



Tom Powers

# Introduction to the Hospitality Industry

Third Edition

# INTRODUCTION TO THE HOSPITALITY INDUSTRY

THIRD EDITION

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**TOM POWERS**

School of Hotel and Food Administration  
University of Guelph



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*This book is dedicated with affection to my father,  
the late F. Urban Powers (1898–1980),  
a pioneer in the application of modern management techniques  
to the hospitality industry,  
who taught me to understand the relationship  
between the particular and the general  
and to guide practice with theory.*

# PREFACE

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Through three editions, the basic commitments of this book have remained the same: (1) to present hospitality as a single, interrelated industry, and (2) to emphasize problem-solving *tools*, rather than answers, and industry-wide *trends*, rather than facts and figures. This is not a “how-to” book, but the first edition’s emphasis on the importance of field experience and personal observation should still come through loud and clear from Chapter 1 on. Finally, and most fundamentally, students are challenged throughout to realize that in building a career in hospitality they are building their own business and a way of life as well.

The work we have to do is organized around four major topics: food service, lodging, tourism, and special topics. New trends that are shaping each sub-industry are considered and, of course, there has been a very aggressive updating of the factual and statistical material. For instance, in food service at the upper end of the market we look at the escalating challenge to fine dining by casual restaurants. This, in turn, appears to be the result of the baby boom generation moving into middle age, a trend which has numerous other ramifications we will be exploring. Restaurant organization—as chain, independent, or franchise—has an entire chapter devoted to it in this edition. The changing customer base that drives the industry is addressed in Chapter 5, along with the burgeoning competition of an increasingly mature industry. While changes in the product and promotional elements in competition are evolving more quickly than before, the introduction of value pricing and the vast expansion in the number of units in operation, as a result of spreading use of kiosks, carts, and other non-traditional formats, results in basic departures from past strategic trends. Globalization of food service brands, too, is a topic that demands attention. Consumers’ changing perceptions of health also interest us as do government’s ever ambitious programs to regulate food service. At least one governmental program can be welcomed, however: the recognition of HACCP (Hazard Analysis and Critical Control Points) as *the* centerpiece of sanitation regulation.

The pace of change is no less rapid in lodging. While in the last edition of this text hotels were headed into a very perilous time, today the future of hotels—or at least hotels outside the mid-range full-service properties—looks more promising. As business travel *growth* slows to a snail's pace, growing personal travel assumes new importance to North American hotels as well as the many other tourism businesses. The continuing expansion of American brands overseas and the penetration of our own market by foreign firms through acquisitions such as Motel 6 shows us that globalization is as big a factor in the hotel business as it is in food service.

One of the most basic trends in lodging is the declining significance of the full-service hotel outside of large cities and the continuing growth of less service-intensive properties at all price levels in the all-suite, limited service, and budget categories. The burgeoning time share business, too, deserves our attention. Competition in lodging has become so fierce that an entire chapter is devoted to that topic in this edition. One aspect of that competition, *reflagging* (i.e., conversion of a property from one brand name to another), is changing the nature of the franchise relationship and raising a new set of issues for franchisees which we will discuss under the heading of “encroachment.”

The material on population trends in Chapter 5 is necessary, too, to an understanding of trends in the hotel business and other tourism businesses. Ranging from the rising wave of senior travelers to the shortage of young workers in all segments of hospitality, demographic changes are a major driving force for change in hospitality.

Tourism is the largest industry in the world and accounts for roughly one-tenth of the world's economic activity, so understanding it is vital. Trends in travel such as the struggle between hub-and-spoke and point-to-point airline systems, the escalating impact of the information highway on reservation systems, and the growing significance of gambling as an everyday travel motivation demand our attention and are discussed in the tourism section of this text.

Since service has been recognized on all sides as the most important factor for success in today's business world, how much more true that must be for the hospitality *service* industry. A separate chapter is devoted to this vital topic. While there is no separate international chapter in this edition, international concerns have been integrated throughout the text. In the last chapter, we look briefly at today's trends and try to envision their impact on tomorrow. This is important work, for that is the prime work of managers—to look to the future.

## Acknowledgments

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In the current volume, I must acknowledge many who have helped in shaping this book, even at the risk of inadvertently overlooking friends and colleagues who have also helped me. My wife, Jo Marie Powers, who is also a colleague in HRI, is the source of many ideas found in this text—not all, I'm afraid, properly acknowledged. Her advice and critical reactions have been vital to developing the

text over the course of earlier editions, and that continues to be true with this one. She also made major contributions to the test bank developed for the instructor's manual.

My colleagues in the School of Hotel and Food Administration have provided me with numerous insights that have shaped this text in important ways. I must acknowledge especially Jim Pickworth, who has an eagle eye for information that is important to updating the text and is generous in providing information to me. I am also delighted to acknowledge his significant contributions to the instructor's manual.

Security analysts John Rohs and Steven M. Pinsk at Wertheim Schroder, Michael Culp at Prudential Bache, and Michael Mueller at Montgomery Securities were kind enough to share the results of their research with me. They have each made important contributions to this text.

Technomic, Inc. Consultants have provided me with a wealth of information through their *Technomic Foodservice Digest*. I have cited these sources throughout the text but want to give them special acknowledgment here. In particular, Ron Paul, president of Technomic, both in his editorials in the *Digest* and in personal communications, has helped me to stay abreast of the food service industry's breathtaking pace of change.

The Institutional Foodservice Manufacturers of America (IFMA) sponsors an annual meeting, COEX, featuring the latest research on food service market trends. I am indebted to them for generously allowing me to attend that conference and to make extensive use of its *Proceedings* in this book. Their help has been important in earlier editions of this text as well.

The Hospitality Industry Investment Conference, held annually in New York City, has provided yet another key to understanding changing hospitality institutions. I acknowledge my indebtedness to the late Steven Brenner, who was for years the driving force behind this vital information exchange. I would also like to thank my colleagues at New York University, Sandra Dove-Lowther and Arlene Lesser, who are responsible for the administration of this program and who have extended many courtesies to me. The conceptual underpinnings of the lodging section of this text are drawn largely from the work of speakers at these conferences over many years.

The Burtenshaw Lectures at Washington State University have been important to my understanding of contemporary hospitality. Dr. Terry Umbreit has made copies of these lectures at Washington State available to me and I have appreciated his help.

I would also like to acknowledge assistance from Joel Katz at ARAMARK who provided me with helpful insights into contract food service. My colleague at Guelph, Julia Christensen, has helped me to understand that work force diversity represents an opportunity—and not just a problem. Last but certainly not least, I must acknowledge the help of Dean Anthony Marshall at Florida International University in framing the growing problem of security in hospitality businesses. Few problems have been thrust upon the industry with more force in recent years than our guests' fears for their personal security.

Smith Travel Research publishes an invaluable monthly newsletter, *Lodging Outlook*, and I have drawn from it repeatedly. Randall Smith has been generous with his time and most helpful to me in understanding the changing relationships between owner, franchisor, and operator in the lodging industry. The CKC Report is the leading source of information on technology in the lodging industry. Lawrence Chervenak, its publisher and president of Chervenak Keene and Company, has been kind enough to help me to understand the rapidly evolving field of central reservations services in a time of accelerating change. Once again, Kenneth Hornbach, Chief Statistical Officer of the U.S. National Park Service, has provided me with both information and insight on the parks as major tourism destinations.

The U.S. Travel Data Center was, as always, an important source for Chapters 12 and 13, and I especially want to thank Bill Evans of that organization for his help in getting me vital statistics from publications—even while they were in press.

Throughout this text, the special “Futures Edition” of the *Hospitality Research Journal* has been an invaluable resource to me. I thank coeditors Carl Riegel and Carolyn Lambert as well as the editorial board of the *Journal* for having the vision and energy to push on with this major project of which I am especially grateful to have been guest editor.

The advice of Claire Thompson, my editor at Wiley, has been a major boon to me. She has tactfully drawn my attention to the need for a tighter organization and encouraged me to do the hardest thing for an author—to cut material—without the loss of any vital information—in the interest of keeping the book at a manageable length.

The writing of a book involves not only developing material and the actual writing, but also a mountain of work related to preparing a usable manuscript. You would not be reading this but for the patient and meticulous efforts of Kay Fairfull in typing this manuscript—much of it two or three times. She bore with numerous revisions, marches, and countermarches with unusual patience, for which I am grateful.

When I set out to revise this text, several colleagues provided me with review of the last edition that resulted in valuable insights that shaped this latest edition: Earl Arrowood, Bucks County Community College; Karen Drummond, M.S., R.D.; Carol Kizer, Columbus State Community College; Daryl Nosek, Westchester Community College; Carl Riegel, Washington State University; Eugene Spaziani, Gateway Community-Technical College. Gary Hamilton of California State Polytechnic University-Pomona reviewed the test bank and gave me a user’s-eye view, which was very helpful.

In spite of all the help I have had, there doubtless still remain errors and deficiencies in this text for which, of course, the author must accept responsibility.

TOM POWERS

*Moon River, Ontario  
January 21, 1995*



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