

# Fundamentals of the Hotel & Catering Industry

## Main topics of study:

### Staying Away from Home:

- The Importance of Hotels
- Travel & Hotels
- Two Centuries of Hotel-keeping
- Hotels in the Total Accommodation Market
- Hotel Location
- Types of Hotels

### Hotel Products & Markets:

- The Hotel as a Total Market Concept
- Hotel Facilities & Services as Products
- Hotel Accommodation Markets
- Hotel Catering Markets
- Hotel Demand Generating Sources
- Hotel Market Areas
- Hotel Market Segmentation
- Buying & Paying for Hotel Services
- Hotel Marketing Orientation

### Hotel Policies, Philosophies & Strategies:

- Objectives & Policies
- General & Sectional Policies
- Policy Formulation, Communication & Review
- Hotel Philosophies
- Hotel Plans & Strategies
- The Framework of Hotel Management

### Rooms & Beds:

- Room Sales
- Guest Accounts
- Mail & Other Guest Services
- Uniformed Services
- Hotel Housekeeping
- Organisation & Staffing
- Accounting & Control

### Food & Drink:

- The Food Cycle
- The Beverage Cycle
- Hotel Restaurants
- Hotel Bars
- Room Service
- Functions
- Food & Beverage Support Services
- Organisation & Staffing
- Accounting & Control

### Miscellaneous Guest Services:

- Guest Telephones
- Guest Laundry
- Rentals & Concessions - Other Income
- Accounting & Control

### Hotel Organisation:

- Rooms
- Food & Beverages
- Miscellaneous Guest Services
- Hotel Support Services
- The Management Structure
- Organisational Structure of a Large Hotel
- Accounting & Control

### Hotel Staffing:

- Determinants of Hotel Staffing
- Numbers & Payroll
- Hotel Products & Staffing
- Organisation of the Personnel Function
- Organisation of Training
- Functions of the Training Division

**Productivity in Hotels:**

- Measures of Labour Productivity
- Physical Measures
- Financial Measures - Sales & Payroll
- Physical/Financial Measures - Sales Per Employee
- Productivity Measures - Value Added Approach
- Some Ways to Higher Productivity
- Productivity Standards
- Computers in Hotels

**Marketing:**

- From Product to Sales to Marketing
- The Marketing Concept
- Special Features of Hotel Marketing
- The Marketing Cycle
- Marketing Resources
- Hotels in the Total Tourist Product

**Property Ownership & Management:**

- Property Ownership
- Property Operation & Maintenance Energy

**Finance & Accounts:**

- The Hotel Balance Sheet
- Balance Sheet Ratios & Analysis
- The Hotel Profit & Loss Statement
- Profit & Loss Ratios & Analysis
- Hotel Operating Profit
- Balance Sheet & Profit & Loss Relationships
- Liquidity Ratios

**The Small Hotel:**

- Products & Markets
- Ownership & Finance
- Organisation & Staffing
- Accounting & Control
- The Future of the Small Hotel

**Hotel Groups:**

- Advantages of Groups
- Problems of Groups
- Scope for Centralisation
- A Concentrated Hotel Group
- A Dispersed Hotel Group

**International Hotel Operations:**

- Products
- Markets
- Cost & Profit Ratios
- Ownership & Finance
- Organisation & General Approach

**Reading List**

**Main Text: The Business of Hotels (Third Edition) - S Medlik (Butterworth/Heinemann)**

# FUNDAMENTALS OF THE HOTEL & CATERING INDUSTRY

## Instructions to candidates:

- a) Time allowed: Three hours (plus an extra ten minutes' reading time at the start – do not write anything during this time)
- b) Answer any FIVE questions
- c) All questions carry equal marks. Marks for each question are shown in [ ]

1. The decision to site a new hotel in a particular location will have been taken after a number of studies have been completed.
  - a) Discuss to what extent EACH of the following may influence an hotel's location:
    - i transport
    - ii holiday markets
    - iii economic activity

[10]
  - b) Describe the criteria that will place an hotel into EACH of the following categories:
    - i luxury hotel
    - ii resort hotel
    - iii commercial hotel
    - iv residential hotel
    - v transit hotel

[10]
  
2. An hotel guest will rarely stay or eat in an hotel for its own sake, the use of the hotel representing a derived demand.
  - a) Discuss the main types of demand generating source which an hotel may experience. [10]
  - b) Describe the characteristics that will distinguish between various types of hotel guest. [10]
  
3. As every room reservation is a legal contract between the hotel guest and the hotel, it is important that specific details are recorded.
  - a) Explain what information is recorded on EACH of the following front office documents:
    - i guest list
    - ii room status board
    - iii hotel register
    - iv daily arrival list
    - v reservation chart
    - vi reservation form

[18]
  - b) Determine which of the records listed above is complementary to the distribution of guests' incoming mail. [2]
  
4. A group booking will be a significant source of revenue for an hotel.
  - a) Indicate how banqueting and conferences are frequently a separate and distinct sector of the food and beverage operation in an hotel. [10]
  - b) Describe how the use of a function diary will differ from that of a functions chart. [5]
  - c) Specify reasons why the profit gained from a function is usually higher than that gained from other food and beverage activities. [5]
  
5. The style of management operational within an hotel will influence the efficiency of the business.
  - a) Compile an organisation chart for a large hotel, identifying departments and levels of management, and indicating the span of control in EACH department. [15]
  - b) State ONE advantage and ONE disadvantage in the use of an organisation chart. [5]
  
6. During a period of economic constraint, an hotel will rely on effective marketing to fill its rooms. Examine activities that are carried out at EACH of the following stages of the marketing cycle:
  - a) market research
  - b) product formulation and development
  - c) promotion
  - d) selling
  - e) monitoring and review

[20]
  
7. A range of useful information may be gained from studying various records pertaining to financial performance of an hotel.
  - a) Examine information that a profit and loss statement may contain. [10]
  - b) Discuss who will benefit from receiving a copy of the latest profit and loss statement. [5]
  - c) Compare the frequencies with which a profit and loss statement may be prepared to the frequency with which a balance sheet may be prepared. [5]
  
8. One result of a change in ownership is that the structure of the hotel industry will alter as group owned hotels steadily increase in number.
  - a) Explain how the administration of an hotel managed under a management contract will differ from an hotel operated under a franchise agreement. [5]
  - b) Examine advantages that an hotel group can expect as a result of its larger size. [15]

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1. Regardless of fluctuations to a nation's economy, the hotel and catering industry has remained important to the economic health of a country.  
Examine influences that have contributed to the development of the hotel in a country with which you are familiar.[20]
2. Visitors to an hotel will use the restaurant and bar facilities dependent upon their perceived needs.
  - a) Describe the needs that EACH of the following categories of customers may have on the services provided by the food and beverage department:
    - i Organised groups [4]
    - ii Non-residents [3]
    - iii Residents [3]
  - b) Compare and contrast characteristics that will distinguish between the following types of hotel guest:
    - i Holiday user [3]
    - ii Business user [3]
    - iii Other user [4]
3. Hotels have the potential to generate more income from accommodation than from all the other services combined.
  - a) Explain how EACH of the following activities may increase hotel sales whilst satisfying guests needs:
    - i Uniformed services
    - ii Reception
    - iii Housekeeping [12]
  - b) Identify services, in addition to the cleaning of public and guest rooms, that may be offered by the housekeeping department. [8]
4. The majority of hotel managers gain appropriate food and beverage knowledge through work experience in a restaurant.
  - a) Explain how an à la carte menu will differ from a table d'hôte menu. [6]
  - b) Identify THREE different levels of food service, and describe the unique characteristics of EACH type of service. [9]
  - c) Discuss why the control of food costs is more complex than the control of beverage costs. [5]
5. Employment costs will be the largest single operating expense in an hotel. Examine factors that will influence the number of employees in an hotel. [20]
6. In times of economic constraint, the emphasis is on reduction of operational costs whilst maintaining standards and profit. Examine how variable costs may be cut. [20]
7. Hotels rely on effective marketing to fill rooms. Examine activities that will be carried out at EACH of the following stages of the marketing cycle:
  - a) Market research
  - b) Product formulation and development
  - c) Promotion
  - d) Selling
  - e) Monitoring and review [20]
8. A smaller-sized hotel will not have the resources to compete against an hotel group. Examine how a small hotel may gain a greater share in the market place. [20]

## FUNDAMENTALS OF THE HOTEL & CATERING INDUSTRY

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1. Tourists will select accommodation based upon how hotels have been classified.
  - a) Describe how the characteristics of a resort hotel may differ from a city hotel in EACH of the following aspects:
    - i location
    - ii client
    - iii purpose of visit
    - iv length of stay
    - v range of facilities

[10]
  - b) Explain, with examples, how the location and actual position of an hotel is influential to the way that the hotel may be classified.
 

[10]
  
2. Marketing will portray the most attractive features when promoting an hotel.
  - a) Examine the hotel as a Total Market Concept under EACH of the following elements:
    - i facilities
    - ii service
    - iii image
    - iv price

[12]
  - b) Discuss the needs of different hotel users and the disposable income they have as a basis for hotel market segregation.
 

[8]
  
3. An hotel is an establishment that offers food, drink and overnight accommodation to travellers.
  - a) Discuss FIVE ways in which a traveller may reserve accommodation in an hotel, and identify ONE advantage for EACH method.
 

[10]
  - b) Describe how a room reservation chart may differ from a room status board.
 

[5]
  - c) Identify duties that may be carried out by front hall uniformed staff.
 

[5]
  
4. The food and beverage cycle follows a number of sequential stages. Examine activities that will be expected to take place at EACH stage listed below in relation to food and beverage operations:
  - a) Purchasing
  - b) Receiving
  - c) Storing and issuing
  - d) Preparing

[20]
  
5. An hotel company with an effective human resource department will have a greater chance of achieving more than a competitor.
  - a) Describe activities that may be carried out by the human resources, or personnel, department in an hotel.
 

[10]
  - b) Explain how the size, age and layout of an hotel will be influential on the numbers of staff employed there.
 

[10]
  
6. Productivity and efficiency in an hotel may be calculated by comparing input with output.
  - a) Examine ways in which an hotel may achieve higher productivity.
 

[10]
  - b) Explain how the use of computers can increase productivity in hotels.
 

[10]
  
7. Marketing strategies involve matching the hotel product with identified markets to satisfy demand and generate sales. Examine features associated with the marketing of hotels.
 

[20]
  
8. Financial budgets and targets are more likely to be achieved if the manager of an hotel has an understanding of basic accounting principles.
  - a) Define the following financial terms:
    - i current assets
    - ii current liabilities
    - iii equity
    - iv fixed assets
    - v gross profit

[15]
  - b) Describe how an hotel manager may calculate whether a particular food item is being overstocked.
 

[5]

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1. A number of countries has suffered from a lack of tourism during recent economic restraint. Examine the role to the economy that the hotel and catering industry plays in EACH of the following areas:
  - a) provision of outlets for the products of other industries
  - b) attracting visitors to the area
  - c) provision of facilities
  - d) employers of labour
  - e) provision of amenities for local residents [20]
  
2. Whenever visitors stay in an hotel, they will use the services of the restaurants and bars depending upon their perceived needs.
  - a) Describe the needs that EACH of the following categories of customers may have on the services provided by the food and beverage department:
    - i organised groups [4]
    - ii non-residents [3]
    - iii residents [3]
  - b) Compare and contrast characteristics that will distinguish between the following types of hotel guest:
    - i holiday user [3]
    - ii business user [3]
    - iii other user [4]
  
3. Front office staff will be aware that a room reservation is a legal contract between a hotel guest and the hotel, and it is important that details of the transaction are recorded.
  - a) Explain what information is recorded on EACH of the following front office documents:
    - i guest list
    - ii room status board
    - iii hotel
    - iv daily arrival list
    - v reservation chart
    - vi reservation form [18]
  - b) Determine which of the records listed above is complementary to the distribution of guests' incoming mail. [2]
  
4. Hotels that encourage group bookings will obtain a significant source of their revenue from organised activities.
  - a) Indicate how banqueting and conferences are frequently a separate and distinct sector of the food and beverage operation in an hotel. [10]
  - b) Describe how the use of a function diary will differ from that of a functions chart. [5]
  - c) Specify reasons why the profit gained from a function is usually higher than that gained from other food and beverage activities. [5]
  
5. Training of staff is usually a dedicated section of the human resource department of an hotel.
  - a) Identify principal activities of a training manager in an hotel. [10]
  - b) Discuss the benefits to an hotel of implementing training. [10]
  
6. When the number of visitors is falling, hotels will rely on effective marketing to fill their rooms. Examine activities that will be carried out at EACH of the following stages of the marketing cycle:
  - a) Market research
  - b) Product formulation
  - c) Promotion
  - d) Selling
  - e) Monitoring and review [20]
  
7. Financial performance may be used to measure the success of an hotel manager.
  - a) Specify information that may be found in an operating statement. [5]
  - b) Discuss the main operating ratios that are monitored during the day-to-day control of a business. [10]
  - c) Differentiate between departmental net profit and departmental gross profit. [5]
  
8. Changes in ownership of hotels have resulted in the structure of the industry varying as the proportion of group-owned hotels steadily increases in number.
  - a) Explain how the administration of an hotel managed under a management contract will differ from an hotel operated under a franchise agreement. [5]
  - b) Examine advantages that an hotel group can expect as a result of its larger size. [15]