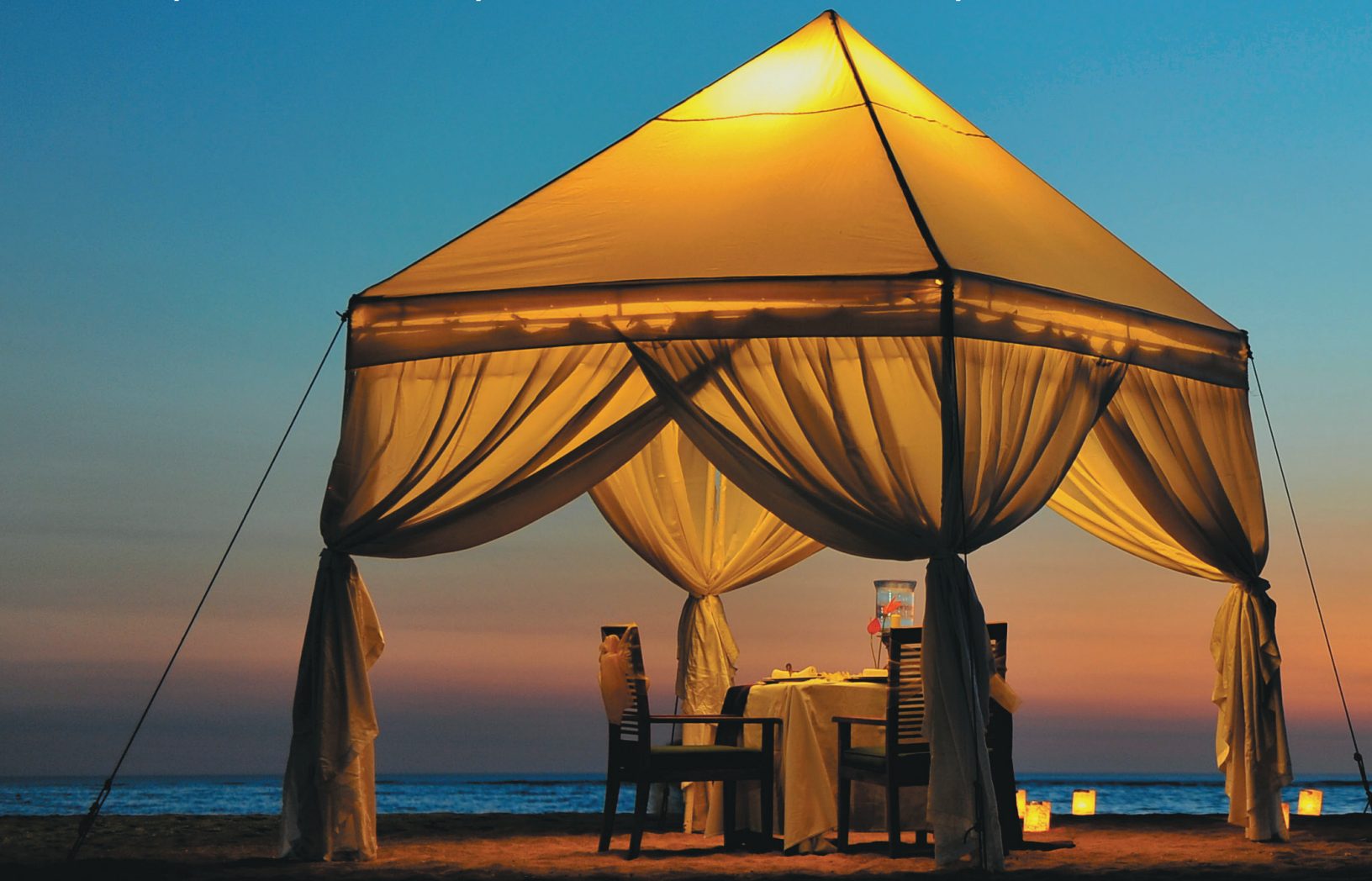
GLOBAL EDITION

Tourism

The Business of Hospitality and Travel

SIXTH EDITION

Roy A. Cook • Cathy H. C. Hsu • Lorraine L. Taylor



Pearson

TOURISM

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Table 5.1 Examples of Management Information System Features

Accounts receivables	Auditing and analysis
Climate control	Customer problems
Customer profiles and preferences	Customer relations
Financials	Food production management
Housekeeping	Maintenance
Reservations and table management	Retail outlets
Revenue management	Sales and catering
Security	Staffing
Standing orders and preorders	Telephones and televisions
Web ordering	Web reporting

improvement. However, many of the MIS for restaurants, hotels, and car rental companies were initially implemented at the local level with the same profit motive, but with an eye toward enhancing productivity and improving customer service.

Points of data input for these systems may be found at the time reservations are made, when orders are entered into a POS device, or when guests check in. Retrieving information from any of these input points can aid in *property-* (a term used to describe individual hotels, motels, and resorts) and *store-* (a term used to describe individual food service units) level decision making, but aggregating these data across local and regional boundaries can also improve financial, management, and marketing decisions. Each of these functions can be thought of as a module. For example, reservations management systems, back office accounting systems, and human resource management systems have been in use for years. Today, lodging companies have centralized these programs, moving them from individual properties to corporate offices. This allows software updates to be made once, instead of at various times in locations, that may be spread around the world.[2] Table 5.1 provides just a few examples of the many individual tasks that can be accomplished with integrated data retrieval and analysis programs.

Similar integrated management systems are available for restaurants, casinos, cruise lines, car rental agencies, and theme parks. Total integration through ERP systems takes the concept of MIS to a higher level of integration by combining all information sources, subsystems, and processes into one unified system. For example, an ERP system would incorporate everything listed in Table 5.1 and more, allowing every department and function within a hotel or resort, even an entire chain in diverse geographic locations, to store and/or retrieve information on a real-time basis. Everything from purchasing and warehousing to payroll and sales and marketing would be managed by one system.

Point-of-Sale Systems

Point-of-Sale (POS) systems are being integrated into MIS to improve foodservice efficiency and profitability at a staggering pace. They are no longer just glorified cash registers. POS systems for restaurants, with intuitive touch screens, reduce training time for servers and cashiers, reduce input errors and waste, and improve customer service. These same systems, designed to:

- Process reservations,
- Manage wait lists,
- Balance table assignments,
- Record and track customer orders,
- Process debit and credit cards,
- Reduce credit card expenses,
- Manage inventory,

- Manage menus, and
- Provide data to other networked systems, freeing up time once devoted to report preparation and analysis.

Computer software suppliers are constantly updating their systems, and foodservice operators are eagerly embracing and purchasing system enhancements. Touch screen and wireless systems are quickly becoming the standard, allowing food servers to enter customer orders without having to make unnecessary trips to the kitchen. The kitchen staff notifies the server via a vibrating pager with a digital readout when orders are ready. Newer advances allow servers to place orders using handheld devices and server voice recognition systems. These new systems will make it possible for servers to remain in the dining area to provide customers with more personalized attention.

In addition to improving the flow of information from the wait staff to the kitchen production staff, the real-time data also improve purchasing and inventory controls. Wider wireless local area networks are giving properties with multiple food service outlets the ability to integrate information and consolidate operations. Consolidated data accumulated by a chain or a POS provider are available via an Internet site. Profitability as well as enhanced food quality is achieved by keeping inventories lower through rapid turnover. The leading POS systems offer an instant multilocation interface, so that sales, labor, inventory, and purchasing information can be shared on demand. This easy access of information creates a cost-saving environment through centralized data storage. These databases create powerful tools for making improved marketing, management, and financial decisions as reports can be generated by the day, hour, and minute.

Property Management Systems

For hotels and resorts, bringing each of these functions and other applications together into a unified program creates a **property management system (PMS)**. PMSs combine computer hardware and software into an integrated information system. These systems provide a central point for accumulated data and integrate a variety of activities at the property level such as:

- Reservations (Internet, central reservation, and GDS reservations),
- Pricing and revenue management,
- Guest profile,
- Guest check in and check out,
- Electronic keys,
- Telephone, messaging, and television activation,
- Maintaining guest **folios** (revenue recognition),
- Updating room status and housekeeping data,
- Combining **night audit** information and reports,
- Maintaining employee payroll records,
- Updating inventory records,
- Creating financial statements,
- Tracking travel agency bookings and commissions, and
- Tracking the effectiveness of marketing programs.

These systems have been further enhanced by another important development in the use of management information technology—**enterprise systems**—that combine information for multiple properties. Enterprise systems present a new model of corporate computing. They allow companies to replace their existing information systems, which are

Table 5.2 Uses of Data-Mining Information in Hotel Marketing

- Determine usage patterns of hotel facilities by time slots and customer groups
- Identify micro market segments among in-house guests to provide customized services
- Evaluate training needs based on the nature and location of service failures
- Refine distribution channel management based on timing and volume of reservations from various sources
- Evaluate menu item popularity and profitability (menu engineering)
- Optimize website design based on visitor browsing patterns and click-to-book conversions

often incompatible with one another, with a single, integrated system. An enterprise system enables a company to integrate the data used throughout its entire organization. By streamlining data flows throughout an organization, these MIS are delivering dramatic gains in operational efficiency and profitability. The information generated from these databases can be mined and used for a variety of marketing programs as shown in Table 5.2.

Providing Customer Convenience and Enhancing Service

The do-it-yourself approach to customer service met with some initial resistance, but once customers became comfortable with on-demand services, these technologies spread rapidly. Nowadays, travelers are so accustomed to self-service technologies some even prefer the do-it-yourself option rather than traditional face-to-face personal service. For example, travelers can now book a flight online as well as check in and print out boarding pass at home or in a hotel lobby, or at the airport using a self-service kiosk. Or, as more and more travelers prefer, they are using their mobile devices for all of these functions. Similar options are available for hotel stays, train travel, and attraction visits. Some online tour operators allow travelers to custom design their own travel packages, or dynamic packaging as explained in Chapter 4, based on their preferences and budget.

Many quick service restaurants have installed touch screen kiosks at busy stores to allow customers to place their own orders. Casual dining restaurants have also placed ordering device on the table for diners to make order themselves. Many tourist attractions offer audio or video "tour guides" so that visitors can have an informed visit at their own pace. Tourist boards have also begun offering apps for consumer mobile devices for visitors to download. These apps provide instant, in-situ information about restaurants, hotels, shops, and attractions to orient visitors of the local offerings. These technologies certainly reduced the labor cost for operators, but ultimately customer service was improved. Shorter waits in line, reduced transaction times, and the ability to make changes without explaining the rationale for the changes were just a few of the improvements. With the aid of technology, including social media, user-generated content, video, mobile application, location-based services, and other new media and devices, consumers are more informed of the tourism products and more engaged in travel-related activities so as to enhance their consumption experience. An extra benefit to international travelers is that the self service option removes some uncomfortable moments due to language barriers.

Handheld devices and tablet computers are also aiding employees in the service delivery process. Airlines began using these devices to track baggage, but their use in many other customer service applications has led to their widespread adoption by other tourism service suppliers. Restaurants, always keen on finding new ways to improve customer service and reduce costs, are finding handheld POS devices to be an invaluable asset. The use of these devices to place an order can save an average of four minutes over the traditional POS system, freeing more time to focus on the customer.[3] Hotels have also used handheld devices to offer check-in service en route for guests who use their airport transportation service upon arrival. Technologically advanced hotels have developed apps to allow guests to check in and check out; make service requests, from wake up call to room service, on their mobile devices whether they are in the hotel or out and about.

FYI BEACONS

Beacons can detect when Bluetooth-enabled devices are approaching and can then send tourists information that is relevant to them in that particular setting. The settings where beacons can be used are only limited by suppliers' imaginations. Museums become interactive when a visitor walks up to an exhibit and the dates and description of the display pop up on their phone screen. When a pre-registered guest enters a hotel, it triggers a check-in alert to their phone where they can choose their room number and receive keyless access bypassing the front desk entirely. Navigating large places like airports or busy train stations is easier for the traveler when a set of beacons provides them with a constantly updating map and directions based on their current location and also alerting them of gate changes and flight delays. As a tourist wanders in an unfamiliar city, beacons can send information for sales at gift shops or reviews of nearby restaurants and even provide notification of impending weather. In addition to having their Bluetooth enabled, some locations require an app download to receive all the benefits of information that can be derived from beacons.

Geo-based technology, such as car navigation systems, geo-based software and applications on personal computers or mobile technology, location-based portable recommender systems, and/or GPS-based devices for outdoor activities, is an important element in daily life as well as travel experiences. Geo-based technology helps people to identify the unique features of the current place, thus establishing a sense of orientation. It provides opportunities for tourists to sense the different qualities of the destination and recognize that the destination is distinguishable from other places.[4]

Database marketing, based on **data mining**, is aiding tourism suppliers in targeting microsegments of their markets and customizing marketing mixes to fulfill the needs of specific travelers. Because of seemingly endless capacity of cloud-based storage marketers can access and rapidly sift through vast amounts of information, allowing them to build immense databases providing extremely detailed profiles of prospective consumers. Information in the database could come from a variety of sources, including customer provided information upon reservation or joining frequent guest program, employee observation, consumption record, guest complaint, and customer survey. Web browsers' behaviors, such as searches and product click-throughs (e.g., looking at 4-star hotels), can also be recorded and used for future target marketing purposes. For example, if you search the airfare from Hong Kong to Sanya, China, through one of the online travel wholesaler sites, promotional information about airfare between these two cities and other tailored recommendations will pop up on your computer screen regularly in the next few weeks as you surf the Net. The Amazon model of additional product recommendations is what the travel industry mirrors after.

For another example, Harrah's created individualized promotion packages to tempt players to come to its casinos more often. Using information collected from its Total Gold frequent gambler cards, Harrah's began testing different promotions and learned which promotions worked best in bringing back players. Marketers for the chain determined that different players responded better to different promotions, such as free room nights, whereas others returned when offered free gaming tokens. Now, when a player has not come to Harrah's within a set time period, for example, two weeks, that player receives a promotion tailored to his or her tastes. This use of data mining has increased the response rate for Harrah's mailed promotions from 3% to 8%.[5]

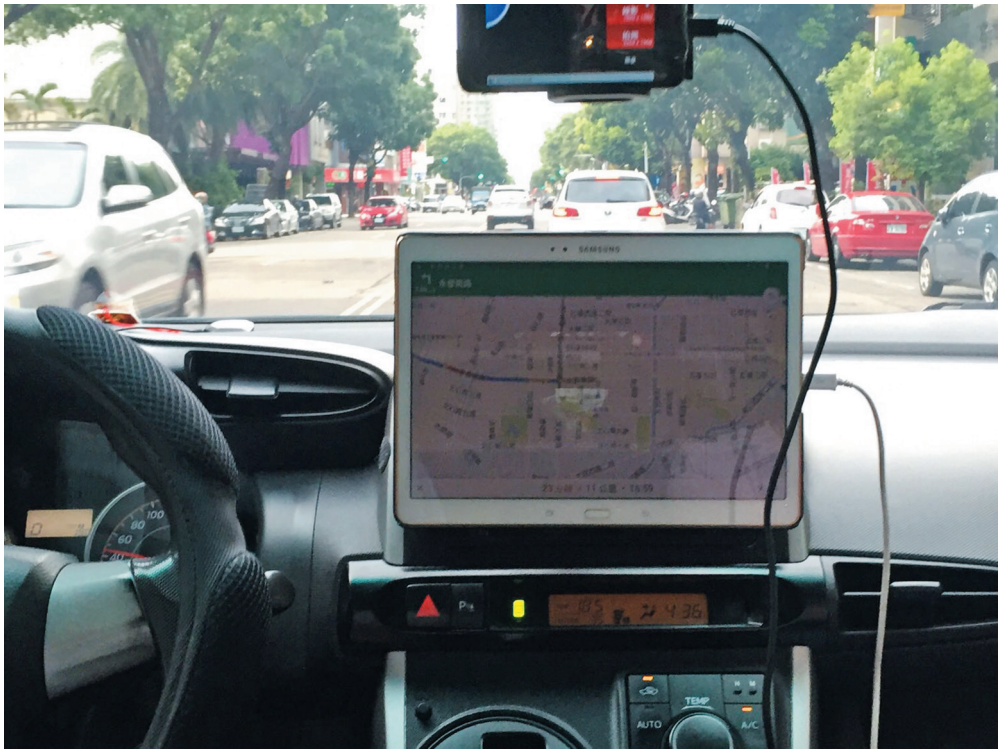
Cruise lines are another industry segment that can capture vast amounts of customer data largely due to the cashless consumption (a requirement for all purchases to be made through a cruise line's "credit card") onboard. All expenditures incurred during the cruise; including spa, beverages, shopping, specialty restaurants, land tours, and casino plays, are charged to their account. This information can be helpful in designing future marketing mix targeted at individual consumers based on their tastes and preferences.

TOURISM IN ACTION

A RECIPE FOR SUCCESS!

Entrepreneurship, technology, customer service, and tourism; put them all together and you have a recipe for success. Each part of this recipe can be found in a technological leader in online ticketing solutions, ExtremeTix (begin.extremetix.com), a key distribution intermediary in the tourism industry. ExtremeTix has been on the forefront of ticketing solutions for many different kinds of events and venues within the United States and Canada. When it comes to providing tickets for air shows, live music, fairs, theaters, museums, festivals, golf tournaments, sporting events, amusement parks, motorsports, traveling exhibits, and much more, ExtremeTix leads the way through innovative technology and high levels of customer service.

Preparing for a massive influx of excited and demanding customers is no easy task. However, this task becomes a manageable undertaking when approached from the beginning. Starting with online reservations and ticket purchases through to the day of the event with effective and efficient ticket scanning and crowd control the process becomes seamless. Maneuvering through the demanding needs of both sides of the stakeholder equation—event and venue managers and individual consumers—the company has studied, adapted to, and evolved to meet market place demands. By providing key performance indicators, maximizing revenues, and ensuring superior customer service for organizers and promoters while at the same time providing customers with convenience, simplicity, and memorable experiences, ExtremeTix has created the perfect customer interface.



Global positioning technology provides tourists with an onboard navigator on unfamiliar roads. Photo by Cathy Hsu

Changing Communication and Distribution Channels

Internet access has become ubiquitous. Take a look at Table 5.3 to see the phenomenal growth, penetration, and usage of the Internet. Smartphones are overtaking personal computers as the dominant platform to access the Internet. In countries, such as China, Japan,

Table 5.3 Internet Usage Around the World

World Regions	Internet Users June 30, 2016	Penetration Rate (% of Population)	Growth 2000–2016
Asia	1,846,212,654	45.6%	1,515.2%
Europe	614,979,903	73.9%	485.2%
Latin America/ Caribbean	384,751,302	61.5%	2,029.4%
Africa	340,783,342	28.7%	7,448.8%
North America	320,067,193	89.0%	196.1%
Middle East	141,489,765	57.4%	4,207.4%
Oceania/Australia	27,540,654	73.3%	261.4%
World Total	3,675,824,813	50.1%	918.3%

Source: Adapted from Internet Usage Statistics, The Big Picture, World Internet Users and 2016 Population Statistics. Internet World Stats, http://www.internetworldstats.com/stats.htm. Retrieved (12/2/2016). For more detailed and updated information, please visit www.internetworldstats.com.

France, South Korea, and the United Kingdom, this is already a reality.[6] By 2015, over 3.2 billion Internet users and 7 billion mobile subscriptions were reported. This represents an astounding growth rate of 960% and 660%, respectively, for these forms of digital connectivity from 2000. Market penetration rates of 43% for Internet usage and 97% for mobile availability bode well for electronic connectivity between consumers and tourism suppliers.[7]

Internet and Travel Product Distribution

All travel distribution channels and sectors were fundamentally changed by the advent of the Internet. "Historically, the travel distribution channel was the domain of large suppliers. Reservation systems were complex and unwieldy, requiring significant investments in hardware, software, and connectivity."[8] Airlines had traditionally relied on travel agents to be the primary intermediary in the distribution of their services. The Internet introduced online distribution channels, in effect furthering competition by expanding distribution and bringing transparency to airline inventory and pricing.

Before online distribution channels, consumers bought airline tickets via the airlines call centers and traditional travel agencies. Both points of distribution used mainframe or "green screen"–based reservation systems such as American Airlines' Sabre and United Airlines' Apollo systems. For a number of years, airlines owned these proprietary systems, which listed available air inventories based on schedules with price

TOURISM IN ACTION

HI-TECH DINING EXPERIENCE

Inamo is a chain of three Asian fusion restaurants located in London's fashionable districts of Soho, Convent Garden, and Camden Town. It is, however, not just the pan-Asian cuisine that has made Inamo a popular dining destination. It is Inamo's hi-tech dining experience that is the talk of the town. The so-called "e-table" is more than an interactive ordering system that enables diners to place orders from an illustrated food and drinks menu. Diners can visualize/preview their meal on the plate and customize their dining ambience by adjusting the lighting surrounding the table and by choosing their very own virtual tablecloth image! Entertainment is provided as well: diners can play video games such as pong (popular not just with the kids) and watch the chefs working in real time via the "Chef Cam" function. In addition, they can use the e-table to ask for the bill and order a taxi home. Thus, the e-table serves to provide a more engaging, memorable, and hi-tech dining experience.

Sources: http://www.inamo-restaurant.com; http://www.bighospitality.co.uk/Interviews/Small-Talk/Inamo-s-Noel-Hunwick-on-how-restaurant-technology-is-evolving