

# 203TT26

*by* Anu Cde

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**Submission date:** 16-Feb-2026 04:11PM (UTC+0530)

**Submission ID:** 2880580718

**File name:** 203\_TT-26\_HOSPITALITY\_MANAGEMENT\_REVISED.pdf (9.7M)

**Word count:** 46887

**Character count:** 270669

# HOSPITALITY MANAGEMENT

MASTER OF BUSINESS ADMINISTRATION  
(TRAVEL & TOURISM MANAGEMENT)

FIRST YEAR, SEMESTER-II, PAPER-III

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**MBA (TTM): Hospitality Management**

**3**  
First Edition : 2025

**No. of Copies :**

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**Published by:**

**Prof. V. VENKATESWARLU**  
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***Printed at:***

## ***FOREWORD***

*Since its establishment in 1976, Acharya Nagarjuna University has been forging ahead in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A+' grade from the NAAC in the year 2024, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 221 affiliated colleges spread over the two districts of Guntur and Prakasam.*

*The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the door step of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.Sc., B.A., B.B.A., and B.Com courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004 onwards.*

*To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy of this distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.*

*It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson-writers of the Centre who have helped in these endeavors.*

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**MASTER OF BUSINESS ADMINISTRATION  
(TRAVEL & TOURISM MANAGEMENT)**

**Programme Code: 196**

**PROGRAMME SYLLABUS**

**1<sup>st</sup> YEAR – 2<sup>nd</sup> SEMESTER SYLLABUS**

**203TT26: <sup>4</sup>HOSPITALITY MANAGEMENT**

**Objectives:-**

- a. To give basic knowledge about the hospitality industry
- b. To introduce the various Hotels & Resorts and their importance
- c. To gain thorough knowledge & Skills in various operations in Hotel Industry.

**Unit-I**

**HOSPITALITY INDUSTRY:** Introduction, Symbol of Hospitality, its origin, and growth. Hotel Definition and Core areas of Hotel – Hotel Organization structure – Types of Guest Rooms – Role of Computers in the Hospitality Sector.

**Learning outcome:**

- Provide knowledge on the evolution of the Hospitality sector to serve the needs of the guests

**Unit-II**

**CLASSIFICATION OF HOTELS:** Significance of Hotel in the Tourism Industry – Classification of Hotels on the basis of - Star Rating, Size, Location, Clientele, Duration of stay, Level of Service, Ownership, Theme – Alternative Accommodations – International Hotel Symbols.

**Learning outcome:**

- A clear understanding of the hotel in the tourism industry in a classified manner

**Unit-III**

**ROOM RESERVATION SYSTEM & TARIFF STRUCTURE:** Importance of Reservation systems – Types of Reservations, Registrations –Hotel Tariff: Tariff Plans, Tariff fixation, Room Tariff card (Group Rate, Volume Rate, Business service Rate, Wholesale Rate, Govt. Rates, Discounted Rates, Seasonal Rates, Weekend / Weekday Rates) – Room Revenue – Hubbart Formula.

**Learning outcome:**

- Get clarity of Room reservation systems and also tariff structure

**Unit-IV**

**EVALUATION OF HOTEL PERFORMANCE:** Methods of Measuring Hotel performance - Occupancy Ratio, Average Daily Rate, Average Room Rate per Guest, Rev

PAR, Market share Index and by Guest – Hotel Check-in and Check-out Procedure –Yield Management: Elements of it, Measuring yield, benefits, Problems of yield management in Hotel.

**Learning outcome:**

- Assess the hotel performance for better services to the guests

**Unit- V**

**MISCELLANEOUS DEPARTMENTS IN HOTEL INDUSTRY:** Security – Engineering and Maintenance Department – Human Resource Department – Sales and Marketing Departments –Medical Emergency – Tourism Information Desk – Safe Deposit Locker in Hotel – Environmental Management in the Hospitality Industry.

**Learning outcome:**

- Understand the various departmental services in the hotel industry for guest satisfaction.

**Reference Books**

1. Introduction to Hospitality Management – Walker, Pearson Education India Publications; 2 editions (2008)
2. Introduction to Hospitality Industry - S. Bagri, Aman Publications (2009)
3. Introduction to Tourism and Hospitality Industry - Sudhir Andrews, McGraw Hill Education
4. Hotel Front Office: Operations and Management -Jatashankar Tewari, Oxford University Press; Second edition (2016)
5. Hotel Housekeeping: Operations and Management- G. Raghubalan, Oxford University Press India; 3 editions (2017).

## **CONTENTS**

<b>S.No</b>	<b>TITLES</b>	<b>PAGE No</b>
<b>1</b>	<b>HOTEL INDUSTRY &amp; CORE AREAS</b>	<b>1-21</b>
<b>2</b>	<b>MISCELLANEOUS DEPARTMENTS IN HOTEL INDUSTRY</b>	<b>22-37</b>
<b>3</b>	<b>CLASSIFICATION OF HOTELS (PART-1)</b>	<b>38-57</b>
<b>4</b>	<b>CLASSIFICATION OF HOTELS (PART-2) &amp; ALTERNATIVE ACCOMMODATION</b>	<b>58-77</b>
<b>5</b>	<b>RESERVATION &amp; REGISTRATIONS</b>	<b>78-96</b>
<b>6</b>	<b>FACTORS AFFECTING ROOM TARIFF</b>	<b>97-113</b>
<b>7</b>	<b>EVELUATION OF HOTEL PERFORMACE</b>	<b>114-131</b>
<b>8</b>	<b>ROLE OF YIELD MANAGEMENT IN THE HOTEL INDUSTRY</b>	<b>132-151</b>
<b>9</b>	<b>MISCELLANEOUS DEPARTEMENTS IN HOTEL INDUSTRY</b>	<b>152-179</b>
<b>10</b>	<b>MEDICAL EMERGENCIES , TOURISM INFORMATION DESK DEPOSIT LOCKERS &amp; ENCIRONMENTAL MANAGEMENT</b>	<b>180-199</b>

## LESSON -1

**HOTEL INDUSTRY & CORE AREAS**

37

**Objectives**

After studying this lesson, you should be able:

- To understand the concept and significance of the Hospitality Industry
- To observe the core areas in the Hotel Industry.
- To Learn the Hotel Definition, Core areas of Hotel, Hotel Organization Structure & its significance

24

After studying this lesson, the learner will be able to:

1. Explain the structure, evolution, and economic significance of the hotel industry.
2. Classify hotels based on size, ownership, star category, and target markets.
3. Analyse the core operational departments of a hotel and their interrelationships.
4. Distinguish between front-of-the-house and back-of-the-house functions.

Evaluate the managerial roles and coordination mechanisms in hotel operations

**Structure**

- 1.1 Introduction
- 1.2 Hotel
- 1.3 Core Areas in the hotel industry & its Organizational Structures
- 39
- A. Housekeeping department
- B. Front Office department
- C. Food & Beverage service department
- D. Kitchen department
- 1.4 Keywords
- 1.5 Self-Assessment Questions
- 1.6 Further Readings

**1.1 Introduction**

Hospitality is defined as the cordial relationship between the guest and the host. Welcoming guests and visitors in a friendly manner. The word hospitality is derived from the Latin word 'Hospes', meaning Host. It means "one who entertains guests" In India, the major principle of Hospitality 'Atithi Devo Bhava', meaning 'The Guest is God'.

## 1.2 Hotel

The word hotel is derived from the French term 'Hôtel'.<sup>31</sup> The word 'hotel' could have also derived from 'hostel', which means "a place to stay for travellers". A hotel or an inn is defined by the 'British Law' – 'Hotel is a place where a bonafide traveler can receive food and shelter, provided he is in a position to pay, for it and is in a fit condition to be received.



**1.3 Core Areas in the Hotel Industry & its Organizational Structures:** The core areas in hotel industry departments such as Housekeeping, Front Office, Food, and Beverage (F&B) Service, and Kitchen departments are the major departments in the Hotel Industry.

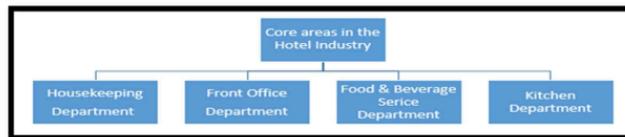


Fig – 1.1 Core areas in the Hotel Industry

### A. Housekeeping Department

The housekeeping department is the operational department responsible for the cleanliness, maintenance, and aesthetic upkeep of rooms, public areas, back areas, and surroundings in a hotel. Keeping room status information up-to-date requires close coordination between the front desk and housekeeping departments. The housekeeping prepares a room status report, which is sent to the front office; the front office compares it

with its records, and the discrepancies are brought to the attention of the duty manager. This tallying is done after every shift.

#### Functions of the Housekeeping Department

As the prime function is to maintain cleanliness and space hygiene, it is responsible for the following -

- Cleaning of public areas and guestrooms
- Supply, upkeep of laundry, and exchange of various linen and uniforms.
- Internal flower arrangement and maintenance of external landscape or garden.
- Coordination and communication with other departments such as front office, restaurants, engineering, accounts, etc., through control desk.
- Pest control is also the responsibility of this department.

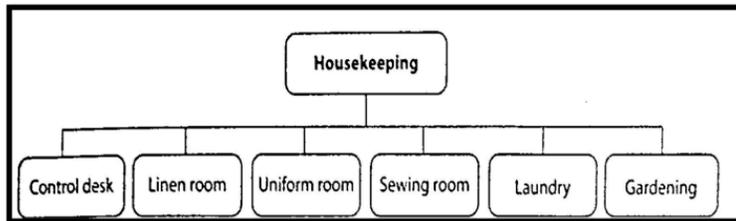


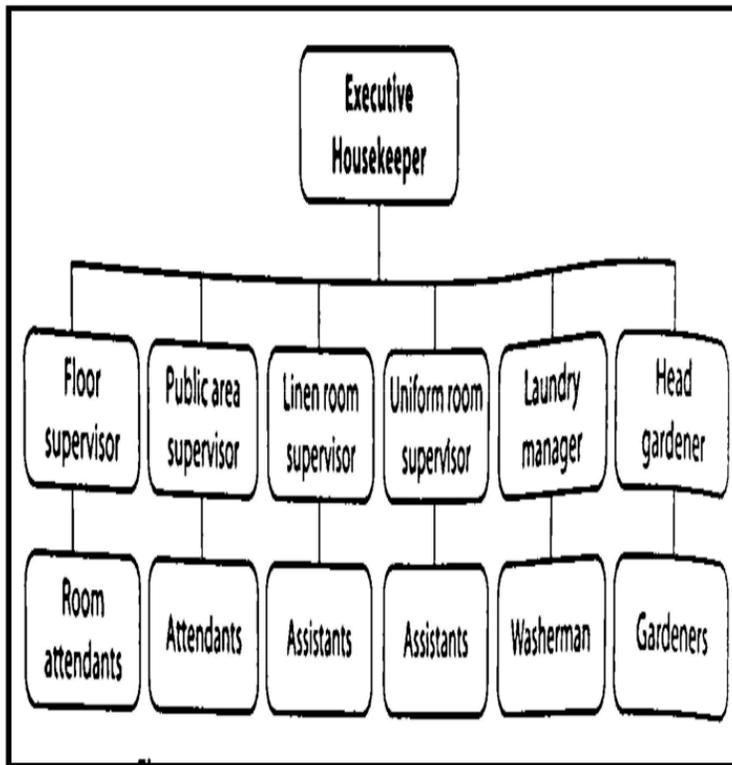
Fig 1.2 Sections of the housekeeping

- All guest complaints and requests are noted at the **control desk**, which is manned round the clock. The person at the control desk interacts with the concerned section/person to resolve the complaints or to meet the requests. The progress is entered in a follow-up register, which maintains a record of all complaints.
- The **linen room, uniform room, and sewing room** may be located separately or at one place depending upon the size of the hotel. The linen room maintains the supply of clean linen whereas the uniform room takes care of the uniform of employees. The sewing room looks after all the mending work and the utilization of discarded linen.
- The hotel **laundry** is responsible for the cleaning and ironing of hotel linen, employees' uniform, and the guest requirements of laundry. It may be located within the hotel or at a distant place. If present within the hotel premises, it is known as on-premises laundry, and if located outside, it is called off-premises laundry.

- The maintenance of **hotel gardens** is also done by the housekeeping department. The **Horticulture and flower arrangement team** maintain the landscape of the hotel and arranges flowers in rooms and at various places.

**Responsibilities of the housekeeping department personnel:**

1. **Executive Housekeeper** – He is responsible for managing the functioning of the department through judicious use of manpower, materials, money, time, and other available resources. He is head of the department of Housekeeping Department. He has Checks schedules and all functioning of the housekeeping department.
2. **Desk control supervisor** - Coordinates with the front office for information on departure of guests, gets vacated rooms cleaned, and hands over cleaned rooms. This desk should be manned 24 hours, as guests and staff contact this desk to receive or transmit information at any time.
3. **Floor supervisor** - There is one supervisor for each floor, responsible for the cleanliness and maintenance of guest rooms, corridors, and staircase, and floor pantries. He has issued the floor keys to the room attendants. He is supervising the spring cleaning and maintain the par stock for the respective floors.
4. **Public Area Supervisor** – He is responsible for maintaining the cleanliness of the public areas (Main entrance, corridor, offices, banquet halls, restaurants, etc.) get work done through Housemen.
5. **Linen room/uniform room supervisor** – He is responsible for supply, acquisition, storage, issue, and cleanliness of the linen and uniforms required in various parts of the hotel.
6. **Laundry Manager** – He is responsible for the entire functioning of the laundry and dry-cleaning unit. He has known the technical knowledge of Chemicals and their effect on fabrics.
7. **Florist/Gardner** – He is required to maintain the landscaped areas and gardens in the hotel, keeping in mind their cleanliness, aesthetic appeal, and freshness all the year-round thoughts will motivate a team of gardeners.
8. **Room attendant** – He is responsible to clean guest rooms and bathrooms. Housemen perform heavy cleaning activities such as vacuuming, mopping, sweeping, shifting of furniture. He has change guestroom and bathroom linen and makes the guestroom beds. He has arranged the guest room and bathroom supplies for the guests. He is Check and secure rooms.

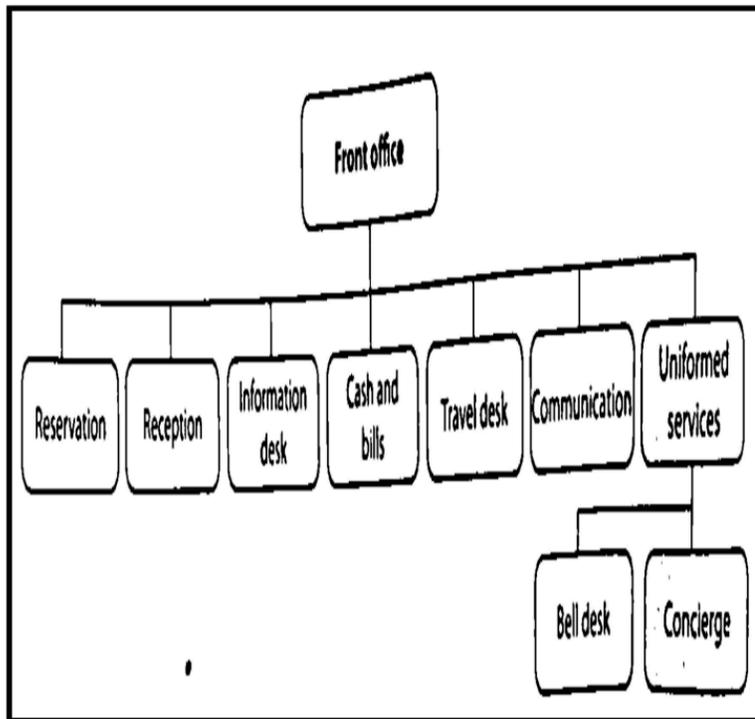


**Fig 1.3 Organization chart of the Housekeeping department**

#### **B. Front Office department**

The front office is the first department of the hotel with which guests come in contact at the time of their arrival and is also the last department they interact with when they depart from the hotel. This department performs various functions such as reservation, reception, registration, room assignment, and settlement of bills of a resident guest.

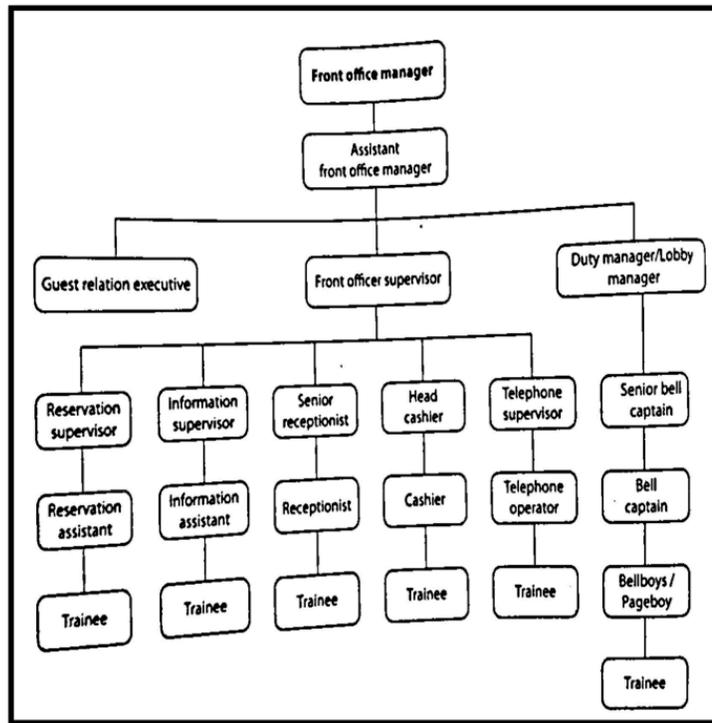
The guests remain in contact with the front desk throughout their stay for all kinds of information and help. The various sections of the front office department are illustrated in for organization chart of the front office department in a large hotel.



**Fig 1.4 Sections of Front Office**

The activities of the front office department include processing the reservation requests of guests, which involves making room reservations, amendments, and cancellations; receiving guests at the time of their arrival; making arrangements for the traditional welcome of guests; registration of guests and the assignment of rooms; handling guests' luggage from their vehicle to the assigned room on arrival and from the guest room to the vehicle at the time of departure; accepting guests' valuables and cash for keeping in safety deposit lockers; delivering messages and mails of resident guests; handling guests' room keys, guest paging; posting and verifying the room charges and any other credit charges in the guest folio; providing information to guests about hotel products and services, and events or places of tourist interest; arranging postage and courier of mails and other documents; making travel arrangements such as sightseeing tours or intercity travel for guests; managing the parking of guests' own vehicles; preparing, presenting, and settling guests' bills at the time

of departure; providing left luggage facility; and changing rooms and upgrading, if required. As the front office is the contact point for guests, we can say that it is the nerve Centre of hotel operations.



**Fig 1.5 Organisation chart of Front Office Department**

The organisational structure of the front office depends on the size of the hotel. The duties and responsibilities of some key front-office employees include the front office manager, reservation assistant, receptionist, information assistant, cashier, telephone operator, bellboy, and door attendant.

**Introductory Case Study: The Transformation of Indian Hotels Company Limited (IHCL – Taj Group)****1. Background of the Organisation**

Indian Hotels Company Limited (IHCL), part of the Tata Group, is one of India's oldest and most respected hospitality brands. Established in 1903 with the opening of The Taj Mahal Palace in Mumbai, IHCL has grown into a diversified hospitality enterprise operating luxury, upscale, and mid-market brands such as Taj, Vivanta, SeleQtions, and Ginger.

By the early 2000s, the Indian hotel industry experienced rapid growth due to globalization, increasing inbound tourism, business travel, and rising disposable incomes. However, the sector also became highly competitive with the entry of global chains such as Marriott, Hyatt, Accor, and Hilton.

**2. Contextual Trigger**

Around 2010–2015, IHCL faced significant financial stress due to:

- Aggressive international acquisitions,
- High debt levels,
- Operational inefficiencies across properties,
- Increasing competition in domestic markets.

Occupancy rates fluctuated, cost structures became complex, and inter-departmental coordination issues affected service consistency across properties.

**3. Stakeholders Involved**

- Board of Directors and Senior Management
- Departmental Managers (Front Office, F&B, Housekeeping, Engineering)
- Employees and Unions
- Investors and Shareholders

**Duties & Responsibilities of Some Front Office Personnel**

- **The front office manager (FOM)** is in charge of the front office department and allocates the available resources (men, machines, materials, and money) of the department to achieve the goals of the department and the organisation. The basic function of the FOM is to supervise all the front office personnel and to ensure the proper and smooth operation of the department. FOM is often assisted by an assistant front office manager.
- **Assistant Front office manager** Organizes and supervises the front office in the absence of the front office manager and ensures smooth functioning of the front office.
- **The front office supervisor** is responsible for a shift. Meets and greets all arrivals, ensures accurate and speedy rooming procedure. She/he checks occupancy.
- **Reservation assistants** process the reservation requests that reach the hotel by various modes such as telephonic, written, or online. Depending on the availability of the desired room type, they confirm, put on the waitlist, or deny a reservation request. They are the salespersons of the hotel and practice their skills of salesmanship by suggesting higher room categories and also selling other hotel services, such as a spa or speciality restaurants to guests at the time of receiving the reservation request. The reservation section generates the maximum revenue for a hotel, so the reservation assistants should understand, anticipate, and influence consumer behavior to maximize revenue or profits from room reservations.
- **A receptionist** is the first person to come in contact with guests at the time of their arrival, so he/she is an important bearer of the hotel's image. The basic function of a receptionist is to receive guests and answer their queries.
- **Information assistants** provide information to guests about the hotel's products and services, nearby food and beverage outlets, places of tourist interest in the city and around, etc. They also handle guests' emails and messages and provide other services.
- **Head Cashier** During their stay in a hotel, guests may perform various credit and debit transactions with the hotel. At the time of their departure, the hotel has to present them with a consolidated statement of their financial transactions and raise the bill for the outstanding amount. The responsibility of a front desk cashier is to keep the guest folio updated by posting all credit and debit transactions.
- Although **telephone operators** seldom come in direct contact with guests, they play an important role in creating the image of the hotel in the minds of guests. The basic

skills of a good telephone operator include a courteous tone of voice, attentiveness, clear and distinct speaking, and objective listening.

- **The lobby manager** Organizes supervises, and controls all uniformed services.
- **Bell captain** Organizes supervises, and controls all uniformed services, bell boys in the lobby, and supervises all baggage movement during check-in and check-out.
- **Bellboys** transport the guests' luggage at the time of check-in and check-out. They also escort guests to their rooms and familiarise them with the in-room facilities and services provided by the hotel.
- A **door attendant** is among the first people to see and greet guests. A door attendant is a person who opens the door of the guests' vehicles on their arrival in the hotel portico. He greets the guests and opens the hotel's main entrance for them.

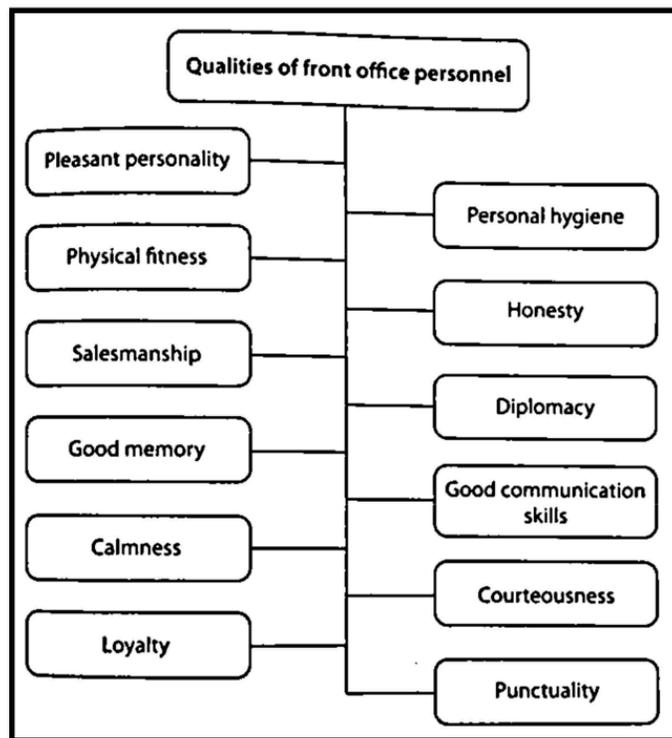


Fig 1.6 Qualities of front office personnel

### C. Food & Beverage service department

The F&B service department is among the major revenue-producing departments of a hotel.

This department looks after the service of food and drinks to guests.

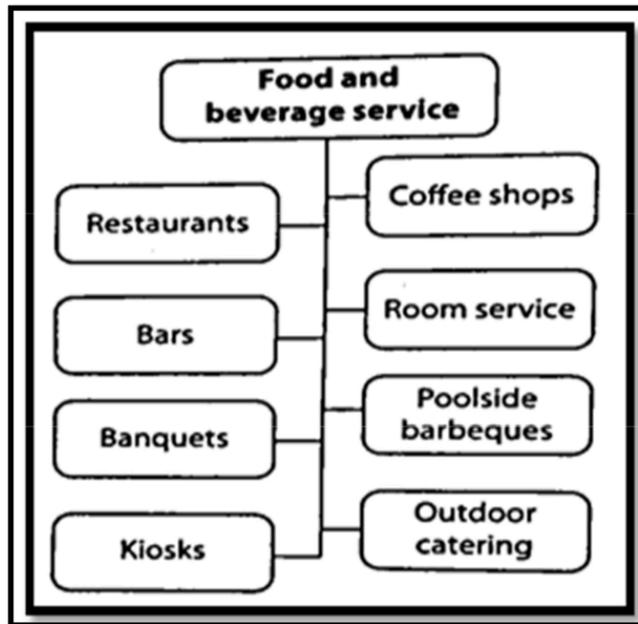


Fig 1.7 sections of F&B service

The restaurants, coffee shops, bars, and other outlets such as poolside barbeques and kiosks take care of the food and beverage requirements of the hotel's resident and non-resident guests.

The room service section looks after the provision of food and drinks to guests in their rooms. Though restaurants and bars remain in operation during specific working hours, coffee shops and room service may be available round the clock.

Banquets and outdoor catering sections take care of functions and programs both within the hotel premises and outside it.

#### Duties and Responsibilities of Food & Beverage Service Staff

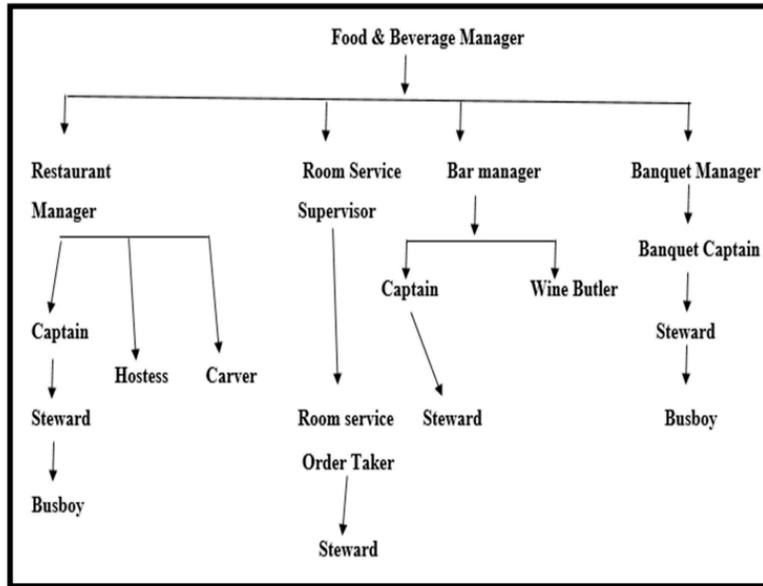


Fig 1.8 Organisation structure of the Food & Beverage Service Department

**Student Learning Activities**

**Activity 1: Departmental Mapping Exercise**

**Task:**

Visit a local hotel (physically or through its website). Identify its main departments. Prepare a flow diagram showing how the Front Office interacts with Housekeeping and F&B.

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**Expected Learning Outcome:**

Learner will understand interdepartmental coordination and operational flow in hotels.

**Activity 2: Service Experience Reflection**

**Task:**

Reflect on your recent hotel stay. Identify:

- Which department influenced your first impression?
- Which back-end department contributed silently to your satisfaction?

Write a 300-word analytical note.

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**Expected Learning Outcome:**

Learner will distinguish between front-of-the-house and back-of-the-house functions.

**Activity 3: Managerial Role Analysis**

**Task:**

Interview (or virtually research) a hotel manager's job role. List key responsibilities and classify them under:

- Planning
- Organising
- Staffing
- Directing
- Controlling

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**Expected Learning Outcome:**

**Learner will apply management functions to hospitality settings**

**14**  
**Food and Beverage Manager**

Depending on the size of the establishment, the food and beverage manager is either responsible for the implementation of agreed policies or for contributing to the setting of the food and beverage policies. The larger the organization the less likely the manager is to be involved in policy setting. In general, food and beverage managers are responsible for:

**Restaurant Manager**

- **23** The Restaurant Manager is the person in charge of the restaurant. He has to maintain the entire restaurant.
- He has to allot the duties of all restaurant employees.
- Check the **15** mise-en-scène and mise-en-place done by the team.
- He has to maintain all restaurant records.

**Captain/ Chef De Rang**

- He is also known as the head waiter.
- He is **25** responsible for a set of tables called the station. The station has a sideboard is called a dummy waiter. It is equipped with crockery, cutlery, linen, and service ware.

**Steward/ Commis De Rang**

- He is also known as a waiter or server
- He explains the menu.
- He has **35** to understand the customer's needs and wants.
- He has to set up the table.

**15**  
**Busboys/ Commis de brasseur**

- They clear the tables and replenish the sideboard with supplies.
- Collect the fresh linen from the housekeeping department.

**Carver/ Trancheur**

- He is a specialist in carving food items at the tableside.

- He has curved the food items into different shapes attractively.

**Hostess**

- A woman professionally who professionally receives the guests in a restaurant.
- She is the person who makes table reservations, allots tables, ensuring a balanced workload at each station.

**Room Service Supervisor**

- Oversee all aspects of the daily operation of the hotel's Room Service operation.
- Supervise all Room Service personnel.
- Respond to guest complaints on time.
- Work with other F&B managers and keep them informed of F&B issues as they arise.

**Room Service Order Taker**

- The room service order taker has properly received the food & beverage orders to the In-house guests.
- Sometimes he explains the menu card details and tariff details.

**Wine Butler/ Sommelier**

- He specialises in wines and provides beverage services at the table side from the wine trolley.

**Banquet Manager**

- Marketing and selling the conference and banqueting halls
- He has scheduled the banquet hall reservations
- He has maintained the facilities at banquets
- Make sure the Planning for each event runs smoothly
- Checking that all bills are paid on time

**Banquet Captain**

- Banquet captains supervise all banquet staff throughout meal service and delegate tasks to them as needed.
- They train new staff members on how to perform their assigned tasks in the banquet, food preparation, and dining areas.

**D. Kitchen department**

- The kitchen supplies cooked food to the F&B service department in the hotel.
- All the pre-preparation activities are carried out in the **lander section**, which includes butchery, fishmonger, and cold kitchen. Salads, salad dressings, sandwiches, and

juices are also prepared here. The cleaning, descaling, filleting, and crumbling of fish are done by the fishmonger in the larder.

- The **Sauce section** is responsible for preparing sauces required for all meat, poultry, and game dishes, with the exception of those that are plain roasted or grilled.
- The **roast section** is responsible for providing all roast dishes of meat, poultry, and game.
- The **fish section** is responsible for supplying all fish dishes, with the exception of those that are plain grilled or deep-fried.
- The **vegetable section** is responsible for the preparation of all vegetable dishes.
- The **soup section** prepares all types of soups such as consommés, creams, velouté, purees, broths, bisques, and international soups.
- The **pastry section** prepares all hot and cold sweets, such as breakfast rolls, and cakes, pastries, and various desserts.

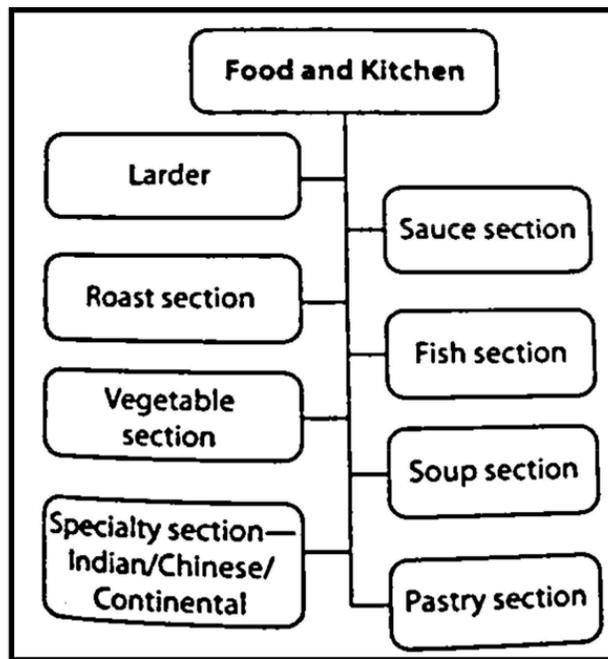


Fig 1.9 Sections of the Kitchen

5 Besides these, there are sections for special kinds of foods, such as Indian, Chinese, and Continental.

The organization chart of a kitchen

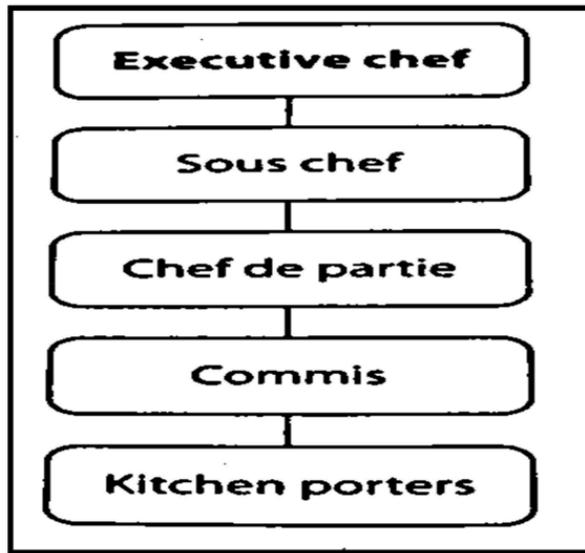


Fig 1.10 Organisation structure of the Kitchen

- 7 The **executive chef**, also known as **chef de cuisine** or head of the kitchen, is the chief of the kitchen.
- **Sous chef**, which means "under the chef," reports to the executive chef and is responsible for the scheduling of jobs and shifts, and filling in when the executive chef is off-duty.
- The **chef de partie**, also known as a station chef or line cook, supervises a particular area of production in the kitchen.
- At the bottom of the organisational structure is the **commis** (the French term for the cook), a chef who has recently completed formal culinary training or is still undergoing training. Chefs are assisted by kitchen porters and apprentices.

## Case Study for Self-Assessment

### Case Study: Operational Breakdown at Sapphire Grand Hotel

#### Background

Sapphire Grand is a four-star business hotel located in Hyderabad with 180 rooms, two restaurants, banquet halls, and conference facilities. Established in 2012, it catered primarily to corporate clients and MICE tourism.

For several years, occupancy rates remained above 75%. However, after 2020, management noticed:

- Increase in online negative reviews
- Complaints about delayed check-in
- Poor room cleanliness
- Slow service in restaurants
- Billing discrepancies

#### Problem Situation

An internal audit revealed:

- Lack of communication between Front Office and Housekeeping
- Inadequate staff training
- No clear reporting structure
- Absence of SOP compliance
- Weak supervision by middle management

#### Stakeholders

- General Manager
- Department Heads
- Frontline Employees
- Corporate Clients
- Online Travel Agencies (OTAs)

#### Managerial Dilemma

The General Manager must decide whether to:

- Restructure departments
- Introduce technology-based PMS integration
- Replace department heads
- Conduct comprehensive training
- Outsource housekeeping

### Analytical Questions

1. Identify the core areas responsible for service failure.
2. Analyse the coordination gaps between departments.
3. Suggest structural and managerial improvements.
4. Should outsourcing be considered? Justify.

Propose a long-term strategy for operational excellence

#### 1.4 Keywords

- **Hotel** – A hotel is defined by British Law as a 'place where bona fide travellers can receive food or shelter, provided he/she is in a position to pay for it and is in a fit condition to be received'.
- **The housekeeping department** is responsible for the proper upkeep and maintenance of the hotel.
- **The front office** is the department that takes care of reservations, reception, registration, and final settlement of guests' bills.
- **The food and beverage department** this department of the hotel, is responsible for serving food and drinks to guests.
- **Kitchen** this department prepares the food for sale in all food outlets in the hotel.

#### 1.5 Self-Assessment Questions

- Define Hotel?
- Write about the Housekeeping department with an organisational structure.
- Explain the duties and responsibilities of front office personnel.
- What are the sections of the F&B service, and explain the structure of the F&B department?
- Explain the organisational structure of the Kitchen department.

### Short-Answer Questions (With Answers)

1. **Define the hotel industry.**

*Answer:* The hotel industry is a segment of the hospitality sector that provides accommodation, food, beverage, and related services to travellers and guests.

2. **What is meant by core areas in a hotel?**

*Answer:* Core areas refer to primary operational departments such as Front Office, Housekeeping, Food & Beverage, and Maintenance that directly contribute to service delivery.

3. **Differentiate between chain hotels and independent hotels.**  
*Answer:* Chain hotels operate under a common brand and standardised system, whereas independent hotels function individually without centralised control.
4. **What is the role of the Front Office?**  
*Answer:* It manages reservations, check-in, check-out, billing, and guest relations.
5. **Why is interdepartmental coordination important?**  
*Answer:* It ensures smooth service delivery and enhances guest satisfaction.

## Part B: Essay-Type Questions (With Hints)

1. **Discuss the evolution and growth of the hotel industry in India.**  
*Hints:* Historical background; economic liberalisation; tourism growth; global chains; technology.
2. **Explain the core operational departments of a hotel and their functions.**  
*Hints:* Front Office; Housekeeping; F&B; Engineering; coordination.
3. **Analyse the organisational structure of a full-service hotel.**  
*Hints:* Hierarchy; managerial roles; reporting relationships; decision-making flow.
4. **Examine the challenges faced by modern hotel managers.**  
*Hints:* Competition; cost control; technology; HR issues; customer expectations.

## Part C: Analytical MCQs

1. A hotel experiencing guest dissatisfaction due to delayed room readiness indicates poor coordination between:
  - a) Finance and Marketing
  - b) Front Office and Housekeeping
  - c) HR and Sales
  - d) Engineering and Accounts**Correct Answer: b**
2. The primary revenue-generating department in most hotels is:
  - a) Maintenance
  - b) Security
  - c) Rooms Division
  - d) HR**Correct Answer: c**
3. Standardisation across properties is most important for:
  - a) Independent hotels
  - b) Chain hotels
  - c) Homestays
  - d) Guest houses**Correct Answer: b**
4. The General Manager primarily performs which management function?
  - a) Only supervision
  - b) Only staffing
  - c) Coordination and strategic direction
  - d) Maintenance operations**Correct Answer: c**

### 1.6 Further Readings

- Hospitality: An Introduction by Robert A Brymer, Rhett Brymer, et al. | 25 January 2019
- Exploring the Hospitality Industry: Second Edition by John R. Walker | 1 January 2011
- Hotel Front Office: Operations and Management Paperback – 17 June 2016 by Jatashankar Tewari (Author)
- Food and Beverage Services Paperback – 17 June 2016 by Singaravelavan (Author)

### **Text Books**

1. Bansal, H., **Hotel Management: Text and Cases**, Oxford University Press, New Delhi, 2010.
2. Andrews, S., **Hotel Front Office Training Manual**, Tata McGraw-Hill Publishing Company Ltd., New Delhi, 2008.
3. Kasavana, M. L., & Brooks, R. M., **Managing Front Office Operations**, AHLEI, Michigan, 2013.
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### **Other References**

1. Ministry of Tourism, Government of India – Annual Reports.
2. World Tourism Organization (UNWTO) – Global Tourism Reports.
3. Federation of Hotel & Restaurant Associations of India (FHRAI) Publications.
4. Economic Times – Hospitality Industry Reports.

**LESSON- 2****GUEST ROOMS, TYPES OF BEDS, & ROLE OF THE COMPUTERS IN THE HOTEL INDUSTRY****2.0 Objectives**

After studying this lesson, you should be able:

- To know the types of guest rooms used in a hotel.
- To study the types of beds used in the hotel industry.
- To understand the various meal plans.

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

1. **Classify** different types of guest rooms based on size, occupancy, and tariff category.
2. **Differentiate** various types of beds used in hotels and their operational significance.
3. **Analyse** the role of room layout, amenities, and design in enhancing guest satisfaction.
4. **Examine** the applications of computer systems in hotel operations.
5. **Evaluate** the strategic importance of information technology in improving hotel efficiency and competitiveness.

**Structure**

- 2.1 Types of Guest Rooms in the Hotel
- 2.2 Types of Beds in the Hotel Industry
- 2.3 Guest Room Amenities
- 2.4 Meal Plans
- 2.5 Role of the Computers in hotel industry
- 2.6 Keywords
- 3.1 Self-Assessment Questions
- 3.2 Further Readings

**2.1 Types of Guest Rooms in the Hotel Industry**

A hotel sells a combination of accommodation, food, drinks, and other services and facilities to its guests. The main accommodation product in the room, which is among the principal

sources of revenue for the hotel. Other facilities and benefits, such as ambience, decor, in-room amenities, and security, are add-ons that play a significant role in the pricing of the services. In order to suit the profile and pocket of various kinds of guests, hotels offer different types of rooms that cater to the specific needs of guests. The rooms may be categorised based on the room size, layout, view, interior decoration, and services offered.

**The various types of rooms offered by the star hotel:**

- **Single Room** – A single room has one single bed for single occupancy. An additional bed (called an extra bed) may be added to this room at the request of the guest and charged accordingly. The size of the bed is normally 3 feet by 6 feet.
- **Twin Room** – A twin room has two single beds for double occupancy. An extra bed may be added to this room at the request of a guest and charged accordingly. The bed size is normally 3 feet by 6 feet. These rooms are suitable for sharing accommodation among a group of delegates of the meeting.
- **Double Room** – A double room has one double bed for double occupancy. An extra bed may be added to this room at the request of a guest and charged accordingly. The size of the double bed is generally 4.5 feet by 6 feet.
- **Triple Room** – A triple room has three separate single beds and can be occupied by three guests. This type of room is suitable for groups and delegates of meetings and conferences.
- **Quad Room** – A quad room has four separate single beds and can accommodate four persons together in the same room.
- **Hollywood Twin Room** – A Hollywood twin room has two single beds with a common headboard. This type of room is generally occupied by two guests.
- **Double-Double Room** – A double-double room has two double beds and is normally preferred by a family or group as it can accommodate four persons together.
- **King Room** – A king room has a king-size bed. The size of the bed is 6 feet by 6 feet. An extra bed may be added to this room at the request of a guest and charged accordingly.
- **Queen Room** – A queen room has a queen-size bed. The size of the bed is 5 feet by 6 feet. An extra bed may be added to this room at the request of a guest and charged accordingly.

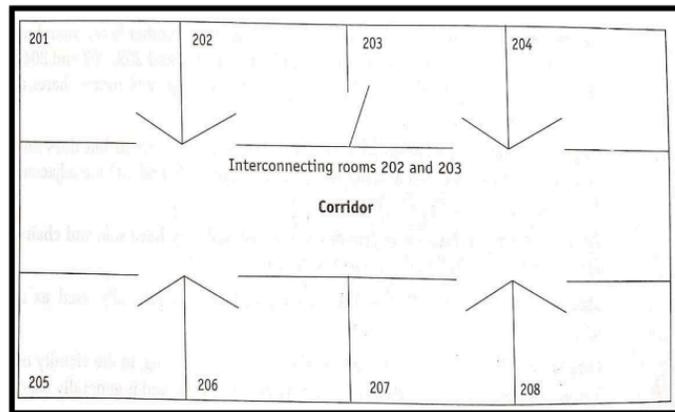


Fig –2.1 Example of Interconnecting, Adjoining, and Adjacent Rooms

### Classification of Guest Rooms

 <b>Single Room</b>	 <b>Double Room</b>	 <b>Triple Room</b>	 <b>Quad Room</b>
 <p><b>Single Room</b> 1 single bed for 1 person</p>	 <p><b>Double Room</b> 1 double bed for 2 persons</p>	 <p><b>Triple Room</b> 1 double + 1 single bed or 3 single beds</p>	 <p><b>Quad Room</b> 2 double beds or 4 single beds</p>
● ● ● ●			
 <b>Twin Room</b>	 <b>Hollywood Twin Room</b>	 <b>Cabana Room</b>	 <b>Suite Room</b>
 <p><b>Twin Room</b> 2 separate single beds</p>	 <p><b>Hollywood Twin Room</b> 2 single beds joined together</p>	 <p><b>Cabana Room</b> Located near the pool, often with private patio</p>	 <p><b>Suite Room</b> Luxury suite with a living area</p>
Other Room Types: ● Hollywood Twin Room ● Cabana Room ● Suite Room			

- **Interconnecting Room** – Interconnected rooms have a common wall and a door that connects the two rooms. This allows guests to access any of the two rooms without passing through a public area. This type of room is ideal for families and crew

members. (See the rooms 202 and 203 in the above diagram – Fig 2.1) These rooms are interconnecting rooms as there is an interconnecting door between them.

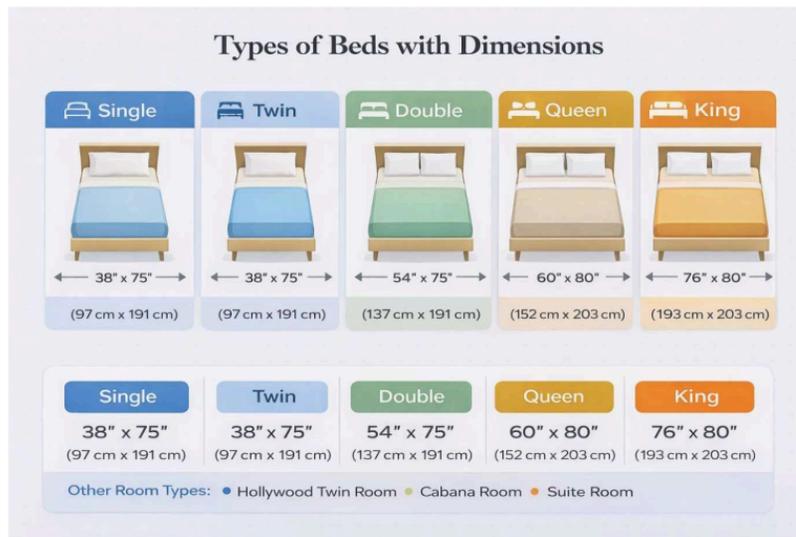
- **Adjoining Room** – An adjoining room shares a wall with another hotel room but is not connected by a door. (See the rooms 201 and 202, 203 and 204, 205 and 206, 206, and 206 and 207 in the above diagram – Fig 2.1) These rooms are adjoining as each pair of rooms shares a common wall.
- **Adjacent Room** – An adjacent room is very close to another room but does not share a common wall with it. (See the rooms 201 and 205 in the above diagram – Fig 2.1) These rooms are adjacent rooms.
- **Parlour Room** – A Parlour has a living room without a bed and may have a sofa and chairs for sitting. It is generally not used as a bedroom.
- **Studio Room** – A studio has a bed and a sofa-cum-bed and is generally used as a living room.
- **Cabana Room** – A cabana is situated away from the main hotel building, in the vicinity of a swimming pool or sea beach. It may or may not have beds and is generally used as a changing room and not as a bedroom.
- **Suite Room** – A suite comprises more than one room; occasionally, it can also be a single large room with clearly defined sleeping and sitting areas. The decor of such units is of very high standards, aimed to please the affluent guest who can afford the high tariffs of the room category.
- **Duplex Room** – A duplex suite comprises two rooms situated on different floors, which are connected by an internal staircase. This suite is generally used by business guests who wish to use the lower level as an office and meeting place, and the upper-level room as a bedroom. This type of room is quite expensive.
- **Efficiency Room** – An efficiency room has an attached kitchenette for guests preferring a longer duration of stay. Generally, this type of room is found in holiday and health resorts where guests stay for a longer time.
- **Hospitality Room** – A hospitality room is designed for hotel guests who would want to entertain their own guests outside their allotted rooms. Such rooms are generally charged on an hourly basis.
- **Penthouse Room** – A penthouse is generally located on the topmost floor of hotels and has an attached open terrace or open sky space. It has very opulent decor and

furnishings and is among the costliest rooms in the hotel, preferred by celebrities and major political personalities.

- **Lanai Room** – A lanai has a veranda or roofed patio and is often furnished and used as a living room. It generally has a view of a garden or sea beach.

## 2.2 Types of Beds in the Hotel Industry

- a) **Platform Bed:** A platform bed is a simple wooden or metal platform on which a mattress is placed. Because there is no box spring, it is usually a very low setting.
- b) **A box bed** is a bed having the form of a large box with wooden roof, sides, and ends, opening in front with two sliding panels or shutters; often used in cottages in Scotland
- c) **Zed Bed** – Zed bed gets its name from its three-part folded frame resembling the letter Z. It is a bed whose frame folds in order to be more easily stored and moved. Sometimes also referred to as camp beds.
- d) **A roll-away bed** – It is similar to a zed bed but has castor wheels /rollers. They can also be folded in half and easily stored.
- e) **Murphy Bed/ SICO Bed/ Wall cupboard bed** – Space-saving bed. These beds come in handy when rooms are let more than once in 24 hours, for meetings by day and a bedroom at night. This way, the staff need not undertake the task of converting from one purpose to the other. The bed folds during the day & unfolds when needed. There are two main styles of Murphy Beds.
  - The original panel, where the whole bed simply folds down from the wall in one go.
  - The Bifold or closet style, where doors are first opened & the bed folded out from within.
- f) **Baby Cot/ Crib** – is a small bed with metallic raised frames on all sides to protect small children/ infants from falling off. These are available as guest loan items and are usually collapsible to save storage space.
- g) **Sofa Bed** Popular form of space bed. It is a multifunctional piece of furniture that can be used as a seat during the day & bed at night.
- h) **Air Bed:** Uses an air-inflated mattress
- i) **Bunker bed** – Two or more beds one on top of each other
- j) **An adjustable bed** is a bed that can be adjusted to several different positions
- k) **The bassinet** is a bed specifically for newborn infants.
- l) **Waterbed:** Uses Water filled mattress.



### 2.3 Guest Room amenities / Supplies

- Coffee maker
- Pens
- Chocolates
- Biscuit platters
- Flowers
- Free beverages in the minibar
- Free snacks
- Business kit – Pins, small stapler, paper clips
- Laundry bags and launch/ forms
- Matchboxes
- Guest stationery folder—scribbling pads, envelopes, postcards, airmails, ballpoint pens, pencils
- Magazines
- Disposable slippers
- Cloth hangers
- Drinking glasses

- Plastic trays
- Ice buckets
- Water bottles
- Ashtrays
- Wastebaskets
- The Bible or Gita or Quran
- Bed Room Linen
- Hair-dryers
- Alarm clocks

**Bathroom amenities/ Supplies**

- Bath gel
- Bath salts
- Bubble bath
- Body lotion
- body talc
- body oil
- deodorant
- Moisturizer
- Shower cap
- Shampoo, hair conditioners
- Grooming kit—nail clipper, small scissors,
- comb
- Sewing kit
- Loofah pads
- Sani-bags
- Sanitary pads
- Face wash
- Dental kit—toothbrush, toothpaste, mouthwash
- Toilet tissue
- Toilet roll
- Face tissues
- Soap bars—bath, hand

**Different Cards used in the guest room**

- DND cards
- Room service menu card
- Polish my shoe card
- Make my room card
- Collect



my laundry card

**2.4 Types of Meal Plans:**

- **American plan (AP):** The American plan is also known as an en-pension or full board meal plan. It includes all three major meals, breakfast, lunch, and dinner, for the length of your stay. **American Meal Plan: Room Rent+ Buffet Breakfast+ Buffet Lunch+ Buffet Dinner**
- **Modified American Plan (MAP):** The Modified American plan is also known as Half Board or demi-pension meal plan. It is a modified version of the American plan and includes a room stay with breakfast and a choice between lunch and dinner.

**Modified American Plan: Room Rent+ Buffet Breakfast+ (Buffet Lunch/Buffer Dinner)**

- **Continental Plan (CP):** The Continental Plan is where your room stay involves a daily breakfast at the hotel. The hotel can either affix its option of breakfast menu or provide it in the dining area for a buffet breakfast. Continental breakfast includes a choice of fresh or canned juices; pieces of bread like toast, brioche, etc., with butter or preserves like jam, jellies, and marmalade; beverages like tea or coffee, with or without milk. **Continental Plan: Room Rent+ Buffet Breakfast only.**
- **European plan (EP):** The European plan means that only the stay is included in the rates and that you will have to pay extra for using the hotel's dining facilities. This can be called the "Room Only" Plan, in general terms. **European plan: Room Rent only.**
- **Bed & Breakfast (B&B) or Bermuda Plan:** The room tariff includes an American breakfast along with the room rent. American breakfast generally includes most or all of the following: two eggs (fried or poached), sliced bacon or sausages, sliced bread or toast with Jam/Jelly/butter, pancakes with syrup, cornflakes or other cereal, coffee/tea, and orange/grapefruit juice. **Bed & Breakfast (B&B) or Bermuda Plan: American Breakfast + Room Rent.**

### 2.5 Role of Computers in the Hotel Industry

Computers are no longer optional in hospitality; they are the backbone of modern hotels, restaurants, and travel services. Any property still trying to run on paper and manual processes is slower, more error-prone, and less competitive. Computers handle reservations, billing, communication, customer data, and operations. Without them, service quality drops and costs rise.

In daily operations, computers streamline front-office and back-office work. At the front desk, they manage bookings, check-ins, and check-outs. In the back office, they track inventory, staff schedules, and finances. This reduces human error and saves time. For example, a property management system (PMS) can automatically update room status after checkout, and accounting software can instantly generate revenue reports instead of waiting for manual calculations.

Computers also drive communication and coordination. Staff use them to share real-time information across departments. Housekeeping knows which rooms to clean; the kitchen knows incoming orders; management sees performance data. For example, internal

messaging systems reduce miscommunication between departments, and email or chat tools allow instant coordination with suppliers and travel agents.

Customer service has improved because of computers. Guest preferences, history, and feedback are stored and used to personalise service. This isn't just "nice"; it directly increases repeat business. For example, a system can remember a guest's room type preference, and CRM software can send targeted offers to past customers instead of generic promotions.

Marketing and sales in hospitality are now heavily computer-based. Online booking platforms, social media, and websites bring in a large share of customers. A business that ignores this loses visibility. For example, online travel agencies (OTAs) can fill rooms during low demand, and social media ads can target specific traveller groups like families or business travellers.

Security and data management also rely on computers. Digital records are easier to store, search, and protect than paper files—if managed properly. For example, encrypted payment systems protect card details, and access-controlled databases limit who can view guest information.

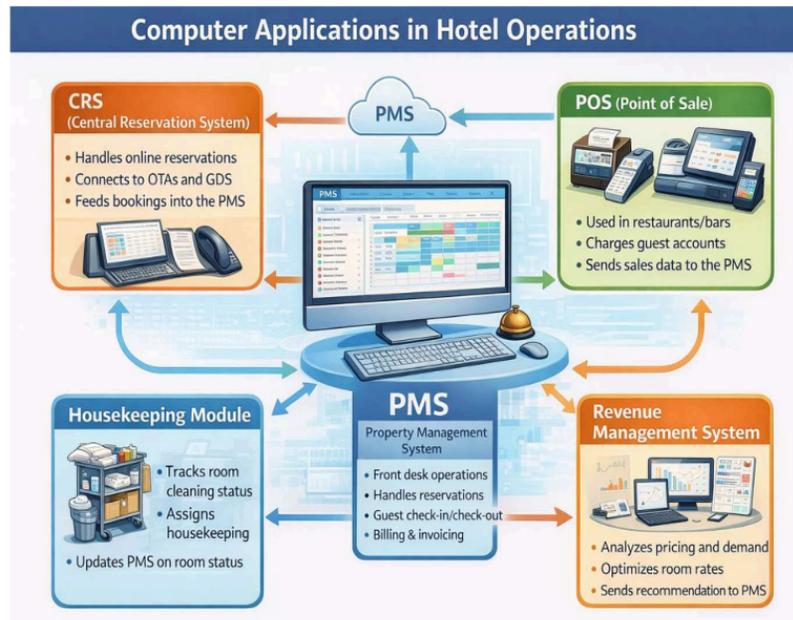
#### **Importance of Computers in Hospitality**

Computers are important because they improve **speed, accuracy, and competitiveness**. Hospitality is time-sensitive; delays and mistakes hurt reputation quickly. Computers reduce double bookings, billing errors, and lost records.

They also support **data-driven decisions**. Managers can't rely on gut feeling anymore. For example, occupancy reports help adjust pricing, and sales data shows which services are profitable.

Finally, computers are essential for **meeting customer expectations**. Today's guests expect online booking, fast check-in, and digital payments. If you don't offer these, you look outdated. For example, travellers compare hotels online before booking, and many prefer contactless payments over cash.

A computer is an electronic device that manipulates information or data. It can store, retrieve, and process data. It takes input and carries out a set of different types of operations, especially the set of logical and arithmetical operations, and gives output in the desired format.



#### Uses of Computers in the Hotel Industry

- Computers are used extensively by lodging managers and their assistants to keep track of guests' bills, reservations, room assignments, meetings, and special events. In addition, computers are used to order food, beverages, and supplies, as well as to prepare reports for hotel owners and top-level managers. Many hotels also provide extensive information technology services for their guests. Managers work with computer specialists and other information technology specialists to ensure that the hotel's computer systems, the Internet, and communications networks function properly.
- There are many different uses for computers in hotels. The first would be at the front desk. These computers have intricate software called the Property Management System (PMS) to do all the check-ins, guest accounting, etc. The most famous being is Opera or Sabre. Second, in the restaurant, lounge, or bar is a new computer called a Point of Sale System (POS). This will collaborate with a PMS to bill guests for a

meal, etc., but can also be used as a cash register. The third is the computer in the sales office, whose software is most likely Delphi, which is a booking terminal

- Nowadays, a hotel without a computer is like a bank without a vault. Each automated hotel has its own PMS, IDS, CLS, HMS, Fidelio, etc. These PMS are used by each department from the beginning to the end of a guest cycle. The PMS is also used to prepare different reports, maintaining guest's a/c, keep records, F.O., Back Office, point of sale, door locking, Pay-Tv, energy management, payment card authorisation, and channel management systems. Each hotel personnel member has their own login ID to open their respective PMS window. The PMS may interface with the central reservation system (CRS) and revenue or yield management system.

#### **Some Worldwide Reservation Systems used by various Chain Hotels:**

- **OMAHA:** Worldwide reservation Centre for all Hyatt hotels located in Nebraska.
- **HOLIUEX:** Holiday Inn hotel reservations are made through this computerized system, and the mainframe is located in Memphis.
- **FORTRES:** It is a system of Trust House Forte, another chain of hotels.
- **BEST WESTERN CONSORTIUM:** A marketing organisation covering HOC Independent hotels around the world has a central computer database in Arizona.
- **MARSHA:** (Marriott Advanced Reservation System of Hotel Administration) It is the System of Marriott Hotel and is located in Omaha.

#### **Benefits of Computers in the Hotel Industry**

##### **1. Efficiency and Time Saving**

Computers automate routine tasks.

- Online reservations instead of phone logs.
- Auto-generated bills instead of manually written.

##### **2. Better Customer Experience**

Faster service and personalisation.

- Quick digital check-in.
- Personalised offers based on past stays.

##### **3. Cost Control**

Reduced labour and fewer errors.

- Inventory software prevents over-ordering.
- Payroll systems reduce accounting mistakes.

#### 4. Improved Marketing Reach

Access to global customers.

- Website bookings from international guests.
- Email campaigns to past visitors.

#### 5. Accurate Record Keeping

Easy storage and retrieval.

- Digital guest history.
- Automated financial reports.

## Case Study: Operational Breakdown at Sapphire Grand Hotel

### Background

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For several years, occupancy rates remained above 75%. However, after 2020, management noticed:

- Increase in online negative reviews
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- Poor room cleanliness
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- Billing discrepancies

### Problem Situation

An internal audit revealed:

- Lack of communication between Front Office and Housekeeping
- Inadequate staff training
- No clear reporting structure
- Absence of SOP compliance
- Weak supervision by middle management

### Stakeholders

- General Manager
- Department Heads
- Frontline Employees

- Corporate Clients
- Online Travel Agencies (OTAs)

### Managerial Dilemma

The General Manager must decide whether to:

- Restructure departments
- Introduce technology-based PMS integration
- Replace department heads
- Conduct comprehensive training
- Outsource housekeeping

### Analytical Questions

5. Identify the core areas responsible for service failure.
6. Analyse the coordination gaps between departments.
7. Suggest structural and managerial improvements.
8. Should outsourcing be considered? Justify.
9. Propose a long-term strategy for operational excellence.

### 2.6 Keywords

- Cabana – A room adjacent to the pool area, with or without sleeping facilities, but with provision for relaxing on a sofa. It is mainly used for Cloth changing.
- Duplex – A two-storey suite with parlour and bedrooms connected by a stairway.

### 2.7 Self-Assessment Questions

- Explain the different types of rooms offered by star hotels in India.
- What are the different types of beds used in hotels?
- What amenities are provided in guest rooms and bathrooms in a hotel?

### Short-Answer Questions (With Answers)

1. **What is meant by a guest room in a hotel?**

*Answer:* A guest room is a private accommodation unit provided to guests for stay, equipped with necessary amenities.

2. **Differentiate between a Twin Room and a Double Room.**

*Answer:* A Twin Room has two separate single beds, while a Double Room has one double bed.

3. **What is a suite?**

*Answer:* A suite is a larger accommodation unit with separate living and sleeping areas.

4. **Define Property Management System (PMS).**

*Answer:* PMS is a computer-based system used to manage reservations, room allocation, billing, and guest records.

5. **Mention two advantages of computerisation in hotels.**

*Answer:* Improved efficiency and accurate record management.

### Part B: Essay-Type Questions (With Hints)

1. **Explain the classification of guest rooms in modern hotels.**

*Hints:* Size; occupancy; amenities; tariff; target market.

2. **Discuss various types of beds used in hotels and their operational significance.**

*Hints:* Dimensions; guest comfort; occupancy flexibility; revenue optimisation.

3. **Analyse the role of computers in improving hotel operations.**

*Hints:* PMS; CRS; POS; inventory control; guest history; data analytics.

4. **Evaluate the impact of information technology on guest satisfaction.**

*Hints:* Speed; personalization; contactless services; data security.

### Part C: Analytical MCQs

1. A hotel increases revenue by converting twin beds into a king bed when required. This reflects:

- a) Fixed occupancy strategy
- b) Operational flexibility
- c) Poor planning
- d) Manual inefficiency

**Correct Answer:** b

2. The system primarily responsible for managing room inventory across multiple properties is:

- a) POS
- b) HRMS
- c) CRS
- d) Payroll System

**Correct Answer:** c

3. A suite generally includes:

- a) Only a larger bed
- b) Separate living and sleeping areas
- c) Two bathrooms only
- d) Shared accommodation

**Correct Answer:** b

4. Integration of housekeeping status with front office improves:

- a) Marketing performance
- b) Revenue leakage
- c) Room readiness accuracy
- d) Food production

**Correct Answer:** c

#### 2.8 Further Readings

- Hotel Housekeeping: Operations and Management 3e by G. Raghubalan and Smritee Raghubalan | 1 July 2015

- Hotel Front Office: Operations and Management by Jatashankar Tewari | 17 June 2016
- Hotel Housekeeping Management and Operations by Sudhir Andrews | 1 July 2017

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2. World Tourism Organization (UNWTO) – Tourism and Technology Reports.
3. Federation of Hotel & Restaurant Associations of India (FHRAI) Publications.
4. Hospitality Net – Industry Technology Case Reports.

**LESSON – 3****CLASSIFICATION OF HOTELS (PART-1)****3.0 Objectives**

After studying this lesson, you should be able:

- To study the different types of Hotels based on Star Rating, Heritage, Size, Location, and Clientele
- To know about the role of Govt committees in the classification of Star-rating and Heritage Hotels

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

- **Explain** the criteria and standards used in star classification of hotels.
- **Distinguish** between heritage hotels and other categories of accommodation.
- **Classify** hotels based on size, location, and ownership patterns.
- **Analyse** hotel segmentation based on clientele and market positioning.
- **Evaluate** the managerial implications of hotel classification for operations and marketing.

**Structure:**

- 3.1 Significance of the hotel industry in the tourism Industry
- 3.2 Classification of Hotels – Standard Classification – Star Rating & Heritage
- 3.3 Classification of Hotels based on Size
- 3.4 Classification of Hotels based on Location
- 3.5 Classification of Hotels based on Clientele
- 3.6 Keywords
- 3.7 Self-Assessment Questions
- 3.8 Further Readings

**3.1 Significance of the hotel industry in the tourism Industry**

Hotels are a core pillar of the tourism industry. Tourism cannot function properly without reliable accommodation. Transport can bring tourists to a destination and attractions can entertain them, but without a safe and comfortable place to stay, most travellers will not come or will shorten their trips. That's the blunt reality: no hotels, no sustained tourism economy. Hotels support tourist

movement, spending, and overall destination development. Hotels provide more than just a bed. They offer safety, comfort, food, and basic services that travellers depend on in an unfamiliar place. This creates confidence to travel. A destination with poor accommodation struggles to attract quality tourists, while a destination with good hotels can grow rapidly.

- A city with international-standard hotels attracts foreign tourists and business travellers.
- A pilgrimage destination with clean budget hotels sees higher visitor numbers.

#### **Economic Contribution**

Hotels generate direct and indirect income for a destination. They create jobs, purchase local goods, and pay taxes. Tourism revenue often circulates through hotels first and then spreads to transport, food suppliers, and local markets.

#### **Examples**

- A large hotel employs managers, chefs, cleaners, and security staff.
- Hotels buy vegetables, laundry services, and furniture from local vendors.

#### **Employment Generation**

Hotels are labor-intensive. They require staff for front office, housekeeping, food service, maintenance, and management. This makes them major employers in tourism regions. Remove hotels, and many tourism jobs disappear.

#### **Examples**

- A 100-room hotel may employ dozens of workers across departments.
- Resorts in tourist areas provide jobs to local youth who might otherwise migrate.

#### **Support for Destination Image**

Hotels shape a tourist's impression of a place. If the hotel experience is bad, the destination gets blamed. If it is good, the destination benefits. Many tourists judge a city or country based on their hotel stay.

#### **Examples**

- Clean, professional hotels improve a country's reputation.
- Poor hygiene in hotels leads to negative reviews about the destination.

#### **Encouraging Longer Stays**

Good hotels encourage tourists to stay longer and spend more. Comfort increases willingness to explore. If accommodation is poor, tourists cut trips short.

#### **Examples**

- A beach resort with quality hotels keeps tourists for a week instead of a day.
- Conference hotels enable multi-day business events.

**Facilitating Tourism Growth**

Hotels often develop alongside tourism growth and sometimes trigger it. New hotels signal that a destination is ready for more visitors. Investors and governments use hotel growth as a tourism indicator.

**Examples**

- The opening of branded hotels attracts international tour operators.
- Eco-lodges promote nature tourism in remote areas.

## **Introductory Case Study: Repositioning Through Star Classification – The Taj GVK Hyderabad Experience**

### **1. Background of the Organisation**

The Indian Hotels Company Limited (IHCL), operating under the brand name **Taj Hotels**, is one of India's oldest and most prestigious hospitality chains. The Taj brand has historically symbolised luxury, heritage, and premium service standards. In Hyderabad, Taj Krishna (later rebranded under Taj GVK) was positioned as a luxury hotel catering primarily to business travellers, diplomats, and high-end tourists.

With the liberalisation of the Indian economy and rapid growth in international tourism, Hyderabad began emerging as an IT hub. The influx of multinational corporations led to rising expectations regarding global hospitality standards. The Ministry of Tourism's star classification system became a critical benchmark for corporate contracts and international bookings.

### **2. Contextual Trigger**

Around the mid-2000s, several global hotel chains such as Marriott, Novotel, and Hyatt entered Hyderabad. These competitors aggressively marketed their 5-star and 5-star deluxe certifications. Corporate clients increasingly demanded clarity in classification, as procurement policies required booking only in officially certified star-category hotels.

Although Taj Krishna was widely regarded as a luxury property, renewal of its 5-star deluxe classification required compliance with revised Ministry of Tourism norms relating to:

- Minimum room size specifications
- Safety and security systems
- Energy conservation measures
- Business centre facilities

- Accessibility standards

Management faced a dilemma: whether to invest heavily in infrastructural upgrades to retain its classification or reposition as a premium business hotel with differentiated branding.

### 3. Stakeholders Involved

- Hotel Management and Owners
- Ministry of Tourism (Hotel & Restaurant Approval & Classification Committee)
- Corporate Clients
- Employees and Operational Staff
- Tour Operators and Travel Portals

### 4. Managerial Issues

- Cost of compliance versus return on investment
- Maintaining brand identity during renovation
- Aligning operational standards with official star criteria
- Competing with international chains
- Sustainability requirements integrated into classification norms

### 5. Why This Case is Important for the Lesson

This case illustrates how **hotel classification is not merely symbolic**, but strategically influences:

- Pricing power
- Target clientele
- Marketing positioning
- Service design
- Operational standards

### 6. Linkage to Lesson Concepts

The case connects directly with:

- Star rating classification standards
- Role of government agencies in hotel classification
- Relationship between classification and clientele
- Impact of size and location on competitive positioning
- Strategic implications of classification decisions

For distance learners, this demonstrates that classification is a managerial and strategic decision, not merely an administrative label.

### 3.2 Classification of Hotels

Hotels provide accommodation, besides services such as food and beverages, facilities such as recreation, conference, and training arrangements, along with the organisation of official or private parties. Each hotel has unique features associated with it. The features may be its location; the number of guest rooms, special services such as concierge, travel assistance, and valet parking; facilities such as speciality restaurants, bars, business meeting venues, and a swimming pool. The diversity in services and facilities provided by each hotel makes it quite difficult to have any single basis of classification of hotels, and if we classify them on different criteria, there will be some hotels that will fall into more than one group.

### Classification of Hotels Based on Size

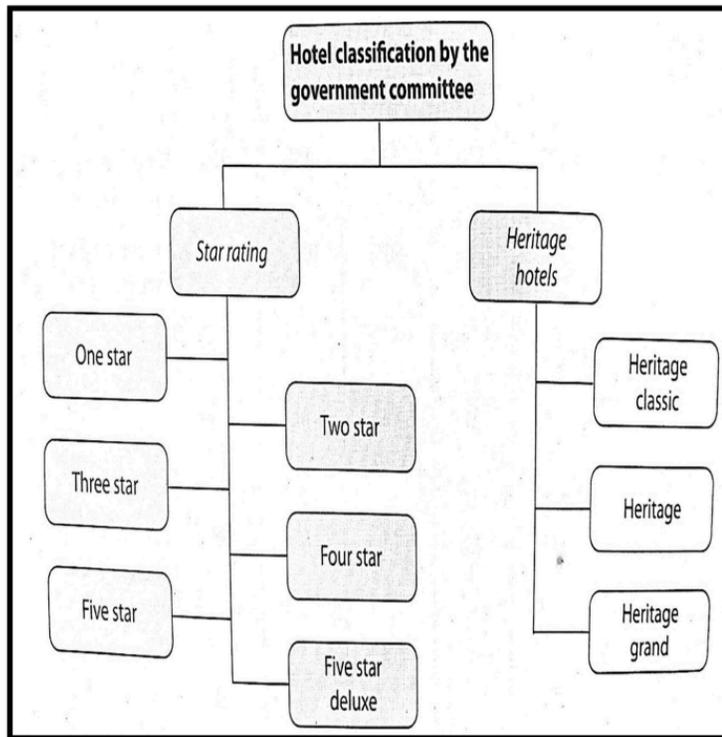
Size	Description	Icon
Small	Up to 100 rooms	
Medium	100–300 rooms	
Large	Above 300 rooms	

Small Medium Large Large

**Standard Classification**

The star classification system is the most widely accepted form of rating hotels worldwide. This rating, in different countries, is done by the government or quasi-government sources, independent rating agencies, or sometimes by the hotel operators themselves. The Indian hotel industry follows the star-rating system, which indicates the number and standard of facilities offered by the hotel. The classification of hotels is done by a central government committee called the Hotel Restaurant Approval and Classification Committee (HRACC), which inspects and assesses the hotels based on the facilities and services offered. The classification committee includes the Chairman (HRACC) and other members chosen from the government and industry associations such as the Federation of Hotel and Restaurant Association of India (FHRAI), Hotel Association of India (HAI), Indian Association of Tour Operators (IATO), Travel Agents Association of India (TAAI), or Institute of Hotel Management Catering Technology and Applied Nutrition (IHM) In case of the Heritage category, a representative of the Indian Heritage Hotel Association (IHHA) is included in the committee. The committee visits the hotels and evaluates the facilities and services offered before the grade is awarded.

- **One-star hotels** – These properties are generally small and independently owned, with a family atmosphere. There may be a limited range of facilities, and the meals may be fairly simple. For example, lunch may not be served, or some bedrooms may not have an en suite bath or shower. However, maintenance, cleanliness, and comfort would be of an acceptable standard.
- **Two-star hotels** – Two-star hotels will usually offer more facilities than one-star hotels. These hotels will generally be small in size in terms of the number of rooms. At least one-fourth of the total rooms will be air-conditioned. These hotels will provide a clean and comfortable stay to travellers. They are more professionally managed and staffs are more professional in comparison to one-star hotels. Seventy-five percent of rooms may have attached bath. These hotels will have a well-appointed lobby, trained reception staff, a dining hall, and room service.

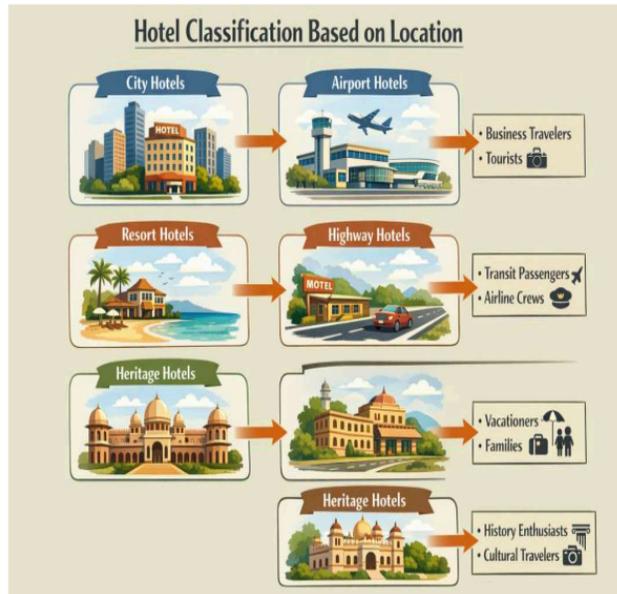


**Fig 3.1 Hotels – The Star Hotels & Heritage Hotels classification**

- **Three-star hotels** – These hotels are usually of a size to support higher staffing levels as well as significantly higher quality and range of facilities compared to the lower star classifications. Reception and other public areas will be more spacious, and the restaurant will also cater to non-residents. All bedrooms will have an en-suite bath and shower and will offer a good standard of comfort and equipment, such as direct-dial telephone and toiletries in the bathroom. Besides room service, some provisions for business travellers can be expected.
- **Four-star hotels** – These hotels provide luxury as well as high-quality furnishings, decor, and equipment in every area of the hotel. Bedrooms will also usually offer more space than at the lower star levels. They will be well designed with coordinated furnishings and decor. The en-suite bathrooms will have both a bath and a shower. There will be a high staff-to-guest ratio, with provisions of porter service, 24-hour

room service, and laundry and dry-cleaning services. The restaurant will demonstrate a serious approach to its cuisine.

- **Five-star hotels** – These hotels offer spacious and luxurious accommodations, matching the best international standards. The interior design should impress with its quality and attention to detail, comfort, and elegance. The furnishings should be immaculate. The service should be formal, well-supervised, and flawless in its attention to guests' needs, without being intrusive. The restaurant will demonstrate a high level of technical skill. The staff will be knowledgeable, helpful, and well-versed in all aspects of customer care, combining efficiency with courtesy.



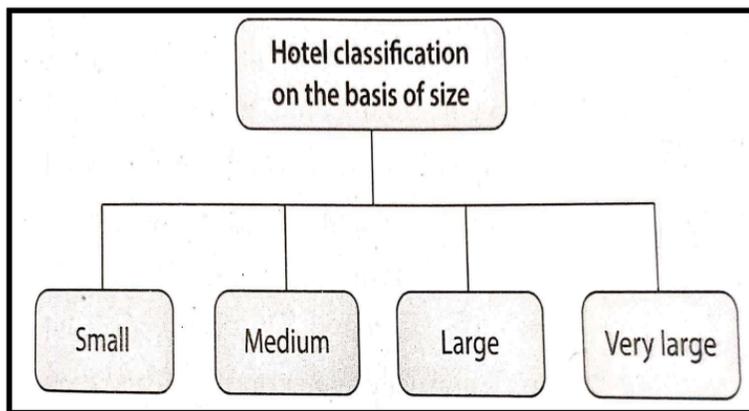
### Heritage Hotels

Heritage hotel properties include those set in small forts, palaces, or Havelis, the mansions of erstwhile royal and aristocratic families. They have added a new dimension to cultural tourism. In a heritage hotel, a visitor is of rooms that have their own history, is served traditional cuisine toned down to the requirements of international palates, is entertained by folk artists, can participate in activities that allow a glimpse into the heritage of the region,

and can bask in an atmosphere that lives and breathes of the past. Taj Lake Palace in Udaipur and The Oberoi Cecil in Shimla are some of the heritage hotels.

- **Heritage** – This category covers hotels in residences/ havelis/ hunting lodges/ castles/ forts/ palaces built prior to 1950 but after 1935
- **Heritage Classic** – This category covers hotels in residences/ havelis/ hunting lodges/ castles/ forts/ palaces built prior to 1935 but after 1920
- **Heritage Grand** – This category covers hotels in residences/ havelis/ hunting lodges/ castles/ forts/ palaces built prior to 1920.

**3.3. Classification of hotels based on Size** – The number of guest rooms in a hotel is a criterion to classify hotels.



**Fig 3.2 Classification of hotels based on Size**

- **Small hotels** – In India, hotels with 25 rooms or less are classified as small hotels, for example, Hotel Alka, New Delhi, and The Oberoi Vanyavilas, Ranthambore. However, in the developed countries of Europe and America, hotels with less than 100 rooms are considered small. These hotels provide clean and comfortable accommodation but may not provide upmarket facilities, such as a swimming pool, restaurant, and bar.
- **Medium hotels** – Hotels with 26-100 rooms are called medium hotels, for example, Hotel Taj View, Agra, and Chola Sheraton Hotel, Chennai. However, in the developed countries, hotels with up to 300 rooms are termed as medium-sized.

- **Large hotels** – In India, hotels with 101— 300 guest rooms are regarded as large hotels, for example, The Imperial, New Delhi, and The Park, Kolkata, whereas, hotels with 400-600 rooms are termed as large hotels in the developed countries.
- **Very large hotels** - Hotels with more than 300 guest rooms are known as very large hotels in our country, for example, Shangri-La Hotel, New Delhi, and Leela Kempinski, Mumbai. However, in the developed countries, hotels with 600-1000 rooms may be considered as very large.

## Student Learning Activities

### Activity 1: Local Hotel Classification Analysis

**Task:**

Visit the website of three hotels in your city and identify:

- Star rating
- Target clientele
- Location category
- Room inventory

Prepare a 500-word analytical note comparing their classification and market positioning.

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**Expected Learning Outcome:**

Learners will apply classification concepts to real-world hotel properties.

### Activity 2: Reflective Exercise on Heritage Hotels

**Task:**

Identify one heritage hotel in India (e.g., Rambagh Palace, Umaid Bhawan Palace). Analyse:

- Architectural significance
- Ownership model
- Target clientele
- Pricing strategy

Write a short reflection (300–400 words) on how heritage status influences marketing.

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**Expected Learning Outcome:**

Learners will understand differentiation strategies in heritage hotel classification.

### **Activity 3: Strategic Decision Simulation**

**Task:**

Assume you are the General Manager of a 3-star hotel located near a new airport. A competitor upgrades to 4-star category. Should you upgrade or reposition?

Prepare a decision note including:

- Cost considerations
- Market demand
- Clientele impact
- Brand positioning

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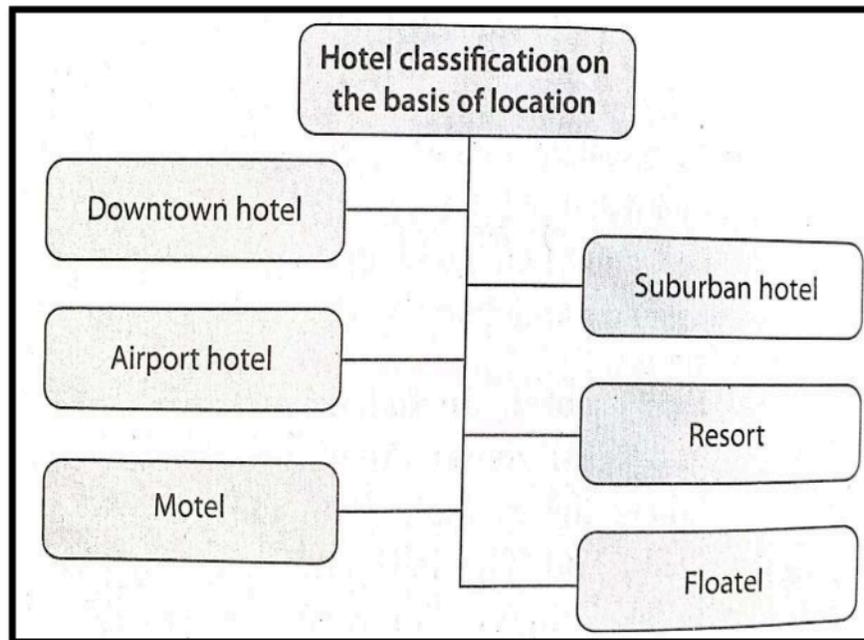
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**Expected Learning Outcome:**

Learners will evaluate classification as a strategic management decision.

#### **3.4. Classification hotels based on Location**

The location of the hotel is one of the major criteria for a traveller to select and patronize a hotel. Hotels may be located in the city center, suburban areas, and natural locations such as hill stations and sea beaches, near the port of entry into a country.



**Fig 3.3 Classification of hotels based on Size**

- **Downtown hotel** – A downtown hotel is located in the center of the city or within a short distance from the business center, shopping areas, theatres, public offices, etc. The center of the city may not necessarily be the geographical center, but it refers to an area that is considered to be the commercial hub of the city. The room rates in these hotels may be higher than similar hotels in other areas, so as to cover the huge investment made on the land. They are generally preferred by business clientele as they find it convenient to stay close to the place of their business activities. Hotel InterContinental, New Delhi, and Hotel Le Meridien, Pune are some of the downtown hotels.
- **Suburban hotels** – Since the land cost in the city center is higher and the space is limited, some entrepreneurs build their hotels near the outskirts of the city. Providing similar facilities as the downtown hotels, suburban hotels are set in suburban areas and have the advantage of quieter surroundings. Such hotels are ideal for people who prefer to stay away from the hustle and bustle of a city. The duration of the stay of guests in these hotels may be longer than at a hotel located in the city. The room rates

in such hotels are moderate and may attract budget travellers. Trident Hotel, Gurgaon, and Uppal's Orchid, New Delhi are some of the suburban hotels.

- **Resort hotels** – Hotels that are located at tourist destinations such as hill stations, sea beaches, and the countryside are referred to as resort hotels. These hotels have a very calm and natural ambiance. They are mostly away from cities and are located in pollution-free environs. The room rates in these hotels may range from moderate to high, depending on the additional services offered. These hotels combine stay facilities with leisure activities such as golf, summer and winter sports, and so on. Some of these hotels are projected as dream destinations for guests who wish to enjoy the 'beauty of nature and have a memorable holiday. The occupancy in resorts is normally higher during vacation time and weekends when guests want to take a break from their weekly routine. Taj Fort Aguada Beach Resort, Goa and Wildflower Hall, Shimla in the Himalayas are some of the resort hotels.
- **Airport hotels** – Airport hotels are situated in the vicinity of airports and other ports of entry. Offering all the services of a commercial hotel, these hotels are generally patronized by the passengers who need a stopover en route their journey. Hotel Centaur, Mumbai, and Radisson, New Delhi are some of the airport hotels.
- **Motel** – The word 'motel' is formed by merging two words 'motor' and 'hotel'. They are located primarily on highways and provide modest lodgings to highway travellers. The development of extensive road networks in the early 20th century led to the increase in people travelling in their own vehicles. 'rills phenomenon was quite common in the American and European continents. Travellers who were travelling in their own vehicles needed a neat and clean accommodation for the night. They also required garages, along with refueling facilities for their vehicles. In the year 1950, the concept of motels came into existence to meet the requirements of such highway travellers. A motel offers facilities such as accommodation, food and drinks, garage facilities, a parking lot, and refuelling for vehicles.
- **Flotels** – Floatels are types of lodging properties that float on the surface of the water. This category consists of all lodging properties that are built on the top of rafts or semi-submersible platforms and includes cruise liners and houseboats. Some of them provide luxurious accommodation, along with food and beverage facilities to the guests. The houseboats of Dal Lake, Srinagar in Jammu and Kashmir, and Kerala are some of the floatels in India.

- **Rotels** – These novel variants are hotels on wheels. Our very own Palace on Wheels and Deccan Odyssey are trains providing a luxurious hotel atmosphere. Rotels also includes some large trucks with the interiors done up like hotel rooms. They are normally used by a small group of travellers to visit various places by road.

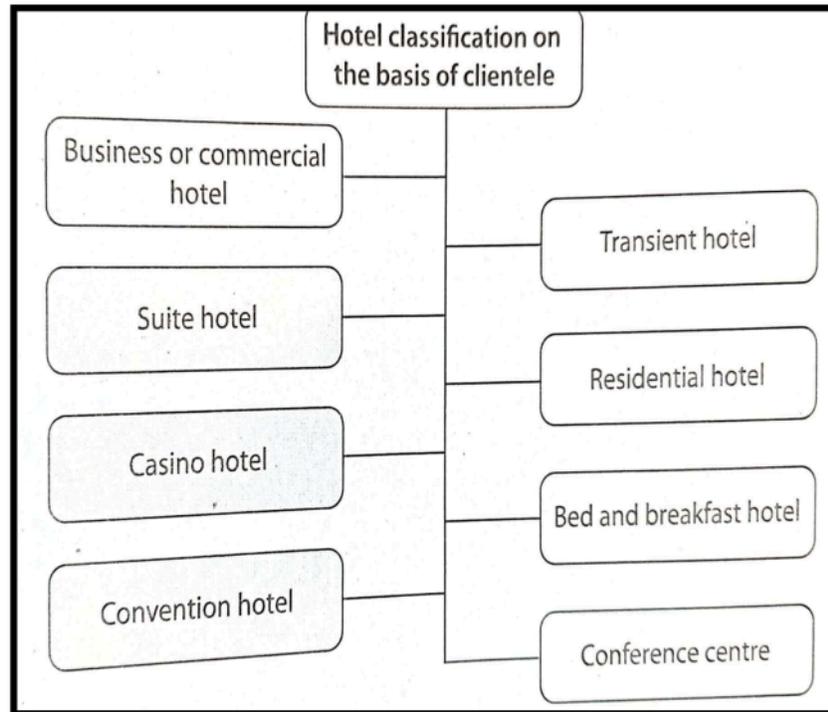


### 3.5 Classification of hotels based on Clientele

Hotels cater to the needs of their guests. Every individual or a group of people who patronize a hotel has a different set of requirements. While some would prefer luxurious accommodation, others would like to stay in a simple and cheap room. Some would require facilities such as meeting rooms, business centers, and conference halls if their travel is business-oriented. Being a capital-intensive industry, the diversities in guest requirements discourage hotels from catering to all types of travellers. As a result, hotels choose to carve out a niche for themselves by catering to the needs of specific guest segments.

- **Business or commercial hotels** – Designed to cater to the needs of a business traveller, commercial hotels are generally situated in the city center. These hotels provide high-standard rooms and amenities, along with high-speed Internet connectivity, business centers, and conference halls. They also provide in-house secretarial services, as well as facilities such as letter drafting, typing, fax, and photocopying of documents for the convenience of their guests. The guest amenities

at commercial hotels may include complimentary newspapers, morning coffee, cable television, and access to channelled music and movies. The duration of guest stay is generally very short at these hotels. The occupancy level is higher during the weekdays and slightly lower during weekends. These hotels are also known as downtown hotels. The Park and Hotel InterContinental in New Delhi are some of the business or commercial hotels.



**Fig 3.4 Classification of hotels based on Size**

- **Transient hotels** – Transient hotels cater to the needs of people who are on the move and need a stopover en route to their journey. Located in the close proximity of ports of entry, such as seaports, airports, and major railway stations, these hotels are normally patronized by transient travellers. They have round-the-clock operational room service and a coffee shop, and offer all the facilities of a commercial hotel. Transient hotels are usually five-star, and their target market includes business clientele, airline passengers with overnight travel layovers or cancelled flights, and airline personnel. The occupancy rate is usually very high, sometimes more than 100 per cent, as rooms can be sold more than once on a given day. Hotel Centaur and

Radisson in New Delhi are some of the transient hotels in India. Airport hotels fall under this category.

- **Suite hotels** – Suite hotels provide the highest level of personalized services to guests. The guest rooms generally comprise a living area, including a compact kitchenette with a refrigerator and a microwave, a bedroom attached to a bathroom, and sometimes even a dance floor. The facilities are highly customized and may include valet services, personalized guest stationery, high-speed Internet connection, and an in-room safety locker facility. These hotels are patronized by affluent people and tourists who are fond of luxury. Burj Al Arab, Dubai, and InterContinental The Lalit Goa Resort are some of the suite hotels.
- **Residential hotels** – Residential hotels provide accommodation for a longer duration. These hotels are generally patronized by people who are on a temporary official deputation to a city where they do not have their own residential accommodation. Guests stay for a minimum period of one month and up to two years. The services offered by these hotels are modest. The room's configuration is usually similar to that of suite hotels. In general, guest rooms include a sitting room, bedroom, and small kitchenette. They are akin to small individual apartments. These hotels may have a fully operational restaurant or a dining room for the resident guests and may provide services such as daily housekeeping, telephone, front desk, and uniformed services. The guest may choose to contract some or all of the services provided by the apartment hotel. The hotel signs a lease with the guest and the rent is paid either monthly or quarterly.
- **Bed and Breakfast hotels** – A European concept, Bed and Breakfast (B&B) hotels are lodging establishments, generally operated in large family residences. These range from houses with few rooms converted into overnight facilities to small commercial buildings with 20-30 guest rooms. The owner usually lives on the premises and is responsible for serving breakfast to the guests. Guests are accommodated in bedrooms, and breakfast is served in the room or sometimes in the dining room. The bathrooms may be attached to the guest rooms or may be on a shared basis. As the tariff is generally lower than a full-service hotel at these properties, they are suitable for budget travellers.
- **Casino Hotels** – Casino hotels provide gambling facilities, such as the Luxury Hotel and Casino in Las Vegas. These hotels attract clients by promoting gambling,

arranging extravagant floor shows, and some may even provide charter flight services to its clients. They have state-of-the-art gambling facilities, along with speciality restaurants, bars, round-the-clock room service, and well-appointed and furnished rooms for its guests. Nowadays, these hotels are also attracting the MICE (meetings, incentives, conferences, and exhibitions) segment. The casinos of Las Vegas, USA, are among the most famous casinos in the world.

- **Conference centres** – The word conference means 'a meeting, sometimes lasting for several days, in which people with a common interest participate in discussions or listen to lectures to obtain information. Thus, a conference centre is a hotel that caters to the needs of a conference delegation. These hotels provide rooms to delegates of conferences; a conference hall with the desired seating configuration for the meetings; food and beverage requirements during and after the conference; and other requirements, such as a flip chart, whiteboard with markers, overhead projector, television, VCR/VCD/DVD player, slide projector, LCD projector with screen, computer, and public address system. These are large hotels, having more than 400 guest rooms. The services provided are of the highest standard. Normally, conferences are charged as packages, which include accommodation and meeting facilities. Hotel Ashok, New Delhi, is an example of a conference centre.
- **Convention hotels** – Convention is defined as a formal assembly or meeting of members, representatives, or delegates of a group for general agreement on or acceptance of certain practices or attitudes. This type of meeting involves a large number of participants. The hotels catering to the needs of this segment are known as convention hotels. These hotels may have more than 2000 rooms to accommodate a large number of delegates. They are equipped with a state-of-the-art convention centre with all the required facilities, such as seating configuration (T-shaped, classroom-type, workshop-style, and theatre-style), audio-visual equipment, and a public address system to meet the demands of a convention. Hotel Taj Palace, New Delhi, and Hotel Jaypee Palace, Agra, are some of the convention hotels in India. A convention hotel has a greater number of rooms to host a large number of attendees as compared to conference centres.

# Case Study for Self-Assessment

## Case Title: Strategic Classification Decision at The Imperial Palace Hotel

### Background

The Imperial Palace, located in Jaipur, operates in a restored 19th-century haveli. Initially positioned as a boutique heritage property with 45 rooms, it attracted foreign leisure tourists.

With rising competition from branded 5-star hotels and increasing expectations of international guests, management considered applying for 5-star heritage classification.

However, challenges emerged:

- Structural limitations in expanding room size
- Compliance costs for safety and sustainability standards
- High investment in modern amenities
- Risk of losing heritage charm

### Managerial Dilemma

Should the hotel:

1. Upgrade to 5-star heritage classification?
2. Remain a boutique heritage hotel with premium experiential positioning?
3. Collaborate with an international chain?

### Analytical Questions

1. What factors should management evaluate before upgrading classification?
2. How does classification affect pricing strategy?
3. Analyse the trade-off between heritage authenticity and modern compliance standards.
4. What role does clientele segmentation play in this decision?
5. Recommend a strategic course of action with justification.

### 3.6. Keywords

- **Commercial Hotel** – A room situated in the city centre or business centre, catering to business travellers

- **Floatels** – A hotel that floats on water, for example, cruise liners and houseboats.

### 3.7 Self-Assessment Questions

- Explain the classification of hotels based on the Star rating.
- Write about the different types of heritage hotels.
- Briefly discuss the Classification of Hotels based on Location.

## Short-Answer Questions (With Answers)

1. **What is hotel classification?**

*Answer:* A systematic categorisation of hotels based on facilities, services, and standards.

2. **Which body grants star classification in India?**

*Answer:* Ministry of Tourism, Government of India.

3. **Define heritage hotel.**

*Answer:* A hotel operating in a palace, fort, or historic building with preserved architectural character.

4. **Classify hotels based on size.**

*Answer:* Small, Medium, Large hotels.

5. **What is meant by clientele segmentation?**

*Answer:* Grouping guests based on travel purpose, budget, and expectations.

## B. Essay-Type Questions (With Hints)

1. **Discuss star classification standards in India.**

*Hints:* Ministry norms, infrastructure criteria, safety, sustainability, service standards.

2. **Explain the importance of heritage hotels in Indian tourism.**

*Hints:* Cultural preservation, premium pricing, experiential tourism.

3. **Analyse hotel classification based on location.**

*Hints:* Business districts, airports, resorts, highways.

4. **Evaluate the managerial implications of hotel size.**

*Hints:* Staffing, cost control, service complexity.

## C. Analytical MCQs

1. A hotel upgrading from 3-star to 4-star must primarily improve:

- A. Location
- B. Staffing qualifications and facilities
- C. Ownership pattern
- D. Brand logo

**Correct Answer: B**

2. Heritage hotels differ primarily due to:
  - A. Room size
  - B. Historical architectural value
  - C. Number of employees
  - D. Food menu

**Correct Answer: B**

3. Airport hotels mainly target:
  - A. Leisure tourists
  - B. Pilgrimage travellers
  - C. Transit and business passengers
  - D. Backpackers

**Correct Answer: C**

### 3.8 Further Readings

- Hotel Front Office: Operations & Management by Jatashankar Tewari, June 2016
- Front Office Management and Operations by Sudhir Andrews | 1 July 2017
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6. Raghubalan, G. & Raghubalan, S., *Hotel Housekeeping: Operations and Management*, Oxford University Press, New Delhi, 2015.

### Other References

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- World Tourism Organization (UNWTO) Reports on Hotel Standards.
- Federation of Hotel & Restaurant Associations of India (FHRAI) Publications.
- Incredible India Tourism Policy Documents

**LESSON – 4****CLASSIFICATION OF HOTELS (PART-2) &  
ALTERNATIVE ACCOMMODATIONS****4.0 Objectives**

After studying this lesson, you should be able:

- To study the different types of hotels based on Duration of Guest Stay, Level of Services, and Ownership
- To know the different types of Alternative Accommodation

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

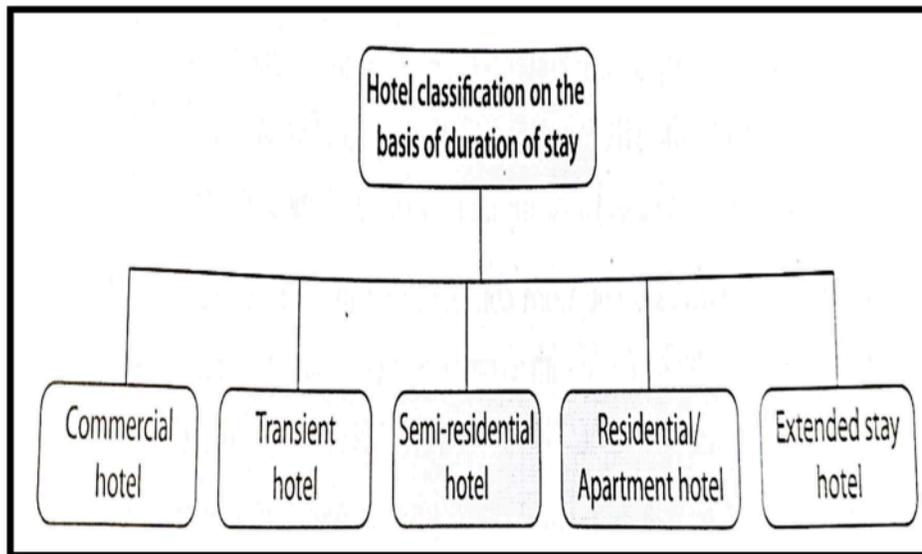
1. **Explain** the classification of hotels based on duration of guest stay.
2. **Distinguish** hotels according to levels of service and operational features.
3. **Analyse** different ownership structures in the hospitality industry.
4. **Evaluate** the role and growth of alternative accommodation models.
5. **Interpret** international hotel symbols and global classification systems.

**Structure:**

- 4.1 Classification of hotels based on Duration of Guest Stay
- 4.2 Classification of hotels based on the level of Services
- 4.3 Classification of hotels based on Ownership
- 4.4 Alternative Accommodations
- 4.5 International Hotel symbols
- 4.6 Keywords
- 4.7 Self-Assessment Questions
- 4.8 Further Readings

**4.1 Classification based on Duration of Guest Stay**

The duration of stay of a guest at a destination is generally determined by their reason for travel to that destination. A tourist travelling for leisure may stay for a longer duration than a business traveller. Similarly, a transient passenger's duration of stay may be as short as a few hours, and the duration of stay of people who are at a place for some temporary assignment may range from a few weeks to months. Hence, their needs for accommodation will be different, which forms a strong basis for the classification of hotels.



**Fig 4.1 Classification of hotels based on duration of stay**

- **Commercial hotels** – The duration of guest stay in these hotels is short, ranging from a few days to a week.
- **Transient hotels** – Mostly occupied by travellers as stopovers en route their journey; the duration of stay at transient hotels is very short, a day or even less.
- **Semi-residential hotels** – These hotels are generally patronized by people who are staying at a location while in transit to another place. The duration of stay may range from few weeks to several months. They incorporate the features of both transient and residential hotels.
- **Residential / Apartment hotels** – As the name suggests, these hotels provide long-term accommodation and are patronized by people who stay for a long time. The duration of stay may range from several months to few years.
- **Extended stay hotels** – In today's age of downsizing, outsourcing, and mobility, business executives are often away from their hometowns for extended periods of time and require more than a hotel room. These hotels are for those guests who wish to stay for a longer period of time (from few days to weeks) and cater to their long-term needs with special services, amenities, and facilities, such as full-fledged kitchens with dishes and kitchenware, refrigerator, separate area to wash clothes, housekeeping services, grocery shopping services, and recreational facilities. The room rates of these hotels are determined by the length of stay.

## Introductory Case Study: The Rise of OYO Rooms and the Reclassification of Indian Budget Hotels

### Background of the Organisation and Sector

The Indian hospitality sector has traditionally been dominated by classified hotels categorized under star ratings (1-star to 5-star Deluxe), approved by the Ministry of Tourism, Government of India. However, a large segment of budget and unclassified hotels operated outside standardized frameworks. These hotels often lacked uniform service standards, brand recognition, and structured classification systems.

In 2013, OYO Rooms was founded by Ritesh Agarwal with the objective of organizing India's fragmented budget hotel market. The company entered into franchise and management contracts with small independent hotels and rebranded them under the OYO label. By standardizing room layouts, amenities, booking systems, and pricing structures, OYO introduced a new operational classification within the budget segment.

### Contextual Trigger

As online travel aggregators such as MakeMyTrip and Booking.com gained popularity, customers increasingly demanded predictable service standards, transparent pricing, and easy comparison between hotel categories. Traditional classification based solely on star rating was insufficient to address the growing diversity of guest needs—short-stay travelers, business executives, long-stay guests, and backpackers.

OYO's rapid expansion raised important questions:

- Should hotels be classified only by star category?
- How should alternative accommodation models be positioned?
- What happens to ownership classification when brand and property ownership are separated?

### Stakeholders Involved

- Independent hotel owners
- Budget travelers
- Online travel agencies (OTAs)
- Ministry of Tourism
- Competing hotel chains
- Franchise partners

### Managerial and Structural Issues

OYO adopted an asset-light ownership model, where it did not own properties but

standardized them under franchise agreements. This blurred traditional distinctions between independent ownership and chain affiliation.

Furthermore, OYO properties catered largely to short-duration stays and transit travelers, thereby creating a new segmentation based on duration of guest stay.

### Why This Case is Important for This Lesson

This case illustrates:

- Classification beyond traditional star ratings
- Emerging ownership structures (franchise, management contracts)
- Alternative accommodation models
- Relevance of branding in international hotel symbols

### Linkage to Lesson Concepts

This case directly connects to:

- Classification by **duration of stay** (transit vs long stay)
- Classification by **level of service** (limited service vs full service)
- Classification by **ownership** (independent vs franchise chain)
- Growth of **alternative accommodations**
- Importance of **standardized symbols and brand identity**

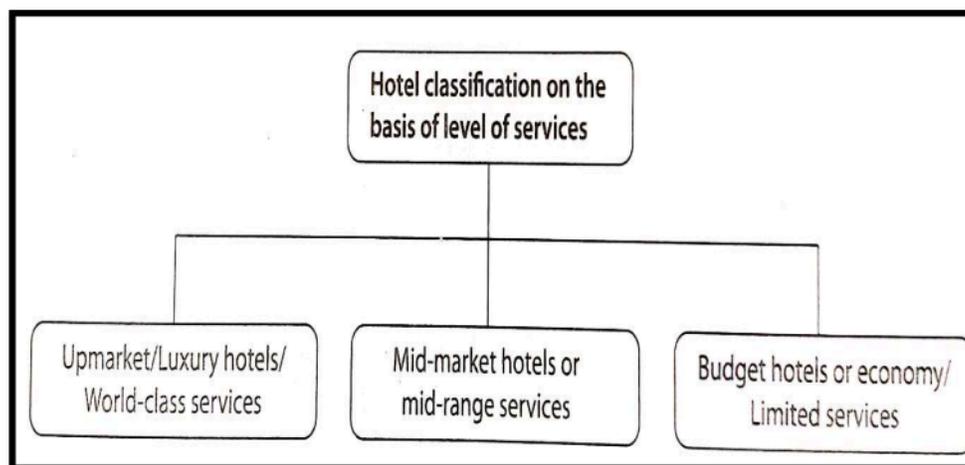
For a distance learner, this case demonstrates how hotel classification is dynamic and influenced by market forces.

#### 4.2 Classification based on Level of Services

Every traveller has their own budget for expenses that they expect during their trip. Some may have constraints of budget, whereas others may not have any constraints on the budget. Travellers having constraints of the budget may need limited services, such as only a clean and comfortable, ordinarily decorated room for stay, whereas affluent travellers may need luxurious accommodation because they do not have any constraints on their budget. There may be some travellers who may seek a midway between extremely simple rooms to extremely luxurious accommodation. Thus, the hotel catering to the needs of the targeted guests provides the services and accommodation, forming a firm basis of classification of hotels.

- **Up-market/Luxury/World-class services hotels** – Targeting the affluent segment of society, hotels in the up-market category offer world-class products with personalized

services of the highest standard. The emphasis is on excellence and class. These hotels provide upscale restaurants and lounges, exquisite decor, concierge service, opulent rooms, and abundant amenities. The design and interior decoration of the hotel itself reflects the standards maintained by the hotel. The guest rooms are large with exquisite decoration and furnishings. In general, a valet is assigned to each guest room. These hotels have many specialty restaurants with fully assisted service. Top-end recreational facilities, such as golf courses, tennis courts, designer swimming pools with trained lifeguards, and other sports facilities, shopping arcades, beauty salons, health spas with saunas, and jacuzzi are some of the features of these types of hotels. These hotels also offer the facility of health clubs with trainers and dieticians. The shopping arcade may have branded retail shops of books, gifts and souvenirs, jewellery, and handicrafts. These hotels are generally patronized by affluent people who care for quality and include business executives, celebrities, and high-ranking political figures. The Oberoi Udaivilas, Udaipur, and ITC Hotel Grand Maratha Sheraton & Towers, Mumbai are some of the luxury hotels in India.



**Fig 4.2 Classification of hotels based on Level of service**

- **Mid-market/Mid-range services hotels** – These hotels offer modest services without the frills and personalized attention of luxury hotels and appeal to the largest segment of travellers. They offer services such as room service, round-the-clock coffee shop, airport/railway station pickup and drop facilities and multi-cuisine restaurant with bar. A typical hotel offering mid-range service would be medium-sized and roughly have 150-300 rooms. The room rent is much lower than the up-market hotels. These hotels

are patronized by business travellers, individual travellers, and groups. Since meeting rooms are usually found in mid-market hotels, people planning small conferences, group meetings, and conventions may also find these hotels attractive. Taj Residency, Lucknow and Trident Hotel, Jaipur are some of the mid-market hotels.

- **Budget/Economy hotels** – Budget hotels focus on meeting the at most basic needs of guests by providing clean, comfortable, and inexpensive rooms. Otherwise known as economy or limited services hotels, they appeal primarily to budget-minded travellers and groups. The clientele of budget hotels may also include families with children, bus tour groups, travelling business people, vacationers, retired persons, and groups of people travelling together. These hotels have clean and comfortable guest rooms, a coffee shop, a multi-cuisine restaurant, an in-room telephone, and channelled music and movies. They may also have a swimming pool, a shopping arcade, and a beauty parlour.

## Student Learning Activities

### Activity 1: Local Hotel Classification Mapping

**Task:**

Identify five hotels in your city or nearby tourist destination. Classify them according to:

- Duration of stay focus
- Level of service
- Ownership structure
- Star rating (if available)

Prepare a short classification table.

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**Expected Learning Outcome:**

The learner will be able to apply theoretical classification frameworks to real-world hotels.

## Activity 2: Comparative Analysis of Two Hotel Brands

**Task:**

Select one international hotel chain (e.g., Marriott, Hilton) and one alternative accommodation platform (e.g., Airbnb). Compare them on:

- Ownership structure
- Service level
- Target customer segment
- Duration of stay

Write 400–500 words.

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**Expected Learning Outcome:**

Develop analytical ability to distinguish between traditional hotels and alternative accommodations.

## Activity 3: Interpretation of International Hotel Symbols

**Task:**

Visit the official website of the Ministry of Tourism (India) or a global hotel chain and observe:

- Star symbols
- Brand logos
- Quality certifications

Explain how these symbols influence guest perception.

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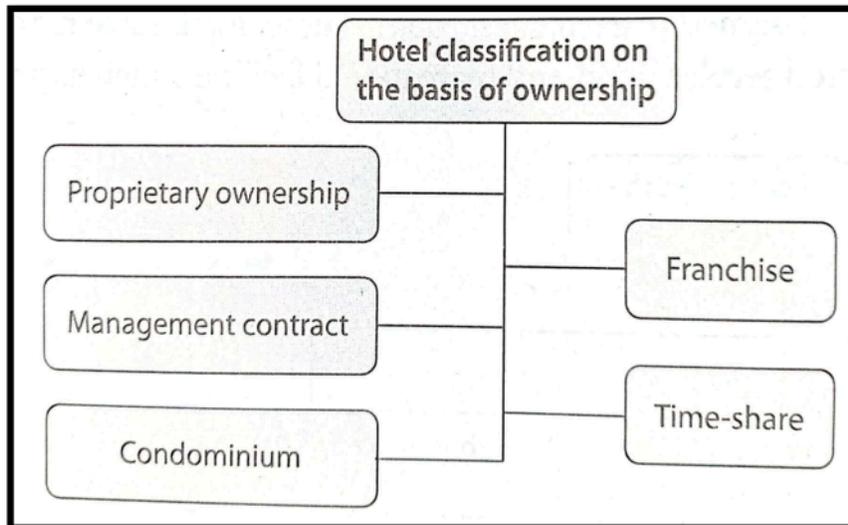
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**Expected Learning Outcome:**

Understand the strategic importance of international symbols in hospitality branding.

### 4.3 Classification based on Ownership

The hotels may be run by a single owner or may be operated by a company. Thus, ownership of a hotel is another basis of the classification of hotels.



**Fig 4.3 Classification of hotels based on ownership**

- **Proprietary ownership** – Proprietary ownership is the direct ownership of one or more properties by a person or company. Small lodging properties that are owned and operated by a couple or family are common examples of proprietary ownership. Large properties that are owned by major international hotel companies, such as Marriott or Hilton, also belong to this category. A group of hotels that are owned or managed by one company is called a chain. In general, three or more units constitute a chain, but some major hotel chains have 300-500 properties. A proprietary chain is owned entirely by one company. In India, the Tai Hotels Resorts and Palaces and the Oberoi Hotels and Resorts fall under his category. Hotel chains account for the majority of revenue in the hotel industry. Marriott ITT, Sheraton, Westin, Radisson, Sofitel, and InterContinental are some of the successful hotel chains in the world.
- **Franchise** - Franchise is the authorization given by a company to another company or individual to sell its unique products/services and use its trademark according to the guidelines given by the former, for a specified time, and at a specified place.
- **Franchisor** – The franchisor is the company that owns the trademark, product/business format that is being franchised.

- Franchisee – The franchisee is the company or the individual to whom the franchisor confers the right to do business under its name as per the terms and conditions agreed upon.
- Franchising – A continuing relationship in which the franchisor provides a licensed privilege to do the business, plus assistance in organizing, training, merchandising, and management in return for a consideration from the franchisee.

In the hospitality industry, we often come across many big chains that are operating on a franchise basis. In this kind of contract, which is mutually beneficial to both parties, the franchisor allows the franchisee to use the company's ideas, methods, trademarks, as well as brand logo to do the business. A private investor or franchisee can obtain the trademark license, architectural plans, blueprints, interior designs, training, and operating methods of the franchisor by paying a fee. The franchisee is generally responsible for financing the construction of the hotel, although some franchisors offer construction loans or may lease real estate to franchisees.

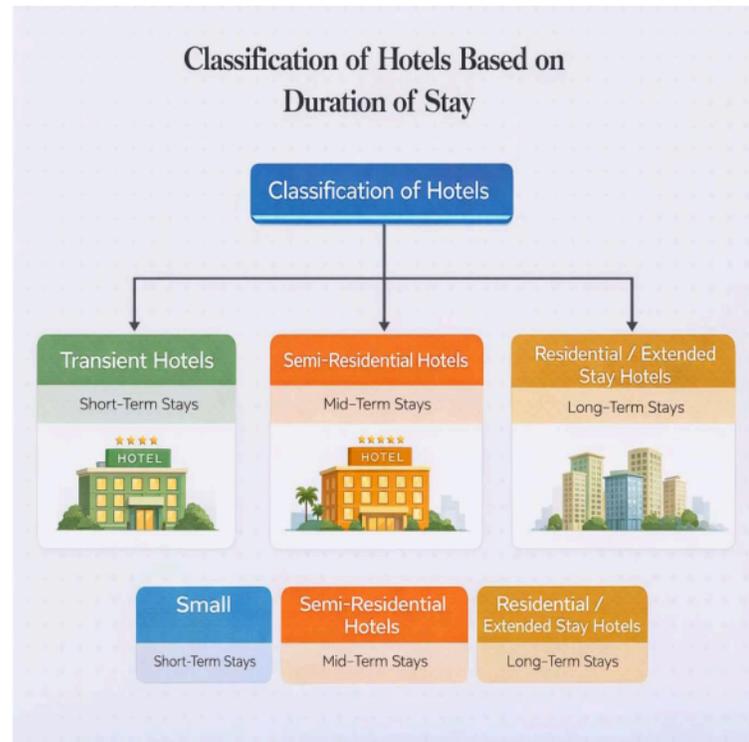
The franchisee must abide by the franchiser's quality standards and product specifications, but is the legal owner of the business. Thus, many hotels that are using the logo of Holiday Inn, Sheraton, or Hilton may actually be owned by local, independent investors.

The contract between the franchisor and franchisee spells out the obligations of both sides. Subjects such as accounting practices, maintenance procedures, sales and marketing, advertising, personnel hiring and training, and inventory control are described in detail in the agreement. A franchisee pays an initial fee upon signing the franchise agreement. Franchisees also pay ongoing royalties based on the total income of the hotel regardless of expenses. The franchisor may charge an additional fee for advertising, access to computer reservations systems, and other services. For example, Holiday Inn franchisees pay a percentage of room sales for the use of the company's computer reservations system.

Uniform operating standards are important in a franchise organisation. Travellers patronize a franchise hotel because they believe that the quality and service will be consistent from one location to another. The franchisees benefit immensely as they immediately get represented in the large chain of the franchisor. The central reservation systems of big franchisors provide leads to travellers worldwide about a

franchised property. A franchisee who fails to conform to the franchisor's quality standards may lose the franchise as well as the associated rights and privileges.

Some of the well-known franchise chains in the world include Holiday Inn and Days Inn. Ramada Inn, ITT Sheraton, Best Western, Accor, and Choice Hotels International chain, which includes Quality Inns, Comfort Inns, and several other hospitality brands.



- **Management contract** – Managing a hotel requires professional expertise. A new entrepreneur with little or no experience in the business may safely choose to become the franchisee of any well-established hotel chain. There could still be a problem in operating the business because the franchisor provides a well-established image, a tested and successful operating system, training program, marketing, advertising, and reservation system. but does not provide the cadre of experienced managers and employees necessary to run the business on a day-to-day basis. To bridge this gap, management contract companies came into existence. These companies have the

required expertise to manage hotels. They operate based on management fees and sometimes on a percentage of the gross revenue.

The management contract, as the name suggests, is a contract between the owner of the property and a hotel operator (management contractor) by which the owner employs the operator as an agent to assume the full responsibility for operating and managing the hotel. The operator can be a hotel chain with a reputed name and market image, such as Hilton, Sheraton, Best Western, and Choice Hospitality.

- **Time-share hotels** – Time-share hotels, also referred to as vacation-interval hotels, are a new concept in the hospitality industry. As the name suggests, it entails purchasing a tourist accommodation at a popular destination for a particular time slot in a year. The buyers can then occupy the property for the appointed time or rent the unit to other vacationers if they cannot avail of the facility. They have to make a one-time payment for the time slot, a yearly fee to cover the maintenance costs and related expenses, and take a share in the profit from the income generated if they are not utilizing their time slot. Club Mahindra holiday resorts are a popular example of time-share properties in India. Time-share is an expanding segment in the industry today and is acquiring popularity among frequent vacationers. The following example will help us understand the concept of time-share. Let us suppose that there is a Hotel Beach Front in Goa with 20 apartments. The various apartments of the hotel can be sold to different people for different periods of time for a specific number of years. The total number of one-week slots may be calculated as follows:

Number of one-week slot owners = Number of apartments (guest rooms) X Number of weeks in the year = 20 X 52 = 1040

Thus, the same property can be sold to 1040 individual owners for specific time slots during the year. These individuals are the owners of the apartment for that time duration. They can either enjoy their time slots or can rent them out to a management company to run the hotel.

- **Condominium hotels** – Condominium hotels are similar to time-share hotels, except that they have a single owner instead of multiple owners sharing the hotel. In a condominium hotel, the owner informs the management company when they would occupy the unit. The management company is free to rent the unit for the rest of the

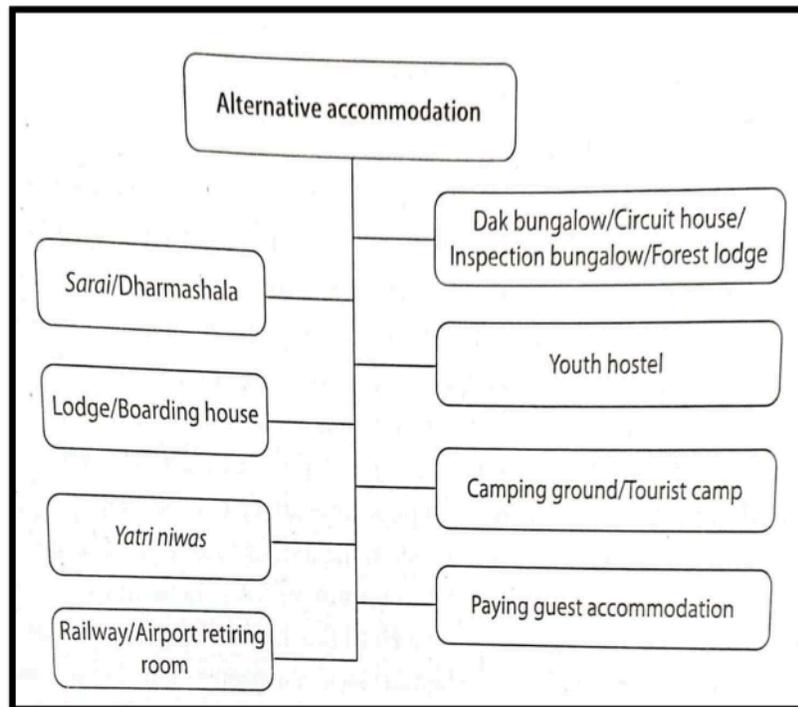
year, and this revenue goes to the owner. In general, owners pay a monthly or annual maintenance fee to the management company that takes care of the premises, including landscaping, cleaning of common areas, water, and power supply. The RCI (Resorts and Condominiums Inns) Group of Singapore are among the most popular examples of such properties.



#### 4.4 Alternative Accommodation

Alternative accommodation can simply be defined as 'all those types of accommodation that are available outside the formal or organized accommodation sector'. These establishments provide bed and breakfast and some basic services required by guests at a reasonable price. An alternative accommodation, thus, provides sleeping space and modest food to its users. There are certain properties that cater to the needs of a large group. The lodging houses constructed for the welfare of common travellers, such as Sarais, Dharamshala's, Dak Bungalows, Circuit Houses, Inspection Bungalows, Lodges, Youth Hostels, Yatri Niwas, and Forest Lodges, are examples of alternative accommodation..





**Fig 4.4 Alternative accommodations**

- ✓ **Sarai/Dharmashala** – These lodging properties are mostly found at popular pilgrimage places. In general, they are constructed by welfare trusts, social organisations, or even state governments and provide basic security and sleeping facilities for a nominal fee.
- ✓ **Dak bungalow/Circuit house/Inspection bungalow/Forest lodge** – A legacy of the British Raj, these were built as rest houses for colonial officials across the country, as well as in remote areas and scenic locales. All these properties have an ageless charm and an old-world style of hospitality, as well as special cuisine, which forms a part of the attraction, apart from the low tariff. These are owned by the various state governments and can be accessed through the local district administration. Often, these are the only lodging properties in remote areas.
- ✓ **Lodge/Boarding house** – Lodges are modest hotels situated away from the center of the city or located at a remote destination. These are self-sufficient establishments that offer standard facilities, such as clean and comfortable rooms, food and beverage (F&B) services (bar facility may also feature sometimes). Boarding houses are

establishments that usually provide accommodation and meals at a specified period of time, such as weekends or for a specified time of stay.

- ✓ **Youth hostel** – The youth, from rural as well as urban areas, travel for various reasons, such as education, adventure, and recreation. Youth hostels were established to cater to the youth on the move, who could not afford high hotel rents. They generally provide low-cost dormitory accommodation with common bathing and cafeteria facilities and may also provide kitchens for self-catering.
- ✓ **Yatri Niwas** – Yatri Niwas provides low-cost, self-service accommodation to domestic tourists in cities. The emphasis is on modest comfort and affordability. Such places are generally frequented by people during brief stopovers while travelling between places, or by families with modest budgets. These properties are located at historical, cultural, and natural sites.
- ✓ **Camping grounds/Tourists camps** – Camping grounds are normally located within cities in open spaces. They provide parking spaces along with water, electricity, and toilets. Camps must follow certain regulations regarding the quality of services and cost and are set up by municipalities.
- ✓ **Railway/Airport retiring rooms** – Retiring rooms are for the convenience of the transit travellers. These are situated at major railway stations and domestic and international airports. They provide a resting place to passengers with confirmed and current tickets. These retiring rooms are available at reasonable rates and are often air-conditioned. Bookings are made through the station superintendent or the airport manager. They are equipped with clean sanitation facilities and may include F&B facilities at some cost.
- ✓ **Paying guest accommodation** – A paying guest (PG) accommodation is a non-institutional accommodation offered by individual households at various destinations. Besides tourist havens, namely Goa, this kind of accommodation is becoming popular in large metropolitan cities among outstation students and the employed youth migrants from other towns. Guests normally pay for accommodation, whereas the rules for F&B services may differ from host to host.

#### 4.5 International Hotel symbols



Air Conditioned



Airport Shuttle



Barber or Hair Dresser



Bar



Bus Stop



Casino



Concierge



Cycling



Dishwasher



Golf Course



Restaurant



Swimming Pool



Fig 4.5 International Hotel Symbols

## Case Study for Self-Assessment

### Case Study: Marriott International – Global Classification and Ownership Strategy

#### Background

Marriott International is one of the world's largest hospitality companies, operating across more than 130 countries. It manages multiple brands such as Ritz-Carlton (luxury), Courtyard (business mid-scale), Fairfield Inn (economy), and Residence Inn (extended stay).

#### Problem Situation

As Marriott expanded globally, it faced challenges in maintaining consistent service standards while adapting to local market demands. Different countries follow varied hotel classification systems. Additionally, most Marriott properties are not owned by the company but operated under management contracts or franchise agreements.

#### Key Issues

- Brand differentiation across service levels
- Ownership vs management separation
- Adaptation to local star-rating systems
- Competition from alternative accommodations

#### Relevance to Lesson

This case covers:

- Classification by level of service
- Duration-based segmentation
- Ownership structures
- International hotel symbols

#### 4.6 Keywords

- **Railway/Airport retiring rooms** – Retiring rooms are for the convenience of transit travellers. These are situated at major railway stations and domestic and international airports.
- **Paying guest accommodation** – A paying guest (PG) accommodation is a non-institutional accommodation offered by individual households at various destinations.

#### 4.7 Self-Assessment Questions

- Explain the classification of hotels based on the Duration of Guest Stay
- Write the different types of hotels based on Ownership
- Briefly discuss the Classification of Hotels based on the level of Service.

#### Short Answer Questions (With Answers)

1. **Define transient hotel.**

*Answer:* A transient hotel caters to guests staying for a short duration, usually less than one week.

2. **What is a franchise hotel?**

*Answer:* A franchise hotel operates under a brand name through an agreement while ownership remains with an independent owner.

3. **Mention two alternative accommodation types.**

*Answer:* Homestays and service apartments.

4. **What does a five-star classification indicate?**

*Answer:* Highest level of luxury, facilities, and service standards.

5. **Define management contract in hospitality.**

*Answer:* An agreement where the hotel owner appoints a professional company to manage operations.

#### Part B: Essay-Type Questions (With Hints)

1. **Explain classification of hotels based on duration of guest stay.**

*Hints:* Transient, residential, semi-residential; business vs leisure segment; operational implications.

2. **Discuss hotel classification based on level of services.**

*Hints:* Economy to luxury spectrum; facilities offered; pricing; staffing patterns.

3. **Analyse different ownership models in the hospitality industry.**

*Hints:* Independent, chain, franchise, management contracts; risk-sharing; branding advantages.

4. **Evaluate the importance of alternative accommodation in modern tourism.**

*Hints:* Sharing economy; digital platforms; affordability; regulatory challenges.

#### Part C: Analytical MCQs\*\*

1. A hotel owned by a private investor but operated under Hilton brand name is classified as:  
A. Independent hotel  
B. Franchise hotel  
C. Government hotel  
D. Residential hotel  
**Correct Answer: B**
2. Extended stay hotels primarily focus on:  
A. Transit passengers  
B. Luxury travelers

C. Long-duration guests

D. Cruise passengers

**Correct Answer: C**

3. Airbnb is best categorized under:

A. Star-rated hotels

B. Alternative accommodation

C. Government hotel

D. Resort hotel

**Correct Answer: B**

4. A five-star symbol primarily represents:

A. Ownership structure

B. Duration of stay

C. Level of services

D. Location type

**Correct Answer: C**

#### 4.8 Further Readings

- Hotel Front Office: Operations & Management by Jatashankar Tewari, June 2016
- Front Office Management and Operations by Sudhir Andrews | 1 July 2017
- Hotel Front Office 3e By Jatashankar Tewari | 17 June 2025
- The Handbook on Hotel Front Office by Cletus Fernandes | 27 October 2020

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1. Walker, J.R., Introduction to Hospitality Management, Pearson Education, New Delhi, 2017.
2. Kasavana, M.L. & Brooks, R.M., Managing Front Office Operations, AHLEI, Lansing, 2015.
3. Bardi, J.A., Hotel Front Office Management, John Wiley & Sons, Hoboken, 2011.
4. Andrews, S., Hotel Front Office Training Manual, Tata McGraw-Hill, New Delhi, 2013.
5. Rutherford, D.G. & O'Fallon, M.J., Hotel Management and Operations, John Wiley & Sons, Hoboken, 2014.
6. Gee, C.Y., International Hotels: Development and Management, Educational Institute, Michigan, 1994.

#### Other References

1. Ministry of Tourism, Government of India – Guidelines for Classification of Hotels.
2. World Tourism Organization (UNWTO) Reports on Global Hospitality Trends.
3. Economic Times – Hospitality Industry Reports (various issues).
4. STR Global Hotel Industry Performance Reports.

**LESSON – 5****ROOM RESERVATIONS & REGISTRATIONS****5.0 Objectives**

After studying this lesson, you should be able:

- To give basic knowledge about Hotel Reservations
- To study the different types of Reservations in the Hotel
- To understand the process of Hotel Registrations

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

- Explain the concepts and types of room reservations in hotel operations.
- Analyse reservation systems and distribution channels used in modern hotels.
- Distinguish between various modes of guest registration and check-in procedures.
- Apply standard operating procedures (SOPs) in handling reservation and registration records.
- Evaluate operational challenges and service quality issues in room reservations and registrations.

**Structure:**

5.1 Reservation

5.2 Types of Reservations

5.3 Importance of Reservations

5.4 Registration

5.5 Registration process

5.6 Keywords

5.7 Self-Assessment Questions

5.8 Further Readings

### 5.1 Reservation

Reservation in the hotel industry is defined as 'blocking a particular type of guest room (e.g., single room, double room, deluxe room, executive room, and suite), for a definite duration of time (i.e., number of days of stay), for a particular guest'.

Due to globalization, advancement in the means of travel, and increase in the more and more people are travelling to the different disposable income of people, cities. This increase in traveller traffic has led to an increased demand for tourist accommodation at various destinations. To ensure a safe and secure place to stay during their visit to another town, people make advance reservations in hotels and other types of accommodation. All hotels accept advance bookings of their rooms to achieve high occupancy and to maximize their revenue. When a person makes an advance reservation at a hotel, it is expected that the hotel will honour its commitment by providing the specified type of room when the guest arrives. A reservation is a bilateral contract between the hotel and the guest, according to which the hotel must provide the specified type of room to the guest, and the guest should bear all relevant charges. However, the reservation assistant (RA) must inform the guest about all the relevant details involved in booking, that is, the type of room, stay dates, room charges, government taxes, and value-added tax (VAT), and service charges (if applicable). If either the hotel or the guest wishes to alter or cancel the reservation, they can do so only by mutual agreement. If a guest does not notify the hotel of a cancellation, the hotel is entitled to charge the guest for the loss of accommodation revenue or may retain any deposit paid. Alternatively, if a hotel cancels the accommodation without prior notice to the guest, the hotel has to provide alternative accommodation of similar standard in another hotel and pay for any differences in room rates and additional expenses the guest may have to incur (e.g., taxi and telephones). Hotels use a variety of methods to deal with reservation requests. The reservation department handles all the reservation requests for accommodation, interacts with the guests and other external customers, and constantly monitors the status of the rooms and reservations.

## Introductory Case Study: Marriott International and the Digital Transformation of Room Reservations

### Background of the Organisation

Marriott International is one of the world's largest hospitality companies, operating more than 8,000 properties across 130+ countries. The organisation manages multiple brands ranging from luxury (Ritz-Carlton, JW Marriott) to mid-scale and budget categories. Over the last two decades, Marriott has heavily invested in digital reservation technologies and integrated property management systems (PMS).

The global hotel industry has undergone significant transformation due to Online Travel Agencies (OTAs) such as Booking.com and Expedia, Global Distribution Systems (GDS), and direct online booking platforms. Marriott responded strategically by strengthening its central reservation system (CRS) and launching the "Marriott Bonvoy" loyalty programme, integrating reservation, guest profiling, and registration data.

### Contextual Trigger

In 2018, Marriott faced a major data breach affecting millions of guest reservation records. This incident highlighted the vulnerability of reservation databases and the operational risks associated with digital transformation. Simultaneously, increasing competition from OTAs reduced profit margins due to commission structures.

The organisation faced dual challenges:

1. Ensuring secure and efficient reservation systems.
2. Enhancing guest experience during registration and check-in.

### Stakeholders Involved

- Guests (business and leisure travellers)
- Front office staff
- IT and reservation management teams
- Online Travel Agencies
- Shareholders and regulatory bodies

### Managerial Issues

- Integration of reservation and registration databases
- Protection of guest information
- Reducing check-in time
- Training front office staff for digital systems

- Managing overbooking risks

### Why This Case is Important for the Lesson

Room reservations and registrations form the operational backbone of hotel revenue management. Marriott's experience demonstrates:

- The strategic importance of reservation systems
- The linkage between reservation accuracy and guest satisfaction
- The risk of overbooking and data mismanagement
- The need for secure and integrated check-in systems

### Linkage to Lesson Concepts

This case connects directly with:

- Types of reservations (guaranteed, non-guaranteed)
- Central Reservation Systems (CRS)
- Registration procedures
- Guest data management
- Revenue optimisation and service quality

For a distance learner, this case illustrates how theoretical front office concepts operate in a global hospitality environment.

## 5.2 Types of Reservation

Hotels accept reservations for their rooms and suites only after checking various factors, such as the availability of rooms and suites, sales forecast, room rates, the profile of guests, and their importance to the hotel. The reservation made by a guest could be tentative, confirmed, or wait-listed. Once a reservation request is confirmed by a guest, the hotel will make a guaranteed or non-guaranteed reservation as per the guest's requirement.

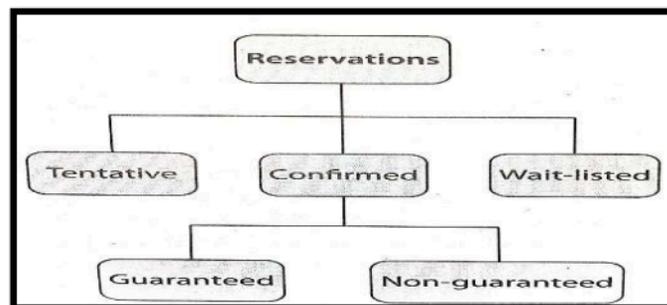


Fig 5.1 Types of Reservations

**Reservations can be of the following types:**

- Tentative reservation
- Confirmed reservation
- Wait-listed reservation
- **Tentative Reservation** – It is a reservation request that a prospective guest makes on a tentative basis for particular stay dates. The hotel holds the room for the guest till a cut-off date, by which the guest should confirm the reservation. Upon confirmation from the guest, the hotel changes the tentative reservation to a confirmed reservation; otherwise, it cancels the tentative reservation and updates its records accordingly.
- **Wait-listed Reservation** – A reservation is wait-listed when the requested category of room is not available for the requested dates. The wait-listed reservation is confirmed when the hotel receives a cancellation request for a room of the same category. This way the hotel ensures that its rooms will not remain vacant in case of cancellations. The hotel does not guarantee a room for wait-listed reservations; it is understood that the guest will be assigned a room only in the case of a cancellation or a no-show. The hotel informs the guest at the time of processing the reservation that the reservation request of the guest is being put on a wait list and may be confirmed at a later date if some rooms are made available due to cancellation. This situation normally occurs in high-occupancy periods such as a long weekend or festival/fair time, or season time. To avoid overbooking, when the total number of rooms reserved for a certain period of time exceeds the total number of rooms available for sale, the reservation department makes a waitlist on the basis of earlier records of reservations vis-à-vis actual arrivals. The hotel keeps clearing waitlists on a regular basis as per the cancellations received and the overbooking level for the day.
- **Confirmed Reservation** - Once a guest confirms a reservation request, the hotel blocks a room for the specified stay dates and sends a written confirmation of the same to the guest. The confirmation of reservation is sent through letter or e-mail containing the following information:
  - Name of the guest
  - Date and time of arrival
  - Room type
  - Duration of stay
  - Room rate

- Number of persons in the party
- Reservation classification (guaranteed or non-guaranteed)
- Reservation confirmation number
- Special requests made by the guest such as airport pick-up, wheelchair, baby sitter, non-smoking room, and barrier-free room

**A confirmed reservation can be of the following two types:**

- Guaranteed reservation
- Non-guaranteed reservation

**Guaranteed Reservation** - A guaranteed reservation is a confirmation that the hotel will hold the reserved room for the guest and not release it to any other guest even if the guest does not arrive on time. This requires the guest to make an advance payment (part or full, depending on the hotel policy and the hotel occupancy for the requested stay dates), irrespective of whether the guest avails the reservation or not unless the reservation is cancelled according to the hotel's cancellation procedures. Most hotels have their own guarantee and cancellation policies. In the case of guaranteed reservations, the hotel is indemnified from no-shows and holds the room for the guest beyond its cancellation hours. The guests can be sure of finding a room ready for them even if they arrive late without any prior information to the hotel. The guaranteed reservation can be obtained through one of the following ways:

- Pre-payment
- Contractual agreement
- Allotment

**Pre-payment** – A guaranteed reservation requires the payment of the room rent or a specified amount in advance, known as pre-payment. Since the hotel holds the room for the guest even after the cancellation hours, pre-payment protects the hotel from any loss of revenue in case of a last moment cancellation or a no-show. Pre-payment can be made by sending a demand draft or depositing the cash at the hotel. Cash deposit is the most preferred mode of accepting guaranteed reservations by most of the hotels. In case of deposits of high amounts, hotels might ask the guests for their PAN (Permanent Account Number) details.

Guests can alternatively choose to pay the full amount in advance through their credit/charge cards. A guest should send a letter authorizing the hotel to charge payment to their credit card account for obtaining guaranteed reservation, along with a copy of the front

and back of the credit card (photocopy if sending by letter or fax and scan if sending by e-mail). These days credit card is the most preferred method of getting a guaranteed reservation. The hotel staff must check the validity and authenticity of the card before using it as a guarantee. Reservations made online through hotel websites or travel websites, such as Travelocity and Expedia, require valid credit card details before confirming a reservation. The booking amount is charged to the credit card account when the reservation is confirmed; a percentage of the charge might be reversed in case of reservation cancellation within the cancellation period.

**Contractual agreement** – A hotel may have a contract with an individual or a company for providing guaranteed reservations. According to such a contract, the hotel n the reservation for the individual or a person referred by the company on a guaranteed basis, and the person or the company agrees to pay for the reservation, even in the case of a no-show. A guaranteed reservation will turn into a non-guaranteed reservation if the payment is not made full in advance, or the travel agency voucher or the bill to the company is not received by the cut-off date specified by the hotel. Hotels may have a contractual agreement with the following:

- Travel agencies/Tour operators
- Corporate houses

**Travel agencies/Tour operators** – Travel agencies and tour operators make a bulk purchase of rooms at a relatively low-contracted price. They guarantee the hotel a minimum number of room nights in a particular period and agree to pay the room charges even if they are unable to fill the number of rooms as per their agreement with the hotel. The hotels guarantee these reservations on the basis of vouchers issued by the travel agency or the tour operator, by which they agree to pay for the room and service, charges mentioned on the voucher; the other services are charged from the guest.

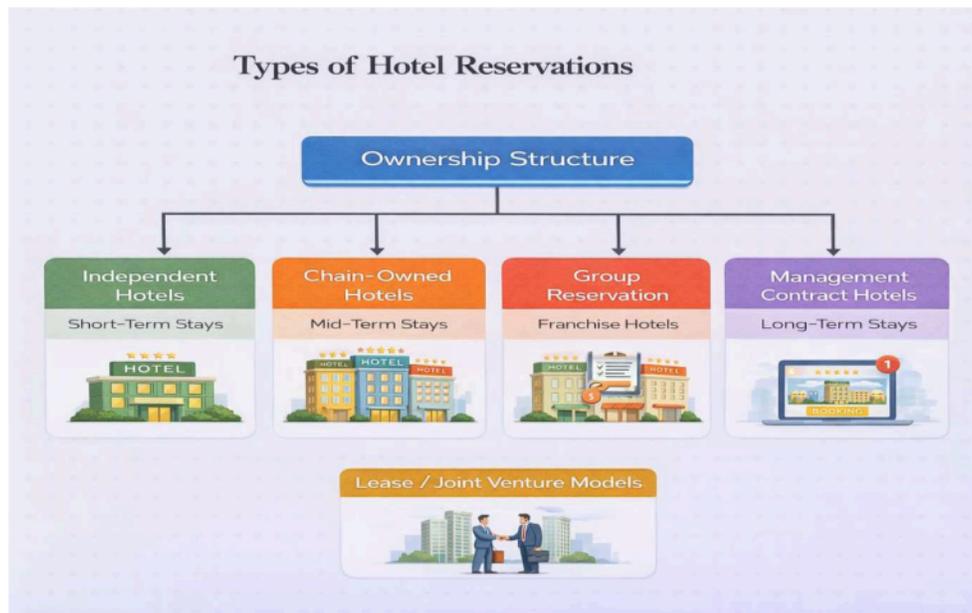
**Corporate houses** – In this case, a company or a corporate body may enter into a contract with a hotel, whereby the company guarantees payment for its employees or sponsored guests and accepts the financial responsibilities for any no-shows.

The hotel, in turn, agrees to provide the mutually agreed number of room nights to the clients or employees of the company during a certain period of time. Hotels guarantee these reservations on the basis of a letter from the company, called a bill to company or BTC letter,

acknowledging the guest as its employee or client and agreeing to pay his/her bills as per the contract.

**Allotment** – Allotment is a set of rooms booked for a particular period of time for a company or a group. This type of reservation is made for training courses, conferences or conventions, and private parties. A guest may be asked for a booking reference or any other verification before he/she is provided a room in the allotment. Allotments are controlled by either the reservation manager or the group coordinator, and their operational issues are checked and assessed on a daily basis.

**Non-guaranteed Reservation** – When a guest confirms his/her reservation at a hotel but does not guarantee it with an advance deposit, it is treated as a non-guaranteed reservation. In this type of reservation, the hotel agrees to hold the room for the guest till the cancellation hour, unless the guest informs the hotel about his/her late arrival. The cancellation hour is the time fixed by a hotel after which a non-guaranteed reservation stands cancelled and the room is released to a walk-in guest, which is generally 6 p.m. If the guest does not arrive by the cancellation hour, the hotel is free to release the room to any other guest. This enables the hotel to cover the probable loss due to a no-show. Hotels nearing full occupancy might accept only guaranteed reservations once a specified number of expected arrivals is achieved.



## Student Learning Activities

### Activity 1: Reservation Process Mapping

**Task:**

Prepare a flow diagram showing the complete reservation process in a 4-star hotel, starting from enquiry to confirmation.

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**Expected Learning Outcome:**

Learner will understand procedural sequencing and interdepartmental coordination in reservation handling.

### Activity 2: Overbooking Analysis Exercise

**Task:**

Assume a hotel with 100 rooms receives 110 reservations due to expected cancellations. Discuss possible scenarios and suggest managerial actions.

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**Expected Learning Outcome:**

Learner will apply overbooking principles and evaluate risk mitigation strategies.

### Activity 3: Guest Experience Reflection

**Task:**

Reflect on your personal experience (or observed case) of hotel check-in. Identify delays or service gaps and suggest improvements based on lesson concepts.

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**Expected Learning Outcome:**

Learner will connect theoretical registration procedures with practical service delivery.

**5.3 Importance of Reservation**

The role of the reservation department is not limited to making reservations. It maintains records of the hotel occupancy, which helps in planning sales and marketing strategies and estimating manpower requirements. At the same time, properly executed reservations go a long way in ensuring a comfortable stay for the guests. Therefore, the reservation department is important for the hotel as well as for the guests.

**For the Hotel** – The reservation department plays a very important role in increasing the efficiency of the hotel. The data generated during the reservation process can be utilised to accelerate the facilitation of guest services and plan the activities of the sales and marketing department. The reservation process is of vital importance to a hotel as discussed in the following:

- It gives the first impression of the hotel to the guests.
- It sells the main product of a hotel (accommodation).
- It generates customers for other departments.
- It provides important management information to other departments.

The reservation department improves the efficiency of the hotel operations by providing the following services:

- It updates the room availability record and thus maximises the revenue generated from room bookings.
- It prepares the housekeeping and front desk for arrivals by communicating the arrival details taken at the time of reservation.
- It helps in planning the distribution of staff at the front desk – the roster for the staff can be prepared according to the number of confirmed reservations for the day.

- It provides the reservation data to the finance department, which forecasts the volume of business on the basis of confirmed reservations. The sales forecast is compared to the expenditure budget (e.g., money available for staff wages and purchases), on the basis of which cost is cut on materials, labour, and overheads.
- It generates customers for the hotel - first-time customers as well as repeat customers – by handling reservation queries and requests politely.
- It maintains hotel occupancy records, which help the management to plan business strategies—change in room rates, renovation of rooms, expansion programs, or the opening of a new unit in the city.

**For the Guest** – A person travelling to another city likes to book a room in advance in the hotel of his/her choice. This is to avoid any problem in securing a comfortable place to stay on arrival in the city. A confirmed reservation has the following advantages for the guest

- Assurance about accommodation: The guest is sure that when he/she reaches the destination, he/she will have a place to stay.
- Choice of accommodation: The guest can make the reservation as per his/her choice, such as the following:
  - Type of room or suite- The guest might prefer a suite or a deluxe room.
  - Guest's budget- Hotels offer a variety of rooms at different charges; the guest can select from a room that matches his/her budget.
  - Preference of floor, view, and personal choice - The guest can request a high-floor or low-floor room, sea view/pool view/garden view/monument view room, smoking/non-smoking room, etc.
- Receive correspondence at the hotel address -If the guest is travelling, he/she can use the address of the hotel to receive any urgent emails, couriers, messages, or calls.



#### 5.4 Registration

On their arrival at a hotel, the guests usually go to the reception area, which is manned by a receptionist who welcomes the guests and answers their queries. This is the first face-to-face interaction between the hotel and the guests. The reception serves as the focal point of guest contact throughout their stay at the hotel. The registration activity takes place at the same desk. The guests have to fill in the required details on a registration card or make entries in a hotel register.

Registration is the process of gathering information from the guest that is mandatory as per the laws prevailing in the country. According to the Foreigner's Act, 1946 and the Registration of Foreigners Rules, 1992, the innkeeper should keep the records of the guests staying in his premises as per Form F (of the Registration of Foreigners Rules, 1992). Registration is the formalization of a valid contract between the guest and the hotel, in which the hotel offers safe and secure boarding and lodging facilities to the guest and the guest accepts to pay for the services and facilities received. In the case of foreign visitors, the front desk staff should fill Form C and verify the passports and visas of the guests.



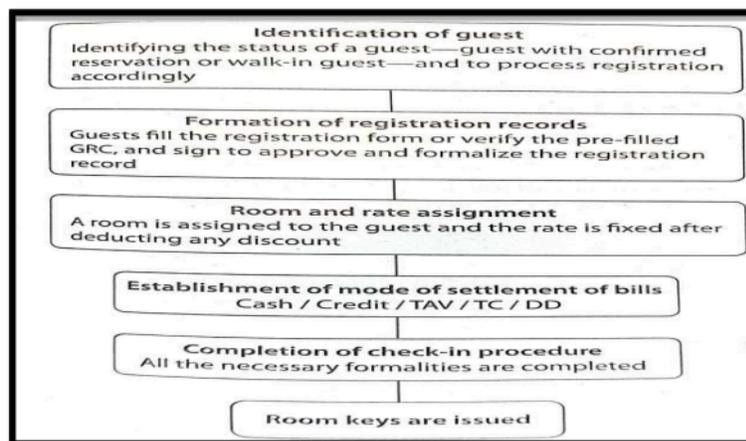
Hotel ABC						
Guest registration card				No. _____		
Surname _____		First name / Initials _____		Date of birth _____		
Company name _____		Passport No. _____				
Designation _____		Date of issue _____				
Nationality _____		Place of issue _____				
Permanent Address _____		Date of arrival in India _____				
		Proposed duration of stay in India _____				
		Whether employed in India [ ] Yes [ ] No				
Date of arrival in hotel _____ Time _____		Registration certificate no. _____				
Arrived from _____		Date of issue _____				
Proceeding to _____		Place of issue _____				
Purpose of visit _____		<i>I agree to abide by the hotel rules and regulations</i>				
Date of departure from hotel _____						
Credit card No. _____						
# Check-in / Check-out time : 12 Noon						
# All valuables and cash should be deposited with the cashier.    Guest's signature    Manager's signature						
FOR OFFICE USE ONLY						
Nationality code _____		Payment code _____		Resv. no. _____		
Room no.	No. of persons		Room rate	Billing instructions Cash voucher Cred. card company	Booked by	Initials of FOA
	Adult	Children				

**Fig 5.2 – Guest Registration Card**

**Form C** – According to the Registration of Foreigners' Rules, 1992, Rule 14, it is obligatory on the part of the hotel owner to send information about foreigners registered at the hotel. Any person who is not an Indian national (i.e., a person holding a passport of any country other than India, except Nepal and Bhutan) is known as a foreigner. The hotel is liable to send the information in the format of Form C to the nearest Foreigner's Regional Registration Office (FRRO) or to the Local Intelligence Unit (LIU) within 24 hours of the arrival of a foreign national; in the case of Pakistani, Bangladeshi, and Chinese nationals, this information should reach within 12 hours to the nearest FRRO or LIU, and also to the local police station. Form C should be prepared in duplicate and serial numbered—the top copy is sent to the competent authority and the second copy is kept for permanent records for the duration as specified in the law related to the same.

<b>Hotel ABC</b> <b>Form C</b> <b>(Rule 14)</b> <b>Hotel arrive report</b> <b>(To be completed in duplicate)</b>	
	Sr. no. : _____
	Date : _____
Name of the hotel : _____	
Name of the foreign visitor : _____ (In full in block capitals, surname first)	
Nationality : _____	
Passport no. : _____	
Date of issue : _____	
Place of issue : _____	
Address in India : _____	
Date of arrival in India : _____	
Arrived from : _____	
Whether employed in India : Yes / No	
Proposed duration of stay in india : _____	
Proposed duration of stay at hotel : _____	
Proceeding to : _____	
Registration certificate no. : _____	
Date of issue : _____	
Place of issue: _____	
Manager's signature	

**5.5 Registration Process** – The registration process involves many stages.



**Fig 5.4 Steps**

**Identification of guests** – The identification of a guest's status is important as the hotel processes the registration of guests with confirmed reservations and walk-ins in a slightly different way. The front desk agents verify the status of guests with confirmed reservations by referring to the day's arrival list. As the preregistration activity has been carried out for these guests, they have a speedy check-in. For walk-in guests, the front desk first refers to the room availability status. If the room is available, the front office staff collects the relevant information from guests for filling the GRC. The check-in of these guests usually takes longer than the guests with confirmed reservations.

**Formation of registration records** – A guest fills in the registration form (or verifies the information in the pre-filled GRC) and signs it. The guest's signature completes and formalizes the registration record. On the basis of this record, the hotel develops other hotel records such as guest folio, visitor's tabular ledger, arrival notification slip, and guest history card. The completed registration record is a legal requirement; this should be stored for a minimum period of three years or as required by the law prevailing in the state. The same records can be accessed by a competent local authority as and when required.

**Room and rate assignment** – After completing the registration record, the next step is to allocate and assign a room of the specific category as requested by the guest. In the case of a walk-in guest, the hotel may exercise the option of upselling. The details regarding the availability of the different types of rooms and their corresponding rates help the front office in deciding which room should be assigned to the guest. While assigning a room, the guest's preferences, such as floor level, proximity to the elevator, view of the room, and colour scheme should be kept in mind.

**Establishment of the mode of settlement of bills** – The determination of the guests' credibility and the mode by which they will be settling their accounts is very important for the hotel. Hotels prefer cash and cash equivalent modes (traveller's cheque, demand draft, and credit/charge card) of account settlement. Other modes include travel agent (TA) vouchers or bills to the company. The credibility of a guest can be determined by the following procedures:

- Asking the guest to produce his/her credit card at the time of arrival and by swiping the same for authorization from the credit card company.
- The guest may be asked to produce the TA voucher/ authorization letter from the company, in case the bills would be settled by the TA or the company.

- Advance deposit may also be asked at the time of check-in

Completion of check-in procedure and issuance of room keys – After the front desk registers a guest, assigns him/her a room, and establishes the mode of account settlement; it issues the room keys to the guest. A bellboy is called to escort the guest and to take the guest's luggage to the assigned room. The front desk agent carries out the following activities after every check-in:

- Updates the room status report
- Prepares arrival notification slips and sends them to the concerned departments in the hotel
- Creates guest folio
- Fills Form C (in case of foreign nationals) and sends the same to the concerned.

## Case Study for Self-Assessment

### Case Study: Overbooking Crisis at a Metropolitan Business Hotel

#### Background

The Grand Meridian, a 150-room business hotel located in Hyderabad, caters primarily to corporate travellers. During a major international technology conference, the hotel anticipated high occupancy. Based on past data showing 15% no-shows, the reservations manager accepted bookings for 170 rooms.

However, due to improved flight connectivity and corporate prepayments, almost all guests arrived. The hotel faced a shortage of 20 rooms.

#### Situation Escalation

Front office staff attempted to relocate guests to nearby hotels. Some guests were VIP corporate clients. Social media complaints began circulating. Corporate travel managers expressed dissatisfaction. The hotel had to bear relocation costs and provide complimentary services.

#### Managerial Dilemma

- Should the hotel reduce overbooking margins in peak seasons?
- How should staff communicate during crisis?
- How can revenue goals be balanced with guest satisfaction?

## Learning Linkage

This case integrates:

- Overbooking policies
- Reservation forecasting
- Registration management
- Service recovery strategies
- Revenue vs. customer satisfaction balance

### 5.6 Keywords

- **No Show** – A person who has made a reservation, booking, or appointment but neither keeps nor cancels it.
- **Reservation** – The booking or reserving of a room (accommodation) by a guest.
- **Registration** – The process of assigning rooms to the guest at the time of their arrival by filling in the necessary details about the guest

### 5.7 Self-Assessment Questions

- Explain the Importance of Reservations in Hotels?
- Write the different types of Hotel Reservations.
- What do you understand about Hotel Registration?

## Short Answer Questions (with Answers)

1. **Define room reservation.**  
*Answer:* Room reservation is the process of booking a hotel room in advance for a specified date and duration.
2. **What is a guaranteed reservation?**  
*Answer:* A reservation confirmed by advance payment or credit card guarantee ensuring room availability.
3. **What is overbooking?**  
*Answer:* Accepting reservations beyond available room inventory to compensate for cancellations.
4. **What is a Property Management System (PMS)?**  
*Answer:* A computerized system used to manage reservations, registration, billing, and guest records.
5. **State two objectives of guest registration.**  
*Answer:* To verify guest identity and to create an official occupancy record.

## Part B: Essay-Type Questions (with Hints)

1. **Explain the complete reservation procedure in a hotel.**  
*Hints:* Enquiry handling, availability check, rate negotiation, confirmation, record maintenance.
2. **Discuss the advantages and risks of overbooking.**  
*Hints:* Revenue optimisation, no-show compensation, guest dissatisfaction, relocation costs.
3. **Analyse the role of technology in modern reservation systems.**  
*Hints:* CRS, PMS, OTAs, data security, automation.
4. **Explain the guest registration process and its legal significance.**  
*Hints:* Registration card, identity verification, statutory compliance, data confidentiality.

## Part C: Analytical MCQs

1. A hotel accepts 120 reservations for 100 rooms expecting 20 cancellations. This practice is known as:  
a) Yield Management  
b) Overbooking  
c) Up-selling  
d) Room Blocking  
**Correct Answer:** b) Overbooking
2. Which system connects hotels with travel agents globally?  
a) PMS  
b) CRM  
c) GDS  
d) POS  
**Correct Answer:** c) GDS
3. A guaranteed reservation primarily reduces:  
a) Labour cost  
b) No-show loss  
c) Utility expenses  
d) Maintenance cost  
**Correct Answer:** b) No-show loss
4. Registration records are primarily important for:  
a) Housekeeping scheduling  
b) Legal compliance  
c) Food costing  
d) Advertising  
**Correct Answer:** b) Legal compliance

### 5.8 Further Readings

- Hotel Front Office: Operations & Management by Jatashankar Tewari, June 2016
- The Handbook on Hotel Front Office: For Hospitality Students by Cletus Fernandes | 27 October 2020
- Front Office Management and Operations by Sudhir Andrews | 1 July 2017

## Text Books

1. Bardi, J. A., Hotel Front Office Management, John Wiley & Sons, New York, 2011.
2. Kasavana, M. L., & Brooks, R. M., Managing Front Office Operations, AHLEI, Michigan, 2013.
3. Walker, J. R., Introduction to Hospitality Management, Pearson Education, Boston, 2017.
4. Rutherford, D. G., & O'Fallon, M. J., Hotel Management and Operations, John Wiley & Sons, New York, 2011.
5. Tewari, J. R., Hotel Front Office Operations and Management, Oxford University Press, New Delhi, 2016.
6. Andrews, S., Hotel Front Office Training Manual, Tata McGraw-Hill, New Delhi, 2013.

## Other References

- Ministry of Tourism, Government of India – Guidelines for Hotel Classification.
- World Tourism Organization (UNWTO) Reports on Hotel Industry Trends.
- American Hotel & Lodging Educational Institute (AHLEI) Publications.
- Economic Times – Hospitality Industry Reports and Case Coverage.

**LESSON – 6****FACTORS AFFECTING ROOM TARIFF****6.0 Objectives**

After studying this lesson, you should be able:

- To know the significance of the room tariff
- To study the factors affecting the room tariff
- To understand the various types of tariffs.

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

- **Explain** the major internal and external factors affecting room tariff in hotels.
- **Analyse** the relationship between cost structure, demand patterns, and pricing decisions.
- **Distinguish** between different pricing approaches used in the hospitality industry.
- **Apply** the Hubbart Formula for determining room tariff in a hotel.
- **Evaluate** the suitability of cost-based pricing models in competitive hospitality markets.

**Structure:**

6.1 Room Tariff & Factors Affecting Room Tariff

6.2 Rate Designation

6.3 Hubbart Formula

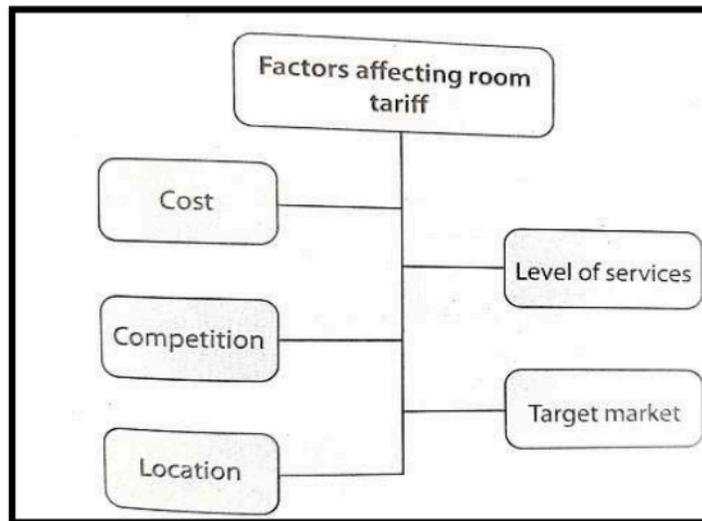
6.4 Keywords

6.5 Self-Assessment Questions

6.6 Further Readings

**6.1 Room Tariff & Factors Affecting Room Tariff**

The room tariff of a hotel must generate optimum revenue for the hotel and provide the hotel proprietors a return on their investment. The rate of a hotel room is decided by several factors such as Cost, Level of Service, competition, Target market, and Location.

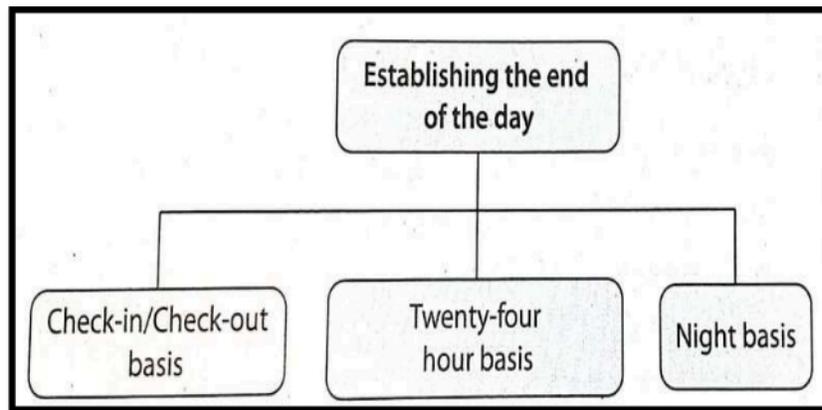


**Fig –6.1 Factors affecting room tariff**

- **Cost** – The total expenditure that is incurred in providing services and products to the ultimate consumer of the hotel services is the cost. The total cost can be divided into fixed cost, material cost, and labour cost. The higher the investment that has been made in a hotel property, the higher would be the room rent.
- **Level of services** – The level of services offered by a hotel determines the room rent to a large extent. Hotels offering services such as spa, gymnasium, banquet halls, and specialty restaurants will charge a higher room rent in comparison with other hotels offering limited services. As the star classification of hotels is based on the level of services, the hotels that are classified as five-star or above have better services and higher room rents compared to those classified as four-star or below. The guest and staff ratio would be higher in five-star hotels as they provide more personalized guest services.
- **Competition** – The competition between similar hotels (i.e., hotels with similar standards and providing similar services and facilities in similar locations of the city) in the market also plays an important role in determining the rack rate of the hotel. The higher the competition, the lower will be the room rent. Hotels with similar standards have competitive rates.
- **Target market** – The target market also governs the rack rate of a hotel room. Hotels, while selecting their room rates, find out the disposable income of their target segment. Thus, a budget or limited-service hotel quotes lower prices to attract guests

with less disposable income, and an up-market hotel quotes higher prices for its products.

- **Location** – The location of the hotel also plays an important role in determining the room tariff. Hotels in a city centre or business centre (e.g., Nariman Point, Mumbai), near places of tourist interest (e.g., Taj Mahal, Agra), or on scenic locales (e.g., beaches of Goa) would have a higher tariff. The location of the room also determines the room rate. Rooms with a better view (sea view/mountain view/pool view) would have higher charges compared to rooms facing a parking lot or a noisy commercial street.



**Fig –6.2 Basis for establishing the end of the day**

We have seen that the room rate of a hotel is based on the competition, the standard of services and amenities offered by the hotel, the guests' profile, and the location of the hotel and the room. Once 'the room tariff' has been decided, every hotel has to decide about the criteria for establishing the 'end of the day' to post the room charges into the guest accounts. The end of the day is an arbitrary time that is supposed to be the end of the financial transactions for a particular day. As hotels remain functional round the clock, it is very important to ascertain the time which will be treated as the end of the day and the beginning of a new day.

**Fixed check-in/check-out time** – Almost all the hotels follow the fixed check-in/ check-out system for establishing the end of the day. In this system, a particular time is fixed to mark the end of the day. In general, it is 12 noon; this means that a day begins in the hotel at 12 noon every day, regardless of the actual check-in time of the guest. The major advantage of this system of charging the room rent is that the same room can be sold more than once in a day. This system is normally adopted by commercial hotels. Most of the hotels following this

system allow a few hours of relaxation before and after the check-out time in charging the room rent.

**Twenty-four-hour basis system** – In this system of charging the room rent, there is no fixed check-in/check-out time. A room is assigned to a guest for twenty-four hours from the time of his/her arrival. This system is generally followed in transit hotels and hotels that are located in the vicinity of railway stations, where guests normally stay for few hours. In this system, the hotel does not allow any relaxation of time after the completion of 24 hours of stay.

## Introductory Case Study: Dynamic Pricing and Tariff Strategy at The Indian Hotels Company Limited (IHCL – Taj Group)

### 1. Background of the Organisation

The Indian Hotels Company Limited (IHCL), popularly known through its flagship brand *Taj Hotels*, is one of India's most prestigious hospitality chains. Established in 1903, IHCL operates luxury, upscale, and mid-scale hotels across India and internationally. With properties located in metro cities, pilgrimage centres, business hubs, and leisure destinations, the group faces diverse demand conditions.

The hospitality industry in India has witnessed rapid growth due to tourism expansion, corporate travel, international events, and digital booking platforms. However, it also faces intense competition from global chains such as Marriott, Hyatt, and Accor, as well as online travel aggregators (OTAs) that enable price comparison.

### 2. Contextual Trigger

Between 2018 and 2022, the Indian hospitality sector experienced:

- Fluctuating occupancy rates
- Seasonal variations
- Price wars triggered by online booking platforms
- A severe downturn during the COVID-19 pandemic
- A sharp rebound in leisure travel post-pandemic

IHCL had to rethink its room tariff strategy. Traditional cost-plus pricing was no longer sufficient. Management needed to determine:

- Whether tariffs should be fixed based on cost calculations
- How to respond to competitor pricing
- How to maintain brand value without discounting excessively

### 3. Stakeholders Involved

- Hotel Owners and Investors (seeking return on investment)
- Corporate Management
- Revenue Managers
- Front Office Managers
- Guests (business, leisure, international tourists)
- Online Travel Agencies

#### 4. Managerial Issues

The core managerial dilemma was balancing:

- Profitability vs. Occupancy
- Brand Image vs. Discounting
- Cost Recovery vs. Market Demand
- Long-term Strategy vs. Short-term Survival

Revenue managers increasingly relied on structured pricing tools, including cost-based models like the **Hubbart Formula**, along with demand forecasting techniques.

#### 5. Why This Case is Important

This case highlights the real-world importance of understanding:

- Factors affecting room tariff
- Fixed and variable costs
- Targeted return on investment
- Competitive pricing pressures

#### 6. Linkage to Lesson Concepts

The lesson on **Factors Affecting Room Tariff & Hubbart Formula** helps learners understand:

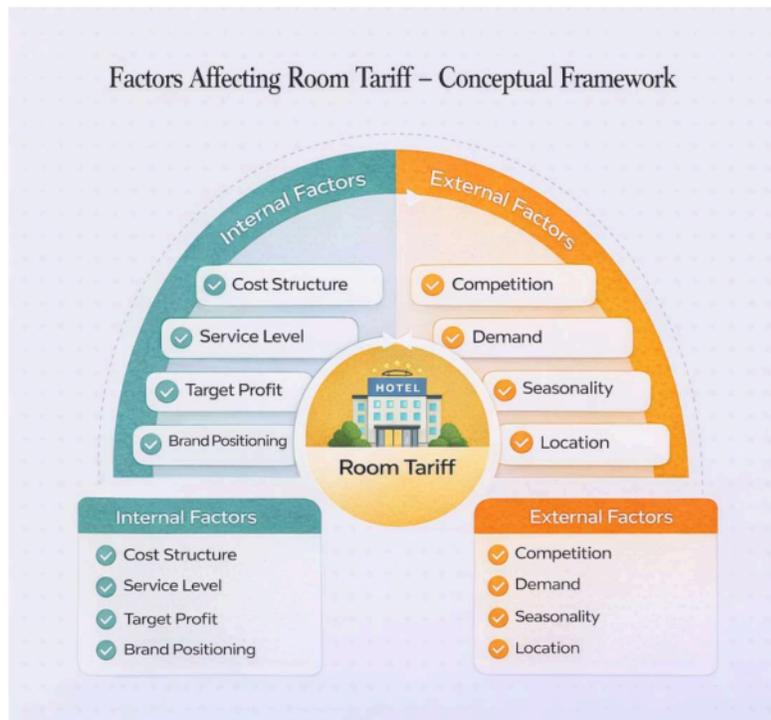
- How internal costs influence minimum room rate
- How occupancy assumptions affect tariff
- Why systematic tariff calculation models are important
- Limitations of purely cost-based pricing

This case demonstrates that tariff determination is both a scientific and strategic decision in hospitality management.

In the aforementioned example, according to this system of charging room rent, Rajesh would be charged for the room from 12 noon of 15th July and Rita would be charged for the room from 5 a.m. of 16th July to 5 a.m. of 17th July. Hence, the hotel would charge both Rajesh and Rita one night's room rent. This system is suitable only for small hotels.

**A number of nights** – This system is a modification of the 24-hour system. Here, the rent is charged on the basis of the number of nights spent in the hotel room. If a guest does not stay at night, a half-day rent is charged from him/her. This system is now outdated and not so popular.

In a hotel, where this type of charging the room rent is used, both Rajesh and Rita would have paid only half a day's rent. Thus, the hotel would have earned a total of only a single day's rent from both of them.



## Activity 1: Local Hotel Tariff Observation

**Task:**

Visit (physically or virtually) three hotels in your city (budget, mid-scale, luxury). Collect data on:

- Room tariff
- Location
- Star category
- Facilities offered

Prepare a short comparative note explaining differences in pricing.

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**Expected Learning Outcome:**

Learner will understand how service level, brand, and location influence tariff.

## Activity 2: Applying the Hubbart Formula

**Task:**

Assume:

- Total operating cost = ₹10 crore
- Desired ROI = ₹2 crore
- Number of rooms = 100
- Expected occupancy = 70%

Calculate approximate average room rate using the logic of Hubbart Formula.

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**Expected Learning Outcome:**

Learner will apply cost-based pricing principles in practical context.

### Activity 3: Reflective Pricing Analysis

**Task:**

Write a 300-word note answering:

“Can cost-based pricing alone ensure competitiveness in modern hospitality markets?”

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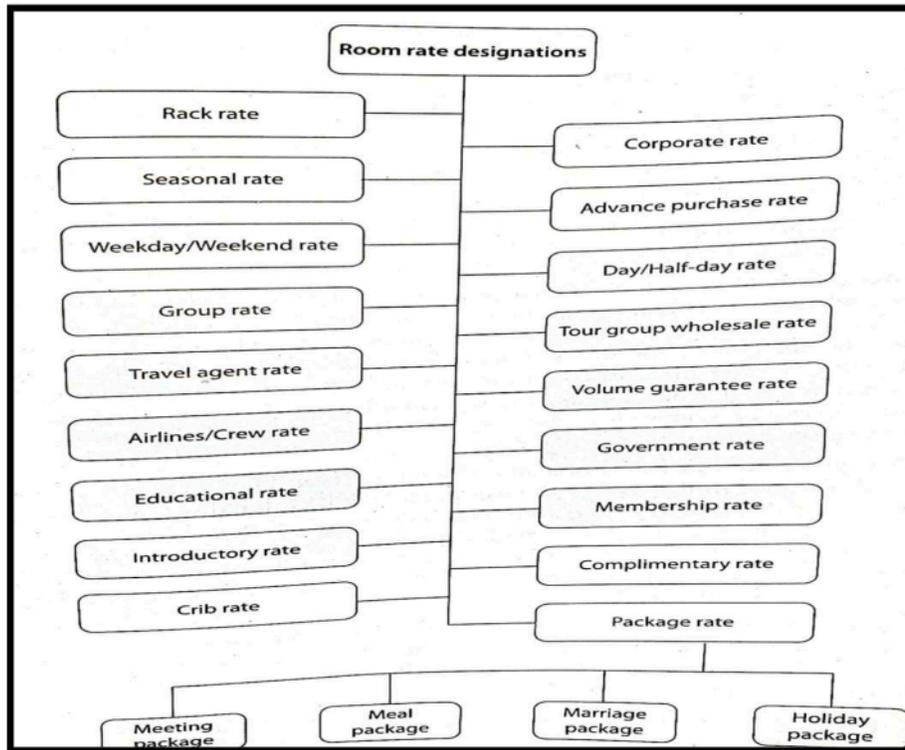
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**Expected Learning Outcome:**

Learner will evaluate limitations of the Hubbart Formula.

#### 6.2 Rate Designation

In general, a hotel designates a standard rate for each category of rooms offered to guests. Apart from the standard rates, hotels also offer discounted rates to attract additional business from multiple market segments.



**Fig – 6.3 Room Rate Designations**

- **Rack rate** – Hotels generally fix a standard rate for each category of rooms offered for accommodation to the guests. The standard rate of a particular type of room before any discount is called the rack rate. Traditionally, a rate board was placed near the room rack, and hence the name rack rate. The tariff card of a hotel should mention the taxes applicable on room rents. For example, the rack rate for a standard room may be 5000 Rs ++ ('++' means exclusive of taxes or taxes extra).
- **Corporate rate** – This is a promotional rate to attract the corporate market segment. The corporate rate is generally 10-20 per cent lower than the rack rate. For example, the corporate rate for a standard room may be 4000 Rs ++.
- **Seasonal rate** – Depending on the desirability of a location at a particular time of the year, destinations have high, low, and shoulder seasons. Destinations such as hill stations or beaches receive heavy tourist traffic during particular periods) of the year; the rest of the year is a lean period in terms of tourism. The duration when the tourist traffic (and the demand for hotel rooms) at a particular place is high, is known as the peak season. When the demand for hotel rooms drops down, it is known as the off-season. During peak season, hotels do not offer any discount; rather they may charge a higher room rate, known as the seasonal rate. In order to attract guests during the low-demand period, hotels offer a discounted rate known as the off-season rate. Hotels in these locations mention their seasonal and off-season rates clearly on the tariff card. For example, the rainy season is off-season in Shimla, whereas winters and summers are season time, as visitors go there to see snow in winters and to escape the heat during summers.
- **Advance purchase rate** – Though popular in the airline industry, the advance purchase rate is a relatively new concept in the hospitality industry. It entails heavy discounts on room rates when room bookings are done in advance. The rate of discount depends on the advance period and the number of rooms available at the time of booking, that is, a hotel may offer more discount for a room that is booked two months in advance compared to a room that is booked 15 days in advance. The advance booking of rooms ensures a certain amount of revenue at a given time and thus helps the management in planning a revenue management strategy.
- **Weekday/Weekend rate** – Some of the hotels observe a fluctuation in their occupancy levels with regard to the days of the week. The demand for rooms in a hotel is perhaps more on certain days in a week. Hotels analyze their demand levels

over a period of time and fix a higher rate during high-demand periods and a lower room rate during low-demand periods. In vacation/resort hotels, the weekend rate would be higher than the weekday rate as the demand for rooms is higher during weekends. It would be vice versa in the case of a commercial hotel.

- **Day and half-day rate** – The day rate, charged from the guests not staying overnight at a hotel, is lower than the rack rate. For instance, if a guest checks in at 10 a.m. and checks out the same evening at around 5 p.m., he/she may be charged the day rate. However, all hotels may not have day rates.

Sometimes a guest might wish to stay for a very short duration of time, not exceeding five hours. For example, a transit traveller, who has to catch a flight in few hours, might want to take a rest in a hotel, or a person might want to rent a room for a short business meeting. In these cases, the half-day rate, which is a bit higher than the numerical half of the rack rate, is charged from guests.

- **Group rate** – Since a large group (more than 15 persons) provides bulk business to a number of hotels, it offers discounted rates to groups. The group rate depends on the persons' in the group and the frequency of their visits. The rates are negotiated by the sales team of the hotel and the representatives of the group.
- **Tour group – (wholesale rate)** – These are heavily discounted rates for wholesalers who operate a series of tours for groups arriving and departing together. The tour operator guarantees the hotel that it would provide this series of business every month for a period of one year. In return, the hotel offers a heavy discount to the operator and allocates or 'blocks' rooms for the series for the entire year.
- **Travel agent rate** – Travel agents sell travel products such as hotel rooms or airlines bookings on a commission basis to the end-users (guests). They provide a substantial volume of business to hotels; hence, hotels offer them special discounts and commissions. Some of the major travel agencies are Cox & Kings, Thomas Cook, etc.
- **Volume guarantee rate** – Hotels offer a special rate (lower than the rack rate) to attract a high volume of business from special market segments. A hotel may have a contractual agreement with a company, according to which the company's representatives are entitled to a special discounted rate when they reserve a room in the hotel. The percentage of discount will depend on the volume of business promised and the mutual understanding between the hotel and the company at the time of making the agreement. A frequent business customer might be offered a CP (Continental Plan) at the standard room rate.

- **Airlines/Crew rate** – It is a special discounted rate for the crew of one or more airlines that offer a certain volume of business throughout the year on a consistent and continuous basis.
- **Government rate** – When government officials travel for official work, they are given a travel allowance to cover their hotel, meals, and other out-of-pocket expenses. Based on their designation, this amount is fixed and given in advance. A hotel interested in catering to this segment may quote room rates that match their travel allowances. The hotel may ask for proof of identity from guests before they can avail the government rates.
- **Educational rate** – Educational rates are special rates offered by hotels to students and educationists who have a limited travel budget. They are a significant source of business because of their large numbers and frequency of visits. They provide a large chunk of repeat business to hotels.
- **Membership rate** – Membership rates are offered to guests who are members of influential organizations that provide high volumes of business to hotels. The membership rates are much lower than the rack rates and may also include discounts on food and beverage. Special discounted rates are given to FHRAI members, UN employees, travel writers, etc.
- **Introductory rate** – The introductory rate is offered by a hotel on the opening of a new property in town. It is a part of a new hotel's marketing strategy to make inroads into the existing market by offering a price lower than what is offered by competitors with the same standards. In general, the introductory rate is offered till the hotel is established, or it may be revoked as per the management's decision.
- **Complimentary rate** – When a hotel does not charge the room rent from a guest, it is known as a complimentary rate. Hotels generally offer complimentary rooms (also called comp rooms) to the tour/group leader. They also offer comp rooms to tour operators, travel agencies, and local dignitaries who are vital to the public relations program of the hotel. Hotels also provide complimentary rooms along with marriage packages and bulk bookings.
- **Crib rate** – This is the rate charged for children above five years and below 12 years of age accompanying their parents. The hotel provides a cribbed in the room for infants.
- **Package rate** – A package rate is quoted for a bouquet of products or services. The rate is generally lower than the sum of the prices of individual products or services

offered in the bouquet. These rates are tailor-made for specific guest requirements. A package rate may include room rent, meals, special arrangements (such as marriage set-ups, banquet halls, and meeting room) and may also include products and services offered by other service providers such as transportation (rail, road, and air), and sightseeing.

A package rate is more economical than the individual purchase of each of the products and services. It is a marketing strategy to sell slow-moving items along with hot-selling products. Moreover, when the products and services are sold in a bunch, the cost of individual advertisements is cut down. The money thus saved by the hotels is passed to the guest in the form of lower prices. Hotels offer the following packages:

- **Meeting package** – A complete meeting package includes the residential arrangement of the delegates, meeting room, food and beverage requirements (meals, tea/coffee, snacks), along with transportation facility, audio visual equipment like projectors to the meeting delegates.
- **Meal package** – A meal package is the combination of room rent and meals, which may cover all major meals or a combination of breakfast and lunch/dinner. The hotel offers meal packages based on the requirement of guests and the suitability of the hotel's operations. The various meal plans offered by hotels are discussed at length in the subsequent section.
- **Marriage package** – A marriage package includes all the necessary arrangements for marriage, such as mandap, priest, party hall/lawn, accommodation for the marriage party, arrangement of reception buffet, and even a complimentary room/suite for the newly wedded couple.
- **Holiday package** – A holiday package includes transportation, accommodation, meals, a guide, and sightseeing at the destination. In general, this package includes non-hotel products from other service providers like airlines.

### 6.3 Hubbart Formula

The Hubbart Formula is a systematic method used to determine the minimum room rate a hotel must charge to achieve its financial goals. Unlike guesswork pricing or copying competitors, the Hubbart Formula starts from the hotel's desired profit and works backward to find the required room revenue and room rate. It is a rational, numbers-driven approach. Hotels that ignore this logic often underprice, overprice, or operate without clear profit control.

### Concept of the Hubbart Formula

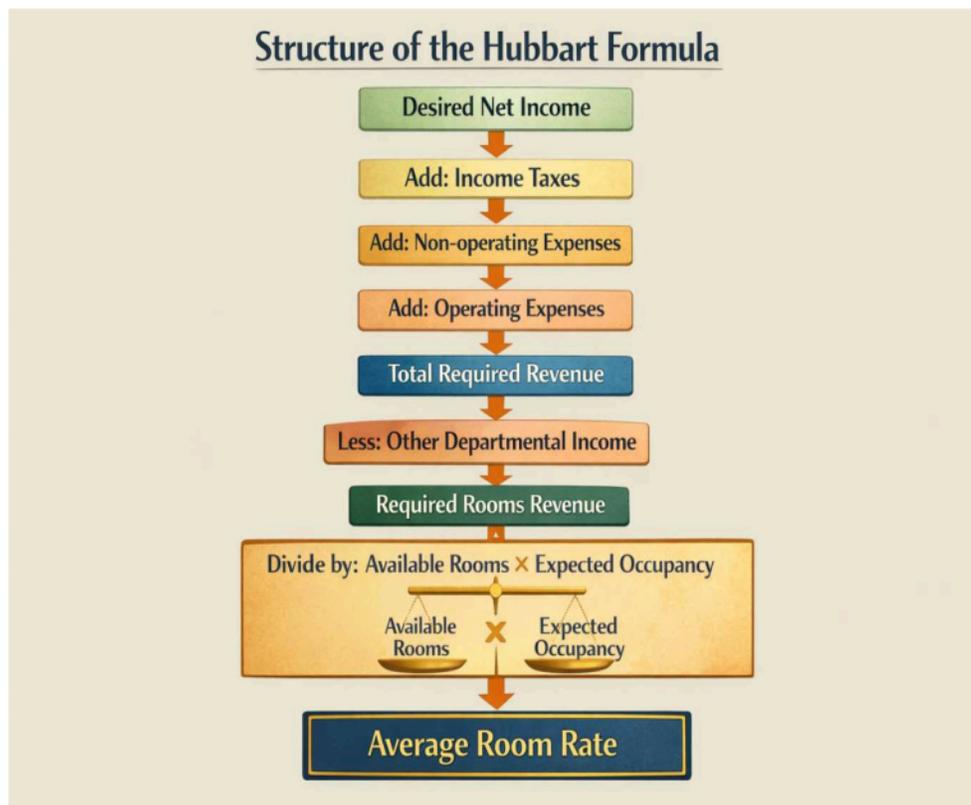
The Hubbart Formula was developed to help hotels set tariffs based on costs, required profit, and expected occupancy. The core idea is simple: a hotel must cover operating expenses, fixed charges, taxes, and desired returns to owners. Only after accounting for these can a room rate be considered realistic.

This formula focuses on the rooms division because room sales are the main revenue source in most hotels. If room pricing is wrong, the entire financial structure becomes unstable.

#### Steps in the Hubbart Formula

The formula follows a logical sequence:

- Determine desired profit (return on investment).
- Add fixed charges (insurance, rent, depreciation).
- Add operating expenses (salaries, utilities, maintenance).
- Subtract other department profits (like food & beverage).
- Divide the required rooms revenue by expected room nights sold.



#### Importance in Hotel Tariff Fixing

The Hubbart Formula forces management to be realistic. It links pricing to financial goals instead of emotions or market pressure. Many hotels fail because they price based on competitors without knowing their own cost structure.

This method also helps in budgeting and long-term planning. It shows whether the hotel's business model is viable or not.

A luxury hotel uses the formula to justify premium pricing.

A mid-scale hotel uses it to find the lowest safe rate during the off-season.

### Advantages

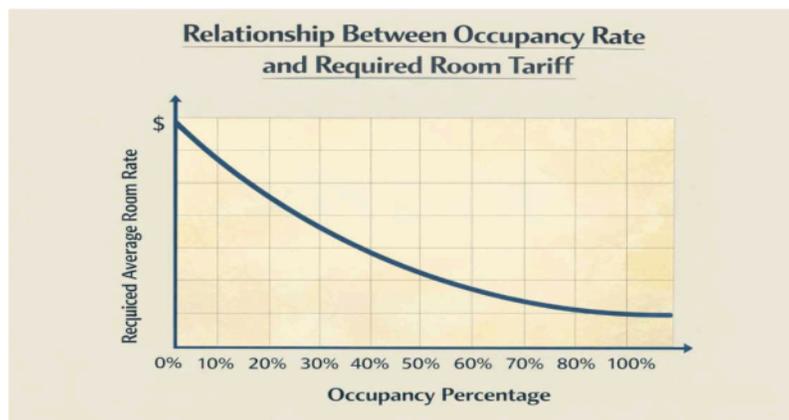
- Provides a scientific pricing base
- Ensures cost coverage and profit planning
- Helps in financial forecasting
- Prevents selling rooms at a loss just to increase occupancy
- Helps investors see realistic return expectations

### Limitations

The Hubbart Formula assumes stable occupancy and predictable costs. Real markets fluctuate. Demand, competition, and seasonality can make the calculated rate impractical. So it should guide pricing, not blindly dictate it.

### Conclusion

The Hubbart Formula is a disciplined approach to room tariff setting. It connects pricing with financial reality, not guesswork. However, it is not a magic tool. Smart hotels use it as a foundation and then adjust based on market demand and competition. In simple terms, the Hubbart Formula tells you what you should charge to survive and profit. The market tells you what you can charge. Successful hotels understand both and balance them carefully.



## Case Study for Self-Assessment

### Case Study: Pricing Dilemma at a New Business Hotel in Vijayawada

#### Background

A 120-room business hotel was recently established in Vijayawada near the railway station. The hotel invested ₹150 crore in construction and interiors. It aims to achieve 12% annual return on investment.

During the first year:

- Occupancy averaged 55%
- Competition intensified due to two new branded hotels
- Online platforms pressured discounting
- Operating costs increased due to energy price rise

Management calculated that to achieve desired ROI using the Hubbart Formula, the average room tariff should be ₹6,500. However, competitor hotels are offering rooms between ₹4,800 and ₹5,500.

#### Managerial Dilemma

Should the hotel:

- Maintain ₹6,500 rate and risk low occupancy?
- Reduce tariff to match competitors?
- Adopt dynamic pricing?
- Focus on cost reduction?

#### Analytical Questions

1. Identify internal and external factors influencing tariff decision.
2. Using Hubbart logic, explain why ₹6,500 was calculated.
3. What risks arise if tariff is reduced below cost-based rate?
4. Suggest an integrated pricing strategy for the hotel.

Evaluate limitations of Hubbart Formula in competitive markets

#### 6.4 Keywords

- **Rack rate** – It is a published rate of a particular type of room before the discount.
- **Crib rate** – This is the rate charged for children above five years and below 12 years of age accompanying their parents

### 6.5 Self-Assessment Questions

- What are the major factors affecting room rates in the hotel?
- Explain the different types of room rates in the hotel industry.
- What do you understand by a meal plan? Explain the different meal plans offered by hotels.

### Short Answer Questions (With Answers)

1. **Define room tariff.**

*Answer:* The price charged by a hotel for providing accommodation for a specific period.

2. **List any four factors affecting room tariff.**

*Answer:* Cost of operation, competition, demand and seasonality, location.

3. **What is the objective of the Hubbart Formula?**

*Answer:* To determine average room rate required to achieve desired return on investment.

4. **Differentiate between fixed and variable costs.**

*Answer:* Fixed costs remain constant irrespective of occupancy; variable costs change with level of occupancy.

5. **What is expected occupancy?**

*Answer:* The forecasted percentage of rooms likely to be sold during a given period.

### Part B: Essay Questions (With Hints)

1. **Explain the internal and external factors affecting room tariff.**

*Hints:* Cost structure, service level, brand positioning, competition, demand elasticity.

2. **Discuss the steps involved in the Hubbart Formula.**

*Hints:* Desired income → Expenses → Total revenue → Rooms revenue → Average rate.

3. **Critically evaluate the applicability of Hubbart Formula in modern dynamic pricing systems.**

*Hints:* OTA influence, demand-based pricing, revenue management.

### Part C: Analytical MCQs\*\*

1. If expected occupancy decreases, the required room rate under Hubbart Formula will:  
A. Decrease  
B. Remain constant  
C. Increase  
D. Become zero  
**Correct Answer: C**
2. Which of the following is an external factor affecting room tariff?  
A. Target return on investment  
B. Cost of housekeeping  
C. Competitor pricing

D. Administrative salaries

**Correct Answer: C**

3. Hubbart Formula is primarily a:
- A. Demand-based pricing model
  - B. Cost-based pricing model
  - C. Psychological pricing model
  - D. Discount pricing model

**Correct Answer: B**

### 6.6 Further Readings

- Hotel Front Office: A Training Manual | 3rd Edition by Andrews | 1 July 2017
- Front Office Management in Hotel (PB 2018) by Chakravarti B. K | 1 January 2018
- Bardi's Hotel Front Office Management by James A. Bardi | 1 January 2019
- The Handbook on Hotel Front Office by Cletus Fernandes | 27 October 2020

### Text Books

1. Rutherford, D.G., and O'Fallon, M.J., *Hotel Management and Operations*, John Wiley & Sons, New Jersey, 2014.
2. Walker, J.R., *Introduction to Hospitality Management*, Pearson Education, New Delhi, 2017.
3. Jagels, M.G., and Coltman, M.M., *Hospitality Management Accounting*, John Wiley & Sons, New Jersey, 2004.
4. Hayes, D.K., and Ninemeier, J.D., *Hotel Operations Management*, Pearson Education, New Jersey, 2016.
5. Bardi, J.A., *Hotel Front Office Management*, John Wiley & Sons, New Jersey, 2011.
6. Harris, P.J., *Accounting and Finance for the International Hospitality Industry*, Butterworth-Heinemann, Oxford, 2012.

### Other References

- Ministry of Tourism, Government of India – Annual Reports
- World Tourism Organization (UNWTO) – Tourism Market Trends Reports
- Economic Times – Hospitality Sector Pricing Reports
- FHRAI (Federation of Hotel & Restaurant Associations of India) Publications

**LESSON – 7****EVALUATION OF HOTEL PERFORMANCE****7.0 Objectives**

After studying this lesson, you should be able:

- To explain the various methods used to measure hotel performance
- To analyse the importance of guest feedback as a tool for improving hotel performance and service quality.
- To understand standard procedures for hotel check-in and check-out

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

1. **Explain** the key concepts and indicators used in evaluating hotel performance.
2. **Analyse** financial and non-financial methods of measuring hotel performance.
3. **Distinguish** between operational, financial, and service quality performance metrics.
4. **Apply** standard check-in and check-out procedures in hotel front office operations.
5. **Evaluate** the impact of efficient front office procedures on hotel profitability and guest satisfaction.

**Structure:**

7.1 Methods of Measuring Hotel Performance

7.1.1 Occupancy Ratio

7.1.2 Average Daily Rate (ADR)

7.1.3 Average Room Rate per Guest

7.1.4 Rev-PAR and

7.1.5 Market Share Index

7.1.6 Guest Feedback

7.2 Hotel Check-in and Check-out Procedures

7.3 Keywords

7.4 Self-Assessment Questions

7.5 Further Readings

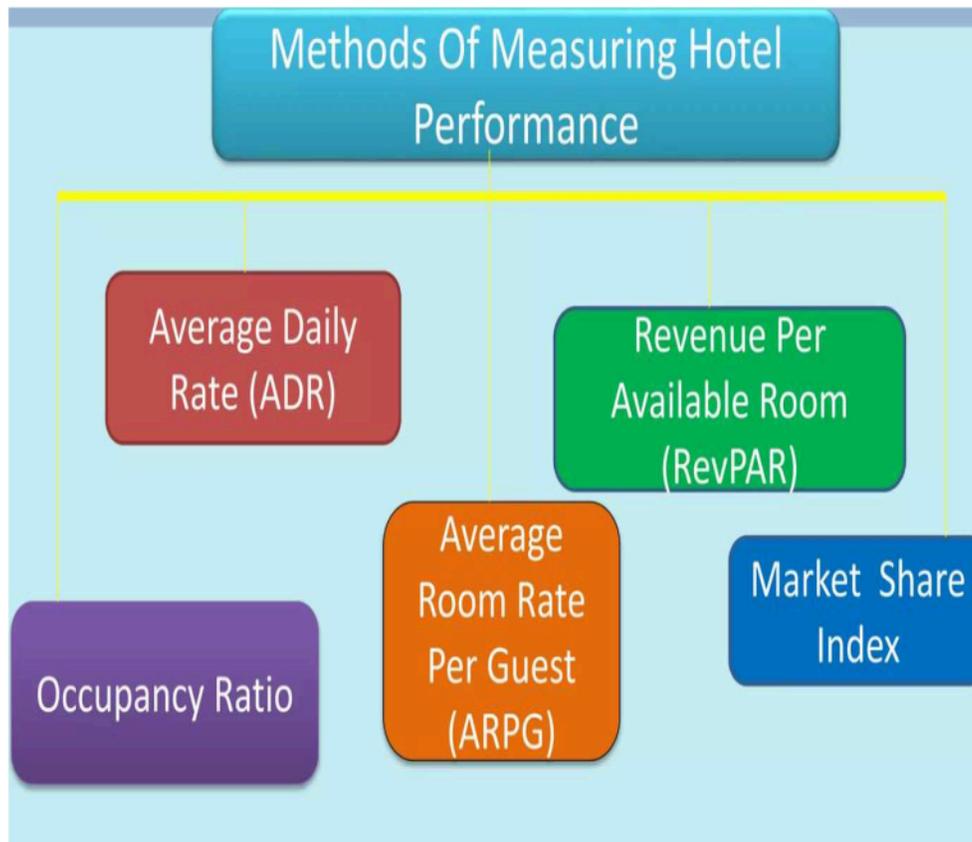
**7.1 Methods of Measuring Hotel Performance**

Measuring the performance of a hotel is important for its investors, owners, and managers. The investors want to assess the profitability of their investment in order to decide whether to

continue to invest or to withdraw their investment from that venture. The owner(s) need to continuously evaluate the performance of the hotel with respect to revenue generation. The managers formulate strategies to improve the performance of the hotel and set targets to measure their success.

There are different ways of measuring the performance of hotels. Hotels evaluate their performance by calculating occupancy ratios, average daily rate, average room rate per guest, rev-par, and market share. Guests also have an important say in evaluating the performance of a hotel.

#### Methods of Measuring Hotel Performance



**Fig – 7.1 Methods of Measuring Hotel Performance**

- 1) Occupancy Ratio
- 2) Average Daily Rate (ADR)
- 3) Average Room Rate Per Guest (ARG)
- 4) Revenue Per Available Room (Rev PAR)
- 5) Market Share Index

## 6) Guest Feedback

**7.1.1 Occupancy Ratios:** One of the oldest and traditional ways of evaluating the performance of a hotel is by calculating occupancy ratios. The calculation of occupancy ratios requires the following data:

- Total number of saleable rooms
- Number of rooms sold
- Number of guests (i.e. house count)
- Net room revenue generated

Occupancy percentage is the ratio of the total number of occupied rooms to the total number of rooms that are available for sale.

$$\text{Occupancy rate} = \frac{\text{number of occupied rooms}}{\text{number of available rooms}} \times 100$$

The occupancy percentage can be calculated for a particular day, or on a weekly, fortnightly, monthly, quarterly, half-yearly, or annual basis. This yardstick helps the management to measure the performance of the hotel.

**7.1.2 Average Daily Rate:** Average daily rate, commonly referred to as ADR, is a statistical unit that is often used in the hospitality industry. It is the average rental income per occupied room for a given time period. It is calculated by dividing the total revenue generated in a specific duration of time by the total number of rooms sold in that duration.

$$\text{Average Daily Rate (ADR)} = \frac{\text{Total Revenue from Occupied Rooms}}{\text{Number of Occupied Rooms}}$$

**7.1.3 Average Room Rate Per Guest:** Average room rate per guest (ARG) is calculated by dividing the total room revenue by the total number of guests in the hotel, including children above five years.

$$\text{ARG} = \frac{\text{Total Room Revenue}}{\text{Number of Guests}}$$

**7.1.4 Revenue Per Available Room (Rev-Par):** Rev-par is the revenue per available room. It is used to measure and compare the performance of two or more hotels. Rev-par is calculated by multiplying the average daily rate with the occupancy percentage.

**Rev-par = ADR × Occupancy percentage**

Rev-par can analyse the performance of a hotel over any timeframe- daily, weekly, monthly, quarterly, or yearly. The rev-par analysis can also be used to compare hotels of different sizes. Rev-par is a useful tool to measure the performance of a hotel. It uses occupancy percentage and ADR for comparing the performance of hotels. However, in a competitive environment, hotels may not provide information about ADR. In such situations, the evaluation of the hotel's performance is done by using market share.

## Introductory Case Study:

### The Transformation of Indian Hotels Company Limited (IHCL): Measuring Performance Beyond Occupancy

#### Background of the Organisation

Indian Hotels Company Limited (IHCL), the parent company of Taj Hotels, Resorts and Palaces, is one of India's most prestigious hospitality chains. With a legacy of over 100 years, IHCL operates luxury, upscale, and mid-scale properties across India and internationally. Historically, hotel success was largely measured through occupancy percentage and total revenue.

However, post-2015 and especially after the COVID-19 pandemic, the hospitality sector underwent structural disruption. Occupancy rates fluctuated unpredictably. Business travel declined, leisure travel patterns changed, and operational costs increased significantly.

#### Contextual Trigger

Around 2017–2018, industry reports in The Economic Times and hospitality sector analyses indicated that relying only on occupancy rates was no longer a reliable measure of hotel success. Even properties with high occupancy were struggling with profitability due to:

- High fixed costs
- Increasing OTA (Online Travel Agency) commissions
- Rising employee and energy costs
- Inconsistent service quality ratings

IHCL initiated a performance transformation strategy under its “Aspiration 2022” plan. The company shifted focus from traditional occupancy-based measurement to a more comprehensive framework that included:

- RevPAR (Revenue per Available Room)
- GOPPAR (Gross Operating Profit per Available Room)
- Customer satisfaction indices
- Digital feedback scores
- Operational efficiency ratios

#### Stakeholders Involved

- Corporate management

- General Managers of individual properties
- Front Office and Revenue Managers
- Investors and shareholders
- Guests and loyalty programme members

### Managerial and Operational Issues

Managers faced challenges such as:

- Balancing room rates and occupancy
- Ensuring seamless check-in and check-out processes
- Improving online review ratings
- Reducing average check-in waiting time
- Enhancing billing accuracy during check-out

IHCL realised that front office efficiency directly influenced online ratings and repeat bookings, thereby impacting long-term financial performance.

### Why This Case is Important for This Lesson

This case demonstrates that:

- Hotel performance cannot be measured by a single indicator.
- Financial and operational metrics must be integrated.
- Check-in and check-out efficiency affects revenue, reputation, and customer retention.
- Modern hotel evaluation requires multi-dimensional assessment tools.

### Linkage to Lesson Concepts

This case directly relates to:

- Methods of measuring hotel performance (RevPAR, ADR, Occupancy, GOP)
- Importance of operational indicators
- Role of front office procedures in service quality evaluation

#### 7.1.5 Market Share Index

Market share is defined as a hotel's occupancy performance in relation to other hotels within a predetermined competitive set.

Market Share Index (MSI) is a performance metric that shows how well a hotel performs compared to its competitive market. It does not just measure your numbers; it measures your numbers against others. That's why it's more honest than internal metrics like occupancy or ADR alone. A hotel can look "good" internally and still be losing ground in the market. MSI exposes that reality.

A major task in calculating the market share is the determination of the competitive set. The answer to the question-if a guest is not staying at our hotel, where can he possibly stay?-constitutes

the competitive set. The total market potential is the sum total of the number of rooms that are available in the total number of participating hotels.

MSI mainly compares a hotel’s occupancy or revenue share to the total market or a defined competitor set. The idea is simple: if your fair share of the market is 10% and you capture 12%, you’re outperforming. If you capture 8%, you’re underperforming. This makes MSI a relative performance indicator, not an absolute one. It forces management to look outside, not just at their own reports.

Market Share Index shows a hotel’s share of business in relation to its competitors. It answers one blunt question: Are you winning or losing in your market?

MSI matters because hospitality is competitive. Guests always compare options. If nearby hotels are capturing more demand, your strategy is failing somewhere—pricing, marketing, service, or reputation.

MSI also prevents false confidence. Many managers celebrate high occupancy without checking if competitors are doing even better. MSI removes that blind spot.

## Student Learning Activities

### Activity 1: Performance Indicator Analysis

**Task:**

Visit the website of any listed hotel company (e.g., IHCL, Marriott, Lemon Tree Hotels) and identify at least three performance indicators reported in their annual report.

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.....  
.....

**Expected Learning Outcome:**

Learner will understand practical application of financial performance metrics in real hotel operations.

### Activity 2: Front Office Observation Exercise

**Task:**

Observe the check-in procedure in a hotel (physically or via hospitality training videos). Identify each operational step and note potential delay points.

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**Expected Learning Outcome:**

Learner will connect theory with real-world operational efficiency.

**Activity 3: Reflective Analysis**

**Task:**

Write a short note (300 words) on how inefficient check-out procedures can impact hotel profitability.

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.....  
.....  
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**Expected Learning Outcome:** Learner will analyse the linkage between operational efficiency and financial performance

**7.1.6 Guest Feedback as a Tool for Elevating Hotel Performance**

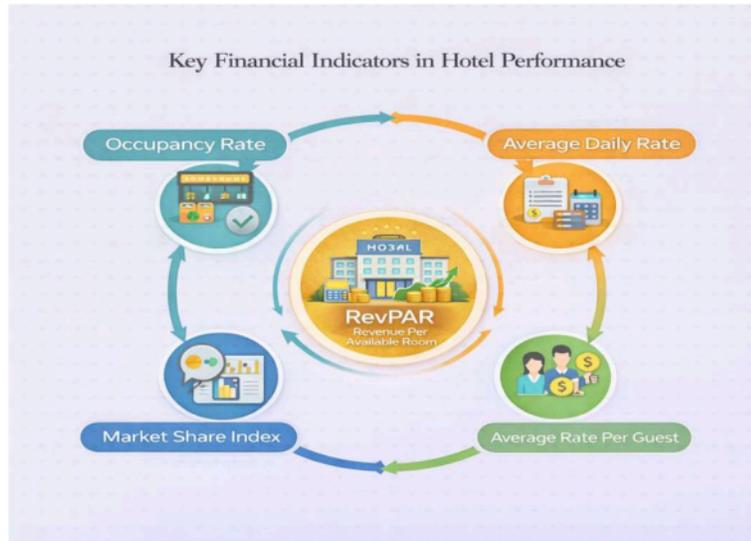
Guest feedback is one of the most practical and underused tools in hotel management. It tells you what is actually happening in your hotel, not what you assume is happening. Managers who ignore feedback operate on guesswork. Managers who use it properly get clear direction on what to fix, what to maintain, and where to invest. Feedback directly links guest experience to business performance.

Guest feedback is the information guests share about their stay, including opinions on service, cleanliness, food, staff behaviour, and overall experience. It can be collected through reviews, surveys, comment cards, or direct conversations. This information reflects real guest perceptions, which ultimately shape a hotel’s reputation.

**Benefits of Guest Feedback**

- Improving Service Quality
- Enhancing Reputation and Online Image - reviews influence booking decisions. Many travellers trust online reviews more than advertisements.
- Positive feedback builds trust; negative feedback damages credibility.
- Increasing Revenue and Guest Loyalty

- Evaluating Staff Performance
- Supporting Smart Decision-Making



## 7.2 Hotel Check-in and Check-out Procedures

Hotel check-in and check-out are two of the most important operations in the hospitality industry. They form the first and last direct interactions between a guest and a hotel. Because of this, they strongly influence guest satisfaction, reviews, and repeat business. A smooth process shows professionalism and organization, while a poor process creates frustration and distrust. These procedures are not just formalities; they are structured systems designed to ensure accuracy, security, and quality service.



**Hotel Check-In Procedure**

The check-in process begins when a guest arrives at the hotel. The first step is greeting the guest politely and confirming their reservation. This sets the tone for the stay. The receptionist verifies the booking details such as the guest's name, length of stay, and room type. Identification is requested for security and legal purposes. This prevents fraud and ensures proper records.

Next comes registration. The guest fills out a registration form or confirms details digitally. Contact information and a signature are collected. After this, the hotel confirms the method of payment. Most hotels pre-authorise a card or collect a deposit to cover room charges and extra services. This avoids payment issues later.

Once payment is secured, the receptionist assigns a room and issues the key card. Important information is shared, such as breakfast timing, Wi-Fi access, hotel facilities, and check-out time. In higher-service hotels, a staff member may escort the guest to the room and explain in-room features. A proper check-in ensures the guest feels welcomed and informed.



**Fig – 7.1 Hotel Check-in**

**1) Pre-Arrival Preparation**

Before the guest even arrives, the front office should be ready.

**Purpose:** Avoid delays and confusion.

**Steps**

- Review the arrivals list for the day
- Pre-assign rooms based on preferences
- Check room readiness with housekeeping

**Examples**

- A VIP guest gets a pre-blocked deluxe room
- A family gets connecting rooms arranged in advance

**2) Guest Arrival and Greeting**

First impression = long-term memory.

**Purpose:** Make the guest feel acknowledged.

**Steps**

- Greet within 5–10 seconds
- Offer assistance with luggage
- Confirm reservation name

**Examples**

- “Welcome, Mr XXXX, we’ve been expecting you.”
- Offering a seat to an elderly guest during processing

**3) Reservation Verification**

No assumptions. Always verify.

**Purpose:** Prevent fraud and errors.

**Steps**

- Check booking details in the system
- Confirm length of stay and room type
- Ask for ID/passport

**Examples**

- Matching ID name with booking name
- Confirming departure date to avoid overstay issues

**4) Registration**

This is the legal and record step.

**Purpose:** Documentation and compliance.

**Steps**

- Guest fills registration card (physical/digital)
- Collect signature
- Take contact details

**Examples**

- Email captured for invoice
- Phone number for communication

**5) Payment Method Confirmation**

Hotels don’t like chasing money later.

**Purpose:** Secure payment.

**Steps**

- Pre-authorize card or collect a deposit
- Explain charges clearly

**Examples**

- Blocking ₹5,000 as an incidental deposit
- Clarifying minibar is chargeable

**6) Room Assignment and Key Issuance**

Now the stay officially starts.

**Purpose:** Smooth transition to the room.

**Steps**

- Confirm room number
- Issue a key card
- Explain facilities and timing

**Examples**

- Telling breakfast timing
- Guiding the guest to the elevator location

**7) Escorting (Optional but Professional)**

High-end service standard.

**Purpose:** Personal touch.

**Examples**

- Bellboy escorts VIP guest
- Staff explain AC and Wi-Fi in the room



**Hotel Check-Out Procedure**

The check-out process starts when the guest informs the front desk of departure. The receptionist retrieves the guest's account and prepares the final bill. All charges are added, including room service, laundry, minibar, and taxes. Accuracy is critical because billing errors lead to complaints and delays.

The bill is then presented to the guest for review. Any doubts must be clarified with proof, such as signed bills or system records. Once the guest agrees, payment is collected through cash, card, or digital methods. A receipt is provided as confirmation.

After payment, the guest returns the key card. The front desk updates the room status and informs housekeeping for cleaning. Finally, the staff thanks the guest and may ask for feedback. This last interaction affects whether the guest returns or recommends the hotel.

**1) Check-Out Request**

The guest informs of departure.

**Purpose:** Start the billing process.

**Steps**

- Ask room number and name
- Retrieve the account in the system

**Examples**

- Express checkout via TV/app
- The guest calls the reception to prepare the bill



Fig – 7.3 Hotel Check-out

**2) Bill Preparation**

Accuracy matters. Errors cause arguments.

**Purpose:** Finalize charges.

**Steps**

- Post room charges
- Add extras (food, laundry, minibar)
- Verify totals

**Examples**

- Adding late-night room service
- Removing the wrongly posted charge

**3) Bill Presentation and Explanation**

Transparency avoids disputes.

**Purpose:** Gain guest approval.

**Steps**

- Show an itemized bill
- Clarify any questions

**Examples**

- Explaining GST/service charge
- Showing restaurant receipts

**4) Payment Settlement**

Money step—must be clean.

**Purpose:** Close financials.

**Steps**

- Process card/cash/online payment
- Provide receipt

**Examples**

- Foreign guest pays in card
- Corporate guest uses company billing

**5) Key Collection and Room Status Update**

Simple but essential.

**Purpose:** Security and housekeeping update.

**Steps**

- Collect key cards
- Inform housekeeping

**Examples**

- Marking the room as “dirty” for cleaning
- Deactivating the lost key card

**6) Feedback and Farewell**

Last impression = review likelihood.

**Purpose:** Retention and reputation.

**Steps**

- Ask for feedback
- Thank the guest

**Examples**

- Requesting a Google review
- Offering a discount for the next stay

**Conclusion**

Hotel check-in and check-out procedures are essential for operational efficiency and customer satisfaction. A well-managed process saves time, prevents errors, and builds trust. A poorly managed one leads to complaints, delays, and lost business. In hospitality, details matter. Quick service, accuracy, and polite communication during arrival and departure are what separate a professional hotel from an average one. Hotels that master these procedures gain loyal guests and a strong reputation, while those that neglect them struggle to compete.

## Case Study for Self-Assessment

### Case Study: Operational Inefficiency at a Premium Business Hotel in Hyderabad

#### Background

A 4-star business hotel in Hyderabad reported an occupancy rate of 82% during FY 2022–23. However, its profitability margins were declining despite steady room demand. Online review platforms showed frequent complaints about:

- Long check-in waiting times
- Billing errors during check-out
- Lack of coordination between front office and housekeeping

#### Problem Situation

Though RevPAR figures appeared satisfactory, the GOPPAR remained low. Investigation revealed:

- Manual billing adjustments
- Frequent complimentary upgrades without revenue tracking
- Delayed room readiness due to housekeeping communication gaps
- Insufficient performance monitoring beyond occupancy metrics

#### Managerial Dilemma

The General Manager had to decide:

- Whether to invest in automated Property Management Systems (PMS)
- Whether to retrain front office staff
- Whether to redesign performance evaluation metrics

#### Analytical Questions

1. Identify the weaknesses in the hotel's performance measurement system.
2. Analyse how check-in and check-out inefficiencies affected financial performance.
3. Suggest appropriate financial and operational indicators for monitoring improvement.
4. Recommend managerial actions for improving overall performance.
5. Evaluate whether technology investment is justified in this case.

#### 7.3 Keywords

- Occupancy Ratio – The percentage of available rooms that are sold during a specific period. It measures the extent to which hotel room capacity is utilized.

- Average Daily Rate (ADR) – The average revenue earned per occupied room in a given period. It is calculated by dividing total room revenue by the number of rooms sold.
- Average Room Rate per Guest – The average room revenue earned per guest staying in the hotel, reflecting individual guest contribution to room income.
- Rev-PAR (Revenue per Available Room) – A key performance indicator calculated by multiplying ADR by occupancy rate or by dividing total room revenue by total available rooms.
- Market Share Index – A comparative performance measure that indicates a hotel's share of the total market revenue or occupancy relative to its competitors.
- Guest Feedback – Opinions, reviews, and suggestions provided by guests regarding their stay, used to assess service quality and identify areas for improvement.
- Check-in Procedure – The formal process of registering a guest upon arrival, confirming reservation details, and allocating a room.
- Check-out Procedure – The process followed when a guest departs, including bill settlement, key return, and updating guest records.

#### **7.4 Self-Assessment Questions**

##### **A. Short Answer Questions**

- Define Occupancy Ratio. How is it calculated?
- What is Average Daily Rate (ADR)?
- Explain Rev-PAR with a suitable formula.
- What is meant by Market Share Index in hotel performance measurement?
- Why is guest feedback important for hotel management?
- List the main steps involved in the hotel check-in procedure.
- What activities are performed during the check-out process?

##### **B. Long Answer Questions**

- Discuss the various methods used to measure hotel performance.
- Explain the relationship between Occupancy Ratio, ADR, and RevPAR.
- Analyse the role of guest feedback in improving hotel service quality and operational performance.
- Describe in detail the standard hotel check-in and check-out procedures and their importance in ensuring guest satisfaction.

### 7.5 Further Readings

- Bardi, J. A. (2011). *Hotel Front Office Management*. John Wiley & Sons.
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1. Walker, J.R., *Introduction to Hospitality Management*, Pearson Education, New Delhi, 2017.
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### Other References

1. Ministry of Tourism, Government of India – Hotel Classification Guidelines.
2. World Tourism Organization (UNWTO) – Hospitality Industry Performance Reports.
3. Indian Hotels Company Limited (IHCL) Annual Reports (Latest Edition).
4. STR Global Hotel Performance Benchmarking Reports.

## LESSON - 8

# Role of Yield Management in the Hotel Industry

### 8.0 Objectives

After studying this lesson, you should be able:

- To describe the concept and role of yield management in hotel operations.
- To identify and discuss the major elements of yield management.
- To evaluate different yield management strategies used in the hotel industry.
- To assess the operational and market-related challenges in yield management implementation.

## Objectives of the Lesson

After studying this lesson, the learner will be able to:

- Explain the concept and evolution of yield management in the hospitality industry.
- Analyse the relationship between demand forecasting, pricing, and capacity management.
- Distinguish between yield management, revenue management, and dynamic pricing.
- Apply yield management techniques to room inventory and rate decisions.
- Evaluate the strategic role of yield management in improving hotel profitability and competitiveness

### Structure

- 8.1 Yield Management
- 8.2 Yield Management in Hotel Industry
- 8.3 Elements of Yield Management
- 8.4 Benefits of Yield Management
- 8.5 Yield Management strategies
- 8.6 Challenges of Yield Management
- 8.7 Hotel Reservation Forecasting & Its Benefits
- 8.8 Keywords
- 8.9 Self-Assessment Questions
- 8.10 Further Readings

### 8.1 Yield Management

The concept of yield management was introduced by the airline industry. Yield is the revenue generated per statistical unit. For example, an airline's yield would be stated as the average revenue per mile per paying passenger. In 1985, American Airlines launched Ultimate Super Saver fares to compete with a low-cost carrier. This was a very successful scheme. The airline operators realized that their product (i.e., seat in the flight) was highly perishable—as a seat left unoccupied in a flight results in a loss of revenue of that seat forever. To maximize the revenue generated from selling the seats in a flight, the airlines adopted a technique based on demand and supply. When the demand for seats in a particular flight exceeded the supply (or availability) of seats, the airlines charged higher rates (close or equal to rack rate). But when the supply exceeded demand (available seats were much more than the demand), the airlines offered various types of discounts and package plans, resulting in the lowering of prices, which would lead to the selling of more seats on that particular flight. This way of maximizing revenue generation is termed yield management. Soon, this concept gained popularity in various sectors selling highly perishable products and services like railways and hospitality. Thus, yield management or revenue management is the process of understanding, anticipating, and influencing consumer behavior in order to maximize revenue or profits from a fixed, perishable resource (such as airline seats or hotel rooms). The challenge is to sell the right resources to the right customer at the right time for the right price. This process can result in price discrimination, where a firm charges different prices from customers consuming otherwise identical goods or services. Airlines charge different airfares from travellers who are travelling in the same class of the same flight, depending upon the number of days in advance the tickets have been booked. In general, the tickets purchased much earlier than the date of travel are less expensive than bookings made a little in advance.

## Introductory Case Study: The Taj Hotels' Revenue Strategy During Demand Volatility

### Background of the Organisation

The Indian Hotels Company Limited (IHCL), operating under the brand name **Taj Hotels**, is one of India's most prestigious hospitality groups. With properties ranging from luxury palace hotels to business-class accommodations, Taj caters to diverse market segments including business travellers, international tourists, corporate clients, and event groups.

The hospitality industry in India experienced severe demand fluctuations during the COVID-19 pandemic (2020–2022), followed by a sharp recovery driven by domestic tourism and “revenge travel.” According to reports in *The Economic Times* and industry briefings by IHCL, occupancy levels dropped below 20% during lockdown phases but rebounded rapidly post-2021, creating unpredictable demand cycles.

### Contextual Trigger / Problem Situation

During the recovery phase, Taj faced a complex managerial challenge:

- Demand was highly volatile.
- Leisure travel surged on weekends.
- Business travel remained uncertain.
- Corporate contracts had pre-negotiated rates.
- Online Travel Agencies (OTAs) demanded dynamic pricing flexibility.

Traditional fixed pricing models were no longer viable. Rooms were either underpriced during peak leisure demand or overpriced during weak corporate demand.

### Stakeholders Involved

- Hotel General Managers
- Revenue Managers
- Corporate Clients
- Online Travel Agencies (MakeMyTrip, Booking.com)
- Leisure Travellers
- Shareholders

### Managerial Issues

1. How to optimise room rates without alienating loyal corporate clients?
2. How to balance occupancy and average daily rate (ADR)?
3. How to forecast uncertain demand?

#### 4. How to manage distribution channels effectively?

IHCL strengthened its **centralised revenue management system**, invested in predictive analytics, and adopted dynamic pricing models. Rates were adjusted daily based on:

- Booking pace
- Competitor pricing
- Demand forecasts
- Event calendars
- Historical occupancy data

#### Why This Case is Important for This Lesson

This case highlights the growing importance of yield management in:

- Maximising RevPAR (Revenue per Available Room)
- Managing fluctuating demand
- Balancing occupancy and profitability
- Using data-driven decision making

#### Linkage to Lesson Concepts

The Taj example directly illustrates:

- Demand forecasting
- Market segmentation
- Price discrimination
- Overbooking strategies
- Revenue optimisation

#### Measuring Yield in the Hotel Industry

Yield management is a tool to maximize the yield (revenue generated) of a hotel. Measuring yield is one of the various techniques employed by hotels to evaluate the performance of their business. The average daily rate (ADR) and occupancy percentages are commonly taken as indicators of a hotel's performance. While they do provide us with the basic tools, these figures can be taken a step further by utilizing them together with many other formulae to plan the hotel's pricing and booking strategies.

$$\text{Yield} = \frac{\text{Number of rooms sold}}{\text{Number of available rooms}} \times \frac{\text{Actual average room rate}}{\text{Room rate potential}}$$

### 8.2 Yield Management in the Hotel Industry

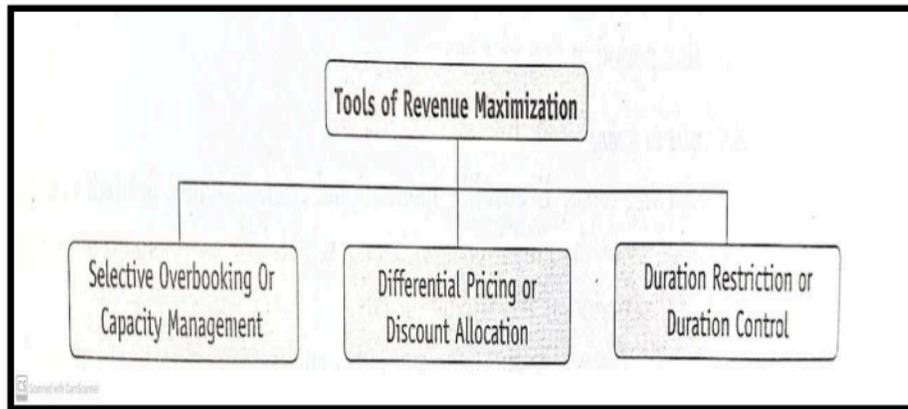
A guest room is one of the highly perishable products of the hospitality sector – if a room is not sold on a particular day, the entire potential revenue that could be generated from it is lost forever. Hotels have come to realize that mere volume sales do not generate the desired revenue and that they have to think of quality deals in terms of revenue generated per sale. Their focus is shifting from high-volume reservations to high-profit reservations. To maximize the revenue generated from rooms, hotels now sell their rooms at varying prices. Yield management is composed of a set of demand forecasting techniques, which are used to determine whether the room rates should be raised or lowered and whether a reservation should be accepted or rejected in order to maximize revenue. Thus, we can define yield management in the hotel industry as a technique based on the principle of demand and supply, used to maximize the revenue generation of any hotel by lowering prices to increase sales during the off-season (low demand period) and raising the prices during peak season (high demand periods).

Hotels fulfill the three essential conditions for revenue management to be applicable:

- There is a fixed amount of resources available for sale: Hotels have a limited inventory of rooms available for sale to guests.
- The resources sold are perishable: In case the rooms are not sold on a particular day, the revenue is lost forever. This means that there is a time limit to selling the rooms, after which the revenue for the day is lost.
- Different customers are willing to pay a different price for using the same amount of resources: Business customers would not mind paying higher room rates and may book rooms closer to the stay dates, whereas families and guests on vacation are price

sensitive and may book much ahead of the stay dates and would want to pay lower room rates.

Pricing and demand are interrelated and need to be coordinated. In the hospitality industry, demand for a room is cyclic in nature and follows a trend. Revenue management models help pinpoint demand by minimizing uncertainty and producing the best possible forecast. Revenue management helps in the allocation of the inventory of hotel rooms among the different segments of guests.



**Fig 8.1 Tools of Revenue maximization**

**A. Selective Overbooking or Capacity Management** – Capacity management involves various methods of controlling and limiting room supply. The availability of rooms plays a vital role in taking advance booking of hotel rooms. Hotel managers, based on their experience and historical data available, often take chances to book more rooms than the total inventory of rooms in the hotel. Overbooking is the practice of intentionally selling more rooms than available, in order to offset the effect of cancellations, no-shows, and early departures.

**The availability of rooms increases in the following situations:**

- **Early departure/Understay** – When guests leave the hotel before their expected date of departure, the number of vacant rooms increases. If a provision is not made, the newly-vacated room will remain unsold, which would result in the loss of revenue. To avoid this situation, hotels generally discourage early departure.
- **Cancellations** – Cancellation is another major factor that increases the availability of rooms. The guests are free to cancel a booking made before a stipulated time. There

are times when guests cancel their reservations after the stipulated time, which increases the number of available rooms. If a provision is not made, this would result in unsold rooms and loss of revenue.

- **No-shows** – It is a condition in which guests with confirmed bookings do not turn up at the hotel on the expected date of arrival, without any prior intimation. This also leads to an increase in the inventory of rooms. In case of non-guaranteed reservations, if the guest does not arrive on or before the cancellation hours (generally 6:00 p.m.), the room is released to waitlisted guests or walk-ins. In case of guaranteed reservations, if the guest does not arrive, the room is kept vacant and one day charge is levied on the guest and adjusted against the advance deposit. However, no-shows result in increasing the room availability of the hotel, which leads to the loss of revenue in case the room is not sold.

To avoid the loss of revenue from any of the above-mentioned situations, hotels generally prefer overbooking. Overbooking is not done by mere guesswork. Selective overbooking is done by considering the following factors:

**Past history of data related to:**

**Cancellation statistics:** The number of cancellations received on those dates or that period (festival time or special events scheduled in the city, etc.) in previous years. For example, for a reservation for 31 December, the manager would check the previous year's statistics and also keep in mind that the day being New Year's Eve, the hotel would be on high occupancy.

- **Understay statistics:** The number of guests who stayed for less than their reserved days on those dates or that period in previous years.
- **No-show statistics:** The number of no-shows during those dates or that period in previous years.
- **Turn away statistics:** The number of guests who were turned away or were denied reservations due to the non-availability of rooms during those dates or that period in previous years.

**Activities in town:**

- **Sporting events:** Events like international cricket, tennis, football matches, or archery or shooting events, which are scheduled to be held on those dates or in that period in and around the city.
- **Cultural events:** Events like art festivals, cultural fairs or festivals, music shows, etc. which are scheduled to be held on those dates or in that period.

- **Business events:** Events like trade fairs business conferences, which are scheduled to be held on those dates or in that period.
- **Protest/unrest/emergency etc.:** Events like curfews, bandhs, etc., are scheduled to be held on those dates or in that period.

**The experience of the reservation manager** – The reservation manager can tell from experience how many of the reserved guests will actually turn up.

Selective overbooking varies slightly with room types. The overbooking of lower-priced rooms is advantageous because, in case of overselling (i.e., there are no cancellations or no-shows, all the confirmed guests arrive at the hotel, and rooms are not available), the guests can be upgraded to a higher category room. The percentage of overbooking will depend upon the demand for higher-priced rooms in that duration. Overbooking should be avoided in cases where the hotel has only one or two rooms of the requested category, like presidential suites, luxury suites, etc. In case there is a reservation request for a suite, which has already been confirmed, the second reservation should be put on a waitlist. The guest should be informed that the confirmation of their waitlisted reservation is subject to cancellation. Selective overbooking or capacity management balances the risks of overbooking against the potential loss of revenue from reservation cancellations, early departures, and no-shows.

**B. Differential Pricing or Discount Allocation** – Price of goods or services may be defined as 'the value of the goods or services expressed in terms of money. Price is a major criteria for a guest while choosing a hotel for a stay. The pricing of a hotel's accommodation products is based on its demand in the market. Yield management attempts to get the right sales mix. It is next to impossible for a hotel to sell its rooms at a rack rate at all times. A hotel must therefore have a sales strategy that will allow it to sell the maximum number of rooms at the best rates (to satisfy the projected demand for rooms at that rate), while at the same time filling the rooms that would have otherwise remained unsold at a discounted rate. Let us understand this by an example. Let's suppose the Cricket World Cup final match is being organized at Mohali's (town adjacent to Chandigarh) PCA Stadium in the month of February. This is the peak season to visit north India. Moreover, during the month of February, Chandigarh celebrates the 'Festival of Gardens'—a three-day extravaganza that is flooded with various cultural programs. During this period, packages for marriages. From the above-

mentioned situation, we can see that a large number of people cricket et match. Will be coming to Chandigarh. These will include the place.

- People (Indians and foreigners) to watch the cricket match
- Tourists, as it is the peak season for visiting the place
- People to visit or participate in the Festival of Gardens.
- People to attend marriages.

This will lead to high demand for rooms in Chandigarh during the above\_ mentioned period. In this situation, hotels may not offer any discount on room tariff and will prefer to charge the rack rate as they are confident that the demand for rooms would be more than the supply of available rooms.

During the lean time or off-peak season, when the occupancy is low, the supply of rooms is more than its demand. In this situation, hotels offer discounted rates to attract more guests who otherwise might not have planned to stay at that hotel or visit that city. Hotels may offer off-season rates, package plans, special offers, etc. to attract more business.

**A hotel normally offers discounts as under:**

- Rack rate (no discount): Offered to walk-ins during peak season.
- 10% to 20% discount: Offered to travel agents, groups, regular guests.
- 30% to 40% discount: Offered to large travel agents and major companies.
- 50% to 60% discount: Offered to very large multinational companies, holiday planners, conference, and convention planners.

**C. Duration Restriction or Duration Control** – Duration restriction is another tool of yield management. Duration control places time constraints on accepting reservations, in order to protect sufficient space for multi-day requests. For example, a hotel may refuse a reservation request for a one-night stay, even though rooms are available for that night, as accepting such a reservation will block occupancy on adjacent days. Hotels located in a city generally witness lean occupancy during weekends and high occupancy during weekdays. The situation is reversed for resort hotels at vacation destinations. A hotel may exercise the length of stay restriction to control the imbalance of occupancy during the week. If the rooms of a hotel are sold out on one day of the week the hotel will not be able to take bookings for two or more days including the sold-out day. As this will lead to a loss of potential revenue, hotels may turn down requests for single-night booking on days of higher occupancy. Hotels may also

offer special rates if the guests are willing to stay on lean days like weekends in downtown hotels. A similar practice may be used in hotels that are patronized by holidaymakers. The resorts located at holiday destinations like hill stations and sea beaches, where the hotels are almost sold out on weekends, may practice the length of stay restriction to neutralize the imbalance of occupancy during weekdays and weekends. Normally, hotel practices minimum length stays restrictions in case' a special event happening in the city. Let us suppose there is a mega show 'on a Saturday.

The hotel's occupancy will adversely suffer on Sunday when pests, who've come especially for the event, leave. The hotel may exercise a minimum of three-day stay restriction to make a booking for Saturday. This will bring down the imbalance of occupancy during the week. The hotel may also put restrictions on minimum and maximum lengths of stay to make a balance of occupancy throughout the duration. So, hotels may implement duration restrictions on room bookings to protect rooms for multi-day reservations and thus higher levels of revenue.

### **8.3 Elements of Yield Management**

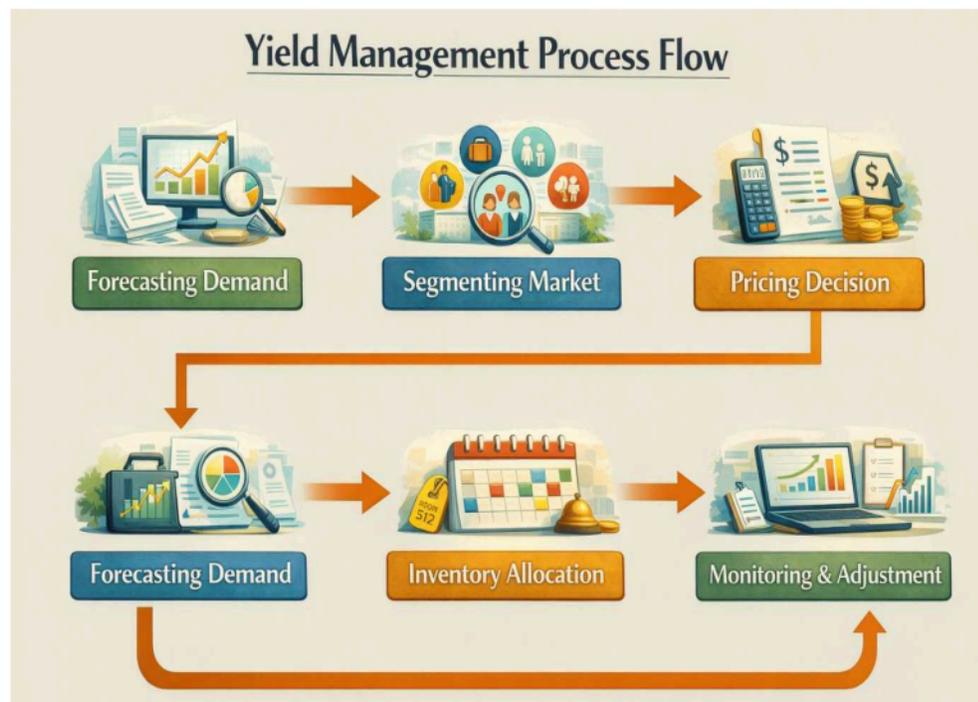
While developing a successful yield strategy, these 5 elements are very important in yield management.

- Group Room Sales
- Transient Room Sales
- Food & Beverage
- Local and Area wide conventions
- Special Events

A. **Group Room Sales** – By studying group booking data, hotels can anticipate group behavior and accordingly make provisions (for cancellations, modifications, etc.) in group reservations. The group's booking pace indicates the rate at which group business is being booked as per the historical trends. Anticipated group business helps watch out for repetitive group patterns and accordingly forecast the pressure on the market, and hence adjust selling strategies. Group booking lead-time measures how far in advance of a stay the group bookings are made. This is very important in determining whether to accept an additional group and at what room rate to book the new group. A displacement of transient business occurs when a hotel accepts group

business at the expense of individual guests. This might cause profitability problems and a bad reputation.

- B. **Transient or Individual Room sales** – The front office management should monitor the booking pace and lead-time of individual guests to understand how current reservations compare with historical and anticipated rates.
- C. **Food and Beverage Activities** – All local food and beverage functions should be viewed in the light of the potential for booking groups that need a meeting space, food and beverage service, and guest rooms.
- D. **Local and Area-wide Activities** – Even when a hotel is not in the immediate vicinity of a convention, individual guests and small groups, who have been displaced by the convention, may be referred to your hotel (as an overflow facility) and this may have a tremendous impact on the hotel's revenue.
- E. **Special Events** – During special events (like concerts, festivals, and sporting events), hotels might decide to benefit from high demand by restricting room rate discounts or requiring a minimum length of stay.



ing a minimum length of stay.

#### **8.4 Benefits of Yield Management**

There are a lot of benefits associated with the use of yield management in the hospitality sector, especially in hotels. These benefits include the following:

- Improved forecasting: Revenue management helps improve forecasting.
- Improved seasonal pricing and inventory decisions: It helps in deciding the season and off-season pricing for accommodation products and also in making important inventory decisions like renovation.
- Identification of new market segments: New market segments can be identified based on yield management.
- Identification of market segment demands: The demands of the targeted market segments can be identified with yield management.
- Enhanced coordination between the front office and sales divisions: As the two divisions work together to forecast and manage revenue and yield, it helps enhance coordination between them.
- Determination of discounting activity: Yield management helps determine the amount of discounts to be offered, depending on the dates and periods.
- Improved development of short-term and long-term business plans: Revenue management helps develop business plans as the management can forecast the revenue that can be generated and take measures to generate those figures.
- Establishment of a value-based rate structure: It helps define rate structures, based on perceived values.
- Increased business and profits: Good revenue management helps increase revenue and profits.
- Savings in labour costs and other operating expenses: As most of the revenue management tools are computerized, it helps in saving labour costs and other operating expenses.
- Initiation of consistent guest-contact scripting: Revenue management helps initiate consistent contact with guests.

**8.5 Yield Management Strategies** – Revenue management strategies differ during high demand and low demand periods.

**High Demand** – During high demand periods, as indicated by the forecasts, the management would use the following tactics:

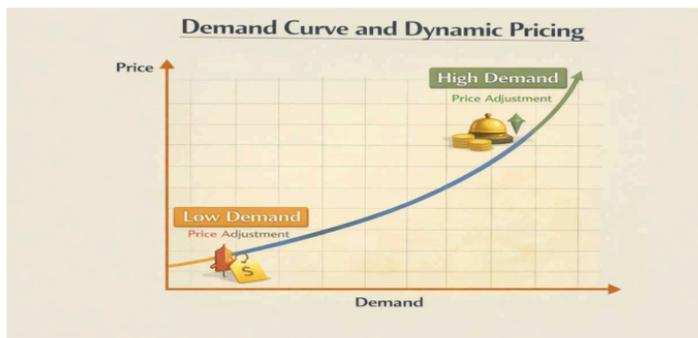
- Close or restrict discounts to generate more revenue.

- Apply a minimum length of stay restrictions carefully.
- Reduce group room allocations as groups get very low room rates.
- Reduce or eliminate 6 p.m. holds to avoid last moment no-shows or cancellations.
- Tighten guarantee and cancellation policies to avoid last moment no-shows or cancellations.
- Raise rates as consistent with competitors to generate optimum revenue.
- Consider a rate increase for packages instead of giving more discounts.
- Apply rack rates to a higher category of rooms like suites and executive rooms.
- Select dates that are to be closed to arrivals.
- Apply deposits and guarantees to the last night of stay.

**Low Demand During** – low demand periods, as indicated by the forecasts, the management would use the following tactics:

- Sell value and benefits like spa treatments.
- Offer packages and special offers.
- Keep discount categories like advance purchase rates, corporate rates open.
- Encourage upgrades.
- Offer stay-sensitive price incentives.
- Remove stay restrictions.
- Establish relationships with competitors.
- Lower rates to attract more guests and to generate more revenue for the hotel.

In order to implement these tactics, the management establishes the hurdle rate (i.e., the lowest rate for a given day) below which it is impossible to sell any room.



### 8.6 Challenges in Yield Management

The yield management techniques and the models of overbooking, if applied aptly, would definitely maximize the revenue of the hospitality industry. But there are some challenges or problems in this, which include:

- **Measuring the performance of a yield management system:** Occupancy rates and yield are measures that are affected by external competition. Therefore, an ideal measurement can be done using the opportunity model, i.e., if the hotel segments the market and fixes different rates for different guests, then it has to see that the revenue is generated from those rooms and it has to be utilized ideally.
- **Guest satisfaction:** Some guests do not like the practice of differential pricing. In evaluating the efficiency of the yield management system, the trade-off between generating short-term profits and creating long-term guest loyalty needs to be studied carefully.
- **Employee malpractice:** Revenue management may influence the employees to follow wrong practices. For example, hotels might offer incentives to the staff for selling higher category rooms and this might motivate the reservation agent to upsell while making reservations. So the agents might not sell the basic category rooms and offend certain guests.

#### Activity 1: Occupancy and Revenue Analysis Task

**Task:**

Assume a 100-room hotel has:

- 70% occupancy
- ADR ₹5,000

Calculate RevPAR. Then analyse how revenue changes if occupancy increases to 85% but ADR decreases to ₹4,500.

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**Expected Learning Outcome:**

Develop analytical ability to understand trade-offs between occupancy and pricing.

### Activity 2: Demand Segmentation Exercise

**Task:**

Identify three different market segments in your local city (e.g., corporate, leisure, wedding groups). Suggest different pricing strategies for each.

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**Expected Learning Outcome:**

Apply market segmentation principles to yield management decisions.

### Activity 3: Reflective Analysis

**Task:**

Observe pricing differences of a hotel room on a weekday versus a weekend using an OTA platform. Write a 300-word note explaining the yield management logic behind the difference.

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**Expected Learning Outcome:**

Connect theory with real-world digital pricing strategies.

**8.7 Hotel Reservation Forecasting & Its Benefits**

According to New Oxford Intermediate Learner's Dictionary, forecast means 'to say (with the help of information) what will probably happen in the future. Thus, forecasting is the prediction of future happenings, based on the precise analysis of the data available rather than guesswork. Forecasting plays an important role in short-term planning.

**Benefits of Forecasting**

- It helps the reservation or revenue manager to project future volume of business and the revenue that would be generated by the hotel.
- The volume of reservations will help the front office manager and the management of the hotel to plan the following:
  - Staff requirements in each department for the smooth functioning of the hotel.
  - Minimum inventory of items required by each department to carry out their tasks efficiently.
  - Allocation of resources to serve the guests in the best possible way.
  - Maintenance and replacement requirements of the furniture, fixtures, and ultimate) the property, as the wear and the tear of these, depends on the number of people using it.
  - Special arrangements are to be made for the arrival of groups, commercially important persons (CIPs), and VIPs.
- The reservation forecast will provide the necessary data to the reservation manager to practice yield management.
- The reservation manager will be able to take selective overbooking, based on the reservation forecast.
- The forecast data provides information about the lean days when the occupancy will be low; the sales department may take the necessary actions to attract the business for those durations.
- The forecast data will also reveal the sold-out dates, which will ensure that the reservation agent does not accept reservations for those days.

**Data Required for Forecasting**

Forecasting gives an estimate of the revenue that should be generated by a hotel in near future. Forecasting, which is a difficult skill to develop, can be acquired through the effective and efficient tracking of records, by using accurate mathematical calculations, and through experience. The front office managers, by virtue of their experience, have found that the following information is necessary for making accurate forecasting:

- Thorough product knowledge.
- A good judgment about what could happen in the future.
- Thorough knowledge about their area of operation in the hotel.
- The profile of the target market to which the hotel is catering.

- The events that are scheduled in the area during the forecasted period.
- Percentage of no-shows.
- Overstay percentage.
- Understay percentage.
- Turn-down statistics.
- Future plans for renovation or the addition of more rooms in the property.
- Future plans regarding the opening of any new property in the vicinity of the hotel.
- Precise knowledge about room status in a competitor's property.
- Knowledge about competitor's plans for activities (like renovations), which will reduce the supply of rooms in their property.
- Cancellation statistics.
- Wash out percentage (Travel agents normally book more number of rooms than the actual size of the group, to meet any last-minute demand for the package tour. The same rooms are cancelled if travel agents have failed' to sell those extra packages. The number of such cancellations is known as the washout factor.)

## Case Study for Self-Assessment

### Case: Revenue Optimisation at The Oberoi, Gurgaon

#### Background

The Oberoi, Gurgaon, is a luxury business hotel catering primarily to corporate travellers, MICE segments, and international guests. The hotel has 220 rooms and operates in a highly competitive NCR market with brands like Hyatt, Marriott, and Leela.

#### Problem Situation

During a major international trade exhibition in Delhi, demand surged dramatically. Simultaneously, the hotel had pre-contracted corporate rates significantly lower than market potential. Revenue managers faced a dilemma:

- Honour low corporate contracts?
- Restrict discounted OTA inventory?
- Increase rack rates sharply?
- Risk losing long-term clients?

## Managerial Decisions

The hotel adopted:

- Length-of-stay controls
- Closed discounted channels temporarily
- Introduced minimum stay requirements
- Applied dynamic pricing for new bookings
- Protected high-value corporate clients selectively

## Outcomes

- Achieved 98% occupancy
- Increased ADR by 40%
- Improved RevPAR significantly
- Maintained long-term corporate relationships

### 8.8 Keywords

- **Yield Management** – Yield management is the technique of planning to achieve maximum room rates and the most profitable guests. This practice encourages front office managers, general managers, and marketing and sales directors to target sales periods and to develop sales programs that will maximize profit for the hotel.
- **Occupancy Percentage** – It is the most commonly used operating ratio in the hotel front office. The Occupancy percentage indicates the proportion of rooms either sold or occupied to the number of rooms available for the selected date or period.

### 8.9 Self-Assessment Questions

- Write the significance of Yield Management in the Hotel Industry?
- What are the Elements of Yield Management?
- Discuss the Benefits of Yield Management in the Hotel Industry.
- What are the strategies followed in Yield Management?
- Briefly discuss the concept of Hotel Reservation Forecasting and explain its benefits.

## A. Short Answer Questions (With Answers)

### 1. Define Yield Management.

*Answer:* Yield management is a pricing and inventory strategy aimed at maximising revenue from fixed and perishable hotel room inventory.

2. **What is RevPAR?**

*Answer:* Revenue per Available Room; calculated as  $ADR \times \text{Occupancy Rate}$ .

3. **Why are hotel rooms considered perishable inventory?**

*Answer:* Unsold rooms cannot be stored or sold later; revenue opportunity is lost permanently.

4. **What is overbooking?**

*Answer:* Accepting reservations beyond available capacity to offset cancellations and no-shows.

5. **State two objectives of yield management.**

*Answer:* Revenue maximisation and optimal capacity utilisation.

## B. Essay-Type Questions (With Hints)

1. **Discuss the importance of yield management in the hotel industry.**

*Hints:* Perishable inventory, demand fluctuation, pricing flexibility, competitive advantage.

2. **Explain the steps involved in implementing yield management.**

*Hints:* Forecasting, segmentation, pricing, inventory control, monitoring.

3. **Analyse the relationship between ADR, occupancy, and profitability.**

*Hints:* Trade-off analysis, RevPAR formula, high occupancy vs high rate strategy.

## C. Analytical MCQs

1. A hotel increases occupancy from 60% to 85% but reduces ADR significantly.

Revenue declines. The most likely reason is:

- a) Demand forecasting error
- b) Excessive discounting
- c) Overbooking
- d) Poor housekeeping

**Correct Answer: b**

2. Yield management is most effective when:

- a) Demand is stable
- b) Inventory is unlimited
- c) Demand is variable and capacity is fixed
- d) Pricing is government controlled

**Correct Answer: c**

3. RevPAR increases when:

- a) Occupancy increases and ADR decreases moderately
- b) Occupancy decreases sharply
- c) Rooms remain unsold
- d) Fixed costs increase

**Correct Answer: a**

### 8.10 Further Readings

- Hospitality Reception and Front Office (Procedures and System) Paperback – 1 December 2013 by Negi Jagmohan (Author)

- Introduction to Revenue Management for Hotels: Tools and Strategies to Maximize the Revenue of Your Property Paperback – 17 January 2017 by Gemma Hereter (Author)
- Front Office Management and Operations Paperback – 1 July 2017 by Sudhir Andrews (Author)
- Front Office Operations & Management Paperback – 19 January 2002 by Ahmed Ismail (Author)
- Front Office Management Paperback – 1 January 2006 by Sushil Kumar Bhatnagar (Author).

### Text Books

1. Hayes, D.K., & Miller, A.A., *Revenue Management for the Hospitality Industry*, John Wiley & Sons, Hoboken, 2011.
2. Kimes, S.E., *Revenue Management: A Practical Pricing Perspective*, Pearson Education, Boston, 2017.
3. Ivanov, S., & Zhechev, V., *Hotel Revenue Management: From Theory to Practice*, Zangador Ltd., Varna, 2012.
4. Cross, R.G., *Revenue Management: Hard-Core Tactics for Market Domination*, Broadway Books, New York, 1997.
5. Walker, J.R., *Introduction to Hospitality Management*, Pearson Education, Boston, 2017.
6. Kasavana, M.L., & Brooks, R.M., *Managing Front Office Operations*, AHLEI, Orlando, 2013.

### Other References

- Ministry of Tourism, Government of India – Annual Reports on Tourism Sector.
- World Tourism Organization (UNWTO) – Global Tourism Reports.
- STR Global Hotel Performance Reports.
- Economic Times – Hospitality Industry Reports (selected articles on revenue management trends).

**LESSON – 9****MISCELLANEOUS DEPARTMENTS IN HOTEL INDUSTRY****9.0 Objectives**

After studying this lesson, you should be able:

- To explain the role and functions of the Human Resource Department in the hotel industry.
- To describe the responsibilities of the Engineering and Maintenance Department in ensuring operational efficiency.
- To discuss the structure and functions of the Accounts Department in hotel operations.
- To examine the importance and functions of the Security Department in maintaining safety and asset protection.
- To analyse the role of the Purchase and Sales & Marketing Departments in supporting hotel revenue and business growth.

**Objectives of the Lesson**

After studying this lesson, you will be able to:

- **Explain** the structure and functions of the Human Resource Department in hotels.
- **Analyse** the operational role of Engineering and Maintenance in hotel service delivery.
- **Evaluate** the financial control mechanisms of the Accounts Department in hospitality operations.
- **Distinguish** the responsibilities of Security, Sales & Marketing, and Purchase Departments.
- **Apply** inter-departmental coordination concepts to improve overall hotel performance.

**Structure**

9.1 Miscellaneous department in Hotel Industry

9.1.1 Human Resource Department

9.1.2 Engineering and maintenance department

9.1.3 Accounts

9.1.4 Security Department

9.1.5 Sales and Marketing

9.1.6 Purchase Department

9.2 Keywords

9.3 Self-Assessment Questions

9.4 Further Readings

### **9.1 Miscellaneous departments in the Hotel Industry**

The miscellaneous departments in the hotel industry are the Human Resource Department, Engineering and maintenance department, Accounts, Security department, Sales & Marketing department, Purchase department. These miscellaneous departments play a vital role in the growth of the hotel industry. These departments are helping to for running hotel operations smoothly.

#### **9.1.1 Human resource department**

Hotel Industry is one of the fastest-growing sectors of the economy of our Country. The hotel industry is varied enough for people to work in different areas of interest and still be employed within the hotel industry. This trend is not only in India but also worldwide. The human resource department plays a major role in Hotel Industry in helping plan the system and in developing job descriptions, job specifications, and performance standards. The human resource department is not involved in the actual writing of performance standards but plays a diagnostic, training, and monitoring role.

Training and development activities are designed by the Human Resource department in order to impart specific skills, abilities, and knowledge to employees. Effective training is the basic ingredient of success in the hotel industry. One of the main problems in the hotel industry is that investment in the training and development of employees is a reactive process for many companies. Frequently, training and development arise as the result of significant change in the operational environment or as a consequence of crises such as staff turnover or major departmental problems. Training is then used to cope with the immediate difficulty.

Human Resource's responsibility is to identify the training need and then accordingly to design a suitable program for the same. Training within a hotel provides the best opportunity to influence the attitude and performance of employees. The training programs include is such as introduction, fire, food hygiene, control of substances hazardous to health, manual handling first-aid, technical skills, product knowledge, and the prime importance of customer service.

The human resource (HR) department (earlier called the personnel department) is responsible for the acquisition, utilization, training, and development of the human resources of the hotel. The hotel industry is people and service-oriented; well-trained, dedicated, and loyal employees are the assets of a hotel.

The HR department calculates the present and future requirements of the workforce, and also makes the necessary arrangements to acquire them. The HR audit identifies suitable in-house managerial resources for the future. Moreover, the training and development activity for the existing staff is carried out by the HR department. It also maintains the attendance and leave records of employees, prepares employee payrolls, and takes care of the exit formalities of employees leaving the company.

## Introductory Case Study: Human Resource Crisis at The Oberoi Hotels During Post-Pandemic Recovery

### 1. Background of the Organisation

The Oberoi Group is one of India's most respected luxury hotel chains, known for high service standards, employee training excellence, and customer-centric culture. With properties across India and internationally, the group has historically invested heavily in human resource development through its Oberoi Centre of Learning and Development (OCLD).

### 2. Contextual Trigger

During the COVID-19 pandemic, the hospitality sector experienced unprecedented disruption. Occupancy rates dropped drastically. Revenues declined. Hotels had to temporarily close operations. Across the industry, layoffs, salary cuts, and reduced staffing became common.

When travel resumed, hotels faced a different crisis — **talent shortages**. Many skilled employees had migrated to other sectors such as retail, logistics, or healthcare support services. Hotels struggled to restore service quality with reduced manpower.

The Oberoi Group, however, adopted a different approach. Instead of large-scale layoffs, it focused on employee retention, multi-skilling, mental health support, and transparent communication.

### 3. Stakeholders Involved

- Employees (front office, housekeeping, engineering, sales, accounts)
- HR Managers
- Senior Management
- Guests
- Investors

### 4. Managerial and Behavioural Issues

- How to maintain morale during salary restructuring?
- How to train employees for multi-departmental roles?
- How to maintain luxury service standards with lean staffing?
- How to balance financial survival with employee welfare?

### 5. Why This Case Is Important for the Lesson

This case highlights the importance of **Human Resource Department**, but also demonstrates

the interconnected functioning of:

- Accounts Department (cost control)
- Sales & Marketing (revenue revival strategies)
- Engineering (facility readiness)
- Security (health safety protocols)
- Purchase (cost-efficient procurement)

## 6. Explicit Linkage to Lesson Concepts

This case illustrates:

- Strategic HR management in hospitality
- Inter-departmental coordination
- Cost control and budgeting
- Crisis management in hotel administration
- Role of miscellaneous departments in sustaining operations

It reinforces that hotel success depends not only on front-office operations but on the strength of its supporting departments.

### **Role of the Human Resource Department in the Hospitality Industry**

The human resource department plays a major role in helping plan the system and in developing job descriptions, job specifications, and performance standards. Specialists in that department may be assigned to conduct a job analysis and write job descriptions in cooperation with managers, supervisors, and employees. The human resource department is not involved in the actual writing of performance standards but plays a diagnostic, training, and monitoring role.

The human resources department's role in job design is usually indirect, although job design influences almost every aspect of human resources management. The department diagnoses organizational problems that suggest job redesign, incorporates information on job design in training and management development programs, and helps plan job redesign programs to ensure that sound human resources policies and practices are developed. Further, the department is needed to prepare to modify job descriptions and job specifications and to modify recruitment, selection, training, compensation, and other practices to be consistent with any job redesign program.

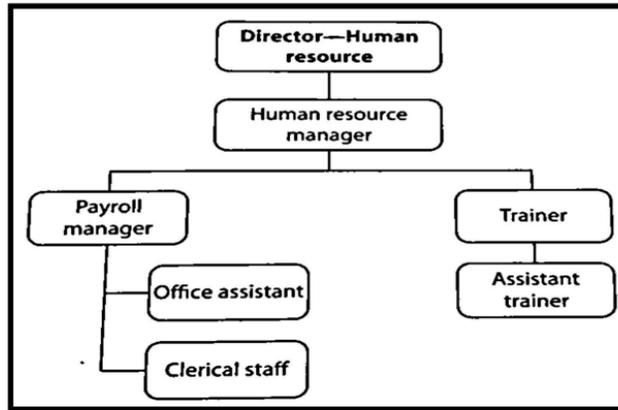


Fig 9.1 Organization Chart of Human Resource department

#### Tasks of the HRM department

- **Recruitment and selection:** Recruiting and selecting staff with the correct attitudinal and behavioral characteristics. A range of assessments in the selection process should be utilized to evaluate the work values, personality, interpersonal skills, and problem-solving abilities of potential employees to assess their 'service orientation'.
- **Retention:** The need to avoid the development of a 'turnover culture', which may, of course, be particularly prevalent in tourism and hospitality.
- **Teamwork:** The use of semi-autonomous, cross-process, and multi-functional teams.
- **Training and development:** The need to equip operative level staff with team working and interpersonal skills to develop their 'service orientation' and managers with a new leadership style which encourages a move to a more facilitative and coaching style of managing.
- **Appraisal:** Moving away from the traditional top-down approaches to appraisal and supporting things such as customer evaluation, peer review, team-based performance, and the appraisal of managers by subordinates. Generally, all of these performance appraisal systems should focus on the quality goals of the organization and the behaviors of employees needed to sustain these.
- **Rewarding quality:** A need for a much more creative system of rewards and in particular the need for payment systems that reward employees for attaining quality goals.

- **Job security:** Promises of job security are seen as an essential component of any overall quality approach.
- **Employee involvement and employee relations:** By seeking greater involvement from employees the emphasis is on offering autonomy, creativity, co-operation, and self-control in work processes. The use of educative and participative mechanisms, such as team briefings and quality circles are allied to changes in the organization of work that support an 'empowered' environment. In simple terms, best practice is likely to entail attempts to enhance the skills base of employees through HR activities such as selective staffing, comprehensive training, and broad developmental efforts like job rotation.

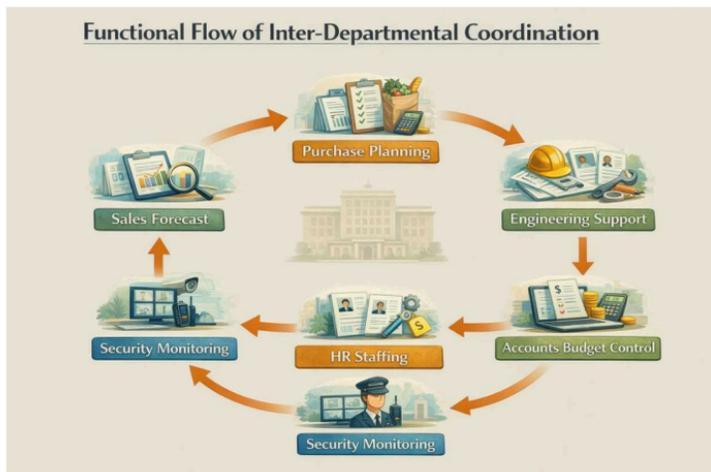


#### 9.1.2. Engineering and maintenance department

The engineering and maintenance department of a hotel is responsible for maintaining the property's structure, electrical and mechanical equipment, and all furniture and fixtures. This department also looks after landscaping and maintaining the grounds. The maintenance service is also referred to as facilities management, as it deals with the maintenance of ground, building, equipment, waste disposal system, Store and sanitary, pollution control equipment, gas distribution system, electrical energy supply system, fuel supply system,

water supply system, ventilation, refrigeration, and air conditioning, firefighting, heating, telephone system, cable television, elevators, light, escalators, etc.

The maintenance department raises the level of equipment performance, life, and availability. Although it adds to the running costs, it raises more profits as it delays new purchases and investments. The department is headed by a chief engineer, who is responsible for the efficient working of the department. She/he takes care of planning, organizing, coordinating, delegating tasks, budgeting, etc., and all administrative functions. A foreman reports to the chief engineer and is in charge of the other workers, including electricians, carpenters, mechanics, plumbers, painters, lift-operators, and masons. All these skilled technicians are assisted by helpers, apprentices, or trainees.



#### **Duties and Tasks of the Engineering and Maintenance Department**

- Preventive maintenance program.
- Carry out proposed renovation of guest rooms or public areas.
- Fire and Safety procedures.
- Any Emergency Procedures.
- Back-up System (Diesel Generator (DG) Sets and UPS Backup)
- Fire alarms and their monitoring.
- Fix any water leaks (isolation points).

- Maintenance calls logging and action.
- Ensure all types of equipment are checked regularly for proper and efficient operation.
- Regular tests of fire prevention system.
- Maintenance request forms filled out for all equipment or areas in need of repair
- All guest requests are given priority.
- Any electricity and light failure.
- Emergency lighting.
- Plant and Equipment Planned Preventive Maintenance (PPM).
- Hot water boiler check.
- HVAC (Heating, ventilating, and air conditioning) check.
- Coldwater storage tanks.
- Water PH level monitoring for swimming pool and other water sources.
- All Lifts and Escalators.
- Bathroom exhausts fans.
- Swimming pool.
- Health club and Spa equipment.
- Monitor any external or 3rd party vendor maintenance jobs.
- Building structure.
- Roof condition.
- Windows.
- Pigeon Wires.
- Energy-saving.
- Meter reading.
- Maintenance and monitoring of solar panels.
- PABX and Telephone systems.
- Energy-saving committee.
- BMS (Building Management System) operation.
- Hotel Facility Management systems operation.
- Environmental norms and regulations monitoring.
- Go Green initiatives.
- Waste disposal/ recycling.

- Laundry machines, washers, dryers, calendar machines, etc.
- All engineering department staff to wear the proper uniform.
- Grooming standards to be followed by the engineering team.

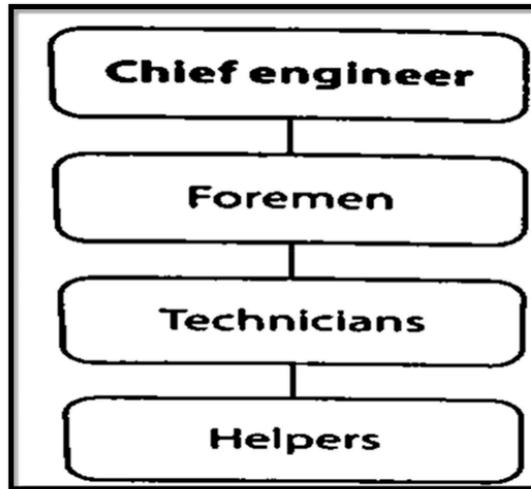


Fig 9.2 organization chart of the Engineering and Maintenance department

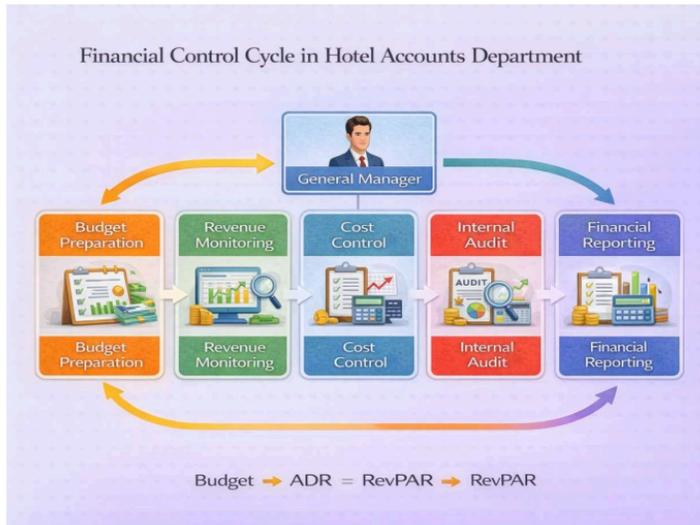
### 9.1.3. Accounts

Accounting may be defined as the process of collecting, recording, summarizing, and analyzing financial transactions of a business. According to the American Institute of Certified Public Accountants (AICPA), 'Accounting is an art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions, and events which are, in part at least, of a financial character, and interpreting the results thereof.'<sup>10</sup> In hotels, the front desk cashier maintains the guests' accounts and ensures the settlement of the same.

The resident or in-house guests of a hotel stay in the hotel.<sup>10</sup> They seldom pay on the spot for the use of hotel services and facilities such as restaurants, laundry, fitness center, spa, and salon.<sup>10</sup> They sign the bills to verify their use of the services and the amount incurred. The bills are posted in their folio, and a final consolidated bill is made at the time of their departure. In other words, the hotel provides a credit facility at the time of the utilization of the services to the resident guests.<sup>1</sup> An accurate posting of the guest accounts is very essential to ensure the guest's goodwill and the recovery of all the charges incurred by the guest.

In order to maximize revenue, hotels offer some services and facilities to non-resident guests as well. These may include the use of the fitness and health Centre, swimming pool, club facilities, and food and beverage outlets. When these services and facilities are offered to non-resident guests on credit, the account of the same is maintained by the front office cashier. As the number of financial transactions that take place between a hotel and its guests (resident and non-resident) is very high, the front desk cashier should maintain the guest accounts accurately and properly. The following are the major functions of the front office accounting system:

- Creating and maintaining guest and non-guest accounts accurately
- Tracking the financial transactions of guests throughout the guest cycle
- Monitoring the credit limit of guests, and asking for a deposit from guests in case of a high outstanding balance
- Preparing a high balance report for collection and informing the management about the same
- Providing an efficient management information system (MIS) to the management for departmental revenue generation
- Maintaining effective control over cash and credit transactions



**Hotel Accounting & Its Importance**

- Regardless of the business size, Accounting from the perspective of the Hotel Industry is all about recording and retrieving in & out cash flow.
- Hotel Accounting is considered as a boon for better decision-making that brings in good fortune to hoteliers if handled efficiently.
- Beyond that, it involves summarizing, reporting, and analyzing the hotel's financial position for a particular period, which further helps in budgeting, forecasting, and future cost planning.
- In general, a Certified Public Accountant (CPA), accountant, or bookkeeper takes care of handling the accounting activities and generates the financial statements such as Balance Sheet, Profit & Loss (Income) and Cash Flow, etc.
- These are the most crucial components that communicate the financial information of an individual hotel or group of hotels.
- Staying accountable doesn't end here! Hotel Accounting also involves keeping the bank account in sync, streamlining the payables & receivables, analyzing
- Department-wise expenses, generating general ledger, tracking inventory supplies, and payment reports.
- In terms of Operations front, the accounting plays a key role in Tracking Bills, Recurring Dues, and Sales & Journals Approval, while keeping a tab on Occupancy %, Rooms Sold, Average Daily Rate (ADR), RevPar, Room Revenue, and Guest Satisfaction Surveys, Competition Analysis through STR, Variance Analysis, Labor Management, Operating Budgets and Financial Benchmarking.
- On the other side, the Time & Payroll Management, Daily Activity Tracking, Performance Monitoring, Daily Sales, Profitability Forecast fall in the lineup of Accounting in the Hotel Industry.

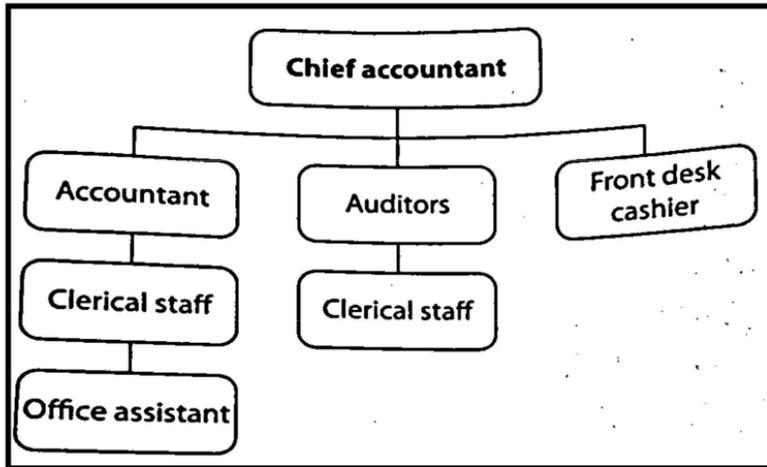


Fig 9.3 organization chart of the accounts department

### Student Learning Activities

#### Activity 1: Department Mapping Exercise

**Task:**

Prepare a flowchart showing how the Purchase Department coordinates with HR, Accounts, and Engineering during procurement of new kitchen equipment.

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**Expected Learning Outcome:**

Understand inter-departmental coordination and operational workflow.

### Activity 2: Observational Study

**Task:**

Visit a nearby hotel (or refer to an online case) and identify how security measures are integrated with guest service.

Write a short note (300 words).

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**Expected Learning Outcome:**

Develop practical understanding of Security Department’s role in guest safety.

### Activity 3: Analytical Reflection

**Task:**

Assume you are HR Manager of a 3-star hotel facing high employee turnover. Prepare a brief action plan addressing recruitment, training, and motivation.

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.....  
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**Expected Learning Outcome:** Apply HR management principles in hospitality context

#### 9.1.4. Security Department

A hotel's security staff may include in-house security personnel and contracted security officers. In general, hotels prefer ex-army or ex-police officials as their security officers because they are already well versed with various security aspects and have a lot of experience in this field. Security responsibilities may possibly include patrolling the property, monitoring surveillance equipment, and, in general, ensuring that the guests, visitors, and employees are safe and secure. The security department is responsible for establishing the

details of room keys security, fire safety systems, emergency evacuation plans, and emergency communication plans. The effectiveness of the security department depends on the cooperation and assistance of local law enforcement officials. The security personnel should be trained to handle situations such as vandalism, terrorist attacks, and bomb threats. They can also be trained to prevent and fight fire. Every hotel should have a proper security system to protect its guests, employees, and properties.

Hotels may take measures such as installing close circuit televisions in public areas for proper surveillance, ensuring proper lighting of public areas, fencing of the hotel property and positioning security guards at entry gates for the safety and security of their guests and their belongings. Hiring an independent security agency to routinely check the security systems also helps in ensuring the safety and security of the guests. The security department of a hotel is responsible for the overall security of the hotel building, in-house guests, visitors, day users, and employees of the hotel, and also their belongings. The security staff may include in-house security personnel and contracted security officers. In general, hotels prefer ex-army or ex-police officials as their security officers because they are well versed with various security aspects.

The responsibilities of the security personnel include patrolling the property and its grounds; monitoring surveillance equipment; and, in general, ensuring that guests, visitors, and employees are safe and secure. To some extent, the effectiveness of the security department depends upon the cooperation and assistance of the local law enforcement officials. The security personnel should be trained to handle situations such as vandalism, thefts, terrorist attacks, bomb threats, and also to prevent and fight fires. The front desk should report anything suspicious to the security staff.

#### Importance of security

The guest, who comes to a particular hotel, comes with an understanding that he and his belongings both will be safe and secure during his stay at the hotel. At the same time, it is also quite important that the hotel staff and assets are protected and secure. Hence it is very important to have a proper security system in place to protect staff, guests, and physical resources and assets such as equipment, appliances buildings, and gardens of the hotel and

also the belongings of the guest. <sup>1</sup> The management must take care that the security and safety systems cover the following areas:

**Guest:** Protection from crimes such as murder, abduction, and health hazards from outsiders, hotel staff, pests, food poisoning, etc.

**Staff:** Providing staff lockers, insurances, health schemes, provident funds, etc. Protective clothing, shoes, firefight drills, the supply of clean drinking water use of aqua guards, sanitized washrooms, etc.

**Guest luggage:** Secure luggage store rooms and proper equipment such as luggage trolleys and bellhop trolleys should be provided.

**Hotel Equipment:** Lifts, Boilers, Kitchen equipment, furniture fitting, and building, etc. must be protected and for these the security and safety should cover up fire safety equipment, bomb threat security system, water floods security system, earthquake security system, safe vault security system, etc.

**Protection of raw materials,** goods, provisions, and groceries, etc. for this the security system should cover proper storage and pest control systems, apart from the application of a total material management system.

#### **Protection of Fund**

- Only one person should have access to each cash bank and each bank should be in a separate drawer.
- All transactions should be recorded immediately.
- The cashier should close the cash register drawer after each transaction.
- Cashiers should complete the transaction process before changing currency into different denominations for the guests. Each change request should be handled as a new transaction to avoid confusion.
- A supervisor or a member of the accounting division should occasionally conduct an unscheduled audit of front office cash registers.
- The hotels should have a policy that states where employees should place cash during a transaction.

#### **Types of Security:**

1. Physical aspect
2. Safety and Security of persons
3. Safety and Security of systems

**Physical aspects**

The physical aspect is divided into two parts

**a) Internal****b) External****a) Internal security**

- Against theft
- Fire safety
- Proper lighting
- Safeguarding assets
- Track unwanted guests

**b) External Security**

- Proper lighting outside the building
- Proper fencing of the building
- Fencing of the pool area to avoid accidents at the night
- Manning of service gates to restrict entry
- Fixing of closed-circuit TV cameras

**Security aspects of persons****a) Staff**

- Effective recruitment and selection
- Identification of staff
- Key control
- Red tag system
- Training
- Locker inspection

**b) Guests**

- Check scanty baggage guests
- Guests suspected of taking away hotel property should be charged according to hotel policy
- Guest room security:
  - I. Provide wide-angle door viewer, deadbolt locks, night torch, chains on doors, etc.
  - II. Employees should be trained to not give any information about in-house guests to outsiders.
  - III. While issuing a duplicate card key ask for identification if in doubt of the guest.

IV. housekeeping staff should never leave keys to expose on unattended carts in corridors

#### **Security aspects of systems**

The term system implies the operations of the hotel eg: all the equipment used for operation, procedures laid down for operations, and policies to be followed. Systems procedures and policies if followed properly shall safeguard the assets and increase the life span of equipment as well as avoid any breakdown maintenance.

- <sup>2</sup> Fix duties and responsibilities: Fix the duties of staff members so that they don't interfere with others' work.
- Make surprise checks
- Staff who have access to liquid assets should be made to sign a bond so that in case of theft the concerned person can easily be caught
- The hiring of some independent security company to check the security system of the hotel
- Record of all losses and missing items immediately
- Inventory control should be proper
- Auditing should be done on a regular basis
- A proper system for cash disbursements should be made

#### **Important Safety and Security measures necessary in hotels:**

- **Key Card Locks:** Guest room locking systems these days include punch and magnetic key cards which have locks with flash memory and other functions. The system can directly be linked with PMS.
- **Security Guards:** Trained security guards working 24-hours every day to provide the best in safety and security for the guests.
- **Security Cameras:** Security cameras with digital technology, intelligent access central system, software interface with CCTV for matching undesirable visitors and criminals, along with metal detectors, and spy cameras, and use of biometric readers like hand key reader or face recognition system, etc.
- **Fire Alarms:** Smoke detectors and fire alarms in each guest room and throughout the entire complex that is monitored 24 hours a day, 7 days per week that pinpoints the exact point of the alarm allowing our security staff to respond immediately to the area of any alarm condition.

- **Emergency Power:** Provision for emergency power in case of a power cut to provide uninterrupted guest service.
- **Employee Photo ID:** For added security, some hotels have employees wearing a photo ID nametag allowing quick identification.
- **In-Room Safes:** In addition to the safety deposit boxes offered by most hotels at the front desks, some hotels provide in-room guest safes capable of holding a laptop computer that uses the guest's own credit card as the key.
- **Defibrillation Units:** A life-saving device in case of heart attacks, defibrillation units are starting to be deployed among police and emergency personnel across the nation.

**Bomb threat security:**

Precautions and measures that may be taken in the above case:

- Security nets and body searches for guests not known to the staff.
- Banqueting suites and other non-public areas should be security checked and locked after use.
- Goods received and bags should be checked and kept tidy.
- If a bomb threat is received via telephone, the telephonic should note carefully what exactly is said, the time of the call received the accent of the caller, and background noise if any. After the alert, the GM should stay put in the lobby where he can be reached easily.
- The duties and responsibilities of staff during an emergency should be well-defined.
- The hotel should work closely with the police to keep them updated.
- Chambermaids and HK supervisors should be trained to conduct security checks in the guest rooms.

**Safety and Security measures for women hotel guests**

- Mirrored walls of the guestroom floor elevators so that you can see who is walking behind you.
- Well-lit public areas such as the lobby, bars, etc.
- Valet parking services to avoid the need for a woman to enter the parking lot.
- Assigning rooms closer to the elevator.
- If a woman traveler is not assigned a room on the special executive floor, hotels most often on request, upgrade her accommodation to that floor without an increase in the room rate. The floor is staffed almost 24 hours a day with a concierge.



Fig 9.4 organization chart of the Security department

#### 9.1.5. Sales and Marketing department<sup>8</sup>

The sales and marketing department is generally composed of a director of marketing and a director of sales (or one person with both titles) who, in turn, manage a team of sales managers. In many hotels, entry-level sales positions are titled account executives or sales associates. Another entry point may be as a sales and marketing assistant or researcher. The task of this department is quite simple—they must sell the hotel facilities, hopefully well into the future. There is generally not a great deal of career cross-over from sales to marketing, though the converse may be true. After gaining a couple of years' experience in one of the above entry-level positions, the next step would be to be a sales manager. From the sales manager, one would aspire to director of sales, or if with a chain, to a regional sales position, which would involve selling a number of hotels as opposed to one. Career paths from a hotel's top sales and marketing position may be either through operations as an executive assistant manager or resident manager or as a sales and marketing professional within a large chain's corporate structure. Sales and marketing tend to hold a "glitz and glamour" image and, therefore, competition for entry-level positions is keen.

#### Sales and Marketing of Hospitality Products<sup>9</sup>

The sale of hotel rooms and other products is a joint effort of the hotel's sales and marketing division and reservation department. The sales and marketing department is

responsible for bulk sales of a hotel's major hospitality product rooms. The reservation section deals with direct calls for the sale of rooms (room reservation). It can only get business that lands in the section through various modes of reservation requests such as an-person, telephone calls, e-mails, letters, and faxes and is not able to attract new business.

### Sales and Marketing Team

In order to sell their products, hotels generally have their sales and marketing teams or hire the service of any external agency specializing in this field. A team of sales and marketing personnel constitutes the sales office of a hotel. The executives of the sales and marketing department make regular visits to existing corporate clients, travel agents, and tour operators, and generate new business. The organization of the sales and marketing division depends upon the size, location, and volume of business of a hotel. Small hotels may have only salespersons, medium to large hotels may have a well-organized sale and marketing department with the head of the department, assistant sales manager, sales executives, and other administrative staff; and hotel chains may have a corporate office with vice-president/director sales, regional managers, sales executives, and a well-appointed office with administrative staff.

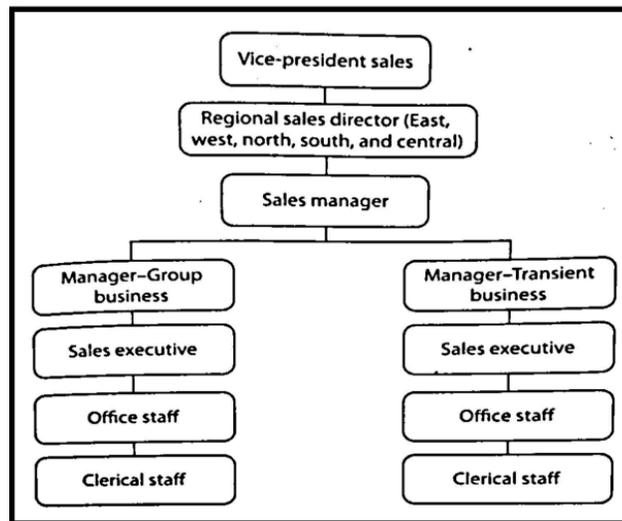


Fig 9.5 Organization chart of the Sales and Marketing department

### Sales and Marketing Managers

In small hotels, this <sup>20</sup> position might be synonymous with the director of sales, whereas, in a larger hotel, a sales manager will report to the director of sales. The sales and marketing manager usually assigns targets to sales executives, monitors their progress, and handles their own accounts. The specific duties of a sales manager will depend upon the size, location, and volume of business that the hotel receives from its market segments.

### Sales Executives

Sales executives are the backbone of the sales department. They are the ones who give sales calls to the target market segments. <sup>20</sup> They are responsible for contacting, soliciting, and providing follow-up services to the clients. In a small property, a sales executive handles all types of businesses. They give sales call to travel agents, tour operators, corporate clients, business houses, and other sources of potential business. In large hotels, they may be given specific tasks such as individual or transient business, group business, crew business, domestic business, and international business.

### 9.1.6. Purchase department

<sup>1</sup> Purchasing is a process that includes the buying of materials and equipment needed by various departments of an organization to ensure continuity in product production and supply of essential services to the guest. Therefore it is a very important and challenging function and has to be carried out efficiently to meet the purchasing requirements of the organization. The purchase department must be highly responsive to the organization's needs in terms of quality, price, and delivery. The expenses for housekeeping purchases are planned in advance mainly in the form of a Capital Budget or an Operating Budget. The purchase can be of a local or imported item. The housekeeping department generates the indents of non-stock items. Stock items are the regular operating supplies such as soap, shampoo, stationery, and cleaning supplies. Non-stock items are non-consumable items such as crystal vases for flower arrangement. Efficient purchasing practices can make a significant contribution to the housekeeping department. Purchasing includes the process of buying, learning of the needs, identifying purchase locations, selecting the best supplies, negotiating for the best price, and other relating tasks such as ensuring deliveries in time. Purchasing is described as an art since it requires talent and satisfaction in judgment i.e. judging the right combination of color, shape, size, and consistency of item. Although different properties have different procedures for processing and approving purchases the evaluation of what is needed for the housekeeping department is decided by the Executive housekeeper.

**1** **Recycled products:** The Executive Housekeeper raises a purchase requisition/indent form and forwards it to the Financial Controller and General Manager. The Purchase Manager makes out the purchase order which is sent to the supplier. Once the items are received the Executive Housekeeper checks the quality and specification of the item before approving the consignment. Example - annual linen purchase. Linen is the most important recycled inventory item in the housekeeping department. It is also the biggest expense. To ensure the purchased linen is worth the money spent the Executive Housekeeper should consider:

- The suitability of the product for its intended use.
- The expected useful lifespan of the linen.
- The purchase price.
- The cost of laundering.

**1** **Non-recycled products:** Worksheets are developed by the Executive Housekeeper to monitor usage rates and costs for the different types of non-recycled inventory items. For each product, the monthly use report identifies the vendor. The product name and its intended use each month by physical inventory provides the Executive Housekeeper with information concerning how many purchase units of each item have been used. Every week or fortnight the floor supervisor takes an inventory of these items. They are compiled with the par stock to be maintained before ordering new supplies.

**Principles of purchasing:** There are five primary principles of purchasing that need to be upheld by the Housekeeping and the purchasing department.

**Right quality:** The housekeeping departments are responsible for providing the guest with a clean, comfortable, and safe environment as well as meets and exceed the guest's expectations. In this regard, the department needs to buy the best products. Value for money is the factor in each of the product supplies to the guestroom and public areas. The entire range of items has to meet the standards and specifications determined by the department and hotel management.

**Right quantity:** Placing a purchase order of the right quality is of utmost importance for any organization. Suppliers usually offer huge discounts on large quantities but that should not influence the department's decision. The following factors should be kept in mind while ordering the right quantity of material:

- The cost of the order being placed

- The cost of storage and carrying charges for holding stocks
- Quantity discount
- Stock level and order point
- Buffer stock
- Budgetary controls

**The right price:** One of the major concerns for both the housekeeping and purchasing department is to get the supplies at the right price. In-depth knowledge of the market is vital to make sure that the right price is being paid i.e. the payment corresponds to the exact value of the material being purchased. While calculating the right price ex-showroom the terms of payment should also be attended to.

**Right time:** The material should be made available at the right time. Lead time, which is the period between the indent originating from the housekeeping department and the time the material is ready for use, should be minimal. The total lead time which includes the supplier lead time plus the internal processing, clearance receipt, and inspection time should be as low as possible to work on a lower inventory level. The time should also be right as regards ensuring the immediate availability of a particular product in the market.

**The right source of supply:** The right source of supply is critical to the Executive Housekeeper. If the source of supply is correct, the right quality, quantity, price, and time. <sup>16</sup> The selection of the ideal supplier is crucial for both the housekeeping and the purchase departments in which they are aided by:

- Knowledge and experience
- Catalogs, internet, etc.
- Hotel supplies directories
- Salespersons
- Trade associations and association companies

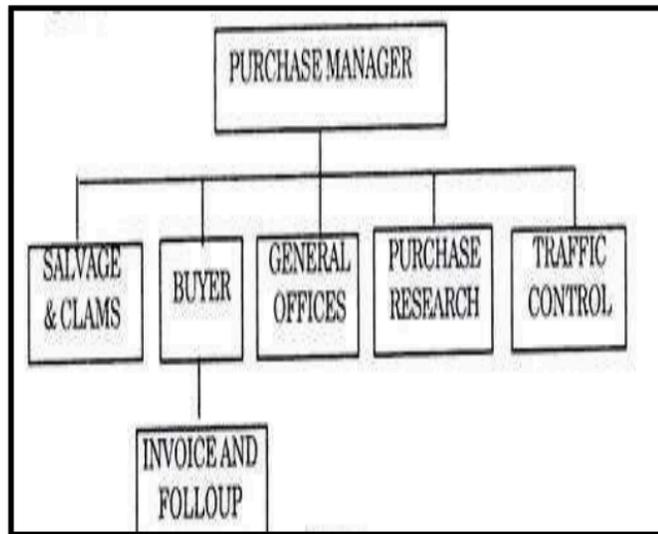


Fig 9.6 Organization chart of Purchase department

## Case Study for Self-Assessment

### Case: Operational Breakdown at Green Valley Resort

Green Valley Resort, a mid-sized eco-resort in South India, experienced a decline in guest satisfaction despite stable occupancy rates.

#### Issues Observed:

- Frequent power failures (Engineering failure)
- Delayed salary payments (Accounts issue)
- Increased theft complaints (Security lapse)
- Poor marketing visibility
- Over-purchasing of raw materials causing wastage

The General Manager discovered that departments were functioning in isolation without coordination.

## 9.2 Keywords

- **Human Resource:** The human resource (HR) department (earlier called the personnel department) is responsible for the acquisition, utilization, training, and development of the human resources of the hotel.
- **Engineering and maintenance department:** The engineering and maintenance department of a hotel is responsible for maintaining the property's structure, electrical and mechanical equipment, and all furniture and fixtures.
- **Accounts:** Accounting may be defined as the process of collecting, recording, summarizing, and analyzing financial transactions of a business.
- **Security department:** The security department of a hotel is responsible for the overall security of the hotel building, in-house guests, visitors, day users, and employees of the hotel, and also their belongings.
- **Sales & Marketing:** The sales and marketing department is generally composed of a director of marketing and a director of sales (or one person with both titles) who, in turn, manages a team of sales managers.
- **Purchase:** Purchasing is a process in which includes buying materials and equipment needed by various departments of an organization

## 9.3 Self-Assessment Questions

- Explain the role of the Human Resource Management (HRM) department in the hotel industry.
- Discuss the functions and responsibilities of the Engineering and Maintenance Department in a hotel.
- Write a brief note on the Accounts Department in the hotel industry.
- Examine the importance of the Security Department in the hotel industry.

## Short Answer Questions (With Answers)

1. **Define the role of Human Resource Department in hotels.**  
*Answer:* It manages recruitment, training, performance appraisal, employee welfare, and industrial relations.
2. **What are the key responsibilities of the Engineering Department?**  
*Answer:* Maintenance of infrastructure, electrical systems, HVAC, plumbing, and energy management.
3. **What is meant by financial control in hotels?**  
*Answer:* Monitoring revenue, controlling costs, and ensuring budget compliance.
4. **State two objectives of the Security Department.**  
*Answer:* Protect guests and property; ensure safety compliance.

5. **What is the importance of Sales & Marketing in hotel profitability?**

*Answer:* It generates revenue through promotion, branding, and market positioning.

### Part B: Essay-Type Questions (With Hints)

1. **Discuss the role of the Human Resource Department in ensuring service quality.**

*Hints:* Recruitment, training, motivation, retention, performance evaluation.

2. **Explain the importance of Engineering and Maintenance in operational continuity.**

*Hints:* Preventive maintenance, safety compliance, cost efficiency, guest satisfaction.

3. **Analyse the financial management practices of hotel Accounts Department.**

*Hints:* Budgeting, auditing, cost control, revenue analysis.

4. **Evaluate the role of Sales & Marketing in competitive hotel positioning.**

*Hints:* Market segmentation, branding, pricing strategy, digital marketing.

### Part C: Analytical MCQs

1. A hotel facing rising electricity costs should primarily coordinate between:

- A. HR and Security
- B. Engineering and Accounts
- C. Sales and Front Office
- D. Purchase and Housekeeping

**Correct Answer: B**

2. Employee turnover directly affects which department first?

- A. Engineering
- B. HR
- C. Purchase
- D. Security

**Correct Answer: B**

3. Revenue forecasting is mainly associated with:

- A. Security
- B. Purchase
- C. Sales & Marketing
- D. Engineering

**Correct Answer: C**

#### 9.4 Further Readings

- <sup>22</sup> [Hotel Front Office: Operations, Accounting and Management Paperback](#) – 1 January 2013 by Arvind Kumar Saraswati (Author), Sunita Badhwar (Author)
- <sup>22</sup> [Textbook Of Hotel Front Office- Management & Operations \(with Training Manual\) Paperback](#) – 1 January 2014 by Manoj Kumar Yadav (Author)
- <sup>36</sup> [Hotel Housekeeping: Operations and Management 3e Paperback](#) – 1 July 2015 by G. Raghubalan (Author), Smritee Raghubalan (Author)

### Text Books

1. Walker, J.R., *Introduction to Hospitality Management*, Pearson Education, New Delhi, 2017.
2. Kasavana, M.L. & Brooks, R.M., *Managing Front Office Operations*, AHLEI, Michigan, 2015.
3. Andrews, S., *Hotel Front Office Training Manual*, Tata McGraw-Hill, New Delhi, 2013.
4. Rutherford, D.G. & O'Fallon, M.J., *Hotel Management and Operations*, John Wiley & Sons, New York, 2011.
5. Dessler, G., *Human Resource Management*, Pearson Education, Noida, 2019.
6. Brigham, E.F. & Ehrhardt, M.C., *Financial Management: Theory & Practice*, Cengage Learning, Boston, 2017.

### Other References

- Ministry of Tourism, Government of India – Hotel Classification Guidelines
- World Travel & Tourism Council (WTTC) Industry Reports
- International Labour Organization (ILO) Hospitality Employment Reports
- ISO 22000 & ISO 45001 Standards Documentation

**LESSON – 10****MEDICAL EMERGENCIES, TOURISM  
INFORMATION DESK, SAFE DEPOSIT LOCKERS, &  
ENVIRONMENTAL MANAGEMENT****10.0 Objectives of the Unit**

After studying this unit, the learner will be able:

- To understand the procedures and responsibilities involved in handling medical emergencies during a hotel stay.
- To explain the functions and importance of the tourism information desk in providing guest assistance and destination guidance.
- To describe the purpose, operation, and security aspects of safe deposit lockers in hotels.
- To examine the role and practices of environmental management in the hospitality industry.
- To apply safety, service, and sustainability principles in hotel operations to ensure guest satisfaction and responsible management.

**Objectives of the Lesson**

After studying this lesson, the learner will be able to:

1. **Explain** the procedures and managerial responsibilities involved in handling medical emergencies in hotels.
2. **Analyse** the operational role and service design of the Tourism Information Desk in enhancing guest satisfaction.
3. **Evaluate** the security systems and liability aspects related to safe deposit lockers in hotels.
4. **Apply** environmental management principles to hotel operations for sustainable performance.
5. **Assess** the integration of safety, service facilitation, asset protection, and sustainability within hospitality management practices.

**Structure**

10.1 Medical Emergencies during a Hotel Stay

10.2 Tourism Information Desk

10.3 Safe Deposit Lockers in Hotels

10.4 Environmental Management in the Hospitality Industry

10.5 Keywords

10.6 Self-Assessment Questions

10.7 Further Readings

### **10.1 Medical Emergencies during a Hotel Stay**

Medical emergencies may occur unexpectedly during a guest's stay at a hotel. Since hotels operate 24/7 and cater to guests of different age groups, nationalities, and health conditions, it is essential for hotel staff to be prepared to respond quickly and effectively. Proper handling of medical emergencies ensures guest safety, protects the hotel's reputation, and reduces legal liabilities.

#### **1. Meaning of Medical Emergency**

A medical emergency refers to a sudden illness or injury that requires immediate medical attention to prevent serious harm or death.

##### **Examples:**

- Heart attack or chest pain
- Fainting or unconsciousness
- Severe allergic reactions
- Accidents such as falls or burns
- Food poisoning
- Asthma attacks or breathing difficulty

#### **2. Importance of Emergency Preparedness in Hotels**

- Hotels must be prepared to handle emergencies because:
- Guests expect safety and care during their stay.
- Immediate response can save lives.
- Proper procedures reduce panic and confusion.
- It protects the hotel from legal consequences.
- It enhances the hotel's image and credibility.

#### **3. Standard Procedure for Handling Medical Emergencies**

When a medical emergency occurs, hotel staff should follow a systematic approach:

**Step 1: Stay Calm and Assess the Situation**

Do not panic.

Check the condition of the guest.

Ensure the area is safe.

**Step 2: Inform the Concerned Authorities**

Immediately inform the Front Office Manager or Duty Manager.

Call emergency medical services (ambulance).

Inform hotel security.

**Step 3: Provide First Aid**

Only trained staff should provide first aid.

Use the hotel's first aid kit.

Do not administer medication unless authorized.

**Step 4: Arrange Transportation**

If required, arrange an ambulance.

Assist the guest to the nearest hospital.

**Step 5: Inform Relatives (If Necessary)**

Contact the guest's family members listed in the registration card.

Maintain confidentiality.

**Step 6: Documentation**

Record the incident in the hotel's incident report register.

Mention time, place, nature of emergency, and action taken.

**4. Role of Different Hotel Departments**

- Front Office: First point of contact; coordinates emergency response.
- Housekeeping: Assists in clearing the area and providing support.
- Security: Controls crowd and ensures safety.
- Management: Handles communication and legal formalities.

**5. Preventive Measures**

- Hotels can reduce risks by:
- Providing first aid and CPR training to staff.
- Maintaining well-equipped first aid kits.

- Installing emergency numbers in guest rooms.
- Conducting regular emergency drills.
- Ensuring food safety and hygiene standards.

## Introductory Case Study: The COVID-19 Crisis and Emergency Preparedness in Indian Hotels

### Background of the Sector

During the COVID-19 pandemic (2020–2022), the hospitality industry in India faced unprecedented disruption. Leading hotel chains such as **Taj Hotels (IHCL)**, **ITC Hotels**, and **Oberoi Group** were compelled to rapidly redesign their operational protocols. Several hotels across Mumbai, Delhi, Chennai, and Hyderabad were converted into quarantine and isolation facilities in collaboration with government health departments.

According to reports in *The Hindu* and *Economic Times*, hospitality organizations had to simultaneously manage:

- Guest safety
- Medical emergency protocols
- Coordination with local hospitals
- Staff exposure risks
- Environmental sanitation standards
- Secure handling of guest belongings
- Reliable communication through information desks

### Contextual Trigger

In March 2020, a business traveler staying at a five-star hotel in Mumbai developed COVID-like symptoms. The hotel had no structured infectious disease response plan. Confusion emerged regarding:

- Immediate medical referral
- Isolation procedures
- Staff safety
- Communication with other guests
- Sanitization of the guest room
- Handling of personal valuables stored in the safe

The incident highlighted operational gaps in emergency preparedness, interdepartmental coordination, and environmental hygiene practices.

### Stakeholders Involved

- Hotel General Manager
- Front Office & Tourism Information Desk
- Housekeeping Department
- Security Department
- Local Public Health Authorities
- Guests and Corporate Clients
- Hotel Employees

### Managerial and Behavioural Issues

1. Lack of standardized medical emergency SOPs
2. Poor coordination between front office and healthcare authorities
3. Guest panic and reputational risk
4. Liability concerns regarding personal belongings
5. Need for enhanced environmental sanitation systems

### Why This Case is Important

The pandemic exposed the **interconnectedness of emergency management, guest communication systems, asset security, and environmental hygiene** in hotels.

### Linkage to Lesson Concepts

This case directly connects with:

- Medical emergency handling protocols
- Role of the Tourism Information Desk in crisis communication
- Safe deposit locker liability management
- Environmental management systems and sanitation standards

It demonstrates that hospitality management today extends beyond comfort—it includes **risk governance, health security, and sustainability leadership**.

### 6. Legal and Ethical Considerations

- Maintain guest confidentiality.
- Avoid negligence.
- Follow local health and safety laws.
- Cooperate with medical authorities.

**Conclusion:** Handling medical emergencies efficiently is a critical responsibility of hotel management. A well-trained staff, clear procedures, and proper coordination among departments ensure guest safety and enhance the hotel's professional standards.



### 10.2 Tourism Information Desk in Hotels

The tourism information desk in hotels plays a vital role in enhancing the overall guest experience. In the hospitality industry, guest satisfaction is not limited to comfortable accommodation and quality food; it also includes assistance in exploring the destination. A well-organized tourism information desk serves as a bridge between the hotel and the local tourism attractions, helping guests make the most of their stay.

A tourism information desk is usually located in the lobby area, often near the front office or concierge desk. It is managed either by trained hotel staff or by representatives of the local tourism department. The desk provides essential information about nearby tourist attractions, cultural sites, shopping areas, transportation facilities, entertainment venues, and

local events. Guests who are unfamiliar with the destination rely heavily on this service for guidance and planning.

One of the primary functions of the tourism information desk is to provide accurate and updated information about sightseeing places. It offers brochures, maps, guidebooks, and travel schedules. The staff at the desk assist guests in planning itineraries based on their interests, time availability, and budget. For example, a family with children may be guided towards amusement parks and safe recreational areas, while business travelers may be advised on short city tours or cultural experiences during their free time.

In addition to providing information, the tourism information desk often arranges transportation and tour bookings. It may coordinate with local tour operators, travel agencies, taxi services, and car rental companies. This service saves guests time and ensures safety and reliability. In many hotels, the desk also helps with booking tickets for cultural programs, adventure activities, or special events.

The tourism information desk also promotes local culture and heritage. By recommending authentic local experiences, traditional cuisine, handicrafts, and festivals, the hotel contributes to sustainable tourism development. This not only benefits guests but also supports the local economy and community.

From a managerial perspective, the tourism information desk enhances the hotel's image and competitiveness. Providing professional and courteous <sup>17</sup> guidance creates goodwill and builds customer loyalty. Guests who receive helpful assistance are more likely to leave positive reviews and revisit the hotel in the future.

However, to function effectively, the tourism information desk must be staffed by knowledgeable and well-trained personnel. They should possess good communication skills, updated destination knowledge, and problem-solving abilities. Multilingual skills are an added advantage, especially in hotels catering to international tourists.

#### **Role of Tourism Information Desk in Hotels**

The Tourism Information Desk in hotels plays a significant role in enhancing guest satisfaction by providing reliable guidance and destination-related services. It acts as a support centre for guests who require information, assistance, and travel arrangements during their stay.

##### **1. Providing Destination Information**

The primary role of the tourism information desk is to provide accurate and updated information about local tourist attractions, historical sites, cultural centres, shopping areas,

restaurants, and entertainment options. It helps guests plan their sightseeing activities effectively.

### **2. Assisting in Tour Planning**

The desk assists guests in preparing travel itineraries based on their preferences, time availability, and budget. It may suggest half-day or full-day tours, adventure activities, heritage walks, or local experiences.

### **3. Booking and Reservation Services**

- The tourism information desk coordinates with local tour operators and travel agencies to arrange:
- Sightseeing tours
- Transportation (taxis, rental cars, buses)
- Event tickets
- Adventure activities
- This ensures convenience and safety for guests.

### **4. Promoting Local Culture and Economy**

By recommending local attractions, handicrafts, cultural programs, and traditional cuisine, the desk supports sustainable tourism and promotes the local economy.

### **5. Providing Travel Assistance**

- The desk helps guests with:
- Route maps and travel directions
- Information about public transport
- Weather updates
- Travel advisories

### **6. Handling Guest Queries and Complaints**

It assists guests in resolving tourism-related concerns, such as tour cancellations or service issues with local operators.

### **7. Enhancing Hotel Image**

An efficient tourism information desk improves the hotel's reputation by offering professional and personalized services, leading to higher guest satisfaction and repeat visits.

In conclusion, the tourism information desk in hotels is an important support service that enriches the guest experience. It acts as a reliable source of destination information, assists in travel arrangements, promotes local tourism, and contributes to guest satisfaction.

In today's competitive hospitality industry, an efficient tourism information desk is not merely an additional facility but an essential component of quality service delivery.



### 10.3 Safe Deposit Lockers in Hotels

Safe deposit lockers are an essential security facility provided by hotels to ensure the safety of guests' valuables during their stay. In the hospitality industry, guest trust and confidence are closely linked to the level of security offered by the hotel. Since guests often carry important documents, jewellery, cash, electronic devices, and other valuable items, hotels provide safe deposit lockers as a precautionary measure to prevent theft, loss, or damage.

Safe deposit lockers are usually located either in guest rooms in the form of electronic safes or in a secure area near the front office. In-room lockers are commonly digital and operated using a personal code set by the guest. Centralized lockers at the front office may operate using a dual-key system, where one key is held by the guest and the other by authorized hotel personnel. This dual control system enhances security and prevents unauthorized access.

The primary purpose of safe deposit lockers is to provide a secure place for storing valuables. Guests can safely keep items such as passports, travel tickets, confidential documents, expensive jewellery, and foreign currency. This facility offers peace of mind and allows guests to move freely without worrying about the safety of their belongings.

The management of safe deposit lockers involves strict procedures. Hotel staff must verify the identity of guests before granting access. Proper records should be maintained, including the date, time, and locker number used. In case of loss of key or forgotten password, the hotel follows specific security protocols to open the locker in the presence of authorized officials. Documentation is essential to avoid legal complications.

Safe deposit lockers also reduce the hotel's liability. Many hotels display notices stating that management is not responsible for valuables kept outside the locker facility. By providing secure lockers, hotels fulfill their duty of care while encouraging guests to take responsibility for safeguarding their belongings.

However, hotels must ensure that lockers are regularly maintained and checked for technical issues. Electronic safes should be inspected frequently to ensure proper functioning. Additionally, staff should be trained to handle locker-related queries professionally and maintain confidentiality.

<sup>35</sup> In the modern hospitality industry, security is a top priority. The provision of safe deposit lockers not only enhances guest safety but also strengthens the hotel's image and credibility. Guests are more likely to trust and revisit a hotel that ensures the protection of their valuables.

## Student Learning Activities

### Activity 1: Emergency Preparedness Audit

**Task:**

Visit a nearby hotel (or study one online) and identify whether visible medical emergency systems exist (first aid kits, emergency numbers, signage).

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**Expected Learning Outcome:**

Learner will understand practical preparedness gaps and connect theory with operational reality.

**Activity 2: Tourism Information Mapping Exercise****Task:**

Design a one-page Tourism Information Desk layout for a business hotel in Vijayawada. Include services, brochures, and digital tools.

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**Expected Learning Outcome:**

Ability to apply service design concepts to improve guest facilitation systems.

**Activity 3: Environmental Footprint Reflection****Task:**

Estimate the daily environmental footprint of a 100-room hotel in terms of water and electricity usage. Suggest three reduction strategies.

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**Expected Learning Outcome:**

Development of analytical and sustainability-oriented thinking.

**Role of Safe Deposit Lockers in Hotels**

Safe deposit lockers play an important role in ensuring the safety and security of guests' valuables during their stay. In the hospitality industry, providing secure facilities is essential for building guest trust and maintaining the hotel's reputation.

**1. Protection of Valuables**

- The primary role of safe deposit lockers is to protect guests' valuable items such as:
- Cash and foreign currency
- Jewellery

- Passports and travel documents
- Important business papers
- Electronic devices

## 2. Enhancing Guest Confidence

When hotels provide secure locker facilities, guests feel safe and comfortable. This assurance enhances customer satisfaction and builds trust in the hotel's services.

## 3. Reducing Hotel Liability

By offering safe deposit lockers, hotels encourage guests to store valuables securely. Many hotels specify that management is not responsible for items kept outside the locker facility. This helps reduce legal liability in case of loss.

## 4. Maintaining Security Standards

Safe deposit lockers support the overall security system of the hotel. They are often operated through digital codes or dual-key systems, ensuring controlled and authorized access.

## 5. Supporting Professional Service

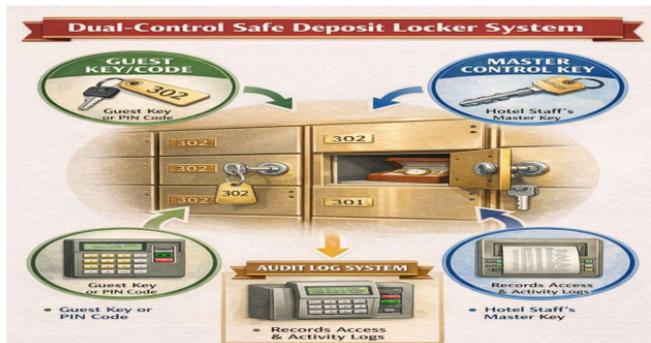
Providing locker facilities reflects the hotel's commitment to professional service standards. It demonstrates responsibility toward guest safety and asset protection.

## 6. Ensuring Confidentiality

The locker system ensures privacy and confidentiality, as only the guest (and authorized personnel in specific situations) can access the stored items.

## Conclusion

Safe deposit lockers are an essential security feature in hotels. They protect guests' valuables, enhance trust, reduce legal risks, and strengthen the overall safety management system of the hotel. Providing well-maintained and secure locker facilities contributes significantly to guest satisfaction and the hotel's positive image.



#### 10.4 Environmental Management in the Hospitality Industry

Environmental management in the hospitality industry refers to the systematic efforts taken by hotels and other hospitality establishments to minimize their <sup>23</sup>negative impact on the environment. The <sup>23</sup>hospitality industry consumes large amounts of energy, water, food, and other natural resources. It also generates waste, wastewater, and emissions. Therefore, adopting environmentally responsible practices has become essential for sustainable growth.

In recent years, environmental concerns such as climate change, water scarcity, pollution, and waste management have increased global awareness. Guests today prefer eco-friendly hotels that demonstrate social and environmental responsibility. As a result, environmental management is no longer optional but a strategic necessity for hospitality organizations.

Environmental management in hotels includes energy conservation, water management, waste reduction, pollution control, and the use of eco-friendly products. Hotels implement <sup>32</sup>energy-saving measures such as LED lighting, solar panels, energy-efficient air-conditioning systems, and motion sensors. Water conservation practices include low-flow taps and showers, rainwater harvesting, and linen reuse programs. Waste management strategies involve <sup>17</sup>recycling, composting organic waste, and reducing single-use plastics.

Many <sup>32</sup>hotels adopt Environmental Management Systems (EMS) such as ISO 14001 to ensure structured and continuous environmental improvement. Green certifications like <sup>32</sup>LEED (Leadership in Energy and Environmental Design) and Green Globe also help hotels maintain environmental standards and improve their market image.

Environmental management not only protects natural resources but also reduces operational costs. Efficient energy and water usage lower utility bills. Waste reduction decreases disposal costs. Moreover, environmentally responsible practices improve brand reputation, attract environmentally conscious travelers, and create a competitive advantage.

In conclusion, environmental management in the hospitality industry is a vital approach toward sustainable development. By integrating eco-friendly practices into daily operations, hotels can balance economic growth with environmental protection and social responsibility.

##### Steps in Environmental Management in Hotels

The following steps are generally followed in implementing environmental management:

##### 1. Environmental Policy Formation

The hotel develops a clear environmental policy stating its commitment to sustainability and environmental protection.

## **2. Environmental Audit**

An assessment is conducted to identify areas of high energy use, water consumption, and waste generation.

## **3. Setting Objectives and Targets**

Specific goals are established, such as reducing water consumption by 20% or minimizing plastic usage.

## **4. Implementation of Eco-Friendly Practices**

- Installation of energy-efficient equipment
- Use of renewable energy sources
- Water-saving devices
- Waste segregation and recycling systems
- Procurement of sustainable products

## **5. Staff Training and Awareness**

Employees are trained on environmental practices and encouraged to participate in sustainability initiatives.

## **6. Guest Participation**

Guests are informed and encouraged to support green initiatives, such as towel and linen reuse programs.



### 7. Monitoring and Evaluation

Regular monitoring of environmental performance ensures that goals are achieved and improvements are made where necessary.

## Significance of Environmental Management in Hospitality

### 1. Environmental Protection

Reduces pollution, conserves natural resources, and minimizes ecological damage.

### 2. Cost Reduction

Efficient resource management lowers operating expenses.

### 3. Legal Compliance

Ensures adherence to environmental laws and government regulations.

### 4. Competitive Advantage

Eco-friendly hotels attract environmentally conscious guests and improve market positioning.

### 5. Corporate Social Responsibility (CSR)

Demonstrates the hotel's commitment to ethical and responsible business practices.

### 6. Sustainable Development

Ensures long-term growth of the hospitality industry without harming future generations.

**Conclusion:** Environmental management <sup>17</sup> in the hospitality industry is essential for achieving sustainability and responsible tourism. Through systematic planning, implementation, and continuous monitoring, hotels can reduce environmental impact while improving profitability and reputation. It represents a balance between economic success and environmental stewardship.

## Case Study for Self-Assessment

### Case: Green Haven International Hotel – A Crisis of Integration

Green Haven International, a 250-room business hotel in Hyderabad, positioned itself as a premium eco-friendly property. The hotel had solar panels, rainwater harvesting, and digital tourism services.

One evening, an international guest suffered a cardiac arrest in his room. The hotel staff:

- Delayed ambulance coordination
- Failed to maintain incident records
- Did not secure valuables from the in-room locker properly
- Informed media before confirming facts
- Faced scrutiny over hygiene standards

Simultaneously, environmental audit reports revealed improper biomedical waste disposal from first-aid treatment areas.

The crisis resulted in:

- Legal complaints
- Online reputation damage
- Insurance disputes
- Government inspection

Management realized that emergency response, guest communication, locker security, and environmental management were operating in isolation without integration.

### 10.5 Keywords

- **Medical Emergency** – A sudden illness or injury requiring immediate medical attention.
- **First Aid** – Immediate basic medical assistance given before professional help arrives.
- **Emergency Protocol** – A set of procedures followed during crisis situations.
- **Duty of Care** – Legal and ethical responsibility to ensure guest safety.
- **Tourism Information Desk** – A service point in hotels providing travel-related information and assistance.
- **Itinerary Planning** – Organizing travel schedules and sightseeing activities.
- **Concierge Services** – Personalized guest assistance including bookings and local guidance.
- **Safe Deposit Locker** – A secure facility provided by hotels to store guests' valuables.
- **Dual-Control System** – Security system requiring two keys or access codes for operation.
- **Confidentiality** – Protection of guest privacy and personal information.
- **Environmental Management** – Systematic approach to minimizing environmental impact.
- **Sustainability** – Meeting present needs without compromising future generations.
- **Energy Conservation** – Reducing energy consumption through efficient practices.
- **Waste Management** – Proper collection, segregation, recycling, and disposal of waste.
- **Green Certification** – Recognition given to organizations following environmental standards.

### 10.6 Self-Assessment Questions

#### Short Answer Questions

- What is meant by a medical emergency in a hotel context?

- List any four steps to be followed during a medical emergency in a hotel.
- State the main functions of a tourism information desk.
- Why are safe deposit lockers important in hotels?
- What is meant by environmental management in hospitality?
- Mention any two energy conservation practices adopted by hotels.
- Define sustainability in the hospitality industry.

#### Long Answer Questions

- Explain the procedure for handling medical emergencies during a hotel stay.
- Discuss the role and importance of the tourism information desk in hotels.
- Describe the operation and significance of safe deposit lockers in hotels.
- Explain the steps involved in implementing environmental management in the hospitality industry.
- Discuss the significance of environmental management for sustainable hotel operations.

#### Short Answer Questions (With Answers)

1. **Define medical emergency in hotel management context.**  
*Answer:* A sudden illness or injury occurring within hotel premises requiring immediate medical intervention.
2. **What is the duty of care in hospitality?**  
*Answer:* Legal and ethical responsibility of hotels to ensure guest safety and well-being.
3. **State two functions of a Tourism Information Desk.**  
*Answer:* Providing destination information and arranging travel bookings.
4. **What is a dual-control locker system?**  
*Answer:* A security system requiring both guest and authorized personnel access for operation.
5. **Define Environmental Management System (EMS).**  
*Answer:* A structured framework for managing environmental impacts systematically.

#### Part B: Essay-Type Questions (With Hints)

1. **Discuss procedures for handling medical emergencies in hotels.**  
*Hints:* SOPs, coordination with hospitals, documentation, training, liability.
2. **Examine the strategic role of Tourism Information Desk in destination branding.**  
*Hints:* Service differentiation, guest engagement, local partnerships.
3. **Analyse legal implications of safe deposit lockers in hospitality.**  
*Hints:* Bailment law, liability limitation, documentation practices.
4. **Explain environmental management practices for sustainable hotel operations.**  
*Hints:* Energy, water, waste, certification, CSR.

### Part C: Analytical MCQs

1. A hotel fails to document a medical emergency incident. The primary managerial risk is:
  - a) Increased marketing costs
  - b) Legal liability exposure
  - c) Lower occupancy
  - d) Staff turnover**Correct Answer: b**
2. The Tourism Information Desk contributes most directly to:
  - a) Cost control
  - b) Destination marketing and guest satisfaction
  - c) Kitchen inventory
  - d) Payroll management**Correct Answer: b**
3. Dual-control locker systems primarily enhance:
  - a) Speed of service
  - b) Marketing visibility
  - c) Security accountability
  - d) Energy efficiency**Correct Answer: c**
4. ISO 14001 relates to:
  - a) Food safety
  - b) Financial auditing
  - c) Environmental management systems
  - d) Employee appraisal**Correct Answer: c**

### 10.7 Further Readings

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PAGE 71

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PAGE 76

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PAGE 85

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PAGE 86

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PAGE 87

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PAGE 88

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PAGE 89

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PAGE 90

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PAGE 91

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PAGE 92

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PAGE 93

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PAGE 94

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PAGE 95

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PAGE 96

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PAGE 97

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PAGE 98

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PAGE 99

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PAGE 100

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PAGE 101

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PAGE 102

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PAGE 103

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PAGE 104

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PAGE 105

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PAGE 106

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PAGE 107

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PAGE 108

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PAGE 109

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PAGE 110

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PAGE 111

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PAGE 112

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PAGE 113

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PAGE 114

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PAGE 115

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PAGE 116

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PAGE 117

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PAGE 118

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PAGE 119

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PAGE 120

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PAGE 121

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PAGE 122

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PAGE 123

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PAGE 124

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PAGE 125

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PAGE 126

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PAGE 127

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PAGE 128

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PAGE 129

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PAGE 130

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PAGE 131

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PAGE 132

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PAGE 133

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PAGE 134

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PAGE 135

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PAGE 136

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PAGE 137

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PAGE 138

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PAGE 139

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PAGE 140

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PAGE 141

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PAGE 142

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PAGE 143

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PAGE 144

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PAGE 145

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PAGE 146

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PAGE 147

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PAGE 148

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PAGE 149

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PAGE 150

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PAGE 151

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PAGE 152

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PAGE 153

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PAGE 154

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PAGE 155

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PAGE 156

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PAGE 157

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PAGE 158

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PAGE 159

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PAGE 160

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PAGE 161

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PAGE 162

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PAGE 163

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PAGE 164

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PAGE 165

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PAGE 166

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PAGE 167

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PAGE 168

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PAGE 169

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PAGE 170

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PAGE 171

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PAGE 172

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PAGE 173

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PAGE 174

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PAGE 175

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PAGE 176

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PAGE 177

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PAGE 178

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PAGE 179

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PAGE 180

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PAGE 181

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PAGE 182

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PAGE 183

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PAGE 184

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PAGE 185

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PAGE 186

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PAGE 187

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PAGE 188

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PAGE 189

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PAGE 190

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PAGE 191

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PAGE 192

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PAGE 193

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PAGE 194

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PAGE 195

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PAGE 196

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PAGE 197

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PAGE 198

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PAGE 199

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PAGE 200

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PAGE 201

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PAGE 202

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PAGE 203

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