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particullarly true of an area such as Kish Island where there is curently a large amount of investment - both inward and local - in the hotel industry.

countries is seen is mainly in the infrastructural projects that are required to deal with the arrival and movement of tourists , such as airports , post facilities and roads.

Income from tourism and travel accommodation comes from operatonal activities and from the selling of franchises. Many major hotel chains are now actually more involved in the management, franchise and marketing/referral side of the business than the ownership of hotels. Financial difficulties faced by the business are related in part to the condition of the economy, in particular the regional economy with occupancy rates rising in times of prosperity and falling during recession . However , the overbuilding cycle also plays and important role in the financial problem faced by the tourism and travel accommodation sector, especially in North America in the 1980s and 1990s.

Technical aspects of the financial side of the business have been looked at, in particular source of income and pricing policy. Pricing policy has been examined here in relation I particular to two leading formula for setting room rates - the Hubbar Formula and the Dollar-per- Thousand Formula - that have been discussed in detail.

A consideration of the types of accommodation available in developed countries and the economic threats and financial pitfalls - especially the dangers of overbuilding - to the health of the business can have lessons for a country in development such as Iran . This is same high percentage of profit as that generated by room sales.

In certain areas and at certain periods, it is possible that price-fixing may occur , as happened in Hawaii during 1971 to 1972[1] during a period when falling visitor numbers and competition had forced room rates below the point of breaking even. In this situation, tour operators and travel agents were in direct conflict with hotel operators who believed it was necessary to have some sort of price fixing in order to survive.[2] However, there appears to have been no price fixing during the overbuilding crisis in the US in the late 1980's when competition forced many hotels to operate at a loss.

Conclusion

In this article , the nature of the economics of tourism and travel accommodation has been under consideration that is affected like any other sector of the economy by the cyclical nature of the world economy . In developed countries such as the Us and those of western Eueope, the great mayority of the tourism and travel accommodation industry is run by the private sector and the public sector has no or little impact on its operation. Where government intervention in these

1-In 1997, the Hawaiian Hotel Association entered a "no contest" plea to criminal charges of conspiring to fix Hawaiian hotel room rates.

2-Travel Weekly, May 1977.

cost $4 million to build , the cost per room is $40,000 and the room rate needed to give a fair return on investment will be $40.(1) The calculation of the dollar-per-thousand formula assumes a 70% accupancy rate over the lifetime of the hotel and good enough management to show a 55% house profit on room sales. 'House profit' is defined as all profits except income from rental of shop units and before deductions from insurance, real estate taxes, depreciation and other capital expenses. It also assumes that income from the rental of shop units will offset real estate taxes and interest charges on the land. It also assumes that the hotel will show an annual 6% return on the total investment . It should be noted that the average rate being discussed here is not the advertised room rate but the ADR (total room revenue divided by number of rooms sold). As the percentage of rooms occupied rises, the ADR increases since the less expensive rooms sell first followed by higher priced rooms.

Occupancy rates and the ration of food and beverage sales to room rates vary from hotel to hotel. A general rule of thumb is that the greater the ration of restaurant sales to room sales, the higher the occupancy rate required to make a reasonable return on money invested. This is because sale of food and beverages do not provide the

1-For example, the usual Holiday Inn costs $40,000 to $50,000 per unit and so a rate based on this formula would be $40 to $50 rationally at a "correct" ADR using the Hubbart formula(1) that sets out the steps needed to cover all costs and provide a 15% profit on investment . This is the best known of the room rate formulas and the process works back wards. First, find the total annual revenue required to cover all costs and to provide a 15% return (including desired profit) on investment. Then divide the figure by the projected number of rooms that will be sold in the coming year.

As an example of how it works , imangine that in a 100- room hotel the total annual income required to cover all expenses is $400.000. At a predicted occupancy rate of 70% , the number of rooms that will be sold in a year is 25.500. Suppose the hotel costs $4 million and the owner expects to make an annual return on investment of 15% or $600,000. The owner needs to take in $1,000,000 (all expenses plus return on investment) divided by 25,550 which gives an ADR of approx. $39.14. Other factors may, in reality , prove more important than the mathematical guide such as those discussed above but the Hubbart Formula still provides a worthwhile guide.

The Dollar per Thousand rule

Another formula for calculating the room rate is that $1 should be charged for each $1000 invested per room. Hence , if a 100-room hotel

1-Developed by two US accounting firms Horwarth & Horwarth and Harris Kerr Forster.

Occupancy Required at various Room Rate Reductions.

Present Occupancy Level	Room Rate Reduction 5%	10%	15%	20%
78%	81.6%	85.6%	90.0%	94.9%
76	79.5	83.4	87.6	92.4
74	77.4	81.1	85.3	89.8
72	75.3	78.9	82.9	87.3
70	73.2	76.7	80.5	84.8
68	71.1	74.4	78.1	82.2
66	70.0	72.2	75.8	79.7
64	66.9	70.0	73.4	77.2

Figure 2- Occupancy Required at Various Room Rate Reductions

Source : The U.S Lodging Industry.

Numbers are for a 325- room suburban hotel. Monthly fixed expenses were $396,349 and variable expenses were $13.46 per occupied room. The percentage of net income to total sales expected at each occupancy level was added to variable expenses.

The Hubbart Formula

In a situation where there is little or no cut - throat competition , it is possible for a hotel accountant or france officer to arrive

1990's rather than selling the property or cutting staff costs and expenses to the barest minimum.[1]

Fixed costs of operating a hotel generally run to between 70 and 75% of income and, logically , it would seem to make little senses to rent a room for less than is sufficient to cover fixed costs . However, the question then remains of whether it is better to sell the 'marginal room' (the last one sold) at less than would cover fixed costs or leave it vacant ? In the past, hotel industry accountants regarded rate cutting as an unacceptable practice and provided statistics to prove it. Figure 2 (below) shows that to compensate for cutting rates by 20% at a time when a hotel had a 64% occupancy rate, it would be necessary to raise occupancy to 77.2% to cover costs. However, in a situation of intense competition, it may be necessary for managers to ignore advice on holding rates steady and join in a rate-cutting bonanza- if you do not join in , you may end up with very few guests indeed.

1-During the Great Depression in America in the 1930's , many hotels closed down whole floors , rented rooms to permanent guests at low rates and look other measures designed to reduce costs.

of new hotels seem to be generally well - aware since newly opened hotels tend to offer rates below the prevailing market.(1) There is an alternative view that the pricing of hotel rooms is in the eye of the guest - if the guest think it is too high, it is, Equally, there is a danger in pitching a price too low and thus undermining the prestige and image of quality of an establishment since price is taken as a benchmark of quality.(2)

Another potential pitfall in pricing policy is when occupancy rates in an area are low and the manager is tempted to reduce room rates too far in order to attract more customers rather than holding prices steady . Once occupancy rates fall below 60% , managers may cut prices to levels at which few hotels - especially those that carry heavy debt loads - can make a profit . The question then is whether a hotel should ever charge less than is sufficient to meet its fixed costs? In many cases , the answer may be 'yes' since the management must charge a competitive rate even if it results in the hotel being operated at a loss. Many hunderds of hotels did just that in the late 1980's and

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deadly business sins," Wall Street Journal , 21 Oct. 1993).

1-Marriott hotels , for example , offer not only lower room rates but also discounted meal prices until the hotel " business is established.

2-See: M.Shaw " Hotel pricing ," in VNR's Encyclopeadia of Hospitality and Tourism (Van Nostrand Reinhold, New York, 1993)pp. 435-457.

(ADR) is what the hotel actually receives in revenue from the rooms, arrived at by dividing revenue by the number of occupied rooms. The ADR can be as much as 20 to 50% lower than the published rates, the goal of management being to raise both the ADR and occupancy rates while reducing expenses or , at least , keeping them constant . Of course , there is a complicated interaction between ADR and the occupancy rate.

Discounts are given on published rates to various categories of guests such as corporate travellers (corporate rate) , tour groups and students. Convention delegates pay a negotiated convention rate while airline employees and travel agents usually receive sizeable discounts. Casino hotels offer complimentary rooms to high- rollers and usually heavily - discounted weekday rooms rates. Most resort hotels charge rates that change with the seasons and many hotels with predominantly business clients will offer discounted weekend rates.

It can be a complicated question to establish the "correct" room rate given the number of interdepedent factors affecting the decision and is dictated in part by what competitive hotels charge and, in part , on what the market can stand . There is , however, in pricing "what the market will bear" since this offers competitors a risk - free opportunity to undercut such prices.(1) This is a danger of which the management

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1-A point made by peter Drucher, a Well - known management consultant, in "The five from hotel building investments.

By the mid-1990's , the lessons of this overbuilding cycle in the US had been learnt and its worst effects appear to have passed . Very few new hotel rooms were being built and many thousands of rooms had been taken off the market . Staff costs were kept to the minimum with the average number of employees per 100 guest rooms falling to 50[1] Which is probably far too low for large hotels - large, full- service hotels would normally need 70 employees per 100 hotel guest rooms. Further reductions in hotel running costs were made possible by lowered property taxes and management fees as well as tighter management controls. With the ending of the economic recession by 1993, sales of group meeting and convention hotel rooms were increasing in volume and this also contributed to the economic recovery of the hotel sector in the US.

IV- Pricing Policy

Hotel room rates are set according to what management believes they can charge and still attract the maximum number of guests. The advertised room rate is the rate established for (and quoted from) the "rake rate" which is published as the standard rate for each of the various kinds of rooms offered by the hotel. The Average Daily Rate

1-According to Smith Travel Research that compiles travel data for the American Hotel and Motel Association experienced eleven consecutive years of losses totalling over $33 billion.[1] In several American cities , hotels faced market declines of up to 50% in 1993. Although there were many reasons for this, the building of hotels as a means of tax shelter and not as a response to true market demand was the most serious cause.

The cyclical nature of the hotel business is an important economic characteristic that needs to be understood. When the hotel occupancy rate is rising and investment in the hotel industry looks promising , too many hotel rooms are built . As a consequence of this , a period of time is needed for demand to catch up with supply [during which the industry will face recession and those hotels built with too much debt attached may well fold or at least face serious financial difficulties. It is crucially important that realistic feasibility studies and market research are undertaken before any major hotel building or resort development project is started . This is supported by the experience of the US at the time of overbuilding where some feasibility studies conducted by accountancy firms predicted unrealistically high returns on money invested . The economic recession starting in 1989 kept hotel occupancy rates low, resulting in much lower than expected income

1-A Situation paralleled only by the Great Depression of the 1930's when 80% of hotels were in financial difficulties. See. "Hotel business waking up," New York Times, Oct.2 1993.

lesser degree, private investors.

In the 1980's in the US, this effect was intensified by foreign investors from Japan, France , UK and Hong Kong pouring money into purchasing hotels in the US. This was facilitated by US government policy that favoured a cheap dollar and made US hotels relatively inexpensive for foreign buyers.(1) In the late 1980's , many mega-resort hotels were built in Hawaii which foreign capital as well as a number of golf courses around the country. All this led to a serious problem of overbuilding of hotel and resort facilities in the US, many of which were over-leveraged i.e. carrying too much debt for the earning capacity of the property. This was further exacerbated by leveraged buyouts made possible by the sale of junk bonds that made a few people very rich but put at risk unwary investors attracted by the potentially high yields . Many hotel companies had such large debts that, even with relatively high rates of occupancy and good management , they had difficulty meeting their interest payments. As a result , even small drops in the rate of occupancy were sufficient to place the property in financial jeopardy.

As a result of this cycle of overbuilding followed by recession, the hotel industry in several western countries, in particular the US, had

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1-At this - Pacific region of which 11 were in Japan and 12 in PR China. Hotel, August 1991.

the quality of the brand (as with Hiltons, Sheratons and Hyatts) or as an indiviual hotel such as raffles in Singapore . These hotels have at least one full - service restaurant (often more) and often have a Concierge service as well as other extrans . Labour costs in these establishments are high and represent between 34 to 38% of gross income. Another type of hotel are the so- called 'megahotels' that have 1000 or more rooms and are located at various point world wide a although the majority are to be found in the US in resorts such as Las Vegas.(1)

IV- Financial difficulties

Hotels and the public lodging sector in general , like most other businesses, are subject to the prevailing economic conditions and are affected in particular by the state of the regional economy. Occupancy rates rise during periods of recession. Further affecting the economic health of the hotel sector as measured in terms of room occupancy are the easy credit is available and /or the tax regine provides rapid depreciation , rendering hotel construction an attractive investment options. Money is therefore easily available from banks and other financial institutions , pension funds , insurance companies and, to a

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1-In 1991. of 151 megahotels , 100 were located in the US (18 in Las Vegas alone), 14 in Europe and 30 in the Asia - Pacific region of Which 11 were in Japan and 12 in PR China . Hotel. August 1991.

Inn[1] since it has no restaurant facility but will be built close to a full-service independent restaurant. A complementary continental breakfast will be served in the hotel lobby. A mini-size Hampton Inn requires only twelve full - time staff to run it from receptionists to chambermaids . In 1992 , a Hampton Inn cost about $31,000 per roon to build (excluding land) Compared with $80,000 or more for a full - service business hotel.[2]

Time- share properties selling self-catering accommodation by the week have developed rapidly and are either built as independent mini-villages (typically with restaurant, Shopping and sports facilities included) or on the site of an existing hotel.[3] Resort hotels are those that offer a full range of sporting acivities. Initially, such hotels catered maostly for the tourist market but now they also depend heavily on the convention trade and other group sales for income.

Al the top end of the public lodging scale are the better known hotels that are often frequented by business travellers, known either by

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1-A Subsidiary of prom us Companies of Memphis, Tennessee.

2-See. "Limited- service chains offer enough to thrive. "in Wall Street Journal , 27 July 1992.

3-An example of the former are the many such developments on the Algrave coast of portugal while the lodges built ion the grounds of the Hilton Coylumbridge (near Aviemore in Scotland) is an example of the latter.

Bed - and - breakfast accommodation may well be the bulk of the accommodation available to tourists in certain areas , as in the Highlands of Scotland , and Provide a serious alternative to the more expensive hotel sector . Budget (economy) hotels are a relatively recent development in Western Europe and attract about 30% of hotel guests because of the low prices(1). Budget hotels keep staffing costs low and chains such as Motel 6 often hiring a husband - and - wife team to run the property , offering the use of an apartment on-site to compensate for the relatively low salary paid. Those that are not family - owned will keep the management staff to a bare minimum, Usually a general manager and food service manager.

A step up from budget hotels are those known as "limited service properties' run by chains such as Comfort Inns, Hampton Inns and La Quinta . These are the modern Successor to the highway motels of the 1950's and 1960's and were built as a response to the huge debts racked up by hotels as a result of the economic recession that hit the US in 1989 and Subsequent low occupancy rates . Many of these new hotels of the limited service property type were designed to require a limited number of staff to operate them. For example , a staff of between twenty to twenty-four personnel can run a typical Hampton

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1-A room in a budget hotel in the UK in 2004 is likely to cost between 35 to 50 GBP.

Figure1. The fifty largest corporate Hotel Chains in the World , 1992.

Note: Rankings are based on total rooms open as of December 31,1992.

Source: Hotel , july 1993 , a division of Reed Publishing, USA

III- Types of accommodation

Taken in its widest sense, types of public lodging or accommodation can range at the low end from a humble bed - and - breakfast (or pension) of a few rooms, often in a family house , to a serveral thousand - room megahotel at the top end of the scale . We can calssify types of accommodation according to various criteria that include rate structure, location and type of guest. Of course , the categories may not alway be strictly separated and hotels that cater mainly for convention delegates, for example , may also welcome tourist business while resort hotels- that concentrate on attracting group business may also advertise for individual visitors. Suite or apartment hotels - a relatively new concept in poublic lodging - may aim to attract both buisness customers and tourists. Other types of accommodation are more specific with airport hotels catering exclusively to air travellers and bed - and - breakfasts usally having only a limited number of rooms to rent.[1]

1-Although the latter may cater to either business traveller or tourists.

39	Omni Hotels	USA	18,148	45
30	SAS Intl. Hotel/Sunwing	Belgium	16,507	46
31	Scandia Hotel AB	Sweden	16,000	97
32	Stouffer Hotel Company	USA	15,767	41
33	Fujika Kamko Inc.	Japan	14,891	65
34	Queens Moat Houses Hotels	England	14,697	126
35	Mount Charlotte/Thistle	England	14,320	114
36	Red lion Hotel& Inns	USA	13,910	53
37	Nikko Hotels International	Japan	13,350	53
38	Reso Hotels	Sweden	12,455	61
39	Cubatur	Cuba	12,346	100
40	Southern Pacific Hotels	Australia	11,894	70
41	Four Seasons Hotels/Resorts	Canada	11,668	34
42	Interhotels	Germany	11,210	31
43	Ana Enterprices Ltd.	Japan	11,145	33
44	Circus Circus	USA	11,006	5
45	park Inns International	USA	10,900	80
46	Maritim Hotels	Germany	10,788	41
47	Orbis Co.Inc	Poland	10,642	55
48	Walt Disney Company	USA	10,223	13
49	U.S.National Park Service	USA	10,200	164
50	National 9 Inns	USA		172

The 50 largest Corporate Hotel Chains in the World ,1992

Rank 1992	Organization	Company Headquartes	Rooms 1992	Hotels 1992
1	Hospitality Franchise Systems	USA	354,997	3,413
2	Holiday Inn Worldwide	USA	328,679	1,692
3	Best Western International	USA	273,804	3,351
4	Accor	France	238,990	2,098
5	Choice Hotels international Inc.	USA	230,430	2,502
6	Marriott Corp.	USA	166,919	750
7	ITT Sheraton Crop	USA	132,316	426
8	Hilton Hotels Corp	USA	94,653	242
9	Forte Pic	England	79,309	871
10	Hyatt Hotels / Hyatt International	USA	77,579	164
11	Carlson/ Radisson/Colony	USA	76,069	336
12	promus Companies	USA	75,558	459
13	Club Mediterranee SA	France	63,067	261
14	Hilton International	Egland	52,979	160
15	Sol Group	Spain	40,163	156
16	Inter- Continental Hotels	Engalnd	39,000	104
17	westin Hotels& Resorts	USA	38,026	75
18	New World / Ramada International	HongKong	36,520	133
19	Canadian Pacific Hotels	Canda	27,970	86
20	Societe du Louvre	France	27,427	398
21	La Quinta Motor Inns Inc.	USA	25,925	209
22	Red Roof Inns	Usa	23,443	210
23	Tokyo Hotel Group	Japan	22,671	102
24	Hospitality International Inc	USA	22,425	345
25	Husa Hotels Group	Spain	21,500	98
26	Kinghts Lodging System	USA	21,300	180
27	prince Hotel Inc.	Japan	20,249	70
28	Meridien Hotels	France	18,261	58

under management contracts.[1] Best Western, for example , is a marketing /referral operation whose members are independent owners.

A special category of hotel that can generate huge profits are casino hotels given the profits to be made from the gaming side as well as the normal hotel operations. For example , \$502.1 of the total \$1.4 billion revenue for the Hilton Hotels Chain in 1993 came from is casinos. This is to be compared with room revenue in that year of \$440.2 million and income from management and franchise fees of \$85.1 million.[2]

1-Holiday Inn World wide and ITT Sheraton do not own most of the hotels that operate under their names. Most of Choice Hotel International are franchisees.

2-Income from Sales of food and beverages in 1993 was \$236.8 million.

operational sources while many hotel companies also derive income from franchising and management activities . A further source of income in the business is for developers who make a profit on selling of the properties they build . Another source of income is to have a hotel's name added to the reservation and marketing system run by a franchisee against fees of up to 9% of room revenue. In the 1980's , this could, in some cases , add up to 20% to room rental income . It might , on the other hand, make little difference to the income to be made from room revenue.

For the franchise operator, it was a relatively risk- free operation since they could remove a hotel's name at any time on failure to pay fees due. Although fees for such services fell from between 9 to 12% of room revenue to between 7 to 4% during the 1980's, franchising is 25% more profitable than building or operating hotels themselves.(1) A few hotel companies - the Marriott chain being a notable example - involved themselves in both the development and franchise end of the market . They built hotels and then negotiated sales and management contracts for the new hotels. Many of the large hotel chains have now moved out of ownership to become management , franchise or marketing/referral companies . the large chains now reflect a mixture of ownership and franchise operations and many also operate hotels

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1-According to the NewYork accounting firm Coopers & Lybrand.

As such, the tourism industry in developed countries (and that owned and managed by companies established in such countries) Works just like other private sector companies and faces the same problems and risks that exist in the real market - place.

II- Income from tourism accommodation

The tourism and travel accommodation sector is , like any other industry , subject to the effects of economic life cycles that start up, have a mid-life and then decline. A few hotels and similar establishments can have a life expectancy of up to 80 to 90 years, of course with the help of renovation work. However, most hotels have shorter life cycles than this. Today's new hotels experience rapid growth in occupancy and income during the first five to ten years, then income remains steady for about eight to fifteen years after opening after which the capacity to produce revenue declines. On average , their economic life expectancy is about forty years. It should be mentioned here that the life cycle of the tourism and travel accommodation industry changes as a result of many factors. For example, demographic changes, changes in the neighbourhhood and traffic flows and overbuilding in the area.(1)

Essentially , income from tourism accommodation is derived from

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French company that is the largest of the non- Us based hotel chains.

1-S. Rushmore" Hotel life expectancy." Lodging Hospitality (May,1992).

recognition (Such as the Ritz)[1] are owned and managed by a company that has other business interests. Furthermore, many of the leading hotel and motel chains such as Intercontinental Hotels and Travelodge that we think of as American brands (and that originally were) are now owned by parent companies based outside the US.[2] There are many Similar examples that can be found for international hotel chains in Europe and elsewhere . By the mid -1990's , the Ownership of leading hotel chains had become much more international[3] and the list of the top hotel chains changes frequently with British French and Japanese names now among the top twenty.[4]

1-Owned by Al- fayed , a British - based Egyptian businessman who also owns Harrods in London as part of his diveerse business empire.

2-An example of this is the purchase in 1987 of the Westin Hotels and Resorts chain (established in the 1930's in Seattle) from United Airlines by the Aoki corporation in conjunction with the Bass Group of Texas. Westin's brand name business operations in North and South America and Europe were then sold on in 1994 by Aoki Corporation to DSC, a Mexican conglomerate while Aoki retained Westin properties in Asia, Six hotels in Canada and Several minority investments in the Us.

3-In the 1980's , it was relatively easy to keep track of the large hotel chains world wide, with big names such as Sheraton, Hilton, Intercontinental, Westin , Holiday Inn and Marriott being all US-based.

4-For example , Motel 6, typical ' Amercian' Motel chain is part of the Accor group, a

Europe accounts for approximately 45% of the world wide total of hotel rooms and related accommodation available . The US offers 3.1 million hotel and motel rooms that represent about 25% of the world total and the commercial lodging sector generates over $63 billion in sales annually (or about 1% of that country's gross national product) and employs 1.6 million full- and part- time staff. Tourists comprise the greatest number of clients for the US commercial lodging sector at 31% of the total followed by those travelling on business (25%) and those travelling as conference delegates (24%).(1)

By its nature , the hotel business is an international one and is becoming increasingly so as the number of major hotel/motel groups and marketing/referral groups expand in number and in multinational ownership. For example , airlines either own hotel chains or have other forms of commercial relationship with them and the computerisation of the airline and travel agency industry has created a worldwide network of travel information that is essential to the operation of the international tourism accommodation business.

It is now often difficult to identify the ownership of a hotel from is name or to know whether it is managed under contract or as a franchise . Many hotels whose names attract world wide brand-

1-Source: American Hotel and Motel Association.

the on the potential for foreign income - generation of the tourism sector as a whole include nature disasters and political instability and even the fickleness ot the tourist in choosing a destination.

I- General description of the tourism and travel accommodation sector

The economics of the tourism accommodation and lodging sector reflect closely both the wider economy and, in particular, the regional economy in which the tourism destination is located. The greatest number of rooms available for public rent are found in hotel and motel accommodation, with other related forms of lodging available in the form of suites resorts , conference centres , inns and bed- and - breakfast accommodation. It should be noted that the real estate business activities related to heavily capitalised public lodging facilities (such as hotels) are as economically important as the actual day - to - day running and income derived from them. The cyclical nature of this business has been exaggerated by the cost of money and the large number of developers and ivestors involved in it. As a result of this , there has been much overbuilding in both the US and western Europe that inevitably leads to heavy losses caused by a severe oversupply of hotel rooms.

In 1991, the World Tourism Organization estimated that there were a total of 11.2 million rooms available to international travellers world wide with an expected annual growth of 2.5% For example , their development planning and they have allocated part of their overall budget to the provision of the necessary infrastructure for hosting a large number of tourists. In the tourism economics literature(1), many studies conducted in recent years have looked at different aspects of the tourism industry.

However, and area that has been less studied is that of tourism lodging and accommodation and so this paper will examine the economics of that sector . This study considers the procision of tourism lodging and accommodation from a microeconomic standpoint and compries five sections . Section one looks at the economics of the tourism accommodation sector as a whole and section two examines the income derived from tourist accommodation. Section three considers the different types of accommodation offered and the economic characteristics of each, while in section four the financial problems associated with this sector are discussed. Section five deals with accommodation pricing policies and is followed by a conclusion.

It should be noted that although this article considers the question of the economics of tourism and travel accommodation from a microeconomic point of view , macroeconomic factors should not be ignored. Such exogenous factors that can have a negative impact on

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The Economic of Tourism and Travel Accommodation

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Introduction

Almost all economists and commentators as well as government officials and other policy - makers have accepted that the tourism industry is an important source of foreign earnings for a country . This is especially true of those countries , such as Iran and other developing countries , which are dependent on export income from the export of raw materials that are always affected by large price fluctuations.(1) Tourism , therefore, has been regarded as an important element in

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1-See,for example: A.Bull. The Economics of Travel and Tourism (Wiley, New York, 1996); S.F. Witt. and C.A. witt Moedlling and Forecasting Demand in Tourism (Routeldge , London, 1990); and D.H.Lundberg,.,M.H. Stavenga and H. Krishnamoorthy Tourism Economics (John Wiley & Sons, NewYork,1995).