

**THE IMPACT AND SURVIVAL OF BED AND BREAKFAST
ACCOMMODATION INDUSTRY IN THE NEXT
MILLENNIUM**

BY

ZANDILE FLORENCE NHLABATHI

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**A dissertation of limited scope submitted to the Faculty
of Arts in partial fulfilment of the requirements for the
course-work degree of Master of Arts in the Centre for
Recreation and Tourism at the University of Zululand**

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APPROVAL

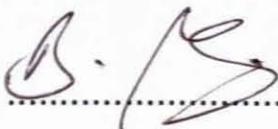
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DECLARATION

I declare that this research study: *"The Impact and Survival of Bed and Breakfast accommodation industry in the next millennium"*, is my own work, that all the sources used or quoted have been indicated and acknowledged by means of complete references.

Z.F. NHLABATHI

DEDICATION

TO MY CHILDREN :

Vukani Mnyandu, Zakithi Buthelezi, Gugulethu Mbatha, Khayelihle Nkanyezi Mnyandu, Mbalenhle Mbatha, Nozipho Mnyandu, Londiwe Mnyandu, Tutu Nomndeni Luthuli, Simphiwe Nhlabathi and Siphesihle Mnyandu.

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ABSTRACT

The phenomenon of Bed and Breakfast accommodation is part of the tourism industry that is increasing almost in every city or town. The study examines:

- ◆ The role Bed and Breakfast accommodation has in tourism industry in Empangeni and Richards Bay.
- ◆ How do Bed and Breakfast proprietors conduct the business?
- ◆ Why Bed and Breakfast establishments are increasing in Empangeni and Richards Bay?
- ◆ What are the economic benefits and problems faced by Bed and Breakfast establishments?
- ◆ What is the future of Bed and Breakfast establishments?

The study reveals that Bed and Breakfast market (in Empangeni and Richards Bay) is dominated by business people and holiday makers. The Bed and Breakfast market faces growing competition from other parallel segments within the industry such as transport, tour operation and travel agents.

Findings reveal that Bed and Breakfast product is changing and extending its range of products by offering not only Bed and Breakfast but other services such as full service Bed and Breakfast and extended stay Bed and Breakfast. The results of the investigation emphasises that the viability of Bed and Breakfast accommodation should take into consideration factors such as right location, correct capacity and high level of utilisation.

The study reveals that most Bed and Breakfast establishments are operated and managed by owners. Findings indicate that the workforce is usually not more than eight people and the term of operation is less than eight years in both towns. Findings reveal that some Bed and Breakfast have used their personal savings, bank loans and others joint venture to start the business.

In conclusion, the study reflects that there is need for the industry to be regulated whereby schemes such as registration, classification and grading are applicable to Bed and Breakfast accommodation industry. The problems experienced presently in the Bed and Breakfast industry need the attention of all interested stakeholders no matter how big or small they are.

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CHAPTER 1

ORIENTATION OF THE STUDY

1.1 INTRODUCTION

Bed and Breakfast accommodation refer to private residences that provide temporary lodgings to guests with breakfast included. The number of bed and breakfast accommodation has grown increasingly worldwide. Espinonza (1998) indicates that from 1983 to 1993 the number of registered Bed and Breakfast increased from 1200 to 9500 in United States of America. Sean (1998) points out that Bed and Breakfast accommodations cover everything from home with one or two guests bedrooms and a family living on site to a twenty room establishment.

Many writers such as Espinonza (1998) and Sean (1998) consider Bed and Breakfast as private accommodation with charm, personal touch, and experiences. Bed and Breakfast accommodation is not limited to upkeep of the rooms but include cooking, reservations, supervising the cleaning staff, handling all marketing strategies, paper work duties, taking care of the landscape and outdoor maintenance. Green (1997) contends that Bed and Breakfast accommodation offers services of quality such that the business consists of 70 percent of repeat customers.

There are no formal education requirements for Bed and Breakfast proprietors or manager-innkeepers (those who manage but do not own the property). However, Campos (1997) recommends that instructional books on becoming an Innkeeper, training workshops available through

organisations, business courses offered at community college level and job training as manager-innkeeper could help interested proprietors.

Like all businesses, Bed and Breakfast accommodation has regulations including state or local licencing, an inspection requirements such as zoning permits, fire and health department inspectors. It is not easy to distinguish the market type Bed and Breakfast accommodation caters for, except if one could segment it in terms of amenities, location and price.

Bed and Breakfast economic benefits in the tourism industry are undeniable. The most visible include employment, taxi-drivers, tour operators, tour guides, construction workers and entertainers. Besides the above-mentioned, it also generates revenue that benefits local people by increasing the economic activity.

This study investigates the booming of Bed and Breakfast accommodation in Empangeni and Richards Bay.

1.2 BACKGROUND TO THE STUDY

Most studies of hospitality and tourism indicate that there is an increase in the number of Bed and Breakfast worldwide. Schoor (1996) estimates that Bed and Breakfast in the year 2000 will be more than three thousand in United States of America. Espinonza (1998) maintains that some tourism industry watchers say the true number will be closer to 2500. Green (1997) points out that there are a lot of people who want to be entrepreneurs but have no idea what running a Bed and Breakfast entails.

There are certain minimal standards that all Bed and Breakfast accommodations are required to meet such as licencing and health

requirements. Powers (1995) highlights some books such as the 'Complete Guide to Bed and Breakfast', 'Guest House Accommodation' and 'Bed and Breakfast Accommodation in the '90s', that provide detailed information on Bed and Breakfast amenities, prices and locations. Most writers recommend guide books compiled by writers who have at least visited and evaluated the Bed and Breakfast listed, not proprietors or manager-innkeepers.

Green (1997) emphasises that one should call the Bed and Breakfast reservations and ask a few key questions to prevent a nasty experience later. Espinonza (1998) maintains that the veteran travellers believe the results of searching for Bed and Breakfast accommodation is worth the effort.

1.3 STATEMENT OF THE PROBLEM

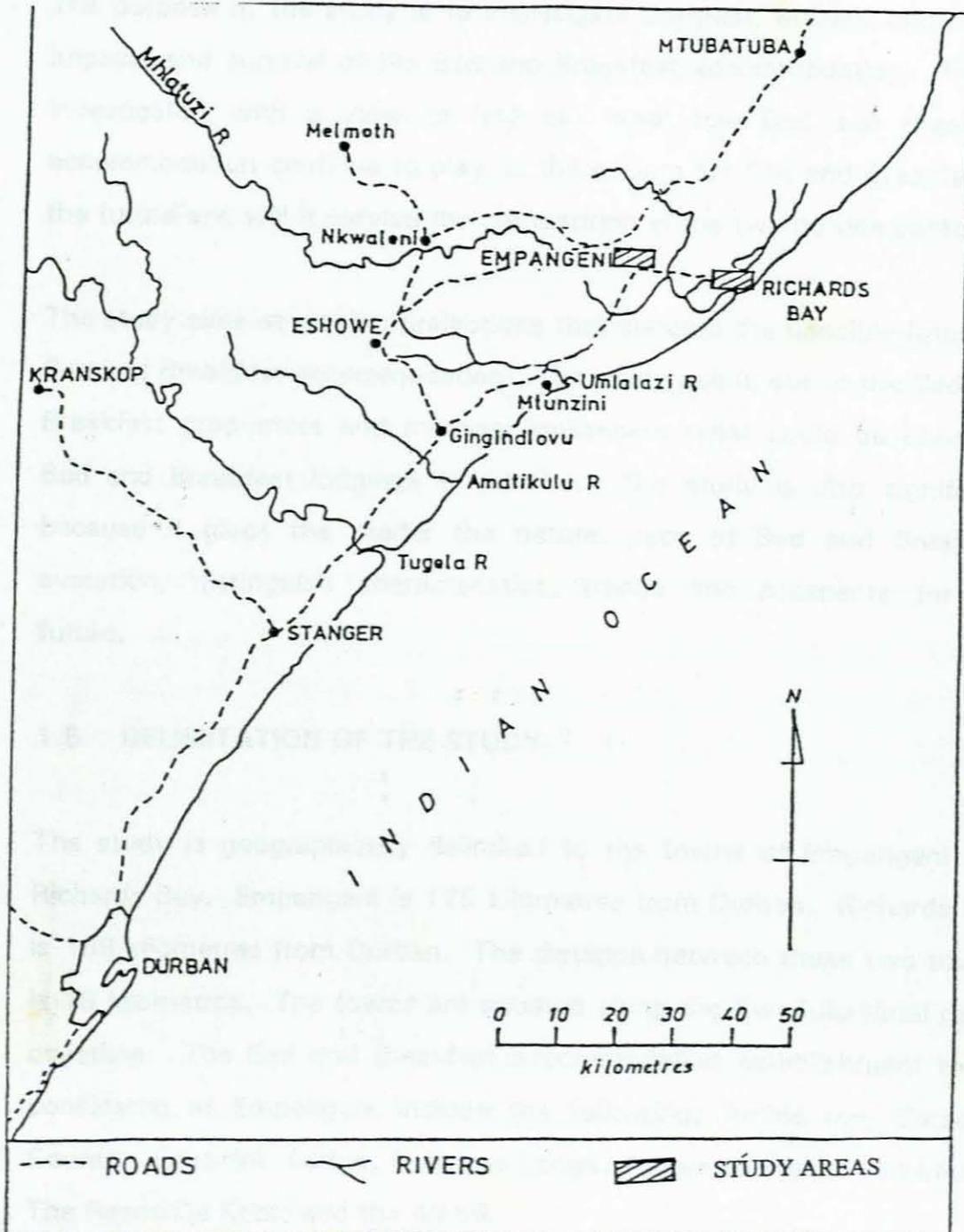
The phenomenon of Bed and Breakfast accommodation is part of the tourism industry that is increasing in large numbers almost in every town or city. The questions are what role Bed and Breakfast accommodation has in tourism industry, how do proprietors and manager-innkeepers conduct the business, why Bed and Breakfast establishments are booming, does Bed and Breakfast accommodation have a future and what will be the scenario in the 21 century.?

This study seeks to investigate :

- (a) Why there is booming of Bed and Breakfast accommodation in the Empangeni and Richards Bay areas.?
- (b) The positive and negative contributions Bed and Breakfast accommodation create for present and future.
- (c) The economic benefits and problems likely to be faced by Bed and Breakfast accommodation in future.
- (d) What role does Bed and Breakfast accommodation continue

Breakfast, Welcome Inn and Woodpecker Inn. Figure 1.1 shows the geographical location of the towns Empangeni and Richards Bay.

FIGURE 1.1 THE POSITION OF THE STUDY AREAS IN RELATION TO THE COASTLINE



Source : Cubbin (1983)

to play and will it survive the stiff competition in the next millennium?

1.4 AIMS OF THE STUDY

The purpose of the study is to investigate the past, present and future impacts and survival of the Bed and Breakfast accommodation. This is investigated with a view to find out what role Bed and Breakfast accommodation continue to play, is there room for Bed and Breakfast in the future and will it survive the competition in the twenty one century.

The study aims at making projections that concern the possible future of Bed and Breakfast accommodation. The study points out to the Bed and Breakfast proprietors and manager-innkeepers what could be done for Bed and Breakfast lodgings to survive. The study is also significant because it gives the reader the nature, pace of Bed and Breakfast evolution, distinguish characteristics, trends and prospects for the future.

1.5 DELIMITATION OF THE STUDY

The study is geographically delimited to the towns of Empangeni and Richards Bay. Empangeni is 175 kilometres from Durban. Richards Bay is 198 kilometres from Durban. The distance between these two towns is 18 kilometres. The towns are situated along the KwaZulu-Natal north coastline. The Bed and Breakfast accommodation establishment to be considered at Empangeni include the following, Amble Inn, Carsdale Country, Enyonini Lodge, Golfview Lodge, Panarama Place, The Lodge, The Reeds/De Kriet, and the 49-ER.

At Richards Bay, Bed and Breakfast accommodation establishment to be considered are the Duck Inn, La Rochelle Inn, Ligtorings, Mikes Bed and

1.6 LIMITATIONS OF THE STUDY

Not much has been written on the subject in South Africa therefore finding the relevant references is a problem. Secondly, there is limited amount of finance available to carry out the study. Thirdly, the proprietors and manager-innkeepers would not release data which they felt is confidential and fear that it could be used against them or to the advantage of their competitors.

1.7 HYPOTHESES

1.7 DEFINITION OF TERMS

The study sought to test the following hypothesis:

The following terms are defined and explained in order to show the context in which they are used in the study.

It is hoped that the following definitions will be helpful in understanding the study.

1.7.1 Bed and Breakfast

With the aim of the study in South Africa, Bed and Breakfast

Foster (1994) defines *Bed and Breakfast* as private residences that provide temporary lodging to guests with breakfast included. In the study Bed and Breakfast refers to the provision of accommodation in a private home or conversion of residential property to accommodate visitors or tourists.

The study used research methods such as interviews, questionnaires,

1.7.2 Accommodation

It is hoped that the following definitions will be helpful in understanding the study.

Accommodation refers to the place or room for receiving people or place to stay or lodge (Burkart and Medlik, 1981). *Accommodation* refers to a building structure that offers accommodations away from home (Espinonza, 1998).

1.7.3 Hospitality

Hospitality is defined by Powers (1995) as a reception and entertainment of guests visitors, strangers with liberality and goodwill. Hospitality in the study is understood as a collective term that include any kind of institution that offer shelter or food or both to people away from their home.

1.8 HYPOTHESIS

The study sought to test the following hypothesis:

The Bed and Breakfast accommodation is likely to have a great impact on economies of countries and they will survive competition in the future, they are likely to play an important role in the next millennium.

With the state of the economy in South Africa, Bed and Breakfast accommodation is likely to get first preference to hotel industry in as far as accommodation for holiday makers and other users is concerned.

1.9 METHODOLOGY

The study used research methods such as research questionnaire, personal interview, observation and case study method. A questionnaire is devised such as drop and collect survey. The questionnaire techniques employed the semantic differential which offers the means for measuring the degree to which variables are present at Bed and Breakfast establishments. The study used mixed methodology that complemented each other.

1.9.1 Research Design

The research was carried out in the towns of Empangeni and Richards Bay because of the rise in the number of Bed and Breakfast accommodation establishments. The research population includes Bed and Breakfast proprietors, manager-innkeepers and people working in Tourism Office Services. The research methods included in the study are questionnaires and interviews. The examination of primary and secondary data was part of the research method. The method selected met the objectives of the study especially the present and future findings. These methods helped in pointing out what Bed and Breakfast accommodations have contributed in tourism industry and its potential for the future.

1.9.2 The Sample

The sample comprised of sixteen Bed and Breakfast accommodation from Empangeni and Richards Bay, which means that in each town eight Bed and Breakfast accommodations were investigated. The stratified sampling technique was used because it facilitate a proper proportion of the interviews taken independently within each town. Stratified sampling method was used since Empangeni and Richards Bay are two different towns, yet the topic investigated is similar within each town.

1.9.3 The Instrument

The person to person interview schedule was used together with the questionnaire. The questions posed can be categorised into three sections. Section A deals with Bed and Breakfast market, section B deals with Bed and Breakfast product and section C deals with organisation of Bed and Breakfast. Questions included the following:

- (a) Questions that elicit the growth of Bed and Breakfast accommodation.
- (b) Questions that require respondents to indicate how they perceive the impact and survival of Bed and Breakfast accommodation in future.
- (c) What would proprietors like to see being done in order to alleviate any perceived problems or to enhance the market of Bed and Breakfast.

1.9.4 Method of Data Analysis

Data analysis was accomplished by utilising computer programme commonly known as Social Science Survey Package (SSSP). A qualitative analysis method is used to analyse the data in this study. Data was prepared such that it can be analysed with the use of a computer. The personal computer was used to analyse data and to run statistical programme. A Microsoft Word programme was used for graphical analysis.

1.10 CONCLUSION

This chapter has outlined the background of the study, statement of the problem, aims of the study, delimitation of the study, limitation of the study, definition of terms, hypothesis and methodology. The background of the study indicates that there is an increase in the number of Bed and Breakfast world wide, thus the study seeks to give the reader the nature, pace and evolution of Bed and Breakfast.

CHAPTER 2

THEORETICAL FRAMEWORK

2.1 INTRODUCTION

The current trends of Bed and Breakfast accommodation growth are related to physical, social, economic and technological environments in which supply and demand operate (Burkat and Medlik, 1981). Research reveals that the industry is shaped by its consumer demographics, population trends, income, employment trends and education of the population. The changing culture of industrialization created sectors in society, the urban population which became the principal market. People earning more income formed the market for travelling tourism. The supply of transport also made travel possible. In the industrialised countries the holiday entitlement of workers has steadily increased. The working class and the educated see holidays as an essential part of their lifestyle.

Looking ahead at the Bed and Breakfast lodging, one has to think about the forces such as the nature of investment, elements of costs, occupancy rates, influence of size and product problem which are at work today that are likely to affect Bed and Breakfast accommodation tomorrow.

2.2 HISTORICAL OVERVIEW EVOLUTION OF LODGING AS AN

This chapter focuses on the historical overview of lodging as an industry and specifically to the Bed and Breakfast as a type of lodging. The Bed and Breakfast accommodation industry is reviewed as cyclical, capital intensive and an industry with multiplier effects. A multiplier measures the initial spending together with the chain of expenditures that result. For example, when a traveller spends a rand in Bed and Breakfast segment, some portion of it goes to the employees, suppliers and owner

who in turn re-spent it and so it goes. Powers (1995) estimates that the final contribution is three to four times greater than is that of the initial expenditure of the tourists themselves.

The competitive perspective of Bed and Breakfast accommodation is a significant part of this chapter, since it makes it a highly unpredictable market place. The Bed and Breakfast industry is particularly conscious of the importance of a high degree of capacity utilisation which has a major bearing on profitability. In other words the unit cost of operation - the bed / the night or room cost varies inversely with occupancy.

The product bed or night could not be adjusted to variations in demand. Thus a waste occurs when demand falls-short that means idle capacity, unoccupied beds represent an irretrievable loss. The chapter reviews the principal customer types by highlighting their different needs and preferences. The chapter also focuses on motives, attractions and destinations since they are tourist attractions that set the whole process of tourism in motion.

With so many variables at play, such as consumer demographics, influence of transport, occupancy rates, technology, and nature of investment, one can make no precise forecasts but the complexity of the industry renders it an important field of study.

2.2 HISTORICAL OVERVIEW /EVOLUTION OF LODGING AS AN INDUSTRY

The need of travellers for food and temporary lodging has not changed from the past which is before the industrial revolution. Foster (1994) reveals that the first roadside inns were constructed during the time of the Roman Empire. The Romans constructed establishments called Hospitea along their towns. Greene (1987) points out that for more

affluent travellers the Romans constructed sleeping inns called *Coupona* which provided greater protection against bandits.

Prior to the 19th century, Gray (1980) maintains that lodging was limited to primitive roadside inns with little sanitation or privacy. But the increase in land travel created a demand for clean comfort lodging with entertainment centres, seaside resorts and road side rest areas. Most research by Gray (1980), Powers (1995) show that early tourism was a privilege enjoyed exclusively by the wealthy. For example, in Greece leisure resorts were constructed on the outskirts of the crowded cities along the seashore.

Espinonza (1998) agrees with Powers (1995) that in Italy travellers were accompanied by a tour guide called *Vetturiro*, who organised transportation, arranged wayside lodging and protected the clients. The Chinese were not left behind. Gray (1980) points out that around the 1000 B.C. the Chinese created the world's highway system complete with travellers inns and roadside rest areas sheltered by shade trees. Early travellers who were not on the road for religious reasons were usually on military, diplomatic and political missions. This was partially true during the Roman era when the Great Roman Empire extended far beyond the limits of Italy (*Burkat and Medlik, 1981*).

Campos (1997) reveals that in Persia, travelling was done in large caravans which carried elaborate tents for use along the caravan points, these accommodations were known as *KHANS*. John (1994) points out that these accommodations in Persia were still primitive in the sense that there were rooms for people but no stables for horses, sometimes, there were stables and no rooms for people.

Greene (1987) indicates that in the earliest of times, accommodation was operated by slaves who belonged to the temples of holy places. In

ancient India, it was then duty of the priests and holy men of the temples to arrange for accommodation and food for visitors.

During the Industrial Revolution normal roadside lodges for motorists was constructed. The aim was to attract vacationing families travelling by car (John, 1994). The Inn organisation grew to become the largest lodging chain in the world. Powers (1995) shows that during the twentieth century the focus shifted from the upper class to the working class. As more people began to travel on business, a demand arose for private, sanitary lodging that was affordable to the average citizen.

During 1960 in the United States of America Bed and Breakfast accommodation establishments created a market primarily for motorists. Therefore the market targeted was motorists. South Africa was no exception from other countries and Bed and Breakfast also provided temporary lodging to motor travellers. However, the lodging industry has undergone a constant evolution through its history. During the mid 1980 changes in the federal income tax laws in the USA prompted many entrepreneurs to obtain tax benefits by industry in the construction of accommodation establishments. Foster (1994) sees Bed and Breakfast as still being concerned with providing temporary lodging to travellers. However, the lodging industry has undergone a constant evolution throughout its 2000 year history and has become one of the largest complex industries in the world.

John (1994) predicts that there will be a steady growth in people upgrading their own houses for Bed and Breakfast accommodation and the trend of people improving their homes to supply accommodation will continue to the twenty first century and beyond. Powers (1995) summarises that Bed and Breakfast accommodation worldwide followed patterns of transportation of its time. Bed and Breakfast accommodation has responded to changes in destination patterns and customers needs

and preferences.

Cooper (1990) and Knowles (1996) reveal that in the past although differences in quality and price existed, most lodging establishments provided products and services for the entire market. Foster (1994) contends that lodging responds not only to the changing transportation patterns but also the varying specialised needs of travellers producing distinct segments.

2.3 TYPE OF LODGING: BED AND BREAKFAST

With the escalation of transient rates at hotels, an opportunity has created to serve a more price-sensitive market (Mullins, 1993). One response is the provision of accommodation in a private home or conversion of a residential property to accommodate transient guests.

Powers (1995) indicates that the number of Bed and Breakfast accommodation has increased in Canada from fewer than 1000 a decade ago to more than 2000 in 1994. For example in United States of America the Bed and Breakfast market has grown to be a fast business. Although the Bed and Breakfast industry is still growing, most Bed and Breakfast owners often provide all the necessary labour but some employ full or part time help.

Although some Bed and Breakfast are operated as a sideline, they are a source of extra income. Espinonza (1998) sees Bed and Breakfast as really small scale resorts that represent a major investment. Schoor (1996) agrees with Espinonza (1998) that Bed and Breakfast are beginning to cut into the business travel-tourism market. The Bed and Breakfast accommodation offer people travelling, whether for personal or business purposes not only attractive rates but a home away from home Mullins, (1983).

Gray (1980) maintains that the practice of giving away a continental breakfast is certainly not new, it has been common in small motels for years. But the advertised, standardised availability of a "free breakfast" that is one covered by the price of the room has a special appeal. In South Africa Bed and Breakfast establishments account for 4 percent visitor accommodation (White Paper Development & Promotion of Tourism in South Africa, 1996).

Foster (1994) and Sean (1998) indicate that most Bed and Breakfast accommodations are classified on the basis of physical characteristics, price level, product, service range facility and guest's purpose.

2.4 BED AND BREAKFAST AS AN INDUSTRY WITH MULTIPLIER EFFECTS

The Bed and Breakfast accommodation industry is cyclical in a sense that the demand for lodging rooms rises and falls with the business cycle. Powers (1995) indicates that the demand changes direction three to six months after the economy does. Business and pleasure travel are easy expenditures to cut out in a declining economy.

The Bed and Breakfast accommodation is a capital intensive industry, that is, it requires large investments of capital in fixed plant and equipment. Capital costs such as depreciation, interest, insurance and property taxes are fixed costs. Sean (1998) maintains that the Bed and Breakfast accommodation business is highly competitive characterised by periodic increases in the number of rooms available.

Because it requires such large investment in fixed assets, it is capital intensive. Espinonza (1998) contends that often Bed and Breakfast are built to meet not only the guests needs but also investors needs. The

segmentation of Bed and Breakfast accommodation has contributed to the growth as each supplier, company or owner seeks to be represented with each of its product in all major market segments.

The Bed and Breakfast accommodation industry contributes substantially to the economy in terms of its multiplier effects. Powers (1995) reveals that although the precise computation of travel multiplier effects need not concern observers, some experts estimate that the final impact is three to four times greater than the initial expenditures of tourists themselves.

2.5 BED AND BREAKFAST ACCOMMODATION: A COMPETITIVE INDUSTRY

In the past 10 years the competitive situation in Bed and Breakfast accommodation has changed in a number of ways. The oversupply renders competition more intense. Moreover, there is competition not just between proprietors and manager-innkeepers but between segments by offering extra facilities, activities and services other than Bed & Breakfast. Thus pricing practices have gone from being fairly rigid to extreme flexibility Johnson (1992).

Campos (1997) agrees with Sean (1998) that Bed and Breakfast accommodation competition means that at the bottom end of a cycle some Bed and breakfast accommodation are knocked down, withdrawn from the market or converted to another use often sooner than expected. Competitive tactics include product, services, and facilities differentiation. Services and amenities are crafted to meet the needs and preferences of particular targeted market.

Research statistics indicate that Bed and Breakfast accommodation demand grew very slowly in 1980 and occupancy remained at a

depressed level below 65 percent of occupancy rate. Break-even sales level vary from property to property based on variables like level of service and annual fixed costs. Powers (1995) emphasises that occupancy below 65 percent leads to a loss but occupancies from 65 percent to above are often profitable and profits usually reach a healthy level above 75 percent occupancy rate.

Research further reveals that successful Bed and Breakfast accommodation will be the ones that can establish a real competitive differences in relation to other products offered by Bed and Breakfast. Powers (1995) contends that the single best means to achieve that competitive edge is service, whether personal, indirect or mechanical, guests will choose the Bed and Breakfast accommodation that come the closest to zero defects goal of successful service systems.

The impact of technology, oversupply of rooms and changing markets are all working to change the nature of competition in Bed and Breakfast accommodation by offering services such as extended stay, luxury Bed and Breakfast and full service Bed and Breakfast. Understanding the nature and importance of the changing competition picture help one see lodging opportunities as well as its risks by adapting to the changes.

2.6 BED AND BREAKFAST ACCOMMODATION: SERVING THE GUEST

Bed and Breakfast accommodation product orientation has been fundamentally altered by the logic of promotional marketing. While product and location still matter, putting the customers needs and preferences first has resulted in a segmented lodging market made up of several quite different kinds of guests/travellers (Cronje, 1987). Lodging can be divided into three major segments including business tourist, holiday tourist and common interest tourist. The business tourist

segment could be further divided into individual or group business. The other business category is the convention traveller. What is important is the fact that each group has different needs, wants and preferences. For example, the family on a vacation is usually looking for fun and relaxation while the business traveller needs speed and efficiency to maximise the use of his/her time.

Espinonza (1998) estimates that business and convention travel accounts for 26 percent of United States travel. There are factors behind the fall in business travel. Most business needs are met by phone, teleconferencing, video conferencing, faxes, and electronic mail. A major reason for travelling however was the need for personal touch Morrison (1989).

Most important to business travellers besides location is to feel secure away from home, to be well served and to feel they have received fair value for money. Powers (1995) points out that 52 percent of all managers under the age of 35 years are women and he sees women as an entire class of business traveller that did not exist 20 years ago. Therefore women might constitute the fastest growing business travel market.

Sanders (1997) estimates that leisure and personal travel accounts for nearly three quarters of Americans travel. The number of pleasure trips has increased nearly 40 percent in the past 10 years. Some of these guests stay in Bed and Breakfast. Thus Bed and Breakfast market is expected to increase from 54 percent in 1988 to 62 percent by year 2000.

Campos (1997) finds that more and more business at domestic and international level are investing in international markets. Attempts to attract foreign travellers are certainly not limited to overseas expansion

but world-wide. In most Bed and Breakfast accommodation, multilingual staff are becoming more important as are signs and menus printed in more than one language. International travellers are important in shaping Bed and Breakfast accommodation scenario.

2.7 MOTIVES, DESTINATIONS AND ATTRACTIONS

People travel for many reasons and tourism will be in trouble without travelling. Some of the reasons include work and recreation Burkart and Medlik (1981). The motives are varied because recreation is more than just play, it means reviving, refreshing, reanimating, amusing, diverting and gratifying. Recreation as a necessary vital part of life attract different people for different motives. Health interests have also long been a major travel motive. In ancient times the Romans were drawn to springs thought to have health giving properties which became fashionable again in the eighteenth and twentieth centuries Coltman (1989). The scenic beauty, especially mountains and the seashore, have long been a major attraction. Scenic beauty is often coupled with health building activities e.g. hiking, skiing and swimming so that both body and mind are refreshed by these activities. Today's state and national park systems are the most extensive response to the touring motives in history.

Sporting events from the first Olympics in 776 B.C. have attracted thousands of serious sports enthusiasts as well as untutored onlookers, (Sanders, 1997). Culture, including history and arts appreciation are judged by some as not very interesting stuff, yet every year the battlefields of yesterday throng with thousands of visitors on guided tours. Theme parks are among the most significant tourist attractions. Man-made environments such as casinos and gaming and theme parks, zoos, museums, convention centres, trade and fair festivals are significant secondary destinations in urban centres, (Page, 1995)

2.8 CONCLUSION

Looking back at several recurring themes one could point out that ultimately the consumer determines what the Bed and Breakfast accommodation industry will be and consumer base is changing dramatically. The development changes in transport has shaped the Bed and Breakfast accommodation industry before Industrialization, during the eighteenth and the nineteenth centuries, during the age of Coal and Steam up to the Second World War and the present modern world. The role Bed and Breakfast accommodation industry plays in the Gross Domestic Product of a country could not be overlooked. The economics of Bed and Breakfast operation is seen as meeting the needs and preferences of tourists. The changes brought by technology, competition, strategies and amenities in Bed and Breakfast market segmentation are all forces influencing the industry.

CHAPTER 3

THE SETTING OF BED AND BREAKFAST ACCOMMODATION INDUSTRY

3.1 INTRODUCTION

The chapter focuses on the history of tourist accommodation establishment and in particular of bed and breakfast industry in Empangeni and Richards Bay.

The case study of Golfview Bed and Breakfast forms part of the chapter, especially its management and organisational structure. The Municipal policy of Bed and Breakfast is highlighted in the chapter. The last part of the chapter is about past, current and future developments of Bed and Breakfast accommodation industry.

3.2 THE HISTORY OF TOURIST ACCOMMODATION IN EMPANGENI

Empangeni was officially declared a village on 19 June 1906. At that stage Empangeni consisted of a residency, magistrate's court buildings, a police camp, a gaol (jail), a store known as Loftheim's and wood iron houses. About 4,5 km away there was a station known as Empangeni Rail with wood-iron building, goods shed, a station master's house and a plate layer's cottage Minaar (1989).

The history of tourist accommodation dates back to 1910 when travellers were put up at Loftheim's Pioneer Store. But on 14 February 1911, two men, S.M. Silversen and A.E. Larsen were granted a country hotel licence for their new Royal Hotel. It was common to see horses gathered between Royal hotel and the saddlery, while riders were refreshing and their horses were being attended to Minaar (1989).

On 10 December 1914, E.J. van Schermbeek was granted a licence for Empangeni Hotel. Prior to the first world war Barney Driman had taken over the Royal Hotel as licensee, but he soon had competition from Empangeni Hotel. Unfortunately, Schermbeek's hotel did not last out the First World War Minnaar (1989).

While tourist accommodation developments were taking place at Empangeni there was a slow expansion of population. The growth in population led to the brick enlargements of the Royal Hotel completed in April 1919. But in 1920 competition came when shares were offered by Connaught hotels limited to the public for building another hotel. This advertisement was promoted by R.J. Burgess and the Benningfield Brothers. A site on the market square was bought from a Mr Turnbull, and the hotel known as the Imperial was completed in late 1926 Minnaar (1989).

The first licensee was C.J. Corondimas who was also the majority shareholder in Zululand Hotels (Pty) Limited. But C.J. Corondimas due to ill health leased out the hotel for certain periods. Among the people who leased the hotel are C.F. Potter in 1930, Barney Driman and later his son Stanley in 1940. Corindima's son Johnny took over the running of the hotel in 1949 Minnaar (1989).

The Royal hotel went into decline as a result of new competition from the Imperial Hotel. The Royal hotel was bought by W.F. Ball and M.S. Stanfield on 18 September 1928. The licensee rebuilt the hotel during November-December 1928. Unfortunately, they had over extended themselves and the insolvent estate of M.S. Stanfield sold Royal hotel to E.P. Smyth for a sum of £6000 on 27 September 1939 Minnaar (1989).

At the Imperial hotel, the barman Mr G. Palmer laundered for the two

hotels and received about 80 percent of private customers. All the washing, ironing and dry cleaning was done by hand.

Presently the Royal and Imperial hotels are still offering accommodation services to customers. Even now the hotels face competition from other tourist accommodation establishments such as Bed and Breakfast, Guest Houses and Inns.

The Royal hotel has declined and was closed down in July 1998 because water and electricity supply were disconnected due to non-payments of bills. It was re-opened on 6 October 1998 with new management and better marketing strategy. The hotel has changed ownership many times and the current owner for the past five years is an African proprietor from Swaziland. It is interesting that the Royal hotel also emphasises the Bed and Breakfast service in their marketing strategy. The Imperial hotel has also experienced a decline in business, but still functions as an accommodation establishment.

3.3 THE HISTORY OF TOURIST ACCOMMODATION : RICHARDS BAY

The history of tourist accommodation in Richards Bay dates back to 1922 when C.F.M. Hibberd built the Richards Bay hotel. It consisted of a wood and iron building, native trading store and a bar. The weekend fishermen slept on the verandah haunted by mosquitoes Cubbin (1983).

In 1928, Ruth Mackenzie, the daughter of Edward George Brinson was the proprietor of the Richards Bay hotel. The Richards Bay hotel consisted of wood and corrugated iron building with a bar, dining room, outside bedroom blocks, six rondavels and the glassed-in summer house at the top of the ridge to view the bay and native trading store. In 1929 the new hotel was opened with a large dining room, small lounge, a kitchen with a wood stove and large open verandah Cubbin (1983).

An Indian cook, James and his wife did the washing and ironing for the residents and lived in quarters on the premises. The daily ox-wagon trip to Empangeni was for ten shillings to get bread, butter and other supplies. From 1920 - 1960 Mr Anderson supplied the Richards Bay hotel with butter, milk, eggs and vegetables Cubbin (1983).

Anderson travelled twice weekly from his Green Valley farm, some eleven miles away to fish at his favourite spot which now bears his name Anderson's channel. There were few cottages situated on top of sand dunes from which paths led to the beach or the bay Cubbin (1983).

The hotel was bought in 1933 by K. V. Challener, when Brimson died in August 1936. In 1952 Mr Jack Davidson and his wife purchased the hotel which was situated at seven acres and consisted of 52 thatched rondavels and cottages of various sizes. The Davidson family generated their own electricity and pumped water from a spring about two miles from the hotel Cubbin (1983).

The hotel became the centre of Richards Bay holiday resort. Davidson family ran the shop, supplied petrol, refuelled all aircraft on the landing strip which was about 100m from the hotel and ran the library, post office and bank agency. During the holiday season about 5000 holiday workers enjoyed the free dances and cinema shows provided by the hotel Cubbin (1983).

By June 1969 Richards Bay had a Town Board, 49 cottages at Meerense, Post Office, small general store, hotel a bait station, camping site and hundred of inhabitants. Developments were taking place such as Lake Mzingazi became a catalina flying boat base (Cubbin, 1983).

But within 5 years from 1969 the little holiday resort was transformed into

a small town with a population of three thousand inhabitants. The growth of the town continued unabated and the new hotel Richards Bay was open on 24 November 1976. The second hotel Marina Lodge also opened in 1990. After the second hotel, there was growth of tourist accommodation establishments especially Bed and Breakfast, guest houses and Inns because of more industrial and commercial developments Cubbin (1983).

The history of tourist accommodation in both towns serve as a guide to the present Bed and Breakfast proprietors. It is important for interested researchers to understand the historical perspective of accommodation so as to deal with the present and future problems.

3.4 THE HISTORY OF BED AND BREAKFAST ACCOMMODATION INDUSTRY

Bed and Breakfast started as a result of hotels that have priced themselves out of local market. For example R390 per night in hotels is unaffordable especially for South Africans, and Empangeni and Richards Bay are no exception. Bed and Breakfast became essential as shortage of tourist accommodation service because of few hotels in towns e.g. two hotels in Empangeni, and two hotels in Richards Bay. The deterioration of hotels contributed to the starting of Bed and Breakfast accommodation establishments.

In South Africa there is a governing body known as Fedhasa which runs organisations such as Bobasa, travel agents, tour operators and hotels. The Fedhasa controls and look after the best interest of each industry. For example, the legislations introduced by the government could have a negative or positive impact on the industry.

A number of associations and organisations have been formed to look after

the interests of the hospitality industry in the region. The formalities of the hotels, and lack of homely atmosphere or ambience can be regarded as part of the hotels' decline. The clients' needs and preferences also drifted from those set by hotels. The fact that there is clustered industries and factories in the area also promoted Bed and Breakfast facilities. As the demand for tourist accommodation grew in the area people decided to start Bed and Breakfast to accommodate business representatives from various industries and companies.

Therefore, the entrepreneurship combined with the demand for accommodation services culminated in the supply of Bed & Breakfast accommodation establishments. The Bed & Breakfast accommodation in Empangeni started as an unorganised business venture between 1990 and 1991. In Empangeni the Bed & Breakfast accommodation was formalised by the Greater Empangeni Marketing Association (GEM).

The GEM represents Bed & Breakfast accommodation industry and is equivalent to the tourism association. The GEM also represents different role players and stakeholders in the tourism industry. Among the pioneers of Bed and Breakfast in Empangeni are the Amble Inn, Golfview and Carsdale. In Richards Bay it started in 1995 as a formal business sector. The oldest Bed & Breakfast are La Rochelle, Duck Inn and Bream House that joined in 1996. In 1997 there has been many Bed and Breakfast starting as a result of industrial and commercial development.

3.4.1 Changes in Bed & Breakfast Accommodation Industry

A number of changes in Bed and Breakfast have taken place in both towns. Most Bed and Breakfast lodging have become competitive in terms of what they offer including services, products and amenities. The Bed & Breakfast accommodation industry has standardised the rates to accommodate the aspects of competition in Empangeni. For example, the

proprietors have agreed to charge not less than R80 and not more than R250. Even if the proprietor has specials, one is not allowed to charge less than R80.

The rates are only guidelines and does not mean that there are no proprietors that charge more than R250. Those that are outside the league or association do not comply with the Empangeni accommodation association (EAA) standards. Another reason is that most Bed and Breakfast market comes from business people. Business people are away from home for three to six months and they need a personal touch, homely atmosphere which is afforded by Bed and Breakfast. Such business people need not only beautiful, decorated pictured walls but need to sit and communicate with people to feel as if they are at home.

What is noticeable about most tourist accommodation is that most guests have changed, they are more selective and want value for money. Bed and Breakfast accommodation industry is no longer offering a service of Bed and Breakfast, but it has changed and extended its service to dinner and lunch too. For example, one could get a lunch pack of R35 which is cheaper compared to dining out.

Another major change in Bed & Breakfast is that proprietors are adapting to the local culture to make guests more comfortable. There is a lot of adaptation and consideration of cultural diversity. Another change which has affected the hotels is that more business people stay in Bed & Breakfast for reasons such as home atmosphere and personal touch.

3.4.2 Problems in Bed & Breakfast's Accommodation Industry

The Bed and Breakfast accommodation industry has a number of problems including the major one of regulation. The industry lacks regulation and there are no laws that states the procedures and processes to follow when

starting a bed and breakfast business. For example, anyone whether qualified or not, licensed or not could turn three rooms in the neighbourhood into a Bed & Breakfast.

The issue of lack of regulation has a negative impact on all bed and breakfast businesses in the whole area because the conversion of a house into Bed and Breakfast without formal guidelines could result into sub-standard accommodation being offered to guests.

The regulation problem include lack of national standards such as grading system of Bed and Breakfast that could be well known, recognised, understood and adhered to by all interested parties in the industry. Also, lack of regulations so that one could not open a Bed & Breakfast without prior planning and consultation with authorities concerned. There is a problem of too many Bed and Breakfast lodgings as a result supply exceeds demand.

Financial institutions consider Bed and Breakfast as a high risk business in terms of securing loans. This poses restrictions to interested proprietors who like to start a business. The problem of road signage (lack of basic signs and posts) results in unofficial unacceptable signs, boards which end up confusing tourists and the public at large. The delays in the municipal for signage approval is also a contributing factor along with the fact that even the existing signage need to be improved to be more visible. The other issue about road signage lies in the fact that who should take responsibility between the Transitional Local Council and Department of Transport. The delay in road signage encourages proprietors to put up their own road signage which may not meet the requirements of the municipality.

According to one proprietor there is a problem of racism whereby some proprietors do not like to accept black customers, because there is a

tendency among African customers to book and not arrive at the end. This creates problems for the proprietor who sits with empty rooms losing revenue. Some proprietors believe that it is better to acquire fax or confirmation from the customer first, altogether this is still not a guarantee for room occupancy.

3.5 THE MUNICIPAL POLICY ON THE BED AND BREAKFAST ACCOMMODATION INDUSTRY IN EMPANGENI

To start Bed and Breakfast accommodation establishments in Empangeni one has to apply to the municipality for a special consent. The application process takes about 4 weeks. The applications are evaluated according to stipulated criteria and only a certain portion of residential unit may be used.

If the application is approved certain standards are set out in the consent including the following:

- (a) The Bed and Breakfast should be licensed.
- (b) The site is to be rezoned or well fenced.
- (c) There should be special residential approval to run a business.
- (d) There are strict conditions for fire, food poisoning and animals.
- (e) The hygiene standards for the kitchen should be met.
- (f) The health inspection should take place on agreed periods.
- (g) There should be enough parking per room on the property.
- (h) The Bed & Breakfast owner has to be insured for food poisoning and animal bites (Empangeni Town Planning Department) 1998.

Looking at the above policy standards one could mention that there is no clear distinction about who qualifies to run the Bed and Breakfast business.

The consent may be withdrawn by Municipal Council if any of the above mentioned standards are not met.

3.6 THE MUNICIPAL POLICY ON THE BED AND BREAKFAST ACCOMMODATION INDUSTRY IN RICHARD'S BAY

The Richard's Bay Municipality has the following clauses relating to Bed and Breakfast facilities:

- (a) The Bed & Breakfast facility shall not detract from the residential character and amenities of the property concerned or the immediate surroundings.
- (b) A Bed & Breakfast facility shall not include a place of public assembly or a place of public amusement where such land use types are not allowed.
- (c) One on-site parking bay per lettable room shall be provided.
- (d) Any on-site advertising or signage shall be subject to Municipality Council's approval.
- (e) Bed and Breakfast facility consisting of not less than four and not more than six habitable rooms shall first be applied for and obtained and such an application shall be accompanied by a site development plan (Richards Bay Town Planning Department) 1998.

The Richards Bay Bed and Breakfast policy is still in formulation and there is much conflict about the above clauses.

The municipality checks the basic facilities available in Bed and Breakfast establishments and whether they match the standard desired to promote the goals of the business.

After the municipal process is over, the Bed and Breakfast could register

with Tourist information office or association. For example, in Empangeni Bed and Breakfast owners pay an affiliation fee of R150 per annum and Richards Bay R165 per annum to be registered. The difference in fees could be attributed to the location factor. The tourist information office provides and disseminates information about Bed and Breakfast accommodation establishment available in the town.

The tourist information centre also make sure that the available services provided by each Bed & Breakfast accommodation is up to the quality standard and maintains that the surrounding environment and services are of quality to benefit all stakeholders and tourists.

3.7 THE MANAGEMENT AND ORGANISATIONAL STRUCTURE OF GOLFVIEW BED AND BREAKFAST : A CASE STUDY

Most of Bed and Breakfast accommodation are managed by owners or co-owners. The management structure consists of the following:- owner or co-owners, administration staff, kitchen staff, financial staff, maintenance or cleaning staff and security staff. The management structure depends on the size of the Bed and Breakfast. For example the bigger the Bed and Breakfast the larger is the management staff.

The Golfview Bed and Breakfast is managed by co-owners that is Wendy and Steve. Wendy has worked for eleven years in the hotel industry (Southern Sun) as a qualified executive chef cook. She is secretary and treasurer of the Empangeni accommodation association. They have bought the Bed and Breakfast from the first owner two years ago.

The Golfview Bed and Breakfast has fourteen double rooms, three outside rooms and a flat on the premises. The Golfview gets its market mostly from business (people) sector. For a double room it is R200 and single is R160 per night. There are customers interested in resting during the day

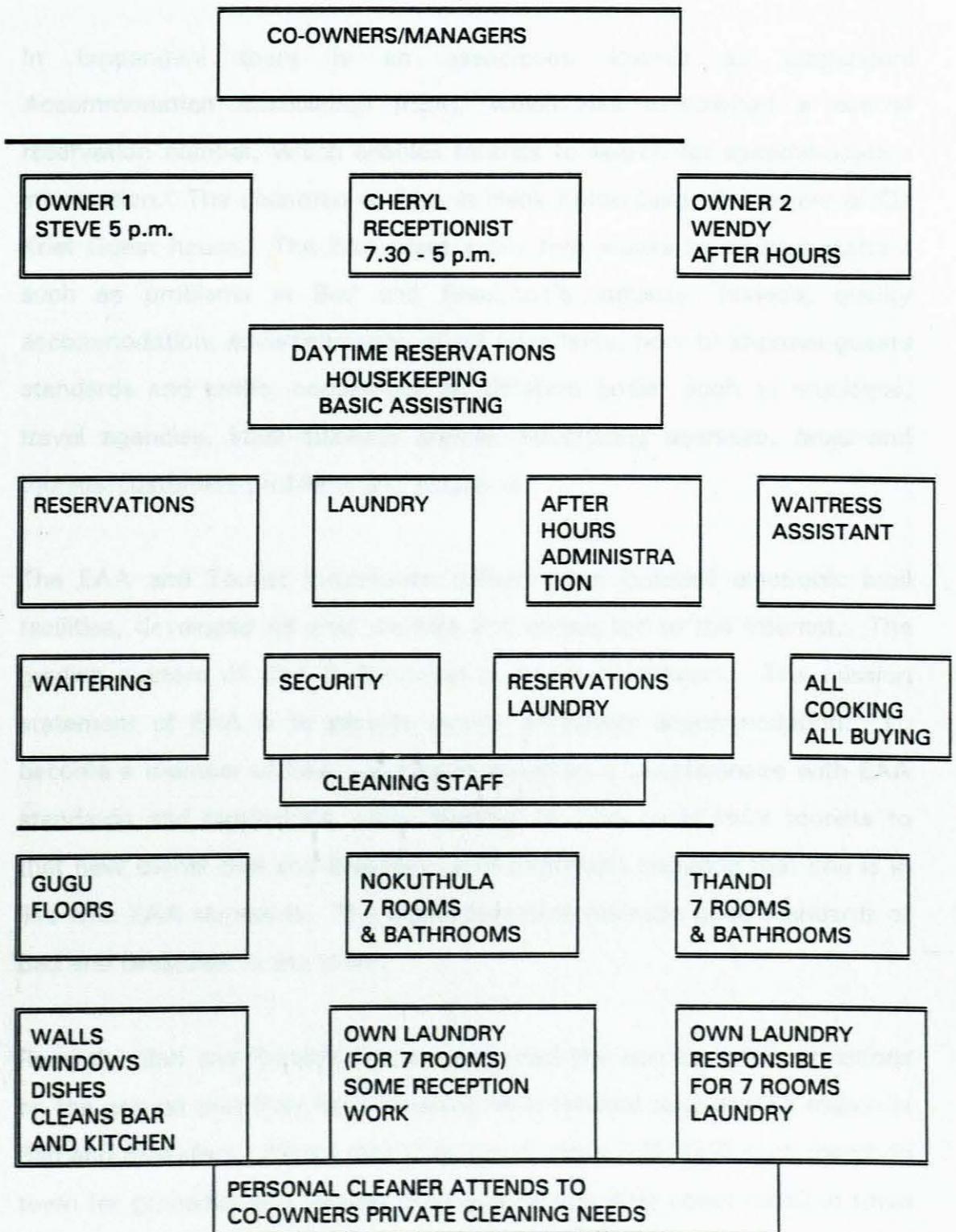
and the charge is R50 per hour and the next hour(s) is R15. According to the co-owners this is regarded as profit since the next customer for night(s) could use the room thus doubling the income.

The Golfview Bed and Breakfast has both cash and credit customers but cash customers provide good business. There is an external auditor/bookkeeper to enable the business to function properly and to inculcate the element of accountability as a strong factor for business success thus keeping the business in line.

The staff in Golfview undergo training by co-owners and making use of Kagiso training school. The staff is also empowered by allowing them to do private laundry and shoes for the guests especially those who stay for three weeks and above. This creates extra jobs for the people responsible for cleaning and maintenance since they start working at 17h45 to 14h30. The co-owners have an account with a doctor for the cleaning and maintenance staff which is part of their working benefits.

From an observational point of view one can highlight that Bed and Breakfast is challenging and demanding business because one is occupied throughout weekdays and weekends up to late in the night and could not take a holiday at any time or as one wishes.

FIGURE 3.1 THE ORGANISATIONAL STRUCTURE OF GOLFVIEW BED & BREAKFAST ACCOMMODATION ESTABLISHMENT IN EMPANGENI



SOURCE : Compiled from interview held with Golfview owners.

3.8 RECENT AND FUTURE DEVELOPMENTS IN BED AND BREAKFAST ACCOMMODATION INDUSTRY

In Empangeni there is an association known as Empangeni Accommodation Association [EAA], which has established a central reservation number, which enables tourists to search for accommodation information. The chairman of EAA is Henk Kaldenburg, the owner of De Kriet Guest house. The EAA meet every two weeks to discuss matters such as problems in Bed and Breakfast's industry, finance, quality accommodation, advertisements, guest hospitality, how to improve guests standards and tariffs, cooperation by different bodies such as municipal, travel agencies, local business people, advertising agencies, rates and tourists/customers problems and solutions.

The EAA and Tourist Information offices have installed electronic mail facilities, developed its own website and connected to the internet. The grading system of Bed & Breakfast is under discussion. The mission statement of EAA is to provide quality affordable accommodation. To become a member of EAA one has to complete a questionnaire with EAA standards and regulations. Any member of EAA could refer tourists to that new owner Bed and Breakfast with happiness knowing that one is in line with EAA standards. The whole idea is to maintain good standards of Bed and Breakfast in the town.

Recently, Bed and Breakfast have requested the service rates reductions on the ground that they have invested an estimated total of R12 million in Bed and Breakfast. Above that they spend about R295000 each month in town for groceries and salaries with guests spending about R250 in town for petrol and other expenses. Most Bed & Breakfast owners in Empangeni believe they make a profit of R1 million a month (Zululand Observer, August 1998).

The future of Bed and Breakfast is directly linked to economic factor. The Bed and Breakfast accommodation future is promising with its location, coastline and harbour in the bay surrounded by wetlands, freshwater lakes on the north. The major commercial and industrial developments in the towns demonstrate a strong growth potential that will bring tourists and business to the towns. The commercial and industrial developments include the port expansion, expansion of Indian Ocean fertiliser, spatial development initiative, construction of Iscor and dry dock.

3.9 CONCLUSION

Chapter three clearly presents the nature of operation of Bed and Breakfast in both towns. The problems experienced by accommodation industry in the past are still present even today. The changes in the industry poses a number of problems, and solutions need to be sought for its survival in the future. It is evident from this chapter that both municipalities need to improve their policies and regulate the Bed and Breakfast industry.

CHAPTER 4

ANALYSIS AND INTERPRETATION OF DATA

4.1 INTRODUCTION

The chapter presents the analysis and interpretation of data on the study of Bed and Breakfast Market, Product and Organisation in Empangeni and Richards Bay. The aim is to determine the impact and survival of Bed and Breakfast establishment in the next millennium. The analysis and interpretation of data is based on the ten questionnaires distributed through the Chairperson of Empangeni Accommodation Association who is also the Treasurer of the local Tourism Association. The transcript of the questionnaire appears at the appendices.

4.2 THE BED AND BREAKFAST MARKET

The issue under the spotlight concerns Bed and Breakfast lodges and market relating to the market trends, sales, location, distribution channels, promotional methods, marketing systems and competition.

4.2.1 Location of Bed and Breakfast lodges in relation to others

Findings below show that more than 60 percent of Bed and Breakfast lodges are located at a distance of less than 0.5 km from one another. Bed and Breakfast lodges that are located less than 5 km apart constitute 25 percent and 15 percent are located more than 2 km apart.

TABLE 4.1 : DISTANCE BETWEEN BED AND BREAKFAST ESTABLISHMENT

Distance between B & B in kilometre	0.5	5	2
Percentage	60	25	15

Location in relation to the market is influenced by the provision of accommodation facilities. Bed and Breakfast, by their very nature, are located where the demand is exercised by those requiring accommodation. In as far as the spatial distribution of the Bed and Breakfast lodges, the findings show a dispersed and a nucleated pattern. The pattern could be influenced by the location of industry and trade. Industrial and commercial activities have often created transit and terminal accommodation in and between population centres.

A viable Bed and Breakfast industry needs a close match between the demand for its facilities and their supply in individual locations. Where areas of concentrations are displayed, the extent of spare capacity emerges sharply when demand and supply are compared in particular types of location. Location of Bed and Breakfast market is closely related to transport development. Transport development has brought into existence a distinct type of Bed and Breakfast establishment and created concentration of Bed and Breakfast along coasts and inland resorts.

4.2.2 The impact of demographic factors on the marketing of Bed and Breakfast lodges

The demographic factors have an impact on the marketing of Bed and Breakfast lodges. Figure 4.1 summarises the relationship of demographic factors.

FIGURE 4.1: DEMOGRAPHIC IMPACT ON MARKETING IN BED AND BREAKFAST.

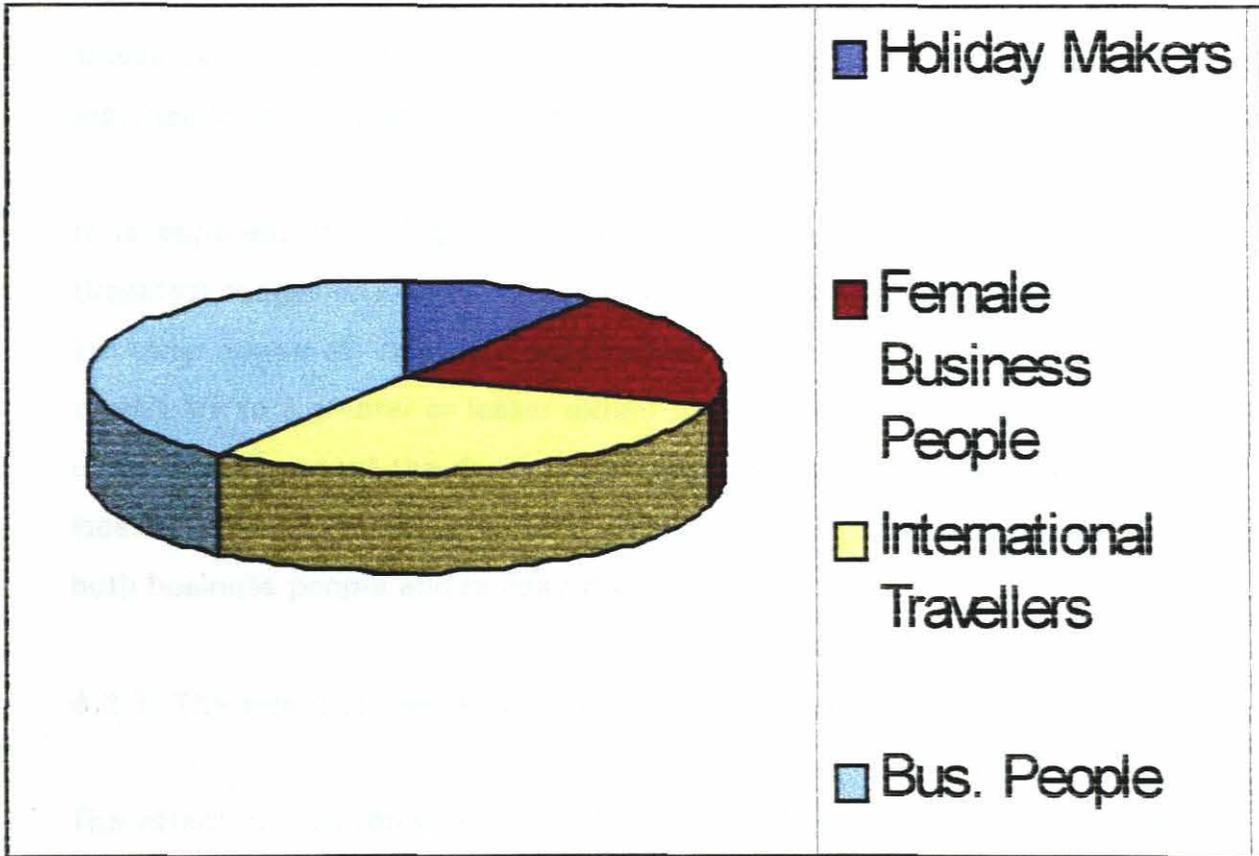


TABLE 4.2 EFFECT OF DIFFERENT MARKETING STRATEGIES ON THE PERFORMANCE OF BED AND BREAKFAST.

Marketing Strategy	Percentage	Frequency	Revenue
Promotional	15%	High	High
Advertising	25%	Medium	Medium
Publicity	10%	Low	Low
Direct Marketing	30%	High	High
Relationship Marketing	20%	Medium	Medium

Figure 4.1 indicates that 40 percent the customers of the Bed and Breakfast lodges are business people, and 30 percent are international travellers. The 20 percent is female business, and 10 percent is increase in leisure and wealth, (Holiday makers).

It is apparent from Figure 4.1 above that some owners of Bed & Breakfast lodges who serve the needs of tourists also operate their units for other types of uses. Often the Bed & Breakfast services used by tourist are to a greater or lesser extent determined by the needs of other users who represent the dominant market for the operator in a particular location. For example, the study reveals that Bed & Breakfast cater for both business people and holiday makers.

4.2.3 The effect of marketing on the choice of Bed & Breakfast lodges

The effect of marketing on the choice of Bed and Breakfast lodges is shown by Table 4.2.

TABLE 4.2 EFFECT OF MARKETING ON THE CHOICE OF BED AND BREAKFAST LODGES

Promotional strategies	Referrals	B & B Office	Print Media	Travel	TV & Radio Media
Percentage	35	21	35	8	1
Frequency N = 16	5.6	3.36	5.6	1.28	0.16

From table 4.2 the promotional strategies such as the word of mouth and referrals form 35 percent of those who use Bed and Breakfast lodges. Of 21 percent of the users of Bed and Breakfast Lodges get information through Bed and Breakfast Lodge office, and 35 percent of

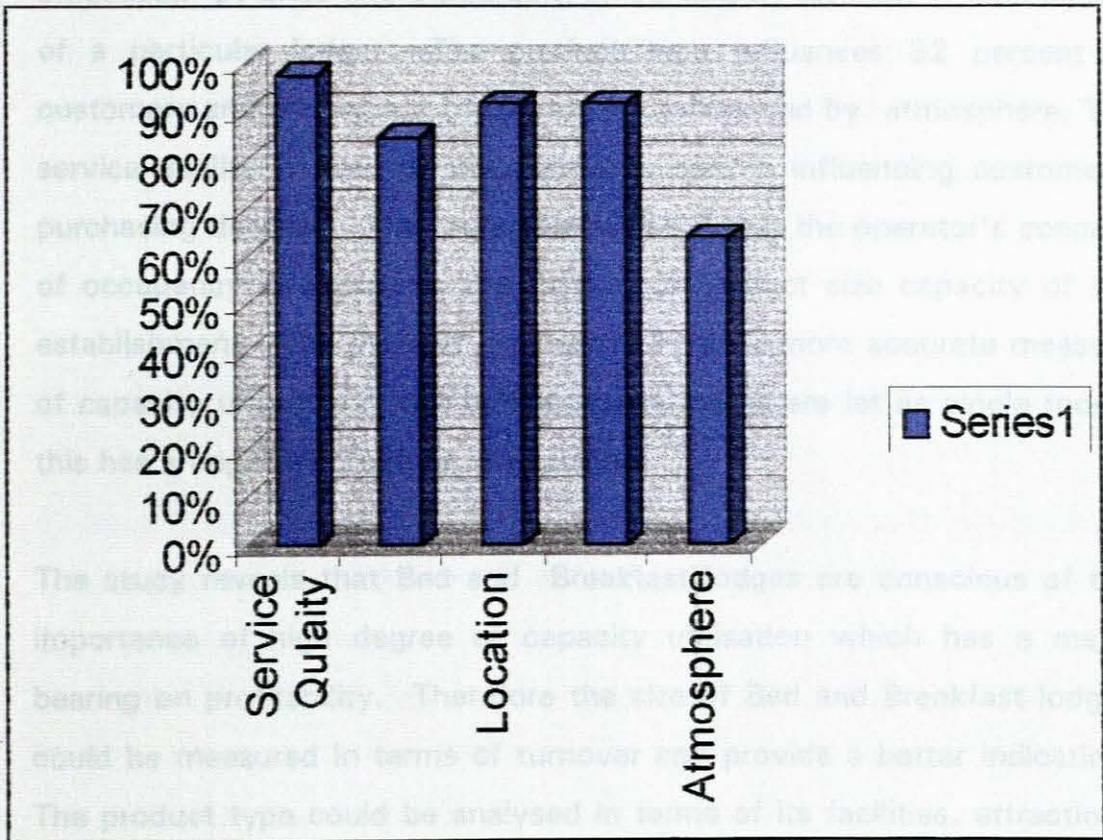
the customers get information about Bed and Breakfast Lodges through print media such as brochures and newspaper advertisements. The three promotional channels have greater influence on the customer's selection of Bed and Breakfast. The travel agents marketing strategies contribute about 8 percent, while advertising on Television and Radio and direct mail contribute about 1 percent to the customer's selection. It is evident from the study that advertising and direct mail are not at all significant in influencing customers on their selection of Bed and Breakfast.

What is noticeable from the study is the prominent part played by brochures, word-of-mouth, tourist information offices, direct Bed and Breakfast offices and travel agents in the marketing of Bed and Breakfast. All the promotional strategies employed keep the public informed, persuade and remind them of the various activities and services that the Bed and Breakfast establishments provide in the business environment they serve. Because the product of Bed & Breakfast is intangible there is a need to describe fully what the product is. Therefore, all promotional methods have to get into the hands of the final consumer in a form that will bring the product alive. The message should be credible, understandable and impel consumers to buy the product.

4.2.4 The extent to which items such as price, service quality, location and ambience influence the choice of a Bed and Breakfast lodge

The influence of items such as product types, price, service quality, location and atmosphere is shown in figure 4.2. From figure 4.2, the first set of influential item includes service quality, price and location, whereas the second set includes product type and atmosphere.

FIGURE 4.2: FACTORS AFFECTING CHOICE OF A BED AND BREAKFAST LODGE



The study also found that bed and breakfast lodges are conscious of the importance of degree of capacity utilization which has a major bearing on profitability. Therefore, the size of bed and breakfast lodges could be measured in terms of turnover to provide a better indication. The product type could be analysed in terms of its facilities, attractions and accessibility. The influence on purchase reveal not only the customers purchasing decisions, but the demand for business accommodation which is relatively price inelastic. The business accommodation price will tend not to be extremely seasonal.

The study indicated that the individual suppliers of accommodation services, not only tend to determine their prices independently of one another, but also do so with an eye on the reactions of their immediate competitors. Therefore the final price may or may not be strictly related to the costs of providing the services concerned.

4.2.5 THE MARKET RESEARCH FOR BED AND BREAKFAST LODGES

Not many owners of bed and breakfast lodges conduct market research

From Figure 4.2 one can read that 98 percent of the customers of Bed and Breakfast lodges are influenced by service quality, 85 percent influenced by price and 92 percent influenced by location in their choice of a particular lodge. The product type influences 92 percent of customers and 64 percent of customers influenced by atmosphere. The service quality is seen as the dominant item in influencing customer's purchasing decision. The respondents reveal that the operator's concept of occupancy is related to the (bedroom) product size capacity of the establishment. The product type tends to be a more accurate measure of capacity utilisation. But where double rooms are let as single rooms this has a negative effect on the revenue.

The study reveals that Bed and Breakfast lodges are conscious of the importance of high degree of capacity utilisation which has a major bearing on profitability. Therefore the size of Bed and Breakfast lodges could be measured in terms of turnover and provide a better indication. The product type could be analysed in terms of its facilities, attractions and accessibility. The influence on purchase reveal not only the customers purchasing decision, but the demand for business accommodation which is relatively price inelastic. The business accommodation price will tend not to be extremely seasonal.

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4.2.5 THE MARKET RESEARCH FOR BED AND BREAKFAST LODGES

Not many owners of Bed and Breakfast lodges conduct market related

research for business operation. In the study it was discovered that only 10 percent of the respondents conduct market research. About 90 percent of the respondents indicated that they do not conduct market research. According to one of the proprietors, Bed and Breakfast owners are too busy with the running of their business and factors such as time and money that could be wasted if the results of market research are not usable in the managerial decision making process renders it a fruitless exercise.

4.3 BED AND BREAKFAST - PRODUCT

There are key factors in Bed and Breakfast product such as the right location, correct capacity and high level of utilisation. These factors are all crucial in providing accommodation for the tourist and viability of an accommodation establishment. Expected changes in the Bed and Breakfast industry in the next millennium are brought under spotlight in the discussion that follows.

4.3.1 Bed and Breakfast demand change in different segments

Table 4.3 reflects changes in demand of Bed and Breakfast segments.

TABLE 4.3 DEMAND CHANGES IN BED AND BREAKFAST SEGMENTS

Different Segments	Business and Leisure	Holiday Tourist	Visiting friends and Relatives
Demand in percentage	60	30	10
Influence	Nature of Business	Price and Seasonality	Price level

From this table one can deduce that there will be an increase in business and leisure segment by 60 percent.

The holiday tourist segment reveals that there will be changes in demand by 30 percent. The holiday tourist segment is seen as sensitive to price changes and is influenced by skilled marketing effort. This segment is regarded as highly seasonal, yet the pricing policies of seasonal peaking of demand for holidays could be ameliorated.

From table 4.3 one can further read that the business segment will be relatively frequent but of short stay because the business tourist choice of destination will be determined by the nature of business and his choice will not be susceptible to influence marketing effort. The table reveals that the business segments will be relatively frequent but of short stay because the business tourist choice of destination will be determined by the nature of business and his choice will not be susceptible to influence marketing efforts.

The third segment of visiting friends and relatives reflects that the demand for this type of tourism will be price-elastic and also sensitive to the absolute level of price. The tourist will not be influenced by promotion, their stay will be relatively short and will travel infrequently spending relatively little in their stay.

The demand in all segments will change as a result of influence of transportation and the popularity of different forms of holiday which are often interconnected. For example the motor car greatly influences the length of stay in one location and creates a demand for one or two nights. This eventually disperses the demand geographically.

The type of hospitality required is also changing as the desire for informality is asserting itself against having arrival and departure times regulated by set time for dinner and breakfast.

4.3.2 DEVELOPMENT OF BED AND BREAKFAST INDUSTRY IN THE NEXT MILLENNIUM

Table 4.4 indicates Bed and Breakfast developments.

B & B developing	Luxury B & B	Full service B & B	Linked service B&B	Extended stay B&B
Percentage	20	45	5	30
Frequency N = 16	3.2	7.2	0.8	4.8

The table indicates that there will be a 20 percent increase in luxury Bed and Breakfast, 45 percent increase will be in full service Bed and Breakfast, 30 percent will be an increase in the extended stay in Bed and Breakfast, and 5 percent increase will be to the limited service Bed and Breakfast. From these findings one can read that the Bed and Breakfast industry will greatly improve and will also provide other services. From the respondents' point of view the product development could be a result of several sets of influences, including the nature of operation, the size of the market and the extent of competition. About 35 percent of the respondents believe there will be not much change from what Bed and Breakfast lodges are offering now, but the product could be a result of several sets of influences, including nature of the operation, the size of the market and the extent of competition.

TABLE 4.5 BED AND BREAKFAST PRODUCT CHANGES

Product change	More changes	Less Changes	Uncertain
Percentage	60	35	5
Frequency N = 16	9.6	5.6	98

Table 4.5 indicates that 60 percent of the respondents believe there will be changes in what Bed and Breakfast lodges are offering. Yet 35 percent believe that there will be minimal changes and 5 percent of the respondents are uncertain of any product change developments.

From the findings it becomes clear that Bed and Breakfast accommodation industry differs from other business in that it lacks flexibility in supply. The output of their product is bed/night which cannot be adjusted to variations in demand. Thus a waste occurs when demand falls. While the capacity remains constant through out the year, demand fluctuates. Therefore every night on which demand falls it means idle capacity. Conversely, once all beds are occupied the limit of earning capacity has been reached.

Moreover, the Bed and Breakfast product is perishable, unoccupied beds on any night represent an irretrievable loss, as the product cannot be shared for future sale. Also the accommodation unit has a fixed location and cannot follow the customer. The product has to be consumed at the place of production.

4.3.3 THE INFLUENCE OF FOOD AND BEVERAGES STRATEGIES ON SALES

Findings indicated that the theme restaurants and entertainment concept is of major importance in order to increase sales. The out-sourcing of food service is at present too expensive to be practical, but if the service was to be more cost-effective, more Bed and Breakfast proprietors would definitely go for the strategy.

4.4 THE ORGANISATION OF BED AND BREAKFAST INDUSTRY

Issues that relate to the organisation of Bed and Breakfast lodges are discussed below as they have an important bearing on the success or failure of this industry.

4.4.1 The Importance of Human Resource Management

The importance of ability to recruit experienced staff, availability of skilled employees, unskilled labour and labour cost was analysed. Figure 4.3 below shows the result.

FIGURE 4.3: LABOUR CLASSIFICATION ACCORDING TO SKILLS

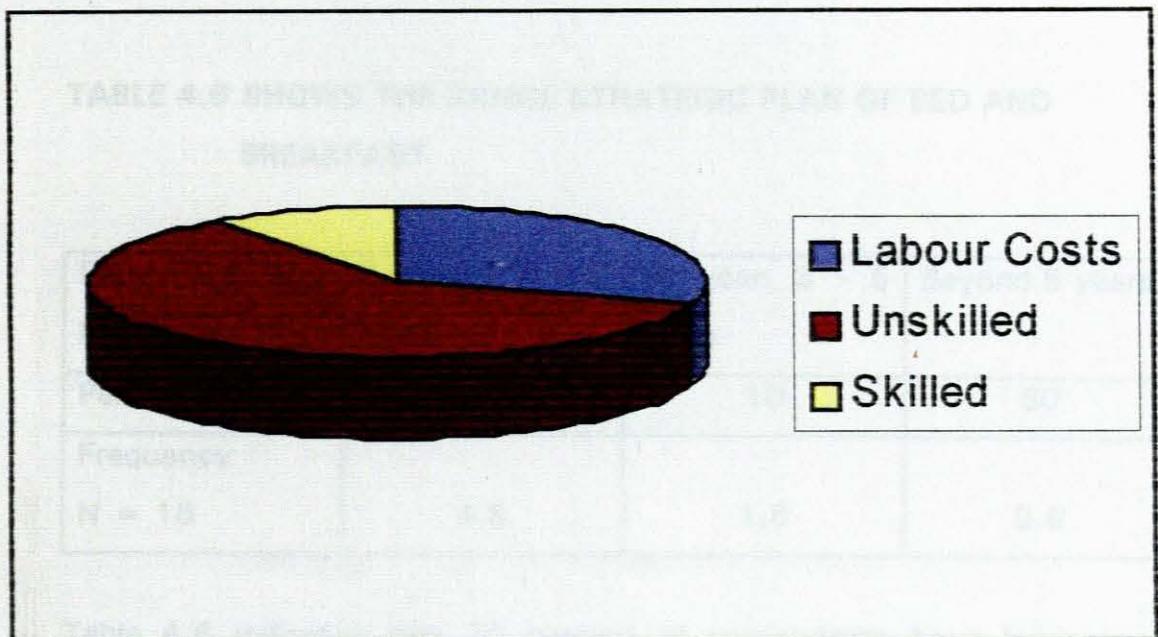


Figure 4.3 indicates that 60 percent of unskilled labour contribute to Bed and Breakfast industry. The importance of labour cost is 30 percent which is low. The ability to recruit and availability of skilled employees is less significant (10 percent).

Information from Figure 4.3 indicates that Bed and Breakfast industry has more unskilled labour and have the low labour cost. Figure 4.3 reveals that individual training of employees is important and most Bed and Breakfast lodge proprietors are engaged in most of the work as directors and leave little of the work to the unskilled labour. Findings reveal that some 20 percent of respondents use the Kagiso school for training employees.

4.4.2 STRATEGIC PLANNING AND ITS RANGE

TABLE 4.6 SHOWS THE RANGE STRATEGIC PLAN OF BED AND BREAKFAST

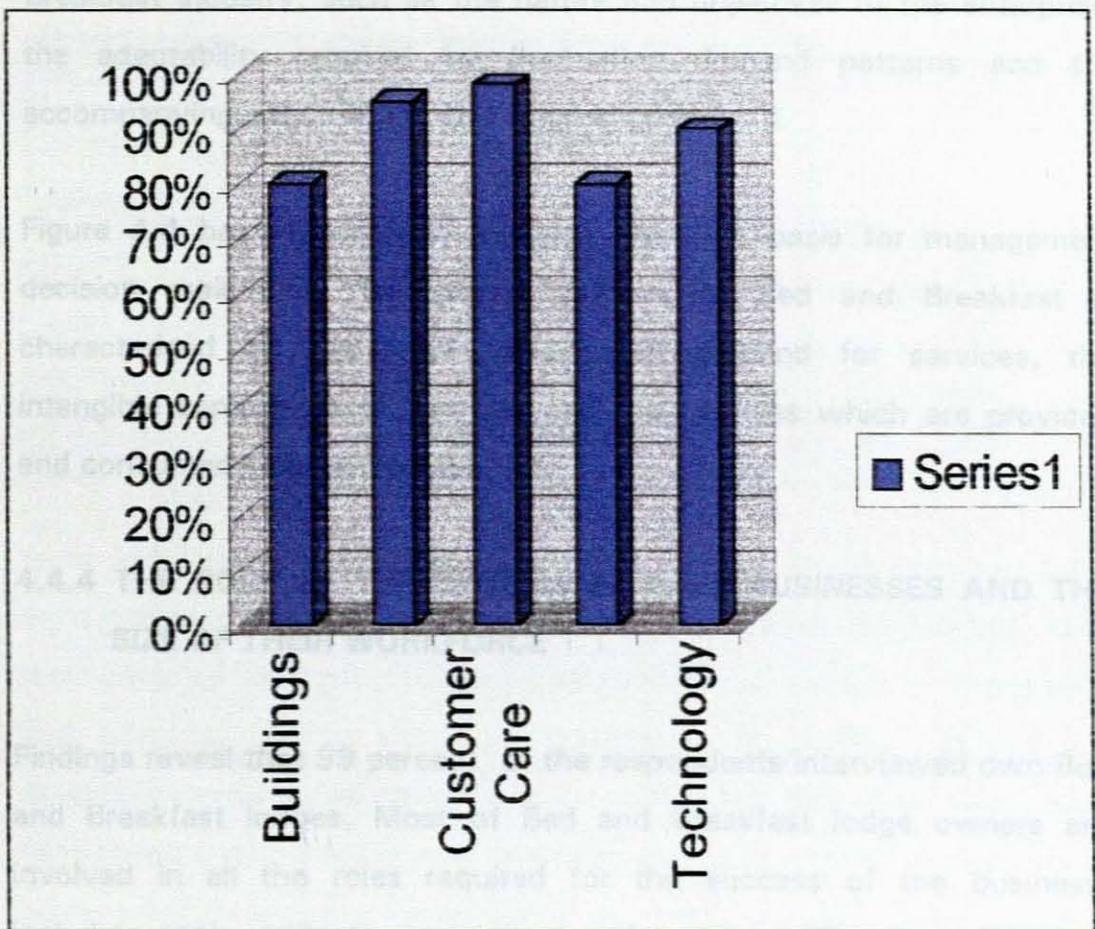
Range Strategic Plan	Between 1 - 3 years	Between 3 - 5 years	Beyond 5 years
Percentage	30	10	60
Frequency N = 16	4.8	1.6	9.6

Table 4.6 indicates that 70 percent of respondents have long range strategic plans that extends beyond five years. Bed and Breakfast lodge owners who have a strategic plan that extends between one to three years made up 30 percent. Those who do not have any long term strategic plan comprised 10 percent.

4.4.3 FACTORS AFFECTING SUCCESS OF BED AND BREAKFAST LODGES

Figure 4.4 shows the factors which are important for success of Bed and Breakfast lodges as perceived by the owners.

FIGURE 4.4: FACTORS AFFECTING THE SUCCESS OF B&B ESTABLISHMENT



From figure 4.4 physical buildings make 80 percent of influence and customers 95 percent. The customer's care and service quality contributes 98 percent of influence. Employees influence the success of the business by 85 percent and technology by 90 percent. It is clear from the findings that the emphasis of the success of Bed and Breakfast relies on more or less on the physical building, customers, customer care and service quality, employees, and technology. Most of the respondents indicated that service quality, hospitality and good food are the highest level of total quality management. One could mention that there are a number of factors that need to be considered in Bed and Breakfast industry, such as the nature and objectives of the enterprise, the adaptability required by fluctuating demand patterns and the accompanying construction and running costs.

Figure 4.4 has shown how services form the basis for management decision making. The service process in Bed and Breakfast is characterised by the great variation in demand for services, the intangible component of services and the services which are provided and consumed simultaneously.

4.4.4 THE ROLE OF THE OWNERS IN THEIR BUSINESSES AND THE SIZE OF THEIR WORKFORCE

Findings reveal that 99 percent of the respondents interviewed own Bed and Breakfast lodges. Most of Bed and Breakfast lodge owners are involved in all the roles required for the success of the business, including cook, waitress, accountant and secretary. The study indicates that most of the roles in the Bed and Breakfast industry centre around the owner or Innkeeper.

Findings indicate that 60 percent of Bed and Breakfast lodges have more than five employees, 30 percent of Bed and Breakfast lodges have

a workforce of less than five employees and 10 percent of Bed and Breakfast lodges have a workforce of 2 people.

4.4.5 THE TERM OF OPERATION AND FINANCIAL ASSISTANCE IN BED AND BREAKFAST LODGE

Table 4.7 shows the length of the term of operation and financial assistance for starting the Bed and Breakfast business.

TABLE 4.7 TERM OF OPERATION AND FINANCIAL ASSISTANCE

FINANCIAL ASSISTANCE		TERM OF OPERATION	
MODE	%	DURATION	%
Personal Savings	40	> 3	40
Personal and Loans	30	< 2	30
Joint Venture	20	< 5	20
No Returns	10		10
	100		100

From Table 4.7 it is evident that 40 percent of Bed & Breakfast have been operating for more than three years and started the business with their personal savings. Those respondents who started their business with personal savings and loans constitute 30 percent of Bed and Breakfast owners and have been operating for less than two years. Respondents who started their business as a joint venture constitute 30 percent and their term of operation is less than five years.

Findings further show that the formulation and physical development of Bed and Breakfast products calls for capital investment in the infrastructure and in individual facilities. Therefore in Bed and Breakfast industry investment in physical development (infrastructure) should

precede investment in individual facilities and represent a great proportion of the total investment. Thus the Bed and Breakfast building and activities have to be paid for and in turn finance may influence the structure and the working of the Bed & Breakfast industry.

5.1 INTRODUCTION

4.5 CONCLUSION

It is worth stating that the market for accommodation is influenced by a number of factors such as location, demographic characteristics, communication channels, product type, price and service quality. The market for accommodation ends up being divided into a number of segments including business, leisure, holiday, conference, self-catering and homes of friends and relatives.

The Bed and Breakfast management and organisation create a framework of order and command through which activities of Bed and Breakfast industry are planned, organised, directed and controlled for the success of the industry.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The purpose of this chapter is to present an evaluation and integration of the research objectives by means of a concise statement of conclusions based on the exploration of Bed and Breakfast market, product and organisation.

In the previous chapters various theoretical and practical aspects of Bed and Breakfast lodges were discussed. This chapter deals with selected comments and views, appropriate to Bed and Breakfast accommodation industry.

5.2 CONCLUSION ON BED AND BREAKFAST MARKET

The Bed and Breakfast industry includes two groups of people who are engaged in the market. The first group represents the demand in the market. It consists of users from the residents of the country, foreign visitors, the holiday makers, business people and the common interest travellers. The second group is the providers of accommodation facilities that includes Bed and Breakfast lodges. The Bed and Breakfast lodge providers represent the supply side in the market.

Therefore, Bed and Breakfast market may be divided into three major segments as it is reflected in the findings, that is, the holiday tourists, the business tourists and the common interest tourists. Findings reveal that further segmentation is possible using such criteria as, for example, income, education, family composition and culture. The Bed and Breakfast accommodation market describes the collective and potential

buyers of each tourist product by offering services that target that segment.

It became clear from the findings that services used by tourists are determined by the needs of the business people and holiday makers who both represent and dominate the market for the Bed and Breakfast lodge in Richards Bay and Empangeni.

Findings of the study confirm the hypothesis that Bed and Breakfast accommodation contributes positively to the tourism and the prospects for the future are competitive. From the findings one concludes that Bed and Breakfast should concentrate and improve their differential characteristics to survive in the market.

The major segments in Bed and Breakfast accommodation market will continue to be a significant player for capital accumulation, contribution to gross national product, foreign exchange earnings, employment generation and regeneration.

In the Bed and Breakfast accommodation market findings reveal that customers purchasing decisions are influenced by such elements as product type, price, service quality, location, atmosphere and hospitality, need awareness, information search, evaluation alternatives purchase and post purchase evaluation.

From the results of the study one can deduce that Bed and Breakfast market faces growing competition from other parallel segments within the industry itself such as transport, travel agents and tour operation.

It is also evident from the findings of the study that Bed and Breakfast accommodation market makes use of communication channels to influence the customer's selection of Bed and Breakfast accommodation.

For example, the word of mouth and brochure advertising are powerful forces in the Bed and Breakfast accommodation industry.

It becomes evident from the study that in the Bed and Breakfast accommodation market there will be change in demand. Firstly, this change will be the result of the availability of the new forms of transport which exercises a growing influence on the choice of the holiday area. Secondly, the popularity of the different forms of holiday, and the type of hospitality required is changing as expressed in self catering accommodation.

The Bed and Breakfast accommodation market and transport represent the two backbones of the tourism industry because for tourists to move to a destination they need transport. Therefore, the demand for accommodation away from home is a function of travel. The main influence on the development of accommodation facilities has been developments in the mode of passenger transport such as bus coaches and taxis.

5.3 CONCLUSIONS ON BED AND BREAKFAST ACCOMMODATION PRODUCT

Bed and Breakfast accommodation industry is an individual component of the total tourist product. The Bed and Breakfast accommodation product raises particular issues in its development as one individual product and as part of tourism package. Bed and Breakfast accommodation product creates a need for reliable information for the user (tourist) and the travel agent, and it may require control and supervision to safeguard the tourists.

The Bed and Breakfast accommodation product should be seen as a combination of attractions, destinations, transport and entertainment.

Each of these are supplied by individual suppliers, for example air transport is supplied by the airlines and buses by coach operators. Findings reveal that Bed and Breakfast accommodation product includes decisions on how the product should be differentiated from other competing products on the basis of design, quality, size of structure, occupancy rate and price. The Bed and Breakfast accommodation product can be analysed in terms of its attractions, its facilities and accessibility.

Attractions in the Bed and Breakfast product are the elements that determine the choice for the tourist to visit one destination rather than another. There are factors which generate a flow of tourists to their location, for example, local in character, national, event attractions and site attractions.

Facilities in Bed and Breakfast accommodation product include elements in the tourist product which do not normally generate tourist flows, but whose absence might deter the tourist from seeking the attractions. Therefore, the facilities complement the attractions and comprise accommodation attractions such as casinos, sea resorts and wildlife safari parks.

From the findings of the study, Bed and Breakfast accommodation product has extended its range of products by offering not Bed and Breakfast only but other services and products, such as full service, luxury and extended stay Bed and Breakfast.

Accessibility is the third component in the tourist product. Accessibility in Bed and Breakfast product include transportation to the attraction and in wider sense the proximity, the attraction to a sufficiently large population to constitute a market for the attraction of the product.

Bed and Breakfast accommodation facilities display some characteristic features of economic significance, such as employment creation and foreign exchange earnings. These characteristics are derived from the nature of their activities and influence both the viability of Bed and Breakfast operations.

The Bed and Breakfast accommodation involves the economics of operation such as nature of investments, elements of costs, fixed and variable costs, labour costs, costs and volume on the influence of size and occupancy rates.

Therefore the viability of Bed and Breakfast accommodation should take into consideration the right location, correct capacity and high level of utilisation.

5.4 CONCLUSION ON BED AND BREAKFAST LODGE ORGANISATION

From the findings of the study most Bed and Breakfast accommodation industry are operated and managed by owners. The workforce is not more than eight people and the Bed and Breakfast establishments are not more than eight years old in Empangeni and Richards Bay. This indicates that it is quite a young developing industry. Most of employees are unskilled. Some Bed and Breakfast lodges have short and long range strategic plans which enable them to keep up with the changes and development.

It is by means of an organisational structure that work in Bed and Breakfast accommodation industry is carried out. The organisation provides a framework for the organisational pattern of management operations. The purpose of the organisational structure is to define division of work, task responsibilities, work roles, relationship and channels of communication between operator, staff and customers.

5.6 RECOMMENDATIONS

The Bed and Breakfast accommodation organisation relies on aspects like physical building, customers' care, employees and technology for the success of their Bed and Breakfast accommodation business.

Findings reveal that there is a need for the continued review of the organisation to ensure that it is the most appropriate form and keeping with age and development. Therefore, tourists organisation work hand in hand with Bed and Breakfast accommodation industry to formulate and develop the Bed and Breakfast product and the destination. Tourists organisation also promote their Bed and Breakfast accommodation in appropriate markets but they are not allowed to recommend any one establishment to customers. For example, in Richards Bay a unique concept called *Industrial tourism* is being introduced which is touring of major industries.

Most of Bed and Breakfast accommodation owners have used their personal saving and bank loans to start their businesses. This indicates that for Bed and Breakfast industry there should be finance source to be identified to meet development and promotion of destinations.

It becomes clear from the study that Bed and Breakfast accommodation industry provides the framework in which tourism operates. Its purpose is to maximise the opportunities offered by tourism to the attractive centres. But Bed and Breakfast industry could not by itself create a tourist boom where the destination qualities are deficient. But where attractions, facilities and accessibility are present the Bed and Breakfast accommodation industry can develop and promote its market, product and organisation with the help of the local government of that particular town, area or region.

5.5 RECOMMENDATIONS

Both chapters three and four reveal that Bed and Breakfast accommodation industry lack organisation or need regulation. Therefore with regards to Bed and Breakfast industry regulation is important.

It is recommended that all stakeholders in Bed and Breakfast accommodation industry should promote regulating and mitigating the spontaneous patterns of Bed and Breakfast accommodation establishments.

It is recommended that Bed and Breakfast accommodation industry needs a classification scheme whereby accommodation will be classified into different categories of classes on the basis of objective criteria. The tourist needs to know the availability of accommodation which meet his requirements as to type and price.

Bed and Breakfast accommodation industry should take a grading system into consideration whereby accommodation will be separated into different categories or grades on the basis of standards, amenities and service quality. The need for uniformity and comparability is essential in Bed and Breakfast accommodation industry.

Grading scheme provides qualitative judgements on the amenities of particular accommodation. Grading may refer to the physical facilities, food, and service of establishment and grade them individually or collectively by number, letter or symbols.

It is recommended that the registration scheme should be applied to Bed and Breakfast accommodation industry. Registration should provide a complete list of registered Bed and Breakfast accommodation units within a particular location or area to assist tourist in determining the

location, standard, price and accessibility. Regulations that deal with unregistered Bed and Breakfast should be followed by the Municipalities and make known to the proprietors. For registration to be comprehensive it normally has to have a statutory legal authority that is administered by government authority or a statutory body.

With regard to the lack of well defined municipality policy about Bed and Breakfast accommodation industry, it is recommended that the national, provincial and local government and other stakeholders should speed up the process of policy formulation, that will promote the development of tourism in Empangeni and Richards Bay. Bed and Breakfast accommodation as a segment of tourism, the local government and stakeholders should consider afresh the desirability of attracting tourists to their areas, market their towns by building entertainment centres and leisure centres. The Empangeni and Richards Bay municipalities should emphasise the diversity of the area, product and not over market, overdevelop the known attractions but the emphasis should be development of products that offer good potential for development.

It is recommended that the Local Municipality and the Department of Transport should work together to take the matter seriously and allow proper visible road signage and information boards.

With regard to lack of market research, it is recommended that owners should conduct market research in order to provide management with information. Market research should be done in a systematic way of information relating to the supply of and demand for a product in order to assess the market. The market research may be used by the organisations concerned to formulate informed decisions about Bed and Breakfast policies and objectives.

The study reveals lack of training, education and awareness in the Bed

and Breakfast industry. Trained personnel helps to enhance the quality of service. With regard to both education and training it is essential to empower the employees with the necessary skills of business no matter what the size of the business operation. Training and education will help owners and employees to understand the demand of Bed and Breakfast supply and services to the avoid closure of Bed and Breakfast businesses over short period of time.

With regard to the lack of awareness programmes and benefits of such Bed and Breakfast accommodation industry, community outreach awareness programmes should be offered on long and short term basis to such communities, this will help to curb the tourist related crime.

5.6 CONCLUSION

The results of the investigation reveal the positive and negative impact Bed and Breakfast accommodation industry is creating for the present, and will be creating in the future. The results have highlighted the economic benefits and problems likely to be faced in the Bed and Breakfast industry. The role of Bed and Breakfast in tourism and the scenario in the next millennium is evident. The significance for Bed and Breakfast market to survive lies in the number of interested parties, to mention a few, proprietors, municipality, tourist organisation, government at all three levels and attractions, destinations and the communities from which the business operates.

Findings from the study reflect a problem of interested proprietors who lack entrepreneurship skills and nature of the whole business, thus their businesses operate over a short period of time and close down. From the findings one can conclude that Bed and Breakfast is a challenging

and demanding industry that interfere with the proprietor's privacy and leisure time. The findings can help in the planning and predicting of both future growth and problems of Bed and Breakfast industry. The findings can also help potential proprietors who lack the understanding of the whole business to be better operators in relation to the tourism industry.

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APPENDIX A
QUESTIONNAIRE

**Bed And Breakfast Accommodation Industry In
The Next Millennium : Its Impact And Survival**

The enclosed questions deal with the market, product and organisation of Bed and Breakfast accommodation industry.

Please respond to all questions by indicating with an X.

Thanking you in advance.

SECTION A - THE MARKET

1. How far are you located from other Bed & Breakfast establishments?

	Less than 500 m
	More than 2 km
	5 km
	Less than 5 km

2. How much impact will the following lifestyle or demographic factors have on the marketing of your Bed & Breakfast?

	Impact on Marketing				
	None	Limited	Moderate	Strong	V.stron
(a) International travellers	1	2	3	4	5
(b) Female business travellers	1	2	3	4	5
(c) Increase leisure	1	2	3	4	5
(d) Increase wealth	1	2	3	4	5
(e) Other (please state)	-	-	-	-	-

3. What amount of significance will the following communication channels have in influencing the customer's selection of Bed & Breakfast?

	Significance				
	None	Limited	Moderate	Strong	V.strong
(a) Travel agents	1	2	3	4	5
(b) Print media	1	2	3	4	5
(c) Advertising on TV & Radio	1	2	3	4	5
(d) Direct through the B & B office	1	2	3	4	5
(e) Direct mail	1	2	3	4	5
(f) Other (please state)	-	-	-	-	-

4. To what extent will each of the following items influence a Bed and Breakfast customer's purchasing decision?

	Influence on purchase				
	More	Limited	Moderate	Strong	V.strong
(a) Product type (single, double room, extended stay, luxury)	1	2	3	4	5
(b) Price	1	2	3	4	5
(c) Service quality	1	2	3	4	5
(d) Location	1	2	3	4	5
(e) Atmosphere	1	2	3	4	5
(f) Other (please state)	1	2	3	4	5

5. How will Bed and Breakfast demand change in each of the following segments by the 21st century?

	Demand (change) in segments				
	Greatly decrease	Moderately decrease	No change	Increase	Greatly increase
(a) Business	1	2	3	4	5
(b) Leisure	1	2	3	4	5
(c) Visiting friend and relatives	1	2	3	4	5
(d) General meetings	1	2	3	4	5

- (e) Other (please state) _____

6. Do you conduct market research for your business operation?

_____ Yes

_____ No

SECTION B - (B & B) PRODUCT

7. We are approaching the year 2000, how do you see your Bed and Breakfast developing?

	None	Deteriorate	No change	Improve	Greatly improve
(a) Luxury B & B	1	2	3	4	5
(b) Full-service B & B	1	2	3	4	5
(c) Limited service B & B	1	2	3	4	5
(d) Extended stay B & B	1	2	3	4	5

- (e) Other (please state) _____

8. How important will the following food and beverage strategies become in order to increase sales?

	Importance				
	None	Limited	Moderate	Strong	V.strong
(a) Themed restaurants	1	2	3	4	5
(b) Entertainment concept	1	2	3	4	5
(c) Out-sourcing of food service	1	2	3	4	5

- (d) Other (please state) _____

- | | | | |
|-----|----------------------|--|----|
| (a) | Own manager | | 01 |
| (b) | Innkeeper | | 02 |
| (c) | Shareholder | | 03 |
| (d) | Employee | | 04 |
| (e) | Other (please state) | | |

14. What is the size of your workforce?

- | | | | |
|-----|-------------|--|----|
| (a) | Less than 2 | | 01 |
| (b) | More than 2 | | 02 |
| (c) | Less than 5 | | 03 |
| (d) | More than 5 | | 04 |

15. How long has the B & B been operating?

- | | | | |
|-----|----------------------|--|----|
| (a) | Less than 2 years | | 01 |
| (b) | More than 3 years | | 02 |
| (c) | Less than five years | | 03 |
| (d) | More than five years | | 04 |

16. What financial assistance did you get to start this business?

- | | | | |
|-----|----------------------|--|----|
| (a) | Bank loan | | 01 |
| (b) | Personal savings | | 02 |
| (c) | Joint venture | | 03 |
| (d) | Franchise operation | | 04 |
| (e) | Other (please state) | | |

Thank you for your co-operation

APPENDIX B

TRANSMITTAL LETTER