

The Four Segments of the Hospitality and Tourism Industry

Food and Beverage

The **food and beverage industry**, also known as the **foodservice industry**, *consists of businesses that prepare food for customers*. It is the largest segment of the hospitality industry in the US. It is estimated that the foodservice industry provides 50% of all meals eaten in the US today; with so many people eating out, many opportunities for food entrepreneurs exist. A business in this industry can range from casual to fancy, large to small, expensive to inexpensive. The number of people employed in foodservice industry is expected to double by 2015.

There are three types of foodservice: commercial, institutional, and foodservice within a consumer business.

Commercial foodservice are *food and beverage businesses that compete for customers*. They are designed to make a profit. Commercial foodservice businesses include: quick-service restaurants, full-service restaurants, catering businesses, and hotel and club foodservice.

Quick-service restaurants work to *provide customers with convenient, fast, and basic foods at relatively low prices*. Quick-service restaurants generally have few employees and rely on the customers to “serve themselves.” Businesses that would qualify as quick-service include: fast-food, cafeterias, buffets, and carry-out. Street vendors would also qualify in this category under fast-food.

Full-service restaurants *seat customers at a table and utilize servers and other staff to take orders, deliver drinks and food, and clear tables*. They can be fine-dining or casual-dining. Fine-dining restaurants usually have high prices and lavish service with a high number of employees in relation to the number of customers; they also have professional chefs with years of culinary training and experiences. Only about 1% of full-service restaurants are considered to be fine-dining, the other 99% are casual. Casual restaurants usually have a larger



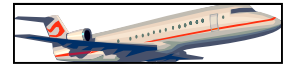
menu and more seating than fine dining restaurants.

Catering businesses *provide food and service for a special event*. Catering usually involves feeding large numbers of people at one time, and the guests may be offered a variety of items to choose from or just a few. Special events that utilize catering can be for business or social occasions; these events may include: business meetings, receptions, awards dinners, holiday parties, weddings, proms, birthday parties, reunion, or charity events.

Institutional foodservice *provides customers food and drink in an institution, such as a school, hospital, assisted living community, military base, prison, or factory*. Institutional foodservice customers generally do not have the time or ability to seek food in a commercial foodservice business. Cafeterias are common in institutional foodservice establishments.

Foodservice within a consumer business *is a food and beverage business that is located within a consumer business* such as a movie theater, sports arena, museum, theme park, airport, or train station. It could be full-service or quick-service. Customers generally do not seek these places out to dine in on any given day. Rather, they eat in these places because they are customers to the business they are within and choose to eat there out of convenience. Providing foodservice within a consumer business is another way for that consumer business to provide service to its customers.

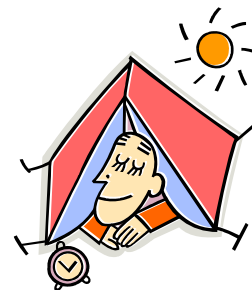
Food and beverage, lodging, recreation, and travel and tourism are the four segments of the Hospitality Industry



Lodging

Lodging, also known as **accommodation**, is a place to sleep for one or more nights. A business in the lodging industry is a business that provides a place for people to sleep overnight. It can be one of many sleeping places such as a fancy hotel, a youth hostel, an elder hostel, a campground, or highway side motel.

There are many different kinds of lodging that fit into four categories: full-service hotels, limited-service properties, specialty accommodations, and institutional housing. Both full-service hotels and limited-service properties offer rooms with private baths. Full-service hotels are more expensive than limited-service and are generally larger and fancier. Specialty accommodations may offer rooms with baths or may offer many rooms with a shared bath such as a bed-and-breakfast or one large bunk room/house with shared bathrooms such as a hostel. Institutional housing is housing found at colleges and universities, hospitals, prisons, and military bases.



Lodging businesses can be in any number of locations depending on what population is being served. Resort lodging is near resorts, travel lodging near airports, and campgrounds near areas known for recreation. Lodging businesses market to many different market segments such as business travelers, convention and meeting attendees, leisure travelers, budget travelers, long-stay travelers, and special travelers such as those working with the airlines, government, and military.

Recreation

Recreation is any activity that people do for rest, relaxation, and enjoyment. The goal of recreation is to refresh a person's body and mind. Any business that provides an activity for rest, relaxation, and enjoyment in order to refresh a person's body and mind is in the recreation business. Recreation businesses are incredibly diverse because people have varying ideas on what activities they participate

in for rest, relaxation and enjoyment. There are four general types of recreation businesses: entertainment, attractions, spectator sports, and participatory events.

Entertainment businesses provide a show for you to watch such as a movie or live theater, and concerts. Attractions are places of special interest to visit such as natural scenery, muse-

ums, zoos, and historical sites. Spectator sports are sport that you watch others play such as foot ball games, baseball games, or the Olympics. Participatory sports or events are sports or events in which you take part in yourself such



Fishing and hunting lodges are important businesses to Montana



Motorsports are popular in many Montana regions.

Travel and Tourism

The **travel industry** is in the business of moving people from place to place. Busses, planes, cabs, boats, and passenger trains are all part of the travel industry. When people travel they spend money on hospitality.

Pleasure or leisure travel is when a person takes a vacation and spends money on lodging, food, and recreation while on that trip. **Business travel** is when a person travels for work and also spends money on lodging and food. Some business travelers also spend money on recreation.

The **tourism industry** provides those people with services that promote travel and vacations. Travel agencies, tour operators, cruise companies, convention planners, and visitors bureaus are all part of the tourism industry.

The major function of the tourism is to

encourage people to travel. When people travel they use hospitality services and when people spend money on hospitality, the businesses in that industry and the businesses that support that industry grow. Tourism helps many economies, on a local and national level, grow.

As stated in the previous lesson, many jobs are provided directly by the hospitality industry. However, many jobs are indirectly provided by the hospitality industry as well. These jobs may include the lawyers whom work for hospitality businesses, the teachers whom teach the children in a resort community, and the con-

struction, design, and landscaping employees whom create and maintain the buildings that the hospitality businesses are in.



Travel and Tourism move people and promoting travel worldwide.

On a trip, most guests frequent business from all four segments of the hospitality industry. If a guest has a poor impression of anyone of those segments, that person may never visit that area or business again. This is why, all the segments of the hospitality industry must work together to successfully meet customer needs by providing excellent service. The following lesson will talk more about service.