


The Economic Ascent of the Hotel Business

1

Paul Slattery

Contents

Preface	2
Introduction	7
The classification of economic activities	8
Market services	11
Experience businesses	12
The transition from primary to secondary industries	13
From secondary industries to tertiary services	15
Economic performance and economic structure	20

 Published by Goodfellow Publishers Limited, Woodeaton, Oxford, OX3 9TJ
<http://www.goodfellowpublishers.com>

Copyright © Paul Slattery 2009

All rights reserved by Goodfellow Publishers Limited. The text of this publication, or any part thereof, may not be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, storage in an information retrieval system, or otherwise, without prior permission of the publisher.



Design and setting by P.K. McBride

Preface

This book is about the hotel business and the economic contexts in which it has evolved. The central thesis is that the size, structure and growth of the hotel business in a country are functions of the prevailing economic structure. Thus, fundamental to comprehending the economic ascent of the hotel business is an understanding of the structural development of the economies in which hotels operate and which provide the fertility for hotel demand and supply to grow. The book draws on contemporary data and events to chart the historic development of economies and of the hotel business to illustrate patterns in this fundamental relationship. The book also focuses on the economic conditions that produced hotel chains of different sizes, structures and growth patterns and it seeks to provide a more comprehensive basis on which future developments in hotel demand, supply and performance can be contemplated.

The economic ascent of the hotel business has not been uniform because the development of economic structures has not been uniform. Europe and North America are the centre of the hotel universe, so that, with a combined population of around 700 million and with around 10 million hotel rooms, they have a supply ratio of 14 hotel rooms per 1,000 citizens. The rest of the world accounts for a population of around 6 billion with 6 million hotel rooms, a supply ratio of one hotel room per 1,000 citizens. The fundamental question is: what is it about the economies of Europe and North America that generate a much higher volume of hotel supply, and by implication hotel demand, than the rest of the world? Those economies from Africa, parts of Asia, parts of South America and parts of Eastern Europe that are grounded in agriculture and basic manufacturing generate the lowest volume of demand for hotels, have the lowest supply of hotel rooms and throughout history the economic ascent of their hotel businesses has been minor. At the other end of the continuum of economic structure, the most advanced economies such as the US and Britain, have progressed to be driven more by service businesses. They generate the highest volumes of hotel demand and need the highest volumes of hotel room supply per citizen to accommodate them. It is in these countries that the economic ascent of the hotel business has been greatest. Thus, identifying the historical development of the economic structure of these countries and the parallel development of their hotel businesses is necessary to make sense of the different size, shape and prospects of their hotel businesses.

In the most advanced economies the hotel business has existed and grown throughout their economic history and has been dominated by two major trends. First, the provision of hotel facilities and services has developed from small inns, which were an extension of the home of the innkeeper, with primitive communal sleeping and eating facilities for handfuls of travellers at any time to modern mammoths such as Wynn Las Vegas, opened in 2005 with a development cost of \$2.7 billion in 2,716 rooms and suites, an 111,000 square-foot casino, 22 restaurants and bars, an 18-hole golf course, approximately 223,000 square feet of meeting space, an on-site Ferrari and Maserati dealership and approximately 76,000 square feet of retail space.

Chapter extract

**To buy the full chapter, and for copyright
information, click here**

[http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&st](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=202)

[oryID=202](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=202)



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, recorded or otherwise, without the written permission of Goodfellow Publishers Ltd

All requests should be sent in the first instance to

rights@goodfellowpublishers.com

www.goodfellowpublishers.com