

## 1.1 The structure of the hospitality industry

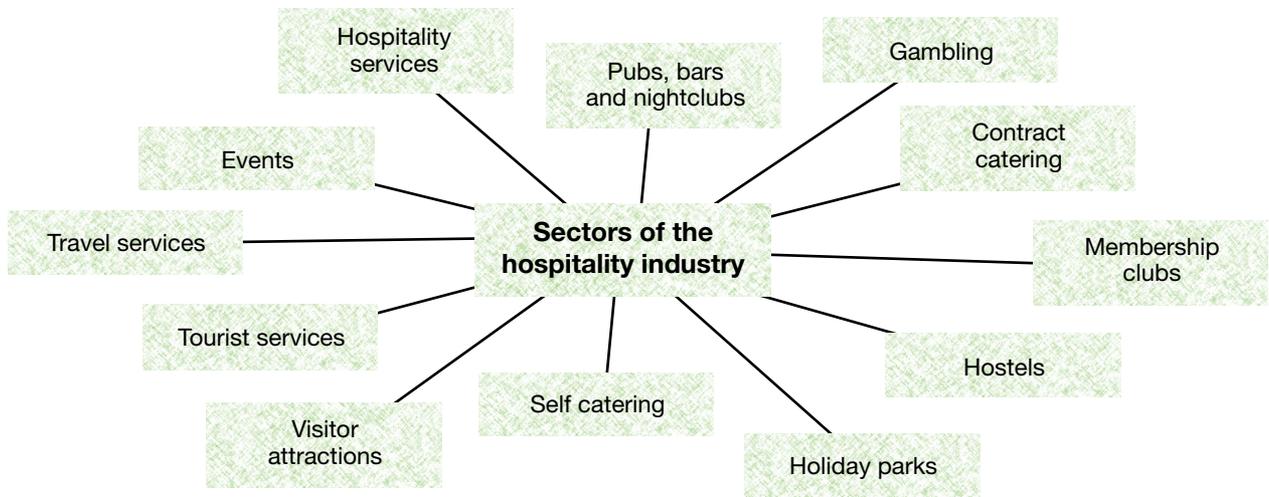
The hospitality industry in the UK is a broad and varied industry ranging from single-person organisations to worldwide corporations. People do a total of more than 80 different jobs in the industry.

### KEY TERMS

Hospitality: kindness in welcoming guests or strangers

### Fourteen different industries

The hospitality industry is not just hotels and restaurants. There are 12 other different sectors of the industry:



These different industries will be looked at further in future chapters in this book.

### Different-sized operations in the industry

Sally has her own burger van. She runs it on her own. She buys and cooks all the food and cleans the van at the end of the day.

Adil works for McDonalds as a manager. He is responsible for the daily running of the outlet and has many jobs, such as organising staff training, quality control and customer complaints.

Around 80 per cent of hospitality operations employ less than five people. This means that hospitality is a great industry for people who want to set up their own business – whatever it might be, as well as for people who want to progress their career in a multinational corporation.



## Different customers

Not everyone wants the same type of service or food. The industry has to identify people's different needs and offer suitable services and food to match those needs.

Some people want a cheap room – just somewhere to ‘put their head down’. A hostel is ideal for this.

Some people want luxury – more than they'd have in their own home. They want a TV with 20 channels and home movies, a bar with room service and lots of ‘smellies’ to use in the bathroom, and a robe and slippers.

Some people want to dress up and go to a casino, have a three-course meal and then, while gambling, have drinks brought to them by waiters. Other people want to go to their local bingo hall, have a snack and spend a few hours gambling, with a trip to the bar in between games.

## More about the structure of the industry

The industry can also be divided in different ways:

### Commercial or service sector

Is hospitality the main purpose of the industry? Is it the reason for the industry being there? Then it is a commercial operation. Or, is it there just because a lot of people stay, study or work there (such as a hospital)? In this case, it is a service operation.

### Profit making or working within a budget

Most hospitality operations need to make a profit but some don't, they just need to keep to a specific budget. For example, a lot of school canteens have a budget of 75p food cost per meal per day. In some workplaces, the canteen works to a budget but the prices are then reduced. A cheap lunch is an incentive to work there – a perk of the job.

### Restricted customers or open to the general public

Most hospitality operations can sell to anyone but some are restricted to selling to a small part of the public: customers who are, for example, on the cross-channel ferry or on a train.

#### ACTIVITY

Compare a fast food restaurant you have visited with a pub restaurant (or other restaurant you might have visited such as an Indian or Italian restaurant).

Compare the differences under the headings of ‘choice of menu’, ‘type of service’, ‘time taken to have the meal’, ‘healthy food’ and ‘music and décor’.

#### ACTIVITY

- 1 Add to the table below so that you have included all sectors of the industry you can think of.
- 2 Explain why the operations working to a budget do not have to make a profit.

#### CHECK YOUR KNOWLEDGE

- 1 What are the 14 sectors of the hospitality industry?
- 2 Why do some establishments have a restricted number of customers?
- 3 List four different types of customers that might book into a hotel.

Commercial	Service	Profit making	Working to a budget	General public	Restricted customers
<ul style="list-style-type: none"> <li>Hotels</li> <li>Hostels</li> <li>Contract caterers, such as events</li> </ul>	<ul style="list-style-type: none"> <li>Tourist attractions</li> <li>Hospitals</li> <li>Prisons</li> <li>Colleges</li> <li>Workplace including armed forces catering</li> </ul>	<ul style="list-style-type: none"> <li>Most!</li> </ul>	<ul style="list-style-type: none"> <li>Prison</li> <li>Care home catering</li> <li>NB: Workplace is often also subsidised.</li> <li>Some organisations are a charity, e.g. YMCA</li> </ul>	<ul style="list-style-type: none"> <li>Hotels</li> </ul>	<ul style="list-style-type: none"> <li>Train, cruise and ferry catering</li> <li>Tourist attractions</li> <li>Casinos</li> </ul>

# 1.2 Hospitality's contribution to the UK economy

The hospitality industry makes a major contribution to the UK economy and employs a large percentage of people. In some parts of the UK, the industry is the main source of income and employment.

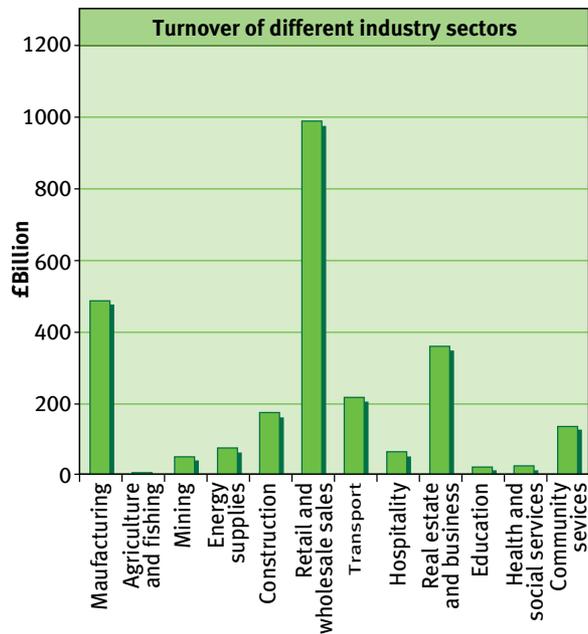
## Hospitality's importance as a sector

In the UK, there are over 180,000 hospitality and leisure establishments and these employ more than 2 million people. That's about 7 per cent of the UK workforce.

### Turnover

The hospitality industry's turnover in 2006 was £65 billion, compared to £21 billion in education and £5 billion in agriculture and fishing.

- Nearly half a million people are employed in restaurants.
- 400,000 work in the service sector (e.g. hospitals) of the industry.
- In this sector, two thirds of the workers are women.
- In restaurants, the same number of men and women work there.
- Overall, the industry employs a young workforce with over a third of staff being under 25.
- Restaurants in particular have a very young workforce.
- In the service sector, most workers are aged 35 to 55.



Turnover of different industry sectors.

### Number of establishments

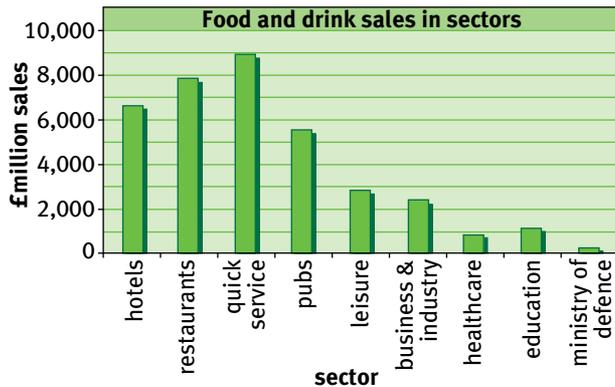
From 1995 to 2005, the number of restaurants grew from 46,000 to 63,000. At the same time, the number of hotels decreased from 12,500 to 10,000. The number of pubs increased from 46,000 to 49,000 and the number of hostels increased by 300 per cent – from 50 to 150!

### Food and drink

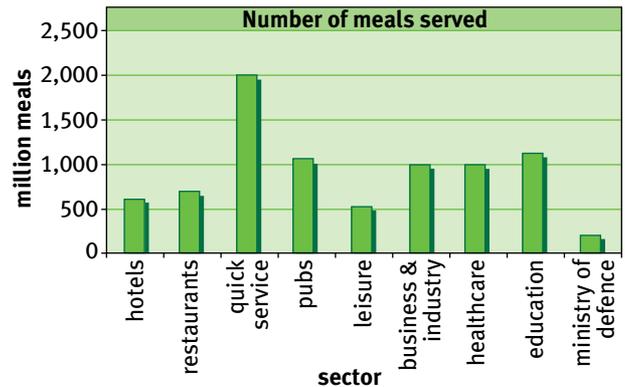
The most number of meals sold by far is in the quick service sector. However, the revenue received is not much more than that received by hotels and restaurants.

#### KEY TERMS

Service sector: part of the industry or business which deals with the marketing and selling of services rather than physical goods.



Food and drinks sales per sector



Number of meals served

## Regional differences

About 7 per cent of the UK workforce is employed by the hospitality industry. Hospitality income is 2.5 per cent of the UK's total income. In some parts of the UK, however, the hospitality industry is far more important than these figures suggest.

### CASE STUDY

#### The Isles of Scilly

Tourism is estimated to account for 85 per cent of the islands' income and 63 per cent of employment.

Most hospitality businesses, except for a few hotels, are small enterprises employing fewer than four people. Many are family run.

Because of the seasonality of tourism, many jobs are seasonal and part-time as work cannot be guaranteed throughout the year. Some islanders take up other temporary jobs 'out of season' to make up for this. Many seasonal workers are brought to the island just for summer.

#### The Isle of Wight

The Isle of Wight has a workforce of just under 50,000 people. Twenty-five per cent of these work in the hospitality industry. Two and a half million people visit the island for day trips and longer holidays. Hospitality and tourism is therefore an important part of the economy.

#### The city of Preston

In the north-west region of England over 200,000 people (6 per cent of the regional workforce) are employed in the hospitality and tourism industry. That is just below the national average, despite the popular resort of Blackpool being part of the region.

In the city of Preston, over 5,000 people are employed in the industry. More important is the 30 per cent increase in employment in this industry over the past 10 years. For some sectors, such as restaurants and cafés, this is closer to a 50 per cent increase.

If the percentage of people taking holidays in this country fell by 20 per cent, because of the poor weather for several summers, what would the effect be on each of these areas?

### ACTIVITY

- 1 Discuss why the revenue received by the quick service sector is not much more than received by hotels and restaurants.
- 2 Comment on the difference in the number of establishments shown in the graphs and why this might be.
- 3 Look at the importance of the industry compared to other industries – what surprised you about these statistics?

### FIND OUT

How important is the hospitality industry to your local area?  
How many people are employed by the industry and how much income does it generate?

### CHECK YOUR KNOWLEDGE

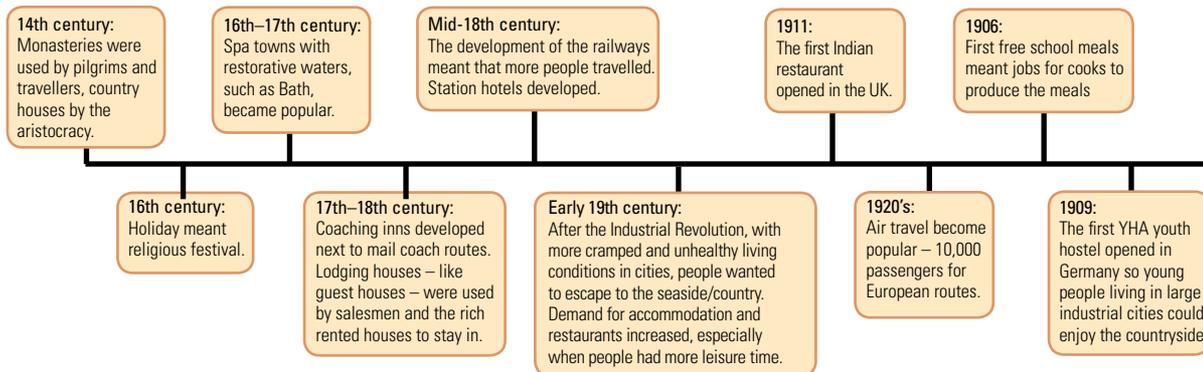
- 1 What percentage of the workforce is employed by the hospitality industry?
- 2 How many people are employed in the restaurant sector?
- 3 What sectors had a reduction in establishments from 1995 to 2005?
- 4 What percentage of the population are employed by the hospitality sector in a) The Isle of Wight b) The isles of Scilly?

# 1.3 Links with other industries

The hospitality industry is constantly developing and changing in its structure, client groups and services. These changes are influenced by other industries but the industry itself also has an influence.

## The history of the hospitality industry

The timeline gives you examples of how the hospitality industry has developed.



You can see that the industry has developed because of the development of other industries. Manufacturing meant people needed to get away on holiday from cities. Railways and airplanes meant easier and cheaper travel. The way businesses developed from small to national and, often, multinational companies meant that more people travelled on business.

The hospitality industry ‘feeds’ off other industries, but other industries feed off hospitality operations too.

## How hospitality is linked to leisure, travel and tourism

### Holidays

The hospitality industry ‘feeds’ off leisure, travel and tourism because, as more people have disposable income to spend and more free time, the demand for holiday destinations increases.

### Travel

More and more facilities are needed along and around the travel routes that people use to get to these destinations.

### Leisure

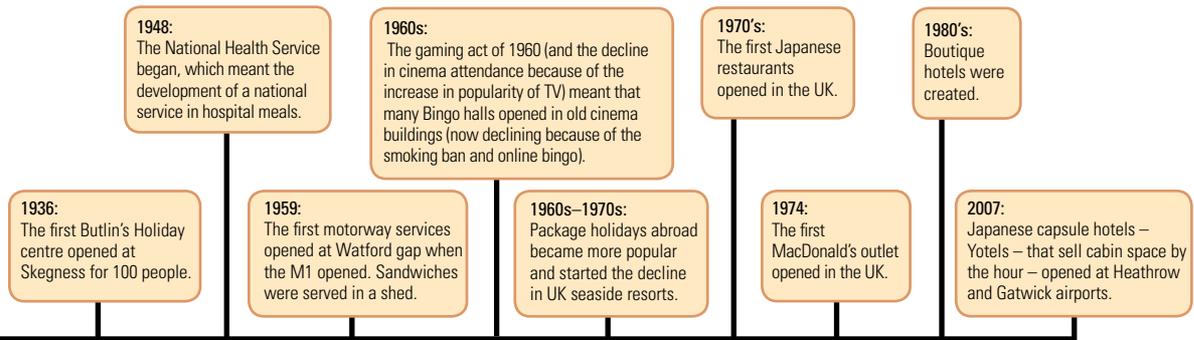
The wider leisure industry, such as participating in or watching sport or going to the theatre, also increases the need for hospitality facilities.

### CASE STUDY

The Premier Inn at Trafford in Manchester is just 100 metres from the Manchester United Football stadium. The hotel has special match-night packages for residents and non-residents including champagne on arrival with a meal and the use of the bar and car park for an hour after the match.

### ACTIVITY

If your hotel was next to a racecourse, what special package could you offer to race-goers?



## Industry

Changes in manufacturing and industry also create demand for the hospitality industry. Many industrial organisations have increased in size and many national companies are being taken over by multinational corporations. This means that the demand for accommodation and meeting rooms increases.

## How hospitality creates jobs and income for other industries

The simple opening of a fish and chip shop will support other industries:

- Local fish and potato suppliers get more business – and take on more staff.
- Local food packaging supplier gets more business.
- Maintenance company for deep-fat fryers get another contract – which means more jobs.

If a 4-star, 200-bed hotel with a wide range of facilities opens, the impact and support is even greater:

- The swimming pool needs two lifeguards.
- The spa needs four beauty therapists and two hairdressers.
- The hotel has a contract with a local laundry company to clean its bedding and towels – two jobs created.
- The hotel has a continuous refurbishment programme that employs two decorators full-time.
- Demand for food and drink supplies helps many local companies.

### FIND OUT

Research the history of a particular sector of the industry, for example, Lyons tea rooms.

### CHECK YOUR KNOWLEDGE

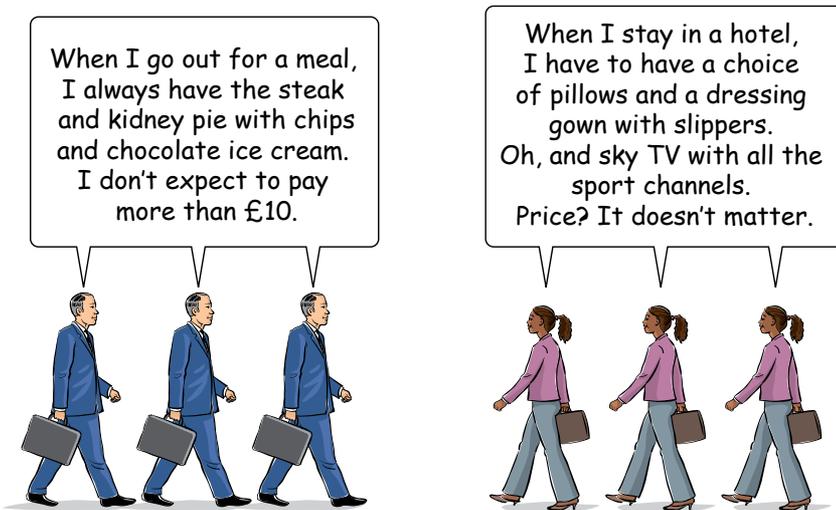
- 1 Why did the Industrial Revolution mean a bigger demand for holiday accommodation?
- 2 What is the connection between the development of the airplane and an increase in hospitality facilities?
- 3 How would a new hotel in a town affect the local fishmonger, the poultry farm up the road and the florist?

# 1.4 What services the industry provides and who it provides it for

Chapter 1.1 has identified the structure of the hospitality industry. This section looks at why this structure is so wide and diverse in what it provides and who it provides it for.

## Different people, different needs

Life would be very boring if we were all the same. Imagine every restaurant in the whole country only selling the same dish every day of the year!



*Wouldn't it be boring if we all wanted the same thing?*

## Services

The industry needs to provide various services for the different individuals that exist in the world.

The industry is wide and diverse. Different types of bedroom accommodation are available, from shared bunk bed rooms to luxury. Food ranges from the sandwich on a train journey to a eight-course gourmet taster meal at a Michelin-star restaurant. Drink ranges from a paper cup of coffee at an airport to a cocktail served by a skilled cocktail bartender.

Some establishments target a distinct client and service. Others offer a wider range of services to several client groups.

## CASE STUDY

The Monkhouse Granary in Shropshire is a small conference centre converted out of redundant farm buildings on a working farm. It is a Monday to Friday operation, run by the farmer's wife. The Granary has built up a local reputation as an excellent conference venue for up to 30 people. It provides personal service and uses local contract caterers to provide a choice of lunch options from finger buffets to hot dishes.

## ACTIVITY

List the range of clients and the type of event that each establishment could cater for.

## CASE STUDY

The Barton Grange Hotel in Lancashire has one large banqueting suite used for conferences during the week and parties and weddings at the weekend. The room has sliding doors so it can be divided into several smaller rooms and has a separate entrance to the main hotel. There is a conference manager and a banqueting manager. They look after the two different types of business but use the same accommodation and staff. The kitchen has a separate service area for the banqueting suite but chefs can work in this area and in the main restaurant kitchen on the same day. The hotel also has two distinct restaurants: a 30-seater fine dining restaurant open evenings only and a less formal restaurant where snacks and full meals can be eaten all day. This restaurant offers a children's menu.

## Clients

People's needs don't stay the same. Needs change depending on whether people are on a business or leisure trip and whether they are on their own or in a group. Someone on their own will want a quick meal at a table on their own. Groups prefer round tables for better conversation. How does a restaurant cater for both types of client?

## Let's have a celebration!



A celebration or party means different things to people at times of life so different establishments and services are needed.

## ACTIVITY

Study a local hospitality establishment. Identify the different services it offers and the different client groups it targets.

## KEY TERMS

**Services:** provision of a commodity – something material such as a meal or a drink, space such as a room, or something less concrete (an experience, for example, the welcome received at a hotel).

**Client group:** a particular type of customer (leisure or business customers, individuals or groups, different ages).

## ACTIVITY

Plan a Christmas party for a group of thirty 7-year-old children and a group of thirty 70-year-old adults. Plan the menu and entertainment. Compare the differences in the food offered and how it will be served, as well as the entertainment.

## CHECK YOUR KNOWLEDGE

- 1 Identify three specific client groups that might book into a restaurant.
- 2 Explain what type of client will book a hostel in a city.
- 3 Identify the type of event a 100-year-old lady might want to celebrate her birthday.

# 1.5 Accommodation facilities

The industry provides a range of accommodation services. Accommodation doesn't just mean bedrooms. It also means public areas such as function and conference rooms. These rooms have the same day to day needs as bedrooms and they need to be serviced in the same way: cleaned and set up for new customers – tea, coffee and snacks need replenishing, as well as toiletries or stationary.

## Sector

The provision of accommodation facilities is a very important part of the industry and covers 4 out of the 14 sectors of the industry:

- hotels
- holiday centres and self catering
- hostels
- some Membership clubs.

## Hotels

The hotel sector is the largest sector, with a wide range of establishments from one- or two- bedded guest houses to 5-star luxury 300-bed hotels. This sector can be subdivided into:

- Hotels – 5-star to low cost, often serviced to a high level, with restaurants and bars. They include independent, owner run, large chains and independent consortia.
- Motels or lodges – usually near motorways or major roads and also now in or near airports. They provide basic low-cost accommodation and are semi-serviced (catering is nearby or trayed and packaged).
- Guest houses or B&B's – usually just a few rooms, usually low cost but some are now boutique-style luxury guest houses. These are serviced with a limited range of catering – breakfast only.



*Consortiums such as Hilton Hotels, have become major players in the hotel market.*

## CASE STUDY

Yotels are a group of Japanese-inspired cabins conveniently situated inside Heathrow and Gatwick airports.

Yotel is similar to cruise liners in one sense – the galley is a hub of activity for the crew who cater to guests every need. Guests are free to relax in their cabins, fully fitted with all the mod-cons expected of a 4-star hotel room.

What kind of people might use a Yotel?.

## FIND OUT

- 1 Accor, Hilton, Ramada, Holiday Inn, Premier Travel Inn, Radisson, Hotel du Vin, Jury Inn, Swallow and Marriott are some of the hotel chains in the UK. Research one of these and find out about their standards. Present your findings.
- 2 Many hotels are still individually owned. These hotels often join a consortia for marketing purposes. Find out about one consortia and the criteria needed to join. Go to [www.slh.com](http://www.slh.com) or [www.britishfinest.co.uk](http://www.britishfinest.co.uk).

## KEY TERMS

**Consortium:** an association or combination of hotels and investors, for the purpose of engaging in a joint venture, such as marketing and taking bookings.

## Hostels

This sector has only 450 establishments in the UK but is growing annually. Hostels range from YHA barns in fields to converted houses or purpose-built buildings, such as the YHA in Manchester. Most accommodation in hostels is bunk beds with four to six people on average in a room. Facilities are usually shared. Service is minimal, often clients make up their own beds. Catering is usually provided but sometimes kitchens are available.

Some hostels are situated in an area that can offer a range of outdoor activities, such as canoeing, rock climbing and walking.

## Social accommodation

This could also be included under hostels or even small hotels. Social accommodation includes student housing – either self-catering or with meals, and residential homes for the elderly, which have a high level of service both for cleaning and the provision of meals.

## Holiday centres

Holiday centres are often a mixture of serviced and self-catering accommodation. They range from low cost, such as a caravan park, to luxury, such as one with log cabins all with individual hot tubs. There are usually lots of leisure facilities in the centre, such as a swimming pool and play park.

## Self-catering

This is unserviced accommodation where no catering is provided. This accommodation is usually let for full weeks, although the industry is becoming more flexible, with weekend and midweek lets available.

Aparthotels are increasing in popularity in cities, where daily lets are available.

## Membership clubs

This sector has a very old tradition, especially in London. Some clubs do not provide accommodation but some do. The Union Jack Club for ex-servicemen is an example of one that runs like a hotel for its members.

## Functions and conferences

These provide large-scale service, accommodating large numbers at any one time.

This type of accommodation can be in a purpose-built building with a wide range of rooms or part of a hotel's business. It can also be outside catering, such as a marquee in a garden or field.



*There is a wide range of youth hostels available for use in this country.*

### FIND OUT

- 1 Research the history of the YMCA or the YHA.
- 2 What type of holiday centres exist in your region.

### CHECK YOUR KNOWLEDGE

- 1 Where will you find a motel?
- 2 Do most guesthouses serve dinner?
- 3 What are the advantages and disadvantages of using self-catering accommodation?

# 1.6 Eating and drinking establishments

Restaurants and bars are the two sectors in the industry that employ the most people – 850,000 out of a total 2 million workers – nearly half of all workers in the industry. These are also the sectors that have the most single establishments (rather than chains such as Starbucks): 120,000.

Restaurants and bars can in fact operate in all 14 sectors of the industry. You will usually find a bar and restaurant in a casino and at least a fast-food outlet in a bingo hall. Restaurants exist in most tourist attractions and some form of catering is available in hostels.

Providing food and drink is as varied as the paper cup of coffee bought on the train to London to an eight-course gourmet taster meal at the Michelin-starred restaurant in the next town.

## Restaurants

Like accommodation, eating establishments can also be subdivided into:

- **Takeaways** (fish and chip shops, sandwich bars and ethnic outlets such as kebab shops) – *very quick service – often now delivered to your home.*
- **Fast-food outlets:** *in a specialised environment – especially kitchen- very quick service.*
- **Popular catering** (includes cafés and coffee shops including those found in retail stores). *Cafés focus on food, coffee shops on beverages.*
- **Mainstream catering:** ethnic and themed – *usually medium to high prices with good levels of service.*
- **Fine dining:** *high levels of skilled service both in the kitchen and front of house.*

Sometimes it is easy to compare two different types of eating establishments to recognise the different eating experience they provide:

Fast-food restaurant	Ethnic restaurant – e.g. Italian
Small choice on menu	Wide choice on menu
Cheap price	Medium price
Counter service from operators in a casual uniform	Waiters in smart uniform serve you at the table
Food is packaged – to keep warm	Food is well presented on the plate
Food is precooked and ready when ordered	A wait for freshly cooked dishes
Plastic seating. No music. Hard flooring. Plastic tables.	Music and carpet with comfortable seating and tablecloth



*Cafes brands, such as Starbucks have helped make popular catering a growth industry.*

So to **generalise** you could define eating establishments as:

Low cost	←————→	High cost
Small choice on menu	←————→	Wide choice
Quick service of food	←————→	Slow service of food (cooked to order)
Self-service	←————→	High level of service
Basic ambience	←————→	High level of ambience

## Pubs and bars



The traditional pub has a long history in the UK but around 36 a week close because of changes in society. They have particularly suffered from the effect of stricter enforcement of drink-driving laws and the smoking ban. So, for many years, pubs and bars have had to diversify to attract a wider or different client group. Some examples of this diversification are:

- Sports bars: with large-screen TV's showing live sport, especially football matches.
- Cocktail bars: have sophisticated décor and a cocktail menu. Often doormen enforce a dress code for customers, such as no trainers or jeans.
- Wine bars: a little like continental coffee bars. They offer a wider choice of drinks than the traditional pub, such as teas and coffees. This type of bar attracts a wider clientele, such as single women, because of the ambience created.
- Family-friendly pubs: with an outside playground and sometimes one inside. Food is particularly important for these pubs.

The pub and bar industry is a high profit-margin industry. The mark up on drinks is often 200 per cent – the same as food, but there is no labour cost on preparing drinks! Wine bought in a supermarket costs from £3 – wine in a bar or restaurant costs from £10. Cola bought in a supermarket costs 50p – cola bought in a bar costs £2.50.

### EXAMINER'S TIP

You will often get questions about comparisons between different establishments such as a hotel and guesthouse and a fast-food outlet and a restaurant.

### ACTIVITY

Research on the internet for a fine-dining menu and a fast-food menu. Compare the range of dishes offered. Discuss how they are described, price, nutrition and how many dishes are offered. Write a conclusion to the activity explaining what you have learned and what image each of the menus gives.

### TRY THIS

Look at a menu from a wine bar or cocktail bar. Create some new smoothies or non-alcoholic cocktails for these menus.

### CHECK YOUR KNOWLEDGE

- 1 What is the difference between a café and a coffee shop?
- 2 What kind of customers will be attracted to a fine-dining restaurant?
- 3 Why have pubs had to diversify?