A Case Study Analysis on the Competitiveness of Small Lodging Operations in Jamaica

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Introduction

Overview of the Case Study

The purpose of the case study is to determine strategies that the local small properties can develop and identify resources available to assist in becoming competitive, more effective, and profitable. The objective is to conduct an in-depth analysis and evaluation of the operational factors that affect small lodging operations in Jamaica, given the emerging competition from multinational hotels and changing guest preferences. Students will use the case study to determine factors affecting these operations; such as operational structure, and apparent threats to their survival. Students will also identify competencies needed to become and stay competitive. Additionally, the authors of the case believe that in evaluating and analyzing operations, performance based on size, average daily rate (ADR), occupancy rate (OR), marketing activities, types of services offered (limited or full-service) and the type of traveler attracted, strategies could be developed to market, improve and promote their growth and visibility in the industry.

Issues facing the Small Lodging Industry in Jamaica

The lodging industry in Jamaica has evolved and has experienced phenomenal growth over the past decades. It has changed tremendously since the exhibition of 1891 and the Jamaica hotels law passed in 1890. The industry structure has been characterized by dramatic changes. The appearance of the large upscale and all-inclusive chain hotels in the hotel industry, shrinking demand in small lodging operations due to changing consumer preferences, and the emergence of more aggressive competitive strategies have created both threats and opportunities for the small hotel industry. For instance, the increased competition from large and multi-national hotels from Europe and North America has driven a number of smaller hotels in the Jamaican economy out of business (Williams & Deslandes, 2008; Crick, 2005).

Another important aspect related to competitiveness is the issue of innovation. Brekenveld, Jansen, and Symes (2005) noted that innovation (marketing, product development, technology, and greening of hotels) at a continuous level is very important to small hotels trying to have a competitive advantage over competitors such as: all-inclusive properties, non-inclusive hotels, guesthouses, apartments, and other small hotels. The issues of benchmarking (Helgason, 1997); tracking and adapting to modern guest market needs (Milohnic & Cerovic, 2007); skilled human resources (Crick, 2006); and the need for change (Bessant & Tidd, 2007; Berkenveld et al., 2005) were also deemed important to the competitiveness and survival of the small hotels in Jamaica.

Despite the growth and organization of the lodging industry in Jamaica, the industry tends to react more favorably to the large all-inclusive hotels. Equally, the large upscale properties because of their scope, size, and financial ability, are better able to access, obtain and leverage resources, cultivate and maintain strong relationships with suppliers and customers. On the other hand, small hotels, due to limited access and ability, and insufficient financial support, are unable to successfully explore many available options. As a result, the small properties struggle to stay competitive and viable.

Although, this seems to be the case, many of the small lodging facilities are creating unique venues that cannot be easily offered by the large, multi-national operations. The small hotels' inclination has always been towards an exclusive approach offering different standard meal packages: the European Plan (EP); the American Plan (AP); the Modified American Plan (MAP); and the Continental (CP) or Breakfast Plan (BP). The CP includes a light breakfast with your room charge. The MAP covers breakfast and dinner while the AP covers three meals daily, and the EP includes room only. Due to the popularity of all-inclusive hotels in Jamaica, it is not common to find a hotel with an AP that is not also considered to be all-inclusive. This type of service indicates that small hotel owners are creating unique packages that focus on guests' needs and requests. Thus, they could establish and implement key performance indicators (KPI's) to restructure and to ensure that they are tracking and evaluating the success of the organization.

This could mean that small hotels do have unique characteristics that can be used in creative ways. Crick (2006) contends that "visitors who chose a small hotel are deliberately seeking a different type of experience". Hence, small operators should see this as an opportunity to create and implement smart business choices which can lead to a more profitable environment. Small hotel owners must seek, identify and market to the persons who are seeking a different type of experience. Many agree that this is a critical challenge that makes it difficult to operate a small property (Crick, 2006).

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Data from the JTB 2013 National Statistical Report (2014) seem to indicate that the large national chains are driving small properties out of business; employment of locals has been declining each year in most of the towns, since 2011. Additionally, the remaining small properties have experienced lower OR, lower ADR, hence lower REVPAR.

Crick (2005) however noted that there are advantages to being small. For instance, small properties tend to move more quickly and can easily adapt to situations because their "small management structure makes the decision-making process much speedier and, therefore, more responsive than it would be in larger operations". Likewise, "Small businesses also have the opportunity to deliver more personalized service and, therefore, win greater loyalty from their customers" (Crick, 2005).

A Historical Perspective of the Lodging Industry in Jamaica

The lodging industry in Jamaica has a long history, growing from a few lodging houses and inns in the 1800s to a plethora of hotels, resorts, guests' houses, timeshares, bed and breakfasts, condominiums, cottages, and inns among others (Jamaica Tourist Board, 2014). The lodging industry in Jamaica started developing at a time when the island was transitioning from just existing to becoming a face of the Caribbean landscape.

The industry started from the early 1800's when Jamaicans traveled aboard the banana ship to England and visitors from Europe particularly England traveled to Jamaica to collect bananas and bring goods for sale (Weiss, 2007). As a result, the need for accommodations became a demand and the first hotel, the Titchfield Hotel, was built and opened in 1891 around the Great Jamaican exhibition (Weiss, 2007).

However, at the time, it was the decision to hold the Jamaica International Exhibition that spurred tourism development (Jamaica Tourist Board, 2014). With the exhibition slated for 1891, the Jamaica Hotel Law was passed in 1890 which set the stage for the construction of new lodging facilities to house the expected visitors, as well as, signaled the move to develop and encourage tourism as a product. Since that time, Jamaica has seen rapid expansion in the growth and development of lodging facilities. The exhibition brought some 302, 831 visitors to Jamaica (Weiss, 2007). The lodging facilities built during the initial period included:

- The Myrtle Bank built by the Kingston Hotels Company
- The Constant Spring Hotel
- The Queens built by the Jamaica Hotels Company
- The Hotel Rio Cobre, built by the St. Catherine Hotels Company
- The Moneague Hotel built by the Moneague Hotels Company
- The Titchfield Hotel built by Captain Lorenzo Baker
- The Mandeville Hotel built on the site of the Officers' Quarters and Mess of the British Regiment which was converted into the Waverly Hotel then the Brooks Hotel and finally became the Mandeville Hotel in 1912 (Jamaica Tourist Board, 2014).
- The Quebec Lodge where the exhibition was hosted and which later became the Wolmer's High School for girls (Hayle, 2011).

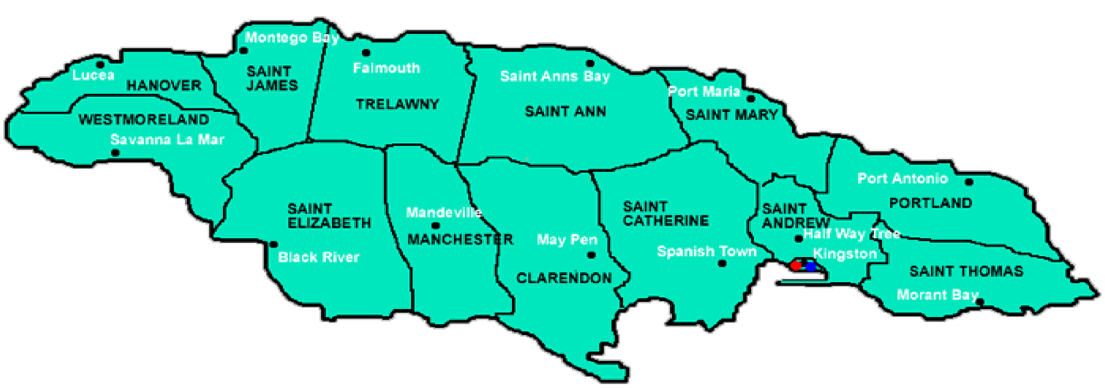
After construction of the hotels, both the Myrtle Bank and Constant Spring hotels were leased by a private company who equipped and advertised them. In 1922 the government established the Tourist Trade Development Board which later became the present Jamaica Tourist Board (JTB). Their mandate was to publicize and communicate information about the island's tourism products and services (JTB, 2014).

According to the Jamaica Tourist Board (2014), "the year 1890 is taken as the starting point for discussion of the history of Jamaica's tourist industry as it signaled the beginning of the government's commitment to the development of the island's tourism". Prior, the industry was not organized; the necessary services were unavailable as the infrastructure was inadequate to support the various tourism activities. Uniqueness, location and other factors played a major role in designing a viable business.

Jamaica is unique in terms of hospitality and tourism because of its location, tropical climate, food and entertainment, and warm,

Figure 1

The parishes and capitals of Jamaica



hospitable people. Jamaica was ranked 40 out of 156 nations as the world's happiest people in the First United Nation World Happiness Report and cited by Jackson (2012) in the Jamaica Gleaner.

Jamaica is a small island country in the Caribbean. The island is 146 miles long and 52 miles at its widest point. It is grouped into three counties which are further divided into 14 parishes. Each parish has a town capital which houses most of the government and other public service facilities. The parish of Kingston is situated on the east coast; it is the island's capital and the largest city with a population of approximately 938,000 (Population of Kingston, 2010). Montego Bay is the capital of St. James and the second largest city with a population of approximately 110,000. Montego Bay is situated on the northwest section of the country and is Jamaica's most popular tourist destination. The Figure 2 below highlights each parish along with the parish capital.

Due to its uniqueness, the proliferation of hotels in Jamaica experienced a boost in growth in the 1950's, when the airline industry opened its doors in the skies and more people began traveling to Jamaica, stimulating the need for accommodations to increase. To date, the hotel industry growth has been phenomenal.

Jamaica typifies paradise, a place that is beyond the conventional place to visit (JTB, 2014). Jamaica offers a vacation for every traveler and every budget. Scores of hotels, villas, inns, and apartments are enhanced by attractions ranging from historic sites to soft adventure. A modern transportation system provides ease between and in resort areas" (JTB, 2014).

Growth of the lodging Industry in Jamaica

Jamaica has seen phenomenal growth, which has also led to Jamaica becoming one of the region's most visited and sought after vacation spot. This growth development is encouraged by the government of Jamaica who encourages and offers benefits such as certain tax incentives, marketing, and promotional support. The industry which has typically grown from mom and pop businesses to motels and inns, and small limited, yet unique service facilities increased as the opening and operation of more lodging facilities across the island became available. As the facilities increased, so did the number of tourists who visited the island and vice versa. Then, in the 1930s, development and changes in the political landscape in the region and others areas of the world including development in the mode of travel impacted the lodging industry. It was also in the 1930s and 1960s that the large all-inclusive tourist accommodations entered the industry.

At the end of 2005, there were 2,150 tourist accommodations on the island. These included 209 hotels, 414 guesthouses, 1,150 resort villas, and 377 apartments. This amounted to a total of 18,817; 2771; 3511, and 940 rooms respectively (JTB, 2008). By the end of 2013, the total inventory based on tourists' accommodation totaled 2,166. Four hundred and thirteen of these properties were listed as closed, leaving a total of 1,753 that remained open. One hundred and seventy-eight of these were hotels, guesthouses totaled 443, resort villas totaled 833, and total apartments were 299. The section highlighted as, all island, in the Table 1 below, under the sub-heading, "accommodation inventory by category and area from 2009 – 2013", highlights data as it relates to the growth of the lodging industry during that period. The growth pattern of tourists' arrival continued and then between 1961 and 1963, it declined and later climbed extensively in 1965 to 1968. The lodging industry saw another decline in the 1970s, but was however strengthened in the late 1980s and by the late 1900s (Jamaica Tourist Board, 2014).

McIntosh (2014) noted that Jamaica reached a historic milestone when the island welcomed its 2 millionth stopover visitor in December of 2013 surpassing the 1.986 million recorded in 2012. This growth continued to reinforce the need and the importance of the lodging industry. McIntosh (2014) also indicated that Jamaica was on track to earn close to US$ 2 million in 2014. The major markets for Jamaica are the United States, Canada, Europe, the Caribbean, Latin America, and Asia and the Pacific region.

Although the number in terms of lodging facilities has declined, the amount as it relates to the number of rooms available and inventoried increased. The decline in lodging facilities could be due to varying factors: 1) the number of hotels that changed ownership and management in 2012 remained closed; 2) several large hotels closed their doors in 2013 to undergo refurbishing and increase room count; 3) the small hotels closing, as well as, shrinking demands due to changing consumer preference, however, the increase in room availability could stem from the fact that, although some large properties are closing, they tend to re-open while the small operations remain closed; 4) new properties (large operations) have been constructed and opened while some are underway. Properties on the list include:

- The RIU Palace in Montego Bay opened at the end of 2013
- Jewel Paradise Cove - formerly Royal Decameron Caribbean
- Royalton White sands - formerly Breezes Trelawny
- The Azul Sensatori formerly Beaches Sandy Bay & Spa which was scheduled to re-open in early 2014
- The Ritz-Carlton is still undergoing major refurbishing and adding 190 new rooms
- The Courtyard Marriott began construction of a 130 room property in Kingston and is expected to be completed by the end of 2014
- Several properties that changed ownership and underwent major refurbishing during 2013 are now open for business (JTB Annual Statistical Report, 2014).

The growth of the tourism and lodging industry is important to the Jamaican economy. This is demonstrated by the emphasis placed upon it in the country's National Growth Strategy that was developed

Table 1

Accommodation Inventory by Category and Area from 2009 - 2013

	UNITS					ROOMS				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Kingston										
<= 50 rooms	11	11	11	8	10	271	278	272	204	232
51 – 100	6	6	6	5	5	406	406	406	330	330
100 – 200	3	3	3	4	4	419	419	419	534	534
> 200 rooms	2	2	2	2	1	653	610	610	660	350
Houses	22	22	22	19	20	1,749	1,713	1,707	1,728	1,446
Guest Houses	105	107	104	1047	112	550	584	549	557	586
Resorts Villas	2	2	2	2	0	12	12	12	12	0
Apartments	14	9	8	5	5	137	88	80	71	71
Total	143	140	136	130	137	2,448	2,397	2,348	2,368	2,103
Montego Bay										
<= 50 rooms	15	12	14	15	16	395	299	345	367	391
51 – 100	7	7	7	8	8	518	499	523	635	635
100 – 200	4	3	3	3	5	574	450	450	461	571
> 200 rooms	13	16	15	15	14	4,985	6,006	5,774	5,650	5,330
Hotels	39	38	39	41	43	6,472	7,254	7,092	7,113	6,927
Guest Houses	65	63	64	64	67	482	466	499	499	525
Resorts Villas	375	382	388	391	276	1,343	1,395	1,435	1,452	1,087
Apartments	13	13	13	8	1	215	215	215	198	128
Total	492	492	504	504	387	8,512	9,330	9,241	9,262	8,667
Ocho Rios										
<= 50 rooms	10	13	14	15	14	261	334	355	387	413
51 – 100	9	8	8	7	9	696	636	636	551	670
100 – 200	5	5	4	3	2	738	800	626	446	324
> 200 rooms	9	8	8	10	10	4,001	3,925	3,915	4,445	4,429
Hotels	33	34	35	35	35	5,696	5,695	5,532	5,829	5,836
Guest Houses	67	63	67	67	58	446	415	433	433	363
Resorts Villas	333	347	341	311	185	1,069	1,115	1,127	1,050	631
Apartments	240	223	224	231	236	413	367	363	366	347
Total	673	667	666	644	514	7,624	7,592	7,455	7,678	7,177
Negril										
<= 50 rooms	35	36	38	38	38	984	1,011	1,064	1,033	1,040
51 – 100	11	10	12	12	11	739	680	815	811	759
100 – 200	1	1	1	1	0	130	130	130	130	0
> 200 rooms	10	9	9	9	9	3,706	3,376	3,376	3,376	3,376
Hotels	57	56	60	60	58	5,559	5,197	5,385	5,350	5,175
Guest Houses	101	94	91	91	95	897	833	766	766	737
Resorts Villas	261	275	294	296	236	767	821	838	833	671
Apartments	36	34	34	34	48	37	35	35	35	49
Total	455	459	479	481	437	7,260	6,886	7,024	6,984	6,632

Table 1

Accommodation Inventory by Category and Area from 2009 - 2013, continued

Port Antonio										
<= 50 rooms	7	7	7	6	6	169	169	169	129	102
51 – 100	1	1	1	1	1	80	80	80	80	80
100 – 200	0	0	0	0	0	0	0	0	0	0
> 200 rooms	0	0	0	0	0	0	0	0	0	0
Hotels	8	8	8	7	7	249	249	249	209	182
Guest Houses	40	41	40	41	44	282	295	286	296	302
Resorts Villas	97	101	110	114	98	283	290	301	294	235
Apartments	1	1	1	1	1	10	10	10	10	10
Total	146	151	159	163	150	824	844	846	809	729
South Coast										
<= 50 rooms	11	7	8	10	12	279	161	221	266	314
51 – 100	3	3	2	2	2	186	194	119	119	119
100 – 200	0	0	0	0	0	0	0	0	0	0
> 200 rooms	1	1	1	1	1	360	360	360	360	360
Hotels	15	11	11	13	15	825	715	700	745	793
Guest Houses	47	58	57	57	67	413	559	509	510	574
Resorts Villas	37	37	39	39	38	148	148	161	160	148
Apartments	9	9	9	9	8	20	20	20	20	16
Total	108	115	116	118	128	1,406	1,442	1,390	1,435	1,531
All Island										
<= 50 rooms	89	86	92	92	96	2,359	2,252	2,426	2,386	2,492
51 – 100	37	35	36	35	36	2,625	2,495	2,579	2,526	2,593
100 – 200	13	12	11	11	11	1,861	1,799	1,625	1,571	1,429
> 200 rooms	35	36	35	37	35	13,705	14,277	14,035	14,491	13,845
Guest Houses	425	426	423	424	443	3,070	3,152	3,042	3,061	3,087
Resorts Villas	1,105	1,144	1,174	1,153	833	3,622	3,781	3,874	3,801	2,772
Apartments	313	289	289	288	299	832	735	723	700	621
Hotels	174	169	174	175	178	20,550	20,823	20,665	20,974	20,359
Total	2,017	2,028	2,060	2,040	1,753	28,074	28,491	28,304	28,536	26,839
Closed Properties	130	132	150	129	413	2,614	3,377	3,613	3,587	5,311
Total Inventory	2,147	2,160	2,210	2,169	2,166	30,688	31,868	31,917	32,123	32,150

Table 2

Employment in Accommodation Sector

	2009	2010	2011	2012	2013
MONTEGO BAY	11,780	12,818	12,198	12,203	12,041
OCHO RIOS	9,627	9,924	8,964	9,306	8,609
NEGRIL	10,040	9,905	9,407	9,365	9,215
KINGSTON	2,348	2,107	2,182	2,203	1,679
PORT ANTONIO	1,101	1,104	1,118	1,072	1,094
SOUTH COAST	1,458	1,160	1,052	1,048	1,300
TOTAL	36,354	37,018	34,921	35,197	33,938

by the planning Institute of Jamaica and documented in Jamaica's National Development Plan, Vision 2030. Based on the information, the plan is to aid the growth of additional forms of tourism, including health and wellness, as well as help the nation realize developed status by the year 2030 (Vision 2030, 2010).

Accommodation Inventory by Category and Area from 2009 - 2013

There are over 32,000 rooms inventoried in the lodging industry, with 5,311 unavailable due to properties reported closed. Table 1 presents information from 2009 to 2013 on the rooms' inventory by category and location. The total rooms inventoried in the industry are broken down as follows:

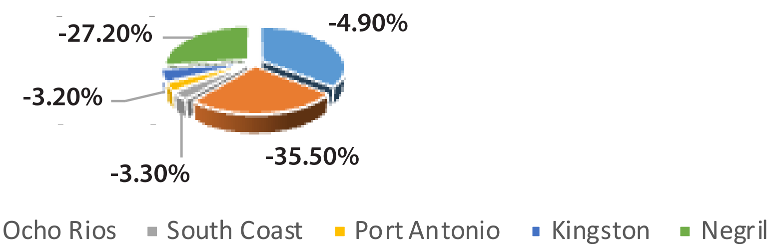
1. Total Inventory includes properties that are currently closed. The Jamaica Tourist Board in consultation with the Tourism Product Development Co. has removed some accommodations which are no longer being used as tourist accommodations. As revealed, the closed properties have increased yearly, since 2009.
2. The Guesthouse accommodation category since 2001 includes properties that offer Bed & Breakfast facilities (JTB 2013 Annual Statistical Report, 2014).

Direct Employment in the Accommodation Sector

As the lodging industry expands, so did the number of individuals who gained employment in the sector. Not only does the industry play a major role in providing jobs, it also helps to earn the much needed foreign exchange income that the government depends on to conduct trade among other economic activities. Based on the data provided by the JTB 2013 Annual Statistical Report (2014), the number of persons employed directly in the accommodation sub-sector, increased from 31, 227 in 2005 to 33,598 in 2006. The data over a five-year period, from 2009 to 2013 showed that the number of individuals employed in the lodging industry increased in 2009 and 2010 to 36,354 and 37,018 respectively. This number decreased in 2011 to 34,921, and increased slightly in 2012 to 35,197, then decreased in 2013 to 33,938. The main resorts are Montego Bay, Ocho Rios, and Negril and accounted for 29,434 persons, or 87.6% of the total number of persons employed directly in the subsector. Montego Bay with 10,426 direct jobs represented 31% of those employed, Ocho Rios with 9,874, accounted for 29.4% and Negril with 9,134, was responsible for 27.2%. Table 2 below highlights the employment activities in the major resort destinations within the lodging industry between the years 2009 to 2013, while the Figure, 1, shows the percentage of employment for the year 2013, based on the resort towns. There are over 26,000 guests'

Figure 2

Employment in the Accommodation Sector by area – 2013



Source: JTB Annual Statistical Report, 2014 rooms available, making the industry responsible for numerous jobs directly and indirectly (JTB Annual Statistical Report, 2014).

Lodging Operations Descriptions

Like any major industry, Jamaica's lodging industry runs a gamut of large, pricey, high-class hotels/resorts to small basic hotels plus many other types of accommodation. Jamaica is known for having the most hotel options in the Caribbean. Both of these types of properties share a number of characteristics and differ in some.

Although the JTB data reveals that the number of tourists' who travel to Jamaica fluctuates, the island has managed to keep a steady flow in terms of tourist traffic. Jamaica has emerged as a favorite destination for some travelers. This can be attributed to varying factors such as; the beautiful beaches, tropical climate, and lush vegetation, friendly people, food and entertainment, blue mountain coffee (Worldatlas, 2014) among other factors; in addition to the variety of lodging facilities available and their location on the island.

Examining Small Lodging Operations

The small hotel industry in Jamaica first started in Port Antonio, which is often referred to as the cradle of tourism in Jamaica. It was during that time when the banana king, Lorenzo Baker took visitors to the island on the return trip after exporting bananas. The first facility, Baker's hotel, at Titchfield was erected in 1890 to cater to the overseas tourists (JTB, 2015). Back then, the hotel comprised a group of cottages referred to as "little more than a boarding house" (Taylor 1993, p 40) on top of a hill some distance away from the dining room and kitchen.

From a business point of view, for many years, the small hotel industry in Jamaica was once the principal lodging commercial establishments catering to the needs of the different types of tourists (domestic, regional. international). The lodging industry early stages of development consisted mainly of small hotels, lodging houses, and inns. Most facilities were family owned and operated with skeletal employees, basic amenities, products, and services. The lodging facilities have their own unique personality, management style, and image. Additionally, characteristics existed that were distinctive and increasingly desirable to tourists, such as the local lifestyle and social environment.

As of 2013, there were 132 units in Jamaica with under 100 rooms (the units were categorized as under 100 rooms and over 100 rooms) (Jamaica Tourist Board, 2014). The bulk of these properties are located in Negril (49), Montego Bay (24), Ocho Rios (23), and other areas (36) of the island. Even though the hotels are classified as small, some of them fall into the luxury or boutique hotels' category and are affiliated with a chain property or a brand. As a result, they enjoy certain prestige such as the all-inclusive concept, large-scale marketing and advertisement, and brand affiliation among others.

On the other hand, most small facilities are not part of a chain operation, are not brand affiliated, and have limited resources, including large-scale advertising and marketing activities; however, they provide opportunities that are just as enjoyable and memorable for the guests. Yet, these facilities struggle to compete with the all-inclusive hotels/resorts including other competing activities vying for the guests' attention. The impact of the large upscale facilities on the hotel industry have challenging issues for the small hotels who are now confronted with significant competitive pressure and the need to transition in what can be called a rather turbulent market. In addition, high staff turnover which most times result from the small hotels not having the resources to manage the facility, as well as, care for the employees. This results in properties having difficulty attracting and retaining the right people to serve their valued customers. For these small operations, it is more like operating in a fractured landscape in the lodging industry. Nevertheless, it is important for small operators to determine what guests are expecting when they stay at their facilities and what they are actually getting as this will help to determine what needs to be done in order to help bridge the gap.

Most small hotels are privately (family, individually) owned. As a result, the organization structure differs as they do not employ a managerial/supervisory hierarchy. For example, they do not employ a food and beverage manager, an executive chef, executive housekeeper, human resources manager, or chief engineer. As an alternative, the owner or manager tends to fill those roles. Hence, s/he carries most of the operation's responsibilities, has direct influence on the business as s/he makes most of the decisions regarding the day to day running of the operation, and is the main go to individual. Such action is often taken to reduce the overall payroll expense. In addition, employees' roles tend to overlap as they have to assume more than one position.

Some of these operations may not have a structured approach to how employees carry out certain roles. Hence, the guests could receive mixed messages. The amenities offered in the rooms are limited, and some services do not exist. For example, room service, laundry, phones in room, WIFI, or television. Adding to this is the non-existence of certain key factors such as qualifications and training of staff, cost control and inventory systems, food-service operation, marketing and advertising, security, or growth plan among others.

According to Crick (2005), "there are opportunities for small hotels and, in fact, their very size has the potential to be their strength". However, "The failure to proactively identify and exploit these opportunities will continue the demise of this sector resulting in the loss of specific groups of tourists that are attracted to small properties" (Crick, 2005). This could result in the loss of a segment that is vital to the growth and sustainability of Jamaica's lodging industry.

With the apparent increasing impact of the large upscale facilities in the hotel industry, the small hotels continue to have challenging issues. It is not clear, what exactly some of the challenges and their intensity may be, however, anecdotal evidence seems to suggests that

Table 3

Hotel room nights sold by the month, year and category for years 2009 to 2013 – Under 100 rooms

	Less than 50 Rooms					Between 51 - 100 Rooms				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Jan.	20,726	19,661	22,561	24,699	20,375	29,737	28,897	34,815	32,909	31,470
Feb.	22,921	21,292	25,076	27,040	23,42	31,006	31,305	35,505	34,845	32,033
Mar.	22,287	22,590	23,184	24,693	22,290	30,680	35,041	37,257	35,338	35,092
Apr.	17,991	16,717	18,624	20,256	17,127	26,399	25,056	27,837	26,536	25,512
Jan-Apr	83,925	80,260	89,445	96,688	83,217	117,822	120,299	135,414	129,628	124,107
May.	13,308	12,779	14,363	15,998	15,390	20,791	20,847	16,887	18,941	20,294
Jun.	11,919	12,804	14,670	15,550	15,093	21,883	19,275	20,363	18,843	22,562
Jul.	17,434	15,234	18,402	20,209	19,562	25,525	26,661	24,558	25,149	26,298
Aug.	16,162	13,675	13,410	15,373	16,809	23,149	22,821	18,769	22,321	22,546
Sep.	8,774	8,178	8,822	10,050	9,800	14,976	10,622	13,292	14,830	13,781
Oct.	11,004	9,917	11,024	11,620	12,967	16,158	12,156	15,371	14,724	16,930
Nov.	13,515	14,295	14,984	15,426	17,253	17,137	15,180	21,523	19,271	19,711
Dec.	19,433	17,070	22,661	18,305	23,815	24,215	23,278	31,265	25,785	32,654
May-Dec.	111,549	103,952	118,336	122,531	130,689	163,834	150,840	162,028	159,863	174,776
Jan-Dec	195,474	184,212	207,781	219,219	213,906	281,656	271,139	297,442	289,491	298,883

Table 4

Hotel room % occupancy by month, year and category for years 2009-2013 - Under 100 rooms

	Less than 50 Rooms					Between 51 - 100 Rooms				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Jan.	34.6	34.8	38.3	42.5	36.6	50.4	43.2	50.3	50.1	48.8
Feb.	42.3	41.7	47.2	49.0	47.4	58.3	51.8	56.8	58.8	53.1
Mar.	37.4	39.9	39.3	41.8	42.1	51.8	52.3	53.7	55.6	54.3
Apr.	31.0	30.5	32.5	35.3	33.3	46.4	38.7	41.6	43.2	40.9
Jan-Apr	36.2	36.6	39.2	42.1	34.2	51.6	46.4	50.5	51.9	49.7
May.	22.3	22.6	24.4	27.1	29.1	38.5	32.0	25.0	30.7	32.3
Jun.	20.6	23.3	26.0	27.1	29.4	43.6	30.6	31.2	31.5	37.1
Jul.	29.0	26.4	31.4	33.8	36.5	42.1	40.5	36.3	40.7	40.6
Aug.	26.7	24.0	23.4	26.1	31.8	38.7	34.1	27.8	36.1	36.5
Sep.	15.3	15.4	16.6	18.0	19.1	27.7	19.3	21.3	26.2	27.5
Oct.	18.7	17.6	19.7	20.7	24.8	29.3	19.9	22.6	25.2	29.5
Nov.	23.6	25.9	27.0	27.6	33.6	32.1	25.7	31.8	33.0	32.1
Dec.	33.0	30.0	39.7	31.8	45.1	40.5	34.5	44.7	39.9	49.3
May-Dec.	23.7	23.2	26.1	26.6	31.3	36.6	29.9	30.2	33.1	36.0
Jan-Dec	27.8	27.6	30.5	31.7	34.2	41.7	35.5	37.0	39.5	40.6

Table 5

Hotel room nights sold by the month, year and category -Years 2009-2013 - Over 100 rooms

	Between 101 – 200 Rooms					Over 200 Rooms				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Jan.	34,463	32,366	31,017	31,889	31,284	271,043	315,398	336,234	329,383	306,003
Feb.	36,562	30,596	30,408	33,444	29,174	284,120	316,655	339,483	338,417	313,636
Mar.	40,112	34,540	32,527	35,766	34,785	291,103	335,589	371,545	352,359	355,446
Apr.	36,281	32,786	29,787	31,800	32,763	270,476	311,496	314,053	331,612	330,560
Jan-Apr	147,418	130,288	123,739	132,899	128,006	1,116,742	1,279,138	1,361,315	1,351,771	1,305,645
May.	35,261	26,924	28,267	35,358	30,311	271,925	285,888	272,830	306,915	299,640
Jun.	35,869	27,264	27,926	31,997	32,222	274,745	278,018	279,355	313,028	303,555
Jul.	36,415	30,119	31,832	33,300	32,038	284,482	315,154	301,931	317,551	320,475
Aug.	31,000	26,322	25,562	24,724	26,094	243,716	279,977	259,713	273,143	286,346
Sep.	22,089	19,378	20,380	19,454	21,122	178,418	181,261	183,287	207,520	211,119
Oct.	28,324	25,579	25,070	24,682	26,873	208,953	213,834	217,158	231,687	240,489
Nov.	30,450	26,972	31,398	29,193	28,897	231,886	256,391	262,761	270,212	279,815
Dec.	33,461	26,506	30,088	26,859	33,159	268,702	259,243	287,465	306,237	312,609
May-Dec.	252,869	209,064	220,523	225,567	230,716	1,962,827	2,069,766	2,064,500	2,226,294	2,254,048
Jan-Dec	400,287	339,352	344,262	358,466	358,722	3,079,569	3,348,904	3,425,815	3,578,065	3,559,693

in the case of these small hotels, they lack the ability to use or adopt different techniques to generate marketing and advertising support, to create high traffic flow of guests, how they plan, collaborate, and implement strategies, to compete with the larger operators among others. Therefore, it seems that the poor performance of these smaller hotels is closely linked to their lack of ability to become internationally competitive (Wint, 2003). Or, is it that they practice what is called the "gut feeling" approach which is based on notions/feelings of how things should or can be accomplished.

The information revealed in the tables 3, 4, 5, 6, 7, and 8 highlights data on the hotel room nights sold, occupancy percentage by month, year (2009-2013), and size of property which is categorized based on the number of rooms. When compared to the other categories mentioned, the small hotels room nights sold and occupancy percentage were much lower than the other categories. In addition, based on data presented in table 8, the trend shows that the in all-inclusive hotels which are the large properties tend to do better than and non-all-inclusive hotels which are the small properties.

The evidence also seems to suggest that important Key Performance Indicators (KPI's) such as OR, ADR, and REVPAR are not examined to ensure that these factors are used by small operations to monitor and analyze performance as well as make future managerial decisions. While this information may hold some veracity, small hotels find themselves caught in an unfortunate catch 22 situation where a lack of resources prevents them from developing the facilities and funding the advertising that is necessary to attract adequate numbers of customers willing to pay well for the products and services they offer (Crick, 2005).

In addition to the issues mentioned above, the small properties seem to lack the will to invest in training, or the will to adequately train and retain their employees. As a result, they tend to experience high staff turnover which results in guest dissatisfaction. Small hotels because of their size can train employees to offer personalize guest service that will allow guests to perceive value for their money. They could also seek to attract clients that would bring a level of prestige to the property. In addition, they could form partnerships and consortiums to tackle issues related to small operations and better support each other.

As indicated in Table 3, hotel room nights in properties less than 100 room had a substantial decline in room nights sold from 2012 to 2013.

Table 4 indicates that the occupancy rate fell between 2012 and 2013 in properties with under 100 rooms. This may have been a trend for most properties, because Table 5 indicates a decline in rooms sold between 2012 and 2013.

Table 6

Hotel room % occupancy by month, year and category - Over 100 rooms

	Between 101 – 200 Rooms					Over 200 Rooms				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Jan.	64.3	71.6	68.6	65.4	69.8	69.6	78.1	76.5	77.4	74.3
Feb.	71.1	74.9	74.5	73.3	69.6	80.8	86.8	85.6	82.3	81.4
Mar.	70.5	76.4	72.0	73.3	77.7	73.3	82.6	84.6	80.1	86.3
Apr.	65.9	75.0	68.1	67.4	75.6	69.4	75.7	74.5	77.9	85.2
Jan-Apr	67.9	74.5	70.7	69.8	73.8	73.0	80.6	80.2	79.4	82.4
May.	62.0	59.6	62.5	72.5	67.7	67.1	67.2	63.1	69.8	77.3
Jun.	65.1	62.3	63.8	74.7	74.3	70.1	67.5.	66.8	73.6	81.6
Jul.	64.0	66.6	70.4	68.3	71.5	69.9	75.5	71.0	72.2	83.3
Aug.	54.1	57.8	56.1	50.3	57.8	60.1	67.1	61.1	62.1	74.4
Sep.	42.7	60.2	58.0	48.6	52.7	48.0	45.5	45.6	49.6	86.7
Oct.	51.2	65.6	57.6	54.8	59.6	54.4	52.0	51.1	53.5	62.5
Nov.	55.1	61.5	71.6	67.2	66.4	62.6	63.3	63.8	63.5	75.2
Dec.	58.6	58.9	66.8	60.3	74.3	66.3	60.2	67.6	69.7	78.4
May-Dec.	56.7	61.5	63.5	62.2	65.7	62.5	62.4	61.3	64.3	73.7
Jan-Dec	60.4	65.9	65.9	64.8	68.2	65.9	68.3	67.7	69.3	76.5

Note All-Inclusive category includes hotels which offer Mixed package plans*

Table 7

Hotel room nights sold by category - All -inclusive / Non all-inclusive

	All-Inclusive					Non All-Inclusive				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Jan.	299,855	351,482	358,614	372,834	345,613	56,114	44,840	66,013	46,045	43,520
Feb.	312,006	354,003	364,499	383,398	352,423	62,603	45,844	65,972	50,349	45,844
Mar.	320,554	374,884	393,982	394,674	396,899	63,629	52,876	70,531	53,482	50,715
Apr.	297,142	341,718	331,712	362,813	363,774	54,006	44,338	58,589	47,391	42,188
Jan-Apr	1,229,557	1,422,087	1,448,807	1,513,719	1,458,709	236,352	187,898	261,105	197,266	182,267
May.	290,795	310,792	286,004	333,154	326,397	50,490	35,646	46,343	44,058	39,239
Jun.	291,200	304,917	291,538	334,237	328,840	53,217	32,444	50,776	45,181	44,591
Jul.	306,537	341,800	313,465	339,367	347,494	57,318	45,368	63,259	56,843	50,879
Aug.	264,733	305,753	269,092	293,147	310,516	49,294	37,041	48,361	42,414	41,279
Sep.	189,441	194,482	192,466	221,465	225,237	34,816	24,958	33,315	30,389	30,584
Oct.	223,640	231,291	229,573	251,451	261,428	40,799	30,195	39,051	31,262	35,831
Nov.	251,105	277,762	280,264	291,724	306,656	41,883	35,076	50,402	42,378	39,020
Dec.	292,927	286,952	312,549	335,126	351,657	52,883	39,144	58,930	42,060	50,580
May-Dec.	2,110,378	2,253,749	2,174,951	2,399,670	2,458,225	380,700	279,872	390,437	334,585	332,003
Jan-Dec	3,339,935	3,675,836	3,623,758	3,913,389	3,916,934	617,052	467,770	651,542	531,852	514,270

Examining Large Lodging Operations

Growing the tourism industry in Jamaica is a high priority. The all-inclusive concept seems vital and ideal. However, it has dominated the lodging industry. "Many of the most popular hotels in Jamaica are the all-inclusive resorts the island pioneered and which tend to be more vibrant" (Poon, 1993). The all-inclusive concept appeals to many customers', because it practically includes everything – from airport transfers to room and meals, government taxes, and most sporting activities all in one pre-paid price (Poon, 1993). From its early beginnings at Butlins and Pontins in the 1930s to Club Med from the 1960s, the all-inclusive concept has come a long way. In the Caribbean, all-inclusive resorts are the most successful and fastest growing segment of the tourist accommodation sector. The success of the all-inclusive concept stems from visitor satisfaction and value for money received, superior performance and profitability, sophisticated market segmentation strategies, and close ties developed with travel agents (Poon, 1993).

The all-inclusive concept is attractive and appeals to consumers as it is perceived as value for money and the consumer once at the destination do not have to move around with unnecessary cash (Poon, 1993). The all-inclusive resorts differ from each other in terms of what is offered and market segments desired. This concept has spread rapidly in Jamaica and has done well in performance, profitability and innovativeness. These activities according to Poon (1993), suggest that they will continue to be a very powerful force in the travel and tourism industry. On the other hand, travelers after a more fun-filled cultural type experience, family-run guest houses, small hotels, and private villas can provide a very different experience.

Conclusions

The Jamaica hotel industry seems to be enjoying a boost as the island is experiencing a surge in hotel construction and infrastructure development and upgrade. With the advent of the new upscale all-inclusive concept, the small hotels over the years have struggled to compete and remain viable in the marketplace. The international and local chains with strong brands and reliable reservation systems have dominated and increased the competitive pressure. In spite of the presence and control of the large all-inclusive chains, Jamaica is by no means an all-inclusive destination, nor is it a destination populated by large hotels (Crick, 2005). In fact, Boxill (2004) noted that "the rapid development of the all-inclusive sector, while good for the short-run, has had significant long-run negative effects on the expansion of the industry." This view was previously opposed by Issa and Jayawardena (2003) who indicated that all-inclusive hotels have revolutionized and have made a major impact on the concept of hospitality services in most Caribbean countries.

Traditionally, a lack of money has prevented small hotel owners from developing and equipping themselves with the resources necessary to compete successfully (Crick, 2005). The battlefield seems

Table 8

Hotel room % occupancy by month and year - All -inclusive / Non all-inclusive

	All-Inclusive					Non All-Inclusive				
	2009	2010	2011	2012	2013	2009	2010	2011	2012	2013
Jan.	69.1	77.4	76.8	79.7	74.6	43.7	38.0	45.3	35.3	39.3
Feb.	79.6	86.3	86.4	85.1	81.3	52.7	43.0	50.1	41.6	44.3
Mar.	72.4	82.0	84.4	82.0	85.8	48.4	44.7	48.3	41.2	45.6
Apr.	68.7	74.2	74.0	77.8	83.0	42.4	38.8	41.5	37.9	39.3
Jan-Apr	72.3	79.8	80.3	81.1	81.8	46.7	41.1	46.3	38.9	42.5
May.	65.4	65.6	62.4	69.4	74.4	38.4	30.1	31.8	34.0	36.0
Jun.	68.1	66.5	65.8	72.0	77.9	41.7	28.3	36.1	37.3	42.1
Jul.	68.3	73.2	69.5	70.7	79.7	42.3	38.0	43.5	43.7	45.6
Aug.	59.1	63.3	59.6	61.0	71.6	36.5	31.2	33.5	32.8	37.2
Sep.	46.9	45.5	44.6	49.7	55.1	26.6	22.4	27.5	24.2	29.2
Oct.	53.0	51.3	50.8	54.0	60.5	30.9	25.9	27.7	24.7	33.4
Nov.	61.8	62.1	63.9	63.5	72.6	32.2	30.4	36.1	34.2	36.8
Dec.	65.5	59.7	69.0	70.4	78.1	39.4	32.8	40.9	32.3	45.1
May-Dec.	61.2	61.3	60.8	64.0	71.4	36.0	30.0	34.8	32.9	38.3
Jan-Dec	64.9	67.4	67.3	69.7	74.7	39.5	33.6	38.6	34.9	39.5

Note All-Inclusive category includes hotels which offer Mixed package plans* unbalanced as the power seems to be in the hands of the large inclusive resorts that are able to identify and know their customers (Crick, 2005). It does not matter at what level; customers have certain expectations they expect to be recognized. Consumers may choose to stay at a lodging facility based on varying factors. These factors could include the location of the hotel, the purpose of travel, to the food served, plus amenities offered among others. As a matter of fact, today's hospitality consumers are value seekers which mean that they are willing to spend or stay in a given facility if the value for money is perceived (Crick, 2006).

Case Study Questions

1. The intent of this case study is for students to identify the challenges and determine the strategic competitive effectiveness of the Jamaica small hotels lodging industry. More specifically:
    - Identify the challenges/problems the small lodging operators faced and how they can individually or as a group make the small lodging operations more attractive to tourists?
    - Apply a SWOT Analysis to evaluate, analyze, and determine what you think is the operational state of the small hotel lodging industry in Jamaica.
    - What are some major strategic decisions that need to be made for both short and long term in order to re-position and re-focus the small lodging operations as an ideal choice for tourists?
2. Discuss how small lodging properties should use the room nights sold, occupancy rates to revise marketing and operational strategies to compete with large multinationals.
3. Identify strategies that the small hotel operators could use to build an environment where profitability is a part of the focus and is highly possible?
4. The industry can be considered very cyclical due to its nature. It is also impacted by fluctuations in the economy.
    - Since this is the case, how can these small operators develop the major drivers of competitiveness that is required and is critical to driving operations' competitiveness?
    - List and discuss some of the necessary drivers of competitiveness that small hotels should consider implementing to prevent the cyclical nature of the industry from negative impacting their performance.
5. Given the situation, what should the approach of the small operators be toward developing a competitive strategy against the large hotel operations?
    - What are the risks and benefits to consider?
6. Should the small lodging operators consider restructuring their operations in order to eliminate or reduce the competitive risks they face from the larger hotel operations?
7. Since very little is known about the competitiveness of small hotels in the Jamaican economy, how can we better understand their level of competitiveness to determine how they should move forward?
8. Do you believe the small hotels are mixing competitiveness with price competition, and, as a result of this strategy they are competing in the business environment based on price? Discuss your responses.
    - If this is the case, what strategy should they focus on to ensure the price is not the main focus and is only a part of the equation?
    - Also, is price competition a sustainable practice for small hotels in Jamaica realizing the environment they operate in?
9. The case seems to suggest that the small hotels do not practice innovation or become involved with innovative ideas, benchmarking, or operate at international standards of quality. Additionally, it seems as if they are largely slow to respond to opportunities in this extremely competitive industry. One may say that, because of their size, they lack the necessary resources. However, Crick (2005) suggested that their size could be their strength.
    - Discuss how these small hotels can use their size to become one of, or their major strength.
    - Explain how the small hotels can alleviate these weaknesses and turn them into strengths?
    - Discuss some innovative ideas and benchmark practices that they could consider/implement.
10. Key performance indicators (KPIs) are a good strategy for the small hotels to use to measure their success in terms of competition, quality service/products average daily rate, and their progress towards or meeting strategic goals etc.,
    - Identify and discuss some KPIs that small lodging operators could engage in that would allow them to turn around their operation and perform more efficiently and effectively.
11. What are some major strategic changes you believe took place that changed the entire landscape of the Jamaica Lodging Industry that eventually led to the breakdown of the small lodging industry?
12. What are some personalize service that small hotel operators could offer that would allow guests to perceive value for money?