

Introduction

The hospitality and travel industry is comprised of companies enabling you to get from point A to B comfortably, as well as have a meal and some fun along the way. These companies may offer lodging, foodservice, gaming, travel services, attractions, recreation, or passenger travel.



Industry Leaders and Fragmentation

The following are given in Billions USD

Company	Country	Sales	Profits	Market Value
Accor	France	\$9.72	(\$0.39)	\$11.64
Aleportos de Paris	France	\$3.77	\$0.39	\$7.76
Air Canada	Canada	\$9.29	(\$0.02)	\$0.40
Air China	China	\$7.42	(\$1.36)	\$17.22
Air France-KLM	France	\$31.54	(\$1.07)	\$3.97

Industry Composition



Profitability and Demand Drivers

Primary Demand Drivers

- Business and leisure travel, which is closely linked to the health of the economy
- Competitive market conditions

Profitability Drivers

- Efficient operations, since many costs are fixed
- Effective marketing
- Increasing additional convenience offerings
- Establishing strong brand recognition

The Internet has changed the shape of the travel industry. It is no longer necessary to call a travel agent, hotel, and airline to arrange a trip. Instead, travelers are able to log into a travel website and they can plan their entire trip in a couple minutes. This has increased competition among establishments in the industry and caused many independently owned and operated hotels, and other lodging places to join national or international online reservation systems. **Computer reservation systems** have enabled the consumer to have direct control over the price and quality of a trip. Another recent change to the reservation system is the dramatic improvement in individual airline and hotel sites in order to compete with online booking sites. Since the websites of the actual providers do not need to take a fee on top of the price, these are often where the best deals are found.

The foodservice industry is also being affected by technology. **Point-of-service (POS) systems** enhance efficiency by combining functions such as keying in customer orders, sending orders to the kitchen, totaling and printing checks, authorizing credit cards, and tracking sales.

The industry as a whole is moving towards **niche markets**, or specialized areas of interest to attract a particular type of customer. People want to do what interests them when they travel and these companies realize that. For instance, several companies will emphasize golf resorts in the region if that is what interests the consumer.

The airline industry has been seeing a trend towards **Discount flyers** for short and mid distance flights. Companies, most notably Southwest Airlines, have created profitable business plans offering discounted flights for consumers reduced budgets. A notable shift for the long distance trade is the move towards larger more luxurious planes with the ability to fly significantly farther than yesterday's jumbo cruisers. Cities that have not traditionally been major airport hubs could not become important players in the global market with the advent of these newer long distance flyers.