

**THA PROJECT:  
HOTEL SERVICE  
STANDARDS**

**SALES & MARKETING  
DEPARTMENT**



# INTRODUCTION

The Sales and Marketing Department of a Thai hotel which plans to attract an international client base must recruit professional, well-trained Sales and Marketing professionals to represent the hotel facilities and services. This department is accountable for filling rooms and selling all hotel services. This requires careful research, planning, accurate budgeting and effective communication.

**Sales and Marketing Research** tell the Sales team which guest markets to pursue. Different types of guests require different kinds of hotels. The Sales team need to accurately assess the strengths and advantages of the hotel operation and then carefully decide which client group is the main target. This could be Western FIT guests or Asian group tours or business travellers or local Thais on a short holiday.

Some Sales managers work for a mix from various markets while other managers focus on a specific market and gear the hotel services around the needs of that group.

**Sales and Marketing Plans** are developed to act as a guide or path which establish targets and how to reach them. Without marketing plans, the Sales team will have a scattered and unproductive approach to building a loyal client base for the hotel operation. The Marketing Plan also include a **SWOT** analysis which measures the strengths, weaknesses, opportunities and threats from competition.

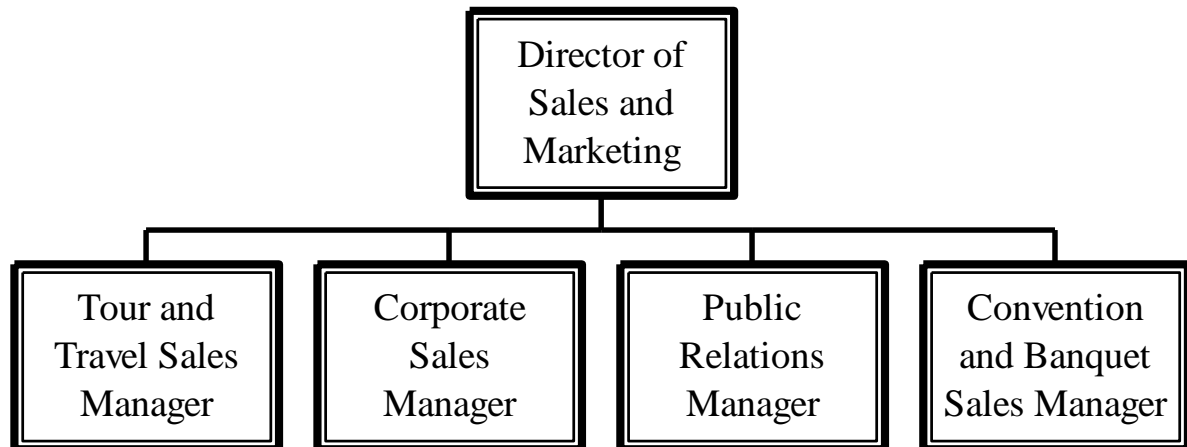
**Sales and Marketing Budgets** are created which allow the Sales team to promote the hotel property in the media as well as local and international trade shows such as ITB in Germany and the ATF in Asia. By attending these shows, the Sales team is able to contact the largest segment of the travel industry which provides the opportunity to sell the hotel facilities and services. Professional sales kits are essential at these events.

**Sales and Marketing Communication** requires well trained Sales Managers who are current on the latest technologies for keeping in constant contact with potential markets. Also important in Communication is the knowledge and ability to satisfy the requirements of different cultures by gaining an understanding of their needs in the hotel environment.

The **Thai Hotels Association Service Standards Manual** for the Sales and Marketing Department has been organized to present the Position Descriptions with associated tasks for the primary Sales Managers in addition to the Director of Sales and Marketing. In addition, the user will find sections defining marketing principles, the particulars of hospitality marketing as well as a sample marketing plan which can act as a guide for any hotel to construct one for the particulars of its own operation. Also included are statistics for visitors arrivals to Thailand which will give the user an indication of the various and potential markets that should be considered when constructing a marketing plan.

As the Thai hotel industry becomes more competitive due to a rapid increase in room numbers, Sales and Marketing managers need to understand which world markets demand attention as the potential source of guests and the most effective and cost efficient method for attracting and retaining them.

# SALES & MARKETING ORGANIZATION CHART





# DIRECTOR OF SALES AND MARKETING

<b>RESPONSIBLE TO:</b>	General Manager
<b>SCOPE OF POSITION:</b>	Responsible for the planning and co-ordination of all sales and marketing activities for the hotel property ensuring that sales targets are met in accordance with the marketing plan
<b>EXPERIENCE:</b>	Five years experience at management level in sales and marketing in the hospitality industry
<b>QUALIFICATIONS:</b>	Degree or Certificate in Sales and Marketing or Public Relations
<b>SPECIAL SKILLS:</b>	Excellent communication skills and good knowledge of hospitality industry
<b>AGE:</b>	35 years +
<b>ENGLISH PROFICIENCY:</b>	Excellent

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## POSITION DESCRIPTION:

### ADMINISTRATIVE TASKS

- Ensures that all department staff perform duties in accordance with hotel policy.
- Provides accurate regular reports to the General Manager on all marketing activities.
- Coordinates the hotel marketing plan careful to work within prescribed budget.
- Works with Heads of Departments to promote hotel sales incentives.
- Maintains close contact with travel agencies, wholesalers, government departments, convention organisers, airline companies, tour operators, business and sport federations to promote and sell the hotel property.
- Represents the hotel at trade shows and other events as assigned by management.
- Introduces special packages for low-season periods and informs sales staffs of all special activity promotions.
- Develops room rates and special promotions and packages based on market trends.
- Maintains current information of competitors' prices, products and promotions
- Maintains constant contact with all media outlets and releases hotel information regarding events and promotions.

- Formulates, with the General Manager, group rates, government rates, commercial rates, wholesale rates, off-peak rates and weekend packages.
- Ensures that sales staff have full sales-kits at all times including menu, layouts of departments, function menus, special flyers, closed periods and special cultural events coming to the region.
- Circulates regular occupancy forecasts to all sales staff, sends stop-sale period to wholesalers and views the free sell options.
- Participates in regular information meetings with Sales, Banquet, and Front Office Departments regarding upcoming sales and promotions.
- Receives monthly arrival reports from Front Office of all groups with place of origin.
- Participates in all hotel and community activities.
- Notifies Financial Controller of all commissions to be paid to travel agencies.
- Sets up sales seminars with both wholesalers and airlines.
- Works with credit card companies in promotion and advertising.
- Produces a video of the property for use in all travel shows and seminars.
- Works with the tourism authorities to obtain information on arrivals and destinations.
- Introduces in co-ordination with the General Manager:
  - \* Information at airports and other transport centres providing hotel directions, services, room rate information and transport.
  - \* Hotel rates in currency of visitor origin
  - \* Hotel information in visitor language.
- Provides current information of tourist attractions, restaurants, entertainment facilities and current events in the local area to department staff who can make recommendations to guests.
- Provides current information about hotel facilities, services and special events to department staff who can make recommendations to guests about all hotel services.
- Conducts performance appraisals of all senior supervisors and prepares guidelines and time frames for improvement.
- Identifies department training needs, compiles and approves training materials and programs in co-ordination with the Director of Human Resources.
- Maintains and provides all department staff with current information on emergency procedures relating to fire, theft, accident, medical emergency and other threats to hotel and guest security.
- Participates in all staff and training meetings as required.



- Ensures high standards of personal appearance and hygiene, clean and pressed uniforms and name badge as described in staff handbook for all Sales and Marketing staff.
- Performs other duties as assigned by the General Manager.

# ***THE MANAGERS***

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## **Job Descriptions:**

TOUR AND TRAVEL MANAGER

BANQUET AND CONVENTION SALES MANAGER

CORPORATE SALES MANAGER

PUBLIC RELATIONS MANAGER

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# TOUR AND TRAVEL MANAGER

<b>RESPONSIBLE TO:</b>	Director of Sales and Marketing
<b>SCOPE OF POSITION:</b>	Responsible for the promotion of all hotel services for the Tour and Travel market
<b>EXPERIENCE:</b>	Three years experience working in hospitality marketing
<b>QUALIFICATIONS:</b>	Graduation from university or training program in Sales and Marketing or related field
<b>SPECIAL SKILLS:</b>	Knowledgeable about hotel market niche and motivated to develop clients for hotel
<b>AGE:</b>	25 years +
<b>ENGLISH PROFICIENCY:</b>	EXCELLENT

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## POSITION DESCRIPTION:

### ADMINISTRATIVE TASKS

- Liaises with Sales staff from competitive hotels to determine market promotions, standards and prices.
- Participates in formulating the annual Rooms budget and Marketing Plan.
- Submits daily, weekly and monthly reports to Director of Sales and Marketing.
- Works closely with other Sales Department managers to ensure cooperation of hotel promotions and packages.
- Assists with the co-ordination of all activities and functions of Sales personnel.
- Maintains frequent communication with travel agents and airlines to monitor group arrivals and departures.
- Makes at least six sales calls per day to tour and travel groups to target groups set by the Marketing Plan.
- Conducts at least three hotel inspection trips per week for potential tour and group agency clients.
- Advises on special promotions or plans for improving sales and service for group sales.
- Reports the details of all confirmed, tentative and cancelled bookings to assist in forecasting occupancies.
- Liaises on a regular basis with the Director of Sales and Marketing to review group movements and to ensure smooth co-ordination of hotel services.

- Maintains close contact with Front Office, Reservations and Banquet Departments to monitor hotel occupancies and service to clients.
- Instructs all hotel departments on the service requirements for incoming groups.
- Monitors control of heavy booking dates and avoids conflicts in bookings.
- Maintains accurate records regarding the movements of all groups.
- Works closely with local tour operators and travel agencies to determine potential leads in developing guests for hotel.
- Monitors and reports all expenditures made in relation to sales and marketing activities according to hotel policy
- Maintains good working relationships with all hotel staff to assist with the promotion and service of tour groups.
- Maintains high standards of professionalism, ethics and attitude towards all hotel guests, clients, staff and employers.
- Performs other duties and special projects as assigned by the Director of Sales and Marketing.

*What special promotions are you giving to frequent travelers such as airline or embassy staff?*

# **BANQUET & CONVENTION SALES MANAGER**

<b>RESPONSIBLE TO:</b>	Director of Sales and Marketing
<b>SCOPE OF POSITION:</b>	Responsible for the promotion of all hotel services for the Banquet and Convention market
<b>EXPERIENCE:</b>	Three years experience working in hospitality marketing
<b>QUALIFICATIONS:</b>	Graduation from university or training program in Sales and Marketing or related field
<b>SPECIAL SKILLS:</b>	Knowledgeable about hotel market niche and motivated to develop clients for hotel
<b>AGE:</b>	25 years +
<b>ENGLISH PROFICIENCY:</b>	Excellent

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## **POSITION DESCRIPTION:**

### **ADMINISTRATIVE TASKS**

- Participates in formulating the annual Banquet and Convention revenue budget and Marketing Plan.
- Works closely with other Sales Department managers to ensure cooperation of hotel promotions and packages.
- Assists with the co-ordination of all activities and functions of Sales personnel.
- Liaises with Sales staff from competitive hotels to determine market promotions, standards and prices.
- Submits regular reports to Director of Sales and Marketing.
- Plans and coordinates large group functions.
- Arranges meeting rooms, banquet services, audio-visual equipment, and requirements for the operation of banquets and conventions.
- Develops special menus and technical requirements for Banquets and Conventions in co-ordination with the Food and Beverage Manager.
- Supervises Banquet, Front Office and Porter services in the operation of banquets and conventions.
- Advises on special promotions or plans for improving sales and service for banquet and convention sales.
- Maintains accurate records regarding all banquet and convention activities.

- Travels to represent the hotel on sales calls or trade shows as assigned.
- Invites group sales contacts to visit the hotel and arranges for room discounts for their visits.
- Conducts hotel tours demonstrating services and facilities that can contribute to successful functions.
- Monitors and reports all expenditures made in relation to sales and marketing activities according to hotel policy
- Maintains high standards of professionalism, ethics and attitude towards all hotel guests, clients, staff and employers.
- Performs other duties and special projects as assigned by the Director of Sales and Marketing.

*Do you have a promotional video of your hotel? Having one can really boost sales.*

# CORPORATE SALES MANAGER

<b>RESPONSIBLE TO:</b>	Director of Sales and Marketing
<b>SCOPE OF POSITION:</b>	Responsible for the promotion of all hotel services for all Corporate Sales
<b>EXPERIENCE:</b>	Three years experience working in hospitality marketing
<b>QUALIFICATIONS:</b>	Graduation from university or training program in Sales and Marketing or related field
<b>SPECIAL SKILLS:</b>	Knowledgeable about hotel market niche and motivated to develop clients for hotel
<b>AGE:</b>	25 years +
<b>ENGLISH PROFICIENCY:</b>	EXCELLENT

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## POSITION DESCRIPTION:

### ADMINISTRATIVE TASKS

- Liaises with Sales staff from competitive hotels to determine market promotions, standards and prices.
- Participates in formulating the annual Rooms budget and Marketing Plan.
- Interacts with other sales and department staff within the hotel to ensure for effective co-operative relations.
- Works closely with other Sales Department managers to ensure cooperation of hotel promotions and packages.
- Assists with the co-ordination of all activities and functions of Sales staff.
- Submits regular reports to Director of Sales and Marketing.
- Negotiates special rates for large companies with staff who travel on business.
- Serves as main contact for Corporate clients at the hotel handling all problems or complaints to customer satisfaction.
- Represents the hotel in all negotiations careful to liaise with Director of Sales and Marketing before confirming major agreements.
- Monitors and reports all expenditures made in relation to sales and marketing activities according to hotel policy.
- Maintains good working relationships with all hotel staff to assist with the promotion and service of tour groups.
- Maintains high standards of professionalism, ethics and attitude towards all hotel guests, clients, staff and employers.



- Performs other duties and special projects as assigned by the Director of Sales and Marketing.

*The Sales staff must be well informed about the sights and activities of your property*

# PUBLIC RELATIONS MANAGER

<b>RESPONSIBLE TO:</b>	Director of Sales and Marketing
<b>SCOPE OF POSITION:</b>	Responsible for the creation and promotion of all hotel marketing materials including sales kits, videos and public announcements
<b>EXPERIENCE:</b>	Three years experience working in Public Relations in the hospitality industry
<b>QUALIFICATIONS:</b>	Graduation from university or training program in Communications or related field
<b>SPECIAL SKILLS:</b>	Good contacts with media, tour agencies, airlines and ability to produce and promote hotel facilities and services
<b>AGE:</b>	25 years +
<b>ENGLISH PROFICIENCY:</b>	Excellent

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## POSITION DESCRIPTION:

### ADMINISTRATIVE TASKS

- Liaises with all Sales managers to assist with the development of public relations materials for all promotions, special events, banquets and conventions.
- Maintains constant contact with media including newspapers, radio, trade magazines, internet, and television to promote all hotel facilities and services.
- Develops marketing tools including press kits, sales kits, radio and television commercials, magazine ads, brochures in co-ordination with advertising agencies, graphic design firms, and printing companies.
- Prepares advertising budgets and campaigns, purchases media, and creates rate sheets and all hotel promotional materials.
- Liaises closely with Director of Sales and Marketing to ensure that all publicity materials are prepared and released in a timely manner in co-ordination with all hotel events.
- Advises on special promotions or plans for improving sales and service for all hotel sales target groups.
- Conducts hotel tours demonstrating services and facilities that can contribute to successful functions.
- Maintains good working relationships with all hotel staff to assist with the promotion and service of tour groups.

- Maintains high standards of professionalism, ethics and attitude towards all hotel guests, clients, staff and employers.
- Performs other duties and special projects as assigned by the Director of Sales and Marketing.

*Keep sales kits ready at all times !!  
And ensure the information is up to date!!*

# ***THE MARKETING CONCEPT***

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**Introduction to Marketing**

**Characteristics of Service**

**Hospitality Marketing**

**Sales Techniques for Marketing Personnel**

**Elements of a Marketing Plan**

**A Sample Marketing Plan**

EXECUTIVE SUMMARY

CURRENT MARKET SITUATION

ASSESSMENT OF THE PROPERTY

ASSESSMENT OF THE COMPETITION

MARKET PENETRATION

STATEMENT OF GOALS AND STRATEGY

ACTION PLAN

BUDGET

**Performance Standards**

**Tourism Data**

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# INTRODUCTION TO MARKETING

Marketing can be defined as the discipline treating those business functions involved in distributing goods and services from producers to consumers. It is concerned with satisfying consumers wants and needs while making a profit through a system of markets.

Marketing is summarized by the concept of the marketing mix which identifies marketing in terms of four basic areas:

***Product - Place - Price - Promotion.***

**Marketing is an activity that:**

- designs products (goods and services) that consumers need or want
- offers products in a place (location) that is both convenient and attractive to the guest
- sets a price that is reasonable in terms of both value to the consumer and to the price of competing goods and services
- informs consumers of the products by promotion: advertising, direct selling, and other forms of communication.

# CHARACTERISTICS OF SERVICE

When a product is purchased, the consumer receives something tangible. However, in service transactions, the product has both tangible and intangible components.

**Characteristic of Service:** Service can be defined as:  
*actions and reactions that customers perceive they have purchased*

**The principal characteristics of services are:**

- **The product is performance:** the key to the transaction is that what is being purchased is performance rendered by one party for another.
- **Performance is people intensive:** A service involves people on both sides of the transaction. In a hotel the receptionist and the guest interact.
- **Peaks and Valleys.** Service organizations are subject to surges in demand that alternate with slow periods: Restaurants at meal times are busy and slow between meals; resorts have on-season and off-season periods; commercial hotels experience midweek surges in demand but often are not busy on the weekends.
- **No inventory.** In manufacturing, products not sold immediately keep their value and can be sold later. However, the opportunity to sell a guest room has a limited time period for sales. The value of a vacant room today can never be realized in the future.



# HOSPITALITY MARKETING

The hospitality industry is service intensive and the foremost concern is creating guest satisfaction. We can understand hospitality marketing by using the traditional marketing mix concept introduced above:

- **Product:** The hospitality industry product includes both goods and services. Hospitality marketing requires a complete understanding of the interaction between the goods and the services and the special requirements of marketing a product which has strong service elements.
- **Place:** Place includes the hotel location as well as the interior and exterior appearance and arrangement of the property. The intangible nature of services means that consumers look for external, tangible cues in assessing the service offering and experience. The physical appearance of the property is especially important as well as the convenience of location.
- **Price:** Price is often an important guide to service quality because it is one indication of quality to the consumer. A low price, which can be seen cutting rates or advertising discounts, may give the consumer the impression not of good value but of an inferior product.
- **Promotion:** The marketing approach for hospitality services must carefully consider the target markets and the most effective manner to reach them. The hotel must represent both its goods and services to suit the requirements of potential guests. In addition, when consumers make a decision about the purchase of a hotel stay, they are likely to be interested in the opinions of others who have had experience with the service. This component should be built into any hospitality marketing plan.

Creating hospitality service quality in the hotel operation involves developing policies and procedures which will enhance guest satisfaction. This includes recruiting and training staff to perform tasks using procedures and standards which prevent problems before they occur.

There are two different kinds of quality in the hospitality industry:

First is the **technical content** of the service transaction: Was the dinner served competently according to international standards?

Second is the **personal** side of service: Was the service transaction friendly? Did it result in a pleasant experience for the guest.

In terms of creating quality service for hospitality marketing, the Sales team should remember:

- While the service transaction does offer tangible elements, even more important may be intangibles such as in a restaurant, the server's pleasant manner and the atmosphere of the place.
- Therefore, the total service transaction includes more than the tangible product and encompasses the entire experience.
- Supporting service quality should be service standards and training which fit the delivery of services and the needs of its customers.
- The importance of staff in the service delivery system necessitates the need for careful recruitment of service staff.
- Service quality is determined by whether the service meets guest expectation.
- The physical structure of the hospitality location should reflect the intangible service elements that are part of the total offering.
- The hotel atmosphere provides guests with important clues as to the kind of experience available.
- Price establishes the value of the product in the mind of the consumer.
- All staff in a hospitality operation need to be part of the Sales team of the hotel.

# **EFFECTIVE SALES TECHNIQUES FOR MARKETING PERSONNEL**

Hospitality sales involves handling prospective or existing customers before the service transaction occurs. Most of the tasks and procedures of the Marketing and Sales team do not deal directly with the operating standards of the hotel, but with establishing standards in dealing with customers before they reach the property.

The Sales and Marketing team must be trained and experienced in important dynamics of communication with different cultures and types of buyers.

This communication requires effective listening. Effective listening is an essential element of effective questioning. While most people hear only twenty-five percent of most communication, a competent Sales professional must be able to hear and analyse 100 percent of a client's responses. Good listening skills facilitate information gathering, improve the accuracy of the information, and increase the rapport between buyer and seller for the hotel services.

Active listening involves both the eyes and ears, and takes into account not just what is said, but how it is said. The following are tips on how to become an effective listener.

- Maintain good eye contact. Besides exhibiting alertness and attentiveness, eye contact allows you to detect subtle changes in client's inclination, understanding, or mood.
- Provide non-verbal feedback. Respond with nods, smiles, and facial expressions, as appropriate. Do not be either a lifeless statue or bobbing jumping jack.
- Read non-verbal feedback. Observe the client's body language, expressions, and gestures. Non-verbal feedback is often more revealing and honest than the spoken word.
- Concentrate on the conversation and the main ideas being discussed. Avoid becoming distracted by distractions in the environment.
- Take notes. Write down the client's stated needs as they are expressed.

- Be aware. People listen more quickly than other people speak. Avoid planning your response before the speaker is finished. Don't jump to conclusions or make evaluations until the information is complete.
- Listen with an open mind. Be aware of, and in control of, your prejudices.
- Ask questions. Clarify any doubts when there is a break in the conversation, but do not interrupt.
- Paraphrase the client's stated needs. When the client has finished speaking, put their message into your own words and repeat it, to demonstrate your understanding. Allow the client to confirm or correct your perception of his or her stated needs.

# ELEMENTS OF A MARKETING PLAN

Managing the marketing function involves planning, implementing, and monitoring marketing activities to achieve a hotel's objectives. A Marketing Plan assists managers in developing a clear direction for a set of complex interrelated activities to be carried out over the course of the entire year. Specifically, the Marketing Plan contains a detailed statement of what is to be done and by whom. This statement is clearly related to the hotel's overall strategy. The specific components of a marketing plan vary from one hotel to another. While there are many different formats for hotel marketing plans, several elements are common to most of them:

1. **Executive summary.**
2. Summary of the **current market situation.**
3. **Assessment of the hotel** -- its customer base, facilities and staff.
4. **Assessment of the competition.**
5. **Market penetration** -- assessment of the hotel's market position in terms of market share in total and by market segment.
6. Statement of the hotel's **objectives, market position and the strategy** that will be employed to achieve and maintain them.
7. Development of an **action plan** to implement the strategy.
8. Development of the **budget.**

# **A SAMPLE MARKETING PLAN - PSU LODGE**

Using the framework set out above, a sample marketing plan will be developed to demonstrate how the elements of the plan are applied in a practical situation.

## **The Executive Summary**

*The planning document should open with a short summary of the main goals and recommendations found in the body of the plan:*

### **THE EXECUTIVE SUMMARY**

The 1996 PSU LODGE marketing plan seeks to generate the sales of 4.8 million baht. The profit target is set at 459,000 baht. This is the first year of operation, the sales-revenue target is set according to Phuket's occupancy rate last year. The sales will be attained through a specific target market (government officials, seminars and convention markets), reasonable pricing, and promotion efforts. The required marketing budget will be 360,000 baht.

## **Current Market Situation**

*This section of the plan presents relevant background data on the market, product, competition, distribution, and macroenvironment. Specifically, the marketing plan of the hotel may include comparative occupancy and rate information and data on additional room construction in the market.*

### **CURRENT MARKET SITUATION: PSU LODGE**

#### **General Outlook for the World Tourism Industry**

The World Travel & Tourism Council in Brussels predicts that revenues from travel and tourism in the Asia Pacific region will grow 7.8% annually during the next decade, going from \$805 billion this year (1995) to nearly \$2 trillion by 2005. Geoffrey Lipman, president of the World Travel & Tourism Council said that the industry is growing at 4% to 5% above overall projections in the major industrialised countries. In Asia this growth rate is expected to be at 8% to 10% a year. Trenton De Alwis, vice president of the Pacific Asia Travel Association (PATA), states that some 13.6 million Japanese already travel abroad each year. By 2005, the total will have grown to 30 million. When one considers the 20 million newly rich Chinese travellers (up from 3 million now) plus another 20 million Indians (currently about 1 million), the dimensions of the boom become even more impressive. Millions of Koreans, Indonesians and Singaporeans will join the tide, demanding new sights to see, new places to stay and new

trinkets to buy. The huge numbers of tourists will greatly accelerate Asia's development as a regional service economy.

## **Current Market Situation in Thailand**

In 1994 there were a total of 6,166,496 international tourist arrivals to Thailand, This represents a 7.05% increase over the previous year. They were classified by region as follows:

- 3,664,363 arrivals from **East Asia**, a 8.49% increase and the biggest market share at 59.42%.
- 1,509,478 arrivals from **Europe**, a 7.02% increase and the market share of 24.48%.
- 373,610 arrivals from the **Americans**, a 3.86% increase.
- 237,195 arrivals from **South Asia**, a 2.42% increase.
- 229,400 arrivals from **Oceania**, a 3.71 decrease.
- 102,224 arrivals from the **Middle East**, a 11.61 increase.
- 50,226 arrivals from **Africa**, a 2.20 decrease.

## **Tourist Profile:**

- Repeat tourist made up 57.00% in 1994 as compare to 56.15 % in 1993.
- About 37.79% tourist to Thailand came independently in 1994. The rest, 62.21% came by group tour.
- Male tourist made up 52.81% of the total in 1994, a decrease from 53.79% in 1993. 51.31% of the total tourist were in the age brackets of 25 - 44.
- Holiday and business were the main purposes of visit at 96.84 % and 96.83 % in 1994 and 1993 respectively.

## **Current Market Situation in Phuket:**

### **Accommodation Establishment.**

There were 264 accommodation establishments or 17,426 rooms in Phuket in 1993, the third largest next to Pattaya (310 accommodations with 24,722 rooms) and Bangkok (210 accommodations with 44,245 rooms). In terms of average occupancy rate and average length of stay, Phuket ranks first when compared to all major cities between 1989-1993. The number of guest arrivals in Phuket ranks second to Bangkok in 1993. The number of guest arrivals in Phuket increased from 810,014 in 1989 to 1,769,217 in 1993, an average growth rate of about 30% per year.

### **International Conventions.**

In 1993, 597 annual meetings among members of international organisations were held in Thailand with 63,817 attendants. Most of the international conventions (243) were held in Bangkok. Phuket came the second (114) while 64 were held in Chiang Mai, 62 in Pattaya, 37 in Songkhla and Hat Yai and 77 in other provinces.

## **New Hotels under Construction and Projects in the South 1995-1997.**



The table in the following section shows the new hotels under construction in Southern Thailand between 1995-1997. Approximately 8 establishments or about 600 rooms will be added to the present capacity.

## **Macroenvironment:**

### **Environment Legislation Affecting The Tourism Industry.**

In response to growing concern about the environment, the Royal Thai Government introduced sweeping changes to the existing environment legislation in 1992. The changes are aimed at improving environment conditions in Thailand by attacking deficiencies in administration, standards, and enforcement. **Administration.** The National Environment Quality Act, B.E.2535 (1992) (NEQA) is the principal environment act. This act augments the authority of the National Environment Board (NEB), which is responsible for monitoring the environmental health of the country and for establishing environment quality standards. The implementation and enforcement of the act is the responsibility of the Ministry of Science, Technology and the Environment (MOSTE). **Standards.** Under the NEQA the NEB has the authority to issue general ambient quality standards for air, noise and water. The NEB also has authority to issue higher environmental quality standards for Environmental Conservation Zones, Pollution Control Zones and other sensitive areas. Pattaya City, Phuket, Peepee Island in Krabi, Muang District Songkhla. and Hat Yai District, Songkhla have been identified as Pollution Control Zones. The standards established by the NEB are to be the minimum limits acceptable. **Enforcement.** The MOSTE is responsible for issuing regulation imposing controls and limits on various activities to ensure the impact of the activities does not exceed the guidelines issued by the NEB.

### **Campaign by the TAT to fill empty rooms with Exhibitions and Conventions.**

The Tourism Authority of Thailand (TAT) is to develop its convention and exhibition promotion strategy this year (1995) and next in the wake of a consulting company's report which said the country was losing up to one million room-nights per year owing to less-than-adequate promotions. The study, by Chicago-based consulting Stein & Co, was commissioned by the TAT to assess the state of the conventions industry, identify weak points and suggest ways by which the authority can improve its market penetration. All of the studys' recommendations are incorporated into the marketing plan for 1995-96, these include:

1. Appoint special personnel just to promote the conventions and exhibition industry at the TAT offices in the United States, Britain and Australia
2. Hold nation-wide educational seminars to increase the awareness among businesses and associations about attracting more conventions.
3. Coordinate with the Export Promotions Department and Board Of Investment to promote Thai exhibitions and conventions.

The budget for 1995-96 and 1996-97 is 96 million baht. TAT indicated that major convention facilities are being constructed or expanded at the Metropole, Arcadia, Novotel Phuket City and Le Meridien hotels in Phuket, the Regent Cha-am and Chiang Mai University. Domestic meetings and conventions are also booming. The report said Thailand was well positioned to receive a larger share of the conventions and trade show

market and that it should capitalise on this position and serve as provider and distribution point for information, goods and services. (Business Post, Vol.L No.209, Bangkok Friday July 28, 1995)

*The Current Market Situation section may also present a brief history of the area and describe the culture and political climate of the community. Population statistics and changing demographics should also be summarised here.*

## Assessment of the Property

*This section examines the hotel's physical plant, customer base, and the staff. A description of the property, and its strengths and weaknesses should be covered. The section should also answer the questions: "What will your hotel facilities be used for?" and "Who will be using them?"*

### ASSESSMENT OF PROPERTY: PSU LODGE

#### Physical Plant Description:

##### Location

The three story hotel is part of the Faculty building, with a parking area on the ground floor. The property is half way from Phuket town to Patong Beach on Vichit Songkram Road. The property is set well back from the main road. Phuket Country Club located next to the PSU Campus. It is a 20 minute walk from the property to the golf course. There is a mountain view from each room. The grounds will be landscaped on the east and west sides of the hotel.

##### Accommodation

There are 14 twin rooms on the first floor, 12 twin rooms on the second floor, 6 double rooms and 1 superior suite with private balcony on the third floor. All rooms have air-conditioning and Satellite T.V..

##### Hotel Entrances

The driveway to the hotel is the same as to the PSU Campus. There will be a sign giving direction to the hotel entrance. The lobby is small and close to the main kitchen, but there will be beautiful landscaping, with many flowers facing the lobby on the east side of the building.

##### Main Lobby/Foyer Areas

As mentioned above, the lobby is small, but the dining room and other function rooms entrances are near the guest rooms. The front desk and reception areas can make hotel guests feel comfortable and relaxed.

#### Assessment of Property's Strengths and Weaknesses:

Strengths	Weaknesses
1. Competitive room rate due to low cost of operation.	1. Exterior appearance of hotel is not inviting.
2. Central location, with easy access to Phuket City and the beaches of Phuket.	2. Lack of recreational facilities.
3. Quiet and scenic surroundings.	3. Inconvenience of public transportation.
4. Having sufficient number and size of meeting rooms.	4. Lack of professionalism in some functions.
5. Near Phuket Country Golf Course with 18+9 holes.	5. Small number of guest rooms - economies of scale can not be

	achieved in the operation.
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## **Guest Profiles for PSU LODGE**

The PSU LODGE is a new property built and managed by the Faculty of Hotel and Tourism Management, Phuket Campus of Prince of Songkla University. It will provide a training opportunity for students to experience the real situations of a hotel's operation. From the assessment of the tourism market in Thailand and other related factors, specifically in Phuket, the target market of the property is set to be the segment of seminars and government officials. This target market may include the golfers who are coming to play golf in the nearby golf course, Phuket Country Club. We can expect the following facilities to be used by the following kinds of guests:

### **Rooms**

Of the seminar business, we expect a large percentage come from educational institution. We also expect the hotel staff who come to training programs offered by the faculty to be regular customers. We can foresee the government officers who come to Phuket on vacation making up the rest of our rooms.

### **Functions and Meetings**

We expect to receive considerable business from the seminars in the government market, specifically academic conferences and seminars from the universities. We plan to provide meeting facilities for professional associations, and monthly meetings.

### **Food and Beverage**

As PSU Lodge is isolated from the central business district, food and beverage customers will be primarily in-house guests, usually participants of the seminar groups.

*This section should review not only the physical plant but also the performance of the staff and include a discussion of any special staffing problems or training needs. Also included should be information on any recent property inspections and summary of favourable and unfavourable guest comments.*

## Assessment of the Competition

*In this section all direct and indirect rooms competitors and direct food and beverage competitors should be listed. Direct competitors should be described in considerable detail, including their facilities and service level. A sample profile of a PSU LODGE competitor is given in this section.*

### ASSESSMENT OF COMPETITION: PSU LODGE

Although, many hotels compete in the convention and seminar markets, PSU LODGE is focused more towards a specific group of customers in the educational and governmental markets. In Phuket we consider the newly opened Novotel to be our biggest competitor for this market segment.

#### Competitor's Profile

Hotel Name	NOVOTEL Phuket City
Address	183/99 Phang-nga Road, Phuket 83000 Thailand
Phone	(66-76) 233402
General Manager	Mr. Laurent Betourne
Director of Sales	Mr. Ivor Rai
Number of Rooms	251
Location	Located in the middle of Phuket town.
Public Facilities	<ul style="list-style-type: none"><li>- Coffee shop (109 seats).</li><li>- Chinese restaurant (200 seats)</li><li>- Royal Thai Restaurant (140 seats).</li><li>- The Lobby Bar (72 seats).</li><li>- Deli shop and pool snack bar.</li></ul>
Recreational Facilities	Out door swimming pool, fitness centre.
General	Ballroom with a capacity of 1,400 person seated in theatre style and 1,200 seated for banquet. Total area: 1,500 sq.m.

#### Assessment of Property's Strengths and Weaknesses:

Strengths	Weaknesses
1. City centre with shopping arcade.	1. Noisy, because its location close to the intersection of two main roads.
2. Excellent reputation as a chain hotel operation.	2. No indoor recreational facilities.
3. Free covered parking area on 4 floors.	



## Market Penetration

Market penetration, the hotel's market-share percentage, is shown not only on the basis of the entire market but also for major segments.

### MARKET PENETRATION: PSU LODGE

We assume that PSU LODGE has three competitors in the same target market. The following tables show the projected calculation of market share and rooms occupied by major market.

#### Percentage of Market Share Compared to Percentage of Capacity

Property	Number of Rooms	Room Nights Available	Percentage Occupancy	Room Nights Sold	Total Room Nights Sold %	Property's Capacity, %
PSU LODGE	34	12,410	57.8	7,173	4.37	5.27
NOVOTEL	251	91,615	66.4	60,832	37.03	38.91
Property A	200	73,000	72.7	53,071	32.30	31.01
Property B	160	58,400	74.0	43,216	26.30	24.81
Total	644	235,425		164,292	100.00	100.00

#### Rooms Occupied by Major Market

Market Segment	PSU L.		Novotel		Comp. A		Comp. B		Total	
	Rooms	%	Rooms	%	Rooms	%	Rooms	%	Rooms	%
Government Employee	4,160	58.0	28,408	46.7	23,829	44.9	20,917	48.4	77,314	47
Corporate Group	1,076	15.0	14,174	23.3	12,896	24.3	8,859	20.5	37,005	23
Conventions	717	10.0	8,030	13.2	7,005	13.2	2,895	6.7	18,647	11
Individuals	1,076	15.0	9,125	15.0	8,120	15.3	10,113	23.4	28,434	17
Tour Grps	144	2.0	1,095	1.8	1,221	2.3	432	1.0	2,892	2
Total	7,173		60,832		53,071		43,216		164,292	

From the above tables it appears that the PSU LODGE will attain a market share that is less than its share of capacity. As this is the first year of operations for the lodge, the occupancy rate is set at the 1994 average occupancy rate for the industry in Phuket.



## Statement of Objectives and Strategy

*This section should clearly state what the hotel's goals and objectives are in the long term (a Mission Statement) and in the short term. Once these are defined management can establish a strategy that works to achieve these goals.*

### STATEMENT OF OBJECTIVES AND STRATEGY: PSU LODGE

#### Long Term Objectives

PSU LODGE is designed as the training hotel for faculty students and is committed to operating to empower the faculty, staff and students to work toward continuous service improvement and innovation, thereby ensuring maximum quality and service to all guests.

#### Short Term Objectives

In the first year of operation, total revenue is set at 4.8 million baht, with the occupancy rate averaging at 57.8 %. The average room rate is set at 500 baht/night. The profit for the year before depreciation is set at 459,000 baht. It aims at a 4.37 % market share of the segment of the seminar and convention markets, specifically government employees.

#### Strategy

Before formulating the strategy of PSU LODGE, it is important to analyze the opportunities and threats/risks.

#### Analysis of Opportunities and Risks.

Opportunities	Threats/Risks
<ul style="list-style-type: none"><li>Market Growth (14.6% over target 7.58%).</li></ul>	<ul style="list-style-type: none"><li>Deteriorated environmental quality.</li></ul>
<ul style="list-style-type: none"><li>Growing conventions market in Phuket.</li></ul>	<ul style="list-style-type: none"><li>Depleted natural resources.</li></ul>
<ul style="list-style-type: none"><li>High occupancy rate, Long length of stay and high number of tourist arrivals in Phuket.</li></ul>	<ul style="list-style-type: none"><li>Increased competitors from the nearby provinces (Phang-nga, Krabi).</li></ul>

#### Strategy:

From the analysis of strengths, weaknesses, opportunities and threats as well as the competitor analysis reviewed above, PSU LODGE sets its target market at seminars and conventions market. It will focus more specifically on the government employee market. The PSU LODGE positions itself as a provider of high quality services at a reasonable price. It will do business as a supporter of natural resource conservation and environmental protection.

## Action Plan

Once the hotel has analyzed the market conditions and defined a strategy, it is necessary for the management to create an Action Plan. This should set out the responsibilities of each staff in achieving the hotel's goals.

### ACTION PLAN: PSU LODGE

The following table illustrates targets and activities related to objectives and strategies. To achieve a minimum of 7,173 room nights at full rate for the 1996 fiscal year the following must be accomplished.

Target				Action	Complete Date	Person(s) Responsible
Month	Occ. rate	Room revenue	F&B revenue			
				Research: Analyze Customer's point of origin	Monthly	
Jan.	.73	361,350	122,520	Public Relations:	Nov. 1995	Khun Sumathaya
Feb.	.69	341,550	120,740	Circulate PSU LODGE	Mar. 1996	
Mar.	.63	311,850	118,060	information and Rate		
Apr.	.59	292,050	116,280	brochures-within PSU		
May	.43	212,850	109,160	Promotion Material :	Oct. 1995	Khun Bruce
June	.45	222,750	110,050	Rack-rate brochures		
July	.53	262,350	113,610	Hotel brochures-general		
Aug.	.54	267,300	114,060	Mailings:		Khun Sumathaya
Sept.	.51	252,450	112,720	Mailing to other	Nov. 1995	
Oct.	.57	282,150	115,400	Government units		
Nov.	.61	301,950	117,170	Other :	ongoing	Khun Supachai
Dec.	.65	321,750	118,960	Improve service &		
	.577	3,430,350	1,388,730	product		
Total		Revenue	4,819,080			

## The Budget

*An effective action plan must be supported by the appropriate budget. Proper budgeting will help ensure that costs are maintained and that all activities are carried out in a responsible and effective manner.*

### THE BUDGET: PSU LODGE

The following table shows the projected budget for the year 1996 ended in December.

Months	Total Sales	Total costs	Gross Profit	Admin. Expenses	Marketing Expenses	Operating profit
Jan.	483,870	301,600	182,270	90,000	60,000	32,270
Feb.	462,290	286,350	175,940	90,000	40,000	45,940
Mar.	429,910	263,400	166,510	90,000	20,000	56,510
Apr.	408,330	248,100	160,230	90,000	20,000	50,230
May	322,010	186,950	127,410	90,000	30,000	7,410
June	332,800	194,600	138,200	90,000	30,000	18,200
July	375,960	225,200	150,760	90,000	30,000	30,760
Aug.	381,360	229,000	152,360	90,000	30,000	32,360
Sept.	365,170	217,500	147,670	90,000	30,000	27,670
Oct.	397,550	240,500	157,050	90,000	30,000	37,050
Nov.	419,120	255,800	163,320	90,000	20,000	53,320
Dec.	440,710	271,000	169,710	90,000	20,000	59,710
Total	4,819,080	2,920,000	1,899,080	1,080,000	360,000	459,080

# PERFORMANCE STANDARDS

The end results of marketing activities are measured in terms of market share, profit/loss and marketing cost. The marketing plan can serve as a performance standard.

## **Market Share.**

The proportion of the total market's business gained by the hotel in the period under review can be contrasted with similar results in previous periods and with the share attained by major competitors. For PSU LODGE, the market share received at the end of each month or at the end of the year can be compared with projected room nights sold in the marketing plan.

## **Sales Volume Analysis.**

Comparison of sales to the results of previous periods or to the marketing plan projection are some of the most common measures used, specifically in room nights, or percentage of occupancy.

## **Profit Analysis.**

An analysis that focuses on the relative profitability of specific units or activities provides valuable information on whether the activity is earning marketing support. Where there has been a particular sales effort related to a unit, profit analysis should be used with sales-volume analysis. This is necessary to be sure that increased sales volume has resulted in an improved bottom-line performance at least commensurate with the increased level of effort.

## **Marketing Cost Analysis.**

Comparison of actual costs with budget should be accompanied by an explanation of all significant variations. Note that media rate changes, personnel changes, and other relatively uncontrollable costs may result in variances from budget, particularly over a year's time.

# TOURISM DATA

The following data, compiled from many sources, are a sample of the information that hotel managers should consider relevant when constructing a marketing plan.

## TOURIST ARRIVALS TO THAILAND: 1986-1994

Year	Number	+/- (%)
1986	2,818,092	-
1987	3,482,958	+23.59
1988	4,230,737	+21.47
1989	4,809,508	+13.68
1990	5,298,860	+10.17
1991	5,086,899	-4.00
1992	5,136,443	+0.97
1993	5,760,533	+12.15
1994	6,166,496	+7.05
Average Growth rate (%) 1986-1990		+17.10
Average Growth rate (%) 1990-1994		+3.86
Average Growth rate (%) 1986-1994		+10.28

## Profile (Unit : Percentage)

Sex	1994	1993	Purpose of Visit	1994	1993
Male	52.81	53.79	Holiday	86.87	87.56
Female	47.19	46.21	Business	9.97	9.27
			Convention	0.86	0.75
			Official	0.70	0.82
			Others	1.60	1.60
Frequency of Visit	1994	1993	Age	1994	1993
First visit	43.00	43.85	Under 15	4.29	4.07
Revisit	57.00	56.15	15 - 24	10.04	10.16
			25 - 34	27.96	27.70
			35 - 44	23.35	23.73
<u>Travel Arrangement</u>	<u>1994</u>	<u>1993</u>	45 - 54	18.57	18.56
Group Tour	62.21	64.12	55 - 64	10.76	10.89
Non Group Tour	37.79	35.88	65&Over	5.03	4.85

Source : Statistics & Research Division, Tourism Authority of Thailand

## TOURIST ARRIVALS TO THAILAND, 1993-1994 BY REGIONS

Regions	1994	1993	Change (%)	Share (1994)
East Asia	3,664,363	3,377,520	+8.49	59.42%
Europe	1,509,478	1,410,510	+7.02	24.48%
The Americas	373,610	359,726	+3.86	6.06%
South Asia	237,195	231,590	+2.42	3.85%
Oceania	229,400	238,245	-3.71	3.72%
Middle East	102,224	91,587	+11.61	1.66%
Africa	50,226	51,355	-2.20	0.81%
Total	6,166,496	5,760,533	+7.05	

Source : Statistics & Research Division, Tourism Authority of Thailand

## TOURIST ARRIVALS TO THAILAND IN THE MONTHS JAN. TO APRIL

Country	1995	1994	% change
East Asia	1,396,632	1,148,896	+21.56
Europe	641,557	559,505	+7.01
American	149,803	144,219	+3.87
South Asia	86,525	79,685	+8.58
Oceania	74,880	74,093	+1.06
Middle East	28,711	28,073	+2.27
Africa	17,328	15,649	+10.73
Total	2,395,436	2,090,120	+14.61

Source : Statistics & Research Division, Tourism Authority of Thailand

## INTERNATIONAL CONVENTIONS, 1989 - 1993 BY MAJOR CITY

City/Year	1989	1990	1991	1992	1993
Bangkok	235	208	218	213	243
Chiang Mai	39	26	51	47	64
Pattaya	25	27	37	53	62
Phuket	51	85	77	94	114
Songkla, Hat Yai	14	23	3	28	37
Other	37	59	64	66	77
Total	395	428	450	501	597

Source : Statistics & Research Division, Tourism Authority of Thailand

## GENERAL DATA OF ACCOMMODATION ESTABLISHMENTS, 1989 - 1993 BY MAJOR CITY

City/Year	1989	1990	1991	1992	1993
<b>Bangkok</b>					
Average Occupancy Rate	87.88	78.14	62.44	53.22	56.56
Number of Guest Arrivals	3,811,145	3,758,652	4,952,208	5,176,273	5,938,111
Average Length of Stay	2.39	2.49	2.67	2.39	2.45
<b>Chiang Mai</b>					
Average Occupancy Rate	56.27	54.08	50.36	41.34	45.95
Number of Guest Arrivals	1,081,507	1,136,362	1,145,354	1,128,544	1,159,075
Average Length of Stay	2.98	3.65	3.21	2.23	3.68
<b>Pattaya</b>					
Average Occupancy Rate	58.27	53.60	50.57	45.45	42.49
Number of Guest Arrivals	1,692,201	1,581,303	1,462,590	1,456,942	1,608,935
Average Length of Stay	3.97	3.99	4.15	4.36	3.92
<b>Phuket</b>					
Average Occupancy Rate	63.08	63.38	57.59	39.63	59.85
Number of Guest Arrivals	810,014	1,064,263	1,021,140	1,436,287	1,769,217
Average Length of Stay	5.17	4.87	4.32	4.38	6.75
<b>Hat Yai</b>					
Average Occupancy Rate	61.25	60.29	55.14	44.14	50.01
Number of Guest Arrivals	1,315,119	1,386,778	1,240,237	1,019,184	1,099,776
Average Length of Stay	1.94	1.97	1.96	1.95	2.93
<b>Sungai Kolok</b>					
Average Occup. Rate	49.73	50.78	57.45	41.28	53.73
Number of Guest Arrivals	279,873	305,082	313,501	297,942	273,585
Average Length of Stay	1.72	1.34	1.44	1.76	2.67

Source : Statistics & Research Division, Tourism Authority of Thailand



**NEW HOTELS EXPECTED TO OPEN IN SOUTHERN THAILAND,  
1995-1997 BY PROVINCE**

Hotel Name	Locations	Room No.	Date of Opening
Phuket		555	
Novotel Phuket City	Phang-nga Rd.(333402)	251	Late 1995
Novotel Patong Beach	Kalim Bay(210840)	220	1996
Suriyalai Hotel	Kamala Beach(02-5612471)	84	1996
Kamarin Beach Hotel	Taweewong Rd. Patong Beach	-	-
Phang-nga		39	
Piyalai Holding	Kokkloy, Takua Tung	-	
Pam Hotel	Kuaraburi	30	
Sang Patch	Kuaraburi	5	
Thararin	Kuaraburi	4	
Songklha		-	
Central	Hat Yai	-	
Nakhon Sri Thammarat		620	
Southern BM	Pattanakarn Rd.	420	1995
First City	Pattanakarn Rd.	200	-
Trang		186	
Andaman	Rama VI Rd.	108	
Kantang Hill Side	Kuanpetch Rd. Kantang	38	
Resort	Koh Li Bong, Kantang	40	
Koh Li Bong Resort	Muang Trang	-	1995
Thamarin			
Yala		282	
Sri Chareon 2	Batong District	72	1996
Chang Lee	Sirorod Rd. Muang Yala	210	1996
Pattanee		160	
CS. Hotel	Muang Pattanee	160	1996
Narathiwat		120	
Royal Princess	Pichitbumrong Rd. Muang	120	Late 1995
Narathiwat	Narathiwat		

Source : Statistics & Research Division, Tourism Authority of Thailand

# REFERENCES

1. Philip Kotler, Marketing Management: Analysis, Planning, Implementation, and Control, 8th ed. Prentice-Hall International, Inc., 1994.
2. Tom Powers, Marketing Hospitality, John Wiley & Sons, Inc., 1990.
3. Peter Renner, Basic Hotel Front Office Procedures, 3rd ed., Van Nostrand Reinhold, 1994.

# GLOSSARY

**Average rate.** Two measures are used to express room sales: (1) The average room rate: total room revenue from one night divided by total number of rooms occupied. (2) The average rate per guest: total room revenue divided by the total number of guests.

**Back-of-the-house.** Locations and departments not normally in direct contact with the guest. Examples: accounting, personnel, training, engineering. By contrast: Front-of-the-house.

**Bartering.** A method by which hotels can exchange otherwise vacant rooms for goods and services from other business. Such arrangements are not made by the front office staff, but through contractual agreements by management. For example, a hotel may barter rooms during a traditionally slow period in exchange for advertising space in magazines, for printing stationary, or for purchasing housekeeping supplies.

**Business traveller.** Any individual who has all the characteristics of a traveller and travels primarily for the purpose of business, trade shows, and conventions.

**Cancellation.** A guest's request to avoid a reservation previously made.

**Commercial rate(COMM).** A reduced room rate given to selected business persons to promote occupancy.

**Commission.** A fee paid to travel agent or other third party for business brought to the hotel. This is normally a percentage of the room rate the guest pays.

**Concierge.** A staff member who provides for guests' needs and special requests, usually involving an outside company for information or services.

**Convention.** Gathering of guests who are attending special events at a hotel, often comprised of meetings, lectures, and exhibits.

**Day rate.** A reduced charge for occupancy of a room for less time than overnight. It is used when the guest arrives and departs the same day, normally between the hours of 10:00 A.M. and 4:00 P.M.

**Discounting.** Giving reduced room rates to special groups.

**Double.** A room with a large bed, suitable for two people.

**Duty manager.** Title assigned to a member of the management staff whose turn it is to be on duty. Such a person may have to be called in the evenings or on weekends to handle emergencies, complaints, or authorizations.

**FIT (Foreign Independent Travel).** Prepaid, unescorted trips designed to specifications of individual clients.

**Forecast.** A projection of business volume.

**Franchise.** An independently owned hotel or motel that is part of a chain and pays a royalty for a number of privileges of affiliation.

**Front-of-the-house.** The parts of the hotel in direct contact with the guests. Examples: front desk, restaurant, health club. By contrast: Back-of-the-house.

**Ground operator.** A company or individual that provides such services as accommodations, sightseeing, transfers, and other related services, exclusive of transportation to and from a given destination.

**Group booking.** A situation in which one person reserves a block of rooms for a number of people. This may include special discounted rates, meals, and functions for all guests.

**Guest.** A term commonly used to describe anyone using the services of a hotel. In legal terms, a person who is in a contractual relationship with the hotel.

**Guest services.** In general terms, the services offered to the guests of a hotel. Specifically, a section of the desk that looks after guests' special requests, frequently staffed by the Concierge.

**Management contract.** An arrangement under which a hotel is owned by a single company or individual and is managed under contract by another.

**Market segmentation.** Dividing the total market for lodging services into pieces according to such categories as geography, age, income level, spending patterns, or purpose of travel.

**Multiple occupancy.** A room rented to more than one person at a time.

**Occupancy.** A number expression of the number of people staying in a room, such as double, single, or triple occupancy. Not to be confused with the type of bed in the room, such as single, double, twin, or double-double.

**Occupancy percentage.** The ratio between the number of rooms sold and number available for sale.

**Pleasure traveller.** Any individual who has all the characteristics of a traveller and travels primarily for pleasure, which includes vacations, shopping, recreation, and sports.

**Rack rate.** The standard rate quoted from the room rack; the published rate that is posted in each guest room.

**Reservation.** A mutual agreement between the guest and hotel. The guest agrees to take accommodation at a given time for a given period, and the hotel agrees to furnish the accommodation.

**Statistics (stats).** A collection of operating figures compiled to assist clerks and managers in decision making and planning.

**Tour.** Any prearranged (but not necessarily prepaid) journey to one or more destinations and back to the point of origin.

**Traveller.** Any individual who is temporary visitor, possessing a fixed place of abode and travelling in expectation of business or pleasure, who stays overnight at a place other than his or her own and whose stay involves an exchange of money.

**VIP (very important person).** A reservation or guest who warrants special attention and handling.

**Walk-in.** An incoming guest without a prior reservation.