



Pearson New International Edition

**Check-In Check-Out
Managing Hotel Operations
Gary K. Vallen Jerome J. Vallen
Ninth Edition**

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Table of Contents

Glossary	1
Gary K. Vallen/Jerome J. Vallen	
1. The Traditional Hotel Industry	13
Gary K. Vallen/Jerome J. Vallen	
2. The Modern Hotel Industry	33
Gary K. Vallen/Jerome J. Vallen	
3. The Structures of the Hotel Industry	61
Gary K. Vallen/Jerome J. Vallen	
4. Forecasting Availability and Overbooking	101
Gary K. Vallen/Jerome J. Vallen	
5. Global Reservations Technologies	127
Gary K. Vallen/Jerome J. Vallen	
6. Individual Reservations and Group Reservations	165
Gary K. Vallen/Jerome J. Vallen	
7. Managing Guest Services	199
Gary K. Vallen/Jerome J. Vallen	
8. Arrival, Registration, Assignment and Rooming	229
Gary K. Vallen/Jerome J. Vallen	
9. The Role of the Room Rate	263
Gary K. Vallen/Jerome J. Vallen	
10. Billing the Guest Folio	295
Gary K. Vallen/Jerome J. Vallen	
11. Cash or Credit: The City Ledger	327
Gary K. Vallen/Jerome J. Vallen	
12. The Night Audit	361
Gary K. Vallen/Jerome J. Vallen	

13. Hotel Technology

Gary K. Vallen/Jerome J. Vallen

389

Index

427

GLOSSARY

Words in *italic* in each definition are themselves defined elsewhere in the Glossary. (Words not listed might be found in the Index.) cf. means “compare.”

A card A form once used with the *NCR front-office posting machines* to reconcile and report cash at the close of the first shift and alternate shifts thereafter; see also *B card*.

account balance The difference between the *debit* (charge) and *credit* (payment) values of the *guest bill*.

account card See *guest bill*.

account receivable A company, organization, or individual, *registered* or not, who has an outstanding bill with the hotel.

accounts receivable ledger The aggregate of individual *account receivable* records.

acknowledgment Notice of a *confirmed reservation* by telephone, fax, email, letter, postcard, or preprinted form.

ADA See *Americans with Disabilities Act*.

adds Last-minute *reservations* added to the reservation list on the day of arrival.

ADR See *average daily rate*.

adjoining rooms Rooms that abut along the corridor but do not connect through private doors; cf. *connecting rooms*.

advance deposit A deposit furnished by the guest on a room *reservation* that the hotel is holding.

advances See *cash paid-outs*.

affiliated hotel One of a chain, *franchise*, or *referral* system, the membership of which provides special advantages, particularly a national reservations system.

after departure (AD) A *late charge*.

afternoon tea A light snack comprising delicate sandwiches and small sweets served with tea, or even sherry; cf. *high tea*.

agency ledger A division of the *city ledger* dealing with *travel agent* (agency) accounts.

agent Representative of an individual or business; term that is a popular substitute for clerk, as in guest-service agent rather than room clerk.

AH&LA See *American Hotel & Lodging Association*.

AIOD Telephone equipment that provides Automatic Identification of Outward Dialing for billing purposes.

All-inclusive *Plan* that includes all hotel services: room, food, beverages, entertainment for one price.

allowance A reduction to the *folio*, as an adjustment either for unsatisfactory service or for a posting error. Also called a *rebate*.

amenities Literally any extra product or service found in the hotel. A swimming pool, *concierge* desk, health spa, and so on are all technically known as amenities. However, this term is used primarily for in-room guest products: as soap, shampoo, suntan lotion, mouthwash, and the like.

amenity creep The proliferation of all guest products and services when hotels compete by offering more extensive *amenities*.

American Hotel & Lodging Association (AH&LA) A federation of regional and state associations that are composed of individual hotel and motel properties throughout the Americas.

American plan (AP) A method of quoting room *rates* where the charge includes room and three meals.

American Resort Development Association (ARDA) A professional association of *timeshare* developers.

American Society of Association Executives (ASAE) An organization of the professional executives who head the business and *SMERF* associations in the United States.

American Society of Travel Agents (ASTA) A professional association of retail *travel agents* and wholesale tour operators.

Americans with Disabilities Act (ADA) Established in 1990, the ADA prohibits discrimination against any guest or employee because of disability.

application service provider Supports *central reservation systems* and *global reservation systems* with hardware and software.

arrival, departure, and change sheet A pencil-and-paper form to record guest *check-ins*, *check-outs*, and *changes* under a hand audit system; sometimes three separate forms.

arrival time The hour which the guest specifies as the time that he or she will arrive to claim the *reservation*.

ATM Automatic teller machine provides self-service banking services. Often located in heavily trafficked public areas such as hotel lobbies or casino/hotels. User must have a *PIN*.

attrition The failure of a convention *group* to fill its reserved *block* of rooms.

authorization code (1) Response from a credit-card issuer that approves the credit-card transaction and provides a numbered code referral if problems arise; (2) a code for entry to a computer program.

available The room is ready.

available basis only (1) Convention *reservations* that have no claim against the *block* of convention rooms (see *blanket reservation*) because the request arrived after the *cutoff date*; (2) no reservations permitted because the rate being granted is too low to guarantee space, employee *reservations*, for example.

available rooms The number of guest rooms the hotel has for sale—either the total in the hotel or the number unoccupied on a given day.

average daily rate (ADR) The average *daily rate* paid by guests; computed by dividing room revenue by the number of rooms occupied. More recently called *sales per occupied room*.

back to back (1) A sequence of consecutive *group* departures and arrivals usually arranged by tour operators so that rooms are never vacant; (2) a floor plan design that brings the piping of adjacent baths into a common shaft.

bank Coins and small bills given to the cashier for making change.

bank cards Credit cards issued by banks, usually for a smaller fee than that charged by *travel and entertainment cards*.

batch processing A computer procedure that collects and codes data, entering it into memory in batches; cf. *online computer*.

B card A form once used with *NCR front-office posting machines* to reconcile and report cash at the close of the second shift and alternative shifts thereafter; see also *A card*.

bed and board Another term for the *American plan*.

From Glossary of *Check-In Check-Out*, Ninth Edition. Gary K. Vallen, Jerome J. Vallen. Copyright © 2013 by Pearson Education, Inc. All rights reserved.

bed and breakfast (B&B) Lodging and breakfast offered in a domestic setting by families in their own homes; less frequently, the *Continental plan*.

bed board A board placed under the mattress to make a firmer sleeping surface.

bed night See *guest day (night)*.

bed occupancy A ratio relating the number of beds sold to the number of beds available for sale; *occupancy* measured in available beds rather than in *available rooms*.

bellcaptain (1) The supervisor of the bellpersons and other uniformed service personnel; (2) a proprietary in-room vending machine.

bellcaptain's log See *callbook*.

bellstand The bellperson's desk located in the lobby close to and visible from the front desk.

Bermuda plan A method of quoting room *rates*, where the charge includes a full breakfast as well as the room.

best available A *reservation* requesting (or a confirmation promising) the best room available or the best room to open prior to arrival; cf. *available basis only*.

B folio The second *folio* (the individual's folio) used with a *master account*.

blanket reservation A *block* of rooms held for a particular *group*, with individual members requesting assignments from that *block*.

block (1) A number of rooms reserved for one *group*; (2) a restriction placed in the *room rack* to limit the clerk's discretion in assigning the room.

book To sell hotel space, either to a person or to a *group* needing a *block* of rooms.

bottom line The final line of a profit-and-loss statement: either net profit or net loss.

box Reservation term that allows no *reservations* from either side of the boxed dates to spill through; cf. *sell through*.

breakage The gain that accrues to the hotel or tour operator when meals or other services included in a *package* are not used by the guest.

brunch A meal served after breakfast but before lunch and taking the place of both.

bucket See *cashier's well*.

budget motel See *limited service*.

building cost rate formula A rule-of-thumb formula stating that the average room rate should equal \$1 for every \$1,000 of construction cost; see also *rule-of-thumb rate*.

C-corporation Used to distinguish standard corporations from nonstandard corporations, such as non-taxpaying *REITs*.

cabana A room on the beach (or by the pool) separated from the main *house*; may even be furnished as a sleeping room.

café complet Coffee snack at midmorning or midafternoon.

California length An extra-long bed, about 80 to 85 inches instead of the usual 75 inches. Same as *Hollywood length*.

call accounting system (CAS) Computerized program that prices and records telephone calls on the guest's electronic *folio* through a *property management system (PMS) interface*.

callbook The bellperson's record of calls and activities.

call sheet The form used by the telephone operator to record the room and hour of the *morning call*; replaced by automatic systems.

cancellation A guest's request to the hotel to void a *reservation* previously made.

cancellation number Coded number provided by the hotel or *central reservations office* to a guest who cancels a *reservation*.

case goods Furniture that provides storage.

cash advance See *cash paid-outs*.

cash disbursement See *cash paid-outs*.

cashier's drop A depository located in the front-desk area where others can witness cashiers depositing their *turn-ins*.

cashier's report The cash *turn-in* form completed by a departmental cashier at the close of the *watch*.

cashier's well The file that holds paper-and-pencil *folios*, often recessed in the countertop; also known as *tub*, *bucket*, or *pit*.

cash paid-outs Monies disbursed for guests, either advances or loans, and charged to their accounts like other departmental services.

cash sheet The *departmental control sheet* maintained by the front-office cashier.

casualty factor The number of individual or *group reservations* (*cancellations* plus *no-shows*) that fail to appear.

central processing unit (CPU) The *hardware/software* nucleus of the computer.

central reservations office (CRO) A private or chain-operated site that accepts and processes *reservations* on behalf of its membership.

central reservations system (CRS) The sophisticated *hardware* and *software* used by a *central reservations office* to accurately track and manage *reservation* requests for member properties.

change Moving a party from one guest room to another; any change in room, *rate*, or number of occupants.

chargeback Credit-card charges refused by the credit-card company.

check-in All the procedures involved in receiving the guest and completing the *registration* sequence.

check-out All the procedures involved in the departure of the guest and the settlement of the *account*.

check-out hour That time by which guests must vacate rooms or be charged an additional day.

city ledger An *accounts receivable ledger* of nonregistered guests.

city-ledger journal The form used to record transactions that affect the *city ledger*.

class The quality of hotel, with *average daily rate* the usual criterion.

closeout hour Also called *close of the day*.

close of the day An arbitrary hour that management designates to separate the records of one day from those of the next.

closet bed See *Murphy bed*.

collar hotel Identifies location of a hotel on the collar (outside rings) of a city.

colored transparency A colored celluloid strip placed in the *room rack pocket* as a *flag* or indicator of room status, replaced by PMS.

commercial hotel A *transient hotel* catering to a business clientele.

commercial rate A reduced room *rate* given to businesspersons to promote occupancy.

commissionable Indicates the hotel will pay *travel agents* the standard fee for business placed.

comp Short for “complimentary” accommodations—and occasionally food and beverage—furnished without charge.

company-made (reservation) A *reservation* guaranteed by the arriving guest’s company.

concession A hotel tenant (concessionaire) whose facilities and services are often indistinguishable from those owned and operated by the hotel.

concierge (1) A European position, increasingly found in U.S. hotels, responsible for handling guests’ needs, particularly those relating to out-of-hotel services; (2) designation of the sleeping floor where these services are offered.

condominium A multiunit dwelling wherein each owner maintains separate title to the unit while sharing ownership rights and responsibilities for the public space.

conference center A *property* that caters to business meetings, corporate retreats, and conferences. Generally considered smaller in size and more personable in nature than a convention hotel.

confirmed reservation The hotel’s *acknowledgment*, maybe in writing, to the guest’s *reservation* request.

connecting rooms *Adjoining rooms* with direct, private access, making use of the corridor unnecessary.

consortium A new organization, formed by existing organizations (banks, developers, hotels) to carry out a particular enterprise.

continental breakfast A small meal including some combination of: bread, rolls, sweet rolls, juice, or coffee. Often set up in bulk by the innkeeper or host; continental breakfasts are usually self-service.

Continental plan A method of quoting room *rates* where the charge includes a *continental breakfast* as well as the room rate.

convention rate See *run-of-the-house rate*.

convertible bed See *sofa bed*.

corner (room) An *outside room* on a corner of the building having two *exposures*.

corporate meeting package (CMP) An *all-inclusive plan* quoted by *conference centers* and hotels for corporate meetings.

correction sheet A form once used with *NCR front-office machines* to record posting errors for later reconciliation by the *night auditor*.

cot See *rollaway bed*.

coupon (1) A checklike form issued by *travel agents* to their clients and used by the clients to settle their hotel accounts; (2) a ticket issued by *tour groups* for the purchase of meals and other services to be charged against the *master account*. Also called a *voucher*.

credit An accounting term that indicates a decrease in the *account receivable*; the opposite of *debit*.

cutoff date The date on which unsold rooms from within a convention’s *block* of reserved rooms are released for sale.

cutoff hour That time at which the day’s unclaimed *reservations* are released for sale to the general public.

daily rooms report See *room count sheet*.

day rate A reduced charge for occupancy of less than overnight; used when the *party* arrives and departs the same day. Also called *part day rate* or *use rate*.

D card A form once used with *NCR front-office posting machine* as the machine equivalent of the *transcript*; the term is still used for the daily revenue report prepared now by the *property management system*.

dead room change A physical change of rooms made by the hotel in the guest’s absence so no tip is earned by the *last bellperson*.

debit An accounting term that indicates an increase in the *account receivable*; the opposite of *credit*.

deluxe A non-U.S. designation implying the best accommodations; unreliable unless part of an official rating system.

demi-pension (DP) A non-U.S. method of quoting room *rates* similar to the *modified American plan (MAP)* but allowing the guest to select either luncheon or dinner along with breakfast and room; also called *half pension*.

density board (chart) A noncomputerized *reservation* system where the number of rooms committed is controlled by type: *single*, *twin*, *queen*, and so on; obsolete.

departmental control sheet A form maintained by each *operating department* for recording data from departmental *vouchers* before forwarding them to the front desk for *posting*. Replaced by *point-of-sale* terminals.

departure *Check-out*.

deposit reservation See *advance deposit*.

destination clubs Costly up-front fees and annual dues give members access to upscale private resort homes for longer periods than typical *timeshares*, but without the equity position of *fractionals*.

destination hotel The objective of—and often the sole purpose for—the guest’s trip; cf. *transient hotel*.

did not stay (DNS) Means the guest left almost immediately after *registering*.

difference returnable See *exchange*.

dine-around plan A method of quoting *AP* or *MAP* room rates that allows guests to dine at any of several different but cooperating hotels.

display room See *sample room*.

D.I.T. Domestic independent tour or domestic inclusive tour; cf. *F.I.T.*

double (1) A bed approximately 54 by 75 inches; (2) the *rate* charged for two persons occupying one room; (3) a room with a double bed.

double-double See *twin-double*.

double occupancy (1) Room occupancy by two persons; (2) a ratio relating the number of rooms double occupied to the number of rooms sold.

double-occupancy rate A *rate* used for tours where the per-person charge is based on two to a room.

double-up A designation of *double occupancy* by unrelated parties necessitating two *room rack* identifications and/or two *folios*.

downgrade Move a *reservation* or registered guest to a lesser accommodation or *class* of service; cf. *upgrade*.

downtime That time span during which the computer is inoperative because of malfunction or preemptive operations.

ducat See *stock card*.

due back See *exchange*.

due bank See *exchange*.

due bill See *trade advertising contract*.

dump To *check out* early; with reference to *groups*.

duplex A two-story *suite* with a connecting stairwell.

duvet A bed comforter, much like a large pillow, filled with feathers in a washable cover.

early arrival A guest who arrives a day or two earlier than the *reservation* calls for.

EBITDA See *house profit*.

economy class See *tourist class*.

Ecotourism Responsible travel to nature areas that conserves the environment and improves the well-being of local people.

efficiency Accommodations that include kitchen facilities.

Elderhostel Study programs for senior citizens that include travel and classes, often held on college campuses.

electronic data processing (EDP) A data handling system that relies on electronic (computer) equipment.

ell A wing of a building at right angles to the main structure.

emergency key (E-key) One key that opens all guest rooms, including those locked from within, even those with the room key still in the lock; also called the great *grandmaster*.

English breakfast A hearty breakfast of fruit, cereal, meat, eggs, toast, and beverage generally served in the United Kingdom and Ireland, but less often of late.

en pension See *full pension*.

en suite Forming a suite; adapted to mean a room with a bath.

European plan (EP) A method of quoting room *rates* where the charge includes room accommodations only.

exchange The excess of cash *turn-in* over *net receipts*; the difference is returnable (due back) to the front-office cashier; also called *due back*, *due bank*, or *difference returnable*.

executive floor See *concierge* (floor).

executive room See *studio*.

exempt workers Employees (supervisors) not covered by wage-and-hour laws.

exposure The direction (north, south, east, or west) or view (ocean, mountain) that the guest room faces.

express check-out Mechanical or electronic methods of *check-out* that expedite *departures* and eliminates the need to stop at the desk; also called *zip-out*.

extra meals An *American plan* charge made for dining room service over and above that to which the guest is entitled.

family plan A special room *rate* that allows children to occupy their parent's room at no additional charge.

family room See *twin-double*.

fam trip Familiarization trip taken by (offered to) *travel agents* at little or no cost to acquaint them with *properties* and destinations.

farm out Assignment of guests to other *properties* when a *full house* precludes their accommodation.

fenced rates One of several tools used by the reservations department to maximize room revenues under *yield management* systems, including nonrefundable, prepaid *reservations*, and *reservations* not subject to change.

first class A non-U.S. designation for medium-priced accommodations with corresponding facilities and services.

F.I.T. Foreign independent tour, but has come to mean free independent tour, a traveler who is not *group* affiliated; by extension, frequent independent traveler, or full inclusive tour; cf. *D.I.T.*

flag (1) Designating a hotel's membership in a chain or *franchise*; (2) a device for calling the room clerk's attention to a particular room in the *room rack*.

flat rate (1) See *run-of-the-house rate*; (2) same price for *single* or *double occupancy*.

float The free use of outstanding funds during the period that checks and credit-card charges are in transition for payment.

floor key See *master key*.

floor (release) limit The maximum amount of charges permitted a credit-card user at a given *property* without clearance; the limit is established for the property, not for the user.

folio See *guest bill*; also called an *account card*.

force majeure (forz mazhoer) An unexpected and disruptive event that frees parties from contractual obligations; an act of God.

forecast A future projection of estimated business volume.

forecast scheduling Work schedules established on the basis of sales projections.

forfeited deposit A *deposit reservation* kept by the hotel when a *no-show* fails to cancel the reservation; also called a lost deposit.

fractionals Shared ownership of resort real estate that includes periodic access; differs from *timeshares* in which one buys only the right to use.

franchise (1) An independently owned hotel or motel that appears to be part of a chain and pays a fee for that right and for the right to participate in the chain's advertising and reservation systems; (2) the chain's right (its franchise) to sell such permission; or the permission itself, or both.

franchisee One who buys a *franchise*.

franchisor One who sells a *franchise*.

free sale Occurs when a *travel agent*, airline, or other agency commits hotel space without specific prior confirmation from the *property*. See also *sell and report*.

from bill number ... to bill number A cross-reference of *account* numbers when the bill of a guest who remains beyond one week is transferred to a new *folio*.

front The next bellperson eligible for a *rooming* assignment or other errand apt to produce a *gratuity*; cf. *last*.

front office A broad term that includes the physical front desk as well as the duties and functions involved in the sale and service of guest rooms.

front of the house (1) The area of the hotel visible to guests in contrast to the back of the house, which is not in the public view; (2) all of the functions that are part of the *front office*.

full day The measure of a chargeable day for accounting purposes; three meals for an *AP* hotel, overnight for an *EP*.

full house Means 100% *occupancy*, all guest rooms sold; cf. *perfect fill*.

full pension A European term for the *American plan*.

full service Means a complete line of hotel services and departments are provided, in contrast to a *limited-service property*.

futon A Japanese sleeping mat made of many layers of cotton-quilted batting that is rolled up when not in use.

garni A non-U.S. designation for hotels without restaurant service except for *continental breakfast*.

general cashier The chief cashier with whom deposits are made and from whom *banks* are drawn.

general manager (GM) The hotel's chief executive.

ghost card Nonexistent credit card or credit-card charges not supported by a signature.

global distribution system (GDS) The *hardware*, *software*, and computer lines over which *travel agents*, airlines, online subscription networks, and others access *central reservations systems* and individual *property management systems*.

grande dame French for an aristocratic lady; hence, an elegant, grand hotel.

grandmaster One key that opens all guest rooms except those locked from within; see also *emergency key*.

gratuity A tip given to an employee by a guest, sometimes willingly and sometimes automatically added to the charges; see also *plus, plus*.

graveyard A work shift beginning about midnight.

greens fee A charge for the use of the golf course.

group A number of persons with whom the hotel deals (reservation, billing, etc.) as if they were one party.

guaranteed rate The assurance of a fixed *rate* regardless of the hotel's *occupancy*, often given in consideration of a large number of *room nights* per year pledged by a company.

guaranteed reservation Payment for the room is promised even if the occupant fails to arrive.

guest account See *guest bill*.

guest bill An accounting statement used to record and display the charges and payments made by registered guests (*accounts receivable*) during their hotel stay. Also known as *folio* or *account card*.

guest check The bill presented to patrons of the dining rooms and bars and, when signed, often used as the departmental *voucher*.

guest day (night) The stay of one guest for one day (night); also called *room-night* or *bed night*.

guest elevators Lobby (front) elevators for guest use exclusively; employees are permitted only during guest service, as bellpersons *rooming (a guest)*; cf. *service elevators*.

guest history A record of the guest's visits, including rooms assigned, *rates* paid, special needs, credit rating, and personal information; used to provide better guest service and better marketing approaches.

guest ledger All the *guest bills* owed by registered guests (*accounts receivable*) and maintained in the *front office*, in contrast to the group of *city-ledger* bills (nonregistered guests) maintained in the accounting or back office.

guest night See *guest day*.

guest occupancy See *bed occupancy*.

guest-service area See *front office*.

half-board See *modified American plan*.

half-pension See *demi-pension*.

handicap(ped) room A guest room furnished with special devices and built large enough to accommodate guests with physical handicaps.

hard copy Computer term for material that has been printed rather than merely displayed.

hard goods Guest-room furniture: beds, chairs, and so on; cf. *soft goods*.

hardware The physical equipment (electronic and mechanical) of a computer installation and its peripheral components; cf. *software*.

HFTP Hospitality Financial and Technology Professionals, an association specializing in hotel accounting, finance, and technology; formerly the IAHA, International Association of Hospitality Accountants.

hide-a-bed See *sofa bed*.

high season See *in-season rate*.

high tea A fairly substantial late afternoon or early evening meal; cf. *afternoon tea*.

HITIS An acronym for Hospitality Industry Technology Integration Standards, which are computer *interface* standards developed to

facilitate the *interface* of computer systems from various vendors onto the hotel's *property management system*.

HOBIC An acronym for Hotel Outward Bound Information Center, the telephone company's long-distance hotel network.

holdover See *overstay*.

Hollywood bed *Twin* beds joined by a common headboard.

Hollywood length An extra-long bed of 80 to 85 inches instead of the usual 75 inches. Same as *California length*.

Hospitality Sales and Marketing Association International (HSMIAI) An international association of hotel sales and marketing managers.

hospitality suite (room) A facility used for entertaining, usually at conventions, trade shows, and similar meetings.

hostel An inexpensive but supervised facility with limited services catering to young travelers on foot or bicycle; cf. *Elderhostel*.

hotelier Innkeeper or hotelkeeper.

hotel manager Hotel executive responsible for the front of the house, including *front office*, housekeeping, and uniformed services; also called rooms manager, house manager, or guest-services manager.

hotel operating hours Twenty-four hours per day; 7 days per week; 365 days per year.

hotel rep See *rep(resentative)*.

hot list A list of lost or stolen credit cards furnished to hotels and other retailers by credit-card companies.

house A synonym for hotel, as in *house bank*, *house count*, *house laundry*; see also *property*.

house bank See *bank*.

house call Telephone call made to the outside of the hotel by a member of the staff doing company business; not subject to a *posting* charge, as guest calls are.

house count The number of registered guests; cf. *room count*.

housekeeper's report A report on the status of guest rooms, prepared by the *linen room* and used by the front desk to verify the accuracy of the *room rack*.

house laundry A hotel-operated facility, usually on premises, in contrast to an *outside laundry* that contracts with the hotel to handle *house* and/or guest laundry.

house profit Net profit before income taxes from all *operating departments* except *store rentals* and before provision for rent, interest, taxes, depreciation, and amortization; renamed as "earnings before interest, taxes, depreciation, and amortization (EBITDA)" by the 1977 edition and subsequent editions of the *Uniform System of Accounts* for hotels; see also *bottom line*.

house rooms Guest rooms set aside for hotel use and excluded, therefore, from *available rooms*.

housing bureau A citywide reservation office, usually run by the convention bureau, for assigning *reservation* requests to participating hotels during a citywide convention.

Hubbart room rate formula A basis for determining room *rates* developed by Roy Hubbart and distributed by the *American Hotel & Lodging Association*.

HVAC Acronym for heating, ventilation, and air-conditioning.

ideal average room rate This formula assumes a hotel sells an equal number of rooms from both the least expensive upward and from the most expensive downward. The resulting average rate is a theoretical benchmark against which to compare actual operating results.

imprest petty cash A technique for controlling petty cash disbursements by which a special, small cash fund is used for minor cash payments and periodically reimbursed.

incentive (group, guest, tour, or trip) Persons who have won a hotel stay (usually with transportation included) as a reward for meeting and excelling their company's sales quotas or other established standards.

inclusive terms (1) Phrase that is sometimes used in Europe to designate the *American plan*; (2) indicates that a price *quote* includes tax and *gratuity*.

independent A *property* with no chain or *franchise* affiliation, although one proprietor might own several such properties.

information rack An alphabetic listing of registered guests with a room number cross-reference.

in-house On the premises, such as an in-house laundry; cf. *off premises*.

in-season rate A *resort's* maximum rate, charged when the demand is heaviest, as it is during the middle of the summer or winter; cf. *off-season rate*, *low season*, *shoulder*.

inside call A telephone call that remains within the hotel; cf. *outside call*.

inside room A guest room that faces an inner courtyard or light court enclosed by three or four sides of the building; cf. *outside room*.

inspector Supervisory position in the housekeeping department responsible for releasing *on change* rooms to ready status.

interface Computer term designating the ability of one computer to communicate with another; see *HITIS*.

International Association of Travel Agents (IATA) A professional affiliation which both lobbies on behalf of the travel industry and identifies/verifies legitimate *travel agents* to other vendors.

Internet telephony Telephone capability on Internet access; also called VoIP, Voice over Internet Protocol.

interstate call A long-distance call that crosses state lines.

interval ownership See *timeshare*.

intrastate call A long-distance telephone call that originates and terminates within the same state.

in-WATS See *wide area telephone service*.

IT number The code assigned to an inclusive tour for identification.

joiner A guest who joins another guest or *party* already *registered*.

junior suite One large room, sometimes with a half partition, furnished as both a *parlor* and a bedroom.

king An extra-long, extra-wide bed at least 78 by 82 inches.

kiosk An information site (originally a booth) that may be staffed, but more likely provides access to the hotel's property management system for self-registration and self-check-out.

lanai A Hawaiian term for "veranda"; a room with a porch or balcony, usually overlooking gardens or water.

last The designation for the bellperson who most recently completed a *front*; cf. *front*.

last-room availability A sophisticated reservations system that provides real-time access between the chain's *central reservations system* and the hotel's *in-house property management system*.

late arrival A guest with a *reservation* who expects to arrive after the *cutoff hour* and so notifies the hotel.

late charge A departmental charge that arrives at the *front office* for billing after the guest has *checked out*.

late check-out A departing guest who remains beyond the *check-out hour* with permission of the desk and thus without charge.

LEED Leadership in Energy and Environmental Design is a benchmark created by the U.S. Green Building Council for buildings that meet energy and environmental standards.

light baggage Insufficient luggage in quantity or quality on which to extend credit; the guest pays in advance.

limited service A hotel or motel that provides little or no services other than the room; a *budget hotel (motel)*; cf. *full service*.

linen closet A storage closet for linens and other housekeeping supplies usually located conveniently along the corridor for the use of the housekeeping staff.

linen room The housekeeper's office and the center of operations for that department, including the storage of linens and uniforms.

lockout (1) Denying the guest access to the room, usually because of an unpaid bill; (2) a key of that name.

log A record of activities maintained by several *operating departments*.

lost and found An area, usually under the housekeeper's jurisdiction, for the control and storage of lost-and-found items.

low season See *off-season rate*.

maid's report A status-of-rooms report prepared by individual room attendants and consolidated with other reports by the *linen room* into the *housekeeper's report*.

mail and key rack An antiquated piece of *front-office* equipment where both guest mail and room keys were stored by room number.

maitre d' The shortened form of *maitre d'hôtel*, the headwaiter.

market mix The variety and percentage distribution of hotel guests—conventioner, tourist, businessperson, and so on.

market niche Identifiable, but often poorly served, subset of a market.

master account One *folio* prepared for a *group* (convention, company, tour) on which all group charges are accumulated.

master key One key controlling several *pass keys* and opening all the guests rooms on one floor; also called a *floor key*.

master franchise A *franchisee's* right to resell pieces of the *franchise* to other *franchisees*.

menu An array of function choices displayed to the computer user, who selects the appropriate function.

message lamp A light on the telephone, used to notify an occupant that the telephone system has a message to relay.

meters See *square meters*.

mezzanine financing A high-interest, unsecured, temporary debt that may become equity in the hotel; often paid off when a regular mortgage is obtained.

minisuite See *junior suite*.

minor departments The less important *operating departments* (excluding room, food, and beverage) such as valet, laundry, and gift shop.

miscellaneous charge order (MCO) Airline *voucher* authorizing the sale of services to the guest named on the form, with payment due from the airline. The manual form has been replaced by an automated MCO on ticket stock.

modified American plan (MAP) A method of quoting room *rates* in which the charge includes breakfast and dinner as well as the room.

mom-and-pop A small, family-owned business with limited capitalization in which the family, rather than paid employees, furnishes the bulk of the labor.

moment of truth A popular term describing the interaction between a guest and a member of the staff, when all of the advertising and

representations made by the hotel come down to the quality of the service delivered at that moment.

morning call A *wake-up call* made by the telephone operator or automatically by the *property management system* at the guest's request.

move-in date The date that a group, convention, or trade show arrives to begin preparing for their meeting or exhibit; cf. *move-out date*.

move-out date The date that a group, convention, or trade show vacates the *property* after a meeting or exhibit; cf. *move-in date*.

Ms An abbreviation used to indicate a female guest without consideration of marital status.

Murphy bed A standard bed that folds or swings into a wall or cabinet in a closet-like fashion; trademarked.

NCR front-office posting machine A mechanical device used to *post folios* and automatically accumulate *account receivable* and revenue balances; two models, the NCR (National Cash Register Company) 2000 and the NCR 42(00), neither of which are manufactured today, were replaced by electronic *property management systems*.

NCR paper No carbon required; paper is specially treated to produce copies without carbon.

net rate A room *rate quote* that indicates no additional commissions or fees are to be paid to *travel agents* or other third parties.

net receipts The difference between cash taken in and *cash paid-outs*.

night audit A daily reconciliation, which is completed during the *graveyard* shift, of both *accounts receivable* and incomes from the *operating departments*.

night auditor The person or persons responsible for the *night audit*.

night auditor's report An interim report of *accounts receivable*, room statistics, and incomes earned; prepared by the *night auditor* for the *general manager*.

night bird Euphemism for prostitute.

night clerk's report Another name for the *room count sheet*.

no reservation (NR) See *walk-in*.

no-show A *reservation* that fails to arrive.

occupancy (percentage of occupancy, occupancy percentage) A ratio relating the number of rooms sold (*room count*) to the number of *rooms available* for sale.

occupied (1) A room that is sold or taken and is not available for sale; (2) someone is physically in the room at this time.

ocean front A front room with an *exposure* facing directly on the ocean; cf. *ocean view*.

ocean view Other than a front room, but with some view of the ocean; cf. *ocean front*.

off line See *batch processing*.

off premises Not on the *property*; cf. *in-house*.

off-season rate A reduced room *rate* charged by *resort hotels* when demand is lowest; cf. *in-season rate*, *shoulder*.

off the shelf Standardized, not customized, computer software.

off the street (OS) See *walk-in*.

on change The status of a room recently vacated but not yet available for new occupants.

one- (two-) pull dialing One (two)-digit telephone dialing (or Touch-Tone) that connects the caller to hotel services such as room service and bellstand.

online (computer) Computer facilities hooked directly to input and output devices for instantaneous communication; cf. *batch processing*.

opaque A reservation website, not operated by the hotel, that identifies the actual hotel being booked only after the guest (who is shopping rates) commits a final payment.

open credit Credit based only on a guest's signature.

operating departments Those divisions of the hotel directly involved with the service of the guest, in contrast to support divisions such as personnel and accounting.

organic search results By anticipating the user's key words and phrases, a website listing appears close to the top of the Internet display naturally, without artificially gaining placement through paid advertising. Also known as "pure results" or "natural search results."

out of inventory (OOI) A significant problem has removed this room from availability. Whereas *out of order (OOO)* rooms are usually available in only a matter of hours, OOI rooms may be unavailable for days or weeks.

out of order (OOO) The room is not available for sale because of some planned or unexpected temporary shutdown of facilities.

outside call A telephone call from outside the hotel; a call that terminates outside the hotel; cf. *inside call*.

outside laundry (valet) A nonhotel laundry or valet service contracted by the hotel in order to offer a full line of services; cf. *house laundry*.

outside room A room on the perimeter of the building facing outward with an *exposure* more desirable than that of an *inside* room.

out-WATS See *wide area telephone service*.

over or short A discrepancy between the cash on hand and the amount that should be on hand.

overbooking Committing more rooms to possible guest occupancy than are actually available.

override (1) Extra commission above standard percentage to encourage or reward quantity bookings; (2) process by which the operator bypasses certain limits built into the computer program.

overstay A guest who remains beyond the expiration of the anticipated stay.

package A number of services (transportation, room, food, entertainment) normally purchased separately but put together and marketed at a reduced price made possible by volume and *breakage*.

paid in advance A room charge that is collected prior to occupancy, which is the usual procedure when a guest has *light baggage*; with some motels, it is standard procedure for every guest.

paid-outs See *cash paid-outs*.

paid search results Advertisers position their websites at the top of the Web page by purchasing key words or phrases from search-engine companies.

parlor The living room portion of a *suite*.

part day rate (guest) See *day rate*.

party *Front-office* term that references either the individual guest ("Who's the party in room 100?") or several members of the group ("When will your party arrive?").

pass key (1) A sub *master key* capable of opening all the locks within a limited, single set of 12 to 18 rooms, but no other; (2) guest key for access to public space (spa, pool).

PBX See *private branch exchange*.

penthouse Accommodations, almost always *suites*, located on the top floor of the hotel, theoretically on the roof.

percentage of occupancy See *occupancy*.

perfect fill *Occupancy* of 100%, with every room actually occupied; cf. *full house* in which 100% *occupancy* might reflect guaranteed reservations that didn't actually show.

permanent guest A resident of long-term duration whose stay may or may not be formalized with a lease.

personal digital assistant (PDA) Handheld computer, often with wireless capability.

petite suite See *junior suite*.

petty cash See *imprest petty cash*.

pickup (1) The procedure once used with *NCR front-office posting machines* to accumulate the *folio* balance by entering the previous balance into the machine before posting the new charges; (2) the figure so entered; obsolete.

PIN Personal identification number. A secret combination of numbers and letters chosen by an individual as identification for accessing electronic equipment such as *ATMs*.

PIP See *product improvement plan*.

pit See *cashier's well*.

plan The basis on which *room rate* charges are made; see *American plan* and *European plan*.

plus, plus Shorthand for the addition of tax and tip to the check or price per cover.

PMS Property Management System.

pocket A portion of a manual *room rack* made to accept the *room rack slips* and provide a permanent record of accommodations and *rates*; obsolete.

point-of-sale (POS) terminal An electronic "cash register" providing *on-line* communications to the *property management system* from remote sales locations, in contrast to an input device at the *front office*.

porte-cochère The covered entryway that provides shelter for those entering and leaving a hotel; French: coach gate (port-ko-shâr).

portage (1) Arrangements made to handle luggage; (2) the charge for luggage handling.

post(ing) The process of recording items in an accounting record, such as a *folio*.

power of the pen Right to *comp* guest services.

preassign *Reservations* are assigned to specific rooms that are *blocked* before the guests arrive; cf. *prereg(istration)*.

prereg(istration) Registration is done by the hotel before the guest arrives, although the actual (*reg*)*istration card* is not completed. Used with groups and tours to reduce *front-office* congestion, since individual guests need not then approach the desk; cf. *preassign*.

private branch exchange (PBX) A telephone switchboard.

product improvement plan (PIP) Standards established by franchisors. A franchisees must meet PIP or risk losing its franchise.

projection See *forecast scheduling*.

property Another way to reference a hotel; includes physical facilities and personnel.

property management system (PMS) A hotel's, that is a *property's*, basic computer installation designed for a variety of functions in both the back office and *front office*.

published rate The full *rack rate* quoted or published for public information; the rate quoted without discounts.

quad Accommodations for four persons; see also *twin-double*.

quality assurance A managerial and operational approach that enlists employee support in delivering a consistently high level of service.

quality circle A group of persons from different but related departments who meet on a regular basis for dialogue and problem resolutions as part of a *quality assurance* program.

quality management See *total quality management* and *quality assurance*.

quality of the reservation Differentiates *reservations* on how likely they are to be honored by the guest: *paid in advance reservation* vs. *guaranteed reservation* vs. *6 PM cutoff hour*, and so on.

queen An extra-long, extra-wide bed, about 80 to 85 inches long by 60 inches wide; see *California length*; see *king*.

queuing theory The management of lines (queues of persons waiting their turn) in order to maximize the flow and minimize the inconvenience, but doing so with attention to operating costs. Also called *waiting-line theory*.

quote To state the cost of an item, *room rates* in particular.

rack See *room rack*.

rack rate The full *rate*, without discounts, that one *quotes* as a room charge; so called because the *room rack* is the source of the information.

rate The charge made by a hotel for its rooms.

rate cutting A reduction in *rate* that attracts business away from competitors rather than creating new customers or new markets.

real estate investment trust (REIT) A form of real estate ownership (public corporation) that became popular during the real estate recovery of the mid-1990s because of income tax advantages.

rebate See *allowance*.

recap A summary or recap(itulation) of several *transcript* sheets in order to obtain the day's grand totals.

referral A *central reservation system* operated by *independent* properties in contrast to that operated by chains and *franchisors* for their *affiliated hotels*.

registered, not assigned (RNA) The guest has *registered*, but is awaiting assignment to a specific room until space becomes available; see *on change*.

register(ing), registration (1) Indication (completing and signing the *registration card*) by a new arrival of intent to become a guest; (2) register: the name for a book that served at one time as the registration record; obsolete.

(reg)istration card A form completed during *registration* to provide the hotel with information about the guest, including name and address, and to provide the guest with information about the hotel, including legal issues.

REIT See *real estate investment trust*.

reminder clock A special alarm clock that can be set at 5-minute intervals across a 24-hour day; once used by the *front office* for *wake-up calls*.

rep(resentative) Short for *hotel representative*: An agent under contract, rather than an employee under salary, who represents the hotel in distant cities or for special activities, chiefly marketing activities, but sometimes gaming related.

reservation A mutual agreement between the guest and the hotel, the former to take accommodations on a given date for a given period of time, and the latter to furnish the same.

reservation rack A piece of *front-office* equipment, largely replaced by the *property management system*, providing an alphabetic list of anticipated arrivals with a summary of their needs, filed chronologically by anticipated date of arrival.

residential hotel A hotel catering to long-stay guests who have made the *property* their home and residence; see also *permanent guest*.

resident manager See *hotel manager*.

resort hotel A hotel that caters to vacationing guests by providing recreational and entertainment facilities; usually a *destination hotel*.

RevPar Short for revenue per available room, a ratio of room revenue to the number of *available rooms*.

road warrior Slang for a frequent traveler battling the hardships and indignities of being on the road, that is, of traveling, for long periods of time.

rollaway bed A portable utility bed approximately 30 by 72 inches; also called a *cot*.

rondoal A *suite* in the round, special to honeymoon *resorts*.

room charge sheet See *room count sheet*.

room count The number of occupied rooms; cf. *house count*.

room count sheet A permanent record of the *room rack* prepared nightly and used to verify the accuracy of room statistics; also called a *night clerk's report*.

rooming (a guest) The entire procedure during which the desk greets, registers, and assigns new arrivals, and the bell staff accompanies them to their rooms (rooms them).

rooming slip A form issued by the desk to the bellperson during the *rooming* procedure for guest identification, and left by the bellperson with the guest to verify name, *rate*, and room number.

room inspection report A checklist of the condition of the guest room prepared by the *inspector* when the room attendant has finished cleaning.

room-night See *guest day (night)*.

room rack A piece of *front-office* equipment, now replaced by the *property management system*, in which each guest room is represented by a metal *pocket* with colors and symbols to aid the room clerk in identifying the accommodations.

room rack slip (card) A form prepared from the *registration card* identifying the occupant of each room and filed in the *pocket* of the *room rack* assigned to that guest; obsolete; cf. *room rack*.

rooms available See *available rooms*.

room service Food-and-beverage service provided in the privacy of the guest room.

rooms ledger See *guest ledger*.

rule-of-thumb rate A guideline for setting room rates with the hotel charging \$1 in rate for each \$1,000 per room construction costs; see also *building cost rate formula*.

run-of-the-house rate A special *group* rate generally the midpoint of the *rack rate* with a single, flat price applying to any room, *suites* excepted, assigned on a *best available* basis.

ryokan A traditional Japanese inn.

safe deposit boxes Individual sections of the vault where guests store valuables and cashiers keep house *banks*.

sales per occupied room See *average daily rate*.

sales rack A piece of *front-office* equipment, now replaced by the *property management system*, used for the storage and control of *stock cards* (*ducats* or *sales tickets*); obsolete.

sales ticket See *stock card*.

salon European designation for *parlor*.

sample room A guest room used to merchandise and display goods, usually in combination with sleeping accommodations.

Scottish breakfast See *English breakfast*.

seamless connectivity The next step beyond *last room availability*. *Travel agents*, airlines, online subscription networks, and others can access a *property's* room availability right down to the last room.

search engine optimization Gaining maximum exposure on the Internet by an artful blending of *paid search results* and *organic search results* using the key words and phrases that most closely match the user's expected input.

season rate See *in-season rate*.

segmentation The proliferation of many hotel types as the lodging industry attempts to target its facilities to smaller and smaller market niches (segments).

sell and report *Wholesalers*, tour operators, *reps*, airlines, and *central reservation systems* *free sell* rooms, periodically reporting the sale to the hotel; also called status control.

sell through Denoting days for which no *reservation* arrivals are accepted; reservations for previous days will be accepted and allowed to stay through the date; cf. *box date*.

sell up Convince the arriving guest to take a higher-priced room than was planned or reserved.

service charge A percentage (usually from 10 to 20%) added to the bill for distribution to service employees in lieu of direct tipping; see also *plus, plus*.

service elevators Back elevators for use by employees (room service, housekeeping, maintenance, etc.) on hotel business and not readily visible to the guests; cf. *guest elevator*.

share More than one person occupying the guest room.

shoulder Marketing term designating the period between peaks and valleys; the time on either side of the *in-season rate* or the leveling off between two sales peaks.

Siberia Jargon for a very undesirable room, one sold only after the *house* fills and then only after the guest has been alerted to its location or condition.

single (1) A bed approximately 36 by 75 inches; (2) a room with accommodations for one; (3) occupancy by one person; (4) the *rate* charged for one person.

single supplement An extra charge over the tour *package* price assessed for *single* occupancy when the total price was based on a *double-occupancy rate*.

sitting room See *parlor*.

size The capacity of the hotel as measured by the number of guest rooms.

skip See *skipper*.

skipper A guest who departs surreptitiously, leaving an unpaid bill.

sleeper A departed guest whose record remains active, giving the appearance of an *occupied* room.

sleeper occupancy See *bed occupancy*.

sleep-out A room that is taken, *occupied*, and paid for but not slept in.

slide An error caused by a misplaced decimal, as when 36.20 is written 3.62.

smart card A credit card or other card containing a microprocessor capable of interfacing with the *PMS* or other computer configurations.

SMERF Marketing reference to Society, Military, Educational, Religious, and Fraternal organizations.

sofa bed A sofa with fixed back and arms that unfolds into a standard *single* or *double* bed; also called a *hide-a-bed*.

soft goods Linens; cf. *hard goods*.

software The programs and routines that give instructions to the computer; cf. *hardware*.

special attention (SPATT) A label assigned to important guests designated for special treatment; see *very important person*.

split rate Division of the total room *rate* charge among the room's several occupants; see *share*.

split shift A work pattern divided into two work segments with an unusually long period (more than a rest or mealtime) between.

spread rate Assignment of *group* members or conventioners using the standard *rate* distribution, although prices might be less than *rack rates*; cf. *run-of-the-house rate*.

square meters Measurement used in the metric system: 0.093 square meters equal 1 square foot; 10.76 square feet equals 1 square meter.

star rating An unreliable ranking (except for some well-known exceptions) of hotel facilities both in the United States and abroad.

star reservation Indicates the arrival of a *very important person*, *SPATT*.

stay See *stay-over*.

stay-over (1) Any guest who remains overnight; (2) an anticipated check-out who fails to depart; also called *holdover* or *overstay*.

stock card Once used with a *sales rack* to represent the content of the *room rack pocket* when the room rack was distant and therefore inaccessible to the room clerk; also called a *ducat*; obsolete.

store rentals Income earned from shop leases; cf. *concession*.

studio (1) A bed approximately 36 inches wide by 75 inches long without headboard or footboard that serves as a sofa during the day; (2) the room containing such a bed; cf. *sofa bed*.

suite A series of *connecting rooms* with one or more bedrooms and a *parlor*; very large suites include additional rooms such as dining rooms; see *hospitality suite*.

summary transcript sheet See *recap*.

supper (1) A late-night meal; (2) the evening meal when midday service is designated as dinner.

swing The work shift between the day *watch* and the *graveyard* shift; usually starts between 3 and 4 p.m.

T&T See *trash and towels*.

take down Cancel *reservations* that are without an *advance deposit* after the *cutoff hour*; also called "dump"; cf. *dump*.

tally sheet See *density board*.

TelAutograph A historical piece of communication equipment that transcribes written messages; obsolete.

timeshare (1) A method of acquiring accommodations by which each occupant purchases the right to use the facility (room or apartment) for a specified period; an interval ownership; (2) term for users who share computer facilities.

time stamp A clock mechanism that prints date and time when activated.

to-date Designates a cumulative amount; the sum of all figures in the current period (usually monthly or annually) including the day or date in question.

total quality management (TQM) A way to continuously improve performance at every level of operation, in every functional area of an organization, using all available human and capital resources. See also *quality assurance*.

tour group See *package*.

tourist class A non-U.S. designation for *limited-service* hotels whose accommodations frequently lack private baths; also called *economy class*.

trade advertising contract An agreement by which hotel accommodations are swapped for advertising space or broadcast time; also called a *due bill*.

traffic sheet A *departmental control sheet* once used by the telephone department before *call accounting systems*; obsolete.

transcript A pencil-and-paper form once used by the *night auditor* to accumulate and separate the day's charges by departments and guests.

transcript ruler The headings of a *transcript* sheet attached to a straightedge and used as a column guide at the bottom of the long *transcript* sheet.

transfer (1) An accounting technique used to move a figure from one form to another, usually between *folios*; (2) the movement of guests and/or luggage from one point to another (e.g., from the airline terminal to the hotel); see *portage*.

transfer from The *debit* portion of a *transfer* between accounts or ledgers.

transfer journal A *front-office* form once used to record *transfer* entries between different accounts or different ledgers.

transfer to The *credit* portion of a *transfer* between accounts or ledgers.

transient guest A short-term guest; see *transient hotel*.

transient hotel A hotel catering to short-stay guests who sometimes stop en route to other destinations; cf. *destination hotel*.

transient ledger See *guest ledger*.

transmittal form The form provided by national credit-card companies for recording and remitting nonelectronic credit-card charges accumulated by the hotel.

transposition A transcription error caused by reordering the sequence of digits, as when 389 is written as 398.

trash and towels References basic service fee paid for each stay by occupants of *timeshares*.

travel agent (TA) An entrepreneur who *books* space and facilities for clients in hotels and public carriers for which hotels usually pay a 10% commission.

travel and entertainment card (T&E) A credit card issued by a proprietary company, or bank, for which the user pays an annual fee; cf. *bank card*.

Travel Industry Association of America (TIAA) A nonprofit association of many travel-related agencies and private businesses working to develop travel and tourism in the United States.

tray service The fee charged *American-plan* and *all-inclusive* guests for *room service*.

tub See *cashier's well*.

turn away (1) To refuse *walk-in* business because rooms are unavailable; (2) the guest so refused is a turn-away.

turn-downs An evening service rendered by the housekeeping department, which replaces soiled bathroom linen and prepares the bed for use.

turn-in The sum deposited with the *general cashier* by the departmental cashier at the close of each shift.

turnkey A facility (computer, *franchise*, entire hotel) so complete that it is almost ready for use at the turn of a key.

twin (1) A bed approximately 39 inches wide by 75 inches long to sleep a single occupant; (2) a room with two such beds, *twins*.

twin-double (1) Two double beds; (2) a room with two such beds capable of accommodating 4 persons; see *quad*.

twins Two *twin* beds.

type The kind of market toward which the hotel is directed, traditionally: *commercial*, *residential*, and *resort*.

understay A guest who leaves before the expiration of the anticipated stay.

Uniform System of Accounts for the Lodging Industry A manual and dictionary of accounting terms, primarily incomes and expenses, to ensure industrywide uniformity in terminology and use.

United States Travel and Tourism Administration (USTTA) A division of the Department of Commerce responsible for promoting travel to the United States; successor to the U.S. Travel Service (USTS).

unoccupied (1) An unsold room; (2) a room that is *occupied*, but is temporarily vacant, the guest is out.

u-owe-me See *exchange*.

upgrade Move a *reservation* or a currently registered guest to a better accommodation or class of service; cf. *downgrade*.

upsell See *sell up*.

use rate See *day rate*.

user-friendly Computer design, application, or implementation that minimizes the user's fears, encouraging purchase and use of the equipment.

vacancy The hotel is not fully *occupied*, so there are rooms available for sale.

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

VoIP Voice over Internet Protocol. See *Internet telephony*.

voucher (1) The form used by the *operating departments* to notify the front desk of charges incurred by a particular guest; (2) form furnished

by a *travel agent* as a receipt for a client's advance *reservation* payment; see *coupon*.

waiting-line theory See *queuing theory*.

wake-up call See *morning call*.

walk (a guest) To turn away guests holding confirmed *reservations* due to a lack of available rooms.

walk-in A guest without a *reservation* who requests and receives accommodations.

walk-through A thorough examination of the *property* by a hotel executive, *franchise* inspector, prospective buyer, and so on.

watch Another term for the work shift.

WATS See *wide area telephone service*.

who An unidentified guest in a room that appears vacant in the *room rack*.

wholesaler An entrepreneur who conceives, finances, and services *group* and *package* tours that he or she promotes (often through *travel agents*) to the general public.

wide area telephone service (WATS) Long-distance telephone lines provided at special rates to large users; separate charges are levied for incoming and outgoing WATS lines.

worldwide travel vouchers (WTVs) Form of payments drawn against a well-known financial institution (usually a major credit-card company).

xenodogheionology The study of the history, lore, and stories associated with inns, hotels, and motels (*zeno-dog-hi-on-ology*).

yield The product of *occupancy* times *average daily rate*.

yield management (1) Controlling room *rates* and restricting *occupancy* in order to maximize gross revenue (*yield*) from all sources; (2) a computerized program using artificial intelligence.

youth hostel See *hostel*.

zero out To balance the *guest bill* as the guest *checks out* and makes settlement.

zip-out See *express check-out*.

The Traditional Hotel Industry

The Traditional Hotel Industry

Over eons of time, wanderers and single travelers found security and accommodations in trees and caves, castles and churches, homes and estates. Greater political and economic freedom eventually increased their numbers. Soon, the courtesy of friendly hosts gave way to commercial enterprise. The hotel industry was born carrying this culture of hospitality. So *hospitality* and *hotels* are related concepts, deriving from the same Latin root. However, the word “hotel,” which comes from the French *hôtel*, meaning large house, didn’t appear until the 18th century.

UNDERSTANDING THE HOTEL BUSINESS

The Service Culture

The hotel industry has flourished through the centuries by adapting to the changing environment that marks human progress. These stages have been labeled: The 18th century was the agricultural age; the 19th, the industrial age; and the 20th century the age of service, including medicine, education, and hotelkeeping. The 21st century opened with that same service culture, but will likely close as the age of technology. Innkeeping has started to adapt its hospitality heritage to the new age. The shift translates into newer kinds of, but less personal, services.

A Cyclical Industry

Hotelkeeping is a cyclical industry that closely follows economic phases. Wide swings carry the innkeeping industry between peaks of exceptional profits and troughs of outright distress. This rollercoaster has been most evident over the past half century. The entire travel industry was brought to its knees by the oil embargo of 1973. Innkeeping then cycled from bankruptcy to recovery. A decade later, in the early 1980s, the industry witnessed a second such distress when the federal government changed the income tax laws on real estate. (Remember, as hotels are pieces of real estate, any change in real estate will directly affect the hotel industry.) Dominant companies bought distressed properties at that time and recovery followed once again. By the late 1990s, hotel profits had reappeared. Just as the recovery was being consolidated came the tragedy of 9/11, the attacks on the World Trade Center (2001). Travel and tourism bottomed out again. Although recovery was faster this time, it was short-lived. First, a stumbling prosperity and then a dramatic downturn in the U.S. economy in 2008 halted travel once again. Business began an upward crawl anew in late 2010.

Hoteliers stop building during downturns. Three years is the typical span between planning and opening a hotel. It’s even longer if there are special financing, zoning, or environmental issues. Over half of the announced projects are never built. For instance, Taj Hotels took 18 months just to renovate The Pierre in New York. When occupancy and profits boom, the competition begins to rev up new properties. So new rooms often come on line—three years later—just as the cycle peaks. That increased supply exaggerates the next downward dip. Supply and demand play their traditional roles in hotel economics as they do for general business. Overbuilding (excess supply) exaggerates the downturns far more often than does insufficient demand (fewer customers).

How Hotels Count and Measure

Within the cycles, new hotels and hotel rooms are built and old rooms are removed. One can never say for certain how many hotels or hotel rooms are available at a given time. Governmental agencies (Bureau of the Census) and trade associations (American Hotel & Lodging Association (AH&LA)) track and report the numbers. Other interested parties include the World Tourism Organization (WTO), the International Hotel and Restaurant Association (IH&RA), and private firms such as Smith Travel Research and PricewaterhouseCoopers. None of the figures ever agree; some not even close.

The Bureau of the Census counts once every decade and takes several years to report. By then, the numbers become inaccurate. The 2010 count, for example, was made during a horrific downturn cycle when many hotels had closed.¹ Still, estimates are possible. The previous count approximated 65,000 hotels in the United States with some 5,500,000 hotel rooms. The typical hotel, about half of which are small, nonchain affiliated, has about 85 rooms. Figures get skewed, however, because convention hotels (large hotels) number less than 2% of all U.S. properties, but contain about 12% of all hotel rooms.

Hotels are valued on a per-room cost, either the cost per room to build or the resale price per room—called the *per-key cost*. Valuing each room at, say, \$250,000—unchanged in the past several years because costs rose substantially and then fell even more so—U.S. hotels are worth nearly \$1.5 trillion.

Together, Europe and the United States once accounted for two-thirds of the world's total rooms. However, their leadership has been challenged by the robust growth of tourism and business travel in other areas, such as Asia and South America. For example, international companies built 50 five-star hotels in Beijing for the 2008 Olympics. Marriott Hotels opened seven of them, with its Great Wall property alone having 1,300 rooms. Growth like this changes the world's balance.

OCCUPANCY Occupancy, a measure of supply and demand, gauges the industry's economic health. While robust demand encourages construction of new rooms, falling demand seals the fate of old hotels. Worn-out rooms are kept in place only during boom periods, when there is a room shortage. They fall to the wrecker's ball or are converted when they are competitive no longer. Many were renovated into dormitory rooms when American universities were in their boom years. In the 1990s, condo conversion was the hot move as luxury residential units were more valuable than luxury hotel units. One of the most publicized of these conversions was that of the New York City's famous Plaza. The hotel's 800 rooms were converted into 152 residential condo units and 282 guest rooms. However, the downturn that began in 2008 put an end to condo conversions.

At any given time, the number of rooms available for sale reflects the mathematics of the old and the new. During the upward cycle, more guests are buying, but fewer rooms are available. Room rates rise. Just the opposite happens in a downward cycle: There are fewer buyers and more rooms, so rates fall. Customer demand is measured by the *number of rooms occupied*, also called the *number of rooms sold*. Hoteliers count this figure every night.

Hoteliers also count the number of rooms in their hotels. Although the number of rooms is just an estimate worldwide, hotel managers know their own numbers. Whether for the world, the region, or the individual hotel, that number is called *the number of rooms available for sale*.

The relationship (or ratio) between the *number of rooms sold* (demand) and the *number of rooms available* (supply) measures the property's health. It is a closely watched value that asks, "How well did we sell rooms relative to the number of rooms that could have been sold?" That big mouthful has a shortcut called the *percentage of occupancy*, or *occupancy percentage*, or just *occupancy*.

¹Facts about the lodging industry are reported in the *SC Series*, but results of the 2010 Census were not yet available for this publication.

The Traditional Hotel Industry

The occupancy calculation is a simple division. The number of rooms available for sale is divided into the number of rooms sold (see Exhibit 1):

$$\frac{\text{number of rooms sold}}{\text{number of rooms available for sale}} = \text{a percentage of occupancy}$$

Occupancy can be computed by one hotel for one night, one month, or one year. Citywide, regional (the Northeast, for example), and national occupancies are tracked by many agencies. Among them are hotel chains, convention bureaus, and state tourism offices.

Values become less accurate as the count moves from the individual property to a worldwide number. Nevertheless, everyone is engrossed in occupancy figures. More so when estimates suggest that a mere 1% rise in chain occupancy represents millions of dollars of improved profits.

SALES PER OCCUPIED ROOM Occupancy measures quantity, that is, the hotel's share of the market. *Sales per occupied room*—also called *average daily rate* (ADR)—measures quality. Its formula (see Exhibit 1) is:

$$\frac{\text{total dollar room sales}}{\text{number of rooms sold}} = \text{ADR (a dollar value per room sold)}$$

Given	Number of rooms in the hotel available for sale	800
	Number of rooms in the hotel	820
	Number of rooms sold to guests	600
	Number of dollars received from guests for rooms	\$72,000
	Number of employees on staff	500
	Number of guests	700
Computations		
	Percentage of occupancy is 75%.	
	$\frac{\text{number of rooms sold (to guests)}}{\text{number of rooms (in the hotel) available for sale}} = \frac{600}{800} = \frac{3}{4} = 75\%$	
	Sales per occupied room (average daily rate, ADR) is \$120.00.	
	$\frac{\text{room sales (as measured in dollars)}}{\text{number of rooms sold (to guests)}} = \frac{\$72,000}{600} = \$120.00$	
	Sales per available room (RevPar) is \$90.00.	
	$\frac{\text{room sales (as measured in dollars)}}{\text{number of rooms (in the hotel) available for sale}} = \frac{\$72,000}{800} = \$90.00$	
	Mathematical check:	
	$\text{ADR} \times \text{occupancy} = \text{RevPar} \quad \$120 \times 0.75 = \$90.00$	
	Number of employees per guest room is 0.625.	
	$\frac{\text{number of employees (on staff)}}{\text{number of rooms (in the hotel) available for sale}} = \frac{500}{800} = 0.625$	
	Percentage of double occupancy is 16.6%.	
	$\frac{\text{number of guests} - \text{number of rooms sold}}{\text{number of rooms sold}} = \frac{700 - 600}{600} = 16.6\%$	

EXHIBIT 1 Hoteliers track the health of the industry through the measures and ratios shown. Outside of the United States, bed occupancy percentage (number of beds sold ÷ number of beds available) is often substituted for the percentage of room occupancy. Bed (or guest or sleeper) occupancy of 50% approximates room occupancy of 70%.

The health of the industry is reflected in both occupancy and price. Price, ADR, (\$) increases as occupancy (%) increases. The more rooms sold—that is, the greater the demand—the higher the room rate. That’s because lower-priced rooms sell first. Conversely, as occupancy falls, so does the ADR. Supply and demand are at work.

REVPAR (REVENUE PER AVAILABLE ROOM) RevPar is an old industry standby that once was called *average rate per available room*. RevPar (or REVPAR) measures management’s ability to keep rates high even as occupancy declines. Hoteliers are fond of saying, “hotels fill from the bottom up,” meaning that guests elect lower rates when an empty house allows it. Superior managers strive to keep rates high even as occupancy dips within the cycle. Management does this using *yield management*. RevPar reflects the revenue (sales) relative to the total rooms available for sale. In contrast, ADR measures the revenue per room relative to the number of rooms actually sold. (Remember, “rooms sales” and “room revenue” are interchangeable terms.) Exhibit 1 illustrates the computation.

$$\frac{\text{total dollar room sales}}{\text{number of rooms available for sale}} = \text{RevPar (measured in dollars)}$$

Both of the values, room sales and number of rooms available, are easily misstated. Total room sales must not include taxes or the value of free breakfasts or parking. Similarly, the number of rooms available must include vacant rooms, but not those permanently assigned to other uses such as offices.

Before 2008, RevPar was rising steadily, increasing at the top of the cycle aided by inflation. That value took a nose dive in 2008–2011 when the average price of a hotel room fell about 16%.

RevPar does not reflect management’s ability to control costs or produce sales in other departments. RevPar is an ideal measure for rooms-only hotels (those with no bars, no laundries, and no restaurants).

DOUBLE OCCUPANCY Exhibit 1 continues with the occupancy calculations. Spoken as “double occupancy,” the value is really a “percentage of double occupancy.”

$$\frac{\text{number of guests} - \text{number of rooms occupied}}{\text{number of rooms occupied}} = \text{percentage of double occupancy}$$

“Multiple occupancy” is a better term than “double occupancy” because more than two guests may be housed in one room. If the number of guests is greater than two, the formula falters. Assume, for example, two rooms occupied by three persons in one room and one person in the other. The calculation would be $4 (\text{guests}) - 2 (\text{rooms}) \div 2 (\text{rooms}) = 1$ or 100% double occupancy. In fact, it is only 50%, one room in two.

Double occupancy’s impact on room revenue is much clearer. Additional charges (a double rate) is usually levied when families, skiers, and tour groups double up. Casino/hotels want bodies on the casino floor, so they rarely charge double occupancy rates. High double occupancy is associated with resort properties, giving them a higher ADR.

Another statistical fudge occurs when comps (complimentary—free rooms) are counted as occupied. The occupancy percentage increases but ADR decreases because there are no dollars earned. Similarly, averages for the entire industry are slanted when large hotels are counted along with hotels of 50 rooms or less.

BREAK-EVEN POINT To break even is to have neither profit nor loss. Inflows from revenues match exactly outflows from costs. Hotels have large fixed costs including interest on debt payments, licenses, taxes, and fixed salaries and wages. Reducing fixed costs drops the level of occupancy needed to break even. Similarly, increasing sales from food, beverage, spa, and so on reduces the pressure on room sales. Increasing RevPar also contributes, provided the percentage of occupancy is maintained.

Break-even points are important, because there is no profit until that point is reached. Once the point is reached, profits accumulate quickly. Each sales dollar before the break-even point is used to pay off debt, pay utilities, and pay the staff. Thereafter, each dollar contributes to profits.

Break-even points are expressed in percentage of occupancy. That value has been declining over the past decades. Better hotel design and better financing have held down both variable

and fixed costs. Changes in market mix and higher room rates have improved revenues, the other component of break even. So break-even points fell throughout the past quarter-century. Recently, however, rising debt and shrinking revenues boosted the break-even occupancy—at the very time when occupancy nosedived.

Special Characteristics of the Hotel Business

Several special characteristics limit management’s flexibility. While some are lodging-only issues, some are found in other industries as well.

PERISHABILITY Vacant rooms are perishable. The industry’s mantra is “an unsold room tonight can never be sold again.” Unlike a can of fruit which inventories on the grocer’s shelf, hotel rooms are time restricted. No way to take last night’s empty room to meet an overflow tonight. Like empty airline, theater, or arena seats, unsold hotel rooms cannot be stored, cannot be saved, and cannot be used anew.

LOCATION According to Ellsworth Statler, who sold his Statler chain to Hilton, “Location, location, location” are the three most important aspects of [hotel] real estate. Good locations are not easy to acquire. Changing neighborhoods and shifting demographics sometimes doom a hotel whose original location was good. Unlike an airline seat, there is no way to move the hotel room. A fixed location in an uneven neighborhood requires astute management and a heavy dependence on marketing and sales.

FIXED SUPPLY Just as the hotel’s location is fixed, so is its supply of rooms. Airlines adjust to demand by adding or removing flights. Not so with hotels. What you see is what you must manage.

HIGH OPERATING COSTS Unlike manufacturing, which offsets high labor costs with large capital investments, hotels are both capital- and labor-intensive. The result is, in the jargon of the trade, a *large nut*. Large built-in costs continue regardless of occupancy levels. Innkeeping’s break-even hurdle is high.

SEASONALITY Throwing away the key is a traditional practice when a new hotel opens. The act signifies that the hotel never closes. Yet, hotelkeeping is a very seasonal business. Cyclical dips hit commercial hotels every seven days as they struggle to offset poor weekend occupancy. The federal holiday law that extended weekends into Mondays certainly didn’t help.

Occupancy computations must account for this weekend phenomenon. Especially since the business traveler—the very person not registered during the weekend—still accounts for the bulk of the industry’s business. Given the usual profile of the commercial, urban hotel (see Exhibit 2), national occupancy in the 70–80% range remains an elusive goal. Annual cycles compound the problem. Commercial occupancy falls off between Thanksgiving and New Years and from May Day to Labor Day.

Monday	100%
Tuesday	100
Wednesday	90
Thursday	90
Friday	40
Saturday	20
Sunday	20
Total	460%
Average per 7 days	66%

EXHIBIT 2 The difficulty of achieving a national occupancy in the mid-70% range is highlighted by the typical cycle of weekly occupancy for commercial hotels. The challenge is convincing groups, whose members work all week, to hold conventions on the weekends. (*Smith Travel Research* now tracks U.S. occupancy daily and weekly as well as annually.)

Resorts have an opposite pattern: They have busy weekends, but slower midweeks. The slack months of the commercial hotel is the very season of the resort hotel. At one time, resorts opened Memorial Day and closed Labor Day. Winter resorts (December 15–March 15) fared no better. Bad weather devastated both the 100-day seasons.

Both summer and winter resorts have extended seasons with groups, conferences, and special events. Most remain open year-round. Hotels that operate on the four-day season may be worse off than the seasonal hotels. At least the latter have a higher double occupancy.

TRADITIONAL CLASSIFICATIONS

Lodging is an industry of rapid transformation. The inns of old evolved from private homes located along the traveler’s route. Today’s hotel is often a point of destination even as it serves its traditional role of accommodating those in transit. Yesterday’s tavern offered meals with the family. Dining today is a created experience in design, décor, and menu. Early inns were indistinguishable from their neighbor’s homes. Today’s edifice is a sharp contrast in style and packaging (see Exhibit 3).

The industry still delivers the basic accommodations of shelter, food, and hospitality. It is the means of delivery that has changed. These variations have been marked by shifting terminology: *hostel, tavern, public house, inn, guest house, hotel, resort, motel, motor lodge, motor inn, bed and breakfast, and condo.*

The industry’s trade association has undergone similar shifts in identity. The American Hotel Association became the American Hotel & Motel Association, more recently the American Hotel and Lodging Association. “Motel” has been replaced in the professional vocabulary with new hotel types.

Changes notwithstanding, several traditional classifications have withstood the test of time. They are size, class, type, and plan. These are not definitive, objective measures. Nor are they self-exclusive. Hotels fall into all categories or into just some. Each category impacts differently on how managers manage.

Size

The number of rooms available for sale, the very same figure used in occupancy computations (see Exhibit 1), is the standard measure of size. Measures such as the number of employees or gross dollar sales are simply not used. Counting available rooms is not as certain a gauge



EXHIBIT 3 Unlike the inns of yesteryear, today’s hotels are often architectural attractions, creating a buzz that helps assure their success. *Courtesy of the Singapore Sands, Singapore.*

as one would first believe. More rooms may be advertised than are actually available. Older hotels have rooms that are no longer saleable. Newer properties lose guest rooms to unplanned offices and storage. As a rule, the older the hotel, the fewer rooms available relative to total room count.

Hotels are grouped by size for financial reporting, for the U.S. Census and for trade association dues. Traditionally, large hotels are 300 rooms, or more. Medium hotels are 100–300 rooms and small hotels are less than 100 rooms. Recognizing that these definitions are getting dated, the AH&LA boosted its definition of small to 150 rooms. About 25% of its membership falls into the small category.

For hotels seeking government loans, the Small Business Administration’s (SBA) definition of “small” for lodging enterprises is \$7 million dollars in annual sales. That value changes periodically. An 80-room hotel with 70% occupancy and an ADR of \$100 would qualify. It would only generate \$2,044,000 annually (80 rooms × 70% occupancy × \$100 ADR × 365 days per year).

Visualizing small- and medium-sized hotels as *the* lodging industry is difficult when one thinks of famous hotels such as the Waldorf=Astoria in New York City with 1,852 rooms, or the New Otani in Tokyo, 2,057 rooms (see Exhibit 4). Small hotels are more common in Europe where they have been traditionally family owned and operated.² The shift to chains and franchised hotel names has accelerated recently in both Europe and Asia and is changing the structure of the business there. Still, only one-third of Europe’s hotels are branded versus three-fourths in the United States.

Hotel	Number of Rooms ^a	Location
Venetian/Palazzo ^b	7,100	Las Vegas
MGM grand/Mansion/Signature ^b	6,850	Las Vegas
Asia-Asia ^c	6,500	Dubai, United Arab Emirates
First World Hotel	6,100	Genting Highlands, Malaysia
Wynn/Encore ^b	4,750	Las Vegas
Luxor	4,400	Las Vegas
Mandalay Bay/The Hotel ^b	4,350	Las Vegas
Ambassador City	4,200	Jomtien Beach, Thailand
Excalibur	4,050	Las Vegas
Aria	4,000	Las Vegas
Bellagio	4,000	Las Vegas
Circus Circus	3,700	Las Vegas
Planet Hollywood (nee: Aladdin)	3,700	Las Vegas
Shinagawa Prince	3,700	Tokyo
Flamingo	3,550	Las Vegas
Hilton Hawaiian Village	3,400	Honolulu
Caesars Palace	3,350	Las Vegas
Las Vegas Hilton	3,200	Las Vegas
Mirage	3,050	Las Vegas
Opryland Hotel	3,000	Nashville
Monte Carlo	3,000	Las Vegas
Venetian	3,000	Macau
Cosmopolitan ^d	3,000	Las Vegas

^a Room numbers have been rounded to 50.
^b Built and marketed as separate hotels.
^c Announced, but not opened.
^d Opened but not complete.

EXHIBIT 4 Megahotels, once exclusive to Las Vegas, are now worldwide. Still, many of these behemoths rely on gaming for their financial success. The Opryland Hotel, which bills itself as the largest U.S. hotel outside of Nevada, is part of Gaylord Entertainment. The world’s tallest hotel opened in 2011: The Hong Kong Ritz-Carlton has 118 floors.

²Family-owned hotels account for 94% of Italy’s hotel companies.



EXHIBIT 5 Tourist courts predated the highway motel, which gained momentum from the federal, interstate road construction boom following World War II. Kemmons Wilson's Holiday Inn chain (1952) set the initial standard for motels. Then came amenity creep.

MOM-AND-POP MOTELS The term “motel” (motor + hotel) was coined after World War II when Americans took to the highways. The concept was refined by Kemmon’s Wilson who created the Holiday Inn chain. Motels replaced the very limited facilities known as tourist courts (see Exhibit 5). Many “motels”—the term has now fallen from favor—were family owned and operated. Whence comes the term “mom-and-pop.” There were some 60,000 mom-and-pop motels along the 1960s highways. Rising construction costs and difficult financing headed a list of hurdles that such small entrepreneurs could not overcome. They did not purchase in quantity; they were unable to advertise widely; and they competed against the better management talent that worked for their chain/franchise competitors.

Class

The class of hotel is sensed as often as it is measured, but two yardsticks quantify the appraisal: They are price (ADR) and rating systems.

AVERAGE DAILY RATE Delivering class, elegance, and service costs money. Larger rooms, upgraded furnishings, and extra employees incur larger financing costs, depreciation, energy, wages, and more. So too do better levels of maintenance, 24-hour room service, saunas, and similar extras. All must be recovered by higher rates. More than just a generalization: The better the class of hotel the higher the rate.

Driven by inflation, ADR has been increasing industry-wide for decades. So a higher room rate over time is not the measure. A higher rate relative to competition is critical. Location, location, location also plays a role. Hotels in small towns are different than their big-city counterparts. A \$75 rate in Los Angeles conjures up a totally different class of lodging than does that same rate in a small rural town. However, at a given time and with concern for size, type, and location, ADR is a fair measure of class. So published rates help classify the nation’s hotels (see Exhibit 6).

FULL-SERVICE TO LIMITED-SERVICE Hotels are as diverse as the traveling public that fills them. Responding to varied needs, the industry has created a range of accommodations from the full-service high-rise to the squat roadside inn. One group offers nothing more than a clean room and a good mattress. Guests do not need swimming pools, closets, or lobbies, goes that argument. This hotelier offers limited service at minimum price. It does so with new language: Limited service is now “select service,” or, better still, “focused service.”

Classification of Hotels by Average Daily Room Rate
<p>Deluxe Hotels (typical room rate: \$650 plus/night)</p> <p>Fairmont Hotels Four Seasons Hotels Ritz-Carlton Hotels</p>
<p>Upper Upscale Hotels (typical room rate: \$450/night)</p> <p>Le Meridien Hotels Sofitel Hotels W Hotels</p>
<p>Upscale Hotels (typical room rate: \$350/night)</p> <p>Hyatt Hotels Marriott Hotels Omni Hotels</p>
<p>Midprice Hotels with Food (typical room rate: \$160/night)</p> <p>Four Points (Sheraton) Garden Inns (Hilton) Best Western</p>
<p>Midprice Hotels without Food (typical room rate: \$95/night)</p> <p>AmeriSuites Hampton Inns La Quinta</p>
<p>Economy Hotels (typical room rate: \$70/night)</p> <p>Baymont Inns and Suites Red Roof Inns Super 8</p>
<p>Budget Inns (typical room rate: \$65/night)</p> <p>EconoLodge Microtel Motel 6</p>

EXHIBIT 6 ADR, average daily rate, identifies the class of hotel, offering consumers a range of accommodations from the bare-minimum budget facility to the full-service, super deluxe property.

One hundred eighty degrees away is the full-service, upscale property. This hotel has superior facilities and a full complement of services. Limited services means lobby vending machines or a nearby restaurant servicing several properties in the area. Full service has a menu of dining options and a range of extras: lounges, room service, newspapers to the room, exercise facilities, and electronic support. Expense-account travelers patronize full-service properties although something less costly may do when the family travels.

Between the two lies the bulk of facilities. Services are added as competition demands and costs allow. Services are pared as markets shift and as acceptable self-service equipment appears.

NUMBER OF EMPLOYEES Class as measured by full service or limited service refers as much to the size of the staff as to the physical amenities. Thus, the number of employees per guest room is another measure of class (see Exhibit 1).

$$\frac{\text{number of employees on staff}}{\text{number of rooms available for sale}} = \text{number of employees per guest room}$$

Budget properties, those without restaurants or amenities such as bars or room service, operate with as few as 0.25 (one-fourth) employee per guest room. An 80-room house might have as few as 20 employees. There's a limit to how small the staff can shrink. If the property wants the legal benefits of being a hotel, common law requires it to be open 24 hours daily. Now add in staff days-off, plus a minimum housekeeping crew, night security, someone for repairs and maintenance, and the total grows.

Because a minimum staff is needed, a hotel of 60 rooms might have almost the same number of employees as one of, say, 100 rooms. Each property needs a minimum number at the desk, a manager, a head housekeeper, an accountant, and someone in maintenance. Each must provide for vacations and sickness. Housekeeping is staffed differently. If a housekeeper cleans 15 rooms per shift, every additional 15 rooms requires an extra employee and eventually a supervisor. Hotels minimize that number by using and paying for call-in housekeepers only when volume dictates.

The in-between class of hotels uses an in-between number of employees. That ratio ranges from 0.5 (one-half) an employee per room to a ratio as high as 1:1. Depending on the services offered, a 300-room hotel could have as few as 125 employees to as many as 250. Some may be part-time.

Full-service hotels require more employees to staff a variety of departments. All of them have bells, restaurants, turn-down service, marketing, and pools. Still more staff is needed for properties with theaters, acres of grounds, casinos, and 24-hour room service. The employee-rooms ratio may jump then to 1.5. Thus, a 1,000-room hotel/casino operating 24 hours could have 1,250–1,500 employees. No wonder so many localities with low labor usage—Detroit, for example—have voted for local casinos.

Asian hotels have the largest employee-rooms ratio because labor is less costly. The Bangkok Shangri-La, for example, has 1,073 staff members for 697 rooms, a ratio of 1.5:1. Hong Kong's Peninsula Hotel operates with 655 employees for its 300 rooms. That's better than 2:1. The Singapore Sands (see Exhibit 3) has a nearly 4:1 ratio: 10,000 employees for 2,560 rooms. (No wonder, Singapore's few hotel/casinos generate more earnings than all of Las Vegas' hotels combined.)

Worldwide, the workforce is huge. The United States alone has some 2 million hotel workers. The privately funded World Tourism and Travel Council (WTTC) estimates 225 million employees in the world's tourism industry. That includes about 13% of Europe's total labor force.

RATING SYSTEMS Room rates provide good guidance to the class of hotel even when formal rating systems exist. Some rating systems have been publicized; some have not. Some are government-run; some are not. Most are standardized within the single country, but not so across borders. Members of the World Tourism Organization have done much to standardize their systems by adopting the WTO's five recommended classes. Deluxe or luxury class is at the top. First-class, which is not top-of-the-line despite its name, comes next. Tourist class, sometimes called economy or second class is actually third in line. Third and fourth class (really the fourth and fifth ranks) usually have no private baths, no centralized heat, not even carpeting.

International travelers avoid third- and fourth-class facilities. They also know to discount the deluxe category of many Caribbean properties. Similarly, experienced travelers limit stays in Africa and the Middle East to deluxe properties.

Worldwide There are some 100 rating systems worldwide. Most of them rank by using stars; others use coffee pots, alphabets, and even feathers. Britain uses ticks for its holiday parks, which are upscale RV (recreational vehicle) parks.

Europe's system is the most developed. Its four- and five-star hotels have restaurants and bars. *Hotel garni* means no restaurant but a continental breakfast is usually served. That's the usage in England as well as on the Continent and both correspond to the U.S. phrase, "breakfast included."

The Swiss and Mexican Hotel Associations are unique because they are self-rating, private organizations. The Swiss use the World Trade Organization's (WTO) five classifications plus a luxury class termed "Gran Tourism" or "Gran Especial." The Irish Tourist Board takes a different approach, listing the facilities available (e.g., elevator, air conditioning, laundry) rather than grading them. Directories of the European Community do the same and also classify by location: seaside/countryside, small town/large city. European auto clubs go further by distinguishing privately owned from government-run accommodations.

Spain has standardized the rating system of its *paradors* (stopping places) despite a wide range of facilities and furnishings. About one-third of this government-operated chain is at a four-star level.

In 2008, Italy finally adopted a one-to-five-star rating system but left enforcement to individual regions. One of the rating criteria is room size: The minimum size of a four- and five-star

hotel room must be 15 square meters (155 square feet). Hotels will rate four- or five stars only if the staff has foreign language capability.

Japanese traditional inns, *ryokans*, are rated according to their rooms and baths and—of all things to Western values—gardens. These hotels offer two meals, which are often taken in the uncluttered guest room that opens onto those gardens. The Japanese Travel Bureau lists about 1,000 *ryokans* for international guests. *Ryokans* are not favored by Japanese nationals.

Korea has its own version of traditional, budget-priced lodging called *yogwans*. Most have standard hotel accommodations. Upscale *yogwans* have names that end in *jang* or *chang*.

The United Kingdom has the largest number of rating systems including the National Tourist Board (NTB), the Automobile Association (AA), the Royal Automobile Club (RAC), and commercial enterprises such as Michelin. Some rate by stars; others use pavilions or crowns. Each classification is further divided by grades or percentages. For example, the AA might rate a property as Four Star, 65%.

The U.S. System Unlike the United Kingdom's mix of private and governmental rating systems, the U.S. ratings rely solely on private enterprise. The American Automobile Association (AAA) has been one of two major participants. The other participant Mobil (now named Forbes) was started in the motor-lodge era of the late 1950s as a subsidiary of Mobil Oil. Now, both face a wide range of competitors.

Michelin, which is popular in Europe, now has U.S. guidebooks. Zagat started with restaurant guides and only recently added hotel ratings. J. D. Powers, which is famous for rating consumer goods, has also entered the market. Many websites (Expedia, for one) carry evaluations as do a wide range of publications. Social networks probably do the best job because previous guests "tell it like it is!" on websites for all to read.

There are bed-and-breakfast guides, magazine guides, regional guides, even one by the National Association for the Advancement of Colored People (NAACP). None are government affiliated. All are crowding out the traditional star system of Forbes and the diamond ratings of AAA (see Exhibit 7).

Historically, a good Mobil (Forbes) listing boosted occupancy by 20% or so. Similarly, as much as 40% of room sales in small hotels has been attributed to an AAA listing. Both agencies rely on anonymous, on-site inspections to cover about 25,000 properties. AAA personnel identify themselves after their annual visit. Forbes inspectors come every 18 months but remain anonymous. Online reservation (res) systems such as Priceline also send inspectors, but they solicit business at the same time. AAA includes information for handicapped travelers; the Scottish Tourist Bureau does too using three levels of accessibility. All travel guides encourage input from their users.

By building different facilities for different markets, hotel chains have created internal rating systems, but few consumers recognize them.

Membership in Preferred Hotels, a loosely knit affiliation of independent properties, requires ratings of superior or above from one of the recognized services. By just belonging, the hotel flashes its rating.

Not all guides are consumer oriented. Several list conference and meeting facilities. Others are aimed at travel agents and meeting planners. Among the publications that focus on the trade are the *Hotel and Travel Index*, the *Official Hotel Guide*, and the *Official Meeting Facilities Guide*. Their contents list both objective (number of meeting rooms) and subjective assessments (food, convention services).

We may soon see a new environmental rating. The U.S. Travel Data Service reports that guests are willing to pay more for environmentally friendly lodgings (EFL).

Type

Size and class, two of lodging's four traditional classifications, have just been discussed. Now we examine the third classification, types of hotels. Type has three traditional subdivisions of its own: commercial hotels, resort hotels, and residential hotels. As with so many other definitions in a dynamic industry, there are sharp distinctions no longer.



Every rating has cleanliness, maintenance, service (staff), furnishings, and physical appointments as its base. Ratings must also consider regional differences. A historic inn of New England cannot be compared to a dude ranch in the Southwest or an urban-center highrise. Each star-level must incorporate the best standards of the previous level.



One-star establishments should be clean and comfortable even as they offer minimal services at minimal price. Rates should be comparable to local competitors with similar accommodations. Service must be courteous but may not be available around the clock. There is no restaurant. Furniture and linens must be in good condition, but will not be luxurious. Housekeeping and maintenance should set a good standard.



Two-star accommodations must meet the standards of one-star facilities and include some, but not necessarily all, of the following: Better-quality furniture, larger bedrooms, color TV in all rooms, direct-dial phones, and perhaps, a swimming pool. Luxury will usually be lacking, but cleanliness, maintenance, and comfort remain essential. The desk is open around the clock.



Three-star properties include all of the facilities and services mentioned in the preceding paragraph. Additional service personnel will be apparent. Food service, especially at breakfast, is required. So is a swimming pool. Upgrades in the bath should be apparent. Internet access available. Electronic locking and security systems are in place. Three-star establishment should offer a pleasant travel experience.



Four-star and five-star properties make up less than 2% of the ratings! They must be outstanding in every respect. Bedrooms should be extra large; furniture of high quality; all of the essential and extra services (dining, lounges, spas, laundry) should be offered at a stepped-up level. Personnel must be well trained, courteous, groomed, and anxious to please. Rates will reflect these superior standards. A stay in a four-star property should be memorable. No place will be awarded four or five stars if there is a pattern of complaints from customers, regardless of the luxury offered.



There are a very few five-star-award facilities. Those that reach this pinnacle go beyond comfort and service to deserve the description “one of the best in the country.” Superior restaurants are required, although they may not be rated as highly as the accommodations. Twice-daily maid service is standard; linens should be no less than 250 count. Rooms will be large and accommodations and toiletries in the bath extra special. Lobbies will be places of beauty, often furnished in antiques. Grounds surrounding the building will be meticulously groomed and landscaped. Guest will feel pampered.

EXHIBIT 7 The authors have created criteria for rating U.S. hotels, which are expressed traditionally with stars and diamonds. Other symbols are used worldwide where rating systems are usually government controlled. Private organizations, such as *Forbes' Travel Guide*, do the job in the United States.

COMMERCIAL HOTELS Commercial hotels, or transient hotels, make up the largest category of American hotels (see Exhibit 8). They service short-term, transient (not permanent) visitors. Businesspersons are the chief market of commercial houses. Conventioneers, engineers, salespersons, consultants, and small businesspersons form the core of the customer base. Indeed, commercial guests are the backbone of the entire lodging industry. They are equally important to the urban property and the roadside motor hotel. Still, there are plenty of rooms to accommodate leisure guests, and commercial hotels do so with pleasure.

Commercial hotels locate close to their market—the business community, usually an urban area. As business centers have left downtown cities, so has the commercial hotel. Arterial highways, research parks, airports, and even suburban shopping centers have become the new locations for commercial properties.

Many businesspersons relax on weekends, which explains the poor weekend occupancy of the commercial hotel (see Exhibit 2). Attempts to offset this decline with tourists, groups, and special local promotions have been only moderately successful.

Large, commercial hotels are almost always full-service properties. Businesspersons are usually expense-account travelers who can afford four-star and even five-star accommodations. Travel offices of many businesses began to monitor employee travel costs after the downturn following the World Trade Center disaster. Furthermore, Congress has enacted restrictions on the amount of tax-deductible business travel expenses.