

The Economic Ascent of the Hotel Business

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Design and setting by P.K. McBride

10 The US Hotel Business: 1980–2008

Introduction

In 1980, the US elected Ronald Regan as President and the country began its move from the introspection and economic weakness of the 1970s. The period to 2008 was characterised by development towards even greater emphasis on service businesses, but it was not all plain sailing. There was a recession in 1981/82 before the Regan economic policies started to pay dividends. Military spending rose as ever more sophisticated weapons were created and used in Gulf Wars I and II as well as Afghanistan and Iraq. Spending on homeland security was increased following the atrocities of 9/11 and the growth of international terrorism by Islamic fundamentalists. Growth in service businesses was spearheaded by financial and professional services, but the widening diversity of the sector saw the emergence of experience businesses such as hospitality, travel and recreation more substantially than in any other country and its establishment as a discreet segment. The economic ascent of the hotel business during the period reinforced the position of the US as the world leader in the field with a supply ratio of 15.5 compared with only 8.4 for Britain.

Developments in the US economic structure and hotel demand

In 1980, the US economy was already more developed as a service business economy than Britain's and only a small proportion of the US population took holidays abroad leaving more taking hotel-based holidays in the US. Otus estimates that in 2008, total room nights sold in the US rose above one billion, an increase of 590 million representing an average annual growth of 3%. Over the period, the structure of the hotel business developed too as hotel chains grew to capture 75% of total demand, a strong annual average growth of 4.4%, whereas unaffiliated hotels demand grew only marginally. During the period, all four factors that are indicative of the shifting structural balance of an economy to service business developed significantly. Human and civil rights legislation expanded as it did in most western economies. Applied social sciences became a more significant component of vocational degrees than in any other country and the social sciences became

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