

**International Case Studies for  
Hospitality and Tourism  
Management Students and Trainees**

**Volume 2**

**edited by**

**Elizabeth Ineson, Valentin Niță and Kathryn Wells**

 editura  
**Tehnopress**  
IAȘI – 2011

© Iordanka Alexieva, Eszter Benke, Alexandr Burda, Tomas Bakos, Daniela Corodeanu Agheorghiesei, Radmila Dluhosova, Barbara Hoffmann, Elizabeth Ineson, Sandra Janković, Liběna Jarolínková, Emil Juvan, István Kővári, Miha Lesjak, Dijana Milivojević, L'udmila Novacká, Florin Olteanu, Kostja Reš; Graham Stone, Jana Stuchlikova, Annamaria Szeky, Maria Tatarusanu, Lajos Török, Eva Vavreckova, Martin Volek, Matthew H. T. Yap.

Published in Romania by

Editura TEHNOPRESS  
Str. Pinului nr. 1A  
700109 Iași  
Tel./fax: 0232 260092  
E-mail: [tehnopress@yahoo.com](mailto:tehnopress@yahoo.com)  
<http://www.tehnopress.ro>  
Editură acreditată CNC SIS

ISBN 973-973-702-848-8

First published 2011

Cover from an original painting of Styal Mill Pond, Cheshire, UK, by John Ineson

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher.

If there are any errors or omissions, please contact the publisher who will make suitable acknowledgement in the reprint.

## Dedication

From Iordanka: To a special international friend and a very dedicated, enthusiastic colleague:

**Gianfranco Nobis**

*“O sole mio”*

*The Godfather of Hospitality Education and Training in Central and Eastern Europe*

## **Disclaimer**

The editors and the contributors disclaim any and all liability to any third-party anywhere in the world for any injury, damage or direct or indirect loss resulting from reliance on information compiled, or recommendations made, in this text.

## Preface

This text comprises a series of international case studies on issues that focus on situations related to hospitality and tourism management, set predominantly within Central and Eastern Europe. The contributors, who are from a number of European countries, have developed the cases based on their specialist knowledge and real-life experiences. The cases offer students and management trainees opportunities to consider and to respond to realistic scenarios of varying complexity.

The introduction provides a brief overview of the case study and its possible role in teaching and training, particularly in cross-disciplinary fields. In order to provide a suitable format, the cases have been divided into two sections: Part 1, non-revealed and Part 2, revealed. The former may be distributed to individuals or groups, as part of a teaching or training session, and responses can be prepared by the individuals or debated by groups of students or trainees to develop a joint solution; the cases focus on at least one curriculum area, for example: Food and Beverage; Wines; Housekeeping; Marketing; Human Resources; etc. The revealed case studies are more complex. They are inter/cross-disciplinary, encouraging consideration of issues and problems that focus on broader managerial, international and cultural perspectives.

Each revealed case poses at least one question for consideration by students or trainees. The non-revealed cases involve one or more follow-up activities including: debate; information collection; further projects; letter writing; report writing; and making presentations. The case questions and activities are designed to encourage individual and group participation, to promote experiential learning and to encourage a practical problem-solving approach to the achievement of learning outcomes. They are of variable levels of difficulty, posing different types of questions and activities such as practical, theoretical, problem-solving and brain-storming. Part 3 includes a series of points for discussion pertaining to each case.



## Contributors

**Dr Iordanka Alexieva**, Associate Professor, Department of Catering and Tourism, University of Food Technologies, Plovdiv, Bulgaria

**Eszter Benke** PhD, Senior Lecturer, Budapest Business School, College of Commerce, Catering and Tourism, Hungary.

**Mgr. Alexandr Burda**, Gastronomy and Hospitality Lecturer, Institute of Gastronomy, Spa Management and Tourism, Silesian University in Opava, the Czech Republic .

**Tomas Bakos** Master's degree in Economics, PhD student, researcher and teaching fellow, Department of Tourism Studies, University of Economics Prague, Czech Republic.

**Daniela Corodeanu Agheorghiesei** PhD, Associate Professor, Faculty of Economics and Business Administration, "Alexandru Ioan Cuza" University of Iasi, Romania.

**PhDr. Radmila Dluhosova**, Language lecturer, Institute of Gastronomy, Spa Management and Tourism, Silesian University in Opava, the Czech Republic.

**Barbara Hoffmann** MSc, Research Fellow, César Ritz Colleges Switzerland.

**Elizabeth Ineson** PhD FIH FInstTT, Senior Lecturer, Department of Food and Tourism, Hollings Faculty, Manchester Metropolitan University, UK.

**Sandra Janković** PhD, Associate professor, Department of Accounting, Faculty of Tourism and Hospitality Management Opatija, University of Rijeka, Croatia.

**Liběna Jarolínková** Ph.D. in Economy, Senior Assistant, The University of Economics, Prague, Czech Republic.

**Emil Juvan** MSc. M.A., BBA, Lecturer, University of Primorska, Faculty of Tourism Studies-Turistica, Slovenia.

**István Kővári** MA, Assistant Professor, Budapest Business School, College of Commerce, Catering and Tourism, Hungary.

**Miha Lesjak** M.A., Teaching Assistant, University of Primorska, Faculty of Tourism Studies Portorose - Turistica, Slovenia

**Dijana Milivojević**, Human Resources Manager, Hotels Bernardin d.d., Slovenia

**L'udmila Novacká** Prof. JUDr.PhD Professor, University of Economics in Bratislava Slovakia.

**Florin Olteanu** Master graduate, "Alexandru Ioan Cuza" University, in Iasi, Romania.

**Kostja Reš**, Front Desk Manager, Terme Čatež d.d., Slovenia

**Graham Stone** BA Econ MSc Management Studies, Formerly Principal Lecturer, Manchester Metropolitan University, Manchester; currently Management Consultant in Hospitality and Tourism.

## **Contributors cont.**

**Ing. Jana Stuchlikova**, Management and Marketing Lecturer, Institute of Gastronomy, Spa Management and Tourism, Silesian University in Opava, the Czech Republic.

**Annamaria Szeky** MA, Senior Lecturer, Budapest Business School, College of Commerce, Catering and Tourism, Hungary.

**Maria Tatarusanu**, Assistant, Faculty of Economics and Business Administration, "Alexandru Ioan Cuza" University of Iasi, Romania.

**Lajos Török** BSc MSc dr Univ. PhD, Associate Professor, Budapest College of Communication and Business, Hungary.

**Ing. Eva Vavreckova** PhD, Economics lecturer, Institute of Gastronomy, Spa Management and Tourism, Silesian University in Opava, the Czech Republic.

**Martin Volek** Master, PhD student, University of Economics in Bratislava. Slovakia.

**Matthew H. T. Yap** BA MSc PhD, Director, Postgraduate Programmes, César Ritz Colleges Switzerland.



# Contents

	Page
<b>Introduction</b> by Graham Stone and Elizabeth Ineson .....	xiii
<b>Part 1 Non-revealed Case Studies</b> .....	1
<b>The Disastrous Breakfast</b> by Eva Vavreckova .....	3
<b>Coffee Confusion</b> by Alexandr Burda .....	4
<b>The Czech Restaurant</b> by Radmila Dluhosova .....	5
<b>A Luxurious Restaurant</b> by Jana Stuchlikova .....	6
<b>Problems at the “Diana”</b> by Iordanka Alexieva .....	7
<b>The Business Partnership</b> by Jana Stuchlikova .....	8
<b>Meteor Showers</b> by Barbara Hoffmann .....	9
<b>Revenue Management at the Porin</b> by Graham Stone .....	12
<b>Irrevocable Damage</b> by Barbara Hoffmann .....	13
<b>Facade Renovation in High Season</b> by Miha Lesjak and Dijana Milivojević .....	15
<b>HIV in the Workplace: a Trilogy (Part One)</b> by Matthew H. T. Yap .....	17
<b>HIV in the Workplace: a Trilogy (Part Two)</b> by Matthew H. T. Yap .....	18
<b>HIV in the Workplace: a Trilogy (Part Three)</b> by Matthew H. T. Yap .....	19
<b>Water Pollution: Who is to Blame?</b> by Miha Lesjak and Dijana Milivojević .....	21
<b>The Niçoise Salad</b> by Elizabeth Ineson .....	23
<b>Sickness Abroad</b> by István Kővári .....	24
<b>The Swiss Experience</b> by Radmila Dluhosova .....	25
<b>Egypt</b> by Maria Tatarusanu .....	27
<b>The “Touring” Holiday</b> by Eva Vavreckova .....	29
<b>What we Offer is What they Need</b> by Daniela Corodeanu Agheorghiesei .....	31
<b>The Tip and the Oven Baked Apple</b> by Daniela Corodeanu Agheorghiesei .....	35
<b>Part 2 Revealed Case Studies</b> .....	41
<b>The Wine List</b> by Tomas Bakos .....	43
<b>The Responsible Travel Advisor</b> by Emil Juvan .....	45
<b>Eco-Labeling: Achieving European ‘Flower Mark’</b>	
<b>Certification at the Kalsa Hotel</b> by L’udmila Novacká .....	47
<b>Overbooking Problems: What to do?</b> by Miha Lesjak and Kostja Reš .....	52

## Contents cont.

	<b>Page</b>
<b>Integrated Sustainable Destination Management</b> by Emil Juvan .....	54
<b>Promoting Central Europe to Russian Visitors</b> by Martin Volek .....	60
<b>Stag Party Tourists Welcome?</b> by Eszter Benke and Annamaria Szeky .....	64
<b>Wine Tourism</b> by Florin Olteanu .....	72
<b>Recruitment in Romanian Tourism Companies</b> by Maria Tatarusanu .....	82
<b>TOURFILM</b> by Liběna Jarolímková .....	88
<b>Menu Engineering</b> by Sandra Janković .....	97
<b>Evaluation of the Hungarian Hotel Estate Market in 2010</b> by Lajos Török .....	100
<b>Part 3      Points for Discussion</b> .....	115

## Acknowledgements

The editors would like to take this opportunity to thank:

- **La fondation pour la formation hôtelière**, in particular **Michel Rey, Jenifer Emery, Victor Emery, John Thurso, Jurg Conzett** and **Alistair Emery**, for their continued generous support for, and interest in, Central and Eastern European projects;
- **Margaret Georgiou**, Executive Administrator to the Board, for her excellent, ever patient, competent and very professional assistance;
- **the contributors** for providing some varied and interesting information for debate;
- the facilitators, especially **Douglas Cridland**, who helped with the compilation of this text.



# Introduction

by **Graham Stone and Elizabeth Ineson**

Cases provide a learning strategy through which students and trainees are required to consider debate and offer possible solutions to the questions posed. They can apply their knowledge of a range of academic theories, and/or their work experiences, to analyse and evaluate the problems involved. Such experiential learning is of value in developing in students and trainees informed and considered managerial decision-making within a learning and/or training environment where the importance of problem identification and problem solving skills are emphasised. In turn, a variety of cultural and different legal contexts provide a framework within which a broad spectrum of learning outcomes can be achieved.

## **The Role of Case Studies**

Case studies are summaries of real-life or simulated business situations based on personal or “second-hand” experiences, observations, interviews, word-of-mouth data and/or research. The cases might incorporate information from within an organisation, for example, past events; stories; critical incidents; etc. as well as external factors and influences. The cases included in this book are all based on, or developed from, real events. They enable management students and trainees to appreciate, comprehend, consider and resolve real departmental, inter-departmental and unit/Company problems and situations that may be encountered by operatives, supervisors, managers and/or senior managers in hospitality and tourism. There are also further opportunities to conduct research and to make management decisions and plans as indicated by the additional activities.

It is emphasised that case studies are designed to make students and trainees aware that in solving problems there may not be a clear or single solution; they enable students to apply theories in a real-life context, and they provide insight into issues that can assist then in developing and refining their knowledge and understanding. The cases selected for study at any point in the academic course or training programme should follow these principles and should be appropriate to the abilities and experience of the students and/or trainees.

From an academic perspective, case study research is more comprehensive than conducting research on one specific topic. In addressing the more advanced cases, students are encouraged

to collect relevant and appropriate data from a variety of sources and then not only consider this information but also employ divergent thinking to brainstorm the case, followed by convergent decision making in order to devise and justify the solution(s). Questions such as: ‘How?’ and ‘Why?’ need to be addressed in the context of the scenario, paying particular attention to the human element in terms of customer care and the fair and correct treatment of employees and peers. Such studies allow students to gain valuable work related problem-solving and planning managerial experience without losing money, upsetting customers and staff, or putting themselves into positions that might evoke embarrassment, pressure or stress. From a practical perspective, students and trainees need to employ their work and life experiences to offer possible feasible, practical and, when appropriate, cost effective solutions

### **Assessment**

Case studies allow the assessment not only of knowledge and application but also of higher order skills comprising analysis, synthesis and evaluation. The forms of assessment employed depend on the learning outcomes to be measured, and are at the discretion of the teacher, trainer or facilitator. These may include individual or group assessment; they may involve contribution to debates, written responses in the form of answers to questions, reports, the development of strategic plans, training manuals et al. and/or individual or group presentations. No time limits are set or even recommended for responding to/solving the cases, as these depend on the nature and type of the requested feedback, the specific nature of the assessment employed and the depth to which the issues are examined

### **Further Reading**

Ellet, W. (2007). *Case Study Handbook: How to Read, Discuss, and Write Persuasively About Cases*. Boston: Havard Business Press.

Gillham, B. (2000). *Case study research methods*. Continuum: London

Hartley, J. (2004). Case Study Research. In C. Cassell and G. Symon (eds), *Essential Guide to Qualitative Methods in Organizational Research*, pp. 323-333. London: Sage Publication Inc.

Saunders, P. (1997). Experiential learning, cases and simulations in business communication. *Business Communication Quarterly*, 60(1), 97 – 114.

Stake, R.E. (1995). *The art of case study research*. Thousand Oaks, CA: Sage.

Thomas, G. (2011). *How to do your Case Study*, London: Sage

Yin, R.K. (2003). *Case study research: design and methods*. London: Sage.

# Part 1

## Non-revealed Case Studies





# The Disastrous Breakfast

by Eva Vavreckova

A group of secondary school students went on a three-day trip to Prague, the capital city of the Czech Republic. They had booked accommodation in a three-star hotel mainly because it was situated close to the city centre and the price, including breakfast, was very reasonable. Everything went well; they did some sightseeing and went on excursions to some of the best hotels. On the last morning of their stay some students made comments about the salami served at breakfast, but as others considered it all right no complaints were made to the restaurant manager. After breakfast they left the hotel and did some more sightseeing and shopping on their own. They arranged to meet at the railway station in the afternoon. At three o'clock there were nine students missing and their friends reported they were in hospital with intense stomach ache. On their way home some more students had quite severe stomach cramps.

The next day only nine students (out of 28) were able to go to school. The rest were either in hospital or recovering at home. The school management addressed the hotel with a complaint concerning the breakfast as the hospital had confirmed that the cause of the problem was the salami served in the hotel. At first the hotel management refused to accept responsibility for the health problems of the students but after being presented with the hospital confirmation, the complaint was handled satisfactorily.

## *Questions*

1. Was the hotel manager right when he refused to accept responsibility for the problem and insisted on the health certificate issued by the hospital?
2. Do you think he might not have enough authority to deal with such complaints?

## **Coffee Confusion**

**by Alexandr Burda**

I invited my Italian friend Giuseppe for a nice cup of coffee in a Czech café. He ordered a latte macchiato and I asked for latte. He gave me a surprised look and remarked that he thought we were going to have coffee. I did not get it so I thought my English was not good enough. When Eve, the waitress, brought our orders Giuseppe was even more surprised at my cup of coffee and remarked “You have ordered latte. How is it possible that she has brought you a coffee beverage?” Then I was surprised and confused. Moreover, Giuseppe asked Eve to replace his drink as he had ordered latte macchiato and got café latte. Eve argued that she brought him “coffee with milk” according to his order. Giuseppe asked to see the manager.

### ***Questions***

1. Why was Giuseppe surprised when I ordered ‘latte’?
2. What was the reason for his claim that he had been served ‘café latte’?
3. How should Eve respond to his complaint?
4. How should the manager deal with this situation?

# The Czech Restaurant

by Radmila Dluhosova

Eva and her two friends decided to take Diego, their guest from Switzerland, to have dinner at a cosy local restaurant. They liked the place as well as the dishes, and as they were really enjoying the evening they decided to stay for some drinks. At half past ten Peter, the waiter, approached their table and asked them to pay the bill with the explanation that the restaurant was going to close at eleven and they were the last guests. So they paid the bill and asked if it would be possible to have one more drink as it is quite common in Czech restaurants to stay open a little bit longer when they have guests who are enjoying themselves and are willing to spend their money. Peter answered that it was not a problem. He brought the drinks immediately and collected the money. In a few minutes (about 20 minutes before closing time) he started to take away the tablecloths from the tables around the restaurant and put the chairs on the tables. Eva asked him to stop as they had not finished their drinks yet, but instead of answering Peter switched off half the lights. Eva felt very embarrassed and so she asked to see the manager. Peter said that was not possible as the manager had already left and he was the only person on the premises, and also he wanted to go home.

## *Questions*

1. What was wrong with Peter's behaviour?
2. How should Eva respond to such treatment?
3. How should the incident be dealt with?

## **A Luxurious Restaurant**

**by Jana Stuchlikova**

Two friends went to a luxurious restaurant where they had booked a table for two. Ian, the waiter, showed them to their table and gave them the menu. After five minutes of browsing the menu, the women were still unable to decide and Ian could not bear the situation any longer. He approached their table to take their order. When they said they had not yet chosen, Ian replied “Then I would recommend our degustation menu. It is delicious, the individual courses are in perfect harmony and it is not too expensive.”

There was a couple sitting at another table. Straight after they were served their dishes and Ian poured them their wine, their light conversation turned into a short but loud argument. Ian just noticed wine spilt over the man’s suit and the lady running away quickly. He immediately brought a clean napkin, approached the man, helped him to dry his jacket and trousers and said “I hope it will be better.”

### ***Questions***

1. Should a waiter recommend dishes or drinks without being asked to do so?
2. Is it acceptable to inform a guest that the recommended dish is not too expensive?
3. What mistakes did Ian make?

## Problems at the “Diana”

by Iordanka Alexieva

Maria had just graduated the University when she saw an advertisement indicating that the restaurant “Diana” was looking for a new restaurant manager. “Diana” is a well known traditional restaurant, situated in the centre of Sofia. “Diana” offers typical Bulgarian cuisine in a relaxing atmosphere. The decoration of the restaurant has traditional elements. The music is folkloristic and rather noisy, but the customers seem not to notice that once the dancing starts. Most of the customers are foreign visitors who enjoy both the service and the dishes. All of the guests are fascinated by the belly-dancing, although this is not a Bulgarian tradition.

Maria’s job application was successful. Before introducing herself to the staff as their future boss, Maria decided to experience the service as a mystery guest. She entered the dining room to enjoy a late lunch. There were a few tables occupied. No one paid her any attention until she sat at the table then a waiter, Boyan, arrived with the menu. When he realised that she was local, he seemed to lose interest in her custom. Maria ordered a grilled chicken breast and Boyan asked if it should be rare or well-done. Maria asked Boyan if the restaurant had a HACCP system. “Yes”, Boyan replied. “I know that we have invited some experts. The manager fills in all the documents every Sunday.”

The grilled chicken breast arrived. While eating it Maria felt something thick between her teeth. At first she thought it was a stalk from a local herb, but later she realised that it was a very thin metal strip about three cm. long. Maria called Boyan and drew the problem to his attention. He commented that the strip had probably come from the brush with which they usually cleaned the grill. Boyan said: “I have had a previous complaint about a similar problem. I must inform the kitchen staff?”.

### *Questions*

1. What issues are of concern in the above scenario?
2. How would you resolve them?
3. What advice would you give to Maria?

## **The Business Partnership**

**by Jana Stuchlikova**

A few years ago Petr and Ian bought a house on the main square of a small town. They established a restaurant on the ground floor and let part of the space for rent. About four years later they disagreed about the future of their business. Ian was more or less happy with the present approach based on high quality gastronomy and a cosy setting; he only wanted to start producing home-made pastries. Petr, however, wanted a change. His idea was more demanding in terms of cost as he intended to widen the wine selection and establish a quality wine room. This would lower the capacity of the restaurant and would involve some building repairs.

Both friends loved their restaurant and it was difficult to find a way to realise their ideas. They also considered it important to maintain their friendship. Fortunately, in the end their tenant had to cancel his contract due to some personal problems.

They built a wine room in the free space and at the same time they started the production and sale of their own pastries which were also offered to the wine room clients. The concept soon proved its worth, the visit rate of the restaurant increased and sales rose by about 15 to 20 per cent

### ***Questions***

1. Did the entrepreneurs solve the problem constructively?
2. Why did their concept (wine room establishment and production of pastry in the restaurant) prove successful?
3. What would you do in their situation?

## **Meteor Showers**

**by Barbara Hoffmann**

The four-diamond Red Sands Resort is located in the Southern Californian desert in San Diego County, and is one of the few hotels which open throughout the year in that region. It is a small, privately owned hotel which stretches across 40 acres of desert and offers a variety of lodging options, including 90 deluxe guest rooms, a mix of Executive Suites, Deluxe Suites, and one to three-bedroom casitas, which are stand-alone houses located throughout the grounds, all with private pools or spas.

The hotel attracts mainly leisure and business travellers from the San Diego area, a one-and-half to two-hour drive by car. Guests appreciate the hotel's remote and peaceful location and the stunning views. They also enjoy the magnificent climate, especially in the winter months – although temperatures in summer can be very hot, reaching 45 degrees during the day with very cold nights often below freezing. Red Sands Resort provides many facilities which allow its guests to enjoy a relaxing and active holiday: they can not only make use of the conference facilities, but also use the tennis courts, fitness centre, 18-hole championship golf course, wellness and spa centre, as well go on 4-wheel-drive desert excursions, and hiking and biking trips. A fine-dining restaurant and a more casual dining room for up to 100 people are open to both in-house and external guests. In-house guests also have the option of ordering meals through room-service from 6.30 a.m. until 11 p.m. Due to the hot climate, business during the months of June to September is slow with room occupancy on some days in August reaching a low of 11 per cent. Accordingly, the hotel reduces the total number of staff in housekeeping, kitchen and Food and Beverage by half during this season.

At the beginning of August, Mr McLeeland, General Manager of the Red Sands Resort, found an interesting article while reading the San Diego Tribune. The article talked about meteor showers visible around mid August, good conditions provided, i.e. low air pollution, new or no moon, and a dark site with an open expanse of sky. He saw an opportunity for additional revenue, picked up the phone and called the Director of Marketing, Mrs Poletto. Mrs Poletto immediately took measures to put together an interesting package, hiring a renowned San Diego-based astronomer to give a guest lecture and bring five professional, high resolution telescopes to view the event. The clear and crisp desert air, the hotel's remoteness from

urbanised areas and the open space would be just perfect for the guests and a wonderful sky gazing experience. The lecture was to be held in the large conference room, starting time scheduled for 9.30 p.m. on the evening of the meteor showers. The plan was then for all participants to move to the open field behind the hotel at around 11 p.m., where the outside lights would be dimmed for better viewing.

An advertisement was placed in the San Diego Tribune, promoting a two-night package including a fixed three-course dinner on the night of the event (beverages not included), the lecture and the expert-led sky observation. Within one day of the advertisement's publication, all available rooms had been reserved for the two-night stay, deposit payments of 10 per cent of the package price had been made, with full payment due two days before arrival and no refund in case of short-notice cancellations. There were actually many more calls requesting reservations. Unfortunately, they had to be turned down, but names, addresses and phone numbers of the callers were taken in case of any cancellations. Mr McLeeland and Mrs Poletto began considering organising a second astronomy night as the next new moon was due in a month.

The day of the event arrived and all the guests had checked into their rooms; some people had arrived on the previous day. The Red Sands Resort saw a full house which was good for August. The first challenges arose as guests started to contact the housekeeping department with special requests such as ice buckets, additional towels, etc. It took time to drive electric carts to the various rooms and casitas spread across 40 acres to deliver the requested items. However, it was the restaurants where the main problems appeared. By 7.30 p.m. all the tables in the two restaurants were occupied and more guests were still waiting to be seated. Three local families had heard about the event and planned to take their children out for a nice night of dinner and sky gazing. Arriving at the restaurant, they were informed by the Maître d' that the restaurant was open to in-house guests only that night. They left the property in great disappointment. The kitchen and service staff were overwhelmed by the number of guests in the restaurants, and the volume of à-la-carte orders for room-service. By 9.15 p.m. there were around 40 guests still waiting to be served dessert, and room-service orders for two casitas and one deluxe suite had not yet been delivered although the orders had been placed more than an hour before. The start of the guest lecture had to be postponed by 35 minutes while a great number of guests waited in the conference room. Complaints were being voiced and guests were commenting on the poor organisation of the evening.



Mr McLeeland was shocked when he reviewed the guest comment cards left in many rooms after the guests checked out. Overall, although the guests very much enjoyed the listening to the lecture and having an expert to show them the fascinating night sky, feedback regarding the hotel's service and facilities was unexpectedly negative with statements such as 'I cannot recommend this hotel to any of my friends', or 'We did this for our kids and they were so much looking forward to it. But by the time it started our kids were already fast asleep!'

Mr McLeeland summons his management team including Mrs Poletto to assess the event and find ways to improve performance for next time - Mr McLeeland would really like to go ahead with a second night.

### ***Questions***

1. Identify the problems and the causes of the service failure
2. What suggestions do you believe would emerge from the meeting to ensure a smooth rundown of events when offering the second sky-gazing night?
3. If you were Mr McLeeland, how would you respond to the guest comment cards?

## Revenue Management at the Porin

by **Graham Stone**

The Hotel Porin is located in the centre of Dubrovnik. It is an average priced 4 star independent hotel with 35 bedrooms located centrally in the city. During the season, it has a weekly room occupancy rate of 81 per cent, which includes three distinct market segments – independent tourists (65%), business travellers (10%), and groups (25%).

The facilities in the hotel are fairly typical, and include a busy bar open 10.30 – 24.00 hrs., offering alcoholic/non-alcoholic beverages and hot and cold snacks. The main restaurant is licensed and offers fairly typical dishes, with some chef specials. It has 40 covers and is available for buffet style breakfasts from 07.00 – 10.30 hours (when occupancy is normally 90%), and for dinner (with both table d’hôte and à la carte menus) from 18.30 – 23.00 hours. In the evenings, seat occupancy in the dining room averages 22% weekly, and caters mainly for groups, usually between 18.30 – 20.00 hours, with tourist and occasional business diners. At weekends, the dining room is popular for special events (weddings, anniversaries etc.). Over a period of three months, surveys of restaurant users suggest that customers were “satisfied” with the choices and prices of the meals currently offered.

In terms of competition, there are four restaurant bars within a radius of 1500 metres of the Hotel Porin, of which two are more direct competitors offering a similar type of menu at comparable prices.

In reviewing the operations of the dining room, the hotel owners/managers are concerned with the losses made by the Food and Beverage provision in the dining room. Examination of the budget for restaurant operations indicate ~~that~~ an average annual seat occupancy of 47 per cent. It is currently achieving 28 per cent, and therefore losing money.

### **Question**

1. What measures might you suggest to the hotel owners to improve the profitability of the restaurant operation?

# Irrevocable Damage

by **Barbara Hoffmann**

Hotel Alpenstern is one of two deluxe hotels owned by a local family, the Karlens. The hotel is a five-star property in a small but popular ski resort in the German-speaking part of the Swiss Alps. Business in the alpine area in which the hotel is located is highly seasonal and most businesses are closed during the off-peak season. The resort's peak season is commonly from October to April and the resort area offers a wide variety of winter sports activities ranging from down-hill skiing to snow-shoe hiking, ice-skating to après-ski. This attracts a great number of tourists, resulting in an average occupancy rate of 83 per cent during those months. Due to the seasonal nature of the hotel's operations and the difficulty in recruiting seasonal staff from the local area, the hotel relies heavily on recruiting hospitality management students from colleges around the country. As part of their education the students are generally required to complete a six-month work-based training period. Hotel Alpenstern commonly employs students from very diverse cultural backgrounds, either for the October to March period or from November to April, for Food and Beverage and Housekeeping or, if students are sufficiently fluent in German, either the front desk or reservations department.

Martha, a young 19 year-old Mexican student who had just completed her first year of undergraduate studies at a nearby college, originally applied for a training position at the front desk. However, she was given an offer for the housekeeping department as her limited proficiency in German was deemed insufficient for the front desk. Martha accepted the offer, which was to be her first work experience within the hospitality industry. She started work as a housekeeper in mid November.

Two weeks into her training period with Hotel Alpenstern, their executive housekeeper, Mme Evelyn Dubois, sent Martha to the Chavez suite after the room-service attendant contacted the housekeeping department. Mr. Walker, the guest in the Chavez suite, had ordered breakfast through room-service, and when clearing the dishes the attendant noticed that the breakfast tray had tipped over. Remains from the breakfast, including orange juice and coffee, had stained the woollen carpet which had the hotel's logo woven into it.

Having already accompanied and assisted one of the long-term employees, Martha was quite familiar with standard procedures in guestroom cleaning and also knew where to find the general equipment needed. With one of the room attendant's carts Martha went to the Chavez suite to clean the mess left by the tipped tray. Martha detected the stains straight away – they were large and could immediately be seen when entering the room. Room service had already removed the broken glass and porcelain, as well as the solid food remains. However, the liquids had soaked into the carpet and dried off. Martha first tried to remove the stains with an all-purpose cleaner; this was the green bottle with which she was already acquainted. She had used it before to scrub the bathroom floors and to clean the tubs and showers, as well as the windows and mirrors. However, the stains on the carpet would not disappear.

On her cart she found another white-coloured bottle containing a liquid which she tried out on the stains. Martha immediately realised she must have made a mistake as the texture and colour of the carpet changed wherever she poured on the solution. From the in-room phone she called Mme. Dubois for help. Mme. Dubois arrived within a couple of minutes and stood frozen and speechless in the doorway when she saw the white-coloured bottle in Martha's hand. Martha had used an ammonia solution which causes irreversible damage to natural fibres such as the wool in the carpet.

The incident had major consequences for Martha. Mme. Dubois reported the case to the General Manager who contacted the insurance company to find out whether the damage was covered by the hotel's liability insurance. Unfortunately, it was not. As a result, Martha was informed she would personally have to compensate for the damage caused, an equivalent of approximately 3,630 euros to replace the carpet in the Chavez suite.

Martha was very upset that the hotel made her responsible for the mistake; after all she felt she should have been given clearer instructions and that she would not have the funds to pay for the damage.

### ***Questions***

1. In your opinion what were the factors leading to Martha's mistake?
2. To ensure that these or similar problems within the housekeeping department do not occur again, what policies, if any, would you consider and implement?

## **Facade Renovation in High Season**

**by Miha Lesjak and Dijana Milivojević**

The Roulette hotel is a five-star luxury hotel, adjacent to a casino, on the Adriatic Sea; the majority of guests are from Italy. Despite its high service quality and luxurious interior, the hotel looked old from the outside. Its facade was in a bad condition, so much so that it jeopardised people walking around the premises as the occasional piece of plaster fell from the walls. As a result, the hotel owners decided to undertake immediate renovation work. A key reason why they began the work immediately was that a source of funding became available through the European Regional Development Funds (ERF) and the Ministry of Economy. As this was an important incentive, the hotel management began preparing their funding bid in late September so that actual renovation could begin in late December or early January. Due to minor changes to the bid, the scheduled work was postponed until late February and the renovation work extended far into June, which is considered to be the beginning of the peak season.

Since no one expected this delay, the sales and marketing department had begun to successfully promote the venue from May onwards. A promotion campaign based on the hotel's new look and some service upgrades evoked a strong response and promised a high occupancy rate. Based on this response, the hotel continued to accept bookings, regardless of the fact that the renovation was behind schedule. The plan was to relocate the guests in a hotel nearby if they did not want to stay on the premises during the final stages of the renovation. A note was also sent out to all intending guests, prior to their arrival, with an offer of alternative accommodation at a nearby hotel of the same quality standard, and transfers to and from the hotel for all casino visitors.

Most of the guests accepted the offer except Mr Napoli, a frequent visitor to the hotel and, in particular, to the casino. The hotel management considered him to be a high profile guest. On check-in, the receptionist offered Mr Napoli another hotel in the same category but he decided to stay at the hotel Roulette because of its proximity to the casino since he is a frequent player. Following his persistent complaints about the problems linked to the renovation, Mr Napoli was upgraded twice during his stay, ending up in a suite, and he was given several bottles of champagne, to which he was very partial, as compensation.

However, Mr Napoli, who had booked his hotel months previously, was still not satisfied with the services provided during the renovation and he was not happy with one particular situation that he encountered during his stay. On returning home, he wrote a complaint to the hotel and even published his review on the Trip Adviser website. His words were: 'I was aware that you are renovating hotel from the outside but I was not aware that workers would sit below my balcony and drink beer during the day. There was dust all over my room when I left my balcony doors open; the noise during renovation was intolerable and I cannot understand why the management authorised the opening of the Roulette during the renovation. I am claiming my money back and I want an apology from your side.'

### ***Questions***

1. Do you think that the hotel should have opened before the renovation was finished?
2. Do you think that Mr Napoli will remain a frequent guest?
3. How would you try to excuse the situation and keep Mr Napoli's custom?

## **HIV in the Workplace: a Trilogy (Part One)**

by **Matthew H. T. Yap**

Veerin was an assistant chef specialising in contemporary Thai fusion cuisines. He had been working in a newly opened Thai fusion restaurant in a five-star hotel in Thailand for almost eight months. Previously he had received very good appraisals from his peers and superior after a three-month probation period. Veerin was very happy with his job. He was hardworking and motivated to excel.

For the first time, a major international humanitarian organisation in Thailand contacted this five-star hotel inviting all employees to donate blood to increase the reserves at the national blood bank. Being a Buddhist like his colleagues, Veerin happily signed up to donate blood and practice the karma doctrine. According to the regulations, all volunteers must first have their blood tested for Human Immunodeficiency Virus (HIV) before they can donate. Following this, all the volunteers were allowed to donate their blood except Veerin.

Rumours began to spread in the workplace that Veerin was HIV positive and naturally colleagues in the kitchen started to distance themselves from him. Eventually, the Executive Chef was forced to meet with the Director of Human Resources and the General Manager to discuss and address the issue due to decreasing workplace morale. The managers recognised that they did not have the experience to address this issue. Hence, they approached a specialist.

### ***Questions***

1. Do you believe there is a cause for concern?
2. How should the managers address this issue?

## **HIV in the Workplace: a Trilogy (Part Two)**

by **Matthew H. T. Yap**

The Thai fusion restaurant in the five-star hotel had consistently gained a good reputation from food critics and customers since its opening. Most of the customers were local and affluent but some of them were from neighbouring Asian countries. All the hotel employees were very proud of this restaurant as it received great publicity from local and international mass media coverage. Veerin was credited with much of the innovation and creativeness in preparing the Thai fusion cuisine.

HIV issues in the workplace, when not addressed appropriately, can have a negative impact on workers' morale, customers' perceptions and the reputation of the organisation (Yap and Ineson, 2009). Therefore, the managers took longer than expected to address Veerin's case due to its complexity and their busy work schedule. In addition, the managers believed that the best tentative option was to keep Veerin in his job while they consulted specialists on the next course of action. However, the rumours got out of hand, spreading far and wide to local and overseas customers. Furthermore, the mass media and food critics began speculating that an HIV-infected chef had been preparing food for customers in the restaurant.

The restaurant revenue started to drop, perhaps by chance, after the rumours of Veerin's HIV positive status started. The Executive Chef, to some extent, attributed the cause of the decreasing revenue to Veerin's case, in an attempt to answer to the General Manager.

### ***Questions***

1. Do you think that the decrease in revenue was caused by the rumours?
2. How could the Executive Chef strengthen workers' morale?
3. How could the General Manager control the damage done by the mass media?

### **Reference**

Yap, M. H. T. and Ineson, E. M. (2009). HIV-infected employees in the Asian hospitality industry. *Journal of Service Management, Vol. 20(5)*, pp. 503-520.



## HIV in the Workplace: a Trilogy (Part Three)

by Matthew H. T. Yap

More than 11 per cent of the current population in Thailand is working in the service sector (Esichaikul and Baum, 1998) and Thailand has one of the highest HIV infection rates in South-east Asia (UNAIDS, 2010). The majority of new infections occur in working people aged 15 to 49 years old (UNAIDS, 2010) and, as a consequence, there are likely to be increasing numbers of HIV-infected people joining the expanding hotel industry in Thailand. Hence, it is no surprise that the five-star hotel detected an HIV-infected employee (Veerin) by chance.

In Asia, cases documenting HIV-related stigmatisation, marginalisation, and discrimination against HIV-infected people having access to employment are evident (Lim and Loo, 2000). Hence, the managers working in the five-star hotel should treat all employees fairly in order to avoid a discrimination lawsuit (Yap and Ineson, 2009). In addition, managers should educate their subordinates in the basics of HIV and its characteristics (Yap and Ineson, 2010). Such education is necessary in the hotel workplace in order to clarify the myth of HIV and eliminate stigmatisation, marginalisation and discrimination. Furthermore, hotel employees can risk becoming infected with HIV when they come into contact with colleagues' and customers' blood or blood-borne products. Therefore, hotel employees should be trained on handling such situations in order to avoid becoming infected with HIV.

### Questions

1. How can the Executive Chef and other managers employ diversity management in the case of Veerin or other HIV-infected employees?
2. How can hotel managers educate their subordinates in the basics of HIV and its characteristics?
3. Discuss ways to train employees to handle blood and blood-borne products

### References

Esichaikul, R. and Baum, T. (1998). The case for government involvement in human resource development: A study of the Thai hotel industry, *Tourism Management*, Vol. 19, No.4, pp. 359-370.

Lim, K.G.V. and Loo, G.L. (2000). HIV and the workplace: Organisational consequences of hiring persons with HIV and attitudes towards disclosure of HIV related information, *International Journal of Manpower*, Vol. 22, No.2, pp. 129-140.

UNAIDS (Joint United Nations Programme on HIV/AIDS) (2010). *Global report: UNAIDS report on the global AIDS epidemic 2010*, Geneva, Switzerland.

Yap, M.H.T. and Ineson, E.M. (2009). HIV-infected employees in the Asian hospitality industry, *Journal of Service Management*, Vol. 20, No.5, pp. 503-520.

Yap, M.H.T., and Ineson, E.M. (2010). Hospitality managers' knowledge of HIV and HIV education: An exploratory study, *International Journal of Contemporary Hospitality Management*, Vol. 22, No.1, pp. 69-81.

## **Water Pollution: Who is to Blame?**

**by Miha Lesjak and Dijana Milivojević**

Hotel Fox on the Mediterranean coast is a five-star hotel with large conference facilities; hence MICE tourism brings in important part of the overall revenues, particularly during the shoulder and low seasons (October to April). Being located on the seashore, the summer months are attractive to upmarket leisure tourists. The hotel has 500 luxurious rooms, 10 presidential suites and the exquisite services expected at a hotel of such quality.

Due to major construction work on the sewage system, carried out by the public company responsible for sewage management, the hotel had severe problems with its drinking water supply. One day, Mr Brown, a hotel guest from overseas, came to the front desk and claimed that tap water smelt like 'sewage' and asked if that was normal. Jenny, who was the front office manager on duty, immediately called housekeeping and requested an inspection together with the hotel maintenance staff. Just after doing this, she asked Mr Brown how he had discovered the problem. Mr Brown said that one of the things he liked about this hotel and this country was to be able to enjoy a cup of fresh tap water, and that was what he had wanted to do. Jenny apologised for the inconvenience and asked Mr Brown to take bottled water which is not free of charge from the mini bar until further notice.

Meanwhile, James, the head of the maintenance, received a phone call from Eric, a hotel janitor, about the problem who said it seemed the sewage pipe had broken ejecting sewage into one of the drinking water reservoirs. He could not be sure but Eric told James, that it smelt like serious trouble and asked him to come over. James told Eric to shut down the main water valve from the reservoir and inform the local emergency unit about the drinking water and sewage issues.

While this was happening, Jenny received the first request for medical assistance: apparently, one of the guests on the first floor felt very sick and had asked for immediate medical assistance. Jenny sensed this case had something to do with Mr Brown's report and she was right. In next hours over 40 guests reported severe stomach aches, diarrhoea and vomiting.

The next day the situation was clear. Drinking water from the damaged reservoir had mixed with sewage and 180 guests had been poisoned, 41 of them had to spend the night in the local hospital. The hotel offered full support to the all involved parties. It was such a panic situation, and Jenny could not stand the pressure next day so had to call in sick.

Obviously the news of the poisoned water was a huge shock for the hotel guests, who claimed refunds, medical costs and even began lawsuits. The hotel was in serious trouble despite the fact this problem was not their fault and full responsibility was acknowledged by the local sewage company who had not finished some pipe replacements correctly.

### **Questions**

1. How would you react to Mr Brown's information?
2. As a hotel manager how would you avoid panic spreading (staff on duty, information leakage, guest support, etc)?
3. How would you deal with media/press?
4. How would you deal with the local sewage company?
5. What is the legal position of the hotel? Are they responsible for the associated?
6. Are there any "payoffs" if responsibilities for problems or issues are acknowledged by parties other than the Hotel Company itself?

# The Niçoise Salad

by Elizabeth Ineson

Jan, who lived in the Czech Republic, was working for a week in a Mediterranean seaside resort. Jan had lunch every workday with his colleagues. On a warm sunny day, they decided to visit their favourite fish restaurant which overlooked the sea. Jan decided to order his favourite dish, a niçoise salad. He particularly liked one ingredient, the fresh tuna fish. When the dish arrived, Jan was very impressed with the chef's presentation of the food and also the service but he was disappointed to find that the tuna fish was tinned. The waiter, Andreas, apologised and explained that the niçoise salad had been very popular that day and they had run out of fresh tuna fish so they had to replace it with the tinned variety.

Jan really enjoyed his first mouthful of food but after the second one he began to feel unwell. He excused himself and retired to the washroom. When he looked in the mirror. He realised that his face was bright red and his skin was swollen. Within minutes Jan had developed a severe headache and his heart was beating extremely fast. Jan became very afraid. He could not understand why the symptoms had come on so rapidly but he knew that he needed help urgently.

## Questions

1. Do you know what caused Jan's symptoms?
2. What would you do if one of your customers developed such symptoms?
3. How would you manage the situation subsequently?
4. How would you deal with any ensuing complaints?

## Website

<http://www.medic8.com/healthguide/food-poisoning/> [accessed 7 April 2011]

## **Sickness Abroad**

**by István Kóvári**

A guest spending his holiday at an all inclusive hotel in a developing country complained to the tour operator representative of stomach ache and diarrhoea. The representative asked the guest whether he had eaten or drunk anything outside of the hotel. The guest answered that he did not do such things at all; he did not ever leave the resort. The representative also asked the guest whether he had drunk any tap water or asked for some ice in his drinks. The complaining guest claimed that of course he did not drink the tap water as he strictly followed the security, safety and health advice recommendations provided by the tour operator before the trip. As for the ice in the whisky, which was also highly recommended with every meal - not by the agency but by his friends - he seemed to hesitate. The representative inquired how long the guest has been sunbathing. The guest answered that he did not have such problems and the diarrhoea was better already: he only had this terrible spasmodic pain in the right side of the abdomen.

Hearing this, the representative presumed that it might be a more serious problem and advised the guest to see the doctor in the nearest town. The guest, muttered to himself about a five-star-hotel not having medical care and refused to go to the local doctor in town. He only asked the representative to get some painkillers from the hotel reception.

### ***Questions***

1. Did the tour-operator representative act properly?
2. Did the guest act properly?

## **The Swiss Experience**

**by Radmila Dluhosova**

Radka was a Hotel School teacher for many years. She went on a sightseeing tour to Switzerland with a group of friends. Apart from the beauty spots of the country, she was particularly interested in Swiss cuisine and the level of hospitality, as during the tour the group was staying in a four-star hotel in a small village in the mountains.

The room was very nice and comfortable with a beautiful mountain view, the bathroom was clean with white towels and the mini-bar was empty and switched off. After asking at reception she learnt that the hotel had had some bad experiences with previous Eastern groups who had emptied the bar and left without payment, so they preferred not to provide the mini bars for Easterners any more.

The meals were pre-booked as well as in a separate dining room. The room and the tables were beautifully arranged, the waiters were efficient, friendly and smiling. Delicious appetisers and soups were served promptly. When the party at Radka's table was served the main dish, the waiter asked her to put the napkin around her neck as she was the only one at the table who had not done it. She refused but instead put the napkin on her knees. She was asked again to do it the right way. Radka asked what would happen if she did not and was told in that case she would not be served nor would her husband who should be served after her. So she stopped being stubborn, placed the napkin correctly and was given her delicious meal and a smile.

After the dinner the group wanted to go for a swim but the swimming-pool was closed. Another query at reception provided the explanation that they were the only group staying in the hotel and as they had been given a special room rate they could not expect full services.

The hotel was 'green', so in the bathroom there was a request for guests to place the towels they wanted to be changed on the floor. One of the towels was placed on the floor the first morning only to be found unchanged on the rail in the evening. As a kind of test they dropped the same towel on each subsequent morning – with the same result!

**Questions**

1. What advice would you give to the hotel management to avoid the problem with mini-bars in the future?
2. What advice would you give to Radka concerning her problem with napkin placement? How should she respond to the waiter's treatment?
3. How should the guests respond to the 'towel problem'?



# Egypt

by **Maria Tatarusanu**

Ioana Popescu and her husband decided to spend their holiday with two friends in Egypt. A once in a lifetime chance to see the pyramids! They found an enticing offer of an all-inclusive package at a five star hotel. So they excitedly went on vacation.

However, their arrival was not exactly auspicious. At Cairo airport, Ioana was detained for over an hour by the Egyptian border guards, apparently for a security check because they said a person with her full name appeared on the Black List. They needed approval from the authorities in Cairo to allow her to enter the country, even though her date of birth and that of the suspect were different. It was 2 a.m. and the unlucky travellers had reached the limit of their patience. Later, when they returned to Romania, they heard from other travellers that giving the Egyptian border guards a “small gratification” to overlook formality procedures was an unwritten law in the country and familiar to those who travel there. It is possible that their vigilance also derived from the need to combat terrorism, an increasing concern in Egypt in recent years.

When they arrived at the hotel they were met with open arms. However, after they had checked in and were on their way to the rooms, they became trapped in an elevator for half an hour. Ioana's friend, who suffers from claustrophobia, suffered a panic attack. According to Ioana, the elevator only worked two days out of 14 during their stay at the hotel. Most of the time the ‘out of service’ sign was a regular feature.

They were also not so lucky in terms of health. Two of them were affected by food poisoning, despite trying to avoid this situation by eating lunches only at the hotel. They also observed the cook stacking eggs safely on top of the kitchen refrigerator for easy access, even though it was 40 degrees outside. Moreover, the doctor's visits cost 100 dollars each time and the prescribed treatments had no effect. Eventually, they were able to acquire effective drugs from Romania.

Lizards were also quite an interesting presence in the hotel rooms: it seems they came through the cracks in the balcony. In addition, the room's electronic card key function broke three times during their stay.

Ioana Popescu also complained about the local traders who were so insistent: she had to negotiate for everything. “The first time it seemed interesting, but when you even have to negotiate the price of a souvenir matchbox featuring images of Egypt, it becomes downright exhausting”.

### ***Questions***

1. What problems were encountered by the travellers during their trip to Egypt?
2. What do you think should be changed in the hotel management?
3. What is the role of the travel agency and tourists regarding travel medical insurance?
4. Does the travel agency who sold the holiday have any responsibility for what happened?
5. Why were the Romanian tourists bothered by the Egyptian traders?

## The “Touring” Holiday

by **Eva Vavreckova**

Jane and her friends decided to spend their holiday in Croatia. They chose an A-category hotel in the town of Brela. As they were travelling with children (aged six and eight), they chose a hotel with full catering services near a beautiful pebble beach with good access to the sea and a seawater swimming pool. There was no price reduction as they booked in January to be sure they would get the holiday they desired.

They encountered the first problem at the airport. They could not find the tour representative from their tour operator. They started to ask the other representatives to find out whether the transport was provided by another operator. After landing in Split the group were transferred to their hotel. There they produced their passports and vouchers at reception and were consequently quite surprised by the unfriendly behaviour of the receptionist. She stated calmly that she could not provide the desired, booked and paid for services as there were no vacancies at the hotel. As a ‘bonus’ she offered a piece of advice – to find accommodation and catering in private lodgings and then, after returning from holiday, to start a complaints procedure with their tour operator.

Since Jane and her friends had paid for all the services in the Czech Republic they did not have enough money to pay for the whole holiday again. They were also afraid that finding private accommodation and catering might cause a problem during the complaint procedure. As it was early in the morning they decided to contact their resort representative. She arrived after eight hours of waiting but with good news – she had ensured alternative services on the same level with another Croatian partner. She took them by car from Brela via Split (where they had landed in the morning) to Sibenik. She saw to their accommodation and left.

But the nightmare went on. There was no large seawater swimming-pool, only a small pool (five by ten metres) with chemically treated water, unmaintained and rusty. So they decided to go to the sea. The careful selection of the holiday so far in advance had been primarily because of the children and had been motivated by the desire for high quality services and good possibilities for sea bathing. Instead of a pebble beach with soft access to the sea, there was a pier with concrete blocks only allowing them to jump into deep water.

Disappointed and hungry, Jane and her friends went for dinner only to face another problem. Because of the children, they had paid for buffet-style catering but their new hotel only offered two dishes which had to be chosen the day before.

The next morning they contacted the resort representative again and insisted either on ensuring the kind of services they had paid for or immediate transport back home and a refund. After some negotiation with Croatian partners which took half a day, the resort rep asked the unhappy group to be prepared the next morning at 5.30 a.m. for the transfer to Split harbour and from there by ferry to Brac Island where rooms in a hotel with adequate services were reserved for them.

The next day everything went smoothly. They had no problems getting to the Bretanide hotel where they were warmly welcomed and offered all the expected services of a high standard. After returning home Jane contacted the tour operator with their complaint. She found out that their holiday had been prepared by another tour operator – Gloubtour – and was only included in the catalogue of the tour operator from which they had bought it. Moreover, this tour operator refused to offer any compensation, arguing that in the end the clients got the services they had paid for. So Jane decided to contact Gloubtour with the complaint. There she received a sincere apology for all the inconvenience and a 20 per cent discount. The tour operator who sold the holiday declared bankruptcy soon after the incident.

### ***Questions***

1. What is your view of the receptionist's suggestion that the clients should arrange their stay in private lodging by themselves?
2. Were the complaints of the clients justified? Should an accommodation facility refuse guests when they produce valid documents confirming they have booked and paid for services?
3. Was the compensation appropriate and adequate?

## **What we Offer is What they Need**

by **Daniela Corodeanu Agheorghiesei**

Maria is a tutor on the Tourism Management and Hospitality Industry Masters course in the Faculty of Economics. In the first semester, the faculty leadership told her that she must arrange second-semester internships for the final-year Masters students, especially since a letter had arrived from the Ministry of Education with express requirements in this respect.

Leaving the Dean's office, she realised that this would be a difficult task because it is hard to place 54 students when no formal collaboration between companies and universities exists. Companies have always had a reactive and reluctant attitude to hosting student interns as they believe no benefit comes from such collaboration. Under various pretexts the companies usually decline to participate in internship programmes. Excuses such as “someone has to take care of the students and nobody has time for such things”, or “the management says company information has to be protected so no foreigners are wanted” are the most common.

Lack of formal collaboration between Romanian businesses and academic institutions has always been a difficult barrier to overcome, which has sometimes led to the feeling that “theory is theory but practice is killing us”. Graduates arriving directly from university sometimes encounter problems understanding the practice of companies and therefore struggle to find jobs. Managers usually require students to have work experience but they cannot gain such experience without an internship in a company.

Maria has always been involved in raising the quality of the Masters course she coordinates. Discussions with professors from England concerning the university curriculum have helped her to bring about some changes in the curriculum to bring far greater benefits to students, giving them the opportunity to be competitively prepared for a job anywhere in the world in the field of tourism and hospitality.

To arrange the internships Maria began formally contacting several local tourism agencies, hotels, guesthouses and restaurants, hoping to place students for ten weeks, five hours per day. However, as expected, she received only promises from managers that they would accept

students, promises of placements which never materialised. Maria began to contact friends and former faculty colleagues who could help her organise internships.

As a result, Anna, who had just opened a guesthouse, happily received ten students for internships. Nora, manager of one of the largest hotel complexes in the city centre, also agreed to accept another ten students. Five interns were welcomed by a well-known local businessman and friend of Maria's old friend at his small hotel which had recently opened in a neighbourhood close to the city's first mall (where two students were employed subsequently). A further six students were placed at travel agencies, and two found places at the old City Hotel because one of the students was already employed at the reception and asked the hotel manager to provide her colleague with an internship placement. Finally, the most beautiful and elite hotel complex, located on the outskirts near the expensive residential districts, received another ten students. Maria had recently participated in a workshop at the hotel complex where she had met Mircea, son of the owner and a former student at the Faculty of Economics. He had become involved in company management and was very competent and willing to be involved in the internship collaboration. The other students were already working in the tourism industry or found internship placements independently, many of them in their home towns.

Maria prepared the cooperation agreements with each employer, student work reports based on the work developed in companies, and activity sheets for evaluations by supervising staff. She also asked managers to give grades according to issues raised in the evaluation forms. In general, students completed a two-week internship which included rotation in each service/department.

Three weeks after the start of the internship, Maria met her colleague Florin who had just had coffee with Nora, one of the interns' managers. Nora had told him she was very disappointed that a few days ago one of the students on duty as a waiter had come to work in green trousers. This was a problem because he could not serve customers in such inappropriate dress. Moreover, the hotel chef told Nora that one of the interns placed in the kitchen had not shown up in the morning. This had caused chaos as the meat had defrosted and there was no one to prepare it.

The next week, Maria was faced with another problem. One of the students, Mădălina, called her to say she had walked out of the internship as on the previous day she had been given the task of cleaning the belly of beef. This was something she really disliked, especially since the kitchen employee in charge stood chatting to others and left her to do the task alone. Mădălina said she was a Masters student and she did not want to clean meat.

At the first meeting with the students, Maria asked them to explain what had happened. However, they were surprised and said their behaviour had not been the problem. They said that students from the Economics High School also had internships in all those restaurants and, perhaps it was them who should be blamed. Only one student said they had been reprimanded by the hotel staff (at Mircea's Hotel) for wasting time and doing nothing, but that the manager himself had failed to set them tasks. Maria tended to side with her interns, especially since she had the testimony of her best students, the most credible of all.

Facing such an unpleasant situation, Maria was embarrassed and also felt she was to blame. She thought this might alienate her from her acquaintances and worried she would not be able to ask her friends to host other students for internships. Thus, she sent messages of apology on behalf of her students. Nora's response was gentle, saying that she must not worry because that was the new generation and nothing could be changed. On the phone, Mircea said politely that he had not encountered any problems, and if there had been misunderstandings he should apologise because sometimes they did not know exactly what to expect of the students.

Maria knew that she could not make demands regarding the activities appointed to her students, especially since the companies were investing time integrating them into the business without gaining any benefits. In addition, she knew it would cause problems for the companies if Labour Inspectorate representatives were to carry out inspections. If students are found working it can be considered illegal, even if the company has a contract with the faculty; (if their employment has not been recorded by the faculty, it is not recognised officially. Moreover, the law dictates that internship students should just observe and not participate in activities.

### **Questions**

1. If you were Maria, how would you organise the internship programme for the Masters students? What steps should be followed? What should the structure of the internship programme be? What would need to be taken into account/avoided?
2. What should Maria have done when the feedback received from Florin showed students enrolled in internships did not comply with managers' requirements? How could such unpleasant situations be avoided in the future?
3. How could collaboration between universities and companies be stimulated to integrate students in internship programmes?

### **Further Reading**

Jaszay, C. and Dunk, P. (2003). *Training design for the hospitality industry*, Delmar Learning, Clifton Park, New York



## **The Tip and the Oven Baked Apple**

by **Daniela Corodeanu Agheorghiesei**

The Royal Group Complex is one of the most famous and popular resorts located in one of the major cities in north-east Romania, a city greatly favoured by tourists eager to discover its history and culture. The complex is located in the historic city centre, close to the main tourist attractions and busy shopping streets, and includes:

- The Royal Hotel: a four-star hotel, recently renovated in the style of the era in which it was built, but with modern facilities in all the rooms and a conference centre for 112 people on the top floor
- The Classic Royal Restaurant: built in majestic classical style. Customers can savour both traditional and sophisticated cuisine, and menus cooked by a chef with extensive experience in Switzerland
- Deluxe Cafeteria: a famous coffee shop much renowned for its delicious cakes, in particular one made with all natural ingredients in the cafe's pastry kitchen
- Fine Royal Style Bar: where, as the name suggests, you feel as if you're in a London pub
- Authentique Royal Café: a coffee house with a spacious terrace where locals and tourists can quietly enjoy a range of coffee flavours and assorted cakes

The group has opted for a team of young employees, carefully recruited and selected from the best universities and vocational schools in the city and country. Some of these employees have had extensive international experience in the hospitality industry.

The manager hires external waiters during peak periods, such as at weekends, especially when weddings are held at the restaurant, in the summer or during city holidays when many pilgrims come for the holy relics in the cathedral. These external staff have been collaborating for some time with the hotel, which can always rely on their experience. They are paid hourly and, because they know the Royal Group manager pays well, they respond quickly when called, even if this sometimes requires switching shifts with colleagues at their permanent workplaces.

The Royal Group manager's motto has always been 'quality service and employee loyalty cannot be achieved on an empty stomach'. In other words, the manager always chooses to pay the employees well, send them on training courses and promote participatory leadership. The results are clear and show that he has never been wrong. Loyalty generates loyalty.

Once a week, the General Manager of the Group organises a short meeting with the employees from each department to discover what problems they are facing and to remind them how much attention each of them should pay to maintaining the highest standards of quality. The purpose is also to remind employees to be attentive to the needs of tourists requiring accommodation or a table in the restaurant, and to promote the image of the whole Group. The general manager also points out that the bigger the revenues, the more additional benefits there are for the employees.

Professor Clevere, a great expert on matters of European tourism was invited to teach specialised courses to Romanian students at the Faculty of Tourism for a period of two months. After looking for accommodation on the internet and requesting additional clarification from his colleagues at the university, he requested accommodation at the Royal Hotel.

Each evening, Professor Clevere dined at the Classical Royal restaurant, frequently inviting one of his colleagues to discuss his experience at the university or the world of business and universities. He was pleased with the excellent accommodation and always enjoyed the traditional meals, which were delicious and unique to the Royal Group. The hotel staff were friendly and the waiters welcomed him with broad smiles, greeting him with "Good evening, Professor Clevere" and serving him immediately. They seemed to know his preferences and ventured to recommend Romanian dishes he had not yet tasted.

The professor never forgot to leave a fairly good tip, as he knew was customary in most European countries, but he always preferred to leave as much as was common in his country. Moreover, to his great joy, the hotel manager spent several hours talking with him about the policies followed in hotel management.

One Saturday evening the professor invited his university colleague, Anna, to be his guest at dinner. The restaurant was crowded and they were being served by a waiter who the professor

had never noticed before (“probably external” he thought fleetingly). After the main course Anna ordered a baked apple with nuts, cinnamon and cream, which she considered the perfect end to the meal. The Professor had always preferred the delicious Romanian cheese dumplings but, seeing how good the baked apple looked, he ordered the same in order to test this supposedly Romanian speciality. However, his dessert seemed to be less showy, even smaller, than Anna’s, as if it had been prepared with less care. They both found this situation amusing.

The discussion between the two revolved around tipping, the professor asking curiously about how the practice was seen in Romania, how much Romanians left based on the bill, and how people perceived the customs, ethics and laws on tipping. Anna said that tipping was not yet regulated in Romania and was not included on the bill. Although there had been several attempts to set up a code of practice, it had not yet been finalised as a legal code of good practice. It was clear that the Romanians did not have a general rule and left tips based on their financial status. They viewed a specified percentage of the bill as a rather ‘western custom’, borrowed by those who travelled abroad and saw what happened there.

Since it was getting late, the professor asked for the bill and cast his eyes over the price of the meals and beverages. He always did this when travelling abroad, partly out of pure intercultural curiosity but also because in other places he had often been charged for more than he had consumed. To his surprise, although only two baked apples had been ordered for dessert, there were three apples charged on the bill.

Smiling and slightly amused, the professor showed Anna the bill. Embarrassed by the situation, Anna asked the waiter to explain the unpleasant incident. The waiter took the money handed over for payment and promised to go and check. When he returned, his answer completely confused Anna and the professor: “You know, the apples were different weights, one of them was heavier”. Smiling suspiciously, the professor turned to Anna and said, “What a shame! For this reason, I won’t be leaving him a tip.”

## **Questions**

### *Tipping practices*

1. Based on the case study, discuss the practice of tipping from an intercultural perspective. Is it different from country to country? Provide arguments. Making an

assumption about the nationality of Professor Clevere, how much of a tip do you think he would leave?

2. What factors determine the onset of tipping in the hospitality industry?
3. What is the relationship between tipping, customs, ethics and the law?
4. What should a manager's reaction be to employees receiving tips?
5. How do you think tipping issues should be addressed in Romania, in your country and internationally? Should anything be changed?

*The undesirable incident at the Classic Royal Restaurant*

1. Consider the incident at the Classic Royal Restaurant. What factors caused the incident? How could it be addressed, taking into account elements that inform Group management practices?
2. How do you view Professor Clevere's intervention? Was he right? How do you interpret his response and statement: "What a shame! For this reason, I won't be leaving him a tip"?
3. What do you think of the service staff's attitude? Was the answer given by the waiter fair?
4. If you were manager of the Group and you were informed of the incident, how would you react? What actions would you take?
5. How do you evaluate Anna's reaction? Was it appropriate? What would you have done if you were her?

**Further Reading**

Axtell, R.E. (ed.) (1993). *Do's and taboos around the world - The bestselling guide to international behaviour*, 3<sup>rd</sup> edn., John Wiley & Sons Inc., New York.

Basile, H. (2008). *Tipping and Etiquette in the United States*. Ezine Articles [on-line] available from: <http://ezinearticles.com/?Tipping-and-Etiquette-in-the-United-States&id=505658> [accessed 7 April 2011]

Mortenson, K. (2006). *Social Validation Sells*. Ezine Articles [on-line] available from: <http://ezinearticles.com/?Social-Validation-Sells&id=215893> [accessed 7 April 2011]

Persaud, R. (2008). *The Science and Economics of Tipping. Your pound of flesh, sir.* The Financial Times [on-line] available from: <http://www.ft.com/cms/s/0/be390fbe-a893-11d9-87a9-00000e2511c8.html> [accessed 7 April 2011]

Peterson, J. (2008). *Tipping Tips and Guideline.* Ezine Articles [on-line] available from: available from: <http://ezinearticles.com/?Tipping-Tips-And-Guideline&id=1184511> [accessed 7 April 2011]



## Part 2

### Revealed Case Studies





## **The Wine List**

**by Tomas Bakos**

The Schiller Hotel is a certified four-star hotel situated in the small historical town of Loket in the beautiful Ohre River valley. It is less than 15 kilometres from the world-renowned spa town of Karlovy Vary (Carlsbad) in the western part of Bohemia (the Czech Republic).

The hotel provides accommodation in 20 stylish rooms, combining modern furnishing with the building's historical features. Dining is provided in the hotel restaurant which has an overall capacity of 34 and serves international cuisine and seasonal specialties. The restaurant is enjoyed by locals, incoming visitors as well as hotel guests for its pleasant atmosphere, high quality food and great service. The restaurant is also used for business meetings (mainly by businessmen from Germany) as well as for special occasions such as anniversaries, wedding parties etc.

After a detailed evaluation of the restaurant's suppliers, guest commentaries and menu reviews, the new Food and Beverage Manager has discovered that the wine list is not coordinated with the type of meals on offer; it is inconsistent in terms of origin, quality and selection. As a result, he has decided to cooperate with a single supplier and modify the wine list so that it matches the quality of the food. However, it would be inefficient to employ or train an in-house sommelier and the hotel has limited storage capacities without air-conditioning for just-in-time consumption. Therefore, the Food and Beverage Manager is considering cooperation with a local wine dealer.

The Petrarca wine shop set up its business five years ago and has established solid links to wine producers in South Moravia, Germany and Italy. Besides wine sales, they run a wine bar and serve as supplier to local hospitality establishments (three and four-star hotels and guest houses in the region, independent restaurants and similar businesses). The wine shop regularly organises wine tasting in their wine cellar and occasionally in hotels and restaurants on demand as tailor-made special events. The quality of service is guaranteed by a "certified sommelier who works exclusively for Petrarca. They buy wine in bulk at advantageous (contractual) prices. Petrarca resells to hotels and restaurants for a price increased by a margin of

approximately 20 per cent with possible quantity discounts. The price includes wine storage, consultancy on issue such as proper storage at the hotel's premises, recommendations for air-conditioning, sommelier service, wine selection, dish and wine combinations, wine list choice and design etc”.

***Questions and Activities***

1. Comment on the business project to provide the hotel restaurant with wine supplies and related services pursued by the owner of the wine cellar.
2. Which reasons have brought the hotel restaurant to the decision to outsource wine supplies and service?
3. How would you ensure that the quality of the wine and services offered by the wine shop correspond to the class and the quality of food and services in the restaurant?
4. Suggest a mutual marketing strategy for both the hotel restaurant and the wine cellar.
5. Compare possible expenses and earnings (savings) arising from this business partnership (for both facilities). Draw up a win-win strategy.

# The Responsible Travel Advisor

by Emil Juvan

A travel agency organised a holiday abroad for two senior independent travellers, Mr and Mrs Johnson, referred to in the trade as Foreign Independent Travellers or FITs. It was a 10 day trip to a Caribbean destination during its peak season. Reservation and booking procedures were accurate and 'by the book' and the travel agent gave the passengers a few tips for enjoying the destination to its full potential (avoiding the sun, using mosquito repellent, etc.) After they had landed at their destination, Mrs Johnson discovered that her husband was not feeling well and demanded an immediate transfer to the hotel, as well as medical assistance upon arrival. Since they were FITs, there were no company representatives at the airport to assist and her requests could not be fulfilled. On arriving at the hotel they had to wait for the doctor, and her husband began to show visual signs of bad health including breathing and speech problems, drowsiness and sleepiness.

As it turned out Mr Johnson suffered from severe seasonal allergic rhinitis, or pollen allergy. Due to this medical problem Mr Johnson was compelled to stay indoors during the entire vacation and got very little enjoyment out of the long-awaited holiday. After returning home, Mrs Johnson immediately complained to the travel agency and requested a refund for non-used services and compensation for the psychological damage suffered.

## Questions

1. What is the position of the travel agent in this situation?
2. Did the travel agent act responsibly during the reservation process?
3. Did Mr and Mrs Johnson act correctly after arriving at the destination, and if not, what should they have done?
4. Are Mr and Mrs Johnson entitled to the refund and compensation?

## Activities

- Study different travel agent contracts and define possible differences between various tour operators/travel agents

- Study the special terms and conditions published by various travel agencies from brochures and the internet and determine whether they are in accordance with the laws of your country
- Study the European travel legislation and identify compensation and liability legal backgrounds

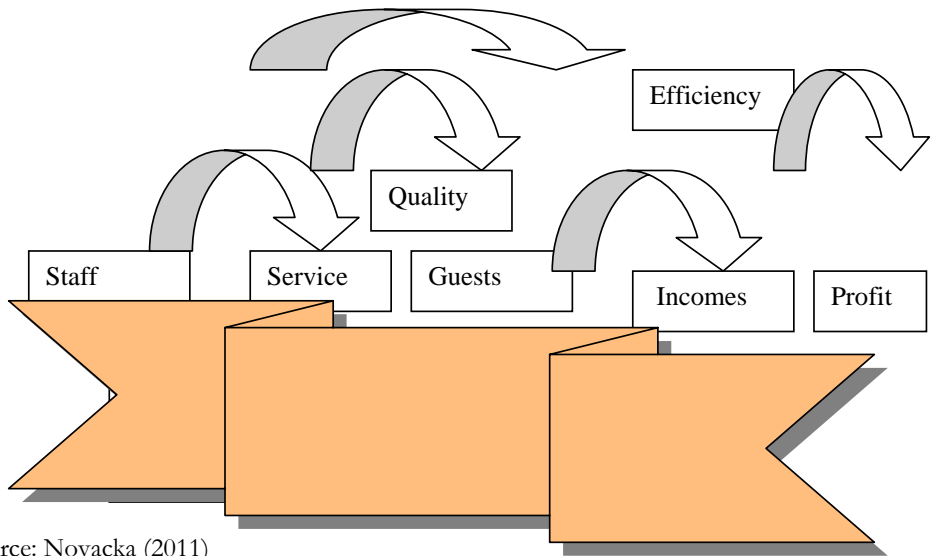
# **Eco-Labeling: Achieving European ‘Flower Mark’ Certification at the Kalsa Hotel**

**by L’udmila Novacká**

The Kalsa Hotel is situated in the historical centre of a little town close to a national park. The capacity of the hotel is 19 rooms (39 beds). There is an option of 26 extra beds. One room is suitable for handicapped guests. A restaurant for 45 guests offers meals and beverages. Other premises include a non-smoking lounge for 20 people and, in the summer months, an ‘al fresco’ restaurant for 65 guests. Supplementary services include a lockable parking lot, internet connection and telephones in all of the rooms as well as bicycle rental.

The owner/general manager has been working at the hotel since 2003. He is implementing a strategy of increasing quality and efficiency innovations. He assumes these improvements will attract guests, who come to the hotel primarily in the summer season. The hotel occupancy is affected by seasonality. In the summer, the occupancy rate is 65 to 80 per cent while in the winter, occupancy rapidly falls to 10 to 25 per cent. The total average yearly occupancy is 22 to 30 per cent which is a very low figure considering the potential of the hotel. Service management is governed by a basic theoretical approach as shown in Figure 1.

The management of the Kalsa is of the opinion that product is the most important element in the marketing mix. They are trying to reasonably combine other elements, so that they produce a synergistic effect in terms of functionality. Within the product portfolio, the Kalsa management decide to address the process of environmental sustainability. The process of environmental management with the aim of achieving European certification, i.e. The EU Flower Mark, for the Kalsa Hotel was carried out in an algorithm of seven steps:

**Figure 1      The Theoretical Approach to Service Management**

Source: Novacka (2011)

**1. Collection of Information on Options for Quality Management of the environment**

The management of the Kalsa Hotel collected electronic information through resources that were available on internet. The following were considered to be the most important:

- a. Information on the objectives and importance of the EU Flower Mark certification
- b. List all hotels having obtained the aforementioned certificate in European Union (EU) countries
- c. Identification of the capacity, and evaluation of the scope of services, in certificated hotels that were comparable with the Kalsa across several EU countries

**2. Communication with Qualified Advisors from the National Agency responsible for the Evaluation prior to the Award of the European Flower Certification**

The Kalsa Hotel management acquired general and specific information through consultations. Advice and recommendations are important and necessary for such 'beginners'. The value of this information to the hotel management was significant in terms of kick-starting the entire process.

**3. Studying the Laws and Regulations** which are necessary for the certification process has created a basis for the list of particular conditions and requirements in relation to certification of the Kalsa Hotel. The relevant laws on environmental sustainability certification in the country where the Kalsa operates are the ISO and EMAS systems.

**4. Monitoring and Evaluating the Kalsa Hotel's** readiness for inspection for the award of EU certification. The management of Kalsa analysed conditions and assessed the hotel through:

- a. An analysis of obligatory criteria; and
- b. An analysis of recommended criteria

**5. Defining the Existing Shortcomings and Disparities** at the Kalsa Hotel.

During the internal checking and monitoring process, based on the aforementioned analysis, the management of the Kalsa Hotel discovered various shortcomings as listed in Table 1.

**Table 1 The Shortcomings and Disparities at the Kalsa Hotel**

Obligatory criteria	Requirements to be applied immediately	Issue to be addressed in the future	Notice
Electric power from renewable resources	Change of supplier		
Coal, heavy oils	X	X	Not used
Heat generation	X	X	Appropriate boiler
Air-conditioning	X	Installation of air conditioning system	Not installed
Energy efficiency of buildings	Prepare energy audit	Obtain energy certification	
Insulation of windows	X	Replacement of windows	
Automated switching off the heating or air-conditioning	Ask guests to switch off	X	
Automated switching off the light	Bring to guests' attention the necessity of switching off the light in the room	X	There is automated switching off in the corridors
Energy efficiency of light bulbs	X	X	Installing energy-saving light bulbs
Heating outside	X	X	Not used by the hotel
Tap water through-flow	Some taps to be replaced	X	Average flow of water is within the standard of 8.99 litres/min (27 taps, 20 showers)
Waste bins in the lavatories	Notice for guests not to throw certain waste into the WC bowl	X	
Automated flushing of urinals	X	X	Yes
Replacement of towels and bed linen	Notice for guests to economically request replacement	X	In compliance with the norm of hotel classification

Proper disposal of waste water	Thorough information for guests on economical discharging of waste to sewerage from dual flush toilets	X	
Disinfectants	X	X	In compliance with sanitary requirements
Separation of waste - guests	Preparation of information	Providing containers for separated waste collection	
Waste separation – hotel	X	To introduce the system of separation and disposal of further waste	Electrical materials, printer toner, used oils and fats are to be separated and disposed of
Disposable products	In extraordinary cases to use raw materials and materials suitable to be recycled or biomass	X	Not used in common operation
Packaging of food stuffs	To replace individually packaged honey and jam	X	
Premises for non-smokers	X	X	In compliance with law
Maintenance of boilers	X	X	In compliance with criteria
Environment policy	X	To introduce systemic approach to environment management	
Public transport	X	X	Information on public transport is available
Training of staff	X	To introduce regular staff training	
Awareness of guests	X	To prepare an information system for guests	
Data on consumption of power and water	X	To create an integral system of data and recalculations per 1 room or 1 guest	
Consumption of chemicals	X	To establish a system of information on consumption of chemicals	
Optional criteria	Energy saving	Alternative energy power, local heating, regulation of temperature, etc.	

**6. Targeting: Evaluation and Goal Setting.** Finally, the Kalsa Hotel management need to evaluate the time and cost options in relation to resolving the disparities.

The Kalsa Hotel management's possible decision at this point could have been one of three options:

- a. Address the disparities, while continuing the preparation process for certification. (Note: The hotel inspection identified only five criteria that were being met completely. It would be possible to resolve 10 problems immediately and the remainder in the future)
- b. Delay the process



c. Terminate the entire process without any prospect of continuing further

7. **The Management Decision** – the present situation:

- a. In terms of funds and capital, the Kalsa Hotel does not have its own resources to finance the significant investment represented by replacement of windows
- b. The seasonality does not create conditions to generate profits in sufficient scope
- c. The hotel management does not consider it appropriate to ask for a loan at the time being and to take on long term debt

Due to the above-mentioned reasons, the hotel management decided to delay the entire process of EU Flower Mark certification until the future when, at some point, the certification process will be resumed. Recommencement will be determined by the economic results of the hotel.

**Questions**

1. Explain the basic differences in the purpose (mission) of ISO 14002, EMAS and the EU Flower certification.
2. Study the environmental certification in the hotel industry and analyse the present situation in your country.

**Website**

[http://www.iisd.org/business/markets/eco\\_label\\_eu\\_flower.aspx](http://www.iisd.org/business/markets/eco_label_eu_flower.aspx) [accessed 7 April 2011]

## **Overbooking Problems: What to do?**

**by Miha Lesjak and Kostja Reš**

A couple with a young family made a booking at a three-star hotel, with an aqua park, on the Croatian coast during the winter. When they arrived at the hotel to check in, looking forward to a relaxing short holiday, a front desk employee shocked them with some bad news: “We are truly sorry but we don’t have any vacancies since we are overbooked.” The family couldn’t believe that there was no room because they had booked months in advance.

Fortunately, the front desk manager, who had just arrived, heard the discussion and offered them a four star hotel 10 minutes away in the city centre, which was of higher quality but it had no aqua park. He also offered them the use of all the aqua facilities every day, free of charge, in the hotel with the aqua park in which they had booked originally. The family was disappointed because they had been looking forward to the holiday for a long time. The children were really sad to hear that they would be staying in a hotel without an aqua park – which was the main reason they had booked the hotel months ago. However, after complaining for 20 minutes the family decided to try the higher star rated city hotel, even though they would need to drive for 10 minutes every day to the aqua park.

On the way to the new hotel they discovered that, due to road rebuilding, the hotel was 30 minutes drive away and, because it was in the centre, they had to park their car five minutes’ walk away. They realised that altogether it would take 40 minutes to reach the aqua park every day and another 40 minutes to get back to their hotel. As a result, they did not even check in but went back to the hotel with the aqua park and asked for their money back since they were disappointed with the way they had been treated. The front desk manager offered them more services (massages, free food, a refund for travel expenses, and a free room for one night in the city hotel). However, the family decided to look for another hotel in the vicinity, which had an aqua park. They found somewhere in the next town and spent a relaxing three days there

On arriving home, the family sent all their accommodation bills to the hotel where they had first booked. They also wrote a letter of complaint, sent a letter to a local newspaper and told all their friends about the situation via social networks; they were extremely annoyed that they

had been given a totally different hotel without an aqua park and were disappointed not to receive the services they had booked.

### ***Questions and Activities***

1. How would you deal with an overbooking situation?
2. Is an upgrade to a hotel with more stars the best solution to overbooking?
3. Do you think the family were within their rights not to take the alternative offer from the hotel?
4. Do you think a city hotel is an acceptable alternative to a family hotel with an aqua park?
5. If you were the hotel manager, would you refund any costs even though the family decided on their own to choose another hotel. If 'yes', which costs would you refund?
6. Discuss the legal position with regard to overbooking.
7. Considering functional and technical quality (c.f. Gronroos (1984) model of quality services) and discuss the pros and cons of the Frankfurt chart for guest compensation in hotel industry.
8. Research other global compensation standards for the hospitality and tourism industry.

### **References**

Gronroos, C. (1984). A service quality model and its marketing implications, *European Journal of Marketing*, Vol. 18, pp. 36-44.

# Integrated Sustainable Destination Management

by Emil Juvan

## Introduction

The concept of Sustainable Community Tourism (SCT) is composed of the ecological, social, economic, political, cultural and technological dimensions of influential communities. An integrated local community will reach the level of sustainable tourism when, and only when, all the affected subjects reach a consensus on sharing input and output. It is essential that the entire local community is treated as partners within the tourism development process. Initiators must see that all partners understand the objectives and goals of tourism (Getz and Jamal, 1994; Choi and Sirakaya, 2005). The fundamental positive effects of tourism are related to the preservation and renovation of infrastructure and the demographic and economic problems of the destinations.

According to many researchers (Getz and Jamal, 1994; Madrigal, 1994; Weaver and Lawton, 2001; Andriotis and Vaughan, 2003), the local community consists of several sub communities. The existence of these sub communities depends largely on the relationships that individuals have with tourism. Prentice, (1993), King *et al.* (1993), Madrigal (1994), Bramwell and Lane (2003) discovered that, in the long term, the local population changes its attitude towards tourism or some of its elements. In such instances, the introduction of integrated tourism development initiatives is of particular value. An integrated approach towards negotiating the pros and cons of tourism and some of its elements promises greater success than individualism. The integrated body must therefore recognise and promote the future of tourism and its dependence on the local host environment, and this is especially essential in areas where the majority of the economy consists of family owned businesses. In such organisations, one person has a multifaceted role; namely the 'landlord' is the owner/manager/founder of the company as well as an individual member of the local community and maybe also a member of the City Council. This situation entitles him to several votes when developmental plans are put to the vote in a local community meeting.

**Table 1** Local Community Grouping organised by Attitudes towards Tourism

Author	Factors	Groups
Andriotis and Vaughan, 2003	Educational structure Employment	Advocates Socially and environmentally concerned Economic sceptics
Weaver in Lawton, 2001	Time of living in the community Living standard Environmental factors	Supporters Neutrals Opponents
Madrigal, 1994	Socio-economic factors	Haters Lovers Realists

### Background

The municipality of Slovenj Gradec is a medium-sized community located in the northern part of Slovenia. It has approximately 16 thousand citizens and is considering becoming an emerging tourism destination. The municipality is part of the three-valley Koroška region with many natural and cultural resources for improving its tourism attractiveness and increasing the importance of tourism within the regional community. Slovenj Gradec is considered the economic, cultural and social centre of the region, with huge potential for further development. The city mainly depends on the manufacturing industry, but by shutting down a car industry plant due to the global economic crisis, it suffered severely. The community is therefore seeking new economic opportunities.

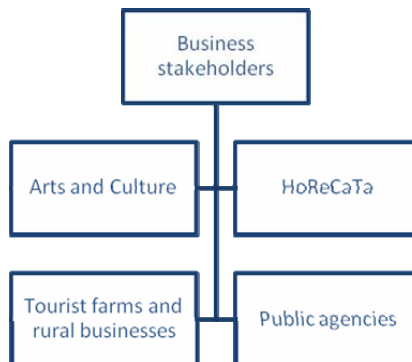
Tourism is an emerging industry in the municipality of Slovenj Gradec ([www.slovenj-gradec.si](http://www.slovenj-gradec.si)). There have been approximately eight thousand arrivals per year in the last five year period, which is approximately one tourist per two citizens. The community has several cultural and natural resources for developing tourism, yet only in recent years has it begun to view tourism as a potential industry. Tourism is an emerging branch with many weaknesses mainly in the organisation of the industry in the public and private sectors: while the private sector acts as a developer and driving force for tourism, the public sector is a protector of public interest and supporter of the development process.

In 2009 the city established the Public Agency for Sport and Tourism (SPOTUR), which is responsible for strategic tourism development. A year after its establishment the agency decided to prepare a medium-term tourism strategy and invited external consultants to the project. The first action taken by the strategy development was to carry out an internal

environment analysis involving stakeholder interviews, to establish the private sector's perceptions of tourism today and in the future.

The first phase of the environment analysis was to identify the perceptions and opinions of tourism businesses on current tourism and, using this and their business plans, to develop a strategic plan for the destination. Stakeholders were divided into four main groups (See Figure 1), depending on their main business activity and legal form (i.e. private or public enterprise). This created an arts and culture group which consisted of craftsmen, youth culture entertainment centres, culture associations, art associations, private businesses from the field of arts and culture, etc. The HoReCaTa<sup>1</sup> group comprised private companies whose business activity related to hospitality and tourism. Due to their uniqueness in terms of business development, geographical location and the role of tourist activity in the whole business, tourist farms and rural companies were grouped separately. Namely, the rural tourist is still to emerge as a key business opportunity in the rural area. Many farms have accommodation facilities but see tourism rather as a side track, because farming is the core business. Public agencies and organisations are, as it were, the voice of the destination's society, thus they should all have the same orientation towards tourism development. The challenge, however, is to properly understand tourism on an interdisciplinary level, thus enabling all spheres of society to be equally encompassed within tourism.

**Figure 1 Destination Stakeholder Segmentation (Juvan, 2011)**



Stakeholders were divided into three groups according to their main business activity and the size of the interest group. Interviews were undertaken with all the representatives. Out of around 100 stakeholders with strong and direct involvement in tourism, only 20 responded to

<sup>1</sup> Ho-hotels; Re-restaurants; Ca-catering; Ta-travel agencies

the invitation. As a result, some interviews could simply not be conducted because only one or two representatives attended. Such a response rate revealed that stakeholders see no need to take an active part in tourism development, thus the success of the tourism development plan remains to be seen. What is evident from the opinion polls is that the private and civil sectors are not satisfied with the level of tourism development in terms of its contribution to the local economy, opportunities for quality leisure, and environment preservation.

The methodology of conducting interviews and conversations with tourism stakeholders comprised of three stages. During the first stage, all stakeholders were identified using available public information resources, a database was then created which contained all stakeholders. Stage two involved sending out invitations with a detailed description of the aim and expected outcomes of the meetings. Each stakeholder received an e-mail invitation to the meeting that was held during the late morning hours and was asked to confirm attendance. Invitations were sent out two weeks prior to the interview. Stage three included interviews with all stakeholders' together, holding discussions instead of question-answer conversations.

**Figure 2 Stakeholder Interviews Methodology (Juvan, 2011)**



### Questions

1. Why is involvement of stakeholders in strategic destination management important?
2. How can a variety of business activities influence entrepreneurs' or agencies' attitudes towards tourism development?

3. How can Public Agency for Sport and Tourism (SPOTUR) attract different stakeholders to actively engage in integrated tourism development?
4. Do you know any other methods of collecting stakeholders' views and recommendations for tourism development?
5. Can you identify any other potential reasons for the low response rate of stakeholders?

### **Further Reading**

Andriotis, K. (2002). Local Authorities in Crete and the development of tourism, *Journal of Travel Studies*, Vol. 13, No.2, pp. 53-62.

Andriotis, K. and Vaughan, D.R. (2003). Urban residents' attitudes toward tourism development: the case of Crete, *Journal of Travel Research*, Vol. 42, No. 2, pp.127-186.

Choi, H.C. and Sirakaya, E. (2006). Sustainability indicators for managing community tourism, *Tourism Management*, Vol. 27, pp. 1274–1289

Juvan, E. and Ovsenik, R. (2008) Integration as a tool of destination management: the case of rural and rural fringe areas. *Organizacija (Kranj)*, Vol. 41, No. 1, pp. 31-40.

### **References**

Andriotis, K. and Vaughan, D.R. (2003). Urban residents' attitudes toward tourism development: the case of Crete, *Journal of Travel Research*, Vol. 42, No. 2, pp. 127-186.

Bramwell, B. and Lane, B. (2003). *Tourism, collaboration, and partnership: politics, practice, and sustainability*, Channel View Publications, Clevedon.

Choi, H.S.C. and Sirakaya, E. (2005). Measuring Residents Attitude toward Sustainable Tourism: Development of sustainable tourism attitude scale, *Journal of Travel Research*, Vol. 43, No. 59, pp. 380-394.

Getz, D. and Jamal, T.B. (1994). The environment-community symbiosis: a case for collaborative tourism planning, *Journal of Sustainable Tourism*, Vol. 3, No. 3, pp. 152-173.



King, B., Pizam, A. and Milman, A. (1993). Social impacts of tourism, host perceptions, *Annals of Tourism Research*, Vol. 20, No. 49, pp. 650-665.

Madrigal, R. (1994). Residents perception and role of government, *Annals of Tourism Research*, Vol. 22, No. 1, pp. 86 – 102.

Pearce, P.L. (1995). From culture shock and culture arrogance to culture exchange: ideas towards socio-cultural tourism, *Journal of Sustainable Tourism*, Vol. 3, pp. 143-154.

Prentice, R. (1993). Community driven tourism planning and resident's preferences, *Tourism Management*, Vol. 14, No. 3, pp. 218-227.

Weaver, B.D. and Lawton, L.J. (2001). Resident perceptions of the Urban-Rural Fringe, *Annals of Tourism Research*, Vol. 28, No. 2, pp. 439-458.

## **Promoting Central Europe to Russian Visitors**

**by Martin Volek**

Russian tourists as well as people working in tourism in Russia have specific needs. It is important to deal with, understand, and meet these needs, and to ensure that people who work in this business, including students in the field of tourism, know about them. Only if we can understand how the Russian client thinks, what s/he expects, how s/he behaves and the extent to which s/he will be satisfied, can we promote repeat business and positive feedback.

Modern Russian tourists can choose from many affordable and very often fancy destinations. Central European tour operators cannot wait passively for this clientele to come to Central Europe, Slovakia, the Czech Republic, Hungary, Austria or Poland of their own accord. They must work actively, primarily through Russian tour operators, travel agencies and the media. Only then can they expect the Russian tourists to visit Slovakia and its neighbouring countries. This first phase is the most costly, not only in terms of money but also in terms of time. Second, they have to work on persuading the clients to stay there as long as possible and to extend the number of nights. In the end it is important that the Russian client goes home satisfied, where he will tell his friends, family and colleagues about how much he liked Slovakia and Central Europe.

During Socialism it was hard for Soviet Union citizens to get approval for an individual trip abroad, even to 'Eastern Bloc' countries. Eventually, the removal of barriers to individual tourism stimulated the flow of Russians into Central Europe. After the revolution in the nineties, travelling became the fashion and now almost everybody who earns the average income travels. The most popular destinations for Russians are Turkey, China, Egypt, Finland, Italy, the Ukraine and Thailand. In recent years Russians have divided their holidays into summer and winter, whereas in the past they only had one holiday per year. They also take bank holidays in November and May and choose to travel in this period. The next key point is that during winter, Russians also travel in the second week of January, when European tourists have gone back to work. This fact is welcomed mainly by hotelkeepers.

Since the beginning of the nineties Russian tourists have very often spent their winter holidays in Slovak ski resorts, which could have been due to non-visa policy with Russia. Slovakia and

its neighbours, excluding the Ukraine, are members of the Schengen zone which means Russian tourists have to apply for a Schengen visa at the embassy in the first country of entry. For example, if the tourist lands in Prague, they can travel with one visa to the neighbouring countries. However, they have to spend most of the days of their stay in the country where the visa was granted. Also the tour operators have to be registered at the Embassies to manage visas for the tourists from the capital and the cities across Russia. It appears that the time is right to promote the tourist products and services of Central Europe and beyond to the Russian market.

### **Characteristics of Russian Tourists**

Citizens of the Russian federation are differentiated in terms of social class – the middle class is the most represented and they opt for cheaper holidays. Russian tourists travel with tour operators and travel agencies. Local travel agencies book tours at operators in Russian cities where consulates are located. Therefore, tour operators have contracts with foreign travel agencies through which they can arrange visas for their clients. Regarding the size of the country, the travel agencies are in a way forced to book tours at tour operators that must fulfil strict legal criteria in order to run a business, for example financial guarantees through banks or insurance companies. Russian tourists need a visa to visit the majority of countries and that is why most do not travel individually but through travel agencies. The visa process for Russians is a psychologically difficult process and that is why in recent years they have been seeking out destinations such as Turkey, Egypt, and Croatia where they do not need visas.

Russian tourists like to save money on tours but, ironically, after arriving in the country they spend lots of money on additional services (excursions, fun, night clubs, alcohol, etc.) and they expect perfect service. Travel agency owners claim that they earn 50 per cent of their earnings through selling excursions and additional services directly to clients during their stay in Europe. Generally, the packages only include breakfast, which makes them cheaper. The entry fees are also collected during the trips and additional excursions are booked on the tour and not in advance. There is huge competition in Russia in the tourism industry and prices for such packages are very low. For example, one week programmes from Moscow to Prague start at 250 euros including flights, accommodation, half board and health insurance.

Distance is not a big issue for Russians. They are used to travelling by train in and around Russia and so they prefer to travel to Central Europe in this way. The journey takes up to two

days and the Russians enjoy it. They take food, vodka and good cheer with them. They also combine travelling by train, and in Central Europe the tour operators hire buses to continue the tours around Central Europe. In the last two years a new trend has emerged to fly to Central Europe, especially to Prague and Vienna. Afterwards, as already mentioned, the tour operators hire buses or minibuses and travel from city to city. Russians are willing to see more sights in a limited time than a typical Western European tourist. They are able to visit four capital cities (Prague, Bratislava, Vienna and Budapest) in five days with stops in other historical places.

### **The Nature and Requirements of Russian Visitors**

Russians like Central Europe as a region. For many years they were connected through common history, and they are mostly Slavs with a similar mentality and only a small language barrier. Slovakia, after entering the EU and mainly the Schengen zone, gained stability and became attractive for tourists. If a Russian tourist gains a Slovak Schengen visa, s/he can travel without problems into the surrounding countries. Russian tourists would welcome a reduction in the price of accommodation; in Prague hotels it is distinctly cheaper than in Slovakia. The Slovak Republic must invest more in advertising in Russia. Along the roads from any airport in Moscow there are hundreds of billboards advertising countries and destinations. Slovakia is missing on these billboards; the country is not promoted and does not have such a popular image as countries that are advertised.

### **Popular Products of Tourism**

Russian families choose Slovakia for active relaxing holiday mostly in winter. The most popular sports in winter are skiing and snowboarding. In the summer time the Russians go to spa resorts. The number one destinations in the Czech Republic are Karlovy Vary (Carlsbad), followed by Mariánské Lázně. In Slovakia the most popular spa resorts are Piešťany and Bardejov, and in Hungary, Hévíz. In recent years, short-term stays in the capital city Bratislava with trips to the surrounding cities (Vienna, Prague and Budapest) are increasing.

### **Tourism in Central Europe has huge growth potential, especially in these areas**

- Securing sport activities (football, hockey, volleyball, swimming etc.), shopping tours (to outlets in Austria), visits to surrounding towns including Bratislava, a stay near lakes, sightseeing tours exploring cultural and historical sites, weekend stays (made possible by seven flights a day from Vienna airport to/ from Moscow)

- In April/May 2011 the Hockey World Championship took place in Bratislava, Slovakia, and thousands of Russian sports' fans/tourists visited the region
- Slovaks could be a link between Russian tour operators and travel agencies in Central and Western Europe and profile as a partner for Central and, eventually, for Western Europe. Russian tourists and even many people working in tourism in Russia do not speak foreign languages very well (e.g. German or English) and that is why there may be great potential for such a link, especially for Slavs as it is relatively easy for them to communicate in Russian. Furthermore, historically, the Russian language was an obligatory subject at the schools during the socialist times. Another reason is their great geographical location in the middle of Europe
- In recent years there has been huge interest among Russians at tourism trade fairs in the field of children's and teenage summer stays and camps. Children's holidays in Russia are up to three and a half months. The Central European tour operators should pay more attention to this area, work on it and actively offer options to Russian tour operators. An interesting fact is that in the 2008 summer season, the number of trips to Slovakia increased by approximately by 25 per cent in this segment

### *Questions*

1. What types of programmes would you introduce in your country for Russian tourists in winter and in summer?
2. What kinds of tourism programmes would you develop for the Russian children's sector?

## **Stag Party Tourists Welcome?**

by **Eszter Benke and Annamaria Szeky**

### **Background**

An increasingly popular social trend in recent years has been to travel for stag and hen parties. This new type of travel, usually associated with breaks in major cities, offers entertainment to a group of young people of the same sex. A number of service providers, including holiday companies and accommodation facilities, appear to have seized this opportunity and have started offering special packages and favourable deals for the stag and hen party market. Yet while it might seem to be a further source of income for these businesses, the benefits that this new type of travel can generate are not easily earned.

This case study investigates how accommodation providers in two different regions with different backgrounds and experiences relate to this recently emerging form of tourism. Accommodation providers from the UK and Ireland were selected as destinations with more experience of stag and hen parties, and hotels from Hungary were chosen to explore the attitudes of the less experienced. E-mail inquiries about stag-weekend opportunities were sent to these accommodation facilities to investigate the level of acceptance and the attitudes to stag party tourists, and also to explore potential differences between destinations with more and less experience.

### **The Irridex and the Cirridex Models**

The framework used to analyse the e-mail messages was based on the four categories of Doxey's Irridex model. This establishes a link between the development of a holiday destination and the growing number of tourists on the one hand, and a decreasing level of enthusiasm associated with tourist arrivals shown by local residents on the other. In the original model the four stages are euphoria, apathy, annoyance and antagonism and a negative correlation is established between the number of tourists and the positive and welcoming attitudes of locals. Although the Irridex model has been criticised and alternatives have been offered, it still receives empirical support in many contexts.

The present study applies some elements of the Irridex model for the purpose of establishing a link between an increasingly popular travel motivation (stag party) and the attitude of the host

(the accommodation provider). Consistent with the underlying concept of the Irridex model, our findings seem to suggest that the more – in all probability negative – experience accommodation providers have of stag party travellers, the less willing they are to give them a heartfelt welcome. This attitude is also apparent in their written communication when reacting to inquiries, which is the focus of the present study. The modified Irridex model in this study serves as the basis for the analysis of hoteliers' responses to inquiries, with special focus on communication irritation. The modified model, Cirridex, represents the combination of the concepts of communication and irritation. Thus, the Cirridex model hypothesises that there is a growing level of communication irritation on the part of the service providers as a result of a growing number of negative experiences with stag party tourists.

### **Context**

The current case study is based on a research project which investigated attitudes to a specific form of tourism. Posing as genuine clients, the researchers contacted hotels in the UK, Ireland and Hungary via e-mail asking for information and assistance in arranging what is a common form of tourism these days, a stag party. Initially, the potential ethical concern over the method of data collection is going to be discussed. A mock inquiry was used simulating the method of mystery shopping, a common form of data collection in market research. In similar situations, the real identity of the client and the aim of data collection are always revealed at some point, which eliminates the grounds for ethical concerns. Although we never revealed our aim, the data and the sources which we kept anonymous were handled with the utmost care throughout the research process to ensure that participants were protected. For the focus of the research there was no need to link data to any particular service provider; the mystery shopping method was only needed to collect authentic data. Thus, the mock mystery shopping protocol did not violate ethical standards.

### **Data Collection**

We sent e-mail messages in the name of a 'genuine client' from Hungary, Tamas, and the UK, Herbert, asking hotels to provide assistance in arranging a stag party weekend. Still at the design stage of the research, we relied on expert advice to formulate our message of inquiry and to place it in the right intercultural and professional context. On this advice, we deleted the words 'stag party', which could have reduced the number of favourable responses. We also added a final message on environmental protection to demonstrate our responsibility and gain the approval of the recipient. Our aim with attaching the well-know warning 'Please consider

the environment before printing this e-mail' to our signature was to suggest that we were indeed responsible and trustworthy people even if our inquiry about stag party possibilities conveyed the opposite impression.

The original message is as follows:

*Hello,*

*My best friend is getting married in early November, and I'm currently organising a trip for a group of 8-10 of his closest friends in late October. Please could you advise whether you have availability at that time, and if you offer any group discounts? The plan at the moment is to have meals out in the evenings, with maybe some adventure or sporting activities during the day - if you have any local information or ideas that you could forward that would be greatly appreciated!*

*I look forward to hearing from you,*

*Kind regards*

We sent our inquiry to 50 hotels in Hungary and 150 British and Irish (120 and 30 respectively) accommodation providers. Collecting the e-mail addresses of the hotels proved more problematic than expected because we were often confronted with an intermediary agency taking bookings, which made it difficult to send a direct message to the service provider. We tried to contact medium category hotels and some higher category establishments. Since bookings these days are not arranged by e-mail, but by standardised pop-up forms on hotel websites, we needed to add an extra element asking for information to make the inquiry look authentic. The actual response rate was only 57 per cent, but with those hotels who did reply, there were several turns in the communication.

### **Analysis**

The e-mail messages were analysed in terms of the level of irritation suggested by the replies. The Cirridex model included the original four categories of the Irridex model with the following extended meanings. *Euphoria*: respondent gives full answer to the majority of the questions in a friendly tone and the style shows genuine interest in doing further business with the inquirer. *Apathy*: although staff respond to the majority of the queries, no clear indication or willingness is shown for further action. Style is acceptable or sometimes even professionally polite but with hardly any hint of individual attention or particular interest. It rather reads as an automatic response, the end result of a copy-paste exercise, sometimes with a number of



irrelevant details. *Irritation*: addressee asks rather than answers questions, and at times the irrelevant information in the response shows resistance. Inquiry often turned down without offering further assistance. *Antagonism*: abrupt, impolite, at times even rude rejection without justification or an offer of an alternative solution.

In addition to the major typical features of each category, mention should be made of further differences. The size of the hotel, corporate standards and intercultural differences also had a major impact on the e-mail messages compared.

### Sample Letters

Next, some examples for each category follow. They demonstrate the different stages of acceptance and irritation. The e-mail messages are quoted in their original form and length.

#### ***Euphoria:***

*Dear Tamas*

*Thank you for your kind email.*

*We would be delighted to welcome you to The Mighty Towers Hotel, Liverpool and have availability as follows:*

*Arrival Date - Friday 27th March 2009*

*Number of Nights - 2*

*Departure Date - Sunday 29th March 2009*

*Number of Guests - 8*

*Room Type - 4 Standard Twin Rooms or 4 Executive Twin Rooms (Pictures attached of the different room types)*

*Cost per room per night, inclusive of Full English Breakfast and VAT - £89.00 Standard Twin and £109 Executive Twin*

*The xxx Hotel, Liverpool is fantastically located in the heart of the city just 5 minutes walk from the city centre. We offer comfortable accommodation in a relaxed and friendly atmosphere all complimented with first class service. Included in the price is The xxx 'famous' buffet style breakfast, offering a fantastic selection of Full English to continental. Truly one of the best breakfast served in the city and the most perfect way to start the day.*

*For things to do in the city over the weekend then I would suggest having a look at the Liverpool Tourist Information Website. They detail all the tourist attractions and also offer on details for stag weekends. Activities they can do include go-karting, paint balling, ice skating, tours around Anfield etc.*

*Should you wish to make a reservation or if you require anything further then please feel free to contact me.*

*Kind Regards*

***Apathy:***

*Thank you for your email. We have available for the above nights Double rooms at GBP98.00, Sea view Double at GBP118.00 and Superior Doubles from GBP155.00 to GBP185.00. All prices are per room per night for two people and include Breakfast and VAT. All rooms are en-suite and many have jacuzzi baths or showers. If you wish to make a booking we require,*

*Name*

*Address*

*Credit card details (card number, expiry date and name on card) Alternatively you may reserve a room by sending a cheque for the first nights accommodation. Please ask about cancellation policy as this depends on time and period of booking. No cancellation will be excepted [sic] within 72 hours of arrival. If you require any further information please do not hesitate to contact me.*

*Regards*

*Dear Tamas Veres*

*Thank you for your email.*

*We do have availability on the 27<sup>th</sup> and 28<sup>th</sup> March 2009.*

*I can offer you an advanced purchase bed and breakfast rate of £123 per room per night. This rate requires full prepayment when the booking is made and is non changeable and non refundable.*

*The flexible bed and breakfast rate of £145 per room per night would be also available. This rate is only guaranteed by credit card and can be cancelled until 4 pm of the day of arrival without any charge.*

*We do group bookings from 10 rooms onwards.*

*If you do have any further questions please do not hesitate to contact us.*

*Kind Regards*

*xxx*

*Reservations Co-ordinator*

**Irritation:**

*Thanks you for your enquiry. I'm afraid that we are full throughout March. Regards*

*Hello*

*Many thanks for your enquiry but we are fully booked that weekend*

*Best Regards*

*Thanks for your enquiry. Can you please give me the definite dates of your proposed stay and if possible your maximum budget per room/per night. You should also be aware that there are no group discounts given in any Liverpool Hotels as during the football season the hotels are full at weekends anyway.*

*I look forward to hearing from you.*

*Best Wishes*

**Antagonism:**

*Thank you for your enquiry, is your group all male? if so we are unable to accomodate [sic] you sorry.*

*Many thanks for your enquiry. Unfortunately we do not take bookings for groups of solely men.*

*Sorry we are unable to assist.*

**Results and Discussion**

Table 1 gives an overview of the results of the analysis. The first column shows the different attitudes expressed in written communication in reply to the inquiries about stag party possibilities. The next two columns show the replies sent to Herbert, the inquirer from the UK, by British/Irish and Hungarian hotels. The final column shows the replies sent to Tamas, the Hungarian inquirer, by British/Irish accommodation providers.

**Table 1** Overview of the Results of the Analysis

	Inquiries from the UK		Inquiries from Hungary
	to hotels in:		
	<i>Great Britain and Ireland</i>	<i>Hungary</i>	<i>Great Britain and Ireland</i>
Euphoria	20%	10%	14%
Apathy	60%	87%	67%
Irritation	4%	3%	16%
Antagonism	16%	0%	3%

The results seem to suggest that accommodation providers where stag parties are more common are less welcoming, with about 20 per cent displaying communication irritation and

antagonism in their replies in contrast with only three per cent of the regions and accommodation providers with fewer stag party tourists.

The analysis and categorisation presented interesting results. It appeared that an implicit refusal communicated in an extremely polite and friendly way might send a message which is not straightforward and thus does not disappoint the recipient. Similarly, plausible excuses, such as a reference to the hotel being fully booked or to ongoing refurbishment, might also suggest a lack of irritation and that the rejection has justifiable causes, even if this is not the case. With such communication gimmicks it is highly likely that the customers' goodwill can be retained.

### ***Questions and Activities***

1. What are the usual services and facilities stag party tourists require?
2. Which are the most common destinations for these tourists?
3. Put together a stag-party package with the typical/special services offered by your region
4. What precautions should accommodation providers take in order to prevent potential damage caused by stag party tourists?
5. Should replies to inquiries partly or fully mirror the style and attitude of the inquiry?
6. How can you soften a negative reply? Do you always need to soften a direct refusal?

### **Further Reading**

Doxey, G. V. (1975). A causation theory of visitor-resident irritants: Methodology and research inferences. In *Travel and Tourism Research Associations Sixth Annual Conference Proceedings*, San Diego, September, pp. 195–98.

Dunne, G., Buckley, J. and Flanagan, S. (2007) City Break Travel Motivation –The Case of Dublin. [on-line] available from: [www.ucc.ie/en/mgt/ResearchActivities/.../DocumentFile-30790-en.pdf](http://www.ucc.ie/en/mgt/ResearchActivities/.../DocumentFile-30790-en.pdf) [accessed 16 December 2010]

Larsen, J., Urry, J. and Axhausen, K. W. (2007). Networks and tourism: Mobile Social Life, *Annals of Tourism Research*, Vol. 34, No. 1, pp. 244-262.

Matzler, K., Pechlaner, H., Abfalter, D. and Wolf, M. (2005). Determinants of response to customer e-mail enquiries to hotels: evidence from Austria, *Tourism Management*, Vol. 26, No. 2, pp. 249-259.

Page, S. J. (2003). *Tourism Management: Managing for change*. Butterworth-Heinemann, Burlington, MA.

Van Mulken, M. and Van der Meer, W. (2005): Are you being served? A genre analysis of American and Dutch company replies to customer inquiries, *English for Specific Purposes*, Vol. 24, pp. 93-109.

# **Wine Tourism**

**by Florin Olteanu**

## **What do we Know about Wine Tourism?**

Wine tourism is an area of the tourist industry which has only recently come into tour operators' sights. However, in the last few decades it has experienced quite rapid growth in various locations throughout the world, particularly in countries like France, Italy, Spain, the USA and Australia (Hall, Sharples, Cambourne and Macionis, 2000). This comes as a result of the benefits it can bring to those involved, whether we talk about the firms engaged in tourism or viticulture. Some of the important factors that led to the development of wine tourism in the world have also been of circumstantial nature, such as rural and industrial decline, economic restructuring or changes in consumer preferences and the growth of the wine industry (Hall et al., 2000).

Wine tourism can be classified as agricultural tourism, rural tourism, cultural or industrial tourism, and is essentially an interdisciplinary field of study. Therefore, some important questions arise such as the relationship between the wine industry and the tourism industry. 'Tourism' and 'wine' have become complementary terms over time and now it is accepted that the latter has touristic attributes. As the wine industry, with all its components (vineyards, wineries, factories, etc.), is becoming increasingly interesting for tourists and tour-operators, an important symbiotic relationship with the tourism industry is emerging. Although various theories have been put forward, it may be considered that the wine and tourism industries share a common goal in capturing and presenting a unique sense of place to consumers, whether they be wine drinkers or tourists (Winemakers Federation of Australia, 2005: 1).

As a niche of the tourism industry, wine tourism is often referred to by experts as viti-tourism, vini-tourism or oenotourism. Because of its newness and rather limited research, there is not currently a universally accepted definition. However, the most circulated definition in scientific literature remains one by Australian researchers Colin Michael Hall and Nikki Macionis. It comes from the consumer's perspective and considers wine tourism to be about: 'visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape wine region are the prime motivating factors for visitors' (Carlsen and Charters, 2006: 1).

The main forms of wine tourism are represented by visiting wineries and wine cellars, travelling along wine routes, attending wine festivals and wine events, and visiting museums dedicated to wine and viticulture respectively. There are many benefits of wine tourism which can be noted at several levels, for both the tourism and wine industries:

- For wine-growing regions: diversification of regional economies, achieving higher revenue in stores, restaurants or hotels (Thach, 2007), or improving reputation, image and marketing in such areas
- For local people: education and employment opportunities in this field, better wages in some cases, development and improvement of local entrepreneurship opportunities, etc. (Hall et al., 2000)
- For the tourism/wine operators: increased revenue due to the rising number of tourists (Thach, 2007) or number of repetitive visits (Tourism New South Wales, 2000), obtaining higher profit margins (because visitors buy directly from the winery and not from distributors and retailers), or development of new channels for the wine trade (Thach, 2007)
- For tourists: amplification (improvement) of visitors' satisfaction by increasing the number of activities offered to them (Tourism New South Wales, 2000), opportunities to learn more about the varieties of wine and vineyards in the region or about the whole process of making wine, etc. ([http://wikitravel.org/en/Wine\\_tourism](http://wikitravel.org/en/Wine_tourism))

Studies conducted worldwide reveal that most people interested in wine tourism are middle aged and have a somewhat higher income (Hall et al., 2000), a higher level of education (Symon, 2005) and professional qualifications, some wine knowledge, and typically consume such products. They also tend to be residents of the wine region or from the neighbourhood (Hall et al., 2000). To benefit from the advantages derived from the wine tourism development, various authorities, companies and organisations in many of the major wine-growing areas have tried to develop and implement strategies to better exploit the existing potential.

### **Wine Tourism in Romania**

State authorities have been trying to develop wine tourism in Romania for several years, as it is one of the most important European wine countries. Although the national or regional authorities are willing to develop a range of strategies in this area and strive to provide support

to those who are already involved in wine tourism or to those who intend to engage in this industry, the measures taken so far have been insufficient. Therefore, companies involved in viti-tourism are mostly forced to fend for themselves.

Despite poor infrastructure, financial or legislative difficulties, a series of wine routes and wine festivals have been developed in Romania in areas with high potential. Although these developments are recent, in the future there will be opportunities to transform them into major points of interest for visitors. For example, wine tourism sites are being backed up by existing cultural, ethnographic or natural attractions in the area.

### **The Situation in Vrancea County**

Wine tourism research has been restricted to one of the administrative-territorial units in Romania, namely Vrancea County (See map in Appendix 1.) so the conditions can be better assessed. The choice has been influenced by the fact that Vrancea is considered the largest wine area in the country and it is one of the few that has been strongly involved in organising wine tourism.

### **Following the Wine Tourism Trail**

The general objective of this study is to highlight the wine tourism situation in the county. To achieve this goal, the following have been chosen as intermediate (specific) objectives:

- Determining the level of development achieved by wine tourism in Vrancea, including comparison with the rest of the country and the world
- Presenting the ways in which wine tourism manifests itself in the area studied
- Assessing how tour operators and wine companies are involved in wine tourism in Vrancea County (level and type of involvement)
- Highlighting the strategic measures undertaken by those operating within the type of tourism analysed in the area of study
- At the outset, a series of assumptions were made for subsequent verification:
- Wine tourism in Vrancea County is at an incipient stage, only a few operators are currently working in this field, and the categories of service they provide are limited.
- Support for wine tourism development from county and local authorities is limited; those involved in this industry are largely forced to fend for themselves.
- The number of tourists visiting wine sites in Vrancea is quite small.



- The existing infrastructure available for visiting wine-growing areas is insufficient and in poor condition.

On-site research, in the form of 'study tours', setting up direct discussions with the people who could provide the necessary information, was then conducted. Representatives from Vrancea County Council and the National Association of Rural, Ecological and Cultural Tourism (ANTREC) in Vrancea were contacted, but the majority of information was obtained by visiting the firms actually involved in the branch of tourism analysed in the study (mainly wineries and wine cellars).

Semi-direct, in-depth interviews, which involve discussing freely (but with a series of pre-arranged standard questions), were conducted with those involved in wine tourism in the county (either wineries, travel agencies or other organisations). The findings were substantiated with direct observations. Particular focus was placed the condition of the material base belonging to the vineyard, tourist sites visited, road conditions, lodging opportunities, how far those interviewed are open to tourism and their willingness to receive visitors in a safe and hygienic environment. Information from secondary sources, including websites, business publications and internal documents, was also incorporated.

### **Findings: an Overview**

Wine tourism in Vrancea County, which is being conducted in an organised manner, is still in the early stages, developing to a small extent – but below the level achieved in countries such as Chile, Hungary, Moldova, or in other Romanian counties like Prahova, Buzau or Arad. The number of operators identified in this area is quite small, represented mainly by a few wineries/wine cellars, which are interested in wine tourism primarily through the promotion of brands, methods of winemaking, etc., and only lastly as an income-generating activity. The level of involvement of such operators is fairly low. Their main objective is production and merchandising of wine (nothing related to tourism). In general they have adopted only a few tourism policy measures, choosing rather to adapt their structures for receiving visitors (such as arranging some tasting rooms or small spaces for accommodation). There are few travel agencies which organise wine-trips and tours in Vrancea, and such programmes are provided only upon request. So far, the authorities have offered little support to those involved in this industry, but currently there are several plans for a wine-tourism development strategy in the county, which is very much needed. The most important forms of wine tourism in the county

of Vrancea are the Road of Vineyards route and the Bacchus International Festival of Wines and Vineyards.

### The Road of Vineyards

The existing wine route in the county of Vrancea has been developed mostly by the National Association of Rural, Ecological and Cultural Tourism - Vrancea Office, and includes seven wineries and wine cellars located in the most important vineyards in the county: Cotești, Odobești and Panciu. The initial itinerary covered the period from 2002 to 2004, when the association began to encourage some of the certified wineries in the county to engage in wine tourism. However, the current form of the route was completed only in 2010, once the last firm had been co-opted (the company Crama de sub Tei). Currently, the Road of Vineyards (See map directly below) includes the following wineries and wine cellars:

- Dyonisos Cotești Winery (also named Podgoria Valahă Cotești Winery) (1)
- Domeniile Stănescu Winery – Vârteșcoiu (2)
- Crama de sub Tei Winery (part of the Odovitis Focșani company) – Jariștea (3)
- Crama Copaci Winery – Jariștea (4)
- Crama Bolovan Winery – Jariștea (5)
- Crama Milică Costea Winery – Țifești (6)
- Veritas Panciu Winery (7)

**Figure 1 The Route of ‘The Road of Vineyards’<sup>2</sup>**



<sup>2</sup> In the picture, PODGORIA COTESTI means Cotești vineyard, PODGORIA ODOBESTI means Odobești vineyard and PODGORIA PANCIU means Panciu vineyard

One advantage of this route is its proximity to the E85 highway. Although all the wineries are more or less accessible (despite the roads being inadequate and in some cases almost disastrous), one real problem is finding some of the locations as they are situated far from the roads (especially Crama de sub Tei and Crama Bolovan), the traffic signs<sup>3</sup> are not sufficient and it is possible that even local people would not know the areas where such firms are located.

As for accommodation possibilities, only three out of the seven wineries can accommodate tourists at their sites: Dyonisos Cotești, Crama Domeniile Stănescu and Crama Bolovan are able to provide such services starting from four people (Crama Bolovan) to 13 people (Dyonisos Cotești). In addition, the accommodation is usually boarding house (one-star or two-star guest houses/pensions). The same applies to food services, and only three companies have proper dining facilities (Dyonisos Cotești, Crama Bolovan and Veritas Panciu).

In case of increased tourist numbers, additional accommodation and food facilities along the route could provide some services, but they could not cope with a constant flow of visitors. Although there are some larger facilities in the county, they are quite far from the wine route. Visiting them would require tourists to divert from their itinerary, which could be a prohibitive factor for people who want to visit the wineries.

Tourists interested in visiting such places have the opportunity to taste different varieties of Romanian and foreign wines, at the wine cellars. Almost all of them have special rooms for wine tasting (except for Crama Milică Costea, which is not normally open to visitors), and can host up to 10 people (Crama Copaci) or up to 45 people (Dyonisos Cotești). Site tours usually include visits to places where the wine is produced, bottled, stored or preserved to mature, showing the production process, the role of each machine or the history of the wines made in each winery. There are also some special attractions, such as a small museum dedicated to viticulture and winemaking (Dyonisos Cotești) or the famous Wine Caves of Stephen the Great at Veritas Panciu.

---

<sup>3</sup> To mark the location of the route, roadside indicators (green traffic-like signs) have been placed in all the areas included on The Road of Vineyards, along the itinerary, indicating the most important wine-localities that can be visited. Although they may prove helpful for those who do not know the route, providing some basic information for guidance, they do not specify the exact location of the wineries or of the other structures of interest to visitors (such as accommodation, food or leisure)

Most of the time visiting and tasting are free, except at Veritas Panciu, where tourists must pay to visit it and taste some of the company's products. Usually such free services are provided promotionally, to persuade tourists that the products are of good quality and worth being purchased (both directly from the wine cellar and from the stores). In most cases it is not necessary to give notice of arrival, although such practice is recommended and appreciated (except at Veritas Panciu, where visitors usually need approval from the management), although rare exceptions are accepted. The companies do not set clear visiting schedules nor impose any limitations on the number of tourists that can be hosted.

None of the locations has a specialist guide responsible for dealing with tourists (in the past, there was such a person at Veritas Panciu only), and this task is usually assigned to an employee who is available when required to show tourists the place, arrange wine tasting, etc.

In recent years, the number of visitors arriving at the wineries/wine cellars along the route has been small, amounting to no more than a few dozen. Veritas Panciu is the exception; it attracted about 1000 visitors in 2009, which was a 'below average' year. Most of the visits have been organised for groups; the majority of the tourists come from abroad (from France, Germany, Scandinavia, et al.). Regarding the channels through which visitors arrived, they came both through travel agencies (such as Vrancea Tour or J'Info Tours for Veritas Panciu), through Vrancea County Council (Dyonisos Cotești) or through the National Association of Rural, Ecological and Cultural Tourism (ANTREC) Vrancea (Crama Copaci and Crama Bolovan), and also without any form of arrangement.

Tourists interested in visiting the sights along the Road of Vineyards are mainly transit visitors to other attractions in the county or outside it, who are willing to see the wine cellars and wine caves, to taste different wines, visit vineyards or to get professional information, from Veritas Panciu in particular.

All the companies along the route are promoted through leaflets and brochures published and distributed by ANTREC, and most of them also post some information about wine-tourism services on the association's website (apart from Crama Copaci and Veritas Panciu). Other ways to make public what they offer include participation in various national and international festivals for wine or tourism (Dyonisos Cotești, Crama de sub Tei, Veritas Panciu), or through their own websites (only Dyonisos Cotești and Crama de sub Tei).

In addition to the seven wineries mentioned, tourists can visit other wineries/wine cellars in the county or religious tourist attractions (monasteries, hermitages), historical sites (mausoleums, memorial houses), ethnographic or natural sights (nature reserves, landscape sites); however, they are sometimes located far from the Vrancea wine route.

**The Bacchus Festival of Wines and Vineyards** takes place every year in Focşani (the county town), and is organised mainly by Vrancea County Council. The festival gathers together important companies (Romanian and foreign) who have viticulture, wine or gastronomy as their main business and also various craftsmen, providing many opportunities for leisure and attracting thousands of participants each year. However, it may be argued that the event does not fall completely into the wine tourism business as its principal activity is to market the products of the participants and not to promote the practice of tourism.

Considering the huge and still untapped potential of tourism, the wine-based profile of the county and the fact that viticulture is the main source of income for about a quarter of the people living in Vrancea, it can be seen that the development of wine tourism in the area analysed by the study is essential. Therefore, the authorities and strategic policy makers must seriously consider adopting effective measures as soon as possible, so that the vineyard area of Vrancea County attracts more visitors and thus obtains additional funding to support the development of the county's rather poor economy.

### ***Questions and Activities***

*This case study was based on a student dissertation.*

#### **Choose a wine tourism region and research it.**

1. What measures could the chosen wine tourism companies in the region (wineries, wine cellars, travel agencies, etc.) take to attract more tourists?
2. How might local organisations contribute to the development of wine tourism?
3. What elements are most important for tourists when they visit a winery/wine cellar? What elements have most influence on visitors' impressions of such companies? Justify your response.
4. What kind of tourism products would lend themselves best to tourism in the wine areas? Give reasons for your selection.
5. How else might wine tourism be analysed locally and nationally?

### Further Reading

Carlsen J. and Charters S. (2006). *Global Wine Tourism: Research, Management and Marketing*, CABI International: Oxon

Hall C. M. (ed.) (2003). *Wine, Food and Tourism Marketing*, Haworth Hospitality Press: New York

Hall C. M., Sharples L., Cambourne B. and Macionis N. (2000). *Wine Tourism Around the World: Development, management and markets*. Elsevier Butterworth-Heinemann: Oxford.

### Appendix 1 Vrancea County Map



## References

- Carlsen J. and Charters S. (2006). *Global Wine Tourism: Research, Management and Marketing*, CABI International: Oxon
- Hall C. M., Sharples L., Cambourne B. and Macionis N. (2000). *Wine Tourism Around the World: Development, management and markets*. Elsevier Butterworth-Heinemann: Oxford
- [http://wikitravel.org/en/Wine\\_tourism](http://wikitravel.org/en/Wine_tourism), *Wine tourism* [accessed 3 March 2010]
- Symon, N. (2005) The development of wine tourism. In E. M. Ineson (ed.) *Current Issues in International Tourism Development*, Business Education Publishers, Sunderland, pp. 29-42.
- Thach L. (2007), *Trends in Wine Tourism*;  
<http://www.winebusiness.com/wbm/?go=getArticle&dataId=50125> [accessed 18 March 2010]
- Tourism New South Wales (2000), *Understanding your tourism market*;  
[http://corporate.tourism.nsw.gov.au/Sites/SiteID6/objLib13/understanding\\_your\\_market.pdf](http://corporate.tourism.nsw.gov.au/Sites/SiteID6/objLib13/understanding_your_market.pdf) [accessed 26 March 2010]
- Winemakers' Federation of Australia (2005). *The Strategy 2025. The Australian Wine Industry looks ahead* [on-line] available from:  
<http://www.winetitles.com.au/awol/overview/strategy2025/> [accessed 22 March 2005]

# **Recruitment in Romanian Tourism Companies**

by **Maria Tatarusanu**

## **Introduction**

According to statistics from the World Travel and Tourism Council, based on data provided by 181 countries around the world, the contribution of the travel and tourism sector to total employment of the labour force is 235,758 million jobs, which represented 8.1 per cent of the total occupied workforce in 2010 (WTTC, 2010). Forecasts made by the same body indicate an increase of the labour absorption to 9.2 per cent in 2020. Given these data, one cannot deny the travel and tourism industry's role as an extremely important employer in many countries.

For a long period, the tourism sector represented the last option for people seeking employment, not only because of the seasonality influences and the difficulties of building a career, but also because of the low level of wages compared to other industries and sectors of the economy (Tătărușanu, 2009). Jobs created in the travel and tourism industry are either direct or indirect jobs as a result of the multiplier effect that takes place throughout the economy (tourism development involves the development of other economic sectors or industries that are complementary). They are measured separately by the World Travel and Tourism Council, based on a methodology developed by this body.

## **Characteristics of Employment in the Travel and Tourism Industry**

Jobs created in tourism are influenced by the conditions of growth and tourist planning in the receiving areas, the utilised forms of tourism, and the governmental policies in this field. These all have certain characteristics: seasonality, territorial and professional mobility, social mobility, the skill level and low income, temporary nature and high risk of unemployment, and psychological constraints (Pascariu, 2006).

Studies show that employees of companies with activities in the tourism sector are mainly women. Thus, according to Eurostat, in 2007 over 60 per cent of employees within the tourism sector were women, compared to 45 per cent in other sectors of the economy (Eurostat, 2007). In Romania, according to the same bulletin, in 2007 72 per cent of the



employees from hotels and other accommodation establishments were women, while the proportion was 69 per cent in Germany and, at the opposite end, Malta with 38 per cent.

The age of the employees at the travel companies is another important aspect. Hotels, restaurants and the accommodation sector provide jobs especially for young people. Thus, 48 per cent of employees from hotels and restaurants and 43 per cent of employees from the accommodation sector were under the age of 35 in Europe in 2007 (Eurostat, 2008). Cyprus is the only country where the age profile of employees from the tourism sector differs markedly, with only 28 per cent under the age 35 according to the same study.

The statistics show that the skill level of employment in tourism is low, indicating a significant proportion of unskilled labour in the travel and tourism industry, wages being lower than those from the industry and other services. According to the Eurostat study, in 2007 36 per cent of the employees from the accommodation sector had not completed high school compared with the overall average ratio of 25 per cent for European employees (Eurostat, 2008). It is also noted that employees from this sector have low IT skills, with only 36 per cent of them using a computer at work (Eurostat, 2008).

If one takes into account the example of Romania, the study shows that the average wage is far below that of other industries. Thus, according to the National Institute of Statistics, in 2007 the average gross earnings in hotels and restaurants was 225 euros per month; only in fishing and pisciculture was there a lower level of gross average wage of 229 euros per month (INSS, 2009).

In addition, there is a major difference between employees' incomes in tourism from underdeveloped countries and countries with a developed economy (Pascariu, 2006). For example, the wage cost of the Hilton hotel chain is only 20 per cent of its turnover in less developed countries compared with 30 to 40 per cent in North America.

The turnover ratio is higher in companies that develop their activities in the travel and tourism industry. It has been ascertained that job stability is lower than in other sectors; on average the length of employment at tourism companies is six years, compared to ten years in the overall economy in Europe in 2007 (Eurostat, 2008).

The specifics of tourism activities, in particular periods of intense activity, bring psychological constraints. Thus, employees from the tourism sector must often work outside of scheduled hours, compared with the normal working time programme of other companies. Furthermore, during periods in which the number of tourists is very high, the workload is correspondingly high; as a result many employees must make considerable effort in withstanding the high physical and mental demands placed upon them.

Direct contact with tourists requires that employees possess special skills to cope with the psychological constraints imposed by working in tourism. Therefore the recruitment and selection process is based on the following essential elements: mental availability, appearance, knowledge and ability to learn foreign languages, patience and self-control, and willingness to work long hours. Finally team work ability is required because standardisation of services is very difficult to achieve in the service sector (Pascariu, 2006, p.179).

In order to identify the types of job created in the travel and tourism industry of Romania, and the requirements specified for their employment, the author carried out a study based on 52 vacancies posted on several specialised websites (ejobs.ro, bizoo.ro, infotravelromania.ro) from February to December 2010.

Analysis of the recruitment advertisements allowed the identification of several characteristics of the jobs:

- There is a wide variety of jobs in the travel and tourism industry, both for management and executive positions
- Related work experience is more important than academic qualifications. Subject specific academic studies are required for 21 positions (37% of posts), whereas work experience is a prerequisite for candidates in 36 positions (63%)
- Two announcements were related to fixed-term jobs (travel agency director and tour leader). If, however, the 14 jobs on cruise ships are included, where the exact employment period is not specified but one assumes a contract for a determined time, then the percentage of fixed-term jobs increases significantly (30.7%)
- Three of the advertisements (6%) refer to part-time jobs (salesperson, tour operator); 5. 69.2% of the vacancies require knowledge of foreign languages (most often fluent English), and for 40% of the vacancies a second language is required or considered an advantage

**Table 1 Recruitment Advertisements for Vacancies in Romania from February to December 2010**

<p>1. We hire a <b>travel agent</b> in Bucharest. <b>Requirements:</b></p> <ul style="list-style-type: none"> <li>- Good knowledge of English, knowledge of other languages is an advantage (French, German)</li> <li>- Minimum 1 year experience on the job in a travel agency</li> <li>- Sales skills</li> <li>- Proficient in using Microsoft Office (Word, Excel, Outlook, Power Point, Internet)</li> <li>- Familiar with hotel-booking systems</li> <li>- Seriousness, professionalism, communicative, ambition, conviction skills</li> <li>- Ticketing (is an advantage)</li> </ul> <p><b>What we offer:</b></p> <ul style="list-style-type: none"> <li>- Fixed salary + commission from sale</li> <li>- Work pass</li> </ul> <p>Applications to this job (C.V. and cover letter) to e-mail: <a href="mailto:mr@xmx.ro">mr@xmx.ro</a> or fax: 004098884006 For more details ph. 0798148081.</p> <p>2. <b>We are looking for colleagues ready to coordinate a new travel agency from Timisoara.</b> It requires a minimum of three years experience and knowledge of German and/or English. Please send your CV to: <a href="mailto:cristianjurji@yahoo.com">cristianjurji@yahoo.com</a>. More information at 0779253005. Publication Date: March 18, 2010</p>
--

- It is a compulsory condition to opening a hotel or travel agency, in Romania is required, often, as the occupant of a post of tourism agency director to have the Tourism Brevet (7% of cases). Note: The Tourism Brevet is a certificate which attests the ability of the director of a travel agency or hotel to perform activities specific to their position. To conform to the Romanian regulations, every person who wants to work as a director in a hotel or a travel agency must obtain this certificate issued by the Ministry of Tourism (H.G. n. 238, 2001).
- The skills mentioned by employers as requirements for applicants include: communication skills (19% of advertisements specify this), computing (28.8%), knowledge of specialised software (9.6%), working under stress (7.6%), selling skills and pleasant appearance
- 26.9 % of the advertisements specify certain conditions on age (up to 35 years, 22-35, 20-40)

- In terms of wages, 15.8% of the advertisements refer to a fixed salary and commission: 7.6% offer between 1,000 and 1,600 RON (250-350 euros respectively), 1.9% provide roughly 185 euros, 27% (for cruises) are waged above 700 euros, 13.5% make a vague reference to a salary level offered for the promoted jobs (“motivating” etc.), and 35.5% contain no reference to wages or benefits
- Rarely is the opportunity for career progression provided for candidates
- An inadequate promotion of job vacancies was also evident. Most advertisements refer only to the requirements for candidates, with little or no indication of the working environment, tasks and responsibilities of the job

### **Conclusion**

The success of the travel and tourism industry depends, more than other types of companies, on the quality of human resources. It is known, however, that the turnover rate is much higher than in other industries, due to job characteristics: seasonality, social and professional mobility, reduced career prospects, etc. In the present study jobs in transport were not taken into account, especially airline transport, where wages and benefits are much higher, but only jobs in hotels and travel agencies.

### **Questions**

1. What are the main requirements for entry-level jobs in the travel and tourism industry?
2. What are the negative effects of high turnover rates on companies in the tourism business?
3. How should recruitment for the travel agent position be planned and conducted by a Human Resources Manager?
4. Identify three employees in tourism companies and ask them questions about:
  - a. The position they hold
  - b. Reasons for seeking employment/working in the company
  - c. Selection criteria for employment in the post
  - d. Salary and other benefits
  - e. Main tasks, duties and responsibilities of the job
  - f. Job employment period
  - g. Career within the company
  - h. Intent on leaving the company or not

### Follow-up Activity

- Present the results of your study in a brief report

### References

Eurostat (2007). *Employment of women in the tourist accommodation sector – nr. 18/2007*, [http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-QA-07-018/EN/KS-QA-07-018-](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-QA-07-018/EN/KS-QA-07-018-) [accessed 10 March 2011].

Eurostat (2008). *The tourist accommodation sector employs 2.3 million in the European Union – n. 90/2008*, [http://epp.eurostat.ec.europa.eu/page/portal/product\\_details/publication?product\\_code=KS-SF-08-090](http://epp.eurostat.ec.europa.eu/page/portal/product_details/publication?product_code=KS-SF-08-090) [accessed 10 March 2011]

H.G. nr. 238/2001 privind condițiile de acordare a licenței și brevetului de turism, [http://www.mt.ro/transparenta/L\\_B\\_26\\_IUN.pdf](http://www.mt.ro/transparenta/L_B_26_IUN.pdf) [accessed 10 March 2011].

INSSE (2009). *Anuarul Statistic al României 2008*. available at: <http://insse.ro/cms/files/pdf/ro/cap.4pdf,2009> [accessed 10 March 2011].

Pascariu, G. (2006). *Evoluții și tendințe în turismul internațional. Fluxuri, piețe, politici*, Editura Sedcom Libris, Iași.

# TOURFILM

by Liběna Jarolímková

*Note: All of the supplementary notes (1-6) follow the case.*

## **Introduction**

The international festival of films devoted to tourism, TOURFILM, is the oldest such festival in the world. The festival takes place in Karlovy Vary (Carlsbad) in October every year<sup>1/</sup>. This case study uses information about the festival to deepen the professional knowledge and skills of future tourist business managers. In particular, it helps them to evaluate complex situations, find imaginative solutions and set strategic objectives to assist decision-making.

After answering the questions in this case study, students/trainees will be able to:

1. Analyse a situation, foresee future developments and suggest imaginative solutions and set strategic objectives to assist with the further evolution of the festival.
2. Notice basic factors and understand their influence on the organisation of an international festival (and in the same way, of other similar events organised in the travel business).
3. Understand the process of organising an important international festival
4. Comprehend the importance of an international festival for the development of the tourist business.
5. Realise the importance of tradition and resolve the conflict between preserving tradition and respecting contemporary and future demands of interested consumers.

## **Description of the Festival and its Importance**

The international festival TOURFILM is the oldest, biggest and most famous competitive festival in the world which specialises in films devoted to tourism.

The TOURFILM festival organiser is the agency CzechTourism (National tourist organisation). Since 1992, the agency AVANT Promotion s.r.o has been entrusted with the organisation of the festival. TOURFILM is a member of the International Committee of Tourism Film Festivals (C.I.F.F.T.) residing in Vienna<sup>2/</sup>.

## The Festival Programme

The programme consists of several parts:

- Competitions
- Professional
- Festive
- Others

The main goal of the festival is to present and evaluate films, audiovisual recordings and multimedia whose content and artistic level support the development of the tourist business. Those video recordings, TV films, commercials and multimedia are accepted for competition, whose purpose is the popularisation of the tourist business with one of the following themes: countries, regions and cities, active utilisation of leisure time (culture, sport etc.), and the support of commercial objectives in tourist business. The competition has four categories:

1. Video recordings and films representing states, regions and cities
2. Video recordings, clips and films of commercial tourism
3. TV films with the theme of tourist business
4. Multimedia (www and CD ROM) with the theme of tourist business

Competing recordings are evaluated by an international panel consisting of film directors and specialists in the tourist business. The panel is appointed by the Festival Committee every year. It awards one main prize – the Grand Prix and then three winners in each category.

Only 30 countries submitted an entry in 1967; in contrast to 2010 when 136 countries participated (with around 600 recordings).

The **Professional programme** encompasses:

- Projections of submitted recordings and multimedia, divided according to continent
- Workshops, discussions and exchange of experience among specialists in the tourist business, film directors and journalists
- Exhibitions with the theme of travelling (exhibitions of photographs, promotional material, maps and guidebooks from the TOURMAP competition)
- Briefings and meetings with prominent travellers
- Presentations of TV companies
- TOURFILM Student Academy (lectures by experts concerning the topic of advertising)

The **Festive programme** comprises additional festive, gastronomic, cultural and sport events (golf, tennis). Other parts of the programme are intended for media representatives (press conferences, Media Party), partners etc. They also include commercial and other events. The main programme of the festival for the public takes place over two days, some events are offered over the whole Carlsbad week. Events happen in several places simultaneously. The opening ceremony and the following main programme (the show of the festival's celebrity and meeting with famous travellers) take place in the Small Hall of the hotel Thermal. Competing recordings are shown in three halls simultaneously. In adjacent rooms, additional exhibitions and shows of the guests take place. A specific programme for media representatives is held in special areas. The TOURFILM Student Academy is held in the congress hall. The entertainment programme and extreme sports' display are hosted in front of the hotel Thermal. The Nether Railway Station hosts the airing of the competing films in the Cinematotrain and a tennis tournament takes place in the Geyser Park. The festive Gala evenings, during which the creators of winning recordings receive prizes, are held during both days in the Ceremonial Hall of the Grandhotel Pupp.

### **The Importance of the Festival**

The festival's importance lies mainly in its professional contribution. It provides the opportunity to meet and establish new contacts and for film directors to exchange experiences. It also provides the chance to get to know trends and news and to compare one's own creations with the best of the best. The prizes awarded are a prestigious opportunity for producers. The festival also makes an important contribution to strengthening Carlsbad's image and the reputation of the entire Czech Republic.

### **Participants in the Festival**

Participants in the festival are primarily specialists in film production, the tourist business and also teachers and students of schools specialising in tourism. A specific group of participants are VIP guests of TOURFILM – the invited performers, members of the panel, representatives of state, regional and town institutions, representatives of sponsor and partner companies. Another group are journalists. A huge part of the programme is meant for the public who enjoy travelling – in particular the citizens of Carlsbad and its guests. A number of visitors includes foreign guests, both specialists and the general public. All parts of the programme are available for everyone for free. The only exception is the Gala evenings that are, for capacity and for decorum reasons, opened for invited guests only. Collecting data



about the visitors of the festival is difficult, because a huge part of the programme takes place outdoors. The estimate (in 2010) for specialised visitors is 400 persons and over 3000 persons of the public.

### **The Development and History of the Festival**

The TOURFILM festival first took place in 1967 in the town of Špindlerův Mlýn. As the number of visitors grew and the festival developed, the capacity of Špindlerův Mlýn became insufficient. The festival was therefore moved to Carlsbad to the Grandhotel Pupp in 1974 and in 2009 to the hotel Thermal. The reason for the last change was better facilities for organising the specialised programme. The Festive part of the programme has stayed at the Grandhotel Pupp.

Apart from the change of venue, the programme of the festival also underwent several changes. New categories for the competition were added according to the development of media: the TV travel films category and multimedia category (www and CD ROMs). These new categories are showing progress every year. Since 2003, a famous celebrity has been invited every year. The ‘festival star’ presents his or her work during the main programme. The Czech public therefore has the opportunity to learn about his or her exceptional achievements. So far, the following celebrities have been introduced:

#### Erich von Däniken

A writer; the author of 29 books concerning still unsolved mysteries of our planet; the main advisor of the TV series *The X-Files*. In 2003 Däniken opened *The Mystery Park* in Interlaken in Switzerland, where he introduced mysterious places of our planet through a virtual presentation, but due to unsatisfactory profitability the park closed after five years.

#### Jane Goodall

A researcher who studies the behaviour of wild chimpanzees. She has written 22 books and shot 13 films, of which *Return to Gombe* was presented during TOURFILM in 2004.

#### Reinhold Messner

A mountaineer and famous adventurer; he is the first man to have conquered all 14 eight-thousanders. He has climbed Mount Everest twice without oxygen masks, organised more

than 20 trips to see yeti, and written around 50 books. He shoots films and gives lectures all over the world.

Mark Inglis

A mountaineer; he has conquered Mount Everest despite having both legs amputated.

Michael Palin

A member of the famous group Monty Python's Flying Circus, he has shot six major travelogues for the BBC and has become one of the most respected TV travellers in the world.

Mike Horn

An extreme sports instructor and one of the most famous adventurers and travellers, he has been a member of many expeditions. He is also of the four-year PANGEA expedition.

Ian Wright

One of the best new generation TV travelogue broadcasters in the world. He is the star of The British TV program Globe Trekker.

Charlotte Uhlenbroek

A researcher; she shoots exceptional films about communication with animals and about the life of chimpanzees in African jungle for the BBC.

A guest of honour is usually also the well-known Czech traveller, ethnographer and writer, Dr. Miloslav Stingl<sup>3/</sup>.

Every year, the supporting programme of the festival is expanded and becomes more attractive to the public. For example, the cooperation with Czech TV companies is developing since most TV channels also air films and programmes about travelling. During the 'Day with the TV', the TV companies have the opportunity to present their programs about travelling. The entertainment programme is being expanded as well, in 2010 there were many adrenaline sports in front of the hotel Thermal (aquaball in a pool, a trampoline, segway, jumping boots, a jumping castle, a jumping hot-air balloon, a tourist bus PRAGA from 1925). There is also a special part of the programme for children, called 'The Children's Day with TOURFILM'. Another part of the programme is a golf and tennis match.

As the festival developed, it became connected to other events specialising in the tourist business. Since 2003 it has grown thanks to the national festival of tourist films TOUR REGION FILM. Approximately 170 films participate in the national competition – it is independent and the results are announced separately from the international competition. In 2004, TOURMAP, a competitive festival, became part of TOURFILM. TOURMAP awards prizes to guidebooks and maps. As a part of the festival's programme, an exhibition of the competing titles (around 300) is held.

Since 2010, TOURFILM has been part of the Carlsbad Week<sup>4/</sup>. Due to the connection of TOURFILM and the Spa Festival under the Carlsbad Week, the TOURFILM competition was extended with a section of movies with a Spa theme.

### **Elements of Organisation**

Preparation for the festival is a long-term matter; in particular the invitations for important guests have to be sent in advance, sometimes even more than one year before the festival takes place. The competitive part of the festival is also kept secret from the public and is prepared several months before the festival begins (submissions, evaluation by the panel). The organiser looks for new participants and partners all the time; the festival is advertised during key tourist business fairs in London, Berlin, Madrid, and Milan etc.

The organisation of the festival includes putting together the programme and ensuring the participation of all performers, Czech-English translations, organising all locations and equipment needed, information service etc. Apart from preparing the programme, other services have to be provided: transportation, catering, guest services (for performers, members of the panel, VIP service for guests of honour – accommodation, trips/excursions, and personal services), services for the media (providing a press centre), and additional services. It is also important to arrange advertising the festival in advance.

### **Funding the Festival**

The state's contribution is about a third of the budget. Other financial sources are contributions by the city and the region, contributions from partners and sponsors of the festival. Some services use a bartering system in place of payment (for instance advertising, decoration during events).

## **Conclusion**

After 43 years of the festival, TOURFILM has become a set date in the calendar of specialised events in the Czech Republic. During its development, the festival grew in terms of the number of competing recordings, their categories and participating countries. The specialised programme has been extended as well, together with additional activities and, in turn, the cross-section of visitor segments was extended. The festival has so far been capable of keeping up with the times, reacting to changes in society, the dynamic development of the tourist business, media and technology. The success of TOURFILM is not incidental; it was brought about by a cautious strategy of festival development.

## **Supplementary Notes**

1/ Karlovy Vary (Carlsbad) is the biggest and most important spa city in the Czech Republic. It has a very good infrastructure for the development of the tourist business, a wide variety of spa stays, and a rich cultural and Festive programme. These are the reasons why visitors from all over the world come here. The city lies in the west part of the Czech Republic, 120 kilometres from Prague, the capital.

2/ C.I.F.F.T. (Comité International des Festivals du Film Touristique) was founded in 1989. This institution connects the organisers of the most important film festivals in the tourist business. The goal of this organisation is to coordinate festival dates in a given year and to support films about the tourist business. The finale of the series of film festivals and a year's worth of work is the 'festival of festivals' – the C.I.F.F.T. festival in Vienna.

3/ Dr. Miloslav Stingl, born in 1930, is a famous Czech ethnographer, writer and traveller. He has worked for the Academy of Sciences of Czechoslovakia; he studied non-European nations and their culture and art. He has visited 151 states, driven around the Earth 16 times and he has written 41 books about his journeys and research. He is an honourable chief of the Indian Kickapoo tribe.

4/ The Carlsbad Week is a project of the CzechTourism agency, its goal is to support advertising and commerce in the tourist industry and spa business. It has been organised since 2005; nowadays it combines three important events of the tourist business:

- The TOURFILM film festival
- The Spa Festival
- The Conference of the Association of the Spa Areas of Czech Republic

## Questions, Activities and Further Development

*For the future:*

- What are future possibilities of the development of the festival?
- What is fundamental for the continuation of the festival; what is a key factor? (Finances, interest in participating – to submit films for competition...)
- What feature, from the 43 festivals organised so far, do you consider to be fundamental and important to be preserved as a traditional part of the festival; what factors have already been surpassed and what new ones would you incorporate?
- Is Carlsbad a fitting place for the festival, also for the future?
- What will influence the festival during the years to come?
- What could endanger the festival during the years to come?
- Who are the participants of the festival; is it desirable to change the composition of the guests? If so, why and in what way?
- What do creators (filmmakers, advertising agencies) expect to gain from the festival?
- What do producers (submitters, those who fund the films) expect to gain from the festival?
- What do representatives of the city expect to gain from the festival?
- What do State institutions expect to gain from the festival (The Ministry for Regional Development, The Czech Tourism Authority)?
- What do specialists expect to gain from the festival?

*For the programme and organisation of the festival:*

- How can the festival be attractive to the public?
- What is the content of the festival? Is it desirable to change its structure? In what direction?
- How would it be possible to encourage more self-funding to increase the profits from the festival?
- Precisely formulate the goals of the festival for the following year, in five years and in 10 years
- Suggest celebrities who you would invite to the Festive programme of the festival and justify your choices
- Suggest main themes for the festival for the following three years
- How do media influence the image of the festival in the eyes of the public and specialists?

*For advertising:*

- The centre of the festival is film production. What changes occurred in the content in the past? What sort of development can be expected in the future?
- If you were a member of the panel, what criteria would you choose for the evaluation of the films? How much would each criterion contribute to the overall evaluation of the film?
- Who would you nominate as a member of the panel for an international festival?
- (After having seen the winning picture from last year's festival) Why (due to what features) was this film considered to be the best?

### **Websites**

<http://tourfilm.cz/> [accessed 14 February 2011]

The winning competing film: 2010 *Welcome to Riga* [http://www.tourfilm.cz/?setWeb=1;  
http://www.youtube.com/results?search\\_query=Welcome+to+Riga++&aq=f](http://www.tourfilm.cz/?setWeb=1;http://www.youtube.com/results?search_query=Welcome+to+Riga++&aq=f)  
[accessed 14 February 2011]

### **Acknowledgements**

To PhDr. Josef Schütz, the director of the agency AVANT Promotion s.r.o. and the festival TOURFILM, for his long-term cooperation and helpfulness to students - future experts in the tourism business.

# Menu Engineering

by Sandra Janković

Marendica is a small local fast-food restaurant that has offered a variety of simple meat and fish dishes in an unchanged form for a number of years. Two months ago a new diner opened across the street from Marendica. The new place offers similar dishes to Marendica, but the dining environment is more pleasant and upscale and the prices are slightly higher. Luka, the owner and manager of Marendica, has been facing some serious problems in his business: In the last two months his turnover has dropped by over 30 per cent, which has substantially decreased his profit. Luka is very concerned and afraid for his business. Since the summer season is about to begin, which is traditionally the highest revenue grossing period of the year, Luka has decided to update his menus by doing the following:

1. Changing the prices of certain menu items (dishes)
2. Introducing some new menu items (dishes)
3. Discontinuing some unprofitable menu items (dishes)

Unfortunately, Luka does not know the individual profitability of the menu items that he serves, and has therefore decided to seek advice from a local consultant. The consultant asked Luka to provide the following information for the last two-month period: the number of items sold, item selling prices and item costs. After a few days, Luka gave him the following table:

**Table 1** Marendica's Menu Items

Menu item	# Sold	Selling price	Item food cost
Kebab (Ražnjići)	104	4.1	1.2
Meat patties (Čevapčići)	408	1.1	1.2
Burger (Pljeskavica) with cheese	268	4.8	1.1
Grilled chicken	240	5.5	1.1
Grilled veal	44	6.2	1.9
Grilled tuna	414	6.2	1.8
Grilled calamari	162	6.8	2.4
Grilled sardines	628	4.8	1.0
Grilled hake	204	5.5	1.3
Total	2,472		

**Table 2** Luka's Menu Engineering

Menu item	# sold	Selling price	Item food cost	Total sales	Total food costs	Item contribution margin	Total contribution margin	Food cost %	Profitability	Popularity	Classification
Kebab (Ražnjići)	104	4.1	1.2	427	126.8	2.9	300.6	29.7	Low	Low	Dogs
	408	4.1	1.2	1,677	480.7	2.9	1,196.1	28.7	Low	High	Plough horses
Meat patties (Ćevapčići) with cheese	268	4.8	1.1	1,285	290.0	3.7	994.9	22.6	Low	High	Plough horses
	240	5.5	1.1	1,315	266.3	4.4	1,048.8	20.3	High	High	Stars
Grilled veal	44	6.2	1.9	271	84.4	4.2	186.8	31.1	High	Low	Puzzles
Grilled tuna	414	6.2	1.8	2,552	737.3	4.4	1,814.8	28.9	High	High	Stars
Grilled calamari	162	6.8	2.4	1,110	390.6	4.4	719.0	35.2	High	Low	Puzzles
Grilled sardine	628	4.8	1.0	3,011	645.2	3.8	2,365.8	21.4	Low	High	Plough horses
Grilled hake	204	5.5	1.3	1,118	265.5	4.2	852.3	23.8	High	High	Stars
Total	2,472			12,766	3,286.7		9,479.1	25.7%			

The consultant promised Luka he would complete a menu analysis within seven days along with suggestions for further action to increase

Marendica's overall profitability. After the seven-day period, Luka attempted to contact the consultant on numerous occasions, but without success

Average contribution margin = **3.83** Average popularity =  $70\% * 1/n = 70 * 1/10 = 7\%$

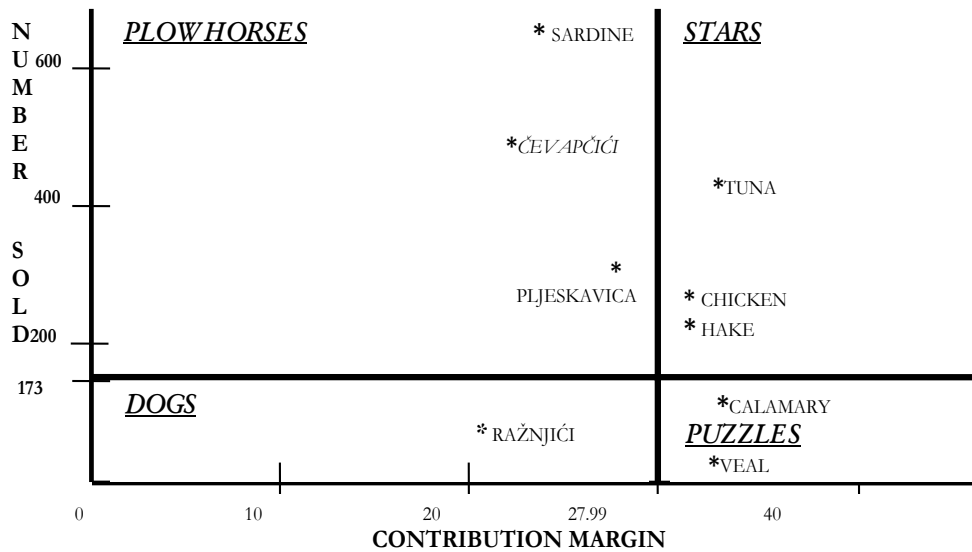
Average popularity = **173.04**

- Total sales in 2 months 12,766
- Total food costs 3,286.7
- Food cost percentage 25.7%
- Average contribution margin  $[(12,766 - 3,286.7) / 2,472] = 3.83$
- Average popularity  $70\% * 1/10 = 7\%$ ;  $2,472 * 7\% = 173.04$



It turns out the consultant planned to go on vacation, and he did not do what he promised. A day before he left, he e-mailed Luka only the information in Table 2. He asked to meet Luca in three weeks' time (after he comes back from vacation) to discuss possible action. In the meantime, the consultant suggested that Luka looked into the data by himself. Please could you help Luka and suggest some action and implications for overall profitability, because he cannot wait three weeks?

**Figure 1** Luka's Menu Engineering Matrix



### Questions

1. Are the menu items priced correctly?
2. Which menu items are you going to change the price of? Why?
3. Would you recommend that Luka discontinues some menu items? If so, which ones?
4. Would you recommend that Luka introduces some new menu items?

### Further Reading

Pavesic, D.V. and Miller, J.E. (1996). *Menu Pricing and Strategy*. (4<sup>th</sup> edn.), John Wiley and Sons, New York.

# Evaluation of the Hungarian Hotel Estate Market in 2010

by Lajos Török

## Aim

The aim of this case study is to analyse Hungarian hotel estate prices and to demonstrate that these are below the estimated market value of properties due to the oversupply of hotels in the Hungarian tourist market.

## Methodology

- I. The prototype for this case study is a four-star hotel with 80 rooms located in Budapest.
- II. The profitability of the prototype hotel is evaluated using the revenue data, average room prices and occupancy rates published by Hungarian Central Statistical Office (HCSO, 20011a; 2011b) for 2008, and the cost data based on professional estimations<sup>4</sup> (Török 2005). Profitability is extrapolated for 10 years. The maximum investment cost is determined by the sum of 10 years of net operating profit and the present value of hotel estate.
- III. The change in profitability is observed by the data for the international financial crisis year 2009. The second extrapolation of operating profit based on these data is established.
- IV. The investment cost calculated for the established prototype resembles the real hotel prices published by the media and estate agencies.

The calculation is made in HUF, using an exchange rate of HUF 317=1GBP, and HUF 274 =1 EUR.

## I. The Position of the Hungarian Hotel Market

First, it is pointed out that the hotel market supply has increased in the last 10 years, while the number of tourist guest nights has remained relatively constant, indicating an oversupply in the market which, in turn, caused a decrease in occupancy rates and room prices. This situation characterised 2008, but the international financial crisis caused more serious problems in the following year of 2009.

**Table 1**      **Occupancy Rates of Hotel Rooms by Category**

---

<sup>4</sup> Behringer, Török (eds.): *Tourism and Catering Management*, Szókratész, 2005, Budapest

Source: Hungarian Central Statistical Office (2011a)

Hotels	Five-star	Four-star	Three-star	Two-star	One-star	Average
<b>2007</b>						
Country total	68.4%	56.8%	45.9%	31.7%	34.7%	50.1%
Budapest	70.8%	65.4%	51.9%	46.5%	38.0%	61.2%
<b>2008</b>						
Country total	61.2%	54.6%	44.6%	32.5%	34.8%	48.5%
Budapest	65.1%	61.6%	52.0%	51.5%	47.9%	58.7%
<b>2009</b>						
Country total	53.7%	48.5%	38.7%	30.7%	23.9%	43.1%
Budapest	57.4%	51.7%	42.1%	48.3%	22.3%	49.6%

Table 2 Average Room Rates of Hotel Rooms (HUF) in 2007, 2008, 2009. Source: Hungarian Central Statistical Office (2011b)

	Five-star	Four-star	Three-star	Two-star	One-star	Average
<b>2007</b>						
February	28,603	13,606	8,468	7,259	6,040	12,195
May	40,251	16,951	9,727	7,772	4,335	14,724
July	31,128	14,790	9,838	7,931	5,433	12,024
December	30,771	15,119	10,200	7,745	4,551	13,772
	32,688	15,117	9,558	7,677	5,090	13,179
<b>2008</b>						
February	30,607	14,466	9,429	8,060	4,024	14,348
May	37,641	17,499	10,090	7,980	4,992	16,116
July	30,680	14,747	10,045	7,941	5,502	13,475
December	29,690	15,850	10,361	7,978	6,030	15,332
	32,155	15,641	9,981	7,990	5,137	14,818
<b>2009</b>						
February	30,091	14,262	9,637	7,525	5,422	14,331
May	35,651	16,873	10,386	7,894	7,182	15,952
July	30,714	15,273	11,094	8,264	7,494	14,461
December	25,707	14,760	10,563	7,604	7,398	14,803
	30,541	15,292	10,420	7,822	6,874	14,887

Two scenarios of predictable profitability are put forward: the first is based on 2008; and the second on the crisis year, 2009. The final calculation is made by taking the average of the figures for these two years. The figures in Table 1 demonstrate the decline in occupancy rates from 2007-2009. The average rate decreased by seven per cent in two years, while the rate in four-star hotels decreased by 14 per cent in the same period. In 2009 as occupancy rates decreased, the price per room decreased. This trend is shown in Table 2.

The revenue for the hotel prototype is calculated based on the data in Table 2: Scenario A is based on data from 2008, and Scenario B from 2009.

The prototype is described as an elegant 4-star hotel, located in downtown Budapest. It has 80 rooms, a characteristic Hungarian style restaurant, a small conference area and a fitness complex. To maintain the operation, a labour force of 0.5 employees per available room is required, that is 40 employees in total. The observed period of return is 10 years.

The considered tax ratios are as follows:

- Corporate income tax is 10 per cent
- Social and healthcare insurance contribution is 27 per cent
- Value Added Tax on hotel rooms is 18 per cent

## II. Scenario A based on 2008 Annual Data

The first step in our calculation is the REVPAR ratio of a room:

### 1. *Calculated revenue per day per room unit*

- i. Average gross price of rooms =  $(14,466+17,499+14,747+15,850)/4 = 15,640$  HUF  
(see Table 2)
- ii. Average net price of rooms =  $15,640/1.18 = 13,255$  HUF
- iii. Average occupancy rate in Budapest = 61.6 % (HCSO, 2011a)
- iv. REVPAR =  $13,255 * 0.616 = \mathbf{8,165}$  HUF

The second step is the cost calculation. The average wage in the hotel industry is based on figures from the Hungarian Central Statistical Office (2011c).

The other cost elements are determined from professional estimation (Török, 2005). (The labour cost takes 35 – 50 per cent of total cost, and food cost of breakfast takes 8 – 12 per cent of total room price.)

On average 1.6 people occupy a double room per night.

### 2. *Calculated total cost per room unit per day*

- i. Average wage in hotel industry = 128,000 HUF (HCSO, 2010)

- ii. Labour cost per room unit =  $128,000 * 1.27 * 0.5$  (labour standard)/30 (days) = 2,710 HUF
- iii. Net food cost of breakfast =  $400 * 1.6$  (person) \* 0.616 (occupancy rate) = 395 HUF
- iv. Other direct cost = 500 HUF
- v. Indirect fixed costs (depreciation, insurance, maintenance) = 640 HUF
- vi. Indirect variable costs (management fee, etc.) 12 % =  $8,165 * 0.12 = 980$  HUF
- vii. Total cost per room unit per day =  $2,710 + 395 + 500 + 640 + 980 = \mathbf{5,225}$  HUF

Profit is calculated using the revenue and cost figures per room.

### 3. *Expected income per available room*

- i. Income per day per room =  $8,165 - 5,225 = 2,940$  HUF
- ii. Income per year per room =  $2,940 * 365 = 1,073,100$  HUF
- iii. Income per year from total rooms =  $1,073,100 * 80 = 85,848,000$  HUF
- iv. Net income per year from total rooms =  $85,848 * 0.90 = \mathbf{77,263,200}$  HUF

Assuming revenue and cost rise proportionately with inflation, the profit also grows in line with the inflation rate.

$$(8,165 * 1.06 - 5,225 * 1.06 = 2,940 * 1.06)$$

$$(8,165 * 1.062 - 5,225 * 1.062 = 2,940 * 1.062)$$

This condition means that the present value of the net income remains constant during the observed period. Therefore, the present value extrapolation for 10 years could be made by multiplying the first year's net income by 10.

- v. Net income for 10 year (total period) =  $77,263,200 * 10 = \mathbf{773}$  million HUF

The next step is to calculate the operating profit created by the restaurant. Based on its characteristics, the following professional estimation is assumed to make the calculation:

- 40 per cent of hotel guests require half board
- Every day 15 to 20 guests come into the restaurant from outside, which means approximately 6,500 additional guests in a year
- The average net purchase (selling) price of food per guest is 4,000 HUF

- The food cost is 40 per cent of the selling price
- The other costs (labour cost, depreciation) are 35 per cent of the selling price
- There are 40 additional parties organised in the restaurant. The average number of guests is 80 on any given occasion, and the average net revenue per capita (average consumption) is 8,500 HUF
- The profitability level (yield level) of a party is 45 per cent

#### ***4. Expected income from the restaurant***

- i. Total number of guests in the hotel per year =  $80 * 0.616 * 1.6 * 365 = 28,780$
- ii. Number of restaurant guests from hotel per year (due to half board) =  $28,780 * 0.4 = 11,512$
- iii. Total number of guests per year =  $11,512 + 6,500 = 18,012$
- iv. Profit per one sold portion =  $4,000 * (1.00 - (0.40 + 0.35)) = 1,000$  HUF
- v. Income from Food and Beverage Department (Restaurant) =  $18,012 * 1,000 = 18,012,000$  HUF
- vi. Income from Party Service =  $40$  (occasions) \*  $80$  (guests) \*  $8,500$  HUF \*  $0.45 = 12,240,000$  HUF
- vii. Total income from restaurant =  $18,012 + 12,240 = 30,252,000$  HUF
- viii. Net income from restaurant per year =  $30,252 * 0.90 = 27,227,000$  HUF
- ix. Net income for 10 years (total period) =  $27,227,000 * 10 = \mathbf{272 \text{ million HUF}}$

The profitability calculation of the conference and fitness departments is shown as follows. The assumptions are professional estimations (Török, 2005)

- The average number of planned conferences in a year is 40
- The average revenue from a common conference is 550,000 HUF
- The cost ratio of the conferences is 30 per cent
- The basic services of the fitness complex are included in the room price
- The additional revenue from the fitness complex is 50,000 HUF per day
- The cost ratio of the fitness department is 25 per cent

#### ***5. Expected income from conference and fitness departments***

- i. Income from conferences =  $40$  (occasions) \*  $550,000$  HUF \*  $(1.00 - 0.30) = 15,400,000$  HUF
- ii. Income from fitness =  $50,000$  HUF \*  $(1.00 - 0.25) * 365$  (day) =  $13,687,500$  HUF

- iii. Total income of conference and fitness dept. =  $15,400 + 13,688 = 29,088,000$  HUF
- iv. Net income of conference and fitness dept. per year =  $29,088 * 0.90 = 26,179,000$  HUF
- v. Net income for 10 year (total period) =  $26,179,000 * 10 = 262$  million HUF

Based on the above, the net operating income of the prototype hotel can be calculated.

#### 6. Expected net income of the hotel during the extrapolated period (10 years)

- i. The expected net income from available rooms = **773 million HUF** (59%)
- ii. The expected net income from the restaurant = **272 million HUF** (21%)
- iii. The expected net income from the conference and fitness department = **262 million HUF** (20%)
- iv. Total amount of operating profit during the extrapolated period = **773 million + 272 million + 262 million = 1,307 million HUF**

The statistical figures show, that the average share of the restaurant income and the other services net income taken together to be between 15 and 25 per cent of the total net income of a hotel.

The value of a hotel estate investment consists of two parts. The first one is the present value of the total operating profit (or net income) and the second one is the present value of the predicted market price of the equipped building at the end of the observed period (residual value).

Following this method of calculation the next step is to determine the present value of the fixed assets.

#### 7. Present value of the fixed assets

- i. The market price of one square metre estate with business profile in Budapest in 2008:  
 $400,000 \text{ HUF} + 25\% \text{ VAT} - 500,000 \text{ HUF} + 25\% \text{ VAT}$   
 Middle price =  $450,000 \text{ HUF} + 25\% \text{ VAT}$   
*(The calculation is based on net middle price)*
- ii. The plan of the hotel
  - The area of a room according to specification = 24 square metres
  - The area of total rooms =  $24 * 80$  (rooms) = 1,920 square metres

- The area of the restaurant = 400 square metres
  - The area of the conference suites = 400 square metres
  - The area of the fitness complex = 250 square metres
  - The area of the indoor parking lot =  $15 * 80$  (rooms) = 1,200 square metres
  - The area of remaining premises = 1,000 square metres
  - The total area =  $1,920 + 400 + 400 + 250 + 1,200 + 1,000 = 5,170$  square metres
- iii. The market value of the building in 2008 =  $5,170 * 450,000 = \mathbf{2,327 \text{ million HUF}}$
- iv. The value of land =  $1,000 \text{ square metres} * 200,000 \text{ HUF} = \mathbf{2,000 \text{ million HUF}}$
- v. The value of built-in equipment = **873 million HUF**
- rooms = 280 million, restaurant = 120 million
  - conference suites = 73 million
  - fitness area = 30 million
  - indoor parking lot = 30 million
  - maintenance = 300 million
  - other areas = 40 million
- vi. The value of extras (for example licences, franchise, good will) = **800 million HUF**
- vii. The total value of the hotel building =  $2,327 + 2,000 + 873 + 800 = \mathbf{6,000 \text{ million HUF}}$
- viii. The estimated price of the building in 10 years
- The estimated average inflation rate on real estate market in Hungary for the observed period = 1.5%
  - The cumulated inflation rate for 10 years =  $1.01510 - 1.00 = 0.16 = 16\%$
  - The estimated price of the building in 10 years =  $6,000 \text{ million} * 1.16 = \mathbf{6,960 \text{ million HUF}}$
- ix. The present value of the building with respect to investment
- The estimated average basic rate of interest in Hungary for the observed period = 4.5%
  - The cumulated basic rate of interest for 10 years =  $1.04510 - 1.00 = 0.55 = 55\%$
  - The estimated price of the building in 10 years =  $6,000 \text{ million} * 1.16 = 6,960 \text{ million HUF}$
  - The present value of the building =  $6,960 \text{ million} / 1.55 = \mathbf{4,490 \text{ million HUF}}$

Regarding the previous calculation the maximum value of the hotel estate investment at the observed prototype hotel is close to 5.8 billion HUF.



### 8. Maximum value of investment

i The maximum value of investment

= present value of total operating profit + present value of fixed assets

= **1,307 Million HUF + 4,490 Million HUF = 5,797 Million HUF**

### III. Scenario B based on 2009 Annual Data – Pessimistic Alternative

#### 1. Calculated revenue per day per room unit

i. Average gross price of rooms =  $(14,262+16,873+15,273+14,760)/4 = 15,292$  HUF

i. (HCSO, 2011b)

ii. Average net price of rooms =  $15,292/1.18 = 12,960$  HUF

iii. Average occupancy rate in Budapest = 51.7 % (HCSO, 2011a)

iv. REVPAR =  $12,960 * 0.517 = 6,700$  HUF

2. **Calculated total cost per room unit per day = 5,225 HUF** (it has not changed compared to Scenario A)

#### 3. Expected income from available rooms

i. Income per day per room =  $6,700 - 5,225 = 1,475$  HUF

ii. Income per year per room =  $1,475 * 365 = 538,375$  HUF

iii. Income per year from total rooms =  $538,375 * 80 = 43,070,000$  HUF

iv. Net income per year from total rooms =  $43,070 * 0.90 = 38,763,000$  HUF

v. Net income for 10 years (total period) =  $38,763.0 \text{ thousand} * 10 \text{ year} = 388 \text{ million HUF}$

*(It is acceptable with this condition that the present value of income remains constant because the revenues and costs rise proportionately with inflation).*

In this calculation, the profitability of the restaurant changes at the same level as the profitability of the available rooms. This is the standard professional estimation. The ratio of change is the fraction obtained when dividing the net room profit in 2009 by the net room profit in 2008.

#### 4. Expected income from the restaurant

i. Net income for 10 years (total period) according to Scenario A = 272 million HUF

ii. Ratio of change of profitability =  $388 \text{ million} / 773 \text{ million} = 0.502 = 50.2 \%$

- iii. Net income for 10 years (total period) according to Scenario B = 272 million HUF \* 0.502 = **137 million HUF**

The profitability calculation of the conference and fitness departments followed the same method.

### *5. Expected income from conference and fitness departments*

- i. Net income for 10 years (total period) according to Scenario A = **262 million HUF**
- ii. Ratio of change of profitability = 388 million / 773 million = 0.502 = 50.2 %
- iii. Net income for 10 years (total period) according to Scenario B = 262 million HUF \* 0.502 = **132 million HUF**

### *6. Expected net income of the hotel during the extrapolated period (ten years)*

- i. Expected net income from available rooms = **388 million HUF**
- ii. Expected net income of restaurant = **137 million HUF**
- iii. Expected net income of conference and fitness department = **132 million HUF**
- iv. Total amount of operating profit during the extrapolated period =  
= **388 million + 137 million + 132 million = 657 million HUF**

The pessimistic version of the calculation is computed with a 1.5 per cent real estate inflation rate and with a 5.5 per cent basic rate of interest, which decreased the present value by a significant amount.

### *7. Present value of the fixed assets*

- i. The market value of the hotel building in 2009 = **6,000 million HUF** - it was not modified
- ii. The estimated price of building in 10 years
  - The estimated average inflation rate on real estate market in Hungary for the observed period = **1.5 %**
  - The cumulated inflation rate for 10 years =  $1.01510 - 1.00 = 0.16 = 16 %$
  - The estimated price of building in 10 years = 6,000 million \* 1.16 = **6,960 million HUF**
- iii. The present value of the building with respect to investment
  - The estimated average basic rate of interest in Hungary for the observed period = **5.5 %**
  - The cumulated basic rate of interest for 10 years =  $1.05510 - 1.00 = 0.71 = 71%$

- The present value of building with respect to investment =  $6,960 \text{ million} / 1.71 = 4,070$  million HUF

### 8. Maximum value of investment according to Scenario B

- i. Maximum value of investment = present value of total operating profit + present value of fixed assets = **657 Million HUF + 4,070 Million HUF = 4,727 Million HUF**

To have a realistic value for further calculations, the investment value of the prototype hotel is the average of Scenario A and Scenario B. The estate market value is compared to this 'unit price'.

### 9. The average value of the investment (based on the previous calculations)

$$= (5,797 \text{ million} + 4,727 \text{ million}) / 2 = 5.262 \text{ million HUF}$$

## IV. Evaluation of the calculated prices in the context of the hotel estate market

The published calculations based on a similar evaluation were available on the website [www.ingatlan.com](http://www.ingatlan.com) (2010) and in the Hungarian trade journal Figyelő (2010).

Three multipliers are used in order to be able to calculate the value of the observed hotels.

The first one is the Room-number Multiplier, which represents the difference between the number of rooms in the particular hotel and the prototype unit. (For example, if the number of room is 218, the NRM =  $218/80 = 2.725$ )

**Table 3 Selected Published Prices for Hungarian Hotel Estate Market**  
Source: Figyelő (2010)

Hotel	Number of rooms	Category	Location	Announced price Billion HUF
<b>Prototype Hotel</b>	80	3*	Budapest - Downtown	
Le M.	218	5*	Budapest - Downtown	16.00
H. P.	110	5*	Budapest - Downtown	9.00
H. at Petőfi Bridge	40	3*	Budapest – City	2.80
H. in 2. District	50	4*	Budapest – City	2.35
H. in Eger	53	4*	North-East Hungary	1.66
C. Hotel	205	3*	East Hungary	4.20
H. in Visegrád	150	4*	Danube bend	4.40
H. in Siófok	162	3*	Lake Balaton	2.80

The second one is the Category Multiplier. The reason this ratio is needed is that there are significant differences between the value of the equipment as determined by the difference in quality levels such as fixed assets and service facilities.

The basis of the ratio is the four-star rating. The value of the multiplier is 1.50 in the case of five-star hotels, and 0.75 for three star hotels.

The third ratio is the Real Estate Multiplier, which is determined by the real estate values of the observed area, and partly influenced by the potential profitability (reachable room prices, occupancy rates) of the particular region.

The basis of the multiplier is Budapest downtown. The multipliers are: 0.90 for other areas of Budapest, 0.67 for frequently visited sites throughout the country, and 0.60 for the remaining sites in the country. The calculations are shown in Table 4.

To use the unit price and the particular multipliers the value of the different hotels is calculated. The results are represented in Table 5.

Lastly, the relationship between the announced market prices and the calculated prices was determined. The computed ratios show that the market prices are lower by between 20 – 30 per cent than the values based on the calculation of operating profit during the 10 years long payback period plus the present value of property.

**Table 4**      **Established Multipliers based on Prototype Hotel Data**

Hotel (Column No 1)	Number of rooms (C 2)	Room- number multiplier (C 3)	Category (C 4)	Category multiplier (C 5)	Location (C 6)	Location multiplier (C 7)
<i>Prototype Hotel</i>	80	1.00	3*	1.00	<i>Budapest Downtown</i>	1.00
Le M.	218	2.725	5*	1.50	Budapest Downtown	1.00
H. P.	110	1.375	5*	1.50	Budapest - Downtown	1.00
H. at Petőfi Bridge	40	0.500	3*	0.75	Budapest - City	0.90
H. in 2. District	50	0.625	4*	1.00	Budapest - City	0.90
H. in Eger	53	0.663	4*	1.00	North-East Hungary	0.60
C. Hotel	205	2.563	3*	0.75	East Hungary	0.60
H. in Visegrád	150	1.875	4*	1.00	Danube bend	0.67
H. in Siófok	162	2.025	3*	0.75	Lake Balaton	0.67

**Table 5** Calculated Market Prices considering the Prototype Hotel Price, as unit price

Hotel (Column No 1)	Number of rooms (C 2)	Room-number multiplier (C 3)	Category (C 4)	Category multiplier (C 5)	Location (C 6)	Location multiplier (C 7)	Unit price Billion HUF (C 8)	Calculated price Billion HUF (C 9 = 8*3*5*7)
<i>Prototype Hotel</i>	80	1.00	3*	1.00	<i>Budapest Downtown</i>	1.00	5.25	5.25
Le M.	218	2.725	5*	1.50	Budapest – Downtown	1.00	5.25	21.46
H. P.	110	1.375	5*	1.50	Budapest – Downtown	1.00	5.25	10.83
H. at Petőfi Bridge	40	0.500	3*	0.75	Budapest – City	0.90	5.25	1.77
H. in 2. District	50	0.625	4*	1.00	Budapest – City	0.90	5.25	2.95
H. in Eger	53	0.663	4*	1.00	North-East Hungary	0.60	5.25	2.09
C. Hotel	205	2.563	3*	0.75	East Hungary	0.60	5.25	6.05
H. in Visegrád	150	1.875	4*	1.00	Danube bend	0.67	5.25	6.60
H. in Siófok	162	2.025	3*	0.75	Lake Balaton	0.67	5.25	5.34

**Table 6** Evaluation of Announced Market prices, taking the Prototype Hotel as the Unit Price

Hotel (C 1)	Calculated price Billion HUF (C 9 = 8 *3 *5 *7)	Announced price Billion HUF (C 10)	Evaluation ratio % (C 11 = 10 / 9)
<i>Prototype Hotel</i>	5.25		
Le Meridien	21.46	16.00	74.6%
H. President	10.83	9.00	83.1%
H. at Petőfi Bridge	1.77	2.80	158.0%
H. in 2. District	2.95	2.35	79.6%
H. in Eger	2.09	1.66	79.5%
Civis Hotel	6.05	4.20	69.4%
H. in Visegrád	6.60	4.40	66.7%
H. in Siófok	5.34	2.80	52.4%

## Conclusion

The prices of the Hungarian hotel estate market are extremely depressed due to the established oversupply in recent years. Unfortunately, the negative influence of the world financial crisis, which started in fourth quarter of 2008 and extended into 2009, significantly deepened the problem.

## Appendix

### *Methodological Key Points*

Operating profit calculation at the prototype hotel

1. Room revenue is calculated on the basis of average room prices and occupancy rates published by Hungarian Central Statistical Office (HCSO, 2011a; 2011b)

2. The average labour cost per capita in Hotel and Catering Sector was published by Hungarian Central Statistical Office (HCSO, 2010)
3. The professional estimations were as follows:
  - the share of the labour cost from total cost is 35 – 50%
  - the share of non-room revenue in a hotel unit is 30 – 50%
  - the profitability (GOP) of Food and Beverage department is 25 – 30%
  - the profitability (GOP) of conference and fitness departments is 40 – 50%

*Present value calculation at the prototype hotel:*

4. The estimated minimum and maximum basic rates of interest are extrapolated from the data of 2000 - 2009 published by the National Bank of Hungary (2010).
5. The rate of inflation in the real estate market is extrapolated by professional estimation from the tendency of 2000 - 2009 published by the National Bank of Hungary (2010).

Return on investment: Followed professional convention the period of the return on investment is ten years.

### **Questions and Activities**

1. Collect data about hotel occupancy rates, room prices and guest nights in your region.
2. Characterise the tourism market in your region (country or city) based on the collected data.
3. How do you think the data influences the hotel estate market in your region?

### **Appendix**

Considering that our calculation was created in HUF, this table aids all readers to exchange the values to their national currency, and compare the results to their domestic market values.

**Table 7 Official Daily Exchange Rates. Source: National Bank of Hungary (2010)**

10. 11. 2010							
Currency	Currency name	Unit	HUF Value	Currency	Currency name	Unit	HUF Value
AUD	Australian Dollar	1	199.42	LTL	Lithuanian Litas	1	79.26
BGN	Bulgarian Lev	1	139.93	LVL	Latvian Lats	1	385.81
BRL	Brazilian Real	1	116.56	MXN	Mexican Peso	1	16.17
CAD	Canadian Dollar	1	197.89	NOK	Norwegian Krone	1	33.92
<b>CHF</b>	<b>Swiss Franc</b>	<b>1</b>	<b>204.59</b>	NZD	New Zealand Dollar	1	155.29
CNY	Chinese yuan renminbi	1	29.88	PLN	Polish Zloty	1	70.25
CZK	Czech Koruna	1	11.14	RON	Romanian New Leu	1	63.98
DKK	Danish Krone	1	36.72	RSD	Serbian Dinar	1	2.56

10. 11. 2010							
Currency	Currency name	Unit	HUF Value	Currency	Currency name	Unit	HUF Value
EEK	Estonian Kroon	1	17.49	RUB	Russian Ruble	1	6.47
EUR	Euro	1	273.7	SEK	Swedish Krona	1	29.42
GBP	Pound Sterling	1	316.97	SGD	Singapore Dollar	1	153.98
HKD	Hong Kong Dollar	1	25.57	TRY	Turkish Lira	1	140.49
HRK	Croatian Kuna	1	37.19	UAH	Ukrainian Hryvnia	1	24.93
ISK	Icelandic Krona	1	1.78	USD	US Dollar	1	198.23
JPY	Japanese Yen	100	242.42	ZAR	South African Rand	1	28.96
KRW	South Korean Won	100	17.87				

### Further Reading

Török, L. (2010): Feasibility Study of a Catering Complex Investment. In E.M. Ineson., V. Niță and G.J. Stone, G. (eds.) *International Case Studies for Hospitality and Tourism Management Students*, pp. 56 – 68, Iasi: Tehnopress.

### References and Websites

Ács, Z. and Szirmai, P.S. (2010). *Figyelő*, 15 July, pp. 36 -37

Hungarian Central Statistical Office (HCSO)(2011a). 4.5.16. *Occupancy rate of hotel rooms by category (2001–2010) – Update: 07.02.2011* Stadat-tables, Tourism, catering

Hungarian Central Statistical Office (HCSO)(2011b). 4.5.19. *Average room rate of hotel rooms (2006. F–2010. D) – Update: 07.02.2011* Stadat-tables, Tourism, catering, Budapest.

Hungarian Central Statistical Office HCSO) (2011c) 21.30.2 *Average gross monthly earnings of employees in the national economy – NACE Rev. 2, 2008 (2004–2010) – Update: 18.02.2011* Stadat-tables, Tourism, catering, Budapest.

[www.ingatlan.com](http://www.ingatlan.com) accessed March 10 2011.

National Bank of Hungary (2010) [on-line] available from:

[http://english.mnb.hu/Root/ENMNB/Statiztika/data-and-information/mnben\\_statiztikai\\_idosorok/mnben\\_elv\\_exchange\\_rates](http://english.mnb.hu/Root/ENMNB/Statiztika/data-and-information/mnben_statiztikai_idosorok/mnben_elv_exchange_rates) accessed 10 November 2010.

Török, L. (2005). Hotel Company Performance Evaluation (Gazdálkodás elemzése a szállodai vállalkozásoknál), In Zs. Behringer and L. Török (eds.): *Tourism and Catering Management (Turizmus és vendéglátás ismeretek)*, Chapter 8, pp. 396, 448 Iasi: Szókratész, Budapest.





## Part 3

### **Points for Discussion**



## Non-revealed Case Studies

### **The Disastrous Breakfast by Eva Vavreckova**

#### **Points for Discussion**

- Describe the correct procedure for making a complaint in a hotel (in the above described situation)
- Discuss the positions of staff members competent enough to deal with complaints
- Suggest a system of precautions to avoid such situations
- Assess the compensation that should be offered by the hotel

### **Coffee Confusion by Alexandr Burda**

#### **Points for Discussion**

- What is the difference between latté macchiato and café latte
- Explain other types of coffee beverages and the different ways of their preparation
- How should coffee be served?

### **The Czech Restaurant by Radmila Dluhosova**

#### **Points for Discussion**

- If the restaurant closes at ten, what does it really mean? A dark and empty place? Time for payment? Time for last orders?
- Is the reasoning “you are the last and only guests here” legitimate grounds for asking guests for payment before they ask for the bill themselves?
- Is it acceptable for the manager to leave the establishment before closing time?
- Is it justified to expect better behaviour when you visit a place with a foreign guest?
- Make suggestions for the development of a training programme to avoid such failure on the part of the waiting staff?

### **A Luxurious Restaurant by Jana Stuchlikova**

#### **Points for Discussion**

- Summarise the principles waiting staff should follow when dealing with guests
- Describe how such situations should be resolved properly

## **Problems at the “Diana” by Iordanka Alexieva**

### **Points for Discussion**

- Health and safety issues
- HACCP
- Training
- Customer care
- Maria’s perspective

## **The Business Partnership by Jana Stuchlikova**

### **Points for Discussion**

- What are the advantages of joint ventures from your point of view?
- What are the disadvantages of joint ventures?
- Discuss other possible innovations with the aim of improving the restaurant and wine room and broadening its range of services

## **Meteor Showers by Barbara Hoffmann**

### **Points for Discussion**

- Aligning available resources with services necessary to maintain levels of quality
- General Manager’s opinion differs from that of guests
- Planning and coordination
- Communication
- Consider offering some form of compensation as incentive to return

## **Revenue Management at the Porin by Graham Stone**

### **Points for Discussion**

- Close or franchise the restaurant; should hotel offer accommodation only?
- Use the restaurant space for alternative purpose(s) – if so, what? Consider cost?
- If the restaurant is retained, consider the marketing/promotional strategies; consider the potential market; suggest new market segments
- Consider the cost implications of developing services for existing hotel guests relative to the cost of attracting new customers

## **Irrevocable Damage by Barbara Hoffmann**

### **Points for Discussion**

- Develop staff training programmes to also address non-routine tasks
- Generate manuals (considering language requirements)
- Employee's incompetence
- Better supervision
- Dealing with hazardous substances: regulations and responsibilities

## **Facade Renovation in High Season by Miha Lesjak and Dijana Milivojević**

### **Points for Discussion**

- The situation from the successful intradepartmental communication point of view. Sales and Marketing department should be aware of the frequent quests that were booking the hotel and should not accept bookings from Mr. Napoli at the beginning or should give a special attention to important guests such as Mr. Napoli.
- Potential tools for dealing with frequent guests and specially incentives which can be successful in keeping those guests.
- The pros and cons of online social media and communities which enable posting reviews (e.g. trip advisor, booking.com, virtualtourist.com etc.) from the traveller's point of view. How can a hotel manage such information channels?
- Construction and other contractors should always be held for their promises and contracted activities during renovations, constructions and other maintenance works on the hotel premises. Discuss possible solutions and actions which a hotel management could do to prevent the situation with delays and situation with Mr. Napoli.

## **HIV in the Workplace: a Trilogy (Part One) by Matthew H. T. Yap**

### **Points for Discussion**

- HIV and the spread of HIV in the workplace
- Potential legal issues involved in this case
- Ethical issues

## **HIV in the Workplace: a Trilogy (Part Two) by Matthew H. T. Yap**

### **Points for Discussion**

- What negative impacts can HIV have on the hotel workplace?

- What are the ethical issues involved in this case?
- What are the legal issues involved in this case?

## **HIV in the Workplace: a Trilogy (Part Three) by Matthew H. T. Yap**

### **Points for Discussion**

- Diversity management
- Challenges to implement diversity management
- Pros and cons of different methods of educating subordinates
- Various types of blood and blood-borne products in hotels

## **Water Pollution: Who is to Blame? by Miha Lesjak and Dijana Milivojević**

### **Points for Discussion**

- PR tools in the hotel industry
- Negative mass tourism impacts on small or medium size destinations. Impacts on, and implications for, destinations when there are too many tourists arrivals.
- Options a hotel company can use to compensate guests for negative situations or experiences whilst retaining high guest ratings and overall guest satisfaction
- “Word of mouth” implications for the hotel’s reputation and market position.

## **The Niçoise Salad by Elizabeth Ineson**

### **Points for Discussion**

- Health and safety; HACCP; food storage
- Food poisoning – symptoms and treatment: scrombroid – life threatening scenario
- Customer care; anti-histamine – drug administration issues
- Management issues

## **Sickness Abroad by István Kóvári**

### **Points for Discussion**

- What is your view regarding the hotel receptionist’s solution to the problem?
- Was the guest right to mutter because of the absence of a doctor in a five-star hotel resort offering all inclusive services?
- Should the representative have shared his suspicion that the guest might have appendicitis when he heard about the pain on the right side of the abdomen?

- Is it true that when we have health problems, the starting point must be to try to identify the place and type of pain?
- In such situations, where are the limits of action for the hotel or tourist office to convince the guest? What is the role and responsibility of the fellow passengers in the group?
- During your studies or training did you receive enough information or training to enable you to assist guests/travellers with health problems?
- How many people in your team/group/class are able to perform artificial resuscitation?

## **The Swiss Experience by Radmila Dluhosova**

### **Points for Discussion**

- Is the different treatment of some groups of guests legitimate?
- Does a reduced room rate justify fewer services for hotel guests?
- Discuss the possibilities and limitations of green measures adopted by hotels
- Discuss issues pertaining to cross-cultural training in this context

## **Egypt by Maria Tatarusanu**

### **Points for Discussion**

- Issues concerning the classification of hotels in different countries
- Issues concerning the culture of the country where the tourists are travelling to: attitudes, local customs (tipping, differences in the way of making purchases)
- Travel medical insurance: informing the customers about the risks covered by it
- Responsibilities of the travel agencies: giving customers accurate information on the accommodation (the travel agent should know the product he sells); after-sale: the travel agent should ask the customer if there were any problems during the stay, so they can be prevented in future, but also to gather impressions about accommodation, food, etc.)

## **The “Touring” Holiday by Eva Vavreckova**

### **Points for Discussion**

- Propose a solution to the accommodation problem
- Advise the travel agent/tour operator on how to deal with the complaint
- Prepare some guidelines for dealing with hotel overbooking

- Is it possible to resolve the complaint if the clients learn after their return from holiday that their travel agency/tour operator has gone bankrupt? If so, how?

## **What we Offer is What they Need by Daniela Corodeanu Agheorghiesei**

### **Points for Discussion**

- Internships should help students to relate theoretical concepts to practice in businesses. The structure of an internship programme should be based on students' learning needs and should be arranged in close collaboration with managers of tourism companies, depending on their capability to provide an ideal framework to meet those needs.
- Travel companies should be aware that students may be the employees of the future. Students can be tested and consulted with regard to the problems of the company because they are the ones who are able to notice such problems and also to seek solutions: they are the future specialists.
- The coordinator has to make students aware of the expectations of firms and conditions to be met including the requirements of the Work Placement Report, which should be realistic, instructive and enable students to bridge the gap between theory and practice.
- Within the internship programme students must be carefully monitored, based on criteria set by the coordinator beforehand. Problems should be discussed proactively with both the student and manager in question. Students should be made aware of the consequences of their behaviour and guided towards recognising and correcting their mistakes.
- The programme of internship should also take into consideration the ethical behaviour of students in the organisation.

## **The Tip and the Oven Baked Apple by Daniela Corodeanu Agheorghiesei**

### **Points for Discussion**

- The practice of tipping is still a dilemma in the hospitality industry. Tipping is banned in some countries, while in others it is included directly on the bill (according to the law), and in other countries it is a social custom tacitly observed. From country to country, there may be differences in what percentage of the bill should be left as a tip
- The Classic Royal incident demonstrates that such problems may occur even within enterprises with a strong organisational culture (a system of values and norms oriented



towards performance and the client) when working with external parties that have not been selected or trained in the spirit of the organisation

- Menus should include a reference to prevailing standards (e.g. a 100 gm. apple), and where the base weight may be different you must specify that the price per serving will vary accordingly

## **Revealed Case Studies**

### **The Wine List by Tomas Bakos**

#### **Points for Discussion**

- Can you identify any threats which could arise as a consequence of outsourcing wine? Consider wine supplies and storage, wine selection, serving the wine and any other services.
- How can both facilities indirectly benefit from this partnership?

### **The Responsible Travel Advisor by Emil Juvan**

#### **Points for Discussion**

- Travel agent contracts; differences between various tour operators'/travel agents' contracts
- The special terms and conditions published by various travel agencies; accordance with laws of the country
- European travel legislation; compensation and liability; legal backgrounds

### **Eco-Labelling: Achieving European 'Flower Mark' Certification at the Kalsa Hotel by L'udmila Novacká**

#### **Points for Discussion**

- Using the information in Table 1, determine which issues might be resolved in the Kalsa Hotel and say how you would resolve them prior to the inspection for EU certification
- What is your view regarding the decision taken by the hotel? Please justify your opinion and support it with evidence

- Make some environmentally friendly proposals for a hotel with which you are familiar or a conduct an environmental project at a local hotel

## **Overbooking Problems: What to do? by Miha Lesjak and Kostja Reš**

### **Points for Discussion**

- From the effective hotel management point of view, an overbooking can be considered as precautionary action to secure high occupancy rates. Why do hotels allow overbooking? What are the advantages and disadvantages of overbooking: a. from the hotel's perspective? and b. from the customer's perspective? Consider the implications from a broader perspective, for example, hotel's reputation, b2c and b2b markets.
- Families are considered to be a very demanding market segment. Discuss factors in favour of such claims. Who do you think is the buyer and who is the 'real' guest?

## **Integrated Sustainable Destination Management by Emil Juvan**

### **Points for Discussion**

- Meetings were held in the late morning, when most stakeholders are in the middle of business, so this might be the reason for the low response rate. Discuss other potential reasons and how they could be foreseen and managed properly
- Tourism is not considered an important branch so different businesses which run tourist activities as a secondary business (whose core business is something else) do not feel the need to engage in tourism development on such a level (i.e. taking an active role in integrated destination management). On the other hand, when a particular situation is not favouring their tourism business, they will complain and act as opposition (i.e. haters, opponents, sceptics)
- Developing tourism from the 'bottom up' might not be effective at an early stage. Should the destination consider developing tourism using a 'top down' approach? What challenges could arise?

## **Promoting Central Europe to Russian Visitors by Martin Volek**

### **Points for Discussion**

- In what ways are European Union tourists different from Russian tourists?

- What impact would the abolishment of Schengen visas have on tourism in the European Union? What are the benefits and drawbacks associated with such abolishment?

## **Stag Party Tourists Welcome? by Eszter Benke and Annamaria Szeky**

### **Points for Discussion**

- Every e-mail sent on behalf of your company is a marketing message
- Profit at all cost?
- Factors that affect the image of a hotel positively and negatively
- Thematic (themed) tourism attractions and thematic (themed) hotels. Emerging trends in tourism.

## **Wine Tourism by Florin Olteanu**

### **Points for Discussion**

- The interdisciplinary nature of tourism, its advantages and disadvantages
- Natural potential, anthropogenic potential, exploitation of existing potential in a tourist area
- Niche tourism
- The role of local/regional tourism attributes (natural, cultural, man-made et al.) in tourism development The importance of specialised staff in a tourism business
- Travel agencies and their importance for tourism

## **Recruitment in Romanian Tourism Companies by Maria Tatarusanu**

### **Points for Discussion**

- Appropriate research methodology: purpose, objectives, hypotheses, research methods
- Recruitment of human resources in tourism: the sources of recruitment, how to promote jobs, how to draw up ads

## **TOURFILM by Liběna Jarolímková**

### **Points for Discussion**

*For the future:*

- Possibilities of the development of festivals
- The survival of festivals
- Tradition as an element of festivals

- Suitable destinations for festivals
- Threats to festivals
- Profiles of participants in festivals
- Creators' (filmmakers, advertising agencies) expectations of, and potential benefits from, festivals
- Producers' (submitters, those who fund the films) expectations of, and potential benefits from, festivals
- Representatives of the city's expectations of, and potential benefits from, festivals
- State institutions' (The Ministry for Regional Development, The Czech Tourism Authority) expectations of, and potential benefits from, festivals
- What do specialists' expectations of, and potential benefits from, festivals

*For the programme and organisation of the festival:*

- Ways of making festivals attractive to the public
- Planning festivals
- Ways of self-funding festivals
- Formulating short, medium and long term goals of festivals
- Inviting celebrities to participate in Festive programmes of festivals
- Themes for festivals
- The influence of media on the image of the festivals; public and specialist perceptions.

*For advertising:*

- The focus of festivals
- Evaluation of the competitive elements festivals
- Nomination of panel members for international festivals
- Criteria for judging entries at international festivals

## **Menu Engineering by Sandra Janković**

### **Points for Discussion**

- Which factors influence a food service operation's menu prices?
- Which pricing approaches and techniques of menu pricing are suitable for food services?
- What is the difference between pricing based on food cost percentage and pricing based upon contribution margins?
- Which operational variables can be used for menu analysis: contribution margin, food cost percentage, popularity, selling price, variable costs?

## **Evaluation of the Hungarian Hotel Estate Market in 2010 by Lajos Török**

### **Points for Discussion**

- Hotel occupancy rates and room prices; length of stay
- The characteristics of local, regional and national tourism markets
- The potential influence of the above on hotel estate markets

