

OVERVIEW OF THE ACCOMMODATION INDUSTRY

The Accommodation Industry

The *hospitality industry* can be defined as the collection of businesses providing accommodation and/or food and beverages to people away from home, whether for a long or short time (Baker et al., 2011). The **accommodation sector** is part of the hospitality industry concerned with providing customers with a temporary place to stay. At the same time, the hospitality industry is a part of a larger group of economic activities referred to as tourism.

Below are some of the characteristics of the tourism and hospitality industry (Tuazon-Disimulacion, 2016):

- *Services are primarily intangible.* It means guests cannot test a room for a night to check if it is okay or have a taste test before dining to know if the food is delicious. Products are exclusively for guests and not for possession.
- *Services are primarily perishable.* It means that if a guestroom is not rented on a specific date, the revenue for that room is lost forever. Similarly, an unsold seat on a particular flight has lost the chance of being added to the airline's revenue. It is a characteristic of products and services that do not allow the product or service to be stored for sale at a future date.
- *Manufacture and sales are inseparable.* It means a room cannot be sold anywhere, just like tangible goods. It can only be sold and used simultaneously in its exact location, not elsewhere. In other words, it is impossible to separate the supply or production of the service from its consumption.
- *The operating process is repetitive.* Most of the processes in the accommodation industry are routine. For instance, how a room is prepared for a particular guest is the same as how it will be prepared for the next guest.

Classifications of Hotels (Arenas, 2022)

The development of accommodation has typically accompanied the growth of resorts, areas of tourism activity, and the demand to visit specific areas. Accommodation assumes many forms, and not all of them can fit the conventional image of a hotel. A **hotel** is an establishment offering sleeping accommodations to anyone willing to pay a reasonable sum for the services and facilities provided (Chan & Mackenzie, M., 2013). According to the Department of Tourism (DOT), a hotel is defined as a building, edifice, or premises, or a completely independent part thereof, which is used for the regular reception, accommodation, or lodging of travelers and tourists and the provision of services incidental thereto for a fee.

Hotels can be classified in various ways. In the Philippines, DOT implements the National Accommodation Standards for Hotels, Resorts, and Apartment Hotels using the **Star Grading System** to classify accommodation enterprises. It is a points-based rating system that includes five (5) levels of accommodation standards—from one (1) to five (5) stars— applicable to hotels, resorts, and apartment hotels. The star bands for hotels, resorts, and apartment hotels are as follows:

- **One Star:** These enterprises appeal to budget-minded travelers. These offer a limited range of facilities and services.
- **Two Star:** These enterprises appeal to tourists seeking more than basic accommodation. These offer expanded facilities and a higher level of comfort.
- **Three Star:** These enterprises offer a very good level of accommodation. These have more spacious public areas, higher quality facilities, and a greater range of services.

- **Four Star:** These enterprises are upscale in all areas. Accommodation is refined and stylish. Service is responsive, often including an extensive array of facilities.
- **Five Star:** These enterprises reflect the characteristics of luxury and sophistication. The facilities are world-class in every manner, and the meticulous service exceeds all guest expectations.

To obtain higher stars, progressively higher service and facility quality, facility condition, and improved business practices like environmental management should be provided across all business areas to garner higher points.

Hotels can also be classified according to their location, target market, size or the number of rooms, level of service, and guests' length of stay.

- **According to Location**
 - **City Hotels** – These hotels are usually located in the heart of the city, within a short distance from shopping centers, cinemas, public or private buildings, and business centers. Rates in these hotels are generally expensive due to their locational advantage.
 - **Suburban Hotels** – These hotels are in downtown areas where rates are considered moderate to low, usually ideal for budget travelers.
 - **Airport Hotels** – These are hotels set up near airports that cater to transit guests who might have to stay at the hotel between flights.
 - **Resort Hotels** – These are usually located in mountains, islands, or other exotic locations away from cities. These hotels offer scenic views and recreational activities like golf, tennis, sailing, skiing, and swimming.
 - **Forest Hotels** – These are located within the forest range and cater to tourists visiting forest areas for camping and other recreational activities.
 - **Motor Hotels/Motels** – These are primarily located on highways that provide enough parking space for stopovers. These usually cater to motorists.
 - **Boatels** – These are purpose-built boats offering small but luxurious accommodations for travelers amid waterways.
- **According to Target Market**
 - **Commercial Hotels** – These mainly cater to businesspersons. They are situated in the heart of the city.
 - **Convention Hotels** – These have a large complex accommodating many people attending a convention, conference, workshop, or similar events.
 - **Extended-stay Hotels** – These are designed for travelers who intend to stay in a hotel for five (5) days or longer.
 - **Casino Hotels** – Hotels with predominantly gambling facilities may be categorized as a distinct group. These hotels tend to cater to leisure and vacation travelers.
- **According to the Size or Number of Rooms.** A hotel can be classified according to its size. It can be a small, medium-sized, or large hotel. The number of rooms within each classification varies from one (1) country to another. It enables hotels with similar sizes or number of rooms to compare operating procedures and statistical results.
- **According to the Level of Service**
 - **World-class Service** – These are also called luxury hotels. They target top business executives, entertainment celebrities, high-ranking political figures, and wealthy clientele as their primary

markets. They provide upscale restaurants, lounges, valet, concierge services, and private dining facilities.

- **Mid-Range Service** – Hotels offering mid-range service appeal to the largest segment of the traveling public. Services are modest but sufficient and are considered enough for travelers. Hotels of this kind do not provide elaborate service and adequate staffing as luxury hotels.
- **Budget/Limited-Service** – These hotels provide clean, comfortable, safe, and inexpensive rooms that meet guests' basic needs. Budget hotels appeal primarily to budget-minded travelers who want a room with minimum services and amenities required for a comfortable stay without unnecessarily paying additional costs for services.
- **According to Guests' Length of Stay**
 - **Transient Hotels** – These are hotels where a guest can register for a day or even less.
 - **Residential Hotels** – These hotels offer accommodation to guests who can stay for a minimum period of one (1) month and up to two (2) years. The hotel signs a detailed lease agreement with the customer.
 - **Semi-residential Hotels** – These are hotels that incorporate the feature of both transient and residential hotels.

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