interest in the development of tourism in their countries to serve both economic and social interests.

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- So as to understand the planning and development of a tourist destination, a destination life cycle is used. A popular accepted model is the Butler Sequence Model which proposed that a tourist destination tends to experience five distinct changes – exploration, involvement, development, consolidation and stagnation.
- An important issue in the tourism industry is about its direct and indirect impacts on the economy, social life and culture of a destination area.
- Among the economic impacts of tourism are effects on income including the multiplier effect, employment, balance of payment and further investment and development in the destination country.
- Socio-cultural impact can be seen in terms of more social interactions and new experiences gained by the local society.
- However, there are negative impacts as well. These include crowding, pollution, noise, odours and congestion. In addition, tourism activities might threaten the life of endangered species while mass tourism can contribute to an increase in crime and other social problems.
- The outlook for the tourism and hospitality industry may be forecast in terms of their development as well as advancements in the aviation industry, railway system and underwater leisure, to name a few. In fact, it is believed that the impact of new technology will have more influence on the industry.

KEY TERMS

Carrying capacity
Destination life cycle
Export
Generating areas
Import
Infrastructure
Mixed economies
Superstructure
The multiplier effect
Tourist destination

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SELF-TEST 1

1. Describe the roles of governments in tourism planning and development.

2. Differentiate five of the changing characteristics within Butler's sequence.

3. Define "generating areas".

4. Discuss the multiplier effect of tourism.

5. Identify the future challenges and opportunities of the tourism and hospitality industry.

6. Explain and give examples, where necessary, of the impacts of tourism activities on income.

SELF-TEST 2

1. Name the five distinct stages of growth according to Butler's sequence.

2. Define "tourist destination".

3. The economic impact of tourism can be measured in four ways. Name the four effects.

4. List the major social and cultural impacts of tourism on a destination country.

5. Discuss the impact of new technology on tourism's future outlook.

6. "Tourism can leave both positive and negative impacts on communities as viewed from social and cultural perspectives". Do you agree with this statement? Why?

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Answers

TOPIC 1: INTRODUCTION TO HOSPITALITY AND TOURISM

Self-Test 1

1. (a) **Hospitality** – To provide care and shelter for travellers.

   (b) **Tourism** – The activities of persons travelling and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes.

   (c) **Tourist** – Visitor who stays at least one night in a collective private accommodation in the place visited.

   (d) **Traveller** – Any person on a trip between two or more locations.

   (e) **Visitor** – Person travelling to a place other than that of his or her usual environment for less than 12 consecutive months and whose main purpose of travel is not to work for pay in the place visited.

2. Personal qualities that are required for professions in the hospitality industry include:

   (a) Honesty;

   (b) Willingness to work hard;

   (c) Being a team player;

   (d) Willingness to work long hours;

   (e) Ability to deal with stress;

   (f) Good decision-making skills;

   (g) Good communication skills;

   (h) Dedicated to exceptional service; and

   (i) Desire to exceed guest expectations.

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3. Careers in travel and tourism include in areas of:

   (a) Air transportation;

   (b) Sea transportation;

   (c) Rail transportation;

   (d) Automobile transportation; and

   (e) Attractions.

4. Careers in lodging include:

   (a) Management positions

   (b) Management trainee

   (c) General manager

   (d) Rooms manager

   (e) Director of Marketing and Sales

   (f) Director of Human Resources

   (g) Director of Finance

5. The eight reasons why people travel are:

   (a) Physical relaxation, which is becoming a necessity in a modern life of speed, stress and strain.

   (b) For a wellness or healthy lifestyle by going to enjoy fresh air, away from haze and polluted air, to take a dip at hot-springs or simply bathe in medicated water or for any special medical treatments.

   (c) Participation in a wide variety of sporting activities such as mountaineering, rock-climbing, canoeing, sailing, fishing, surfing, cycling or any other sporting activities.

   (d) For sheer excitement of the activities. An individual's need for pure pleasure is very strong together with the need for travel and holiday. By travelling he or she will be satisfied.

   (e) Arts and cultural interest will take a person to historical or cultural locations of interest. They will also go to places that have special festivals for art, drama, music, etc.

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(f) Interpersonal networking – to visit friends or relatives is another reason why people travel. They can also travel just to meet new people and seek new friendships or even to escape from their routine environment of friends.

(g) Religious or spiritual purposes – pilgrimage to a holy place. For Muslims they will perform pilgrimage to Mecca at least once in their life-time.

They will also perform their umrah when they have the money and time to do so. For Christians they will visit Vatican City or Indians will go to India and take a dip in the Ganges River.

(h) For professional or business reasons – attending conventions related to the professions, industry or commerce or to some organisation which the individual belongs.

6. Ethics is a set of moral principles and values that people use to make decisions about what is right and wrong. Ethics is about basic common values, involves integrity and respect for human life. It is also concerned with self control, honesty and courage.

It is an unethical practice to hire workers without telling them the truth at the beginning/during hiring. Although most of them (150 workers) will still have their jobs, the other 50 workers will become jobless and it is unfair to them as they might have turned down other offers, which could be better, to accept the hotel's offer without realising that they will be released six weeks after that. As an alternative to getting extra workers during the opening, the hotel should hire part-time workers instead.

Self-Test 2

1. The scope of the hospitality and tourism industry:

(a) Travel;

(b) Air;

(c) Cruise;

(d) Rail;

(e) Coach;

(f) Automobile;

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(g) Ecotourism;

(h) Lodging;

(i) Hotels;

(j) Motels;

(k) Meetings, Conventions and Expositions; and

(l) Restaurants.

2. The definitions of these terms are:

(a) **Excursionists** – People who travel to a site and return home the same day.

(b) **Domestic tourism** – Travelling within the country of residence

(c) **Inbound tourism** – A form of international tourism which involves traveling outside one's own national border.

(d) **Outbound tourism** – A form of international tourism which involves people entering another country from their own country of origin or a country which is not their home country.

(e) **Tourism industry** – Concerned with attractions and events that draw tourists and excursionists to an area.

3. Ethics is:

(a) A set of moral principles and values that people use to make decisions about what is right or wrong;

(b) Basic common values;

(c) Integrity;

(d) Respect for human life;

(e) Self-control;

(f) Honesty;

(g) Courage;

(h) Golden rule; and

(i) Reasonable person standard.

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4. Careers in:

(a) **Restaurants**

(i) Restaurant industry employs over 12 million people

(ii) Management position

(iii) Owner

(iv) President /Vice president

(v) General manager

(vi) Restaurant manager

(vii) Bar manager

(viii) Kitchen manager

(b) **Club Management**

(i) Club Managers

(ii) Customer pays for a membership that includes a variety of services from golf to fine-dining.

(iii) Availability of career path is contingent on employee and the opportunities.

(c) **Conventions and Expositions**

(i) Convention Planners

(ii) Convention Managers

(iii) Responsibilities include:

- Staffing
- Sales
- Registration
- Marketing
- Others

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(d) **Meeting Planning and Catering**

(i) Meeting planning

(ii) Event planner

(iii) Meeting planner

(iii) Conference coordinator

(iv) Convention planning

5. Future ethical issues include:

(a) **Biotechnology Food**

Biotechnology food are food which is genetically altered to bemore resistant to disease, less likely to rot in transport, more nutrient laden and less loaded with saturated fat. In addition to altering fruits and vegetables, bioengineering also may produce leaner meats and food that contain genes from different species.

Though pesticide use and world hunger may diminish as new drought and disease-resistant crops are developed, biotechnology food can be viewed as a short-term experiment with no conclusive long-term results to validate its effects on the environment. The effects on the food chain and the ecosystem are unknown and some believe that unforeseen allergens or toxins may develop. Those in the hospitality field will have to weigh the cost of carrying such food versus the cost of losing potential guests.

(b) **Food Irradiation**

Food irradiation is also causing controversy as it becomes more popular. In food irradiation, gamma rays are used to kill bacteria and parasites that spoil food. In addition, it can delay the ripening process, thus allowing for longer shelf life of perishable foods. While most foods have no lingering amounts of radiation the process still causes alarm, because of its unknown or undetected potential health hazards. Another concern is that one of the substances, cobalt-60 gives off gamma rays and interferes with human cell activity.

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(c) **Environment**

As countries become more industrialised and their populations increase, environmental concerns eventually will become ethical issues. Problems such as solid waste management, consumption, water quality and air pollution will directly affect the hospitality field. Specifically, food and paperboard waste, oil and coal consumption, the availability of portable water and the use of refrigerants or coolants that do not have substances that deplete the ozone will be issues of importance to the industry.

These environmental concerns will become more ethics-oriented as people increasingly see themselves as stewards of the earth with a responsibility to nurture and sustain it for future generations. Such concerns will have to be weighed against the effects of possible job losses for companies that fail because they do not measure up to set environmental standards.

TOPIC 2: THE HOTEL INDUSTRY

Self-Test 1

1. Hotels classification by price are:

   (a) Limited-service hotels;

   (b) Full service hotels; and

   (c) Luxury hotels.

2. Hotels classification by market segment are:

   (a) Executive conference centers;

   (b) Resorts;

   (c) Casino hotels; and

   (d) Health spas.

3. Destination resorts are dramatic resorts, set in desirable locations eg: Hawaii, Mexico and the Caribbean.

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4. Eco-tourism resorts are remote lodging establishments, located in areas of significant natural beauty, the design elements of the property blending with the surroundings and protecting the ecosystem.

5. The supporting departments of a hotel include:

   (a) Sales and marketing;

   (b) Accounting;

   (c) Human resources; and

   (d) Engineering.

6. The functions of a sales and marketing department in a hotel include:

   (a) Conducting research to stay current with the needs and desires of hotel guests and plan and implement ways to meet their needs; and

   (b) Responsible for planning the hotel's concept (type of facility, services offered and location), what rates to charge and ways to reach potential customers in a way that satisfies individual and organisational objectives.

7. The 8Ps of marketing mix for the hotel industry are:

   (a) Product;

   (b) People;

   (c) Packaging;

   (d) Programming;

   (e) Place;

   (f) Partnership;

   (g) Pricing; and

   (h) Promotion.

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8. The criteria of limited-service hotels and full-service hotels can be seen as follows:

Limited-service Hotels	Full-service Hotels
• Typically offer guest rooms only • Little or no public space • No meeting or function space • No or very limited food and beverage facilities • Usually called budget or economy hotels	• Offer a wide range of facilities and amenities • More public space • More meeting and function space • At least one food and beverage outlet

Self-Test 2

1. Hotels classification by function are:
   (a) Convention hotels; and
   (b) Commercial hotels.

2. Hotels classification by location are:
   (a) Downtown hotels;
   (b) Suburban hotels;
   (c) Highway hotels; and
   (d) Airport hotels.

3. Non-destination resorts involve a two-to-three hours trip for visitors and usually for a shorter period of time.

4. The types of ownership that are included under the legal structure of a hotel are:
   (a) Sole proprietorship;
   (b) Partnership; and
   (c) Corporations.

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5. Departmental income means the revenue remaining after deducting the direct operating costs of the departments in a division.

6. The departments under the rooms division in a hotel are:

   (a) The front office;

   (b) Reservations and yield management;

   (c) Housekeeping; and

   (d) Uniformed service staff.

7. The two broad segments in segmenting lodging property guests are:

   (a) **Business guests** – Business travel is high on weekdays and low on weekends with average trips lasting approximately three to five days. During their stay, business travellers usually spend the majority of their time working. This means their needs are specific: well-lighted workspaces; a telephone; and access to equipment like personal computers, modems, photocopiers or facsimile machines.

   (b) **Leisure guests** – The desires of leisure travellers may vary widely – from one night's stay in basic accommodations to several weeks at a resort with extensive recreation, entertainment and food and beverage facilities. In the past, leisure trips were lengthy. Today the increase in dual-income families has influenced the trend toward shorter, more frequent trips closer to home.

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8.

All-suite Hotels	Extended Stay-hotels
• Guest rooms are larger than normal hotel rooms • Room size more than 500 square feet • Has a living area • Has a kitchen area • Amenities and facilities vary eg: meeting room, restaurants, etc	• Provide many of the same features and amenities as the all-suite properties eg: stove, microwave, refrigerators, etc. • Rates are usually less than all-suite hotels, with daily, weekly and monthly rates quoted. • No on-site restaurants, restaurants usually located nearby.

Bed and breakfast Inns (B&B)
• Has five to 10 rooms • Serves breakfast • Has on-site restaurants • No license for alcohol service

TOPIC 3: FOOD SERVICE PREPARATION

Self-Test 1

1. The restaurants that classified under full-service restaurants are:
   (a) Fine dinning;
   (b) Casual;
   (c) Theme restaurants; and
   (d) Celebrity restaurants.

2. Family restaurants are individually or family operated and are generally located in or with easy excess to the suburbs. Offer an informal setting with a simple menu to please all family members, some offer alcoholic beverages consisting of beer, wine etc.

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3. Independent restaurants have one or more owners, usually involved in the day-to-day operation of business. Consequently offer the owner the greatest independence, creativity and flexibility as well as greatest risk.

4. Franchise is a form of restaurant ownership commonly utilised by chains. Individual business operators are called franchisee and the franchise company is called the franchisor. The franchise company offers a business with an established identity along with training, advertising support, start-up assistance and tested operating procedures. The franchisee must agree to meet specific conditions set by the franchisor. Franchises allow businesses to expand far more rapidly because of the strategy of financing the capital through franchisees.

5. The three functions of the front of the house are:

   (a) It is an operating system;

   (b) Business place; and

   (c) Social stage setting.

   As an operating system, it is laid out to provide maximum efficiency to workers and ease of movement for guests. It is a business place that provides an exchange of service for money which requires appropriate control. Social place where people not only enjoy meals but enjoy one another's company, good service and a pleasing atmosphere.

   Responsibilities of the front of the house is guest satisfaction with particular emphasis on personal service.

6. Food poisoning can be prevented by practising cleanliness in the workplace as well as personal cleanliness, preventing contamination, thawing and cooking food safely and handling cooked food safely.

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7.

Front of the House	Back of the House
• Key responsibility is guest satisfaction and personal service. Tasks include: • Greeting the guests • Taking orders • Serving the food • Removing used tableware • Accepting payment and accounting for sales charge and cash • Thanking the guests • Inviting comments and return business	• Key responsibility is the quality of food served to guests. Tasks include: • Food production • Controlling quality and costs, through standardised recipes and procedures • Do portion control • Dishwashing and pot washing • Cleanup work, especially because this is related to sanitation

Self-Test 2

1. The restaurants classified under casual dinning restaurants are:

   (a) Casual restaurants;

   (b) Family restaurants; and

   (c) Ethnic restaurants.

2. Quick-service or fast food restaurants, consist of diverse operating facilities whose slogan is "quick-service food". Quick-service or fast food restaurants offer limited menus featuring food such as hamburgers, pizza, ice-cream, fries, hot dogs and kebabs for the convenience of people on the go. Types of operations include hamburger stands, pizza house, sandwich shops, ice-cream stall and delivery services. Customers order their food at a counter and are encouraged to clear their own trays to help to reduce cost.

3. The operations of chain restaurants is distinguished by the fact that all of the individual restaurants are virtually identical in market, concept design and name. The marketing strategy of a chain restaurant is to remove uncertainty from the dining experience. Same menu, food quality, level of service and atmosphere can be found in any of the restaurants, regardless of location. For example, Mc Donald's, Wendy's, Burger King, KFC and all the other major quick-service restaurants. A chain may be family-owned,

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owned by a corporation, franchise or management company. Managers and employees at the chain are employees of the parent company.

4. Restaurant operations are commonly divided into:

   (a) Front of the house;

   (b) Back of the house; and

   (c) The "Office".

5. Responsibilities of the back of the house is the quality of the food served, the taste of the food, food safety, sanitation, food cost control, management of supplies with prompt and timely service.

6. Hazard Analysis Critical Control Points (HACCP) is a systematic technique for reducing the possibility of food borne illnesses. The four control steps are:

   (a) The potential points of contamination and growth of dangerous microorganisms are determined by studying the flow of food through a processing or production system. Such points in the process are called "critical control points".

   (b) The production process are redesigned to prevent contamination and to limit the time spent by the food in the danger zone.

   (c) Continuous monitoring of food handling and temperature at each of the critical control points in the production process.

   (d) Taking remedial actions to resolve problems discovered through monitoring.

7. It is true that all restaurants need to practice cleanliness in the workplace in addition to personal cleanliness. Cleanliness in the workplace means a sanitary workplace, one that discourages food-borne diseases. Personal cleanliness refers to workers who follow stringent hygiene practices to discourage food contamination. Workplace cleanliness and personal cleanliness go hand in hand to form the first line of defense in combating food poisoning.

   It should be emphasised that the key elements to remember in maintaining a sanitary workplace include: cleaning and sanitising all utensils, equipment and work surfaces each time they are used, taking equipment apart to clean it thoroughly, using leak proof containers with tight-fitting

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lids for trash and frequently removing trash from the food area and keeping trash cans in an area separate from the food area.

Moreover, key elements to remember in maintaining personal cleanliness include a variety of practices. Employees should wash their hands thoroughly and frequently - especially after touching body parts such as the mouth or nose, after touching food or when switching from one job function to another. Also, employees need to wear aprons and change them when they get dirty. Additionally, wearing hair nets or hats, keeping fingernails short and scrubbed and not handling food when sick are three other important personal cleanliness habits that should be observed by employees.

In conclusion, restaurants need to practice cleanliness in the workplace to discourage food borne illnesses in addition to following stringent hygiene practices of personal cleanliness.

TOPIC 4: LAND TRANSPORTATION

Self-Test 1

1. Three importance of transportation:

   (a) It provides the means of **travel to the destination** from the tourist's place of origin and back again.

   - Transport provides the essential link between tourism origin and destination areas.

     Example: A flight from Kuala Lumpur International Airport (KLIA) to London Heathrow would provide tourist transportation from Kuala Lumpur to London and back to Kuala Lumpur.

   (b) It provides the means for travelling **around the destination**, once tourists have arrived and wish to explore.

   Example: A chartered bus for tourists to bring them to tourist attractions around the place of interest.

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(c) Transport can be a **main feature** of a tourist trip when the form of transport itself is one of the main reasons for taking the trip.

- Transport can also form the focal point for tourist activity in the case of cruising and holidays which contain a significant component of travel.

  Example: Cruise holiday from Langkawi to Phuket. The cruise ship is a main feature of the holiday, providing accommodation, food and entertainment, as well as the means of travel for the tourists. This use of transport is found throughout the holiday from the beginning, middle and end of their trip or vacation. In some cases, the tourists may not need to leave the chosen form of transport.

  Other example: coach holidays and scenic rail journeys.

2. Five factors to be considered prior to choosing any mode of transportation for any trip.

(Any five of the following)

(a) Length of trip;

(b) Number of people in a group (affects total overall costs);

(c) Disposable income available for travel;

(d) Availability, frequency and flexibility of each mode (its convenience);

(e) Time it takes to travel to a destination using various travel modes;

(f) Relative comfort or luxury of one mode over another;

(g) Ground services or terminal facilities available for each travel mode; and

(h) Status or prestige involved.

3. Fleet planning as one of the challenges faced by the transportation industry:

(a) Refers to "a company's efforts to match its supply (of available seats) with passenger demand".

(b) A constant challenge especially for companies that provide transportation services.

(c) Critical, because of the nature of transportation supply.

(d) The inventory of seats available for sale must either be sold or lost at the moment they go unused.

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E.g.: A bus that is carrying 30 per cent of its capacity loses 70 per cent of its potential revenue, meanwhile the bus's operating costs i.e. wages and fuel generally remain fixed regardless of the number of passengers.

(e) Therefore, fleet planning is necessary to maximise the number of seats that are sold per trip.

(f) Maximising ridership is important because the costs of providing transportation are usually high. The costs include :

(i) The acquisition (possession) or lease of the airport or vehicle;

(ii) Any debt service associated with the acquisition;

(iii) Facilities for holding and maintenance; and

(iv) Labour.

4. Four factors as indicated by the statement are:

(a) Congestion and pollution

- Almost all industrialised countries as well as many third world countries are seriously facing the dual problems of congestion and pollution by individual motor vehicles.

(b) Cost of motor vehicles

- In many countries including Canada and the US, the cost of owning a personal motor car has outpaced inflation.
- Segments of lower income population, therefore, must use public transportation or buy used vehicles.

(c) Air congestion

- Air congestion has become a global issue.
- There is fear that air safety may be compromised as travel by air may have reached maximum levels in many regions.

(d) Airline economics

- As the word's airline fleets are growing older, profits are ever more elusive, air carriers may drop smaller communities, and bankruptcies may plague the airline industry.

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5. To avoid the high prices of an airport location, some car rental agencies provide a free shuttle bus service to an off-airport location. In this case, the extra time spent by travellers to get to the location is offset by reduced rental rates.
6. False
7. True
8 False

Self-Test 2

1. Five commercial transport sectors in the tourism industry:

   (Any five of the following):

   (a) Airlines;

   (b) Shipping lines (both cruise lines and ferry operators);

   (c) Coach and bus operators;

   (d) Railways;

   (e) Car-rental firms; and

   (f) Taxi operators.

2. Land, water and air routes along which the various forms of transport travel as well as the bus and rail stations, ports and airports which passengers need at the beginning and end of their journeys.

3. Congestion problems as discussed in the module:

   (a) Most travellers/tourists face congestion of roads, passenger terminals and airports at one time or another especially in urban areas.

   (b) Primary cause: inadequate facilities to handle growing demand.

   (c) Other causes:

      (i) Traffic flow design/system problems

      (ii) Repairs and other construction related activity

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(iii) Tighter security procedures:

- Visa and customs procedures often require travelers to stay within the confines (boundaries) of passenger terminal for longer period of time
- This contributes to the overall congestion of terminals.

(d) Congestion can result in significant costs to the travelling public, for example: a tourist who misses a flight due to airport congestion may face additional costs relating to the rescheduling of his or her accommodations and rental car.

(e) Congestion also places greater stress on a security system especially when persons must be physically screened and in areas of controlled access.

(f) The quality of the visitor experience can also be diminished by overcrowded streets and terminals.

(g) Fluctuation in traffic levels throughout the year is also a major cause of congestion.

(h) Seasonality factors: the volume of leisure travel often varies greatly due to factors i.e. weather, school holidays, public holidays and work schedules.

(i) Seasonal fluctuations also cause other problems for transportation companies, for example: transportation providers must balance the need for capacity to handle peak traffic with the costs of maintaining that capacity through off-peak seasons.

4. Three reasons why people travel by car rather than public transportation. (Any three of the following)

(a) Perception of low cost, especially for three or more people

(b) Convenience

(c) Flexibility in departure and arrival times, route and stops

(d) Enhanced trip experience

(e) Easier luggage transport with less restriction

(f) Assured transportation on arrival at the destination

(g) Opportunity for a relaxing and private atmosphere different from everyday business

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5. Convenience and economy are the major reasons for selecting bus travel over other modes of travel.

6. False

7. True

8. True

TOPIC 5: WATER TRANSPORTATION

Self-Test 1

1. Three categories of cruises as identified by Foster (1996) are:

   (Any three of the following)

   (a) **Volume Cruises**

      (i) Also called mass-market cruises, account for approximately 60 per cent of all cruise revenues.

      (ii) Three types: short cruises (two to five days), standard-length cruises (seven days) and longer cruises (nine to 14 days).

      (iii) Include budget and standard cruises.

      (iv) Accommodations and services are comparable to most standard hotels.

      (v) Emphasise short itineraries and quick turnover (the number of times that new passengers are brought on board) – fast turnover means more cruises can be conducted over a shorter period of time generating more revenue.

      (vi) Examples of successful mass-market cruise lines: Carnival Cruise Lines, Kloster Cruise Limited and Cunard Cruise Lines.

   (b) **Premium Cruises**

      (i) Also known as upscale cruises, account for about 30 per cent of all cruise revenues.

      (ii) Range from one-week sailing up to three months.

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(iii) Accommodations, facilities, entertainment and meal service equivalent to the facilities of a first-class resort hotel.

(iv) Examples include Royal Viking Cruises and Cunard Cruise Lines.

(c) **Luxury Cruises**

(i) Account for about six per cent of the cruise market.

(ii) Offer high level of elegance and comfort, the most expensive type of cruise.

(iii) Luxury liners feature long itineraries and exotic destinations.

(iv) Examples: Seabourn Pride, with capacity of 212 passengers, sails from New York to Europe, West Africa, the Carribean and South America all in one itinerary, in six to 12 months of cruising time.

(v) Other examples: Crystal Cruises, Renaissance Cruises and Oceanic Cruises.

(d) **Specialty Cruises**

(i) Include scuba diving, archaeology, whale-watching and biology cruises.

(ii) Ships used for such cruises are specially equipped passenger vessels with only basic food and beverage service.

(iii) Popular among well-educated single travellers and couples without children.

(iv) Examples of specialty itineraries include cruises to the Amazon River, Antarctica or the Aleutians.

2. The seven regions are:

(a) The Caribbean, Bermuda and the Bahamas, including the coast of Central and South America.

(b) The west coast of North America, including Mexico, the USA (including Alaska) and Canada.

(c) The Mediterranean, divided between the western and eastern sectors.

(d) The Pacific islands and Far East.

(e) The Baltic Sea, northern European capitals and the North Cape.

(f) West Africa and the Atlantic islands of the Canaries and Madeira.

(g) Round the world.

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3. Five examples of inland waterways cruises.

Inland Waterways		
Australia's Danube	April to October	Scenery and history
Brazil's Amazon	December to April	Soft adventure
China's Li, Yangtse	Spring, fall	Unique scenery
Canals	Varies	Belgium, England, France and the Netherlands
Egypt's Nile	November to April	Port-intensive
Germany's Elbe, Moselle and Rhine	April to October	Ferries year-round
Mississippi	Year-round	Varied itineraries
Sweden's Gota Canal	May to September	Slow-paced

4. Charter yachts and sailboats:

   (a) Chartering a yacht or sailboat was considered an activity for the very rich, but now it is within the reach of people with middle incomes.

   (b) Either for a few hours or an entire vacation, charters can be arranged.

   (c) Charters can also be rented with the sailor included or to experienced sailors who sail their own boats.

   (d) As many owners of the boats cannot keep up with the maintenance, they usually allow their boats to be chartered – known as "yachtaminium", a concept like the time-share of condominiums: time on a yacht is purchased by the consumer who then can trade for time on another yacht in another marina across the country.

5. The marketing strategies of cruise lines that are based on the marketing concepts of product include the following:

   (a) The product is the ship, service and amenities on board and the routes.

   (b) Product is provided with quality and service.

   (c) There is nothing that price, place,or promotion can do to retain customers if the product is outdated.

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(d) The ship as a product should be comfortable, appealing and interesting to the passengers: cabins, the hotel rooms afloat, must be comfortable and provide privacy for passengers when needed; the rest of the ship should provide entertainment for the guests; the ship must also be equipped with large multipurpose rooms for meetings, conferences or dancing; the ship must also have health spas, swimming pools, a fully equipped gymnasium and other recreational facilities; the dining room of the ship must be superb because eating on a cruise is one of the most popular activities on the vacation; the ship must also have other rooms on board such as a doctor's office or clinic, casino and clothing and souvenirs shop.

(e) The amenities on board start with quality service: ratio crew member to passenger should guarantee a high level of service for every passenger; variety of services should be offered and performed professionally.

(f) The route as a product is actually a key marketing strategy: shorter trips have been added to the cruise line schedule to provide a cruising opportunity for people on lower or fixed incomes – this strategy is actually to obtain repeat customers since people who have taken a cruise are more likely to take another one of a longer duration.

(g) The actual route and stops en route are also of considerable importance: for warm weather cruises, they usually stop for several hours in one or more ports to allow passengers to shop and experience other cultures.

6. True

7. False

8. False

Self-Test 2

1. Sea cruises:

(a) Range from one-day "see nothing" trips (as low as $70 per person) to three-month around-the-world trips (may cost in excess of $24,000 for two people).

(b) A typical sea cruise is three to seven days and stops at various ports for the passengers to experience local customs.

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(c) Promoted as a vacation – the stops along the cruise are an added luxury to an aboard-ship vacation of sun and relaxation in Mediterranean or the Caribbean or viewing glaciers and scenic mountains along the Alaskan and Canadian coasts.

(d) On-board entertainment center, with swimming pools, 24-hour buffets, health spas, themed special events and recreation centers.

(e) Destinations vary – the Caribbean and Mediterranean are the most popular warm weather cruises; other destinations include: the Bahamas, San Juan, Mexico and Mexican Rivera, the Canary Islands and Morocco and transcanal trips through the Panama Canal. Other North American trips include the Pacific coast from Los Angeles to Vancouver and the Alaska vacation up to Skagway or Prince William Sound. Northern Europe is also popular for its scenery in and around Norway and Sweden.

(f) Gambling cruise to nowhere is another type of sea cruise, quite common along some US coastal areas.

2. Details of cruise line marketing strategies that are based on the marketing concepts of "promotion" include:

(a) Promotional activities are developed around product, price and place as well as consumer's knowledge.

(b) Promotion involves selling the shorter trips to first time cruisers and selling any trip to repeat customers: involves advertising the fly, cruise and rail, cruise packages and setting a price the consumer is willing to pay.

(c) Success in the cruise industry requires niche marketing, such as business or theme cruises.

(d) Also requires joint marketing efforts and creative strategies for selling to travel agents or directly to the consumer.

(e) Cruise lines depend heavily on travel agency loyalty and spend a great deal of their promotional efforts on a limited number of agencies that actively sell cruises: other agencies are reached through direct mail, telemarketing and travel shows.

(f) Promotion directly to the consumer is usually through newspaper advertisements.

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3. Five examples of ocean and sea crossing cruises:

(Any five of the following)

Cruising Areas	Season	Specialisation
Ocean and Sea Crossing		
Bahamas	Year-round	Combo with Disney World
Baltic Sea	Summer Cruising	Ferries year-round
Bermuda	Spring to fall	The ship ports for several days
Black Sea	May to October	Extension of Mediterranean itineraries
Caribbean	Year-round	East – Puerto Rico, Virgin Islands West – Mexico, Cayman Islands, Jamaica South – smaller islands
China and Japan	April to June	Visits on a world cruise, coastal
Hawaii	Year-round	Whale-watching, island culture
Mediterranean	May to October	East – Greece, Egypt, Israel, Turkey Central – around Italy West – Balearics and Spain
Mid-atlantic	Year-round	Madeira, Azores, Canary Islands
South America	Varies	Galapagos Islands
South Pacific	Year-round January to March Year-round	Australia/Great Barrier Reef World segments Melanesia/Polynesia
Southeast Asia	October to March	Expedition on world cruises and Indonesia

4. "Yachtaminium" is a concept like the time-share of condominium: time on a yacht is purchased by a consumer who then can trade for time on another yacht in another marina across the country.

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5. "Specialty cruise":

   (a) Include scuba diving, archaeology, whale-watching and biology cruises.

   (b) Ships used for such cruises are specially equipped passenger vessels with only basic food and beverage service.

      (i) Popular among well-educated single travellers and couples without children.

      (ii) Examples of specialty itineraries include cruises to the Amazon River, Antarctica or the Aleutians.

6. False

7. False

8. True

TOPIC 6: AIR TRANSPORTATION

Self-Test 1

1. Five contributions or long run gains of World War II towards the development of the air transportation industry are:

   (Any five of the following)

   (a) The creation of a large body of experienced pilots

   (b) Increased knowledge of weather

   (c) Improved maps and knowledge of foreign terrain

   (d) Construction of thousands of airfields in wide parts of the world

   (e) Increased public acquaintance with aviation, as hundreds of thousands of military personnel and civilian employees experienced their first flight during the war.

   (f) A large assortment of surplus aircrafts which were purchased relatively inexpensively after the war and converted to commercial use.

   (g) Increased knowledge of aircraft design, flying techniques and other knowledge necessary for advancement of the industry.

   (h) The development of jet aircrafts

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2. The world airline industry has two new "future" planes to choose from. The first plane is Airbus A380 which is the largest commercial airliner that has ever been designed at the moment. With twin decks and seat capacity of 555 passengers, this Airbus's newest giant entered the airline service in 2007. The other is manufactured by Boeing and called the Boeing 787 Dreamliner. This airplane that will hold 200 to 300 passengers and operate on routes between 3,5000 and 8,5000 nautical miles, will use 20 per cent less fuel than today's airplanes of comparable size

3. The concept means that: "airline service could not be offered between a nation of origin and one of destination unless there was a specific agreement between the two nations as to the details of the service".

4. The 2003 top 10 World Airlines by revenue passenger kilometers.

1	American
2	United
3	Delta
4	Northwest
5	Air France
6	British Airways
7	JAL Group
8	Continental
9	Lufthansa Group
10	Southwest

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5. The Eight Freedoms of the Air:

   (a) **First Freedom**: The right of an airline to fly over one country to get to another without landing.

   (b) **Second Freedom**: The right of an airline to stop in another country for fuel or maintenance but not to pick up or drop off passengers or freight.

   (c) **Third Freedom**: The right of an airline to drop off passengers, mail or freight (PMF) in a foreign country traffic from the country in which it is registered, to a separate country.

   (d) **Fourth Freedom**: The right of an airline to carry back passengers from a foreign country to the country in which it is registered.

   (e) **Fifth Freedom**: The right of an airline to carry PMF between two foreign countries as long as the flight originates or terminates in the country in which it is registered.

   (f) **Sixth Freedom**: The right of an airline to carry PMF to a gateway (entry) in a country in which it is registered and then to a foreign country, whether neither the origin nor the ultimate destination is the country in which it is registered.

   (g) **Seventh Freedom**: The right of an airline to operate entirely outside of the country in which it is registered in carrying passengers between two countries.

   (h) **Eighth Freedom**: The right of an airline, registered in a foreign country, to carry passengers between two points in the same foreign country.

6. True

7. False

8. True

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Self-Test 2

1. Charter services:

   (a) Do not operate according to published schedules, nor are they advertised or promoted by the airlines themselves.

   (b) Aircrafts are chartered to middlemen (tour operators) for a fixed charge – middlemen are responsible for selling the aircraft seats.

   (c) Airlines are only responsible for operating the aircraft.

   (d) Middlemen can change flight departures or cancel flights, transferring passengers to other flights.

   (e) Many scheduled carriers have their own charter flights, e.g. Lufthansa operates a charter subsidiary known as Condor.

2. The need for bilateral agreements has been intensified by some small nations which feel that they should have their **flag carrier** (national airline). Most of the flag carriers are government-owned enterprises, marginally profitable and subsidised by the government. In fact, flag carriers are supported by the governments due to their national pride, fear of dependency on foreign airlines and to ensure air freight for export product. National flag carriers also provide a means of transporting visitors to support economic growth especially through tourism development.

3. Implementation of the Eight Freedoms:

   (a) Only First and Second Freedom have gained wide acceptance.

   (b) Third and Fourth are also generally granted although nearly with restrictions on elements such as frequency and points served.

   (c) Fifth and Sixth remain the subjects of bilateral bargaining.

   (d) Seventh and Eighth are usually allowed only in special circumstances.

4. To establish a system of international rates agreed upon by the airlines with the approval of their respective countries, with the aims of promoting worldwide air travel and air safety and acts as a "clearing house" for member airlines concerning monies due.

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5. Scheduling:

   (a) Refers to "the number and hours of flights and the type of equipment assigned to particular routes".

   (b) This complex managerial responsibility involves the consideration of multiple factors such as connecting flights, competitive schedules, effect on costs, distances involved, convenient arrival and departure times, probable air traffic condition and effect on crew, ground transportation and other support sectors.

   (c) Correct scheduling can mean either a route would generate profit or incur loss.

   - Can also mean the difference between happy and unhappy passengers and crews.
   - Can allow an airline to make maximum use of its existing route structure and equipment and to plan future routes and equipment
   - However, correct and proper scheduling is not easy even with the assistance of computers.

   (d) It is generally impossible for any carrier to handle peak periods without tie-ups and delays.

   - Often impossible for airlines to supply adequate flights to service markets at peak travel periods such as Christmas, Thanksgiving and other holidays.

   (e) Therefore, it is clear that airlines cannot afford to keep aircraft in reserve or to completely change route schedules to meet peak demands.

6. True

7. False

8. False

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TOPIC 7: RETAIL TRAVEL AND TOUR OPERATIONS

Self-Test 1

1. Agents perform many functions; most importantly they match suppliers and consumers by providing information and consultation to prospective travellers. In fact, majority of most travel service reservations are made through travel agents.

2. While marketing is concerned primarily with much more sophisticated strategy of trying to have what customers may want, selling is generally concerned with the plans and tactics of trying to get customers to exchange what they have (money) for what the suppliers or sellers have (service or product). As selling focuses on the needs of the seller, marketing, on the other hand, focuses on the needs of the buyer. Unlike marketing which is preoccupied with the idea of satisfying the needs of the customers by means of the services rendered, selling is preoccupied with the sellers' need of converting their product into cash.

3. "Ground operators" are tour operators who provide services at the destination and who usually do not package or market transportation from or to the destination.

4. The three segments of the market for leisure travel are:
   (a) Family travel;
   (b) Single resort travel; and
   (c) Special-interest travel.

5. Five major reasons for purchasing tour packages are:
   (a) Convenience;
   (b) Cost-savings;
   (c) Worry-free;
   (d) One-stop shopping; and
   (e) Special treatment.

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6. Corporate travellers include:

   (a) People who attend business meetings, sales representatives calling on clients, managers making site inspections etc.

   (b) Those who often do not have advance notice when making their travel arrangements, so they pay higher since lower discount rates i.e. airfares must be purchased earlier.

Self-Test 2

1. The people who purchase and use travel products; they are referred to as guests, clients or passengers, depending on what product they are purchasing or using.

2. As an important intermediary in tourism distribution channels, travel agencies make information and services widely available keeping in mind cost-effectiveness. In fact, a travel agency may perform a variety of value-added functions such as:

   (a) Provide information about types and availability of services;

   (b) Make reservations and other travel arrangements;

   (c) Assemble packages of services;

   (d) Contact current and potential customers;

   (e) Prepare tickets; and

   (f) Bare financial risk by buying services in bulk for resale to customers.

3. According to the United States Transportation and Tourism Administration travel is defined as any trip of 100 miles or more.

4. The three segments of the business travel market are:

   (a) Corporate travel;

   (b) Commercial group travel; and

   (c) Institutional travel.

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5. "Special-interest travel" is described as:

   (a) The fastest growing segment of the leisure market

   (b) Focuses on a specific theme, activity or event

   (c) Attracts adventure travellers such as mountain climbers, scuba divers and trail hikers.

   (d) Sports enthusiasts such as golfers, tennis players, skiers and sport fishermen.

   (e) Other examples: health, fitness and beauty enthusiasts as well as nature enthusiasts such as whale watchers, bird watchers and butterfly collectors.

   (f) Growing public awareness of environmental problems has created a new market for ecological travel or ecotourism, emphasising the preservation of natural resources and protection of wildlife.

TOPIC 8: TOURISM ATTRACTIONS AND ACTIVITIES

Self-Test 1

1. Natural locations, objects or constructed facilities that have a special appeal to both tourists and local visitors.

2. The "explorer-type" tourists:

   (a) Look for discovery and knowledge;

   (b) Are limited in numbers and consider themselves as anthropologists instead of tourists;

   (c) Have very different expectations from other travellers and they accommodate easily to local norms in housing, food and lifestyles;

   (d) Intend on leaving familiarity behind and experiencing other cultures fully;

   (e) Seek to achieve a much higher level of contact with the societies of the countries visited;

   (f) Avoid air transport, instead using road or rail on overland tours of Asia or Africa; and

   (g) Long duration of visit.

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3. The "push" factors are often a reaction to the living or working environment and are related to the social and psychological conditions unique to a particular individual. In this context, the tourists or visitors are looking for a change of pace from their leisure as well as their everyday work routines.

4. The five common motives of travel as indicated by Crompton are:

   (a) **Self-exploration**

      (i) As tourists learn about themselves by learning about the world around them, travel connects them to a world that they would not know and understand strictly on the basis of their daily work activities.

      (ii) They are free to explore the unexpected.

   (b) **Social Interaction**

      (i) "How" people spend their leisure time is more relevant to the quality of the experience.

      (ii) Social context is an important part of the "how".

      (iii) Social interaction also is very important in any experience.

      (iv) "People want to be with people" in most activities that they are involved in.

   (c) **Excitement**

      (i) Experience sought by travellers should bring a change from the routine and commonplace, through the providing of something that is strange, unusual, or novel, an experience not commonly present in the daily life of the travellers.

      (ii) This can be achieved in a different but conventional setting, but for some, it requires elements of fantasy and the ability to free oneself from the inhibiting mores of home to enjoy a more permissive environment.

   (d) **Ego Enhancement**

      (i) In most cases, motivations can contribute to ego enhancement.

      (ii) For many travellers, the need for prestige influences a trip's choice; going to or visiting a known and admired destination or attraction.

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(iii) "One wants to be able to have others respond knowingly, with admiration, or even with a touch of jealousy when a destination is mentioned".

(e) **Perceptions of Tourist Experiences**

(i) Motivational needs of travellers can be met by various types of tourist settings and experiences. In addition, some have different meanings to different people. Skiing, for example, for some people may be a way of providing romance and excitement, having a social interaction or even making business contacts.

(ii) The degree to which motivational needs are met may also be associated to the depth of involvement of the tourists in their experiences.

5. Five categories of attraction as categorised by the English Tourist Board:

(Choose five of the following)

(a) Historic properties;

(b) Museums and art galleries;

(c) Wildlife parks;

(d) Gardens;

(e) Country parks;

(f) Workplaces;

(g) Steam railways;

(h) Leisure attractions;

Self-Test 2

1. Basically, she is concerned with different impact tourists have on the residents of the host country or destination.

2. "Charter tourism" and charter tourists can be described as follows:

(a) Consists of groups that arrive in mass to popular resorts such as Waikiki, Acapulco and Palma de Majorca.

(b) Involves minimal involvement with the people of the country visited to their culture.

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(c) Emphasis is on the hotel and other facilities which have been developed specifically for this type of tourist.

(d) Want to experience the "novelty of a strange place with the security of a familiar environment".

(e) Structured and short visits, ranging from one long weekend to two weeks.

3. The "pull" factors for a vacation are aroused by the destination itself and these factors help explain why people develop the desire to go on vacation and explain the choice of destination.

(a) Income, including multiplier effect;

(b) Employment;

(c) Balance of payments; and

(d) Investment and development.

4. The ten different classifications of travel as organised by types of tourist orientation are:

(a) Nature Tourism

(b) Cultural Tourism

(c) Social Tourism

(d) Active Tourism

(e) Recreation Tourism

(f) Sport Tourism

(g) Specialised Tourism

(h) Religious Tourism

(i) Health Tourism

(j) Ethnic Tourism

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5. Three categories which will help in examining the nature of attractions as stated by Holloway (2002) are:

(a) **Attractions may be *Man-made* or *Natural***

(i) Man-made attractions include buildings of all types, or attractions such as the Great Wall of China, the Statue of Liberty in the US or the Petronas Twin Towers of Malaysia.

(ii) Natural attractions include National Parks, lakes, waterfalls or other geographical phenomena – may also be subdivided according to whether they are in any sense "managed" or left entirely to nature to develop.

(b) **Attractions may be *Nodal* or *Linear* in Character**

(i) Nodal character – e.g. the seaside resort or capital city will invite the tourist to focus their visit within a clearly designated and narrowly defined area.

(ii) Linear character – will involve the movement of tourists from one place to another, e.g. by touring the countryside or following a scenic coastal road.

(c) **Attractions may be Distinguished between Those Which Involve a *Site* and Those Involving an *Event***

(i) Events can be either man-made or natural e.g. the changing of guard in London is a 'man-made' ceremony that attracts many oversea tourists; while the geyser in Yellowstone National Park in the US and the annual migration of wildebeest across the Serengeti Park in East Africa are examples of natural events.

(ii) Some events are temporary and some are of very short duration.

(iii) Many sites owe their attraction to an event that happened in the past e.g. Liverpool became a place of pilgrimage for many overseas youngsters due to its links with the Beatles in the 1960s.

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TOPIC 9: PLANNING AND DEVELOPMENT IN THE HOSPITALITY INDUSTRY

Self-Test 1

1. The roles of governments in tourism planning and development include:

   (a) In the planning and facilitating of tourism, including the provision of financial and other aid;

   (b) In the supervision and control of the component sectors of the industry;

   (c) In direct ownership and operation of components of the industry; and

   (d) In the promotion of the nation and its tourist products to home and overseas markets.

2. The changing characteristics within the Butler's Sequence are:

   Choose any five from the 17 variables:

Variable	Exploration	Involvement	Development	Consolidation/ Stagnation
Tourism system status	Peripheral	Gradual incorporation	Full integration	Full integration
Rate of growth	None (low level equilibrium)	Low growth	Rapid growth	None (high level equilibrium
Spatial pattern	Dispersed	Dispersed, some concentration	Concentrated	Highly concentrated
Attractions	Cultural/ natural, local orientation	Mainly cultural/ natural	Mainly specialised tourist orientation	Specialised tourist orientation
Ownership	Local	Local	Mainly non-local	Non-local
Accommodation	No specialised accommodation	Small-scale, unobtrusive	Mainly large-scale	Large-scale international style
Market origins	Diverse	Less diverse	Concentrated	Concentrated
Psychographics	Allocentric	Allocentric-midcentric	Midcentric-psychocentric	Psychocentric
Seasonality	None	Emergent	Seasonal	Highly seasonal
Length of stay	Extended	Relatively long	Relatively short	Brief

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Economic status of tourism	Insignificant	Minor, supplementary	Dominant	Overwhelming dependency
Revenue	Insignificant and stable	Small and growing	Large and growing	Large but stable
Multiplier effect	Extremely high	High	Declining	Low
Linkages	Local	Mainly local	Mainly non-local	Non-local
Leakages	None	Minor	Major	Very high
Commodification	Non-commercial, authentic	Somewhat commercial, mainly authentic	Commercial, increasingly contrieved	Highly commercial, contrived
Irridex	Pre-euphoria	Euphoria	Apathy, annoyance	Antagonism, resignation
Environmental stress	Very low	Low	High	Very high

3. Generating areas are the areas from which tourists come to visit, tourist destinations.

4. The tourism contribution to the income of an area is enhanced by a phenomenon known as the multiplier effect. The tourism industry needs the support of other products and services provided by other industries. Guests have to pay for the products and services provided by a hotel. When the hotel receives the payment, the money will be used to pay their fish supplier, vegetables supplier, buy new air-conditions, pay salaries, pay water, electricity and telecommunication bills and other payments that the hotel needs to make.

   As a result of the tourism activity, there is a flow of spending through the whole community. This flow works in stages as the money is passed from one business to the next and on to the next. The bigger the spending by tourists, the bigger will be the flow in the economy. If this can be sustained than the local economy will flourish and will help the local community.

5. The future challenges and opportunities of the tourism and hospitality industry are:

   (a) Can tourism growth and development continue without creating environmental problems?

   (b) How will advances in technology change tourism experiences and how will tourists and service providers deal with each other?

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(c) As trade barriers are removed and the world market opens, will tourism increase?

(d) As tourism activities continue to grow, will an adequate workforce with the necessary skills be available?

(e) Will tourism change the social structure of countries and communities when they experience increased tourism activities?

6. There are indeed some impacts of tourism activities on income. Income is generated from wages and salaries, interest, rent and profits. In a labour intensive industry such as tourism, the greatest proportion is likely to be driven from wages and salaries paid to those working in the jobs either directly or indirectly serving the needs of tourists or benefiting indirectly from the tourist's expenditure, for example: the receptionists, the chamber-maids and the taxi driver bringing tourists from airport to the hotels. Income will be greater in those areas which generate large numbers of tourists, where visitors tend to stay for longer periods, where the destinations attract an up-market or more free-spending clientele and where there are many opportunities to spend eg: shopping, sight-seeing, etc.

   Income is also generated from interest, rent and profits on tourism businesses. This could include, for example, the interest paid on loans to an airline in order to buy an aircraft or rent paid to a land owner for a car park or campsite near the sea. Also included is tax on tourism activities, such as sales tax on hotel bills and direct taxation which many countries levy on tourists. In Malaysia, we impose a 15 per cent tax which constitutes 5 per cent government tax and 10 per cent service tax.

Self-Test 2

1. The five distinct stages off growth according to the Butler's Sequence are:
   (a) Exploration;
   (b) Involvement;
   (c) Development;
   (d) Consolidation; and
   (e) Stagnation.

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2. Tourist destination refers to regions, countries and continents where tourism activities take place.

3. The economic impact of tourism can be measured in four ways which are:

   (a) Income, including the multiplier effect;

   (b) Employment;

   (c) Balance of payments; and

   (d) Investment and development.

4. The major social and cultural impacts that tourism bring to the destination country are:

   (a) Crowding and congestion;

   (b) Pollution;

   (c) Noise;

   (d) Odour;

   (e) Endangering protected species;

   (f) Crime; and

   (g) Other social problems.

5. The impact of new technology will perhaps bring the biggest advances. The World Wide Web has created demand for up-to-date, relevant information, accessible instantaneously and already available through laptop computers and mobile phones. More and more tourism and travel related information is becoming available to the global traveller on business or on holiday, including rail, air, ferry and coach services listing all fares and timetables. Live web-cam pictures of resorts can be conjured up, with up-to-date weather reports on any destination. In addition, individual holiday-makers in many parts of the world can already put together their own packages, book and pay for the booking by direct debit to their bank account.

6. It is true that tourism can leave both positive and negative impacts on communities as viewed from a social and cultural perspective. The positive and negative impacts socially and culturally are listed in the following.

   Tourism provides an opportunity for a number of social interactions provided that the number of tourists is manageable and that they respect the host community's socio-cultural norms and values. However, most resorts offer little opportunity for meaningful social interaction between

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tourists and the host community. Developers build the hotel (which can cause disruptions as well as create opportunities) likely as not, an international hotel company will manage the hotel, which may mean that the top positions are filled by non-natives, leaving only the lower positions to locals.

Proponents of the sociocultural benefits of tourism are able to point out that tourism is a clean and green industry, that some hotels are built with great concern for the environment and use local craftspeople, designer and materials in order to harmonise with the locals. Tourism brings new revenue to the area; it also creates and maintains higher levels of employment than if there were no tourism. In some countries, a hotel may be restricted as to the number of foreigners it employs and the length of their contracts.

Tourism may act as a catalyst for the development of the community because taxes help the goverment provide other services, such as schools and hospitals. In addition, tourists often enjoy the cultural exchanges they have at all levels of the community. The excursions, shopping, dancing and so on, serve to embellish the tourists' experiences.

In some developing countries, tourism is a major contributor to the Gross National Product (GNP). However, tourists may contribute to the generation gap between the young, who are quick to adapt to the ways of the tourists and the older people, who hold more traditional values.

Efforts to preserve the cultural heritage of a community may be further eroded when tourist "junk" is imported and offered for sale to tourists. In every society, people have opposing points of view about tourism development and cultural heritage preservation. The important thing to remember is to strike a balance between what is appropriate for a destination in terms of the number of tourists and the type of tourists that the community is capable of sustaining. For example, our own Pulau Payar in Langkawi has been restricted in the number of tourists coming to preserve its ecological values.

Another major potential problem in tourism is crowding or congestion. Along with crowding, tourism can result in noise, odours and pollution. A special form of crowding is the traffic jam which can result in traffic overload, causing delays and in some cases, accidents and injuries. The notion of "carrying capacity" – that is, the idea that an area can accept only a certain number of visitors without being made less desirable as a destination, should be emphasised in many tourist destinations.

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The technological complexity of contemporary living has led to various forms of pollution which are both initiated and compounded by tourism development and by travel in particular. Noise too, must be considered a form of pollution. Other social impacts of tourism are threats to endangered animal species and increase in crime and other social problems, to name a few.

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