

SERVICE QUALITY MANAGEMENT IN HOSPITALITY AND TOURISM

Edited by:
Michou Hanelt

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PREFACE

In today's business landscape, the pursuit of profit maximization has become a central goal for nearly every firm. To achieve this, companies seek to increase productivity and sales figures by attracting more customers. The prevailing belief is that more customers equate to more sales, leading to greater profits and a larger market share. While this approach may seem logical, a wiser strategy lies in focusing on retaining existing customers rather than solely acquiring new ones. By doing so, companies can reduce marketing and advertising expenses and cultivate customer loyalty, which ultimately contributes to sustained growth and profitability.

In the hospitality industry, profit maximization is also a primary objective. This multifaceted sector operates on a large scale, dealing with billions of dollars, and recognizes that service quality plays a pivotal role in enhancing profit margins by satisfying customers. The underlying concept is to align service offerings with customer expectations and, where possible, exceed those expectations to gain a competitive advantage over rivals. By providing strong service quality, hospitality businesses can not only boost revenue and minimize financial losses but also create a positive environment for both guests and staff, fostering a sense of "home away from home."

The expectations of customers in the hospitality, tourism, and leisure sectors have risen significantly. Today, consumers demand a high

overall level of service, leading to intense competition based on strategies that emphasize service quality to add value, rather than relying solely on product or price differentiation.

In response to this changing landscape, the book focuses on enhancing the delivery of hospitality services and offers clear and straightforward explanations of theoretical concepts and their practical applications. For both practitioners and educators, this knowledge is invaluable for improving their businesses and preparing students for the demands of the modern business world.

By adopting Service Quality Management, companies can gain a competitive edge in a fast-changing industry. Understanding and implementing these theoretical concepts and methods will allow businesses to meet and exceed customer expectations, leading to higher levels of satisfaction and loyalty. Satisfied customers are more likely to remain loyal to a brand, make repeat purchases, and recommend the business to others, creating a positive cycle that further reinforces the company's profitability. While profit maximization has been a dominant goal for many businesses, the hospitality industry has come to recognize the significance of service quality in achieving this objective. By focusing on retaining existing customers and exceeding their expectations, companies can create a loyal customer base, reduce marketing expenses, and foster a positive work environment. Implementing Service Quality Management principles can provide businesses with a competitive advantage in a highly demanding market, leading to sustained growth and profitability.

CHAPTER 1

SERVICE QUALITY IN HOSPITALITY INDUSTRY

INTRODUCTION

In all industries, quality has long been recognized as essential to business survival. This chapter begins with an outline of the history and development of quality management and the contribution of quality 'gurus' to the formation and promotion of quality control principles.

Although these general principles of quality management in manufacturing do have relevance to service industries, it must be recognized that service industries have characteristics not generally found in manufacturing. Service quality is therefore not the same as product quality, and the management of service quality is not the same as the management of goods quality.



Service quality is difficult to define and difficult to control, and various measures of service quality have been proposed. However, in the

final analysis, the expectations and perceptions of customers are what matters in any assessment of service quality. Ultimately, the needs and expectations of customers guide the design of quality strategies in services. As service academics have recognized a need to define service quality accurately, and as service practitioners have felt the need to manage it effectively with a view to a sustain-able competitive advantage, various ways of defining and measuring service quality have been introduced. This chapter presents some of the most significant service quality management theories, together with their implications for hospitality and tourism managers.

1.1 BASICS OF SERVICE QUALITY

In the hospitality industry, service quality is a key driver of customer satisfaction and loyalty. Service quality refers to the overall level of service provided to customers, including the quality of the product or service, the reliability and responsiveness of the staff, and the overall customer experience.

1.1.1 The Concept of Services

Today, as the economy is dominated by the contributions of the services sector, this industry has to be explored. Unlike the products / hard goods manufacturing sector, the Services possess some unique characteristics which make it difficult for the marketers to define and assess their quality and thereby even more problematic to offer a holistic bouquet to the customers to gain their satisfaction. To become successful in the service sector, an organization needs to develop higher order strategies and core competencies such as knowledge, skills which will allow them to establish, develop and maintain a mutually beneficial relationship with the customers.



Good service quality can lead to retention of existing customers and attraction of new ones, reduction in cost and time, enhancement of corporate image, positive word-of-mouth communication and all this leading to ultimate profitability and long-term competitive advantage. As attracting new customers is a costlier affair than retaining the existing customers, maintaining them and increasing their loyalty levels is the essence of many corporate strategies today. It can be used as an effective weapon to differentiate and build a distinctive advantage over others which will be difficult to copy and thus the sustainable competitive advantage can be achieved. In order to define the stated service quality, we need to start by answering the simple question about the definition of Service.

"A service is any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything." By Kotler, Armstrong, Saunders, and Wong.

"Services are economic activities that create value and provide benefits for customers at specific times and places as a result of bringing about a desired change in or on behalf of the recipient of the service." By Christopher Lovelock.

"Services are activities, benefits or satisfactions that are offered for sale or provided with the sales of goods to the customer, that is, pre-sale and after-sales services." By the American Marketing Association.

1.1.2 Key Services Characteristics

The basic difference between a product and service lies in the unique characteristics of services which differentiate them from the product categories. They can be called as 5 'I' which are –



- Intangibility: Services lack physical existence and are intangible in nature. Hence they are hard to smell, hold, taste or touch. Thus, the concept of transportation, stocking or storing is very difficult in this scenario.
- Inventory/(Perishability): Once used it becomes very difficult for the Services to be reused, stored, saved, returned or resold. Once it is given to a person or performed it becomes very difficult to deliver the same to another one.
- Inseparability: This refers to the fact that services are generated and consumed at the same time. Examples: The service consumer must sit in the hair dresser's shop & chair or in the plane & seat; correspondingly, the hairdresser or the pilot must be in the same shop or plane, respectively, for delivering the service.
- Inconsistency/(Variability): Each time the service is performed, it is done in a unique way. It can never be repeated as the first time and varies from place to place, time to time even from person to person.
- Involvement: To make a service transaction successful, both the provider and consumer have to participate in the service transaction process.



The services sector doesn't possess a particular product/technology rather it is more of an experience which makes it difficult for the marketers to develop and offer a bundle of utilities that can further

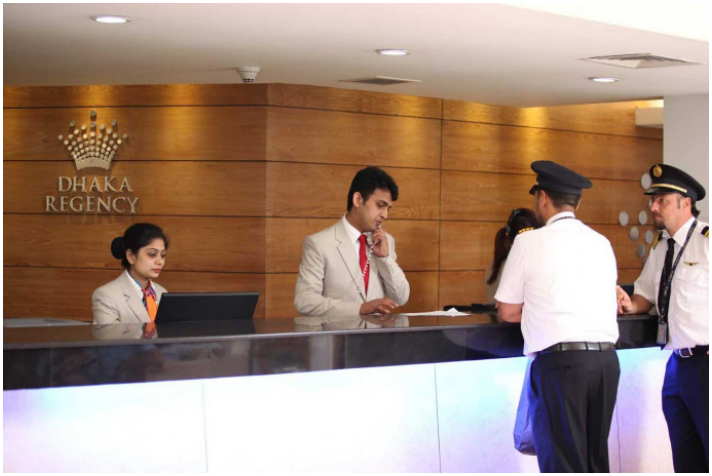
attract and retain the customers in order to build a sustainable service delivery system. Due to this uniqueness of the services, we cannot define the term quality in it as it defined for products. Rather we have to take the perceived service delivery as a parameter for assessing the quality. It may include the process, the person, the equipment as well as the environment in which services are delivered. As it is evidenced that the future of economy belongs to the service sector, it is the call of the time to make the delivery process seamless, optimized as well as bring excellence in to it so that we can produce and provide the service standards as desired by the customers and of required excelled than the expectations of the customers.

1.1.3 Meaning of Service Quality

Service quality is generally viewed as the output of the service delivery system, especially in the case of pure service systems. Moreover, service quality is linked to consumer satisfaction.

Although there is no consensus in the research community about the direction of causality relating quality and satisfaction, the common assumption is that service quality leads to satisfied customers.

For example – customers leaving a restaurant or hotel are asked if they were satisfied with the service they received. If they answer "no," one tends to assume that service was poor.



Direct service providers, such as waitresses, also note that at times the best service efforts are criticized because the customer's perceptions of the service are clouded by being in a bad mood or having a disagreement with someone just before arriving at the restaurant.

These service providers recognize that in practice the influence of service quality on customer satisfaction is affected by other factors, one of which is the customer's physical and psychological conditions.

Over the last fifteen years, research on service quality has grown extensively and substantively. The topic has attracted interest among managers and researchers because of the substantial effects customer perceptions of service quality have on the satisfaction and loyalty of customers, as well as on brand equity.

Service quality research has also achieved a truly global scope and significance and attracted contributions from scholars from many disciplines.This articulation of the service quality construct and its associated SERVQUAL measure has spawned hundreds of studies around the world, over 70% coming from outside the United States. It has contributed to a rich empirical record that has yet to be synthesized using meta-analytic techniques.

The research derives from an extensive project that began by gathering over 500 service quality articles. Articles were coded by two researchers and then included in a meta-analysis if they contained any of the following matrices – mean levels of customer expectations, performance perceptions, or gaps between expectations and performance perceptions, correlations linking service quality to other related constructs, inter-correlations among the five SERVQUAL dimensions, or consumers' importance ratings of the SERVQUAL dimensions.

The data was analysed by means of a nested, multi-level modelling procedure using the HLM program. Although based upon sophisticated meta-analysis, our intent is to present the fascinating and far-reaching results of this work with both a research and a managerial emphasis.

1.1.4 Characteristics and Objectives

The main characteristics of service quality are as follows:

- Clients are a direct part of the process, bringing perceptions and expectations to the transaction that become part of their interaction with you.
- Unlike a manufactured product, which can be made, inspected, and controlled for quality before it is released to the client, service quality cannot be inspected before delivery.
- Because clients participate fully in the transaction, they are concerned both with the output or result of the transaction, and the process for delivering that outcome.

- In a production environment, eliminating variance is critical to making high-quality goods. In delivering service, satisfying clients depends not on eliminating variance, but rather on personalizing the service delivery to the unique circumstances of each transaction. Applying certain principles consistently rather than providing an identical response to each transaction, is the key to delivering quality service.
- Client satisfaction is subjective. It is made up of two essential ingredients—expectations and perceptions of delivery. Clients have unique expectations based on their individual experience and needs. They have their own perception of what they received. Any difference between what they expected to get and what they perceive they got, will affect their satisfaction

Objectives of Service Quality

The subject of service quality has aroused considerable recent interest among business people and academics. Of course, buyers have always been concerned with quality, but the increasing competitive market for many services has led consumers to become more selective in the services they choose. Conceptualising the quality for services is more complex than for goods. Because of the absence of tangible manifestations, measuring service quality can be difficult but there are possible research approaches.



Comprehensive models of service quality and their limitations can be studied. Understanding just what dimensions of quality are of

importance to customers is not always easy in their evaluation process. It is not sufficient for companies to set quality standards in accordance with misguided assumptions of customers' expectations.

A further problem in defining service quality lies in the importance which customers often attach to the quality if the service provider is distinct from its service offers – the two cannot be separated as readily as in the case of goods. Finally, issues relating to the setting of quality standards and implementation of quality management should be studied.

1.1.5 The Importance of Service Quality

Service quality is important for a number of reasons:

- It is a key driver of customer satisfaction and loyalty.
- It can differentiate a hotel or other business from the competition.
- It can lead to positive word-of-mouth and online reviews, which can attract new customers.
- It can help to build a strong brand reputation and image.

1.1.6 Key Factors of Service Quality

There are several key factors that contribute to service quality in the hospitality industry:

Tangibles

Tangibles refer to the physical appearance and amenities of a hotel or other business, such as the cleanliness and condition of the facilities, the quality of the furnishings and décor, and the range of amenities and services offered.

Reliability

Reliability refers to the ability of a hotel or other business to deliver its products and services consistently and dependably, without errors or delays.

Responsiveness

Responsiveness refers to the willingness and ability of staff to respond quickly and efficiently to customer needs and requests.

Assurance

Assurance refers to the knowledge, competence, and professionalism of staff, as well as the trust and confidence customers have in the hotel or other business.

Empathy

Empathy refers to the ability of staff to understand and respond to the needs and feelings of customers, and to provide personalized attention and care.

1.1.7 Important Attributes

The process used for goods in evaluating services differs from the process used by consumers. Goods tend to be high in search qualities whole services tend to be high in accepted quality and experience.

Search, Experience and Credence Properties

Search	Experience	Credence
Attributes that a consumer can determine before purchase	**Attributes that can be discerned only after purchase**	**Characteristics that the consumer may find impossible to evaluate even after purchase and consumption**
E.g., Clothing, furniture, jewelry	**E.g., Restaurant meals, vacations**	**E.g., Medical diagnosis, Auto repair**

Search Qualities

Search qualities are attributes that consumers can evaluate prior to purchasing a service or good. Items such as colour, style, fit, feel, smell, and price, are found included in the search qualities. Some products such as shoes, jeans, washing machines, cars are high in search qualities. Raw materials, component parts, and office supplies (business goods) also tend to be high in search qualities. Consumers can easily evaluate the quality of goods prior to purchase since they are high in search qualities.

Experience Qualities

Experience qualities are attributes that consumers can evaluate only during or after the consumption process. Food, catering services, meals, entertainment, and cosmetic surgery are services high in experience qualities. Under the business services, some services which are high in experience include lawn services, delivery services etc. Only after the service has been consumed or during the process of consumption, evaluation takes place. For example, a meal at a restaurant can only be evaluated once it is eaten and not before.

Credence Qualities

Credence qualities are attributes that consumers have difficulty evaluating even after the consumption is complete. Consumer services such as accountant services, funeral services, education, and veterinarian care are examples of services high in credence qualities. Examples in the business sector would include financial advice, and advertising services. Few consumers have the medical knowledge or tax knowledge to judge if the service provider performed the service properly. The same is true for a business trying to evaluate consulting or advertising services. Clearly, evaluating services high in credence qualities is difficult.

1.1.8 Strategies for Improving Service Quality

Here are some strategies for improving service quality in hotels and other businesses in the hospitality industry:

Train and Empower Staff

Staff training and empowerment are essential for delivering high-quality service in the hospitality industry. By providing staff with the knowledge, skills, and authority they need to deliver exceptional service, hotels and other businesses can improve customer satisfaction and loyalty.



Solicit Customer Feedback

Customer feedback is essential for improving service quality. Hotels and other businesses should regularly solicit customer feedback through surveys, focus groups, and online reviews, and use this feedback to identify areas for improvement.



Set Service Standards

Setting clear service standards is essential for ensuring consistent and high-quality service. Hotels and other businesses should develop and communicate clear service standards for all staff to follow, and regularly monitor and evaluate performance against these standards.



Use Technology

Technology can be a powerful tool for improving service quality in the hospitality industry. Hotels and other businesses can use technology to streamline processes, improve communication, and enhance the overall customer experience.

Service quality is a critical aspect of the hospitality industry. By understanding the key factors that contribute to service quality, and implementing strategies for improving service quality, hotels and other businesses can enhance customer satisfaction and loyalty, differentiate themselves from the competition, and build a strong brand reputation and image. Staff training and empowerment, soliciting customer feedback, setting service standards, and using technology are all essential for improving service quality in the hospitality industry.



1.2 OUTCOMES OF SERVICE QUALITY

Before we progress with a review of the way service quality has been conceptualized and measured, we first turn our attention to some of the reasons why we even care about service quality—the 'hard' business outcomes that businesses aspire for—satisfaction, repeat purchase, loyalty, word-of-mouth behaviors, etc. We will look at these ideas in different places in this text, but we offer a basic overview here to help the reader under-stand the 'outcome' of effective service quality management.

1.2.1 Customer Satisfaction

Whenever discussions about service quality take place, there is inevitably overlap or even confusion about the differences between the concepts of quality and satisfaction. Our aim here is not to go too deeply

into a detailed description of the conceptual differences between these two terms, except to provide a few points of difference and to make the case that there are definite similarities and differences. The concepts explained in this section are focused mainly on service quality, not satisfaction.



Satisfaction is often defined as the degree of consumption-related fulfillment provided by a product, service or experience. That is, the "customer senses that consumption fulfills some need, desire, goal or so forth and that this fulfillment is pleasurable—and it is always related to a transaction. Thus, satisfaction is the customer's sense that consumption provides outcomes against a standard of pleasure versus displeasure".

If satisfaction is related to 'consumption', quality is more `observational'/`attitudinal' or 'process' driven. Satisfaction (with a firm) requires frequent and consistent positive experiences, whereas quality is often evaluated on a transaction basis (meaning when the service interaction occurs). There is research evidence showing that high service quality perceptions do not necessarily lead to satisfaction, and that low quality perceptions can lead to satisfaction. Service quality is only one driver of overall satisfaction. For example, in a restaurant setting, factors that influence satisfaction with the dining experience include "waiting time, quality of service, responsiveness of front-line employees, menu variety, food prices, food quality, food quality consistency, ambiance of the facilities, and convenience". So while satisfaction and quality are related concepts, there are important distinctions. And while it would appear on the surface that satisfaction is an outcome of quality, it is not always the case. Nevertheless, there is strong evidence to suggest that the right service provided at the right level of quality for the customer

segment leads to higher levels of satisfaction, which in turn leads to customer loyalty.

1.2.2 Customer Loyalty

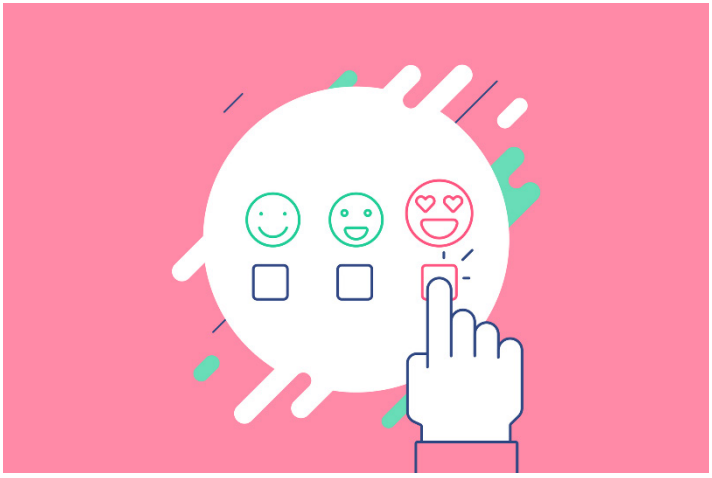
Another important consideration of any business is customer loyalty; that is, the degree to which customers repeatedly do business with the firm. Customer loyalty has been described as the feeling of attachment to or affection for a company's people, product or service. Some defines loyalty in terms of "high return frequency, high likelihood to recommend, and high overall satisfaction". Loyalty is defined as "a deeply held commitment to rebuy or patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior". Loyalty is said to be either attitudinal (a person feels or says they are loyal to a firm) or behavioral (when this attitude of loyalty is converted into repeat patronage and even word-of-mouth advertising).



1.2.3 Customer Delight

If you want to retain customers and generate positive word-of-mouth, then it's essential to intentionally create a delightful customer experience. Customer delight is not just about responding to tickets or providing the minimum required service for customers to purchase your product. You'll need to surpass expectations. The good news is that this results in increased peer-to-peer recommendations, higher customer loyalty, and decreased customer churn.

Customer delight is the process of exceeding a customer's expectations to create a positive experience with your product or brand. Delight is about providing a remarkable experience to users through focusing on their needs, interests, and wishes. Discounts, gifts, promotion, or spontaneous outreach can all increase customer delight.



By going above and beyond, you can increase the chances of customers remaining loyal to your brand long-term. The goal of delight is to leave these people so satisfied and happy that they go out and sing praises to your brand.

Customer delight is the best way to create and sustain growth in our modern business world. It's how you stand out from your competitors, attract and retain loyal customers, and inspire your customers to brag about how awesome you are.

When you take the time to delight your customers, you reap the benefits of free word-of-mouth marketing and increased loyalty. Just ask Slack. According to their CMO, the team messaging app's success is largely due to word of mouth marketing.

Plus, 92% of consumers trust recommendations from friends or family over all other forms of marketing. Delighting your customers will make them loyal to your brand and keep you top of mind when they make a recommendation.



There is no direct way to measure customer delight. But there are a few different metrics that you can compare and use together to get a feel for how delighted your customers are.

Lovability

This one is less traditional, but still important: How much do your customers "love" you and your product? We're talking genuine, heartfelt devotion and loyalty. Aha! co-founder and CEO Brian de Haff introduced the lovability concept in his bestselling book "Lovability." At the time of publishing, more than 2,500 customers had told Aha! that they "love" them. So Aha! started tracking that metric. After years of founding successful technology companies and creating award-winning products, Haff says, "Love is the surprising emotion that many company builders cannot afford to ignore."

Net Promoter Score (NPS)

NPS (or Net Promoter Score) is the cornerstone of customer satisfaction metrics. It measures a customer's loyalty to your brand over time by gauging how likely they are to recommend your product or service to other people. Chances are, the higher a customer rates you on the 0-10 scale, the more delighted they are.

NPS helps you understand how your customers talk about your product and provides direct qualitative insights into what you need to improve. Pay attention to fluctuations in the score and any trends in the comments to find ways to excel with customer delight.

Customer Satisfaction (CSAT)

Customer satisfaction measures how your customers feel about your product, usually directly after an interaction with a customer-facing team. Some companies send a CSAT survey out via email after a support interaction or include it right in their email signature when they respond to customers. So, while NPS talks about your product (or overall experience), CSAT ranks the delightfulness of your customer service.

Customer Effort Score (CES)

Like NPS and CSAT, customer effort score is a survey sent to customers. But it asks a different question: "On a scale of 1-10, how much effort did it take to solve your issue today?"

This survey seeks to understand if interacting with your product or customer-facing teams was easy or difficult for the customer. Try to keep your CES as low as possible, and use it to measure how well you're delighting customers. The easier something is to accomplish, the more delightful it is.

Churn Rate

Your churn rate is the speed at which your customers leave your product. You can use churn to see the impact of product changes, pricing changes, shifts in customer support or success strategies, and branding. To calculate it, identify the number of churned customers divided by the total number of customers that you have.

Customers churn when their experiences are no longer (or never were) delightful. If your churn rate starts to spike, calculate it across different segments to understand where you are dropping the ball.

Retention Rate

Retention rate is the opposite of churn rate. It looks at how many customers you've kept instead of how many you've lost. A higher retention rate indicates that your customers are happy and satisfied with your product.

Pull data to see how changing your support strategy shifts retention, or to understand how product releases or revamps affect your customers' perspective on you.

Customer Lifetime Value (CLV)

CLV measures how much money a customer could potentially bring in to your company throughout their time as a paying customer. Whether you use a subscription model or other business model, CLV can tell you how your customers' relationship with your company is going. Think of it as a source of truth for your other metrics.

Pay attention to how this number goes up or goes down to understand whether you add delight to your customers' lives or take it away.

1.3 SERVICE QUALITY MODELS

"Quality is how we describe the value we perceive in the innate characteristics of a product or the attributes of a service". "Service quality" is achieved when the customer or the consumer believes he or her is given more than he is paying or more than his global expectations, and this definitely results in a better relationship. Literature clearly shows that service quality is a strategic tool and the most significant positioning tool for services providers especially when we consider the increasing competition in the services markets.

In the service industry, quality plays a very important role as providers need to know which dimension will help them satisfy best their customers. Even if the technical dimension seems key, most of services firms are preferring the functional dimension since this enhance customer relationship very easily.

Many practitioners, managers and researchers have designed service quality models in response to the markets' challenges. There are many models with different approaches. Seth et al. (2004) have identified and analyzed a total of nineteen developed during 1984 to 2003. All these models aim at helping companies to better handle service quality matters in order to gain competitive advantage, customer satisfaction and loyalty. They each have their own strong points and limits and have been profusely discussed in the literature, with different views from researchers.

Among all the models discussed in the rich literature, some major models seem to be the most used and adopted: Grönroos' model, GAP model and SERVQUAL model. These models are foundation for other service quality measurements.

For each model discussed, we start with a brief description before critically reviewing their contribution to solving business issues.

11 factors to evaluate the 19 different models, and they include: identification of factors affecting service quality, suitability for service industry, relevance to assess customer satisfaction, consideration for customer perception's changing nature and capability to suggest proper guidance to improve service quality.

Assessment of service quality models:

1.3.1 Grönroos' Model

The Grönroos' Perceived Service Quality model has been of one the very first conceptualization early in 1984 and opened doors to many others models. Three many components have been identified to assess service quality and include: technical, functional and image.

The technical dimension refers to what customer actually receives from service provider: eg. a car repaired by a mechanic that works fine. The functional component entails the way the service is offered. This is for example how the mechanic welcomes the client, the global comfort the client has been given while his car is being repairing. Both dimensions just highlighted above are said very important but functional deserves more attention because, if we assume the mechanic is an expert but use to treat very badly his clients, by concentrating himself only on getting the car work fine, he would surely not be seeing a lot of clients in his garage. The 3rd component of Grönroos' Perceived Service Quality model is "Corporate/brand image". Image is very important in service industry and highly depends on technical and functional quality as shown on figure 1 below. There are others valuable factors like word of mouth, ideology, pricing, tradition and public relation.

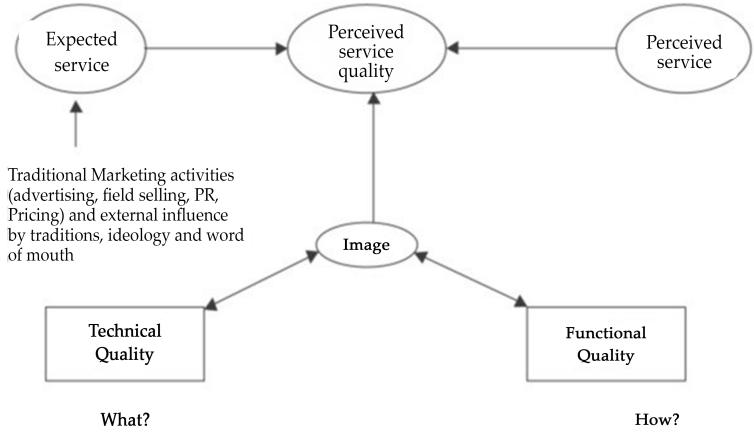


Figure 1: Grönroos' perceived service quality model.

Although fine and having the advantage of pioneering the field of service quality conceptualization, being the first attempt to measure quality of service, found that the model fails to offer an explanation on how to measure functional and technical quality. Out of the 11 factors, the model satisfies to only five. The model is not suitable for developing a link for measurement of customer satisfaction and is does not suggest suitable measurements to improve quality service.

Later in 1990, the author developed a more comprehensive model called "Augmented services Offer", shortened ASO Model. The model considers the whole service process based on consumers' perception.

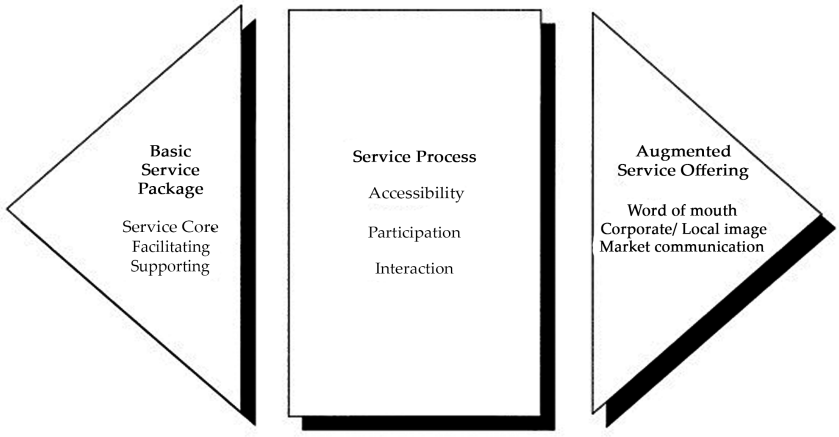
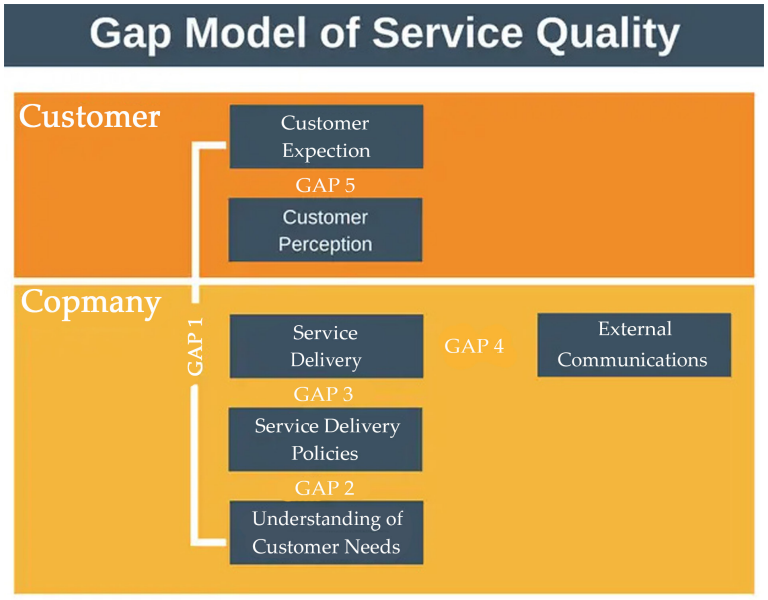


Figure 2: Adapted ASO Model.

The ASO Model is a popular conceptual model that makes clear the need to emphasize consumer's brand perception from a holistic standpoint in order to achieve service differentiation. However, Its application has been limited and constrained to different uses than originally envisaged.

1.3.2 GAP Model

Quality customer service can help companies retain their current customers, increase revenue and grow their businesses. Many companies use the gap model of service quality to identify areas where they can improve the customer experience. If you work as a manager for a company that provides customer service, you might benefit from learning about the gap model to evaluate customer satisfaction.



The gap model of service quality is a framework professionals use to analyze customer satisfaction and identify areas for improvement. Most companies, regardless of whether they are sales- or service-focused, involve some component of customer service. Some industries that use this tool include retail, food, hospitality and health care.

Also known as the five gaps model or the customer service gap model, this tool addresses the most common communication challenges that can cause a gap between customers' expectations of service and the service they actually receive. The model also helps managers better understand their customers to meet their needs.

Types of Gaps

The gap model of service quality addresses five gaps that the framework addresses. Each gap is a difference between an expectation and a deliverable. The five gaps that the framework examines are:

Gap between management perception and customer expectation

This gap measures what customers expect and what management thinks they want. This can occur when management doesn't have enough information about their customers' expectations. For example, managers at a supermarket may think shoppers want more brand-name items and self-checkout stations. However, shoppers are more concerned about

the store's cleanliness and employee friendliness.

Market research and feedback can help you better understand your customers before you make significant changes to your products or services. Consider hosting customer panels and interviews, implementing satisfaction surveys or conducting comprehensive studies to ensure your perception of what your customers want is correct.

Gap between management perception and service quality specification

This gap examines the difference between management's perception of quality service and the steps it takes to provide that level of service. Managers may understand what their customers expect but haven't established the necessary training or standards to meet these expectations. For example, managers at a fast-food restaurant may tell staff members to fill orders quickly without specifying the acceptable amount of time. Managers need to define the level of service they want their customers to experience to diminish the potential for miscommunication. Develop standard operating procedures for your team and establish SMART goals that are specific, measurable, actionable, relevant and timely. Addressing each area can help you create parameters that are easy to understand and empower your team to complete tasks successfully.

Gap between service quality specification and service delivery

This gap assesses the difference between what level of service management tells expects from staff and what type of service the customer actually receives. Customers may receive lower-quality service than managers want if team members can't meet expectations. At this stage, managers might audit the customer experience to identify areas for improvement. Often, in this type of situation, the team may benefit from receiving additional training. In some situations, management may need to review their hiring practices to select both capable and willing candidates to provide quality customer service.

A few areas you can consider when analyzing this gap include team members' aptitude, health, attitude and cultural factors. For example, managers at a call center may have specific standards for how many calls a representative completes each hour. If they see that many find it challenging to meet the goal, managers may decide to provide more training. They may also revisit their hiring practices to ensure candidates are comfortable speaking with customers over the phone.

Gap between service delivery and external communication

This gap analyzes the difference between the service a company tells customers it provides and the service they actually receive. It measures whether the company advertises and shares information about its services accurately instead of exaggerating its claims. Advertisements and company statements significantly impact customer expectations, so managers need to ensure claims are honest.

For example, a hotel's website and brochures might feature clean and modern-looking rooms, but if the staff doesn't properly maintain the rooms between guests, there may be a gap between what customers expect and what they receive. Reviewing advertising materials regularly can help you accurately depict the services you provide customers.

Gap between expected service and experienced service

This gap addresses the difference between the level of service customers expect and the level they perceive. This can occur when the company's claims are honest but misinterpreted by the customer. Interactions with other customers and previous experiences with your company may also influence the type of experience that customers expect.

For example, a sales associate at a boutique clothing store may welcome guests, ask if they need help finding anything, offer to prepare a dressing room and check on them to ensure the clothes fit properly. While the sales associate may be providing the company's expected quality of service, customers may perceive this service as overwhelming based on experiences shopping at other stores. Collecting regular customer feedback can help you identify this gap. Consider implementing transactional surveys to assess how customers perceive the quality of the service they receive.

Examples of the Gap Model of Service Quality

Here are three examples of how managers can use the gap model to identify opportunities to improve the service their customers receive:

Example 1

Here's an example of how managers at an online retail store may use the gap model to improve customer reviews:

Hygge Home Retail sells a variety of household consumer goods online. Management plans to expand product offerings to include more outdoor

products for gardens and patios because they believe customers want more options. Before they launch this new product line, management decides to use the gap model of service quality to identify any other opportunities to improve the customer experience.

After reading customer reviews carefully, they realize customers are happy with the selection but feel that shipping costs are too high. There's a clear gap between management perception and customer expectation in this situation. Management uses this information to find ways to decrease shipping costs. They see a significant increase in online orders over the next quarter.

Example 2

Here's an example of how a restaurant manager can use the gap model to improve communication with their customers:

Chives is a new fine dining restaurant that serves seafood, steak and craft cocktails. Since the restaurant is new, the manager doesn't have photos of the dishes yet, so he uses stock images for the menu. He also uses these stock images to promote food specials on social media. When customers receive their meals, they're disappointed that the food on their plates doesn't look like the photos.

The manager listens to this feedback and realizes there's a gap between the type of food Chives advertised and the food the customers actually received. He contacts a local photographer to take photos of each dish and drink and uses these images to update the menu and create posts for social media.

Example 3

Here's an example of how managers at a cleaning company can use the gap model to elevate the level of service their customers receive:

Happy House Cleaners provides residential cleaning services. Before staff members finish cleaning a house, they fill out a digital checklist to ensure they complete each cleaning task that management expects them to perform.

However, management continues to receive customer feedback that the cleaning services don't meet their expectations.

Management shadows several staff members and realizes that while performing the specified cleaning tasks on the checklist, many lack the proper techniques to clean these areas effectively. In this situation, there's a gap between the service quality specification and the service

quality delivery. Management implements a new onboarding and training program to teach staff members how to deep clean each area, improving service.

1.3.3 SERVQUAL Model

SERVQUAL model is the model of service quality that is used for measuring service quality and customer satisfaction. American marketing gurus Valarie Zeithaml, Leonard Berry, and A. Parasuraman suggested this SERVQUAL model in the year 1988 to analyze dimensions of service quality as well as perceptions of service quality.

The SERVQUAL model which is short for the Service Quality model is the research method to capture and analyze consumer expectations and perceptions of the service.

This elaborate model helps bridge the **gap** between customer expectations and needs. The current five dimensions of the SERVQUAL model are used to measure service quality.

Originally it was measured keeping in mind 10 components- responsiveness, reliability, competence, access, courtesy, communication, credibility, security, understanding the customer, and tangibles.

All these components were eventually merged and now the SERVQUAL model deals with five components- Reliability, Assurance, Tangibles, Empathy, and Responsiveness. Hence it is also known as the RATER model.

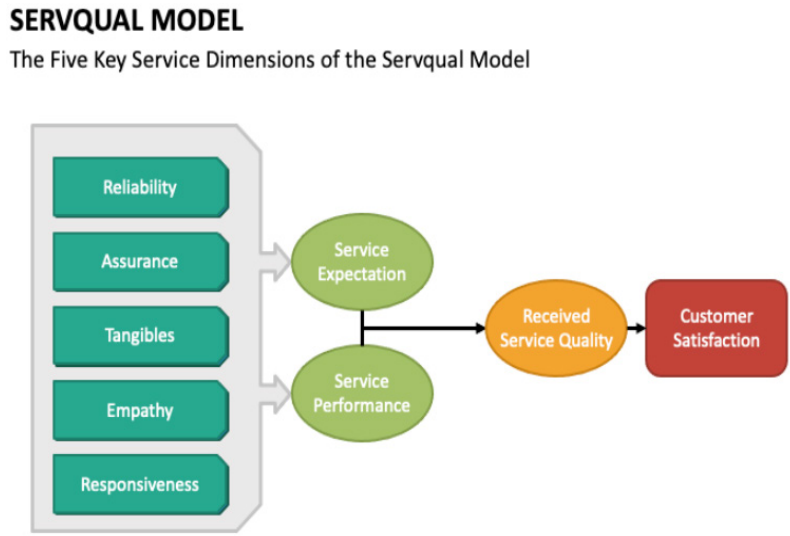
Original Dimensions of SERVQUALs Model

The ten original dimensions of the SERVQUAL model or service quality model are-

1. Tangibles
2. Reliability
3. Responsiveness
4. Communication
5. Credibility
6. Security
7. Competence
8. Courtesy
9. Understanding
10. Access

5 RATER Dimensions of Service Quality

While the SERVQUAL model had ten dimensions, its simplified model-the RATER model has five parameters under which the customer evaluation is measured. They are understood as service quality dimensions used to find out perceived service quality on the multiple-item scale.



These dimensions suggest an item scale for measuring the quality of service as per the customer perceptions. They also help in knowing the customer, and that is why they are integral parts of services marketing.

- **Reliability:** This is the ability of the firm to perform the service effectively and accurately. It measures whether the firm lived up to its promises or not.
- **Assurance:** This dimension depends on the employees of the firm. It is their skill to produce trust and credibility in minds of the consumer. It requires proper knowledge and dedication.
- **Tangibles:** This dimension refers to physical facilities, equipment, personnel, and communication material.
- **Empathy:** This dimension refers to the attention and priority the organization gives to the needs and requests of the customers.
- **Responsiveness:** This dimension is related to the firm and its ability and willingness to aid customers and provide apt service as promised.

These are the five dimensions that help a firm to tend to its consumers and maintain a positive relationship with the latter.

How SERVQUALs Model measures Service Quality?

As it is based on consumer relations, a sample survey is conducted in order to understand customer need for a product or service. Originally SERVQUAL consisted of 22 questions. Post-debate and modifications of these questions were finalized that addressed customer feedback.

Initially, four service industries were looked at- banking, credit cards, repairs and maintenance, and telephone companies. This SERVQUAL questionnaire was split into two main parts:

Respondents were enquired about their expectations of the ideal service firm in that service category and respondents were then asked about the service quality delivery of specific firms in that industry.

Let us now have a look at the SERVQUAL question area associated with different dimensions of service quality-

SERVQUALs Questionnaire of Five Dimensions

As discussed above, 22 SERVQUAL questions are related to the five dimensions of service quality, and they can be used for measuring service quality and customer satisfaction.

The answers to these questions let brands know their reliability and validity as well as ability to perform as per customer expectations. Let us go through the 22 questions of the SERVQUAL questionnaire-

1. Tangible Service Quality Question Area

- About the existence and use of up-to-date equipment
- If the physical facilities are visually appealing
- If the employees are well-dressed/neat
- Is the appearance of the physical facilities are consistent with the type of service industry

2. Reliability Service Quality Questions Area

- 2Does the firm meet their promised time-frames for response
- Does the firm have an approach that is sympathetic and reassuring when the customer has problems
- If they are dependable
- Do they offer their services at the times promised

- Do they keep accurate records

3. Responsiveness Service Quality Questions Area

- Should they tell customers exactly when the service will be performed
- Should they expect prompt service from employees
- Will the employees be willing to help customers
- How and when employees should respond to customer requests

4. Assurance Service Quality Question Area

- Are the employees trustworthy
- Do customers feel safe when transacting with employees
- Are the employees polite
- Do the employees have adequate support from the firm to do their job well

5. Empathy Service Quality Question Area

- Do the firms give each customer individualized attention
- Do the employees give each customer individualized attention
- Do the employees fully understand the needs of the customer
- Do the employees have the best interests of the customer at the heart
- Do the firms operate at hours convenient to all customers

The Five Gaps of Service Quality



The correspondence between the client and the service-providing association, just as the association's inner correspondence, is of fundamental significance for the degree of nature of the assistance.

It is acceptable when firms realize the patterns of their clients. Consequently, the SERVQUAL Model recognizes five gaps that can emerge between the client's necessities and the help that an organization offers.

Knowledge Gap

A gap emerges when a firm's information on consumer needs is not enough, keeping them from precisely moving toward customers.

Also known as the management perception gap. When the organization's assumptions of customer perception are different from the customers, this gap arises. This occurs as a result of insufficient and careless research. It hints towards a problem with market understanding.

Causes- Lack of quality marketing, poorly interpreted information, unfocused research on customer needs, Too much miscommunication between frontline employees and top-level management.

For example- If a coffee brand misreads customer need for affordable coffee and instead markets itself as very expensive. While there are people who will buy it, coffee is an everyday need for the majority of people and hence they prefer an affordable brand over an expensive one.

Standards Gap

The firm has framed its thought regarding what the client anticipates from its administration. In the event that this thought isn't right from the beginning and doesn't relate to what clients expect, there is a huge danger that the firm will interpret it wrongly into a quality approach and comparing rules. It is also known as the quality specification gap. Service design and performance standards are required to fill this gap.

Causes- Absence of proper goal, insufficient planning, absence of quality service, not estimating the feasibility of the service, overall inadequate approach towards task standardization.

For example- The majority of hotels do not clean the rooms on the day of check out. They do not take into consideration late checkouts. Hence ignoring the expectations of the customer.

Delivery Gap

A gap can likewise happen when the firm offers a service that is not the same as what the customer had anticipated. This additionally includes off-base usage. For example, in the manner in which workers

complete *strategy*.

This gap is also known as the service delivery gap. Hence customer experience with a particular service or product must be taken into account for improvement. This is usually done in form of feedbacks.

Causes- Ineffective recruitment, role conflict, could not match demand and supply, lack of teamwork, employee0technology fit ineffective, inadequate planning.

For example- Many times while delivering food, the orders are wrong or the packaging is not proper.

Communications Gap

This gap occurs when the organization promises services that they are not capable to deliver. The communications that the firm sends out can create wrong expectations. It is the difference between consumer experience and expectations.

It is also known as the market communication gap. As the majority of the communication is done by the marketing team, this is often a fault on their part.

The firms often exaggerate the results they deliver and this, in turn, leaves the customer unhappy and dissatisfied.

Causes- failure to manage consumer demand, failure to perform promised services, poor communication, over-estimating on behalf of the marketing team.

For example- Various fairness creams promise a lighter skin tone in 5-6 weeks but often fail to mention extra precautions like scarves and hats that need to be worn to shield from the sun.

Satisfaction Gap

This is a combination of knowledge gap and communication gap. It is the overall difference between the perceived service by the customer and the experience of the customer with the service and the firm.

Unless customer satisfaction is kept intact, the firm is at risk of losing credibility and reputation in the market. Also known as perceived service quality gap.

Causes- online information, reviews, feedbacks by other customers, word of mouth, cultural background, personality, and other various factors can cause a satisfaction gap between the consumer and the provider.

While there are various solutions to filling these gaps, the first and foremost step is effective communication. The majority of the problem can be solved if the organization is clear with its agenda and communicates the same clearly with its consumers.

Another way to fill the gap is to ensure proper feedback is taken from the customers and those pointers implemented for better customer service.

Applications of SERVQUAL

SERVQUAL remains an integral part and is becoming an important research topic where service quality is important with relation to cost, profitability, customer retention, and satisfaction.

Some of the published studies regarding SERVQUAL include in the fields of Hotel, travel, tourism, car servicing, *business* schools, accounting firms, architectural services, airline catering, and mobile telecom services.

Advantages and Disadvantages

SERVQUAL has become an integral part of customer monitoring and has a lot of advantages.

These range from enabling assessment of service quality to tracking customer expectations and perceptions over time. SERVQUAL also enables comparing with competitors on similar aspects.

The disadvantages of this include that SERVQUAL remains that uniformity of this for all the service sectors remain unsure and it does not measure service outcome perceptions.

The use of measuring expectations in service quality has come under a lot of criticisms.

Criticisms of Model of Service Quality

It is criticized that the 5 dimensions of SERVQUAL or RATER as they are called.

These dimensions or RATERS are not universal and that is the reason why there remains little evidence that customers assess service quality in terms of expectations and perceptions.

SERVQUAL also faces criticisms on the grounds that this form only focuses only on service delivery and not on the outcomes. There is also a high degree of correlation between the 5 dimensions of SERVQUAL and thus the scores obtained cannot be exact.

Thus though being an efficient method, SERVQUAL faces its criticisms mainly on the grounds of lack of customer perception and thus remains debated.

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CHAPTER 2

SERVICE MARKETING

INTRODUCTION

Hospitality marketing helps advertisers in travel, restaurants, and consumer services bring awareness and consideration of their products and services to consumers. Hospitality marketing strategies can play an important role in helping brands drive customer engagement and stay top-of-mind. There's a renewed sense of adventure for consumers. This comes at a time when the hospitality industry is changing to meet consumers' needs. Today, there are more consumers focused on not just going on adventures and seeking new experiences, but they are also thinking about the larger impact of their activities in areas like health, wellness, and the environment. With these new considerations, consumers are reimagining how they dine out, spend leisure time, and travel as the world adapts to hybrid work models, explores sustainability travel options, and considers plant-based meals.

2.1 HOSPITALITY MARKETING – DEFINITION AND IMPORTANCE

The hospitality and tourism industry is bouncing back in a big way after the pandemic, so it's the perfect time to get the message out with some marketing strategies to boost bookings.

Hospitality marketing plays a crucial role in:

- Finding customers to grow a new hospitality business
- Building a loyal customer base for established brands,
- Engaging in social media conversation.

2.1.1 Definition of Hospitality Marketing

Before we talk about what hospitality marketing is, let's focus on what marketing as a concept means in general. According to the American Marketing Association (2013) marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. The main theme emerges from this definition is that marketing is about understanding and addressing customers' needs and desires which not only benefits customers but also the society at large.



Hospitality industry refers to the businesses such as hotels, bars, and restaurants that offer people food, drink, or a place to sleep. Having looked at the definitions of marketing and hospitality industry, it can be said that hospitality marketing is about applying marketing strategies and techniques in the hospitality industry. It takes a look at how organisations in the hospitality industry e.g. restaurants, hotels, and food service providers make use of marketing strategies and techniques to promote their products and services to customers.

2.1.2 Importance of Hospitality Marketing

In any business, an effective marketing strategy is absolutely critical to building a brand, attracting new customers, and retaining existing ones. The hospitality industry is not exceptional from this perspective. Hospitality marketers need to ensure that potential customers are aware of their existence and offers and existing customers are satisfied with the products and services to a reasonable extent (at least). Satisfied customers are highly like to come back and may spread around positive word of mouth.



Competition is fierce in hospitality industry; therefore, organisations need to apply effective marketing techniques to fend off competitors. For instance, marketers can offer reduction in price, two nights stay for the price of one, and others to allure customers. Likewise, offering customers loyalty cards may become very useful as well.

Hospitality marketers need to ensure that customers are aware of their services. They can achieve this by using a variety of advertising media. For example, advertisements on TV channels, newspapers, magazines, and the Internet can be very useful to create customer awareness. However, marketers must not stop in creating awareness only. They need to ensure that the awareness turns into a purchase.

It is important to note that advertising campaigns may not work on their own, unless the products and services on offer are of good quality. A

good product may often create enough buzz resulting in good business for organisations. So, developing right and quality products is absolutely important. This is where marketing can play a big role. In fact, new product development is an important aspect of marketing.

To conclude, competition is fierce in the hospitality industry which is a multi-billion pound industry. Marketing plays an important role in helping organisations succeed in such an industry. Hospitality marketers devote a lot of time and resources to devise an effective marketing plan and utilise a variety of media to take their services to customers.

2.2 DEFINITION, FEATURES AND PROBLEM FACED IN MARKETING SERVICES

Service Marketing is simply defined as a phenomenon wherein a service or an intangible commodity is promoted and marketed among the target audience. A novel kind of marketing, service marketing has become quite prominent in helping companies promote services around the world.

2.2.1 Definition of Service Marketing

Service marketing is marketing based on relationship and value. It may be used to market a service or a product. With the increasing prominence of services in the global economy, service marketing has become a subject that needs to be studied separately. Marketing services is different from marketing goods because of the unique characteristics of services namely, intangibility, heterogeneity, perishability and inseparability.

In most countries, services add more economic value than agriculture, raw materials and manufacturing combined. In developed economies, employment is dominated by service jobs and most new job growth comes from services.



Jobs range from high-paid professionals and technicians to minimum-wage positions. Service organizations can be of any size from huge global corporations to local small businesses. Most activities by the government agencies and non-profit organizations involves services.

The American Marketing Association, defines services as activities, benefits, or satisfactions that are offered for sale or provided with sale of goods to the customer, that is, pre-sale and after-sales services. Berry states, 'while a product is an object, devise or physical thing, a service is a deed, performance, or an effort'.

2.2.2 Features of Services

Intangibility

Tangible goods are ones the customer can see, feel, and/or taste ahead of payment. Intangible services, on the other hand, cannot be "touched" beforehand. An airplane flight is an example of an intangible service because a customer purchases it in advance and doesn't "experience" or "consume" the product until he or she is on the plane.

Inseparability

A physical good may last for an extended period of time (in some cases for many years). In contrast, a service is produced and consumed at the same time. A service exists only at the moment or during the period in which a person is engaged and immersed in the experience.



Figure 1: These empty seats represent lost revenue for the airline.

Heterogeneity (or variability)

While most goods may be replicated identically, services are never exactly the same; they are heterogeneous.

Variability in experiences may be caused by location, time, topography, season, the environment, amenities, events, and service providers.

Because human beings factor so largely in the provision of services, the quality and level of service may differ between vendors or may even be inconsistent within one provider.

Perishability

Services and experiences cannot be stored; they are highly perishable. In contrast, goods may be held in physical inventory in a lot, warehouse, or a store until purchased, then used and stored at a person's home or place of work.

If a service is not sold when available, it disappears forever. Using the airline example, once the airplane takes off, the opportunity to sell tickets on that flight is lost forever, and any empty seats represent revenue lost.

Changing Demand

The demand for services has wide fluctuations and may be seasonal. Demand for tourism is seasonal, other services such as demand for public transport, cricket field and golf courses have fluctuations in demand.

Pricing of Services

Quality of services cannot be standardized. The pricing of services are usually determined on the basis of demand and competition. For example, room rents in tourist spots fluctuate as per demand and season and many of the service providers give off-season discounts.

Direct Channel

Usually, services are directly provided to the customer. The customer goes directly to the service provider to get services such as bank, hotel, doctor, and so on. A wider market is reached through franchising such as McDonald's and Monginis.

2.2.3 Problems in Marketing Services

After identifying the characteristics of service marketing, let's take a closer look at its challenges and how brands can resolve them.

Lack of Physical Character

Selling a service is much harder than selling a product since the latter can be seen Products allow the customer to examine their physical quality and characteristics to help with their purchasing decision.

Solution: Get customers involved. Nothing helps sell more than positive word of mouth. A good service marketing strategy implements plans that aim to achieve positive experiences to boost consumer trust and sales. Leveraging SEO tools is one way to help you reach a larger number of people online.

Perishability of Services

Services are considered perishable because a business needs to sell a specific amount of services in a designated time period to cover expenses and generate revenue. A hotel, for example, needs to book out a specific number of rooms every week. When a room lies empty due to lack of demand, that service pauses for that time period.

Solution: In periods of low demand, service providers can rely on marketing strategies that quickly attract consumers. These can include loyalty rewards, discounts, and promos.

Variability

The last major challenge to service marketing is the variability of services offered to consumers. When two individuals purchase the same product, they are likely to have the same quality. But in the case of services, quality may vary based on who is offering the service and where.

A psychological clinic, for example, hosts a number of therapists. But not all therapists share the same years of experience and therapeutic approach. These differences can affect the success rate of the clients they handle.

Solution: Concerted efforts to train all service personnel must be undertaken to keep the variations in service delivery to an absolute minimum. This usually includes vigorous training sessions, marketing

tools, and detailed operational guidelines that personnel must abide by at all times.

2.3 NATURE OF SERVICES

Nature of Services

1. Intangibility: services cannot be seen, felt, tasted, or touched in the same manner that we can sense tangible goods.
2. Inseparability: services cannot be separated from the person or firm providing it.
3. Variability: Since services are performances, frequently produced by human beings, no two services will be precisely alike. Services are heterogeneous across time, organizations, and people and as a result, it is very difficult to ensure consistent service quality.
4. Perishability: services cannot be saved, stored, resold, or returned.

2.3.1 The Service Economy

The world economy is increasingly characterized as a service economy. This is primarily due to the increasing importance and share of the service sector in the economies of most developed and developing countries. In fact, the growth of the service sector has long been considered as an indicator of a country's economic progress. Economic history tells us that all developing nations have invariably experienced a shift from agriculture to industry and then to the service sector as the mainstay of the economy. This shift has also brought about a change in the definition of goods and services themselves.



Service organizations vary widely in size. At one end of the scale are huge international corporations operating in such industries as airlines,

banking, insurance, telecommunications, and hotels. At the other end of the scale are a vast array of locally owned and operated small businesses, such as restaurants, laundries, optometrists, beauty parlors, and numerous business-to-business services.

The service sector is going through revolutionary change, which dramatically affects the way in which we live and work. New services are continually being launched to satisfy our existing needs and to meet needs that we did not even know we had. Nearly fifty years ago, when the first electronic file sharing system was created, few people likely anticipated the future demand for online banking, website hosting, or email providers. Today, many of us feel we can't do without them. Similar transformations are occurring in business-to-business markets.

2.3.2 The Role Of the Service Economy In Development

As of 2008, services constituted over 50% of GDP in low-income countries. As their economies continue to develop, the importance of the service sector continues to grow. For instance, services accounted for 47% of economic growth in sub-Saharan Africa over the period 2000–2005, while industry only contributed 37% and agriculture only 16% in that same period. This means that recent economic growth in Africa relied as much on services as on natural resources or textiles, despite many of those countries benefiting from trade preferences in primary and secondary goods.



As a result of these changes, people are leaving the agricultural sector to find work in the service economy. This job creation is particularly useful as often it provides employment for unskilled workers in the tourism

and retail sectors, which benefits the poor and represents an overall net increase in employment. The service economy in developing countries is most often made up of the following industries: financial services, tourism, distribution, health, and education.

2.3.3 Services as Solutions

If you want customers to buy your services, you need to offer them a solution that costs less than the problem is costing them. Your solution might:

1. Save your customer money;
2. Save your customer time: or
3. Improve your customer's productivity.

This is different from solution selling because instead of defining the solution and then looking for applicable problems, you are tailoring your services to fit your prospective customer's day-to-day problems. In essence, you are in the problem-solving business and if you can prove that you can solve your customer's present problems, you'll have a long-term customer who will come back for more and more.

In order to accomplish this task you and anyone involved in selling your services need to:

Have an excellent understanding of the services you're offering and what can and can't be tailored to a customer's requirement;

1. Have a solid understanding of the common problems your prospects face and those that your services can solve; and
2. Prepare 20-25 questions to identify possible problems and generate credibility and confidence in your company's abilities.

2.3.4 Selling Services As Solutions

Without genuinely valuable services for your customer, you have no revenue. While "what's the value proposition? " is an over-used term, below is a more specific definition of value, particularly as it applies to application software (in contrast with infrastructure software).

It's about Selling a Meaningful Solution Bundle

When selling services rather than technology, the focus should be on people and organizations—listening to and understanding their internal projects and being considerate of their timelines and budgets. It

is important to listen and provide a fair offer for services that genuinely meet a customer's need. Budgets are much too constrained these days for anyone to buy services they don't really need. This model can be a good foundation for a company, leading to a sustainable revenue stream that can help to further fund the development of the product.

In other words, create revenue that can sustain and grow the business, to make the product better in the long run, and to enable customers to better deploy the software. This only happens if the software and the services provide real value to an organization.

It's about Customer Engagement

Years ago, the Red Hat Network offered a valuable service for those who purchased a software subscription. If you passively wait for the renewal, you can expect that some customers will ask themselves, "Do we use this subscription service or not?

Do we really need to continue to pay for it? " A proactive approach in this scenario is to demonstrate ongoing value by regular customer engagement, showing the customer new features they can access via their subscription, reviewing their current use of the product, and offering add-on services to help them be better trained or better able to use more of the product for more of their organization.

The fundamental principle here is value. No customer will renew a subscription service or buy more consulting services if they don't see genuine value in these services as it relates to fulfilling their business objectives, whether that be better customer service, better IT responsiveness, or better IT management.

2.3.5 Services as Products

The increasing importance of the service market in the economy has brought about a change in the definition of goods and services. No longer are goods considered separate from services.

Rather, services now increasingly represent an integral part of the product. It is this interconnectedness between goods and services that is represented on a goods-services continuum.

Services can be alternatively defined as products, such as a bank loan or a home security, that are to some extent intangible. If totally intangible, they are exchanged directly from the producer to the user, cannot be transported or stored, and are almost instantly perishable.

Service products are often difficult to identify because they come into existence at the same time that they are bought and consumed. They comprise intangible elements that are inseparable; they usually involve customer participation in some important way; they cannot be sold in the sense of ownership transfer, and they have no title. Today, however, most products are partly tangible and partly intangible, so the dominant form is to classify them as either goods or services (all are products).

The dichotomy between physical goods and intangible services should not be given too much credence.

These are not discrete categories. Most business theorists see a continuum with pure services on one terminal point and pure commodity goods on the other terminal point.

Most products fall between these two extremes. For example, a restaurant provides a physical good (the food), but also provides service in the form of ambiance, the cooking and the serving of the food, and the setting and the clearing of the table. And although some utilities actually deliver physical goods — like water utilities which actually deliver water — utilities are usually treated as services.

2.4 PLANNING FOR SERVICES MARKETING

To ensure effective services marketing, tourism marketers need to be strategic in their planning process. Using a tourism marketing system requires carefully evaluating multiple alternatives, choosing the right activities for specific markets, anticipating challenges, adapting to these challenges, and measuring success. Tourism marketers can choose to follow a strategic management process called the PRICE concept, where they:

- P: plan (where are we now?)
- R: research (where would we like to be?)
- I: implement (how do we get there?)
- C: control (how do we make sure we get there?)
- E: evaluate (how do we know if we got there?)

In this way, marketers can be more assured they are strategically satisfying both the customer's needs and the organization's objectives. The relationship between company, employees, and customers in the services marketing context can be described as a services marketing triangle, which is illustrated in Figure 2.

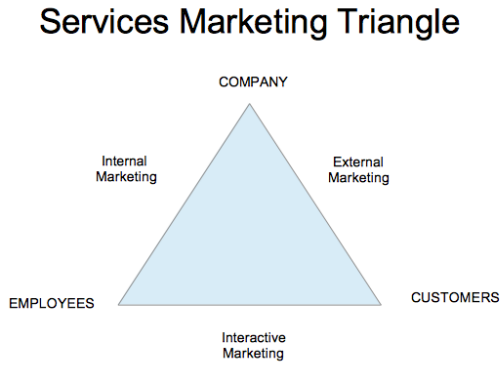


Figure 2: Services marketing triangle.

In traditional marketing, a business broadcasts messaging directly to the consumer. In contrast, in services marketing, employees play an integral component. The communications between the three groups can be summarized as follows:

1. External marketing: promotional efforts aimed at potential customers and guests (creating a promise between the organization and the guest)
2. Internal marketing: training, culture, and internal communications (enabling employees to deliver on the promise)
3. Interactive marketing: direct exchanges between employees and guests (delivering the promise)

The direct and indirect ways that a company or destination reaches its potential customers or guests can be grouped into eight concepts known as the 8 Ps of services marketing.

2.4.1 8 Ps of Services Marketing

The 8 Ps are best described as the specific components required to reach selected markets. In traditional marketing, there are four Ps: price, product, place, and promotion. In services marketing, the list expands to the following:

- Product: the range of product and service mix offered to customers
- Place: how the product will be made available to consumers in the market, selection of distribution channels, and partners

- Promotion: specific combination of marketing techniques (advertising, personal sales, public relations, etc.)
- Pricing: part of a comprehensive revenue management and pricing plan
- People: developing human resources plans and strategies to support positive interactions between hosts and guests
- Programming: customer-oriented activities (special events, festivals, or special activities) designed to increase customer spending or length of stay, or to add to the appeal of packages
- Partnership: also known as cooperative marketing, increasing the reach and impact of marketing efforts
- Physical evidence: ways in which businesses can demonstrate their marketing claims and customers can document their experience such as stories, reviews, blog posts, or in-location signage and components

Product

First, we start with product.

When it comes to marketing your product, think about what you're selling, all of its features, and the benefits your customers will gain when they buy. Consumers want to know that if they choose you, you're going to deliver on what you promised, whether it's taste, health or just an overall better value than a competitor. Take the classic battle of Cadbury vs Nestlé. Everyone prefers one over the other. But why?

Flavour is only part of the issue. The other is the customer identifying with the brand. Nestlé takes a millennial-centric approach to its marketing, often using the power of humour to make an impact on customers.

Cadbury, however, sets itself as a luxurious experience. Biting into a Cadbury candy exemplifies your maturity and sophisticated palette.



For the record, our beloved four-fingered KitKats are Nestlé.

Price

Price refers how you set up your prices and how they will affect your customers.

You need to identify how much your demographic is willing to pay for your food and catering services and plan for overhead and overall costs including discounts, sales or any other special promotions.

Promotion

Now here comes the fun part.

Promotions are an exciting way to make your customers (and future customers) aware of your brand. Design these marketing tactics as interestingly and engaging as possible.

Think social media competitions, celebrity appearances (if you have the budget), and loyalty programmes.

Buy one, get one free for a friend – what's not to love?

Healthy burger company Grill'd hosted a competition earlier this year, offering entrants the chance to win double ground passes to the Australian Open + Grill'd burgers and avo chips every day for 2 weeks—and it was a smashing success.



Place

Location, location, location.

It's not enough to have mouth-watering dishes; you also need to be easily accessible and fit the right vibe of the neighbourhood.

This is where your customer will meet your staff for the first, of hundredth, time. It's where you practice where you preach: if you're all about excellent customer service, this is where you customers be sure of it.

Remember, standing out from your competitors is what sets you apart in the hospitality business.

Consider a memorable fit out of your retail space or hotel, as this could make for engaging content on social media.

Take Chin Chin for example. The modern-Asian restaurant features a Pink Bunny wall for customers to photograph and post online. Great place = great engagement.

People

Think of a time you've been disappointed service you received.

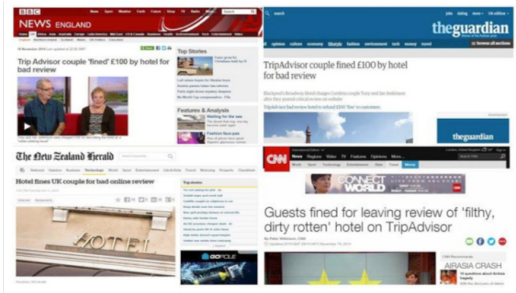
Remember it straight away?

That's the thing about a bad experience – you never forget it. If your business provides outstanding service, you'll create a positive reinforcement in your customers about your brand.

Then, word will spread you treat people right.

Win win!

Provide bad service? It's probably going to go viral on the 'net:



This couple from the UK stayed at a hotel with a pretty crazy clause in the reservation agreement – leaving a negative review would result in a £100 fine.

Of course, the customers took their story straight to the press… and let's just say if you Google the hotel, their click-through-rate is high for probl reasons.

This alone should convince EVERYONE to do better – friendly and helpful interactions that put customers first should be at the forefront of what you do.

Physical Evidence

Well, is as simple as it sounds.

We're talking every single element that goes in to the visual aesthetics of your product or service, from ambiance of the restaurant to product packaging.

You're going to need to align the physical environment of your business with what you offer.

Positioning

Take Taco Bell and Chipotle for example.

Taco Bell, America's favourite Tex-Mex go-to, was on the top of the coveted fast food mountain.

Then came Chipotle.

Instead of trying to best Taco Bell with cheaper prices, they decided to beat them in quality. Chipotle positioned their food as more wholesome, advertising itself as hormone-free.

Remember to always think about positioning your brand to differentiate it in the crowded market by pushing what your audience will embrace.



Why go to Taco Bell for cheap food when you can go to Chipotle and enjoy REAL CHICKENS?

Sure, there are a huge amount of factors that will heavily impact the marketing development of your business in the hospitality industry, but with by following the marketing mix, you're definitely in for one hell of a shot.

It's important that these components all work together in a seamless set of messages and activities known as integrated marketing communications, or IMC, to ensure the guests receive a clear message and an experience that meets their expectations.

2.4.2 Integrated Marketing Communications



Figure 3: During the 2010 Winter Olympics in Vancouver, many marketing partners came together to deliver an integrated experience to guests, including shopping malls disguised as igloos.

Integrated marketing communications (IMC) involves planning and coordinating all the promotional mix elements (including online and social media components) to be as consistent and mutually supportive as possible. This approach is much superior to using each element separately and independently.

Tour operators, attractions, hotels, and destination marketing organizations will often break down marketing into separate departments, losing the opportunity to ensure each activity is aligned with a common goal. Sometimes a potential visitor or guest is bombarded with messaging about independent destinations within a region, or businesses within a city, rather than one consistent set of messages about the core attributes of that destination.

It's important to consider how consumers use various and multiple channels of communication and reach out to them in a comprehensive

and coherent fashion. As a concept, IMC is not new, but it is more challenging than ever due to the numerous social media and unconventional communication channels now available. Each channel must be well maintained and aligned around the same messages, and selected with the visitor in mind. Too often businesses and destinations deploy multiple channels and end up neglecting some of these, rather than ensuring key platforms are well maintained.

In order to better understand our guests, and the best ways to reach them, let's take a closer look at the consumer as the starting and focal point of any marketing plan.

2.5 TYPES OF SERVICE MARKETING

Moving on, one should know about the marketing strategies that the service sector focuses on while promoting its services. Yet before learning that, one should learn the types of service marketing so as to get a better understanding of the concept altogether.



2.5.1 External Service Marketing

The first type under the classification of service marketing- external service marketing refers to the promotion of services in an external environment where the company promotes its services to the customers.

This type recommends the promotion of services through various traditional techniques like pricing, product, and purchasers.

The external service marketing focuses on the promotion of services in the external atmosphere (company-customers) so that the services are availed of and consumed well.

Service Marketing Mix

As the external service marketing professes the traditional techniques of promotion, here are some elements of service marketing mix.

A marketing mix refers to a combination of components that should be included while a product/service is being marketed.

1. **Commodity-** commodity, or a service, should be presented well and in detail. Unlike a product that can be advertised clearly, a service becomes more unspecific to promote.

Yet the commodity as a whole is advertised across various media in order to grab the attention of the target audience.

For instance, a service marketing advertisement for a bank does not mean that the target audience has to purchase the bank.

Rather it simply means that the banking service is what the audience is liable to purchase. In this case, the banking service has to be promoted as a commodity or a facility for the target audience.

2. **Cost-** As we have already read, the cost in service marketing is not standardized. The cost of this commodity rather varies from service to service and so, there is no standard range of cost for the customers to choose from.

For example, a restaurant can offer a dining experience of INR 500 or even INR 5000. This is because the services include a wide variety of facilities like dining, bar, location, etc.

Thus depending on the kind of experience one avails themselves of, cost can be a variant yet an essential component of the marketing mix**.**

3. **Customer-** The third component of the service marketing mix, customer is indeed the topmost component.

While the cost and commodity highlight the service and its details, the concept of customer represents the purchaser or the buyer who is ultimately going to avail himself/ herself of the product.

This means that while marketing a service, one has to be very careful about reaching out to the target audience in an attractive yet adequate manner.

Since the customer is at the receiving end, one has to be very careful about the features and specifics of a service in order to strike the right chord with the customer and his/ her needs and demands.

2.5.2 Internal Service Marketing

The second type of service marketing, Internal service marketing focuses on the promotion of a service within the company (company-employees).

This means that the promotion of the service takes place internally so as to make the employees understand the whereabouts of a service and help them propagate the information in a better manner.

The internal service marketing focuses on the employees more than the customers since the employees are an integral part of the marketing chain.

It is highly crucial that the employees within a company are well-versed with a service so that they are able to spread the word ahead and help the company promote its services on a wide scale.

2.5.3 Interactive Service Marketing

While service marketing largely involves a company promoting its service to the customers, there is a lot more to service when it comes to this type of marketing.

As a product is absent from this marketing chain, a service is instead promoted. In order to provide a service, the company officials are required to be humble and kind towards the customers.



Perhaps technical service is also a very vital component that calls for the third type of service marketing- Interactive Service Marketing. Herein, the service promotion takes place between the employees and the customers (employees-customers).

As the name itself suggests, interactive marketing in service marketing involves the employees interacting with the customers in order to promote the services of their company.

For instance, the chain of hotels Taj Hotels intends to promote its services to the target audience. Here is a brief representation of the types of service marketing it will include in order to achieve its goal.

- The company will first produce advertisements that will highlight the services that the chain of hotels offers to its customers (External Service Marketing).
- Then on, the company will internally promote its services in order to make its employees well-versed with the services that it offers so that they become active at promoting and participating in service marketing (Internal Service Marketing).
- Lastly, the employees of the company will interact with the customers when they actually avail themselves of the service.
- This will involve the employees serving the customers through a variety of administrative and qualitative services (Interactive Service Marketing).

This way, the company will carry out its service marketing stint.

2.6 PEOPLE IN THE MARKETING MIX: THE 5TH P OF MARKETING MIX

Customers are a source of income for a business. When they buy goods and services, they hand over money as payment. The company needs the money to make a profit.

Unsatisfied customers eliminate sources of income. A business cannot sell its goods or services. Therefore, they do not make a profit.

When companies cannot sell enough goods for a long time, they are out of business. They need money to pay employees, operate machinery, and pay rent. Therefore, low sales cause more significant losses.

Customer satisfaction does not only depend on the product itself. But it also depends on support services, such as excellent customer service. And at this point, the people in the organization contribute to that satisfaction, both directly and indirectly.

Some employees interact with customers, both before, during, and after the purchase of goods or services. Such interactions can have a direct

effect on whether the customer will buy from the company again.

Excellent service stimulates buyers to return and be loyal. High loyalty leads to increased sales and profits. Because the company and its competitors target the same customers, loyalty means customers don't go to bring money to competitors.

2.6.1 Importance of People in the Marketing Mix

The most successful companies put the right people in the right job. But now, instead of companies which hire thousands of employees, let us think of small businesses. The lesser the people, the more their importance rises.

For example, in the airline industry, a very high attention is paid to the attire and the presentation of Air hostesses. So much so that there are now training institutes for Air hostesses. Similarly, at a barber shop, if your hair cut is not proper even once, you might never enter the shop again. Thus, you can see how important people becoming to the marketing mix especially if its a small sized or a micro sized business.



The restriction of right people is not just for the front liners. Even marketing managers and sales managers are important as people in the marketing mix. For example – if the marketing manager does not understand the brand correctly, and implements the wrong marketing strategy, then the brand is sure to get affected.

Similarly all technical companies, time and time again advertise for "Sales engineers" and not sales executives. This is because if they hire a smart talk, they will lose their technical clients who want more of technical information and not some guy who talks without the proper background.



2.6.2 People as Part of the Marketing Mix

People are the most important element of any service or experience. Services tend to be produced and consumed at the same moment, and aspects of the customer experience are altered to meet the individual needs of the person consuming it. Most of us can think of a situation where the personal service offered by individuals has made or tainted a tour, vacation or restaurant meal. Remember, people buy from people that they like, so the attitude, skills and appearance of all staff need to be first class. People have an important role in service delivery, they are relied upon to deliver and maintain transactional marketing and people play an important part in the customer relationship.

2.6.3 Personal Selling

There are different kinds of salesperson. There is the product delivery salesperson. His or her main task is to deliver the product, and selling is of less importance e.g. fast food, or mail. The second type is the order taker, and these may be either 'internal' or 'external.' The internal sales person would take an order by telephone, e-mail or over a counter. The external sales person would be working in the field. In both cases little selling is done.

The next sort of sales person is the missionary. Here, as with those missionaries that promote faith, the salesperson builds goodwill with customers with the longer-term aim of generating orders. Again, actually closing the sale is not of great importance at this early stage. The forth

type is the technical salesperson, e.g. a technical sales engineer. Their in-depth knowledge supports them as they advise customers on the best purchase for their needs. Finally, there are creative sellers. Creative sellers work to persuade buyers to give them an order. This is tough selling, and tends to offer the biggest incentives. The skill is identifying the needs of a customer and persuading them that they need to satisfy their previously unidentified need by giving an order.

2.6.4 Customer Service

Many products, services and experiences are supported by customer services teams. Customer services provide expertise (e.g. on the selection of financial services), technical support (e.g. offering advice on IT and software) and coordinate the customer interface (e.g. controlling service engineers, or communicating with a salesman). The disposition and attitude of such people is vitally important to a company. The way in which a complaint is handled can mean the difference between retaining or losing a customer, or improving or ruining a company's reputation. Today, customer service can be face-to-face, over the telephone or using the Internet. People tend to buy from people that they like, and so effective customer service is vital. Customer services can add value by offering customers technical support, expertise and advice.

People deliver services in all sorts of settings. It is an important element of the services marketing mix. If you go to an organized event such as the Olympics then everything about the experience is underpinned by people. Behind-the-scenes there are project managers and chefs, maitre d' and accountants. The people deliver the service and this is the same for restaurants, hairdressers and auto mechanics.

People are the transactional interface between the company and its customers so people deliver the service and they collect money i.e. get paid on behalf the company for the service. So if you go to a restaurant the waiter will greet you, take your order and serve your food and finally he or she will take the money which completes the contractual transaction.

People underpin the customer relationship between the company and the consumer. Remember that people buy from people (as we always remind you on Marketing Teacher) and that the relationship between the person you are dealing with and yourself add much value to the transaction.

If you know you're going to eat at your favorite restaurant, it a good idea to learn the waiter's name and build a rapport. Think of other

times such as when you were selling a property and an agent was a particularly reliable and polite person, or perhaps you bought a car because you trusted the salesperson and this advantage clinched the deal. Marketing today is based on Customer Relationship Management (CRM) and the relationship with people that you're dealing with at the company can recruit you as a customer, retaining you as a customer and encourage you to remain a customer in the future. This is where people underpin the long-term customer relationship.

Here are some ways in which people add value to an experience as part of the marketing mix. Let's consider training, personal selling and customer service.

Training

All customer facing personnel need to be trained and developed to maintain a high quality of personal service. Training should begin as soon as the individual starts working for an organization during an induction. The induction will involve the person in the organization's culture for the first time, as well as briefing him or her on day-to-day policies and procedures. At this very early stage the training needs of the individual are identified. A training and development plan is constructed for the individual which sets out personal goals that can be linked into future appraisals. In practice most training is either 'on-the-job' or 'off-the-job.' On-the-job training involves training whilst the job is being performed e.g. training of bar staff. Off-the-job training sees learning taking place at a college, training center or conference facility. Attention needs to be paid to Continuing Professional Development (CPD) where employees see their professional learning as a lifelong process of training and development.

2.7 RELATIONSHIP AND SERVICES MARKETING

It's easy to see "relationship marketing" written down and think "yeah, I know what that's about". You sell yourself—and your business—in a way that creates endearment from another party. Seems just like a first date!

However, relationship marketing is about so much more than wining and dining. Just as that early stage of dating does not make a marriage, relationship marketing is really a continuous cycle of everyday processes that are pivotal both to customer acquisition and retention.

For hoteliers, what constitutes good relationship marketing is changing in the face of technological developments and ever-growing social dilemmas. Here are a few good examples of it, along with context on why it is significant to hotels.

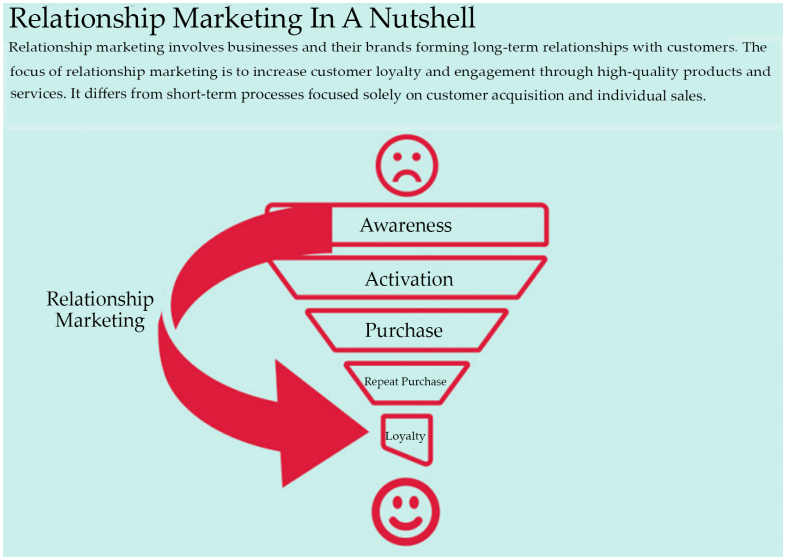
A consistent and personal customer-facing presence

This is just as important over social media outlets and customer service phone lines as it is in the lobby or at the reception desk. Your hotel needs to provide an omnichannel experience that is accessible immediately and through a range of mediums.

Companies nowadays are looking to technology to reinforce this, whether it be through CRM software or VoIP phone systems for businesses. Combined, those solutions can swiftly guide customers through to points of contact who are filled in on the nature of a particular query.

Why this is important for hoteliers: For travellers, this couldn't be clearer. When they book your accommodation, they're entrusting their good night's sleep, morning routine—and in some cases more—to you. If you as a hotelier aren't acting on feedback arising from that, you're on a slippery slope.

On the B2B front, event-planning company, Convene, cites slow response times as one of the three biggest errors venues make in the event-planning process. Convene suggests designated points-of-contact as one of the key aspects to speeding up response times, and efficiency will be increased when all staff involved in the process are up to speed.



2.7.1 Being Purpose-driven

Would you conduct business with a company motivated purely by profit? If a business displays such little care for the wider world, what care could they possibly show you? That's a question you need to prevent potential guests from asking if your relationship marketing is to succeed.

Whether it's being environmentally friendly, supporting notable causes, or donating to charities, research from Clutch shows that consumers consider social responsibility a significantly more important company attribute than pricing.

Why this is important for hoteliers: Research from Skift's 2019 Millennial and Gen Z traveler survey showed more than half of respondents from territories including the UK, USA, Australia, India, and China consider it important to travel with businesses that prioritize environmentally-friendly practices.

More importantly to hoteliers, most of those travellers indicated they were willing to pay higher prices to travel companies prioritizing sustainability. Those figures were around 50% in the UK and USA and above 75% in China and India.

The message could not be any clearer. Being purpose-driven is profitable, especially if you're looking to cater to younger travelers. Getting that message across through relationship marketing has never been more important.

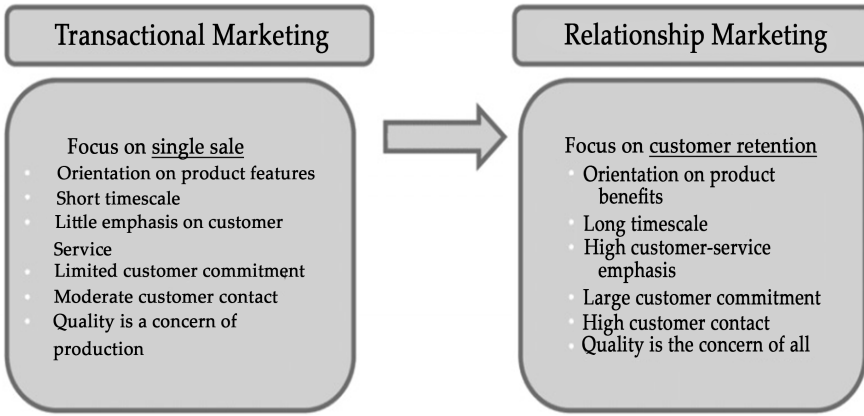
2.7.2 Email Marketing

Email marketing is perhaps the most direct way to reach a customer today. Smartphone owners with email notifications turned on will instantly see an email if it reaches them while they're browsing the phone. If a smartphone owner isn't browsing their phone when they receive the email, it will still be one of the first things they see when they start browsing once again.

That type of direct contact helps remove some of the obstacles social media provides; users with active Facebook, Instagram, or Twitter feeds may be browsing specifically for updates from their friends or favorite celebrities. In that scenario, it's tough for your content to become the consumer's primary focus.

Businesses can approach a customer as you would approach a friend. Perhaps you haven't reached out in a while. Perhaps you have big new

plans. Perhaps there's a certain time of year that makes you think of that person. As long as you pitch it the right way, and you don't flood the customer's inbox, email marketing can grow the relationship.



Why this is important for hoteliers: Put simply, it's the most direct way for customers to learn about upcoming discounts and relevant news. However, emails also double as a useful customer service tool, particularly in the immediate time before a guest's arrival and after their departure.

MailerLite suggests seven key steps in a hotel's email marketing strategy:

- **Signup forms** – The simpler, the better. Ideally, all that should be needed is an email address and a name. Including incentives for signing up is also key.
- **Segmentation of subscribers** – This is all about personalization. Different demographics require different campaigns.
- **Pre-arrival emails** – Any key information the guest should know, but may have forgotten? Include it here!
- **Growing your social presence** – Use emails to promote your social media output, and any promotions exclusive to those outlets.
- **Obtaining feedback** – PowerReviews found that 80% of all reviews content is generated from emails.
- **Post-checkout emails** – Your chance to encourage your guests to stay again, ideally with incentives.
- **Campaign tracking** – Use data to see how many people are opening your emails and clicking on links contained within them.

2.7.3 Make the Heart Grow Fonder with Content

Your marketing ideally needs to strike an emotional chord with your target audience. Social media is where relationships take center stage, whether those be with loved ones, friends, or celebrities. That begs the question for hoteliers: How does your marketing make your relationship with past and potential guests take center stage?

Whether it's creating a fear of missing out, capturing the best views the local area has to offer, or explaining how to make best use of your amenities, your content must whet the appetite of a potential guest. If social media really is a highlight reel, travel-related marketing content needs to be the highlight of all highlights.



Why this is important for hoteliers: According to Siteminder, people browse Facebook five times as often as they browse travel-related websites. Savvy hoteliers should—and do—take advantage of this to offer promotions exclusive to the medium.

For boutique hotels, content is of particular importance, and arguably the best way of promoting a USP. Imagine you're heading to an attractive but somewhat remote area you've heard plenty about, but maybe haven't had the time to research the ins-and-outs of. You look into

accommodation and see a B&B or guesthouse with a blog promoting local businesses, sites, and landmarks.

The level of care that hotel puts into promoting their local area could also lead you to consider the other customer service benefits offered by staff on-site, making you much more likely to book!

2.7.4 Using Customer Data to Deliver a Personalized Experience

Hotels can use specific customer relationship management (CRM) systems to help achieve this. CRM systems can keep track of why customers book, their demographics, the length of their stay, the resources they use, as well as their needs and expectations.

This can help further support some of the strategies mentioned previously. For example, CRM systems can use customer data to support email campaigns or to determine the direction of purpose-driven marketing campaigns based on the causes a customer base deems most significant.

Why this is important for hoteliers: More and more CRM systems are being designed with the hotelier in mind. Additionally, they're being designed with separate consumer-specific and B2B-specific goals in mind, allowing hoteliers clarity in tackling each scenario.

That clarity helps avoid confusion in instances such as those where a regular guest has preferences on the time of day they're served breakfast, for example. For B2B-specific clients, CRM can help you understand the requirements of a client that books an annual event at your hotel. Understanding the brief is critical, especially with a demanding customer.

When it comes to increasing efficiency amongst event-planning teams, recording phone calls can be a venue's best friend. It's one thing to understand the brief, but losing track of it is just as critical an error for hoteliers looking to ensure their promises are fulfilled.



2.7.5 Loyalty Programs

Customers don't need additional incentives to conduct further business with a company that has already provided them excellent customer service. However, as reciprocity marketing goes to show, people will generally feel an obligation to return kindness when it is first extended to them.

That's what makes loyalty programs tick. Whereas the initial transaction occurs between mutual benefactors, with the customer getting the service and the business getting the income, loyalty programs take the relationship between customer and service provider to the next level.

Why this is important for hoteliers: Look no further than the IHG (Intercontinental Hotel Group) Rewards program. Available across a range of brands, their hospitality is highly regarded due to the levels it will go to add a personal touch for their guests.

On the B2B front, IHG has sought to innovate by being first to launch the new GroupSync event-booking platform, with the CEO of development team Groups360 noting repeat customers will have greater controls over logistics. IHG's speediness in conducting functional testing before going live may have given them an advantage over competitors.

All-in-all, it should be a given that hoteliers need to strike a chord with the customer. Effective relationship marketing can fill the ever-clearer need the customer has for moral alignment with your business practices. Alternatively, marketing can further the hotel's relationship with the customer by providing offers and incentives that would otherwise have gone unnoticed.

It's also clearer than ever that software is key to understanding what makes a customer buy into your practices, and what makes them book with you. Consider CRM systems. Consider cloud phone systems. The time and the different types of testing involved in getting it all integrated into your operations is considerable, but the rewards are clear.

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CHAPTER 3

ROLE OF THE SERVICE ENCOUNTER IN TOURISM, HOSPITALITY, AND LEISURE SERVICES

INTRODUCTION

Hospitality businesses rely, to a large degree, on creating positive customer experiences. A core component of achieving this goal is to gain an understanding of the importance of the times when a customer comes into contact with the business and especially the service personnel. These contact points are frequently called 'moments of truth' and serve as events where customers evaluate whether the business meets their expectations.

A key component of these 'moments of truth' is made up of what is commonly called a service encounter, and represents the time(s) when customers and staff interact.

While various aspects of service encounters have been investigated in a number of service industries, the focus of this chapter is primarily on the hospitality industry.

What makes the hospitality industry different from other service sectors? Perhaps the most important difference is that it is primarily about creating key, positive experiences. The hospitality sector is very much an experience-driven industry. This chapter discusses a service encounter, the factors that affect a service encounter, the outcomes of a service encounter, the issue of service failure and recovery and finally the best way to manage this important phenomenon.

3.1 DEFINING A SERVICE ENCOUNTER: SINGLE, SEQUENCE AND CHAINS

A service encounter is that period of time during which the customer and the service firm interact in person over telephone or through other media. Essentially, a service encounter has been defined as a social interaction involving one human being interacting with another. Given the high degree of person-to-person inter action and, quite frequently the absence of an exchange of tangible goods, the service encounter becomes a critical component of service quality.

There are three key players involved in a service encounter that shape the outcome of any encounter: the service firm, which sets policies and guidelines; the employees, who enact the policies of the firm; and the customer, who seeks to satisfy a range of needs and wants. Several service encounter dimensions on the basis of which a service encounter can be assessed.

These dimensions and their subcategories differ depending on whether it is the customer or the firm doing the assessment. From the customer's view, the service provider's perceived competence (expertise), listening skills and dedication are likely to be key in assessing the service received. From the employee's view customer courtesy, efficiency in terms of getting the transaction completed and personal (employee) satisfaction are likely to be key in the assessment process.

Seven key characteristics of a service encounter that can be considered the distinguishing factors when analysing service encounters. Briefly, service encounters usually

- are goal oriented
- are undertaken as part of work activities
- are primarily a stranger relationship
- are narrow in scope: only surface topics of conversation
- are mostly task oriented
- mostly follow a pre-defined set of rules to facilitate the interaction
- involve the roles of service provider and client (customer)

It is probably true to say that service encounters are alike in that they have certain common distinguishing characteristics; however, due to the dynamic nature of human interactions, every encounter differs to some degree. Many service encounters have been considered in isolation in

that they have been considered outside a broader context. Often when researchers consider service encounters, they merely think about individual events rather than connections between them.

While much research has focused on discrete service encounters, more recent studies have examined multiple service encounters, or sequences of events. For example, the service encounter as a sequence of events. In particular, they tested a model on how events contribute to an overall evaluation of a sequence of events and found that while the average performance during the encounter is important, peak performances are critical for satisfaction formation.

Thus, from a managerial point of view, it is important not only to manage the overall performance of the service encounter but also to generate a number of positive peak performances. Apart from peak performances, the performance trend – that is whether positive or negative performances are first or last in the sequence as well as the quality of the final performance in a service sequence – also significantly impacts customer evaluations. In a hotel context, management has not only to be mindful of the average quality of the encounters a hotel guest has with various staff for the check-in process (e.g. porter, check-in clerk and bell boy) but also ensure that unexpected extras, for example, can lead to perceived peak performances from the customer's point of view.

Service encounter chains where one service encounter by one service provider affects the quality of another service encounter by a different service provider. Thus, the quality of a service encounter in a hotel restaurant may impact a subsequent service encounter with staff at the same hotel's spa.

Time, context and performance potentially affect the overall evaluation by a customer of these service encounter chains. The notion of service encounter chains is relevant not only intra-organizationally but also equally, if not more, for inter-organizational service encounters, in service networks or alliances.

These situations will be discussed in more detail later in this chapter. So, to summarize at this point, service encounters are critical moments of truths, which can be evaluated from the firm's or the customer's point of view. The service encounter can be a single discrete encounter or part of a larger sequence or chain of events. Indeed, many discrete encounters may accumulate over time to form a longer lasting service relationship. Next, we turn to the issue of how enduring a service encounter might be.

3.1.1 Changes in the Service Encounter Scope

Technological changes and innovation has transformed many industries around the globe. The way business use to operate and communicate has changed to a great deal. Service firms are no exception to have undergone multiple transformations from service proposition to service delivery. In the past, it was mostly focused on customers' interaction with the service firm employees (interpersonal-based service encounters). Interaction based service encounters denotes a process in which the service provider and a customer essentially interact with each other directly face-to-face. With the advent of technological innovation, various technologies such as the Internet have been incorporated into the service firm's service-scape creating new types of services. For example, a customer can interact with the service professionals in an internet enabled setting. Today, a customer willing to plan a vacation doesn't need to leave his personal space for any of the activities from exploring the destinations to booking the ticket and guides. This all can be enabled by technology.

3.1.2 Importance of Service Encounter

Service encounter helps shaping the service firm-customer relationship in many ways. Importance of service encounters in building healthy relationship with customers are tabulated below:

Table 1: Importance of service encounter

Sr. No	Importance of service encounter
1	As a customer interacts with a service firm for the first time, initial service encounter can shape a positive or negative first impression of the organization.
2	The way a customer's first service encounter is designed by the service firm will also help shape the customer's future expectations with the service quality and delivery process.
3	Each service encounter is extremely important no matter how many times a customer has encountered the service. Each individual encounter is important in creating an image of high quality.
4	Consistency in service encounter needs to be managed appropriately. A combination of positive and negative interactions might leave the customer confused towards the overall service quality.
5	Service encounters are possibly the best ways to convert a one-time user into a loyal customer.

3.1.3 The Service Encounter Triad

To effectively manage customers' experience with a tourism and hospitality or any other service firm, organizations must try to concentrate on every single aspect of customer service that might have an impact on the entire experience a customer has with a company. While most of the value that a customer seeks from a service firm is attained from the usage of goods or services purchased (i.e., service satisfying the actual need), it must also be remembered that customer satisfaction is not directly linked to the actual product benefits only.

Service firms must understand that the customer's buying experience doesn't only involve direct benefits attained from the entire purchase experience but is a blend of product and service benefits customer encounters during his experience with the service firm. In service firms like tourism and hospitality service encounter can fundamentally affect a customer's overall evaluation of the service. Companies might be producing competitively superior products but might get impacted negatively if their products are not backed up by an excellent service. On the other hand, there are some service firms that do not compete because their products are superior but because their competitors could not match these firms' level of service quality.

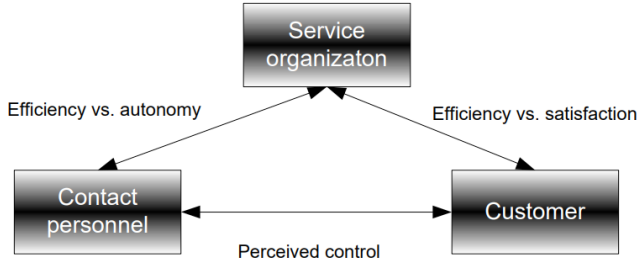


Figure 1: The service encounter triad.

In fact, it is supposed that in the wake of a fierce global competition (i.e., increase in similar products) which makes it more difficult for a company's product to offer unique advantages only on product related benefits and not focusing on service attributes of the product, customer service will become the most significant benefit expected by customers and offered by a company. A service firm might think establishing a separate department or spreading the service function over many departments, but being sensitive and offering dependable service will always remain a critical determinant of success in a highly competitive marketplace dominated by some very large players.

Customer services are mostly characterized by service encounter (between a service provider and a customer. One of the unique characteristics of services which is peculiar to services only and not tangible products is the customer's active participation in the act of service delivery. Customers have an important role to play in an environment majorly controlled by the service firm. The service triad tries to capture the essence of relationship between the three parties involved in the service encounter.

To effectively control and manage the service delivery, management levies various rules and measures or frames policies to be followed by the contact personnel that limits the autonomy and discretion of contact personnel while delivering the service.

But these rules, regulations, measures and policies tend to limit the scope and extent of service provision by the contact personnel, resulting into the lack of service customization. This lack of customized services might result into a dissatisfied customer. Finally, the customer and contact personnel contact has an element of perceived control practiced by both parties.

The contact people have a tendency to control and hence change the behaviour of the customers in order to make their own task easily manageable. But at the same time, customers try to seek control on service delivery process to gain the maximum benefit out of service encounter. Ideally, if these three parties as discussed in service encounter triad work together to co create the service encounter, a better outcome is achieved. But, this relationship becomes dysfunctional as one of the parties try control the service encounter by focusing exclusively on its own side of service encounter. This might lead to three kinds of conflicts:

Encounter Dominated by the Organization

To be cost effective yet efficient, an organization might be willing to standardize service delivery by setting some very strict operating procedures and guidelines. This might severely damage and limit the autonomy and discretion of the contact personnel while service delivery. Customers are usually presented with a very few standard service options to choose from, and custom-made service is not really an option. Success of service encounter is based upon how well the service firm educates its customer group not to expect illegitimate services which can be done very well while designing external communication. However, lack of autonomy of contact personnel might leave the customer disgruntled and frustrated.

Encounter Dominated by the Contact Personnel

As discussed before, under certain circumstances, service staff might sometime as well attempt to limit the scope of the service delivery to make their own work easy. This is also done to reduce their own stress in meeting the needs of a demanding customer. When contact personnel are given autonomy, they might exercise a significant degree of control over customers during service encounter. The customer is expected to trust contact person's judgment because of perceived expertise of service provider. Such trust can be generated with a consistent service deliver each time the customer encounters a service with the firm.

Encounter Dominated by Customer

Extremely standardized or customized services enable customers to have opportunities to control the service encounter. In case of standardized services, customers might have an option of self-service that gives customers a great degree of control over the limited service that is provided. The result of such an activity can be very cost effective for the service organization and filling to the customer who do not desires very high level of service and rather want to have a higher order control over service encounter.

The opposite of the previous case can take place in the case of a highly customized service. In this situation, entire organization's resources might be required to create rich customer experience. Such service encounters when performed with a high degree of effectiveness, result into satisfying highly unique needs of the customer. An effective service encounter must balance the need for control by all three participants in the service encounter as discussed in the service encounter triad. The organizational objective of achieving efficiency and cost effectiveness can be satisfied when contact personnel are trained appropriately and the company does a good job in communicating the customer's expectations as well as their role in the delivery process effectively.

3.1.4 The Service Organization

The service organization establishes the environment for the service encounter. The interaction between customers and contact personnel occurs within the context of an organization's culture as well as its physical surroundings. The following sections will discuss these two elements with more detail.

The Culture

The underlying organizational culture helps to determine the value that customers place on the service. Several definitions of organizational culture have been proposed:

- Culture is a pattern of beliefs and expectations that is shared by the organization's members and produces norms that powerfully shape the behavior of individuals or groups in organizations.
- Culture is the traditions and beliefs of an organization that distinguish it from other organizations and infuse a certain life into the structure.
- Organizational culture is a system of shared orientations that hold the unit together and give a distinctive identity.

The managers of the organization establish, whether purposely or unintentionally, a climate or culture that prescribes a norm of behavior or set of values to guide employee decision making. These values permit contact personnel to act with considerable autonomy, because their judgment is founded on a shared set of values. Giving the personnel the authority to make decisions regarding the service encounter and customer's attention is defined by empowerment. Contact personnel are empowered to act without the traditional level of supervision (up to certain degree of actions) benefiting both the organization and the customer. A new model of service organization is emerging with a structure that is described as inverted T. As shown in figure 2, the layers of supervision are drastically reduced because contact personnel are trained, motivated and supplied with timely, computer-computer based information that enables them to manage the service encounter at the point of delivery.

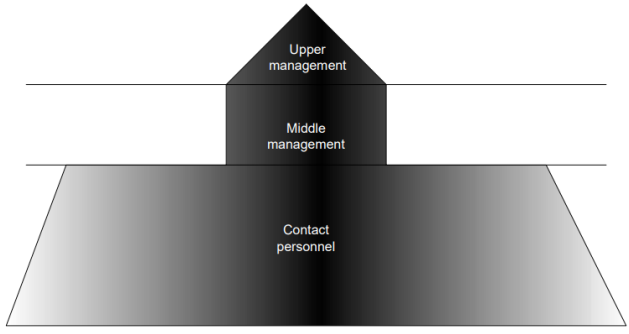


Figure 2: The Inverted T Organization.

Some actions have to be taken in order to make this inverted T structure functional:

- To invest in people as much as, or more than, in machines.
- To use technology to support contact personnel rather than to monitor or replace them.
- To consider the recruitment and training of contact personnel as critical to the firm's success.
- To link compensation performance for employees at all levels.

In this type of organization, the reduced middle management has a different role, not only the traditional supervisory role; instead, they become facilitators for the front-line or contact personnel.

How can an organization know if customers' needs are met according to their perception? Many companies have started to use new channels to capture customer feedback. Technology has made available a wide range of customer service tools.

They include support websites, the ability to have live chats with technical staff, databases tracking individual customer preferences, pattern of buying, payment methods etc., and tailoring products and service responses based on these advanced data.

Moreover, there are different levels of knowing customers. Often, customer service relies on demographics or customer data collection. Yet, customer and customer dynamics as a group are affected through modalities of experience.

Hence it is important to know customers and to define the organizational culture that it is necessary to create.

The Physical Surroundings

Additionally to the organizational culture, the physical surroundings create the environment for the service. The physical environment or serviscape influences both customer and personnel behavior and should be designed with an image and feel that is congruent with the service concept.

Figure 3 shows a typology of serviscapes according to who participates within the service environment and the complexity of the service. Because of the absence of employees, the servicescape for a serf-service operation plays a central role in guiding customer behavior through the use of signs and instructions and intuitive design of interfaces.

Who performs within serviscape	Physical complexity of the serviscape	
	Elaborate	Lean
Self-service (customer only)	Golf course Amusement parks	Post office kiosk ATM E-commerce website
Interpersonal services (both customer and employee)	Luxury hotel Restaurant Airline terminal	Budget motel Hot dog stand Bus station
Remote service (employee only)	Professional services	Telemarketing Online technical support

Figure 3: Typology of servicescapes.

For remote services, on the other hand, satisfaction, motivation and operational efficiency of contact personnel are the primary objectives for the physical design since customer do not visit the site physically. But in the case of professional services such as those of lawyers or physicians, however, should project competence and authority. Interpersonal services are the most challenging since social interaction between participants should be facilitated by the servicescape.

A mix of environmental dimensions consisting of ambient conditions, space/function and signs and symbols define the servicescape. These dimensions include all the objective factors that can be controlled by the firm to enhance employee and customer actions and perceptions of the service.

- Ambient conditions: the background of the environment, such as temperature, color, lighting, noise, music and scent, affect customers and personnel senses and affect employee's performance and satisfaction and customers comfort and temper.
- Spatial layout and functionality: the type and arrangement of furniture and equipment and the relationship among them create a visual and functional landscape for deliver of the service. This landscape can communicate order and efficiency or chaos and uncertainty for both personnel and customers. For self-service activities, for example the functionality or ease of use of equipment is important to allow customers to perform unattended activities.
- Signs, symbols and artifacts: Many items in the physical environment serve as explicit or implicit signals that communicate acceptable norms of behavior, either in form of rules or responsible acts. The quality of the floor covering, artwork, and furnishings can create an overall aesthetic impression of the visitor and a pleasant workplace the employee. Signs such as pictures, symbols such as tablecloth

or carpeting, or artifacts such as antiques can influence the customer about the personnel, service quality and competence.

Finally, service delivery can be affected by the design of the facility, arising customer complaints and diminishing the perception of quality of service. In addition to the three dimensions mentioned above, the design and layout of the facility influence how the facility is used. Several factors influence design.

- The nature and object of the organization: the nature and core service should dictate the parameters of its design.
- Land availability and space requirements: a good facility design must consider all the constraints that come with land and space such as costs, zoning requirements, area needed. Distance from customers, parking availability, are important for customer service and are other factors to be considered.
- Flexibility: organizations in a global world must be able to adapt to changes in the nature of demand, customer needs and quantity. Facilities must be flexible to accommodate changes in capabilities, technologies and customers' needs without interrupting customer attention and service.
- Aesthetic Factors: aesthetic aspects have a marked effect on the consumer's perceptions and behaviors, but they also affect the employees and the service they provide, and as a result, customers perspective and satisfaction. Lack of attention to aesthetic factors during the design phase can lead to an unsatisfactory working environment and service.

In conclusion, the servicescape is designed to invoke social interaction between and among customers and employees. Because physical environment creates an emotional response and influences behaviors, the design of the service facility can intentionally form the behavior of the participants to support organizational and customer's goals.

Contact Personnel

Customer contact personnel should have personality attributes that include flexibility, tolerance for ambiguity, empathy for customers, and an ability to monitor and change behavior on the basis of situational cues. In fact, some authors argue that empathy is more important than age, education training and intelligence. Since contact personnel must have certain non common characteristics, it becomes a priority for any

customer service organization to have a selection and training processes that ensures high-quality personnel.

There are typical situations that generate conflict in a service encounter, and personnel must have the intrinsic capabilities, abilities and training that result in a successful encounter even under these situation. Figure 4 shows some of these situations.

Unrealistic customer expectations	Unexpected service failure
Unreasonable demands	Unavailable service
Demands again policies	Show performance
Unacceptable treatment of employees	Unacceptable service
Breaking of societal norms	
Special needs customers	

Figure 4: Common difficulties with interaction between customers and contact personnel.

Although there is no reliable test to measure a person's service orientation, a variety of interviewing techniques have proven to be useful. For instance, abstract questioning, situational vignette and role playing are useful tools to evaluating potential front-line employees.

Questions asked in the abstract interview are open-ended. They provide insights regarding an applicant's ability to relate the immediate service situation to information collected from past experiences. This technique can be used also to reveal a person's willingness to adapt. Carefully listening and probing by the interviewing guarantee a better selection of contact personnel. On the other hand, situational vignettes require the applicant to answer questions regarding a specific situation. They provide an opportunity to determine whether applicants are able to think before acting. Finally, role playing requires applicants to participate in a simulated situation and to react as if the environment and situations were real. It is often used in the final phase of recruitment and gives the opportunity to see the applicant acting under stress.

When employees perceive a strong service orientation, customers report a superior service. This relationship that develops between customer and contact personnel is shown in figure 5. The satisfaction mirror, as this figure was defined by its authors, shows how creating a customer service orientation has as a result superior service practices, and procedures that are observable by customers. It seems to fit employees' views of the appropriate style for dealing with customers. Thus, even tough employees and customers view service from different perspectives; their perceptions of organizational effectiveness are positively related.

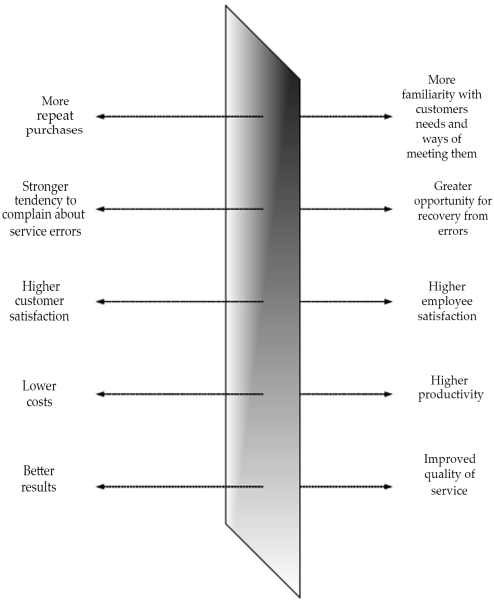


Figure 5: The satisfaction mirror.

Customer service manifests itself in several ways, with the most common being a dedicated department to handle customer issues. Whether a company establishes a separate department or spreads the function among many departments, being responsive and offering reliable service is critical and in the future will be demanded by customers.

In many organizations, help desks are becoming the central area for customer service support. Being an integral part of the customer service function can be challenging, frustrating, and exciting all at once. An effective help desk can be at the heart of customer service departments and can mean a positive or negative experience from an end user perspective. The view of the help desk from both an internal and external customer standpoint can be the view of the entire company. One of the core things the organization should focus when managing the help desk it is the training for the contact personnel. Training should be specific to the goals of the group as well as the customer service functions you need.

As a both customer service oriented and technically oriented group, the help desk needs to fulfill both needs. Through cross-training, it is possible to achieve both skills. If the group currently isn't technically oriented, the organization has to make arrangements for the service representative to train in other areas of the organization that know

the different aspects of the service and technology. This cross training will help them to understand what their function is, what they can and cannot do, and learn common tasks, or solve common problems Through cross-training, the organization can reduce the amount of work overall through solving things the first time. Cross training, in addition, reduces the downtime for employees and customers supported.

Keeping the team happy will help with productivity and performance levels. Working at customer service might be a stressful experience, burnout is common, and employees need motivation to keep providing the excellent levels of support you want to provide. There are many ways to motivate and reward employee performance other than simply cash awards. A simple pat on the back and recognition is often both wanted and needed by employees who work in customer care environments.

- Traveling Award - One way to recognize employees is to use a trophy or plaque and have it travel from employee to employee each week for the "Employee of the Week".
- Gift Certificates - Gift certificates for dinner or to a store are great recognition gifts.
- Time off - An afternoon or even an entire day off to employees who excel at their positions can be an award for them to look forward to.
- Award Certificate - A simple award certificate can go a long way in making employees feel appreciated.

Justifying the number of positions for the support center is a complex matter requiring measurement of data, surveys, and other techniques that may not be readily available. If the organization is starting a help desk, it may not be able to generate this data, but if currently a help desk exists, and it is considered to be understaffed, here are some suggestions as to how to generate the data need to support that position.

- Call Volume - Measured in number of calls per a certain time period, e.g. calls per hour, per minute, etc. If running an electronic web based help desk, emails per hour or chat sessions per hour will work.
- Average Time Per Call - the average amount of time spent on each call.
- Time to Answer - the amount of time a person has to hold before reaching a representative.
- Dropped Calls - the number of calls that hang up before reaching a customer care representative.

Finally, the organization has to stress out the need of training reinforcing such aspects as communication skills and other interpersonal skills that are necessary to comply with customer requirements and avoid possible situations that might compromise the organization.

The Customer

As mentioned before, good customer service is all about bringing customers back. Every contact with the organization is an event of some importance to the customer. For most organizations understanding customers is the key to success while not understanding them is a recipe for failure.

Every customer comes into satisfaction through the following five basic needs;

- Service: customers expect what they think is appropriate for the level of purchase.
- Price: customers pay for what they want, not only what they need.
- Quality: products and services to be durable, reliable and functional
- Action: customers expect response to their claims and requests.
- Appreciation: customers need to know that their business is appreciated.

A customer can be defined in different manners, but in general a customer is the person or entity to which the organization provides something that generates in some type of transactions. In general a customer is:

- A person who buys, especially on a regular basis; a person with whom one must deal.
- Is a person or organization that will benefit from the goods and services offered by the organization.
- Is sole provider of every business—the revenue stream that pays for everything else.

To understand and classify customers it is necessary to define their attributes or characteristics. These attributes can be categorized as demographic, psychographic and firmographic information.

Customers can be defined according to different perspective. On one side, it is necessary to recognize the importance of both internal and external customers:

- External Customers: customers that are outside the boundaries of the organization and are willing to pay for the services of products provided.
- Internal Customers: People who work with the organization but that require services and products internally provided to efficiently and effectively conduct their activities.

In addition, customers can be classified according to how often they use a particular service or product:

- Existing Customers – Consists of customers who have purchased or otherwise used an organization's goods or services, typically within a designated period of time.
- Former Customers – This group consists of those who have formerly had relations with the marketing organization typically through a previous purchase.
- Potential Customers – The third category of customers includes those who have yet to purchase but possess what the marketer believes are the requirements to eventually become Existing Customers.

On the other hand, customers' attitudes toward shopping (goods or services) are guided by their expectations and motivations. Thus, it is important to understand the different types, goals and attitudes of the customers. In addition to the customer classification presented in the previous section (existing, former and potential customers) developed a typology for the shopping customer:

- The economizing customer: this customer wants to economize the value obtained for his or her expenditures of time, effort and money. This customer is a demanding customer who looks for value that will test the competitive strength of the organization in the market. Loss of this customer serves as an early warning of potential competitive threats.
- The ethical customer: this customer feels a moral obligation to patronize socially responsible firms.
- The personalizing customer: this customer wants interpersonal gratification, such as recognition and conversation, from the service experience.
- The convenience customer: this customer has no interest in shopping; convenience is the secret to attracting him or her. They are willing to pay extra for a personalized or hasslefree service.

According to several studies, customers who selected a determined organization made the decision based on several factors:

- Amount of time involved
- Customer's control of the situation
- Efficiency of the process
- Amount of human contact involved
- Risk involved
- Amount of effort involved
- Customer's need to depend on others.

Thus, it is important that the constant drive to satisfy customers is not only a concern for those responsible for carrying out marketing tasks; satisfying customers is a concern of everyone in the entire organization.

Whether someone's job involves direct contact with customers (e.g., salespeople, delivery drivers, telephone customer service representatives) or indirect contact (e.g., production, accounting), all members of an organization must appreciate the role customers play in helping the organization meets its goals. To ensure everyone understands the customer's role, many organizations continually mention a "customer is most important" message in department meetings, organizational communication (e.g., internal emails, website postings), and corporate training programs. To emphasize the importance of customers, the message often contains examples of how customers impact the company. These examples include:

- Source of Information and Ideas: Satisfying the needs of customers requires organizations maintain close contact with them. Organizations can get close to customers by conducting marketing research (e.g., surveys) and other feedback methods (e.g., website comments forms) that encourage customers to share their thoughts and feelings. With this information marketers are able to learn what people think of their present marketing efforts and receive suggestions for making improvements. For instance, research and feedback methods can offer marketers insight into new products and services sought by their customers.
- Affects Activities Throughout Organization: For most organizations customers not only affect decisions made by the marketing team but they are the key driver for decisions made throughout the organization. For example, customer's

reaction to the design of a product may affect the type of raw materials used in the product manufacturing process. With customers impacting such a significant portion of a company, creating an environment geared to locating, understanding and satisfying customers is imperative.

- Needed to Sustain the Organization: Finally, customers are the reason an organization is in business. Without customers or the potential to attract customers, a company is not viable. Consequently, customers are not only key to revenue and profits they are a key to creating and maintaining jobs within the organization.

Finally, figure 6 shows that the service provider could be a machine or a human being, a machine serving another machine, or a human being serving a machine. In this era, the substitution of human service providers by technology is becoming common. This, it is necessary to be aware that new concepts are becoming part of daily customer service and are an important input for their perception of the service or product.

Customer	Service provider	
	Human	Machine
Human	Careful employee selection Good interpersonal skills Agreeable environment Good support technology Employees engendering trust	Intuitive user interface Customer verification Transaction security Easy access Access to human, if needed
Machine	Easy access Fast response Transaction verification Remote monitoring	Hardware and software compatibility Tracking capability Automatic verification Transaction record Transaction security Failsafe

Figure 6: Success factors influencing various types of service encounters.

Is noted, to effectively manage customers organizations must be concerned with the entire experience a customer has with a company. While much of the value sought by customers is obtained directly from the consumption or use of goods or services they purchase (i.e., offers benefits that address a need), customers' satisfaction is not limited to direct product benefits. Instead the customer's buying experience covers the entire purchasing experience and is a mix of product and non-product benefits.

Finally, in many industries customers' experience with a company's customer service can significantly affect their overall opinion of the product. Companies producing superior products may negatively impact their products if they back these up with shoddy service. On the other hand, many companies compete not because their products are superior to their competitors' but because they offer a higher level of customer service. In fact, many believe that customer service will eventually become the most significant benefit offered by a company because global competition (i.e., increase in similar products) makes it more difficult for a company's product to offer unique advantages.

3.2 SOCIAL INTERACTIONS

Tourism is primarily a social activity including a temporary migration of people to places outside their everyday surroundings and including pleasure deriving from the participation in various leisure activities, facilities and services provided to cater to tourists' needs. The study of tourism is the study of people away from their usual surroundings, the study of establishments which have been set up in response to the needs of tourists and of the impacts that they have on the economic, environmental and socio-cultural wellbeing of host destinations.

Until recently, participation in tourism was limited to the chosen few who could afford time and money to travel to other destinations. Contemporary tourism has evolved as a consequence of various benefits enjoyed by laborers as a part of social welfare policies, that is, people's right to take leave for paid annual vacation. The development of the means of transportation, the development of accommodation facilities and the growth of package tour holidays have all contributed to the rise of tourism, that is the travel for pleasure. People's choices of travel and holidays mainly depend on their standard of living, their profession, the level of their education and their disposable income. Today every seventh person in the world is a tourist. Tourism has ceased to be the privilege of a few and has become one of the most popular activities of people in their leisure time.

Tourism is of major economic and social importance. With a world growth rate in international visitors' arrivals of approximately 5% per annum, tourism has become one of the fastest growing economic activities globally and it has proven to be resilient to political and natural crises and disasters, recovering quite rapidly once these calamities have passed. It is the most important export industry and earner of foreign

exchange in many countries all over the world. Tourism has triggered employment, investment and entrepreneurial activity, improved the economic structure and made positive contribution to the balance of payment in many countries throughout the world. However, the unprecedented growth of tourism has given rise to a multitude of economic, environmental and socio-cultural impacts which are concentrated in destination areas. In the past, tourism was encouraged for its economic benefits with little consideration for the consequences on host communities and their environments. For this article's sake the economic and environmental consequences on the host destination shall be purposefully put aside and sociocultural effects brought to the fore.

Sociocultural impacts appear as a result of particular types of social relationships that occur between tourists and hosts as a result of their mutual contact. In this respect tourism may be defined as a special form of indirect contact between two societies which may be comprehended according to the following scheme: communicator–message-receiver. Tourism is based on the interaction and communication of people from emissive countries with people from receptive countries. This interaction offers new possibilities of encountering various people and encouraging the exchange of values and experiences between individuals originating from different cultural backgrounds. Tourism brings people together, making them more tolerant and more open for other cultures and in this way, it has become the promotor not only of worldwide development but worldwide peace as well.

3.2.1 Tourist–Host Encounters

The most relevant categories in the research on the social and cultural impacts of tourism include: the tourist and their motivations, attitudes and expectations as well as their purchasing decisions; the host, that is the inhabitants of a destination often employed in tourism industry and their provision of labour services and the tourist–host relationship focussing on the nature and contacts between hosts and guests and the consequences of these contacts.

The focus of this article is on the latter two topics and it aims to highlight the importance of the social interaction and effective intercultural communication in tourism encounters contributing to the achievement of the goals set out by World Tourism Organisation in Manilla Declaration that tourism "stands out as a positive and ever-present factor in promoting mutual knowledge and understanding and as a basis for reaching a greater level of respect and confidence among all

the peoples of the world".

The most common social and cultural consequences of the tourism development are reflected in the changes of the quality of life of a local destination and its values, norms and traditions, individual behaviours and lifestyles, traditional ceremonies, community organisation and social interaction. Sociocultural impacts spring up from the social interaction and contact between tourist and hosts, which occur in three main contexts: during the purchase of a good or service from the host, when tourists and hosts coexist side by side, for example, on a beach or at a pub and when two parties come face to face with the aim of exchanging information and ideas. The first two kinds of contact are more common and related to mass tourism and by character rather superficial and short. The third type of contact requires more effort and a deeper involvement with the other party and it is normally regarded as indispensable tool for increasing international understanding in tourism.

Despite the fact that the analysis of tourist–host encounters is a difficult task, it is possible to make some general observations about the nature of these encounters. It is logical to assume that the greater the economic, cultural and social differences between a tourist and a member of the destination community, the less balanced will be the relationship between them. In most tourist–host encounters the tourist is on vacation, easy-going, enjoying their leisure and the experience of being in a different place, whereas the host is relatively stationary and often employed in the tourism industry in which case they spend a significant amount of time catering to the needs and desires of tourists. Under such conditions, the contact is transitory in nature, it suffers from temporal and spatial constraints, it lacks spontaneity and the relationship is unequal and unbalanced, providing little opportunity for deeper interaction. Furthermore, tourism is usually constrained by certain season of the year limiting tourists' length of stay. Tourist–host contact may also be limited by the location and span of tourist-related services often concentrated in a small number of complexes, which are commonly referred to as tourist zones or ghettos, where tourists are isolated and discouraged to mingle with the local population reducing the possibility of the two parties to come into deeper contact. Tourists tend to buy into pre-packaged tours and pre-planned attractions and thus invest into convenient, comfortable and risk-free tourist experiences, provided at the expense of less frequent and spontaneous contacts with their hosts. Relationships which were once motivated by traditional hospitality may become commercialised and reduced to a series of cash-generating

activities. Material inequality between tourists and their hosts often results in a tendency for the tourist–host relationship to be unequal and unbalanced in character. That is, local people may feel intimidated and inferior when faced with tourists' obvious wealth and may feel offended or frustrated in comparison to tourists who are on holiday and even develop a hostile stance towards incoming tourists.

There are also other factors which promote or impede friendly host–guest relationship and contacts, such as the size of tourism development, types of tourists and tourism, the degree of tourists' ghettoization, the length of stay, residents' involvement in tourism development, language and communications, etc.

Social interaction includes communication among people on a daily basis. The main goal of social interaction is to come in contact with other people in various situations, participate in conversation, exchange attitudes and views, learn about each other's social and cultural background, develop relationships, etc.. Successful social interaction may contribute to the eviction of social and national prejudices and the promotion of better intercultural understanding, social inclusion and positive social change. It is of great importance for the promotion and contribution of understanding between tourists and their hosts.

3.2.2 Intercultural Social Interaction and Communication in Tourism

It is impossible to be a tourist in isolation and it is inevitable that tourists come into contact with other people. As already mentioned these may be either other tourists or members of local communities or more likely it will be a combination of the former and the latter taking place in planes and buses, hotels and restaurants, tourist attractions, shopping centres or nightclubs. Hosts can be local inhabitants, investors, developers and those who are employed in tourism industry such as hoteliers, front desk employees, waiters, shop assistants, tour guides taxi and bus drivers, etc. Therefore, social interaction in tourism can occur between tourist and other tourists, tourists and service providers, tourists and local residents, tourists and workers in the tourism industry and tourists and investors.

The opportunities for successful mutual interaction depend on the personal traits of tourists and hosts alike, such as tolerance, enthusiasm, generosity, welcoming attitudes, willingness to listen, mutual respect and tolerance, whereas resentment, disrespect, lack of appreciation for each other's cultural background, arrogance, and sense of superiority

diminish the chances for interaction. In addition, motivation plays a significant role in the achievement of a proper social interaction between tourists and hosts. In most cases tourists meet hosts with a lack of proper motivation to do it limiting themselves to unavoidable conversations with fellow tourists or most often with service providers in various tourist facilities or they may like to get involved in conversation but with no further commitments. As a rule, only a few tourists show the willingness to engage in deeper and longer conversations with hosts in order to get acquainted with each other, share personal experiences and develop long-term friendships. In this process social interaction is influenced by cultural values, which play a dominant role as well.

Participants' interests and their willingness to be involved in deeper and more demanding social interaction is determined by cultural values, which stimulate the development of particular attitudes towards people. The so-called cultural distance, that is cultural similarity or cultural gap between guests and hosts is a very important factor which defines the intensity of their mutual interaction in tourism. The bigger the gap the more unbalanced and less intense interaction between guests and hosts is likely to emerge and vice versa the smaller the cultural gap the more balanced and more in-depth interaction is likely to develop.

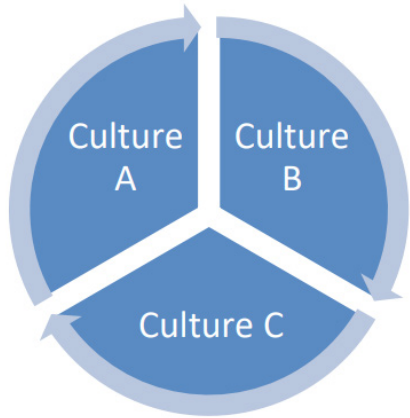


Figure 7: The cross-cultural interaction model.

However, cultural disparity can also play an important role in attracting people to each other and result in dismantling of the social and cultural obstacles. Such interaction involves individuals with different cultural backgrounds in regard to their values, communication styles, expectations, perceptions, rules of behaviour and the way they understand the world. They carry different cultural conventions

and norms, speak different languages and use different symbols of communication. Their interaction is intercultural because every person involved in the interaction is different in regard to their cultural background. Therefore, the interaction is least intercultural if the involved individuals are culturally very similar to one another and most intercultural if the involved individuals are culturally significantly different from one another. Such a face to face communication and interaction between participants with different cultural backgrounds may result in both positive and negative outcomes. Mutual affection, understanding, respect tolerance, development of positive attitudes and reduction of ethnic prejudices, stereotypes and racial tension, improvement of the social interactions between individuals, cultural enrichment and learning about others are most commonly singled out as positive outcomes contributing to the development of pride in the local culture on the part of the local residents and a possible development of personal relationships and long-term friendships. On the other hand, in destinations (usually in less developed countries) where cultural differences between tourists and hosts are more pronounced then elsewhere the negative outcomes may be greater varying from exploitation, mistrust, stereotyping and unmeaningful conversation to lack of respect for local values and lifestyles on the part of tourists who are perceived as aggressive and insensitive by the locals.

Mass tourism, which is the dominant form of tourism in the world, offers only minor opportunities to learn about the social, cultural, and political conditions of the destinations which are visited. Instead of deconstructing various local residents' established misperceptions and stereotypes about incoming tourists, tourism perpetuates them and often creates new prejudices, stereotypes, misunderstandings, hostility, tensions and conflict of values and communication problems.

Language is an important tool of communication and it constitutes a part of the social and cultural attributes of any population. Therefore, proper intercultural communication between tourist and their hosts may contribute to the promotion of versatile changes in local culture while maintaining and preserving local ethnic and cultural identity. That is the reason why proper intercultural communication turns out to be of great importance to the development and advocacy of tolerance and understanding between tourists and their hosts.

3.2.3 Improving Intercultural Communication in Tourism

In situations when tourists and hosts are conscious of their differences

and when they try their best to understand them and each other, the difficulties in social interaction may be avoided or minimized. People should be more approachable and prone to accept new ideas and, in this way, make a personal contribution towards successful intercultural communication. Adaptability, tolerance, respect for other peoples' viewpoints are crucial qualities for all those involved in the process of social interaction and communication in tourism. As it was pointed out hereinbefore, there is no tourist in isolation from other people whom he comes into contact with and who are potentially different from him. In order for the communication to be effective and fair and if all the involved want to benefit from their mutual interaction their diverse backgrounds must be acknowledged and respected.

Tourists and hosts will be ready to acquire new ways of interacting outside the already established patterns of behaviour only if they disregard and avoid stereotyping, ethnocentrism and even racism and only if they bear in mind that they are confronted with an individual and culture different from their own. It will help them to broaden their horizons and open up to new opportunities and fresh perspectives. In such a way they will also more readily admit that their own attitudes and points of view are not necessarily always the best ones, which will make them more attentive to other peoples' necessities and make them restrain their mouths to work faster than their brains. They will learn to listen more attentively, to show mutual appreciation and to analyse each other more properly becoming in this way more effective intercultural communicators.

Tourism is a unique social and cultural event for the tourist and the host. Tourism is a social process which brings together different people from all over the world in a form of social interaction. Although it is often regarded as a very important tool of economic growth and development, it is also an agent of social change and cultural change and a tool for the promotion of international peace and understanding. Naturally, tourism is rarely the only agent of social and cultural change. No society and culture are immune to progress and development in which process the rapid growth of population, dissemination of multinational corporations, urbanisation and industrialisation are the most important factors which have greater impact on the societies than tourism. The current conditions of globalisation, with pronounced mobility and ephemerality allow for a much greater degree of mixing and interchange than it was possible in the past. Mobility is a prerequisite of tourism and it is indispensable for the social contact and interaction between people of different cultural backgrounds.

Travels are characterised by interaction and communication between tourist and other tourists, tourists and service providers, tourists and local residents, tourists and workers in the tourism industry and tourists and investors. Good communication doesn't only consist of conveying information but also of mutual understanding of communication participants' wishes and needs. If one of the parties takes a dominant stand and disregards the intercultural dialogue, communication may be difficult and it may have significant negative impacts for the development of tourism in a destination leading to the situation in which local residents may perceive tourists as intruders in their own culture. People's own cultural backgrounds, their attitudes, values, norms and believes determine the way in which they behave in the process of communication. Situations in communication which include individuals of different cultural backgrounds are called intercultural communication situations.

Intercultural communication is a symbolic, interpretive, transactional, contextual process, in which people from different cultures create shared meanings. It is never perfect and the difficulties in intercultural communication are caused by cultural differences in verbal and non-verbal signals, wrong interpretations, relationship patterns, communication gaps, conversation and interaction styles, the activation of negative stereotypes, cultural values and time and context situations. On the other hand, effective cross-cultural communication between tourist and their hosts may promote adaptive changes in local culture while preserving or revitalising local ethnic and cultural identity. The achievement of this goal doesn't only require the acquisition of cultural knowledge or tolerance towards cultural differences. Successful intercultural communication requires from people to be accessible to new experiences and to be ready to accept their own and other's unique and different identities. In this way the interaction with other cultures may change peoples' innate perceptions and attitudes contributing to their own cultural and spiritual development. In conclusion it is therefore possible to point out that the proper intercultural communication is an inevitable prerequisite for the promotion of tolerance and understanding between tourists and their hosts in any destination.

3.3 INFLUENCES ON THE SERVICE ENCOUNTER PERFORMANCE

Consumers' evaluation of a service encounter and any future decision-

making process are affected by several factors. Broadly, these factors can be divided into environmental factors and individual and staff factors. To discuss the former, literature on atmospherics is assessed. The latter reviews literature pertaining to the effect of staff service pre-disposition and attitudes, communication skills, emotional labour and control or efficiency.

3.3.1 Atmospherics

The term 'atmospherics' to refer to the intentional control and manipulation of environmental cues. Atmospherics bears close resemblance to 'servicescape', a reference to the built environment as opposed to the natural or social one that has the potential not only to create a firm's image but also to influence the behaviour and feelings of customers and employees.

3.3.2 Culture

A considerable growth in tourism has originated from non-Western countries. As greater mobility of tourists arises from countries, such as China, it calls into question the subject of how to deal with customers who might be used to a completely different set of norms in a service encounter. As we have already noted, service encounter interactions between customers and frontline staff consist of a mix of social, work and consumer behaviour. Thus, it is reasonable to expect that customers' cultural orientations can influence how they experience and evaluate service. Chinese customers were especially concerned about 'protecting face' or avoiding embarrassing situations. As a consequence, care needs to be taken to maintain a harmonious service interaction when dealing with people from this culture. More work needs to be undertaken in this area to better understand how customers from different cultures evaluate service encounter experiences.

3.3.3 Staff Attitude/Service Pre-Disposition

Several studies have examined the requisite characteristics and skills of employees that will have an impact on consumer evaluations of service encounters. Basing requisite skills for service providers along three dimensions: skills, personality and attitudes. Oral communication skills, stress tolerance, empathy, social sensitivity and behavioural flexibility rated highest. In analysis of job advertisements, found that the skills stated as necessary by employers in sales and personal services settings are social skills and personal characteristics. Likewise, a recent

examination of nearly 100 human resource professionals in the United States responsible for hiring entry-level hospitality industry employees revealed that the top two criteria were pride in appearance and good attitude. The need for 'soft skills' such as social and interpersonal skills as a critical requirement for hospitality staff. Employees are expected to be responsive, courteous and understanding. More recently, the term 'aesthetic labour', referring to people who are employed on the basis of 'looking good' or 'sounding right'. While the initial selection of appropriate staff is critical for any hospitality business, continued training is equally important to ensure that service encounters are not only meeting but also exceeding customer expectations. The customization of the service experience by frontline employees is central in this context.

3.3.4 Communication

Perhaps key to any service encounter, but especially a faceto-face interaction, is the communication aspect of the service. As many researchers acknowledge, the service encounter is very much about a social interaction. As a result, much of the research has at its core issues of communication. Indeed, communication facilitates the task dimension of the service interaction while also having the potential to make the customer feel valued and important. Communication effectiveness is vital to the service encounter as it aids in optimizing the service delivery process. Moreover, communication, especially the interpersonal interactions between providers and customers, forms the basis of many service quality evaluations. The importance of responsiveness, courtesy, empathy and communicative aspects of the service provider's behaviour in the evaluations consumers make about service purchases. Employers seem to recognize the importance of what might be called 'softer' service skills – those that are interpersonal in orientation. Employers rated social and interpersonal skills as highly important (99% agreement), much higher than they rated the importance of technical skills (48% agreement). They also found that employers believed applicants for service provider roles tended to lack the social and interpersonal skill required for the position (indeed this was as high as 88% believing this to be the case). Why is it that interpersonal skills are so important in the hospitality industry? One reason is that customers are easily able to determine whether they have received good service when they use interpersonal treatment as an indicator. Most of us know if we have been treated with respect, dignity and appropriate social standing. Within a service interaction there is a complex language of communication that

takes place, which involves not only the spoken word but also a range of nonverbal behaviours. Non-verbal communication can actually make a significant difference as to how a customer might perceive an otherwise identical event. Using video stimulus material, the same service event was evaluated quite differently when non-verbal communication varied.

3.3.5 Emotional Labour

Implicitly, the service encounter demands the delivery of pleasant service. This is because to a large extent, there is an understanding that service providers' positive emotional displays are associated with matching consumer's positive affect. As a result, it is commonplace to hear the management mantra of 'service with a smile'. A rising interest in the concept of emotional labour is evident from the research literature. Emotional labour is the concept that service providers will manage their own emotional state, often suppressing actual felt emotions and engaging in acting out of other (sometimes not felt) emotions. In an effort to meet the demands of the job, such as those of a restaurant waiter, the employee might regulate his or her own emotions, modifying what is displayed in order to meet the role. Many service personnel are required to act in ways that may not be congruent with what is actually being felt emotionally. Related to emotional labour is the concept of emotional contagion, which conceptualizes the idea that the observation of another's emotional expression will invoke the same emotional reactions in the observer. For instance, a happy and smiling receptionist should engender similar feelings in the guest who is checking in. Thus, it is understandable that in hospitality jobs it is desirable for the service personnel to act in a welcoming and warm manner. However, as suggested, this may not be without challenges for the frontline staff member.

3.3.6 Control and Efficiency

An issue for many hospitality firms is how to balance the control and efficiency of the operations. The service encounter may sometimes be characterized by a 'three cornered' struggle for control. That is, the customer, the frontline service staff member, and the firm's management are all vying to control the encounter. Quite frequently the needs of each party might differ, which may result in some sense of struggle. Take for example the process of a guest checking into a hotel. The guest has a need for a speedy check in, getting a nice room (perhaps with an ocean view), the right configuration (a king-size bed) and friendly treatment.

Meanwhile, the frontline service provider wants to get the correct paperwork completed and quick allocation of a room, all in an efficient manner. Once again, communication is central to the effective conduct of a service encounter. A considerable component of communication between the frontline staff member and the guest will revolve around getting specific tasks done, whether it be checking out of a hotel or arranging for a reservation to be made. Furthermore, management has views on how the service encounter might be conducted. This might lead to the service provider (frontline staff) having to meet efficiency targets rather than dedicating time to the customer. Such tensions can lead to feelings of a struggle between the parties to control the service encounter

3.4 EVALUATION OF SERVICE ENCOUNTERS

Customer perceptions of service encounters are important elements of perceptions of quality, customer satisfaction, and service loyalty. Evaluation of a service encounter depends on several factors, including the attitudes of frontline staff and the behaviour of customers. Service encounters in which the expectations of customers are not met have received considerable attention in the literature. Due to the number of uncontrollable factors and the nature of a service with its inherent characteristics, it is impossible to assure a 100% error free service, that is, service failures are inevitable. While in manufacturing industries allowances are typically made for breakage, spoilage or items that do not meet required standards, the same does not necessarily hold true for service systems that are often managed as though service failures are impossible.

3.4.1 Service Failures

The probability of a service failure depends on a number of factors. For example, new employees, technology and first-time customers may increase service failure rates. If a service failure occurs and customers experience dissatisfaction, they may either directly complain to the organization or alternatively simply engage in negative word-of-mouth communication that is detrimental to the organization. If the former is the case, the organization has an opportunity to rectify the situation by means of an effective service recovery. Therefore, while service failure is inevitable, dissatisfied customers are not, provided that the service recovery is effective. Service recovery has been defined as the actions a

service provider takes in response to a service failure, aimed at returning the customer to a state of satisfaction. However, service recovery has to go beyond putting things back to normal; it is critical to consider the kind of processes and outcomes that will enhance customer perceptions.

3.4.2 Service Recovery

The ability to recover from a service failure favourably affects customers' evaluation of the service and the organization. Yet, according to a study, more than 50% of customers felt more negative about the organization after they had complained about a service failure. Therefore, not only an understanding of the importance of service recovery but also that of appropriate measures and procedures is critical. The importance of effective service recovery, the exact measures and procedures appear to be much less established.

Recovering a failed service delivery can take several forms. Rectifying the original service breakdown is considered the most desirable option, though it may not always be feasible; for example, if a flight has been delayed. Explanations for the service failure, an apology, compensation in the form of a refund or discount and providing customer input into the service recovery process are additional measures service providers can draw upon in the service recovery pro cess. However, equally, and in many instances more important than the provision of these individual measures are the timeliness and the manner in which these service recovery measures are offered to the customer.

The more critical the consumption of a service is to a customer, the greater is that customer's desire for the service to be performed without major shortcomings; if shortcomings do arise, a greater effort will be expected from the provider's service recovery. The importance of service criticality. A number of additional factors that impact the evaluation of service recovery effectiveness, namely the depth of the customer–service provider relationship, the duration and degree of customization of the service encounter and customers' switching costs. Consequently, the relative effectiveness of service recovery strategies is situation specific.

A service provider's inability or unwillingness to recover effectively from a service failure and the consequent repeated disconfirmation of service expectations are likely to result in dissatisfied customers. After all, customers experience what referred to as a 'double deviation' from expectations in that the firm failed to deliver the initial service and then the service recovery. Conversely, effective service recovery may lead to customer satisfaction. Service recovery effort has also been linked

to satisfaction in that the greater the effort by a service provider to recover in an excellent manner, the greater the customer satisfaction. Recognizing that staff may be unable to respond in a timely manner to a service failure, in some instances, the involvement of the customer in the service recovery following an explanation, apology and discount offer could lead to satisfaction.

Word-of-mouth communication refers to an exchange of thoughts, ideas, or comments between two or more consumers, none of whom is a marketing source. That is, they tell others, external to the transaction, of their (dis)pleasure with the service and service provider. The importance of effective service recovery is highlighted when considering that customers who experience a service failure tell 9–10 people about their poor service experience, while satisfied customers only tell four to five individuals about their positive experience. Several studies confirmed that ineffective service recovery leads to negative word-of-mouth communication. Conversely, service recovery that is marked by courteous and respectful treatment is likely to result in positive word-of-mouth communication. A high level of effort in service recovery resulted in greater positive word-of-mouth communication than only moderate service recovery effort.

In examining the effect of word-of-mouth communication, one has to take into consideration not only the impact on friends, relatives and colleagues but also the one resulting from submissions to a third party like a consumer claims tribunal following a service failure, whereby the ineffective service recovery becomes a matter of public record. If covered widely in the press, the impact on the service provider may be much more damaging and widespread than if confined to individual cases.

Repeat purchase intentions are closely linked to customer satisfaction. As is the case with customer satisfaction, a successful service recovery may also positively contribute to future repeat purchase intentions. Retention exceeded 70% for customers who experienced a satisfactory service recovery. Conversely, switching behaviour as a result of ineffective service recovery has also been reported, especially after a failure in a core service. Yet, even if a service failure is not resolved to the satisfaction of the customer, they may remain with the service provider. Switching costs; the lack of perceived alternatives; constraints in terms of time, money and choice; habit and inertia represent possible reasons. Alternatively, customers may switch to another firm even if satisfied with a service recovery: In these instances, constraining factors may be of a low magnitude. Therefore, it is important to differentiate between

positive attitudes about a service provider and repeat purchase when discussing loyalty.

Loyalty is of importance to a firm for a number of reasons. Loyal customers are the most profitable customers since they tend to spend more over a long time period. The 'lifetime' value of loyal customers can be enormous. At the same time, costs can be substantially decreased. Furthermore, loyal customers represent a source of positive word-of-mouth communication, often resulting in referral business. The customer retention model illustrates how the creation and maintenance of a relationship generates profit. Repeat sales, reduced selling costs, increased customer value and increased new business from referrals are all factors contributing to increased profitability.

3.5 ENCOUNTER MANAGEMENT

It now turns to addressing some key aspects a manager might want to consider to optimize the service encounter. From the perspective of operations management, there are a number of issues to consider.

3.5.1 Selection and Recruitment of Suitable Employees

Identifying the right employees is not an easy task but the one that managers should be focused on. Perhaps all too often in the hospitality industry, there is a tendency to place a low priority on recruitment and selection, especially when it comes to small or medium-sized businesses. On the basis of the review presented in this chapter, it would be advisable for managers to focus on appointing staff who have a customer-oriented attitude, which is depicted by the ability to communicate effectively, work as part of a team, are resilient to customer and emotional demands and understand the importance of the service encounter within the broader context of service quality.

3.5.2 Appropriate Induction and Training of Employees

Once employees have been appointed, managers must provide appropriate induction programs to set the standard of what is expected from an employee. It is essential to remember that people (staff) are the face of most service organizations. It is the frontline staff member who welcomes the customer and facilitates a smooth transaction. Training programs to assist in both the delivery of task related activities and communication skills relevant to the service encounter are required. Supervisors or managers can ensure that service personnel operate

with some sort of script to deliver friendly and polite service. Often, in many part of the hospitality industry, personnel are recruited without any basic skills in customer service. As a result, managers must identify quality training programs that will ensure that the customer experience is enhanced whenever there is a 'moment of truth'.

3.5.3 Providing Appropriate Levels of Empowerment in the Job Role

Some researchers have investigated the topic of empowerment and provide a compelling argument for ensuring that the frontline staff has the latitude in decision making to provide satisfying service to the customer. The ability of the frontline personnel to think more laterally about feasible options was a key factor in determining customers' satisfaction with the organization. In a series of focus groups, respondents recounted incidents where negative perceptions and feelings were increased because employees could not or did not offer any possible options or solutions for customers who had experienced a service failure. If managers can work toward empowering the frontline staff to use their own initiative to deal with customer problems, it is likely that a more customer-focused work environment will result.

3.5.4 Systems for Optimizing the Service Encounter

Managers need to ensure that there are good systems in place to facilitate the offering of service to customers. This requires undertaking various analyses of the service delivery pro cesses. Some researchers have suggested using service blueprints to gain insight to the overall service process and to identify any points in the process that may be subject to error.

A blueprint provides a visual representation of the activities and the subsequent sequence of events required for providing a customer with a service. Blueprints cover the activities that are both front and back of house.

Service encounter contacts can be depicted in a blueprint diagram, and a manager can attempt to identify any vulnerable points. By plotting the components of service in this manner, a manager can also provide a training tool to staff so that additional care can be taken to optimize customer satisfaction points. Managers in hospitality firms should also monitor the delivery of service via feedback mechanisms such as customer satisfaction questionnaires.

3.5.5 Mechanisms to Monitor the Performance of Staff in the Service Encounter Role

Managers can monitor performance through various mechanisms including mystery shoppers, observation by supervisors and the development of rating criteria to be used in assessment. Much of this material can be used to provide ongoing feedback to service staff. It is not uncommon for hospitality service personnel to be uninformed about the day-to-day quality of their job performance. A conclusion to be drawn is that feedback is vital and it should focus on behaviour. By focusing on behaviour, it provides an opportunity for the frontline staff to learn and mould behaviour to that most effective service. An overview of a systems-based approach to improving service delivery and suggestions on how to improve service:

- define and communicate issues;
- train and educate employees;
- improve processes;
- evaluate results and provide feedback;
- celebrate successes.

Within each of these five areas using a range of tools to facilitate the objective under consideration. Thus, under 'train and educate', a tool might include a service standards workshop aimed at improving communication between the frontline staff and customers.

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CHAPTER 4

SERVICE QUALITY AND CUSTOMER SATISFACTION IN HOTEL INDUSTRY

INTRODUCTION

Quality in a service business has become a measure of the extent to which the service provided meets the customer's expectations. Companies have found that in order to increase profits and market share, they should pay much attention to service quality.

Service quality has become a key strategic factor for companies to differentiate their products and services from other competitors by using service quality.

Customers assess service quality by comparing what they feel a seller should offer and compare it against the seller's actual service performance and the importance of quality to firms and customers is unequivocal because of its benefits contributing to market share and return on investment.

Customer satisfaction is the outcome of customer's perception of the value received in a transaction or relationship, where value equals perceived service quality, compared to the value expected from transactions or relationships with competing vendors.

In order to achieve customer satisfaction, it is important to recognize and to anticipate customers' needs and to be able to satisfy them. Companies which are able to rapidly understand and satisfy customers' needs, make greater profits than those which fail to understand and satisfy them.



4.1 DEFINITION SERVICE QUALITY AND CUSTOMER SATISFACTION

Someone say that service quality and customer satisfaction is critical for the service survival. So what are they? Both of them are intangible but the exact definition is still a controversial issue. Customer satisfaction is a psychological concept that involves the feeling of well-being and pleasure that results from obtaining what one hopes for and expects from an appealing product and/or service.

Customer satisfaction definition is based on the expectation disconfirmation point of view. Before purchasing or using the product or service, customers always have their personal expectation about its performance.

After buying or using product or service, if the result is equal or better than expectation, it means the expectation has positive confirmation. In the opposite case, if the result is lower than expectation, we have negative confirmation. Customers are said to be satisfied only if there are positive confirmations of expectation. However, in any case, the level of customer satisfaction is different between different customers because each of them owns their personal needs, demands as well as experiences.



Nowadays, quality of goods and service is demanding by customers than ever before. We often talk and hear the word "quality" but not all the people actually understand what quality is. Some people mistake quality with luxury or durability.

Maybe more than few times in the life, we regret that we spent a lot of money for things which are not "deserved" with their price. We say "I am disappointed" or "it is low quality". In dictionary, quality is defined as "general excellence of standard or level" or "a level of superiority that is usually high".

According to David Garvin's analysis, quality is defined in different approaches. To transcendent approach, "quality is synonymous with innate excellence, absolute and universally recognizable: 'You will know it when you see it'". According to this point of view, a product or service is called qualify if it meets standards or we should say that it gets the highest standard. In this case, quality acts as a relative global value judgment.

The research conducted in four different services- retail banking, credit card, securities brokerage and product repair and maintenance also confirm this conclusion. In this research, regardless of the type of service, customers used basically the same general criteria to evaluate the service quality.

To user-based approach, quality is 'lies in the eyes of the beholder'. It means quality depending on the customer satisfaction. With the same product or service, some people compliment it high quality but to others it is bad or only so-so. In other point of view, service quality is a way to manage business processes in order to ensure total satisfaction to the customer on all levels (internal and external). It is an approach that leads to an increase of competitiveness, effectiveness and flexibility of the entire company.

4.1.1 Need of Measuring Service Quality and Customer Satisfaction

According to latest statistics, service sector accounts for 60 per cent of the value added in European Economic Community. In service sector, quality and customer satisfaction play irreplaceable roles. Satisfaction of customers is the cheapest mean of promotion. Each year, billions of dollars are spent for improving the level of service quality. It is said that "doing things wrong" accounts for 30 or 40 per cent of operating costs in service organizations. "It's six to seven times more expensive to gain a new customer than it is to retain an existing customer. A 5% increase in customer retention can increase profits by 25% to 95%".

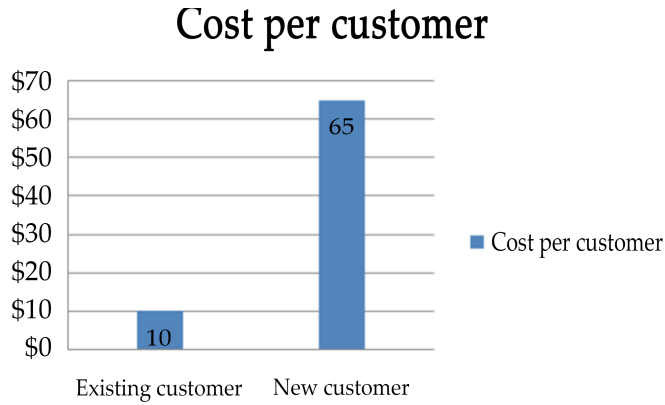


Figure 1: Cost per customer.

Understanding the customer satisfaction becomes more and more important these days. One hand, it allows the company to know how customer defines the service and products quality; facilitates the development of customer satisfaction questionnaires. On the other hand, it impacts on the purchase repetition and word of mouth recommendations.

Measurement also helps the organization compare the difference before and after changes, identify the standard of service delivery and it is also a good chance to recognize problems related to quality of service. Therefore, the measurement of service quality and customer satisfaction benefits company in both qualitative and quantitative way. Gaining high level of service quality and customer satisfaction equal to enhancement in customer loyalty, market share increase, higher returns in investment, cost reduction and guarantee a competitive advantage. It also has a positive impact on employee satisfaction.

For the three star hotels or above, measurement of the service quality is a way to prove its quality and it is one of the hotel marketing methods. Those hotels management look at the hotel rating system.

The top ten positions in hotel rating websites is the common target of thousands of hotel because those positions are considered as the certificate for their hotels' quality service.

When travelers search for the hotels, they also browse those websites. It is usual that travelers who care about high quality only look at some beginning pages which show the highest positions.

Having the name here becomes a competitive advantage and helps hotels attract more guests. It is clear that hotel rating systems encourage hotel operators to improve their service quality, which may lead to changes in hotel performance.



Figure 2: Relationship of Hotel Rating Systems, Service Quality Improvement and Hotel Performance Changes.

Those reasons are motivations for researchers try to find out the measurement models of customer satisfaction and service quality in various industries.

4.1.2 Factors Influencing Customer Satisfaction and Loyalty

Customers are the lifeblood of your business and if you can't keep them happy and loyal, it won't matter how good your marketing is, how many leads you receive, or how well your salespeople convert new customers.

Without focusing on keeping your customers happy and consistently improving customer satisfaction, you'll struggle needlessly and your doors will be closed in no time.

Customer satisfaction may seem like an elusive term that's impossible to track or manage, however, there are a number of factors that dictate whether or not your customers are happy, and a variety of measurement tools consistently evaluate customer satisfaction in your business.



Below are some influencing factors:

1. Accessibility

Have you made it easy for customers to interact with you to ask questions, voice concerns, or get a problem solved? Or, do customers have to jump through a number of hoops, do an extensive Google search, and pray to the gods of customer service that they can get a hold of you?

While it may be unpleasant dealing with an unhappy customer, it's significantly worse dealing with an unhappy customer who took 2 hours out of their day to track you down.

2. Empathy

Mistakes happen, and despite the old adage, the customer isn't always right… but if you'd like to keep them as a customer, they must always be happy. You can ensure this by hearing them out when they are upset, showing concern for the situation, and letting them know that you'll do everything in your power to make it right.

3. Language

Every industry and company has its own "shop terms" and lingo that they use to describe what they do and how they do it. Unfortunately, this insider language doesn't resonate with customers.

They want to know that you understand their problem and have a solution for it. In order to communicate that, you need to figure out what words they use when they talk about it.

4. Response Time

We live in a fast-moving world. Customers expect products to arrive on their doorstep hours after they order them, and questions to be answered within minutes (if not sooner!) of them asking. While many companies can't afford round-the-clock staff, away messages that contain answers to FAQs and chatbots make it possible to interact with your customers on their time.

5. Convenience

Very few customers will go out of their way to do business with you. If you make it difficult for them to browse, shop, schedule, or buy, they'll be looking for another company to provide the solutions they need.

It's important to review your buyer's journey on a regular basis and see if any areas could be tweaked to increase convenience.

6. Choices

Customers like to have options when it comes to purchasing. They want different colors, styles, levels of services, and different methods for delivery. These choices help them feel in control of their own buying experience.

7. Simplicity

While customers like having options, too many options can cause analysis paralysis and cause your potential customer to give up before they finalize a purchase. As you design your products and your processes, remember that a confused mind never buys.

8. Quality

Your customer service may be top-notch, but if your product is of poor quality, you won't have a returning buyer. Make sure that you create the best possible product that customers can't live without.

9. Reasonable Prices

There will always be low range, mid-range, and high range prices. If your products are of superb quality and your customer service consistently wows, it's okay to charge more. However, if you charge more than the market will bear, and more than your ideal customer can afford, you'll price yourself right out of business.

10. Appreciation

Customers want to feel appreciated for doing business with you. You should have some sort of follow-up procedure in place to say thank you. This can range from a quick email to a thank you gift (depending on the value of the product or service), but will always let your customer know that they are important to you.

11. Loyalty Programs

It's wonderful to offer incentives to new customers coming in, but what about the loyal customers that have stuck with you from the beginning? Consider instituting some sort of loyalty program where existing customers receive discounts, freebies, or access to special content or products as a thank you for their continued support.

12. Community

The business relationship doesn't have to stop just because the credit card has been swiped. As humans, we want to feel like we are a part of something bigger. Creating a community, whether virtual or in-person, around your product, will help keep your customers engaged with your brand.

4.1.3 Customer Satisfaction Factors in Service-Based Industries

Not every business has a tangible item that they sell to their customers. For some organizations, your "product" is a service that you provide to solve your customers' problems. These businesses fall under the category of "service industry," and include:

- professional services like lawyers or CPAs
- marketing
- insurance
- spas or other wellness-related services
- consultants
- education
- events

While you won't be providing a traditional product for your customers, their satisfaction is still essential for your business to succeed. All of the above factors including (but not limited to) customer service, the quality

of your work, empathy when addressing a problem, and customer appreciation, still hold true for a service-based business.

Your "product" is your service, so make sure the quality is up to par. In addition, if you're stepping into customer's homes, there's a level of trust that you must build to make them feel comfortable welcoming you into their space. You'll also need to be respectful of their home and their time.



Customer satisfaction is essential to the future of your business. Not only do happy customers come back and become loyal, repeat buyers, but they also share their experiences with friends and family.

There is no better marketing than word-of-mouth from your fans. Schedule out some time to evaluate your current customer satisfaction reality, and then implement the changes necessary to keep your customers happy, engaged, and coming back for more.

4.2 CUSTOMER SATISFACTION IN THE HOSPITALITY INDUSTRY

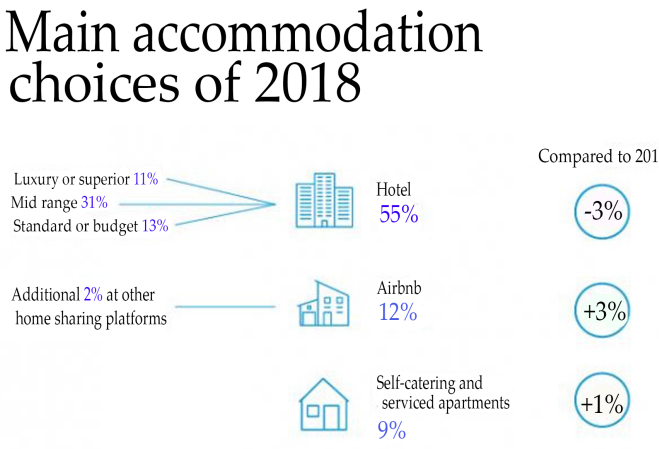
If there's any place where customers are likely to be paying attention to the type of service they receive, it's within the hospitality industry. From restaurants to hotels and everything in between, your job as a hospitality service provider is to maintain customer happiness and satisfaction. Keep your customers at the forefront of your operational plans to hold your hospitality business afloat.

4.2.1 Customer Experience Expectations

Gone are the days when customers were happy just receiving "please" and "thank you" or getting service with a smile. Although those go into

the recipe for proper etiquette, it's just not enough. Satisfied customers are looking for a memorable experience and dynamic service where it counts. From receiving quick service to bending the standard practices – such as extending a guest check-out in a hotel or customizing a menu item in a restaurant – customers want to feel as if their business is appreciated.

To be on the receiving end of customers' satisfactory ratings in surveys and among their network, anticipate their needs and be able to have your staff deliver accordingly.



4.2.2 Deliver On Promise

One key factor in keeping your guests engaged and coming back is to deliver as you promise. From being consistent to making sure they get the same awesome service to doing what you say you will do, don't drop the ball when it comes to what you say you'll offer. Customers are more likely to get frustrated when you reel them in on a big promise such as special services or premium products and it's not the case. Avoid saying that you are luxury if your services are mediocre or in developing gimmicks that excite customers only to disappoint them throughout the process of working with you.

4.2.3 Customer Happiness and Loyalty

Happy customers are loyal customers. Not only is it important for you to provide stellar service, but awesome products as well. Make it a point to be on the fast track for keeping up with trends that your customers may follow such as building personal assistance services for traveling

customers or making special concessions for avid repeat consumers. Be sure you have items on hand so when your customer needs you and your products, everything's available.

A customer who has to continuously wait for you to do your part may grow tired, no matter how loyal, and venture off to your competition. Keep customers loyal by focusing on them at all times.

4.2.4 Let Them Vent

Give your customers an outlet for telling you about poor experiences. When you have customers who have had a negative experience, make it easy and clear for them to not only tell you about it but get it off their chest to you and not someone else. Don't patronize customers when they are disgruntled by shooing them off with little to no plans for recourse. Make it a point to correct issues that went wrong and look into those that could stand some improvement.

Capture communication methods for keeping in contact with your customers so that you can alert them when changes and improvements occur.

4.2.5 Keep an Eye Out Online

You'll hear from many customers directly, with their complaints as well as their compliments. But don't forget to monitor what's being said about you online. Sites like Yelp and Trip Advisor carry endless numbers of reviews for thousands of establishments. Many of the reviews are surprisingly detailed and informative.

Make sure to keep an eye out for comments about your services; you can generally respond to reviews, with either a thank you or a statement of concern and an offer to make things right.

You can also create a site for your company at Facebook, Instagram and other social media services where you can display your wares, so to speak, and invite customers to ask questions or post comments.

4.3 IMPORTANCE OF CUSTOMER SATISFACTION IN HOTEL INDUSTRY

The hospitality industry is totally based on "service", and when any customer doesn't get "up-to-the mark satisfaction", they complain, give bad reviews, and don't come back. And the only way to satisfy your guest is to provide the service which a consumer expects and has paid

for. Remember## Making a customer unsatisfied CONVEYS that you›re leaving a potential customer for your competitor.

Suppose you're providing a satisfied service, but still, you're getting dissatisfied customers. In that case, you have to understand that you get the chance to improve your customer's pain point and need improvisation.

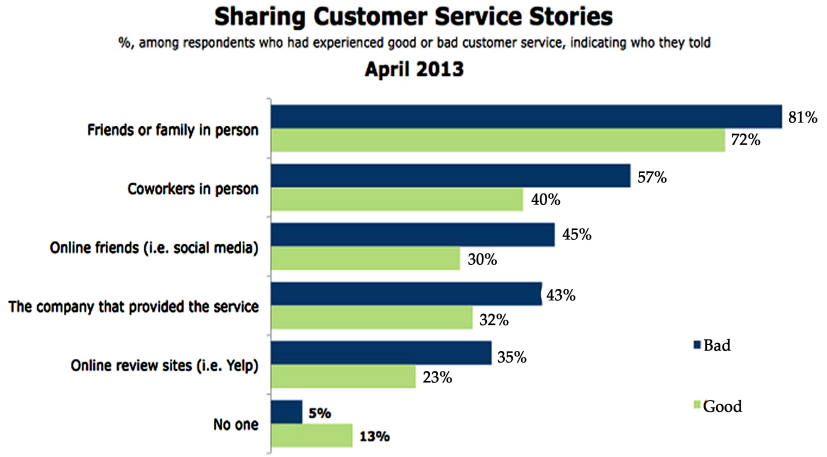
Customer satisfaction is very important because, based on satisfaction, it'll help establish a fruitful relationship with your guest, which might result in becoming your first-time guest into a loyal customer and unconsciously marketing for you (word of mouth). It's up to hotel entrepreneurs how well they're providing their clients with the ambience, food, and room quality.

Here is the change that will happen if could able to make your customer satisfied with your hospitality service:

4.3.1 Increase the Chance to Convert Your Guest into Loyal Customer

Many research papers, for instance, marketing charts, have confirmed that people tend to share about their bad experiences more quickly with their close person than about the excellent experience.

Besides, because of social media access, within a second, a million get the update of experience he/she faced. Almost 84% of people trust online reviews and make up their minds. BUT, PROVIDING SATISFIED CUSTOMER will not only become your permanent brand ambassador but also spread positive word of mouth.



4.3.2 Guest Reviews Represents the Team Coordination

A positive review about your effort encourages, increases self-esteem, and reveals how well your staff team coordinates while serving the guest.

The below-suggested matrix will help you to measure the customer satisfaction level:

1. "Quicker response time," customers get frustrated waiting for their query answer, in case of both hotel website chatbot or front desk reply.
2. "Provide quicker solution," with a quicker reply' it's also necessary to understand and solve the guest problem.
3. "One agent will handle one customer at a time" guests will get irritated if they have to explain their problem repeatedly to different agents and do not get any solution.

4.3.3 Ensure Repeat Purchase

In the hospitality industry, guests feel satisfied only when they get their expected service from that hotel or restaurant. And when a customer repeatedly gets well-service, food quality, and ambiance, he/she not only repeatedly comes back but also suggests it to friends and family.

5 Types of Loyal Customers:

- Satisfied customer
- Convenience loyal
- Loyalty-program loyal
- Low-price loyal
- Biggest fan type loyal

4.4 MEASURING HOTEL CUSTOMER SATISFACTION

Customer satisfaction is key to the success of your hotel. Satisfied guests are more likely to be repeat guests, spend more money in your hotel and become brand ambassadors. In addition to tracking revenue, you will want to track customer satisfaction in order to keep your best customers coming back.

While customer satisfaction may seem harder to determine than other more quantifiable factors, there are some telling signs that indicate if

your guests are happy and likely to return. Here are some key metrics you can use to measure your customers' satisfaction.



4.4.1 Key Metrics to Measure Hotel Guest Satisfaction

Before we jump into the metrics, let's first define what guest satisfaction means in the hotel industry. Guest satisfaction encompasses how a guest feels about their entire stay experience, from booking to checkout. This includes their experience on your website, in your lobby, in their guestroom, at your restaurant, and even any digital or phone communication with your staff. So, how do you measure it? Hoteliers can draw guest satisfaction insight from several different metrics:

- Net Promoter Score (NPS): NPS asks guests to rate how likely they would recommend your hotel to a friend or coworker, on a scale of 0 to 10, with 10 being most likely to recommend.
- Customer Satisfaction Score (CSAT): CSAT measures a guest's satisfaction with a product or service, and it's typically expressed on a scale of 1 to 5, with 5 being the best rating, or as a percentage from 0% to 100%, with 100% being most satisfied.
- Online Reviews and Ratings: Reviews are one of the most popular ways for hoteliers to measure guest satisfaction. Sites like Google and Tripadvisor ask guests to review their stays with a rating on a scale of 1 to 5 (5 being best) and a short text review. Expedia and Booking.com use a scale of 1 to 10 (10 being best) and ask for a short text review too.
- Repeat Guest Rate (RGR): Your repeat guest rate, which is the percentage of guests who have stayed with you at least once before, can tell you a lot about how guests feel about your hotel. If you have a high repeat guest rate, then guests like

your hotel and want to keep coming back. If very few guests return for another stay, then you might be dropping the ball somewhere along the guest journey.

- Average Length of Stay (ALOS): Like repeat guest rate, average length of stay can illustrate if guests love staying at your hotel. If you have a long length of stay coupled with a high repeat guests rate, then it's clear that guests feel at home at your property.

4.4.2 Methods for Collecting Guest Satisfaction Data

Now that you know what to measure, how do you gather the data? The best way to get guest satisfaction data is to ask for it. One common way to solicit feedback from your guests is to send surveys or feedback prompts throughout the stay journey: after completing the checkout process on your website, upon check-in, during the stay, and after check-out are all good opportunities to ask how things are going. Surveys can be sent via email, SMS, or even on an in-room tablet (or on-screen after the checkout page on your booking engine). The important piece is that all of this data flows to a central database where you can analyze it.

Even if you don't send your own guest satisfaction surveys yet, you can gain insight from reviews that guests post on third-party sites, like Expedia, Booking.com, Tripadvisor, and Google. OTAs like Expedia and Booking.com send review reminders to their users on your behalf, and Google and Tripadvisor are popular enough that some people post reviews with any sort of prompting. It's possible to monitor these third-party sites manually, but to make the process more efficient, you can leverage a reputation management tool like Revinate or TrustYou to import the data for you. You can also collect guest satisfaction data on social media by monitoring comments, tags, or messages to your Facebook, Instagram, Twitter, or other online profiles, or by asking guests for their thoughts via an Instagram Q&A or a Twitter poll.

4.4.3 Guest Survey Tools to Automate Feedback Collection and Analysis

It is important for hotels to use survey tools to measure guest satisfaction because they provide an opportunity to gain direct feedback from guests about their experience at the hotel. Survey tools allow hotels to collect and analyze data on guest satisfaction levels and areas for improvement, enabling them to make data-driven decisions to enhance the guest experience and increase customer loyalty.

By using survey tools, hotels can gain insights into their customers' needs, preferences, and expectations, allowing them to tailor their services to meet those needs and exceed expectations. This can lead to increased customer satisfaction levels, positive reviews, and ultimately more bookings and revenue.

Survey tools also enable hotels to identify areas of improvement that may not be immediately apparent, such as staff training, facility maintenance, or changes in amenities and services. By addressing these issues proactively, hotels can prevent negative experiences and improve the guest experience, leading to increased guest satisfaction levels and customer loyalty.

Survey tools can help hotels benchmark their guest satisfaction levels against industry standards and competitors, providing a useful metric to track progress and identify areas for improvement. This can help hotels stay competitive in a crowded market and ensure they are meeting customer needs and expectations.

Survey tools are an important tool for hotels to measure guest satisfaction levels, identify areas for improvement, and make data-driven decisions to enhance the guest experience and increase customer loyalty.

4.4.4 Analyzing Guest Satisfaction Data

Once you've built a pipeline of guest satisfaction data, you can analyze it to better understand the guest experience and how it has evolved over time. It's important to look at guest satisfaction data quantitatively and qualitatively. Looking only at changes in your average scores over time won't tell you what you need to improve upon; reading the actual reviews written by guests will add color and context to the numerical scores.

When you're analyzing data, you should look for any trends or patterns in the data. Do you get lower scores during certain times of year? Do guests who stay in one room category give lower scores than other room categories?

But identifying trends isn't enough to make changes that will boost your scores (and RevPAR!). Dig deeper to find the root cause: maybe your low scores over the summer are because your front desk is so busy that guests experience long wait times. Or maybe your low-scoring room category is incorrectly listed as having a king bed instead of a double bed on your website. Based on these findings, you can then set goals and targets for improvement.

4.4.5 Implementing Improvements Based on Guest Feedback

After identifying some trends and patterns in your data, you have some nice opportunities to make changes to your operations that should boost your guest satisfaction scores. To make the biggest impact, try to address the most common complaints or issues first. If one in five reviews mentions slow service at your restaurant, it might be time to invest in a mobile ordering system to speed things up. Or if many reviews cite lack of helpful communication from your hotel before check-in, you can leverage CRM software to automate your communication process. While some complaints can be addressed in a relatively cheap and easy manner, some issues might require capex investment or a longer timeline, like renovations or refurbishments. However, if guests mention they wish your hotel had a gym, a pool, or a restaurant, rather than building these amenities out, consider a partnership with a local fitness club or cafe that gives your guests special access to their facilities. Thinking outside the box and utilizing technology can save time and money while boosting guest satisfaction.

4.4.6 Staying on Top of Survey Scores

It is essential for hotels to be super tuned with guest satisfaction scores in real time because customer satisfaction is the foundation of success in the hospitality industry. Hoteliers need to understand their guest satisfaction levels and continually measure customer satisfaction through satisfaction surveys, customer feedback, and online reviews to increase guest satisfaction, customer retention, and ultimately their bottom line.

In today's digital age, social media and online reviews are crucial sources of information for potential customers, making it essential for hotels to monitor guest satisfaction in real time. Positive reviews and word-of-mouth can increase a hotel's customer base and loyalty, while negative reviews can harm a hotel's reputation and deter potential guests.

By measuring customer satisfaction metrics such as CSAT, NPS, customer effort score, and benchmark against industry standards, hoteliers can gain insights into their customer journey, identify areas for improvement, and respond quickly to negative experiences to ensure customer needs and guest expectations are met.

Real-time monitoring of guest satisfaction can help hotel staff to be customer-centric and increase guest satisfaction by anticipating guest

needs and proactively addressing potential issues during check-in and post-stay. Survey templates and mobile devices can help to increase response rates and provide immediate feedback, enabling hoteliers to respond to guest feedback and increase guest satisfaction levels in real time.

By creating a positive experience and responding quickly to negative experiences, hotels can increase customer loyalty and retain happy customers. Ultimately, being in touch with guest satisfaction scores in real time is essential for hoteliers to measure customer satisfaction, improve the guest experience, and increase their bottom line.

Guest satisfaction is crucial to a hotel's success; if guests aren't satisfied, your hotel will suffer from low review scores online, minimal repeat business, and decreased ADR. On the flip side, focusing on collecting, analyzing, and learning from guest satisfaction data can lead to a plethora of benefits, from longer average length of stay, a stronger online reputation, and higher ADR. With the right technology and process, you can make guest satisfaction data a core part of your hotel operations.

Hotel Survey Template 1: Large Luxury Resort

Thank you for choosing to stay with us at our [RESORT NAME]! We value your opinion and would appreciate it if you could take a few moments to complete this guest post-stay survey.

1. How was your overall experience during your stay at our resort?

- Excellent
- Good
- Average
- Poor
- Very poor

2. How satisfied were you with the cleanliness and maintenance of your room?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

3. How was the quality of service provided by our staff?

- Excellent
- Good
- Average
- Poor
- Very poor

4. How satisfied were you with the amenities provided by our resort, such as the pool, spa, and fitness center?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

5. How was the quality of the amenities provided by our resort, such as the pool, spa, and fitness center?

- Excellent
- Good
- Average
- Poor
- Very poor

6. How satisfied were you with the variety of activities and entertainment available at our resort?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

7. How satisfied were you with the quality of the activities and entertainment available at our resort?

- Excellent
- Good
- Average
- Poor
- Very poor

8. How satisfied were you with the food and beverage options available at our resort?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

9. How was the quality of the food and beverage options available at our resort?

- Excellent
- Good
- Average
- Poor
- Very poor

10. How satisfied were you with the variety of food and beverage outlets available at our resort?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

11. How satisfied were you with the value for money for the food and beverage options available at our resort?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

12. Did you have any specific dietary requirements that were not met by our food and beverage outlets?

- Yes
- No

If yes, please specify:

13. Were there any additional amenities or services you wished were available at our resort?

- Yes
- No

If yes, please specify:

14. Would you recommend our resort to others?

- Yes, definitely
- Yes, with some reservations
- No, I would not recommend it

Thank you for your time and feedback. We appreciate your support and look forward to welcoming you back to our resort in the future.

Hotel Survey Template 2: Small Bed & Breakfast

Thank you for choosing to stay with us at [B&B NAME]. We value your opinion and would appreciate it if you could take a few moments to complete this guest post-stay survey.

1. How was your overall experience during your stay at our bed and breakfast?

- Excellent
- Good
- Average
- Poor
- Very poor

2. How satisfied were you with the cleanliness and maintenance of your room?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

3. How was the quality of service provided by our staff?

- Excellent
- Good
- Average
- Poor
- Very poor

4. How satisfied were you with the breakfast provided at our bed and breakfast?
   - Very satisfied
   - Satisfied
   - Neutral
   - Unsatisfied
   - Very unsatisfied
5. How was the quality of the breakfast provided at our bed and breakfast?
   - Excellent
   - Good
   - Average
   - Poor
   - Very poor
6. How satisfied were you with the amenities provided by our bed and breakfast, such as the Wi-Fi and parking?
   - Very satisfied
   - Satisfied
   - Neutral
   - Unsatisfied
   - Very unsatisfied
7. How was the quality of the amenities provided by our bed and breakfast, such as the Wi-Fi and parking?
   - Excellent
   - Good
   - Average
   - Poor
   - Very poor
8. How satisfied were you with the location of our bed and breakfast?
   - Very satisfied
   - Satisfied
   - Neutral
   - Unsatisfied
   - Very unsatisfied

9. How likely are you to recommend our bed and breakfast to others?

- Very likely
- Likely
- Neutral
- Unlikely
- Very unlikely

10. Were there any areas where we could improve our services to make your stay more comfortable?

- Yes
- No

If yes, please specify:

11. Would you consider staying with us again in the future?

- Yes
- No

Thank you for your time and feedback. We appreciate your support and hope to see you again in the future.

Hotel Survey Template 3: Business/Convention Hotel

Thank you for choosing to stay with us at [BUSINESS HOTEL]. We value your opinion and would appreciate it if you could take a few moments to complete this guest post-stay survey.

1. How was your overall experience during your stay at our hotel?

- Excellent
- Good
- Average
- Poor
- Very poor

2. How satisfied were you with the cleanliness and maintenance of your room?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied

- Very unsatisfied

3. How was the quality of service provided by our staff?

- Excellent
- Good
- Average
- Poor
- Very poor

4. How satisfied were you with the Wi-Fi and internet connectivity provided by our hotel?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

5. How was the quality of the Wi-Fi and internet connectivity provided by our hotel?

- Excellent
- Good
- Average
- Poor
- Very poor

6. How satisfied were you with the business facilities provided by our hotel, such as meeting rooms and business center?

- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

7. How was the quality of the business facilities provided by our hotel, such as meeting rooms and business center?

- Excellent
- Good
- Average
- Poor
- Very poor

8. How satisfied were you with the location of our hotel in the metropolitan area?
- Very satisfied
- Satisfied
- Neutral
- Unsatisfied
- Very unsatisfied

9. How was the noise level at our hotel during your stay?
- Very quiet
- Quiet
- Neutral
- Noisy
- Very noisy

10. How likely are you to recommend our hotel to others?
- Very likely
- Likely
- Neutral
- Unlikely
- Very unlikely

11. Were there any areas where we could improve our services to make your stay more comfortable?
- Yes
- No

If yes, please specify:

12. Would you consider staying with us again in the future?
- Yes
- No

Thank you for your time and feedback. We appreciate your support and hope to see you again in the future.

4.5 IMPROVE HOTEL GUEST SATISFACTION

Guest satisfaction in hotels is an important metric hoteliers can use to help maximize revenue and create repeat guests. Properties with high guest satisfaction scores can easily attract loyal customers, generate

positive online reviews and plentiful word-of-mouth advertising that help drive revenue to the property. Satisfied guests often become brand ambassadors for a property simply because they left feeling a high level of guest satisfaction.



Guest Satisfaction in hotels is a concrete metric by which the overall guest experience can be measured. Every interaction a guest has from discovering the property and booking a room through checkout and departure contributes to the guest experience. Combining and measuring guest happiness throughout all of these experiences gives a holistic, measurable, metric of how the guest felt about their overall stay on property. The higher a hotel's guest satisfaction scores the higher the likelihood of guests turning into repeat visitors, providing positive word-of-mouth advertising and glowing online reviews.

4.5.1 Improve Guest Satisfaction in Hotels by Personalizing the Guest Experience

One of the best ways to improve guest satisfaction is to provide more personalized guest experiences. However, this can seem daunting and leave hoteliers wondering, "How can I possibly personalize the guest experience for hundreds of different guests at the same time?" Have no fear, today we'll take a look at ways to improve guest satisfaction in hotels using simple tips and tricks that get you the most bang for your buck.

Go Above and Beyond the Basics

Clean, comfortable rooms and efficient service are major parts of ensuring strong guest satisfaction, but really this only gets you in the

game. The modern traveler expects these basic features of their stay to be met upon arrival. Checking all these boxes will only serve to keep your guests from complaining. For a truly satisfying guest experience, hoteliers need to go above and beyond.

Begin your guest satisfaction enhancement efforts by obtaining a clear idea of what would truly satisfy the guests at your property. Though everyone certainly enjoys a little extra effort on behalf of their comfort, small luxurious touches (e.g., hot towel warmers in guest rooms) are likely to go a much longer way at a property where they are unexpected. On the other hand, if your property is known for delivering a luxury experience it's important to drill down on what that specifically means to your guests and make sure the hotel is properly delivering on those expectations.

Consider the Guest Types You Are Trying to Satisfy

Who is your typical guest? This is a simple, but extremely important question for hoteliers to answer if they wish to improve guest satisfaction scores.

A one-size-fits-all approach to guest satisfaction in hotels is a prehistoric concept. People in the modern era are living a largely customized, personalized existence.

Everything from their phones, to their clothing, and even their luggage, is meant to be tailored perfectly to fit their specific lifestyle. Having an adaptable, customizable approach to satisfying each individual guest will pay dividends down the road in the form of, you guessed it, higher guest satisfaction scores.

One of the simplest ways to do this is to let the guest curate their own experiences. Here, smart hotel technology solutions can be of great help.

For instance, while it may seem like a good idea to greet every guest at the front desk with a friendly smile it actually may feel like a burden for a guest who is tired and has been traveling for a long period of time.

Not all guests will want to spend time interacting with a hotel's front desk staff, but with the assistance of modern guest-facing technologies, they don't have to.

Contactless Check-In enables guests to go straight to their rooms and unwind right when they set foot on a property. Offering several options for check-in to your guests helps to ensure they get exactly the experience they want, which helps increase guest satisfaction in hotels.

Communicate! Communicate! Communicate!

It is important to remember that though we should treat guests the way we want to be treated, we are not the guest. Professional hospitality looks different than personal hospitality. No matter how much you read, understand, and study up on guest satisfaction in hotels, no one will be able to tell you exactly what the guests want more than the guests themselves.

Implementing a simple and efficient solution to communicate with your guests is crucially important to understanding and satisfying guest needs in real-time. Guest Messaging software, can help hotel staff communicate effectively and efficiently with direct, broadcast and automated messaging to guests' existing messaging apps (SMS, WhatsApp, etc.).

Resolve Complaints Efficiently

One key distinction between guest satisfaction in hotels and the guest experience is the chance to get it right. Let's say a guest has a complaint; now, whichever way you slice it, the need to bring a complaint to the attention of hotel staff is already going to be a strike against a guest's experience. However, if you can quickly and efficiently address the guest's complaint, as well as offer a small token to make amends, many guests will still leave the property feeling satisfied with their overall stay. In many instances, efficient and fair resolution of complaints can create greater loyalty and repeat guests because the satisfied customer knows they are in good hands when they stay at your property.

Promote Front of House and Back of House Communication to Unlock Guest Satisfaction Enhancements

Simple communication between FOH and BOH can help unlock synergies across the property that can be helpful in improving overall guest satisfaction. Does a guest mention at check-in they have an early flight tomorrow? The front desk should immediately alert your culinary team to check in with the guest to see if they may want an early breakfast delivered. Small, simple touches go a long way towards making your guests feel taken care of during their stay, ultimately leading to greater guest satisfaction in hotels.

Oftentimes, the simplest way to increase communication among departments is to have everyone meet and mingle with everyone else.

Knowing a colleague or better yet, a work friend, through small social gatherings and team-building exercises makes communication much easier. When employees feel like a community they feel empowered and when they feel empowered they take initiative. Employees have direct interactions with guests. They are the frontline when it comes to guest satisfaction in hotels. Finding synergies through camaraderie can lead to better performance and increased guest satisfaction.

Incentivize Employees to Ratchet Up Performance

It takes money to make money. And if you're looking to get the most out of your employees, they need to be motivated monetarily. Pizza parties, corporate freebies and the like have gone the way of the dodo bird with many employees likely to consider these gestures more patronizing than motivational. Monetary incentives are one of the few proven ways to make measurable improvements in your employee performance and self-ownership. One simple way to increase monetary incentives for your employees and encourage them to help you improve guest satisfaction. Digital Tipping makes it easy for guests to provide tips and staff to get paid — without any negative impact on a property's overall bottom line.

When employees feel properly compensated and incentivized they have a concrete reason to make sure the property is performing as well as it possibly can be. When a property is functioning at its highest level, guests can sense that, and increased guest satisfaction soon follows.

4.5.2 More Ways Technology Can Boost Guest Satisfaction In Hotels

All travelers whether for business or pleasure hold their personal tech as an extension of themselves. Any opportunity a guest has to control their experience from the convenience of their own device creates a feeling of familiarity that goes a long way towards making the guest feel satisfied and putting the guest in a relaxed and serene mindset.

Below are a few important ways hotel operators can leverage modern technologies to improve guest satisfaction in hotels.

Enable Guests To Digitally Purchase Upsells & Amenities

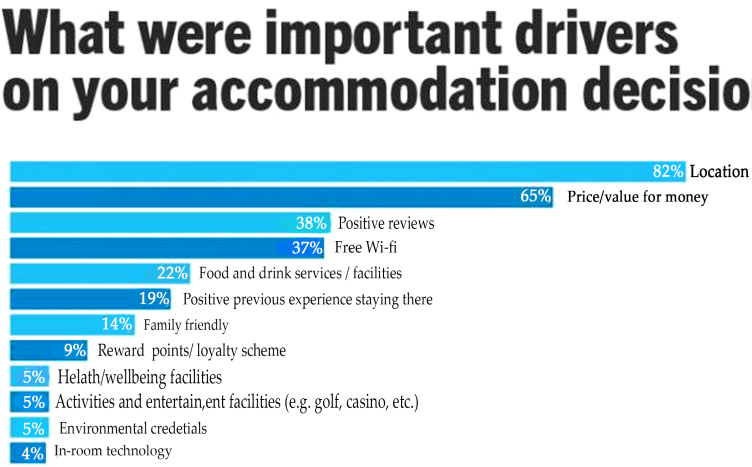
Upon booking a hotel room, it's very common for guests to immediately wonder what additional amenities and upgrade packages are available during their stay. Everything from larger rooms to spa packages and

early check-ins can be presented to guests for an additional fee easily with technology —enables hotel operators to do just that.

With just a few clicks on their personal mobile device, guests can curate their on-property experience and select which amenities and upgrades they would like to purchase. Offering the ability for guests to choose their own on-property adventure is a key component of improving guest satisfaction in hotels.

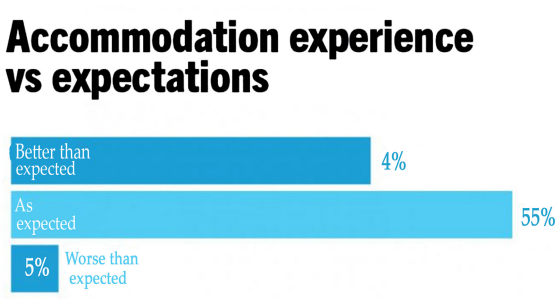
Implement a Post-Stay Guest Satisfaction Survey

Take the guesswork out of guest satisfaction in hotels by asking your hotel guests what they enjoyed or didn't enjoy directly. Direct customer feedback can help you find repeat issues or blind spots that you may not have been aware of.



Bonus Tip: Consider Guest Satisfaction Beyond the On-Property Guest

When it comes to guest satisfaction in hotels, the on-property guest may not be the only person who needs to be satisfied. If you're working with, say, a corporation or travel group that has regular interactions with your property, keeping the person in charge of booking rooms happy is also an important part of guest satisfaction. Make sure there are no hassles when it comes to this. Credit card authorizations should be easy to process, secure and require minimal paperwork.



Guest Satisfaction in hotels is an important metric to which all hotel operators should pay close attention.

By addressing various aspects of guest experience, hotel operations, and modern technology solutions, guests can be made to feel that they are important and independent, yet well taken care of. Higher guest satisfaction directly correlates to repeat hotel guests, positive word-of-mouth advertisement, better social media reviews and increased revenue.

4.6 UNIQUE APPLIED STRATEGIES TO SATISFYING YOUR GUEST IN YOUR HOTEL

Satisfying your guest through your hospitality service also refers to you **building the primary base** of serving them again soon. Crafting an amazing hospitality service for your guests is also a psychological customer retention marketing strategy that applies to customers.

Therefore, when a guest arrives at a hotel, he/she gets the best experience, and the hotelier gets a loyal customer. Every hotel entrepreneur should put extra effort into making their guest stays the best hotel experience ever, and that starts with providing quick hotel booking, clean rooms, housekeeping room service, satisfying food quality, complementary service, and a secure and comfortable ambiance.

4.6.1 Integrated A Hotel Management Software

Integrating with automated hotel management software can solve multiple problems related with the operation, for instance, online booking, quick reservation system, customer management, user billing management, transportation facilities, human resource management, mobile friendly, and many more.



The most amazing benefit of using this hotel management system is that you get a lucrative hotel website, facilitating customers to book online. Having a hotel website not only creates an exclusive impression to customers because of online booking but also increases online visibility.

4.6.2 Training Session For Hotel Staff

Training sessions for hotel staff are one of the necessary things, which need to be done on regular bases, at least once a week or month. Training sessions can be both on and off-the-job training.



Training sessions can improve the knowledge and skills of the workforce so that hoteliers can ensure a good experience for every guest who enters the hotel.

Hotel Training Session Is Necessary Because:

- It Improves The Work Quality Of The Hotel Staff
- Work As A Motivation

- Brings Efficiency
- Enhance Guest Greeting Approaches
- Upgrade Communication Skills
- Boost up the team's performance

4.6.3 Quick Solution To The Complaints

Providing the best hospitality service is one of the core missions of hotel entrepreneurs. Just like a hotel entrepreneur becomes happy and motivated by seeing a "*satisfied customer*," similarly, a gets depressed and tensed when receiving any complaints from *dissatisfied customers*.



Consoling an unsatisfied customer is a very challenging task, but it can be solved if it is addressed immediately. The quicker you can solve it, the less damage you will do to your hotel's reputation.

Common Complaints A Guest Have In A Hotel:

- Low standard Customer Service
- Dirty Bedsheet
- Bad Food Quality
- Bad odor
- Unfriendly Staff
- Damaged Electronics
- Additionary Change For Any Complimentary Stuff

4.6.4 Plan Customer Loyalty Program

A customer loyalty program is a sort of award for loyal customers. It's also considered as a customer retention marketing plan. Loyalty award

usually gets those who have achieved a milestone, in many ways, for instance, by promoting your hotel on different social media, repeating stays in the same hotel, referring to many friends and family, etc.



Loyalty programs can include vouchers, discounts, gift hampers, free night stays, free delivery, complimentary candle night dinner, free buffet dinner, weekend package, and many more.

- Welcome drink
- Free birthday/anniversary cake
- Complimentary mini-bar
- Partnered discounts with, museums, and restaurant
- Free breakfast
- Complimentary buffet
- Discount on Spa
- Swimming pool facilities

4.6.5 Plan Exclusive Package Deal

Tourists love exclusive package deals because they can enjoy multiple complementary components at low cost and in one package.

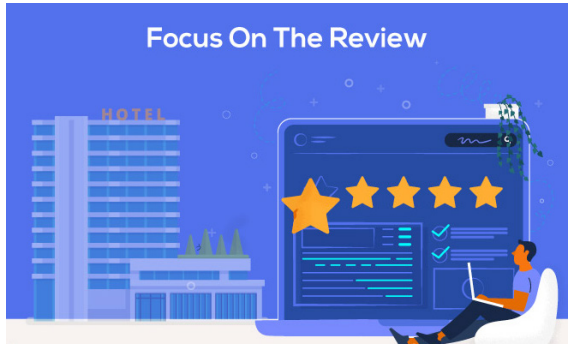


Hotel entrepreneurs usually plan package deals, targeting various tourists, because it generates more sales than the components sold individually. Moreover, tourists get to enjoy some luxury at a low price.

- Honeymoon package
- Meeting package
- 2-day, 1-night stay package
- Anniversary package
- Member-only offer
- Weekend Special

4.6.6 Special Focus On The Review

All hoteliers need to keep especially focused on the review which has been posted over online, because nowadays, people take online reviews more seriously and start judging without knowing the full story.



Positive reviews influence quick booking, and negative reviews, influence booking cancellation or no booking.

Furthermore, a hotelier must be alert on every platform because replying faster is essential than handling (+/-) reviews.

Remember## Customers can PUT REVIEW IN ANY PLATFORM, for instance, personal social media, OTAs, emails, channel manager, etc.

It's wise to reply to all bad or good reviews with a calm, problem-solving approach and understandable nature to tackle clients for a certain time.

Guest satisfaction in the hotel industry is one of the major factors for all hotel entrepreneurs. A guest experience is enhanced by providing a good hospitality experience such as hotel operation, front desk approach, housekeeping service, easy online booking, and many more. A satisfied guest is also a reason for higher revenue.

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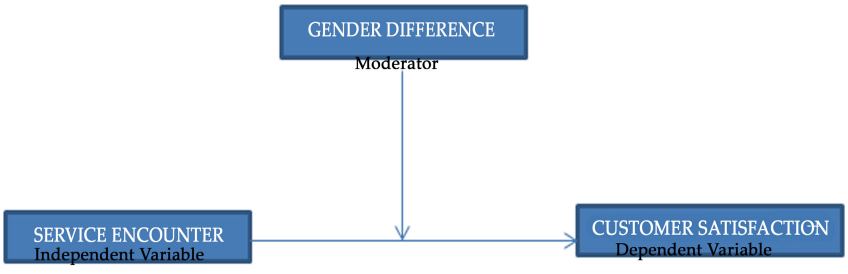
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CHAPTER 5

IMPACT OF GENDER ON CUSTOMER SATISFACTION IN HOTEL INDUSTRY

INTRODUCTION

Hotel as well as the hospitality is the few industries of which the majority labor force is women. Moreover, the number of women who choose hotel industry, such as the receptionist and room cleaner positions, as her career more and more increase. There are different evaluations about the service quality of this special service sector, especially difference between men and female guest point of view. This chapter describes the affect of gender on service quality perception in both smooth service provision process and in the service failure cases. This chapter also includes difference of men and women in customer loyalty level -the high level of customer satisfaction in the hotel industry. In addition, this chapter provides the definition of customer loyalty, how much it is important to the survival of hotels and how gender of customers impact on the loyalty emotion.



5.1 GENDER EXPECTATIONS IMPACT CUSTOMER SERVICE

Whether we're talking about relationships, leisure, or work, gender differences play a significant role in the way we interact with the spaces and places around us. It is, after all, a marker of identity that helps us make sense of ourselves, and the world. The way we engage with or provide customer service is no exception to that.

The hard truth is: Perceptions and gender, and gendered consumer habits, are real. Select service industries are traditionally dominated by either male or female service staff. For example, the flight attendant workforce today is predominantly female, a legacy lingering from the 1930s when nurses replaced young boys who had previously filled the role. Women were considered to be able to best care for customers and 'promote a female presence', one that would increase the perceived comforts and safety of flying (a decision thoroughly based on gender and its related consumer perceptions).



Currently, if you haven't noticed already, the global economy is shifting at an accelerated rate. For those of us interested in overall consumer habits in the customer service game, it begs the question: Will gender biases in customer service transform as well?

5.1.1 Gender Differences in Customer Perception and Satisfaction

Our reactions to service and our loyalty towards businesses and employees can vary based on our own biases towards and understanding of gender. Oftentimes, customers expect – and respond better to – service staff who are of the 'expected' gender in the business they are frequenting (like female flight attendants). Understandably, this makes customer satisfaction more complex than one would initially think. Perceptions of service standards and quality differ from customer-to-

customer due to their varying perceptions of your brand, all based on their unique attitudes, beliefs, and personalities. Essentially, this means that it's often not even about the service or the gender of the provider, but really the perception of the customer. This is something that can be extremely difficult to control, let alone predict.



5.1.2 Gender Differences in Approaches to Providing Customer Service

Research has shown that male and female customer service employees react differently to work environments and job characteristics. Generally, women may experience higher levels of role ambiguity, and potentially more mental stress and emotional labour than men. However, women are generally more satisfied with their work, due to their gender-specific work expectations and understanding of their professional responsibilities. In light of this, it's no wonder that male and female customer service employees differ in what they believe constitutes "good customer service".



5.1.3 Optimizing Customer Service Strategies around Gender Differences

So, how can contact center customer service representatives use gender differences and expectations *to their advantage*? Here are a few things to keep in mind when tailoring your content center strategies, each of which aligns with research in this important, albeit delicate, area.



- **Timing:** When it comes to timing, men tend to prefer specifics, while women are likely to be somewhat more flexible in this area. That being said, it's important to give male customers specific options for things like wait times, call-back options, and other products or services. For instance, "We can have it ready by 4 p.m. today. Would you like to go over specs then, or would you prefer tomorrow morning at 9?" might do the trick. On the other hand, with women, saying something like, "It will be ready Monday or Tuesday," is much less specific, but will likely be satisfactory. Ultimately, it's good practice to *under-promise* and *over-deliver* – you'll thrill the customer no matter who they are.
- **Problem Solving:** Men tend to appreciate rules and strategic processes for solving problems. Conversely, women welcome creative, outside-the-box thinking. Therefore, presenting male customers with guides and manuals as proven tools for solving problems often fairs well. For women, however, you may want to suggest several solutions or a few unique approaches, and then let them select what will work best for them and their needs. Generally, with women, a customized approach will win.

- **The Experience:** Crafting a unique, seamless contact center experience plays a big role in customer satisfaction and retention. For men, calling customer service can often feel like a tedious, time-sucking task, whereas women tend to appreciate the opportunity to have new or better options presented to them during the process. That is, interactions with female consumers on a contact center channel may be a good opportunity for contact center agents to sell. This is why any type of selling — cross-selling or upselling — beyond what the female customer has specifically requested needs to be quick, efficiently executed, and easy. With female customers, you may have some extra time and leeway to introduce them to more options. Ask questions to uncover new or changing needs, and talk to them about products and services that meet those needs.



As a stellar contact center customer service representative, it's important that you arm yourself with as much information and insights into your customer base as possible. Research on demographics, such as gender, can help inform your call center strategies, improve your sales or customer retention, and help make customers feel great about doing business with your company. But as much as you consider things like gender, location, income-level, and age, remember one important thing:

At the end of the day, you're dealing with *human beings*. Treat them all with care, consideration, and respect. That wins every time.

5.2 AFFECT OF GENDER ON SERVICE QUALITY PERCEPTION IN HOTEL INDUSTRY

Do men and women have the same valuation of service quality in the same situation? How do male and female guests respond to the same

displayed emotion of hotel employees? What men and women think about a service failure?

In the service quality literature, there are two type of service quality: process and outcome.

- Process of service delivery is the manner in which the core service is transferred to consumers.
- Service outcome is the core service that the consumer receives.

Consequently, the process of service delivery is related to the social/ psychological factors while the service outcome is related to the physical/ instrumental factors. So quality of a process is interpersonal, whereas service outcome quality is impersonal.



In hotel industry, the service performance is the critical to the customer satisfaction. However, the service failure is inevitable. Service failure is divided into process failure and outcome failure. A process is called failure if the core service is delivered in deficient manners, resulting in the loss of social resources; such as status, esteem; for the consumers. Differently, outcome failure is the result of undelivered some aspects of the core service, resulting in the loss of economic resources such as time, money. For example,

Process failure: You booked a luxury room in a four- star-hotel one month before. Today you come to that hotel. It is a nice hotel with an impressive design. You are in front of the reception counter. The receptionist comes to help you check-in. You tell your name. The receptionist does not smile while making the check-in. The receptionist gives you the key but not tell you the way to go there. You ask the receptionist about it. The receptionist then shows you but does not offer an apology or explanation



Outcome failure: You booked a luxury room in a four- star-hotel one month before. Today you come to that hotel. It is a nice hotel with an impressive design. You are in front of the reception counter. The receptionist comes to help you check-in. You tell your name. The receptionist informs you that the hotel is out of the room you selected. You make another selection. The receptionist informs you that the hotel is also out of your second choice of room.



There is a literature related to gender difference which describes men as goal or outcome oriented and women as a communal or social oriented. This literature supports to the hypothesis that female guests maybe more sensitive to the relational aspects with service encounter and male guests to the core aspects. E. Hall, 1993, concluded "Real-life customer experiences seem to indicate that gender stereotypes are incorporated into customer expectations regarding good service". There are many other evidences suggesting the impact of gender on customer satisfaction. Among them, the research of Anna S. Mattila, Alicia A. Grandey and Glenda M. Fisk, 2003, is quite complete. Their journal

shows that men and women have different valuation rating on the same service. This difference exists in both smooth service and failed service. During the using smooth service, women focus on process more than men while men more pay attention on the outcome than women. Women feel less satisfied than men with the negative displays and they also give higher evaluation rating for the positive displays. On the other hand, the process, such as the service delivery style, is not so important to male customer if they can gain the appropriate outcome. However, this trend is totally changed in the slow, failed service process. In these situations, male customers give lower satisfaction rating for the negative displays and higher rating for the positive displays than female customers.

For example, in smooth service, a woman feel satisfied with the polite and helpful receptionist. This affect to her more than cues regarding to the service efficiency while a male customer does not so much pay attention on it. Another couple comes to ask the receptionist the way to the nearest Japanese restaurant. Only after twenty minutes of researching on internet, the receptionist show them the correct way. The wife does not consider it as successful service providing process, so eventually she gives the low satisfaction level for total service provision. The husband feels better because he received the correct answer for what he needs.

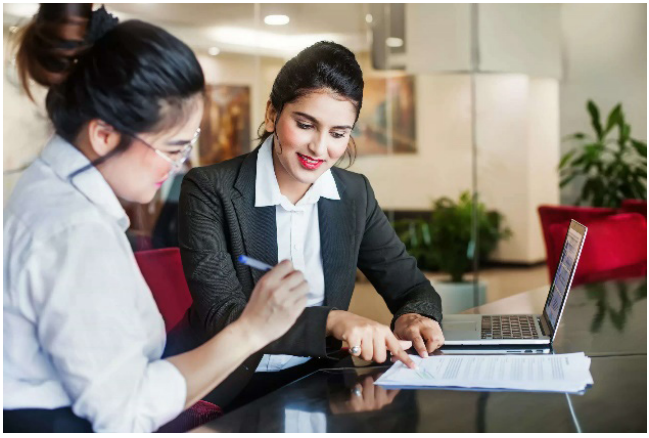


However, when the task related problems happen, the effort to find solutions and smiles in the receptionist's face make a man feel comfortable and easier to accept them. The woman next to him does not feel the same. She wants to see the impressive management attempt; the smiling face to her is not enough. So, what do these customers think when task related problem is combined to the rude attitude of the receptionist? With the man, they seem to be unacceptable. But the woman can forgive

the negative display because she seems to be more sympathy with the feeling of the receptionist in this situation; she does not require that the service employee have to be friendly and cheerful regardless of whether these expressions indicate actual feelings of wellbeing on the part of her or him.

In addition, in case of service failure in the hotel industry, men are more likely complain to the management than women. The common pattern for men is assertiveness, aggressiveness, achievement, self-reliance and competitiveness while the common female traits are modesty, humility, nurturing and responsibility. Men tend to be thing and money oriented and while women tend to be people-oriented. Therefore, men seem to want to get things straight, resulting in more complaints from them to the management and to third parties than from women.

What is about the facilities available in the hotel? Is it the same in requirements of both men and women? Until now, there are still lack of evidences expressing the different between male and female customers' evaluation of the service quality in term of the facilities and leisure service available in the hotel. In reality, minority of hotels provide different facilities for men and women. One of these hotels is Plus Florence.



Plus Florence is a hotel in the Plus brand which has appeared in 13 locations through Italy including Rome, Venice, etc. In this hotel, they have not only the rooms for guests like other hotels all over the world but also the rooms purposely designed for women, called Plus Girl. Plus Girl focuses on space, privacy, relaxation of female customers such as larger bathrooms, free hairdryers and comfortable space. Girls who stay there also receive free personal care packs along with a big fluffy towel to use for the duration of the stay.

5.3 IMPACT OF GENDER ON CUSTOMER LOYALTY-THE HIGH LEVEL OF CUSTOMER SATISFACTION

Loyal guests always give the high customer satisfaction level and they appreciate the service quality of the hotel. But a guest satisfies with your hotel service, it does not mean that he or she will stay in your hotel next time or he or she will be your loyal guest. So what is the loyalty? Why is it important to the hotel industry? And in what way a hotel can gain the retention of the guest?

5.3.1 Customer Loyalty Definition

There is no globally agreed definition of loyalty. Loyalty can be defined as something that consumers may exhibit to brands, services, product categories such as hotel's room and activities such as travelling. Three concept of loyalty are:

- As primarily an attitude that sometimes leads to a relationship with the brand
- Express in terms of revealed behavior (for example, the pattern of past stay)
- Buying moderated by the individual's characteristics, circumstances and/or the purchase situation.



Customer loyalty is defined as a deeply commitment to re-purchase or repatronize a preferred product/service consistently in the future, thereby causing repetitive same - brand or same brand - set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

The guests who fit into the extremely loyalty cluster have such a high attitudinal attachment to the hotel that many of them are prepared to

change the timing of their visit to ensure they are able to stay at their favorite properties. They are also not so sensitive to the pricing issues and are willing to pay more to stay in the preferred properties rather than go somewhere else in favor of cheaper room rate.

5.3.2 Importance of Customer Loyalty in the Hotel Industry

It is easy to realize that the retention of the guests is proportional with the profit of the hotel - a 5 per cent increase in the guest retention rate could lead to a 35-95 per cent profit increase. The essence of focusing on loyalty in the hotel industry is to increase rent volume by raising booking or usage levels and /or increasing the range of services used by guests. Building a closer bond between the brand of the hotel and current customers is also a good way to maintain the current customer base. In addition, the loyal customers will say the positive things about the hotel to others. Consequently, repeat guests are the richest source of hotel's revenues and profit. Hotel industry executives continue to emphasize customer loyalty as a key to sustaining a long term business success.



5.3.3 Gender Impact on The Customer Loyalty

The guest defection rate correlated to the way guests was treated by hotel employees. Almost 70 per cent of identifiable reasons why guests switched to competitors were associated with a dissatisfied service experience with a service provider during the service encounter. The friendly service and individual attention were more important than

tangible factors of service in influencing the elderly guests' behavioral intentions. When one hotel has high performance ratings in term of the courtesy of hotel employees, its guests tend to show some loyalty to the hotel. Then, the attitude of hotel employees toward the guests directly impact to the gust patronization, consequently, to the profitability of the hotel.



There is a correlation between customer' gender and his/her purpose of the trip. For the travelling purpose, the female customers are five times more than the male ones staying in the hotel. Considering this ratio, the hotel should pay attention to the amenities to satisfy the female tourist so that they can gain more patronization.

Moreover, the young male guests in their 20s are more volatile, therefore, more prone to move to the competitors' hotels than the female guest in their 30s and the male guests in their 30s as well as the female guests in their 40s are likely to stay in the same or similar hotel in the next trip.

5.4 IMPACT OF GENDER ON LOYALTY EMOTION

The Market Metrix Hospitality Index (MMHI) has pioneered some proprietary measures of customer satisfaction, including Loyalty Emotions. Loyalty Emotions correlate specific emotions that a hotel elicits in a guest and how those emotions impact satisfaction of the guest. Several hotels that provide certain Loyalty Emotions obtain higher rates and can increase prices with fewer defections. Those hotels such as Staybridge Suites elicit preferred emotions, but those emotions differ between the genders. Women are more responsive to the "primary" emotions which included comfortable, relaxed, content, secure and welcome; while the "secondary" emotions which included pampered, entertained, inspired, important, extravagant, elegant, sophisticated

and hip/cool appear to have a bigger impact on men. This research suggested the significant difference between female and male guests.



Catching this emotion tendency, some hotels make the different packages for the specific gender. But until now, most of the target customers of those special packages are the female customers. Some of them pay attention on the female adult, such as the Rouge- A Kimpton Hotel, one hotel in Washington DC. This hotel provides the "Girl's Weekend Getaway Package":

"Get away with your girlfriends and enjoy a playful weekend in Washington, DC. Enjoy shopping in Georgetown and DuPont Circle, dining at fabulous restaurants, sightseeing at museums and art galleries, and sipping martinis at Rouge Bar with your coolest gal pals.

Girl's Getaway Package includes

Deluxe Guestroom Accommodations

Choice of Wine or Martini Fixin's

- Take-Home Goodie Bag with Gilchrist & Soames Bath Products
- Option to add in-room manicures/pedicures".

Other hotels pay attention to the female kid. For example, the Sutton Place Hotel Chicago attracts the girl by "American Girl Place Package": "Make your daughter, sister, niece or other special girl's next visit to Chicago a most memorable one by booking the American Girl Place Package. American Girl Place Package includes:

- Deluxe accommodations (can be a king or two double beds).
- Welcome letter to girl and her doll upon check-in.
- An American Girl® doll-sized travel bed to take home (Available exclusively in hotels participating in program.)
- Sutton Place Hotel Princess breakfast and one adult breakfast**.

- Sedan drop off and pick up service to and from American Girl Place Chicago. Advance schedule required (Mon - Fri: 10am - 6pm, Sat & Sun: 9am - 6pm).
- Complimentary American Girl Place DVD selection to watch during stay.
- Milk and cookies for girl and her doll at turn down service each night.
- 50% off valet parking.
- Complimentary wireless internet service.
- Complimentary local calls"

Understanding the difference between the desire and emotion of men and women, when building the strategic planning, hotel managers should pay attentions on each gender separately. "Hotel offerings and advertising could be developed to focus on select and different emotional themes for women and men.

5.5 TMT GENDER DIVERSITY IN THE HOSPITALITY INDUSTRY: INSIGHTS REGARDING PERFORMANCE IMPLICATIONS

The involvement of women in the U.S. workforce was very limited in the early 20th century, and those who worked were young and unmarried. The Census Bureau categorized that only 20 percent of women were recognized as "gainful workers".

As the opportunities for access to higher education became more widespread and women got more educated, the involvement of both married and single women in the workforce increased. By 1930, women's participation in the workforce reached 50 percent for single women and 12 percent for married women. By 1970, the women employment rate reached 50 percent and 40 percent for single and married women respectively. As the status of women changed in society and family planning facilitated controlling family size, women had more opportunities to enter the workforce and be recognized in the business environment. By the 1990s, over 74 percent of prime-working-age women (25-54) had participated in the labor force. In 2018, about 57 percent of all women participated in the workforce, and in December 2020, women held roughly 50 percent of American jobs according to the Bureau of Labor Statistics.



A historical analysis of women's employment shows that two major industries, healthcare, and retail, have provided the largest employment opportunities for women. As women have gained employment, they became increasingly independent and were able to afford services that include education, healthcare, and childcare, which paved the way for them for an increasing work-life balance. Likewise, these service sectors have traditionally offered the largest employment opportunities for women typically due to the stereotyping that jobs entailing some type of "care" are more associated with women. Indeed, the historical evidence highlights the fact that jobs that are somewhat associated with the notion of "care work" are perceived as feminine, undermined, and underpaid.

5.5.1 Women in Senior and Executive Positions in the Hospitality Industry

Women have come a long way in advancing their career paths and holding top executive positions. In 2020, the proportion of women holding senior management positions globally increased to 29 percent, a record high of female representation in senior positions. When it comes to top executive positions, female representation was slightly down to 23 percent. According to the same report, women make up 21 percent of C-Suite executives in the United States, and as of January 21, 2021, women hold 6 percent of CEO positions in the S&P 500 companies. While women have advanced their careers up the corporate ladder and attained well-deserved executive seats, such positions are still largely dominated by male executives. For instance, in Canada, 90 percent of C-Level executive roles are held by men. Beyond the male-dominated executive teams, women also have to bear with the long-standing pay-disparity problem. Numerous industry and academic studies have shown that women are often underpaid compared to their male

counterparts, and the size of pay disparity becomes more pronounced as women climb the corporate ladder. The pay disparity between male and female executives in top executive positions reaches 30 percent. While the gender-pay disparity has been pervasive, the prior work has also unveiled that this phenomenon is context-specific and varies across industries.



The hospitality industry has typically been stereotyped as one of those service-oriented "care" industries that women have found comparatively easier employment opportunities. Indeed, recent statistics support this notion. According to Julia Campbell, the founder of Women in Hospitality, women made up 55.5 percent of the workforce in hospitality in 2017. Yet, in managerial positions (e.g. president, partner, CEO), men significantly outnumbered women. Despite the progress made, male executives and directors in hospitality companies' TMTs and boardrooms still dominate. A recent report by Castell Project (2021) presents that women hold 23 percent of hospitality company board seats, 22 percent of C-suite positions, and only one out of 31 CEO positions are held by women.

5.5.2 The Link between Gender Diversity in TMTs/ Boardrooms and Financial Performance

Upper-echelons theory argues that TMTs have significant decision power on strategies that affect the performance of their companies and shape the future of these organizations. This theory zeroes in on the role of managerial background in having this influence on strategic choices and performance. As an important attribute of managerial background, gender has been a hotspot for management researchers. As women have made their way through senior and executive positions, and the rate of

female representation has accelerated over the years, the role of women executives in improving firm performance has become a relevant interest.



Prior research studying the role of gender diversity in C-Suite and boardrooms derives their motivation from the notion of diverse perspectives, approaches, and experience women can bring upon to group processes for unorthodox issues. In the exploration of how gender diversity in TMTs and corporate boardrooms relates to performance, a number of management theories have been used as the conceptual underpinnings of the alleged relationship. Human capital theory, social identity theory, resource dependency theory, social cohesion theory, and agency theory are mostly cited among such theories. For instance, human capital theory argues on the basis of the skills and talent an individual may possess and how it may relate to the individual's capabilities in contributing to organizational goals.

Resource dependence theory, on the other hand, relates the diversity in TMTs and boards to the benefits an organization may reap in the sense of potential resources and connections that diverse groups of managers and directors might offer. Particularly, the diversity of board members provides unique opportunities for firms to make connections with a large pool of stakeholders and manage their environment as well as access to talent through the connections of board members. Moreover, the diversity of board members in different aspects impose a greater deal of control and monitoring on management actions while offering TMTs with strong advisory for managerial decisions.

In respect to female representation in TMTs and corporate boards, and the effect of gender diversity on firm outcomes, there has been a considerable amount of academic research and industry analysis. The common notion in these studies is that gender diversity along with

other diversity attributes (e.g. age, tenure, education, etc.) at senior positions should improve firm outcomes because of the diverse body of perspectives, ideas, and knowledge of TMT members. However, findings of related studies do not fully support these propositions and indeed exhibit a perplexing relationship. While a large stream of business research exemplifies evidence on the positive impact of female representation on firm performance, typically the size of this impact is fairly weak. Besides, a relatively large stream of research presented a negative correlation between female presentation in TMTs and boards and firm financials, a finding that is explained by the postulation that diversity impedes group decision-making due to relationship conflict.



When the hospitality and tourism research is reviewed, it is quickly realized that the role of gender diversity in TMTs and boards on improving firm performance has been largely neglected. The lack of research on this particular domain is partly due to the inadequate evidence and observations to run meaningful statistical analysis. However, as women have progressed through the corporate ladder and attained senior/executive positions in hospitality and tourism firms, some preliminary interest has emerged in understanding the effect of increasing gender diversity in these firms' TMTs and boards, particularly related to firm outcome. For instance, gender diversity in the hospitality industry (hotels, restaurants, and firms in amusement and recreation services as used in the study) is positively related to EBIT and EBITDA, but not to Tobin's Q, ROA or ROE. A prior effort in this line of research provided similar findings. The significance of the degree of gender diversity among TMT members in hotel companies. More precisely, they outlined that female representation in TMT below 10 percent is detrimental for firm performance. The relationship becomes positive in the 10-20 percent band, and a hotel reaps the most financial benefit from gender diversity when female representation is at 20 percent level. Beyond that level, the

relationship becomes negative, which they explain by the notion that male executives start to perceive increasing women presence in TMT as a threat to their dominance, and they may be tempted to be defensive and ignorant of the contributions of female executives, which would distort the effective functioning of TMTs.



To study the impact of various diversity attributes of TMT members on financial performance and risk-taking, designing a set of related studies. In one of these studies, particularly study the gender diversity in TMTs of hospitality companies, and how it affects firm performance measured with different performance indicators (i.e. Tobin's Q, ROA, and ROE). The analysis and sample firms for this particular study is based on available data for hotels and restaurants from the Compustat Execucomp database that contains detailed compensation information for company executives in a time-series format. The current study covers the period of 1992-2020. Data extracted from Execucomp for this period contains 55 restaurants and 12 hotels that are all publicly traded and included in S&P 1000 firms. Table 1 below presents the female representation in TMTs in the sample firms over the study period along with a short summary of executives' compensation.

Table 1: Summary statistics

Years	TMT Size	Female Percentage	# of Female CEOs	TMT Average Comp.*	TMT Average Comp – Female*	TMT Average Comp. Male*
1992-1996	5.9	3.34%	0	1086.1	398.5	1,152.4
1997-2001	6.3	8.03%	0	1671.4	612.4	1,739.3
2002-2006	6.0	10.11%	3	2321.5	1,069.4	2,270.8
2007-2011	5.6	13.60%	17	2218.7	1,482.7	2,503.7
2012-2016	5.3	13.84%	17	2284.3	1,852.3	2,808.4
2017-2020	5.2	16.68%	10	2814.4	2,309.1	3,080.7
1992-2020	5.7	10.63%	47	2048.1	1,246.9	2,213.9

* USD thousands

It is apparent that female representation in the hotel and restaurant firms' TMTs has steadily increased over the years. The largest jump was recorded in the second half of the 1990s going from 3.34% to 8.03%. Also, in the last four years (2017-2020), there has been a noticeable increase in the women presence in TMTs of the sample companies. When it comes to occupying the CEO position, male executives largely outnumber their female colleagues. Only in 47 of the 1,045 firm-year observations was the CEO position held by women. In regard to the level and trend of compensation, there has been a steady increase in the level of the average compensation of TMT members. Also, it is quite evident male executives have earned a higher compensation compared to female executives. Part of the reason for the large pay gap can be attributed to the fact that top executives positions that pay the highest compensation are still mostly dominated by male executives. These quick descriptive statistics illustrate the progress women have made in advancing their careers in hospitality companies and stepping up to executive positions. Yet, the statistics are quite evident of a persistent male dominance in hospitality companies' TMTs.

Set out an empirical model to examine the increasing presence of women executives in TMTs on hospitality companies' performance. Use Tobin's Q, return on assets (ROA), and profit margin (PM) as performance indicators (i.e. dependent variables in the models), and percentage of female executives in TMTs (Women % in TMT) and Blau's index of heterogeneity for gender diversity (Blau's Index of GD) as primary explanatory variables. Also include a set of control variables that are priorly found to be related to firm performance in the analysis.



Out of the several regression estimations, find a statistically significant effect of gender diversity on firm performance only for the Tobin's Q

estimations. Both explanatory variables (Women % in TMT and Blau's Index of GD) have positive and statistically significant relationships with Tobin's Q suggesting that Tobin's Q increases as women's presence in TMTs increases. Quantitatively, one percent increase in the percentage of women executives in TMTs leads to a .134 percent increase in Tobin's Q. Likewise, one percent increase in gender diversity measured with Blau's Index leads to a .13 percent increase in Tobin's Q. None of the ROA and PM estimations reveal a significant association between gender diversity and these accounting-based performance indicators.

The interest on gender diversity in corporations has grown over the past few decades as women have steadily entered the labor force and advanced to key positions. Considering the benefits of diversity in the workplace, both academic and industry research has focused on understanding how increasing gender diversity relates to firms' outcomes. The knowledge regarding the role of gender diversity in top positions is still limited in the hospitality and tourism industries. Both prior research and the current study discussed in this paper show that gender diversity in hospitality companies might affect these companies' performance to some extent but this proposed effect varies based on performance indicators chosen as well as the constructs used in the analyses. In analyses, Tobin's Q is the only performance measure that is responsive to increasing gender diversity in TMTs. On the other hand, prior research found that increasing women's representation (10 to 30 percent) in TMTs leads to an increase in EBIT and EBITDA. Moreover, the economic magnitude of the positive effect revealed in the study is considerably small and hinders a robust conclusion that women's presence improves firm outcomes. This exclusive finding from the hospitality industry is in accord with a large stream of prior research that used larger samples.



While the performance improving the role of increasing women presence in TMTs/boards of hospitality and tourism firms is not crystal clear and is context-specific, there has been a clear trend that the percentage of women in these roles has steadily increased over years. This piece of information should be the focus of discussion going forward. As highlighted in scholarly and industrial research, women should hold the senior/top executive positions because gender diversity is the right thing to do not because women help derive better performance. In line with this view, future diversity research should also focus on the influence of LGBTQ members, which makes up roughly five percent of the US workforce, in the business environment and synergies they may bring in the firms. Sadly, the LGTBQ community has been largely neglected in the workplace for a long time and has experienced adverse workplace issues. Yet, in recent years, the LGTBQ workforce has undergone a fundamental change in terms of workplace recognition and LGTBQ members have held senior and executive positions. Hopefully, this trend will continue in an increasing fashion in the future, and diversity and inclusion will be a top priority for companies as this is the right thing to do.

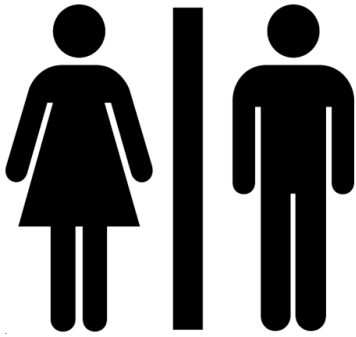
5.6 WOMEN CAREER ADVANCEMENT TRAJECTORIES IN HOSPITALITY AND TOURISM INDUSTRY

Almost half of women in US confront some kind of gender discrimination including barriers in career advancement. There are a number of factors beside gender discrimination, that impede women's career advancement, including lower training and educational opportunities, and exclusion of women form informal networks. Promotion systems in most tourism companies operate on the basis of informal and non-written criteria and the decisions that senior management makes about promotion usually depend on middle managers' recommendation. Such promotion procedures further contribute to gender segregation. Gender segregation leads to unequal career rewards for men and women.

5.6.1 Occupational Gender Segregation

Occupational gender segregation, a widespread phenomenon throughout the world, refers to unequal distribution of women and men among different jobs and as such limits promotion opportunities for women. The consequences of occupational gender segregation are

reflecting in men's perception of women and even women's perception of themselves that lead to overrepresentation of women in lower professional category, lower status and income. Cleaning, customer service and posts of other lower responsibility are mostly occupied by women whereas maintenance, bartending, gardening and higher responsibility level jobs are mostly taken by men in tourism sector which means that still social norms are important factor of segregation patterns. In fact, vertical gender pyramid of women having occupied lower levels with a few exceptions and men taking the higher and managerial positions is prevalent. Vertical segregation, sometimes called "glass ceiling", means the existence of obvious or/and subtle barriers that lead to absence of women in all the management level posts. The concept is sometimes presented as "stinky floor" that prevents women to climb to the higher levels of organizational pyramid. Indeed frequently women remain marginalised in the workplace, have limited access to promotion and leadership roles.



Tourism is the industry that is built on human relations and thus social divisions of labour are important and coping with gender equality issues essential because tourism employment is gender biased being based on norms of "women's work". A significant portion of employers make recruitment decision on stereotypical assumption about specific jobs that suit only men or women and thus occupation gender segregation occurs. The culture of occupational gender segregation in hospitality and tourism industry is promoted by organizations themselves due to managing recruitment process in accordance to stereotypical stance of women's appropriate work roles.

However there is also a horizontal segregation because more women are employed within the sector than men while earning less because women are disproportionately represented in lower skills and lower paid jobs within the sector.

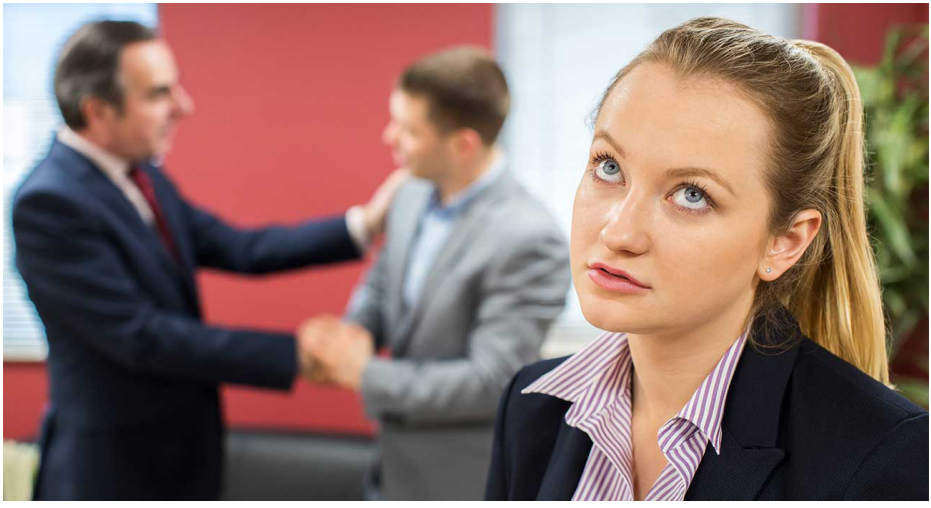


The gender-based wage differential is well documented for the different occupations and is persistent across cultural boundaries. Vertical segregation, which consequence is the fact that women typically occupy lower-status posts, is the most important explanation factor of salary differentials between women and men. The problem of gender differences in wages is especially grave in hospitality sector and it is relevant in most countries.

As compared to male colleagues, women earn less not just when entering the world of work, but also when reaching a career-peak position. In other words they earn less even doing the same kind of job with the same level of responsibility. On the sample of Spanish hospitality workforce, the researchers conclude that lower wages, received by women, are due to gender segregation as the consequence of disproportionate concentration of women in worst-paid jobs, functional areas and lower-rank of responsibility jobs and least desirable posts. Although Norway is considered a country with significantly lower gender inequalities, significantly lower earnings by female CEOs in tourism and stronger gender-pay differentials in tourism, compared to manufacturing sector, and further she concludes that women in fact face wage discrimination in both industries. Similar are conclusions that within the human capital research framework with sociological approach, when makes conclusions that gender still plays an important role in wage levels because female tourism employees generally achieve even higher levels of education than men do but still receive on average 20% lower wages than their male colleagues. Although occupational gender segregation in general is strongly manifested, it emerges with different emphasis in different settings. However, there is a need for establishing fair promotion processes.

5.6.2 Women in Managerial Positions

Contemporary leadership concentrates on strong commitment to employee development, the abilities to cope with constant change therefore organizational learning, decentralised leadership, and problem-solving skills gain prominence. Transformational leadership style, through inspiration and intellectual stimulation, promote changes in subordinates and eventually in organization therefore it is considered better in contemporary business situation than autocratic or transactional leadership style. Women generally take to transformational leadership style and are usually very successful in leadership roles with the balanced leadership style that is focused on assignments as well as on the needs of subordinates.



Although women predominate in hospitality workforce they are still underrepresented in management roles due to facing formal and informal exclusionary practices and prejudices of required male characteristics in order to be successful. Even when getting to the management position, women are subject to more pressure. Traditionally, women were believed to be successful only in nonleadership positions, therefore they have been assigned lower-position posts of lower earnings, no prestige, and power and in this direction it is sexism that causes anchoring prejudices about women's abilities as leaders. Although some researchers report greater leadership effectiveness of men others testify in favour of feminine leadership which is effective in contemporary work settings and claiming that even men adopt feminine leadership style when there are such organizational demands.



When career advancement to managerial position is subject to discretion it is most probably influenced by stereotypes that have strong influence on women's career dynamics. However, women rarely occupy management positions although longitudinal research data testify in favour of success of women. Even without startup capital female tourism managers out-perform the organizations run by men in terms of organization growth and subsequently raising national employment rates and creating wealth. Because tourism companies run by a woman is frequently more successful than those led by man, tourist companies should promote women to leadership positions. It is especially important in tourism sector that manager acquires required knowledge, skills and aptitudes. Globally women are equally qualified in terms of academic qualifications and above all they practice transformational leadership which defines many successful companies. And also in this regard women do not leg behind men.



As long as gender segregation persists and women's work is devaluated,

there will be more opportunities for advancement and higher earnings on the side of men. The researcher stress that the situation is not static but rather slow increase of women's presence in management is occurring. On the basis of meta-analysis researchers conclude that the masculine leadership perceptions and the prejudices against female are still strong and the challenges, despite several attempts to achieve gender equity, are likely to continue.

5.7 STRATEGIES COPING GENDER DISCRIMINATION

Equal treatment of men and women in terms of fair salary levels is needed to increase the level of job satisfaction of both male and female employees that acts as the means to achieving corporate success. Organisations' success depends on employee commitment and loyalty. Equal opportunity practice might contribute to talent identification and consequently organization success while meeting the skills and productivity requirements of the sector.

Enforcing the gender equity policy is in itself insufficient but necessary when coping with gender discrimination. Organizations with such a policy are more positive to women with the climate of trust created within a highly supportive work environment. Positive climate is mutually beneficial to organization and to the employees because it conveys equal opportunities for all and makes sound basis for organizations' success.



It is also recommended to make steps to identify talent not on the gender basis but rather on transparent access to higher organizational positions for both sexes. To avoid occupational gender segregation, organizations should have promoted male careers of jobs traditionally dominated by women and vice versa and remove obvious as well as subtle barriers to career advancement of women including access to managerial positions

and decision-making posts. Also social dialog to encourage reduction of wage gaps is required.

Sometimes researchers stress that hospitality and tourism sectors make oppression to work-life balance because of the variability of the demand cycle due to seasonality differences that demand unsocial working hours. Working conditions in hospitality and tourism sectors are frequently challenging, employees facing heavy workload and constant pressure although there are considerable differences between countries and between different segments. To promote family friendly environment, policies that encourage suitable childcare provisions, and ensure that women while on maternity leave remain in touch with the organization, are required.

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CHAPTER 6

MANAGING SERVICE FAILURE THROUGH RECOVERY

INTRODUCTION

Organizations in high-end hospitality resorts strive to meet the immense expectations of the customers they serve because failure to do so could result in the loss of customers, negative referrals to others, or even potential lawsuits. When short-comings occur, a quick and expedited response is necessary for a successful resolution. In service, crisis management involves managing situations of extreme emotions, in which individuals are dealing with situations they normally would not. As such, a need exists to formulate a method of best practices to ensure that an organization can effectively manage service failures once they occur. How and how quickly the crisis is managed is known as crisis timing strategy management. Crisis timing strategy management is important to service failures because the timing with which a service failure is handled can have implications for a guest's future interactions with the organization. For example, a guest could choose a different resort for future visits, or negatively portray the resort to others.

6.1 UNDERSTANDING HOTEL SERVICE FAILURES

Service failure is inevitable. Service in the hospitality industry involves multiple interactions between the service providers and customers, and a high risk of service failures accompanies these interactions. Although

empirical studies on the outcomes and processes of service failures have been conducted in the hotel industry, the findings need more exploration to understand how different segments perceive service failures and the associated emotions differently. This study revealed the similarities and differences between groups (i.e., men vs. women and leisure vs. business) in reporting service failures. Different meanings of words that emerged from the text-mining results were also examined to ensure a more comprehensive understanding of the guest experience.

The development of global competition requires effective approaches to reduce failures and attain error-free processes in service industries. However, errors are inevitable in the service industry.

Once failures occur, service providers must act to effectively offset customers' adverse reactions to prevent post-consumption customer dissatisfaction , passive recommendation behavior , increased switching , and decreased revenue. An appropriate service-recovery mechanism allows service providers to alleviate these potentially adverse consequences and restore customers' positive attitudes and confidence.

However, studies conclusively show that even with excellent service recovery, restoring customer satisfaction is not as promising as preventing service failure in the first place. Thus, taking a proactive approach to understand how service failures occur and planning to prevent service from failing is of greater importance in sustaining customer satisfaction than focusing only on better service recoveries.

Prior research has categorized different types of service failures in the hotel industry. For instance, researchers have identified 26 service problems, which can be further grouped into six broad categories, including staffing issues (the most serious), as well as (in descending order of importance) security, food and beverages, check-in/out, room, and facilities for business and leisure guests. Additionally, other scholars identified 50 keywords related to service failures, which can be clustered into eight aspects, including guest arrival and departure, room amenities, food services, variety of choices, service personnel, banquet services, general food and beverage services, and communication. However, the existing studies either considered guests homogenous and thus mainly focused on hotel guests' overall service-failure experiences or used quantitative survey questions to measure how different segments evaluate the importance of service-failure dimensions. What is missing is an in-depth analysis of how different groups respond to unsatisfactory hotel services, especially by examining guests' stories.

6.1.1 Service Failure and Service Recovery

Service failure has been explored in detail in terms of service recovery in service marketing literature. The literature has identified two types of service failures : (a) while generating outcomes and (b) during the consumption process. Consumers who encounter the outcome dimension of service failure might deal with a third party, whereas those experiencing the process dimension of service failure deal with the service provider directly. Here, special attention is paid to the process dimension, which denotes that service failures happen during the consumption process of a hotel stay. This approach is in line with previous research, which identified that service failure occurring in the consumption stage contributed most to determining whether a customer would return or recommend a restaurant to others. Therefore, understanding how service failures happen during the consumption stage is critical.

Earlier studies on service failures concentrated on categorizing different types of service failures , sources of failure , or the typology of problematic customers. Later, scholars focused on exploring the consequences of service failure. They found that the inability to properly cope with service failure might result in consumer dissatisfaction , negative word-of-mouth behavior , increased switching behavior , diminished customer loyalty , and decreased revenue.

6.1.2 Group Differences in Hotel Services

Gender differences exist in many aspects of hotel studies, such as evaluating service quality ; selection of lodging accommodations ; customer dissatisfaction ; and more specific issues, such as sleep quality and hotel room design. For instance, one study showed that functional service quality (service-delivery efficiency) better predicts satisfaction and loyalty among men; however, women's satisfaction and loyalty toward brands are more likely to be influenced by relational service quality (guests' emotional benefits, beyond the core performance, social interaction between customers and employees). Another study examined the relationship between the five dimensions of service quality (i.e., assurance, reliability, responsiveness, tangible and empathy) and guest satisfaction toward hotel service delivery, and the results showed that empathy predicts satisfaction across two gender groups, tangibility only predicts satisfaction among male guests, and

reliability and responsiveness predict satisfaction among female guests. Besides, women and men report differently on sleep quality, although it is generally perceived that sleeping quality in hotels is not as good as that in the home. For instance, one study confirmed that individual differences exist among guests; more specifically, men, younger people, and guests with insomnia tend to sleep better than others. However, when identifying factors that influence hotel sleep quality, another study found that the likelihood of women reporting better sleep quality was higher than their male counterparts.

6.1.3 Findings of Service-Failure Experiences

Significant differences in service-failure experiences were identified between female and male guests, as well as between leisure and business travelers. Women were more sensitive to affective feelings during a hotel stay, whereas men were more concerned with the experience of facilities/amenities. Leisure travelers demonstrated greater price sensitivity and were more likely to have issues with amenities and meals, such as breakfast service and the swimming pool. In contrast, business travelers were more concerned about business-related issues and the hotel's functionality, such as Internet speed and air conditioning. These results suggest that more diverse strategies must be implemented when providing service and recovering from service failures and be differentiated according to type of traveler.

The findings confirm that regardless of gender and travel motives, guests want a comfortable, warm, clean, quiet, and safe place to rest, with commonly mentioned issues across groups including cold, smell, and noise. Therefore, the first practical implication for hoteliers is that these common and tangible issues should be avoided through renovation and refurbishment. In addition, it is imperative to ensure that hotel service is perceived as worth the cost, especially when offering physical elements to guests. For instance, sleep quality can be improved by purchasing high-quality pillows and mattresses and providing regular maintenance and cleaning, which highly resonate with the brand standard. In addition, hotels can offer support to help guests reduce any possible sleep disturbances with interventions such as yoga class recommendations and eye masks with earplugs.

Regarding noise control, hotels need to ensure that all of the facilities work noiselessly, significantly reducing the noise caused by the HVAC, refrigerators, toilets, and bathroom sinks. Furthermore, soundproof walls can be installed between hotel rooms. In addition, room-assignment

techniques can be implemented to alleviate noise; for instance, guests on a romantic trip should be placed on different floors than group guests who are part of a larger social gathering. Employees need to be more assertive when introducing the lobby and pool rules intended to curb uncivil guest behaviors.

Another imperative is to acknowledge group differences and to provide differentiated service based on customer type. For example, when dealing with female guests, it is important to make sure employee training programs are more focused on showing empathy, being positive, and showing respect, as suggested by the word "rude" in the results. For leisure travelers, it is essential to ensure that the conditions of using coupons are fully explained and that more realistic expectations are communicated in advance. Finally, to develop a structural relationship with business travelers, hotels can emphasize in-room technology amenities, such as high-speed Internet and universal power outlets, in marketing materials, as well as other membership-related benefits.

6.2 SERVICE FAILURES: TYPES, WHERE, AND WHY

Today businesses all over the world use social media to grow and improve their services. When Samsung's Galaxy Note smartphones caught fire, they explained the problem on all social platforms. They apologized, and they replaced the phones. When it comes down to it, customers just want to know they can trust a brand to make it right. In the contrary, they are also vulnerable for criticism. In the recent case of United Airlines, the flight was overbooked by one person, and that person was forcefully removed from the aircraft. This incident went viral over a short period of time, and the image of the airlines had taken a hit. Failures can go viral in a matter of a few hours leading to criticism and a negative image of the company. Service failure refers to not being able to perform the service that a company has promised, and service recovery refers to compensating and recovering the damage that has been done.

Sometimes customer service fails because of doing something, at other times because of not doing anything. A service failure, simply defined, is service performance that fails to meet a customer's expectations. Typically, when a service failure occurs, a customer will expect to be compensated for the inconvenience in the form of any combination of refunds, credits, discounts, or apologies. Service failure is the opposite of customer satisfaction. Service failure can range from bad quality to

rude behavior to late delivery. These examples all result in the customer not receiving the performance that they were promised. Everyone faces service failure now and then. One of the service failures that I experienced was at a restaurant when I had ordered a dish, and I found a long hair in it. When I notified our server, he took back the dish, added some more food in it, and presented it to me. But the hair was still there! Since then I never went back to that restaurant. And that's what customers do when their service failure is not handled properly.

The major reasons for service failures include strategy of the management, leadership quality of managers, and natural instincts of employees.

- Strategy of the management: Management should be able to plan and strategize company policies and operations so that every aspect of the business is well-organized to reduce the chances of service failure.
- Leadership quality of managers: Managers should be able to apply their leadership skills in motivating, supervising, and correcting the operations and actions in the organization to ensure higher customer satisfaction and minimum service failure.
- Natural instincts of employees: A large part of service relies on the employees as they are the one to provide service and interact with the customers. The behavior of leadership and management towards employees is often incongruent with the customer service initiative. Thus, employees must be well-skilled and trained to work efficiently and effectively.

Service failure is a very common scenario, but recovering from such failures is one of the most challenging tasks that management faces. There is always a hidden opportunity in a service failure, it just depends on the management whether it worsens or can set an example of recovery.

6.2.1 Types of Service Failures

A well-accepted categorization of service failures divides them into four types:

1. Service product failures—These include any failure in the core service products (e.g., cold or poorly prepared food, unavailable hotel room, or broken attraction), service settings (e.g., dirty or smelly rooms, no directional signs, or overly worn carpets), and service systems (e.g., out-of-stock items, inoperative credit card machines, or disorganized servers).

2. Failure to meet explicit or implicit customer requests—These include any inability to provide what guests ask for, such as special requests on menu items, a nonsmoker being put in a smoking room, or not honoring a reservation.
3. Failures caused by employee actions or inactions—These include both intentional and unintentional acts such as showing rudeness or bad attitude or not presenting a meal or bill in a timely way.
4. Failures caused by other guests, random events, or circumstances beyond the control of the organization but which guests will still expect to be fixed.

Service failures can also occur for a combination of these four basic reasons. For example, a rude server may bring a salad that was poorly prepared by a supplier along with an entrée to a guest who asked that the salad come out first, thereby committing errors of the first three types. If the guest gets very angry, begins yelling and cursing at the server, and makes an unpleasant scene in the restaurant that ruins another party's evening, then the fourth type of service failure would occur. Regardless of the reason or combination of reasons, a service failure can dramatically reduce customer satisfaction and can have severe negative consequences for the business.

In a study that analyzed critical incidents during service encounters to identify the reasons for customers switching to other products or services, three common problems emerged. The most common reasons people switched was due to failures in the service itself (such as mistakes committed by staff, technical failures, billing errors, or service catastrophes); they were mentioned by 44 percent of all respondents (noted by 11 percent as sole reason and 33 percent as one of two or more reasons). The second largest category of service failures involved employees' inappropriate actions, negative attitudes, or bad behaviors (noted by 34 percent). If employees were perceived as uncaring, impolite, rude, unresponsive, uncommunicative, or unknowledgeable (as in inexperienced, untrained, inept, out of date), they failed. The third largest category of reasons why people switched was unsatisfactory employee response to service failure (noted by 17 percent). When employees respond reluctantly, fail to respond with empathy or at all, or offer negative responses—for example, blaming the customer for service failure—customers understandably find those responses unsatisfactory and may switch even if the initial failure was not a sufficient motive to switch. Summing those percentages reveals that when customers switch

from one product or service to another, they do so more than half the time because of the way they were treated or spoken to by employees. Most of the time, service failures occur when the people part of the delivery system let customers down. The challenge this creates for managers is that the servers who create the failures are the same ones that must not only admit that they failed in order to fix it for the guests, but they must also trust their managers enough to tell them about their failures.

6.2.2 Customer Failure

Customer unhappiness is not always the hospitality organization's fault. Another source of failure is the customers themselves. The company may have done a perfect job of producing a meal to a customer's specifications, but the diner simply may not like the taste. For example, a diner might order halibut steak thinking it was a cut of beef; a guest may have ignored an "emergency exit only" sign and set off the alarm; or a guest may have lost a set of keys, a child, or money. Even though the organization does not create these problems— which are often beyond the organization's ability to manage no matter how much they train their people, perfect their systems and refine their services—the organization must still address them.

The organization should also be ready to handle those failures caused by other guests— the diner who sneezes on another diner's food, the sports bar Red Sox fan who tries to knock down the Yankee fan, the inconsiderate passenger who cuts in front of others at the airport security line, or loud talkers in a movie theater or concert hall. However, while doing everything in its power to rectify such situations, the hospitality organization should not admit liability for unfortunate, unavoidable occurrences that are not its fault. The Red Sox fan would probably have gone after the Yankee fan in any venue.

Attributing one's successes to oneself and one's failures to others is simple human nature. Guestologists know that. Hospitality organizations that want to keep guest-created service failures from destroying the guest experience and the guest's feelings about the organization build in strategies to help guests recover from their own failures so they can take a positive impression away from the service setting.

Airlines have routines to help people who have lost their tickets complete their flights. Disney has routines to help parents who have lost their children in the parks find them again. The best organizations recognize the importance of helping guests solve the problems they create themselves—without making them look foolish or feel stupid

while tired children or a spouse is looking on at the end of a long day in the park. Excellent organizations help these guests go home happy in spite of themselves.

6.2.3 Where Failures Happen

Though some moments of truth are especially susceptible to failure, an organizational failure to meet the customer's expectations can occur just about anywhere in the guest experience. This is why we spend so much time studying all aspects of the guest experience, identifying potential failure points, planning on how to prevent as many failures as possible, and being prepared to fix the inevitable failures. The best failure is one that is discovered before it happened, but no service experience can be totally flawless for every guest no matter how much managers plan. An organization needs to develop a way to find and fix failures and problems at the time guests are having their experience.

The service product may be inadequate, inappropriate, or fail in some other way to meet the customer's expectations. For example, the ordered hamburger may not look like the one advertised on TV that attracted the customer to the burger stand, or it may be undercooked, spoiled, or just not as good as the customer expected. A service failure is the result. The intangible part of the delivery system can also fail. If the burger took an hour to get to the customer at the burger stand or if the line wasn't managed properly, the delivery system itself may have failed. The people part of the delivery system can certainly fail. If the burger-stand counter person is unfriendly, inept, poorly trained, or rude, then the experience is unlikely to meet the customer's expectations. Finally, there can be a failure in the environment or setting if the customer feels that the ambient temperature is too cold, a sudden rainstorm ruins the meal, or one customer collides into another making them drop their meals. These points of possible failure must all be planned for and managed to ensure that the service experience meets and, hopefully, exceeds the customer's expectations.

6.2.4 Severity of Failure and Recovery

Service failure comes in degrees, ranging from catastrophic failures that make newspaper headlines, to those that are annoying, to insignificant slipups that are barely noticed. They also come in frequency from those that happen often to those that are rare. Customers tolerate most small and infrequent errors. They know that things don't work perfectly every time so they may brush off minor failures, especially if their prior

experiences with that organization have been excellent and they expect to continue the relationship with it.6 Failures can even include those of which the customer isn't aware. Some customer service experts believe the organization should apologize even for these failures as they provide an opportunity to "wow."

Along the severity continuum is an infinite range of service errors. Since the customer defines the quality of the service experience, the customer also defines the nature and severity of the service failure. Different customers can be very unhappy or just mildly unhappy about the same failure just as different customers can be very happy or mildly happy about the same service. Some service recoveries fix the customer's problems, and other recovery efforts make things worse. Sometimes the best a manager can do is to neutralize the angry customer.

6.3 THE IMPORTANCE OF FIXING SERVICE FAILURES

When a guest has a problem, one of three outcomes usually occurs. The problem is fixed and the formerly unhappy guest leaves happy; the problem isn't fixed and the unhappy guest leaves unhappy; or the organization tries to fix the problem and succeeds only in neutralizing the unhappy guest. In a study of a restaurant, students were asked to indicate how important nine common service failures were to them. They were also asked whether and under what conditions service-recovery techniques were successful in causing them to forgive the failure. Failures included problems such as defects in the core food product, slow service, out-of-stock items, incorrect temperatures, billing errors, and inappropriate server behavior. The study reports that for some service failures, such as inappropriate server behavior, customers were unforgiving regardless of any effort to recover. For technical failures such as delivery of the wrong order or a problem with the food itself, the customers were more forgiving after recovery attempts and were more likely to return. Being successful in service-recovery efforts is critical, because a formerly unhappy guest who leaves happy may tell many others about a terrific experience. An unhappy guest may leave and tell as many others as possible about the terrible experience. A neutralized guest may leave and forget the whole experience and perhaps the organization as well.

In instances of total service catastrophe, neutralizing the unhappy customer may be the best that the organization can hope for. If the

surgeon removes the wrong leg, everyone on the cruise gets Legionnaires' disease, or the restaurant meal leads to food poisoning, recovery from the failure is nearly impossible. Even so, most modern hospitality organizations have developed disaster plans to prepare their employees for such situations. Airlines have emergency teams for handling crashes, theme parks have quick-response teams for accidents, and hotels have fire teams for handling evacuations in emergencies. The team's primary responsibility is to handle the emergency situation, such as putting out the fire. The best teams will also provide aid and comfort to the customers affected by the emergency, in part to restore the customer's positive perception of the organization.

6.3.1 The Price of Failure

Ultimately, retaining customers by providing excellent service and avoiding or fixing service failures is essential to organizational success. Frederick F. Reichheld and W. Earl Sasser, Jr., showed that if a company can reduce its rate of customer defections (leaving the organization to go to a competitor) by only 5 percent, it can improve profits by 25 to 85 percent. Since their study, a lot of research effort has been dedicated to determining the lifetime value of a customer. Publicizing this value to employees gives everyone a strong sense of why it is so important to find and fix the service problems that cause customers to switch their support to other companies or use the service less frequently. It costs money to lose a customer.

When the lost revenue of unhappy customers who don't return is added to the lost revenue of customers who don't come because of the negative word of mouth from unhappy customers, service failures have created an expensive problem. Over a defecting customer's lifetime, how much potential revenue have you lost? Many companies have sought to make this estimate, and while results differ by the type of product being provided, they invariably show that the price of failure is highly significant for any business.

Consider the following examples. A study of a cruise line showed that the lifetime value of customers ranged from $4,000 to $5,000. Domino's Pizza estimated that over a ten-year period a regular customer spends about $5,000. Mazda Australia estimates that the lifetime value of each customer is over $100,000, while Carl Sewell of Sewell Cadillac in Dallas calculated that each of his customers was worth $332,000 in lifetime sales, service, and referrals. The Ritz-Carlton estimates the lifetime value of its engaged guests at more than $1 million. Thus, fixing service

failures is clearly one of an organization's most essential activities. Of course, every business is different, and so every hospitality organization would benefit from taking the time to calculate the value of its long-term satisfied customers. As a case in point, Harrah's Casino and Resorts uses its emphasis on the lifetime value of its customers to refocus its loyalty programs, change how it offers amenities, and improve the way it contacts customers.



Figure 1: Harrah's Casino and Resorts used its estimates of customer value to change the way it provided rewards in its loyalty program.

The examples provided earlier reveal that, even for a small business, the lifetime value of a customer may be surprisingly large. To show how a restaurant might come up with numbers like these, assume that the restaurant wows its patrons so much that some come back once a week and others once a month and spend an average of $20 each time they visit. The total value of each wowed customer's business for the next five years would be $5,200 for the weekly customer and $1,200 for the monthly customer. That's a lot of money to throw away by ignoring a complaint about one bad meal. These numbers get even bigger when the number of people that a positive word of mouth guest could bring to your hospitality organization is added in. If our wowed guest tells an average of five others who are also wowed and, in turn, tell five additional people, the multiplier effect is enormous. Over the estimated life of a typical customer, this can add up to many thousands of dollars in potential revenues.

Positive word of mouth has great value, and negative word of mouth is extremely costly. Unhappy customers can be particularly dangerous to a business, as they are approximately twice as likely to spread

negative word of mouth as happy ones are to spread positive word of mouth. Research shows that customers who have bad experiences tell approximately eleven people; customers who have good experiences tell approximately six. Multiplying the influence of word of mouth is the Internet. Word of mouth used to be one-to-one. Angry customers used to be limited to writing letters to corporate headquarters or the Better Business Bureau, putting up signs in their yard, or painting "lemon" on the car. Now, anyone with Internet access can write a blog; post comments on a social networking Web site, TripAdvisor, or some similar site; or create a dedicated Web site to tell the world about any offending company. In this day of worldwide communication, a customer can praise or complain over the Internet and instantly reach millions of people. The benefits of avoiding negative word of mouth and turning it positive are obvious.

6.3.2 The Customer's Response to Service Failure

The unhappy or dissatisfied customer is the focus of the service recovery. An unhappy customer can do any one or a combination of four actions.

Never Return

First, the customer can leave vowing never to return. Here, the company has lost a stream of potential future revenue. As already noted, lifetime customer values can be substantial, and when guests walk out vowing never to return, it all goes away. One main reason for empowering servers to provide on-the-spot service recovery is to keep dissatisfied customers from leaving that way. Fixing a service problem before the guest leaves your facility is the best thing that you can do to diminish the impact of a failure and prevent the loss of that customer's future business.

Complains

The second action a customer can take is to complain to someone in the organization. A popular book on this subject is A Complaint Is a Gift. Good hospitality managers believe that to be true. They encourage guests to complain and thank them when they do. A complaint is a positive opportunity for the organization with several important benefits. For one thing, it gives the company the chance to make an unhappy guest happy; the organization can turn the lemon into lemonade. Unfortunately, only 5 to 10 percent of dissatisfied customers complain. R. L. Day and E. L.

Landon found that only 20 to 35 percent of people complained about the most dissatisfying consumer experience they ever had. To complete the bad news, according to the research of Stephen S. Tax and Stephen W. Brown, most of the relatively few customers who do complain are dissatisfied with how companies resolve their complaints.

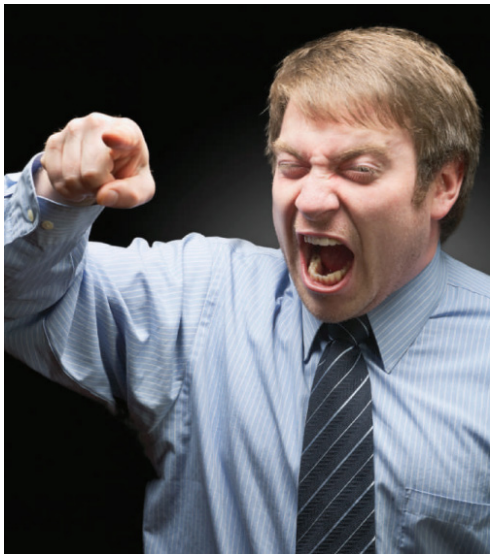


Figure 2: It may not feel like it at the time, but a customer complaint represents an opportunity to correct a service failure before the guest leaves the establishment.

If guests can be encouraged to complain, the organization gets valuable information about where problems in the guest experience are located. The customers who return to the counter with uncooked hamburgers, or tell the server about their unhappiness with the slow service, or write letters to the hotel manager describing their dissatisfaction, can all help identify problems in the service product, the delivery system, or the personnel. At the same time, guests give the organization the opportunity to fix the problems before they tell others about their dissatisfaction and before other guests experience the same problem. Unfortunately, according to Tax and Brown, "most firms fail to document and categorize complaints adequately," which makes learning from mistakes more difficult.

Organizations should encourage guests to complain, even teach them how to complain if necessary, and then measure and follow up on complaint resolution. Guests who suffer service failures silently are more apt to leave without returning and to bad-mouth the organization

than complaining guests are. British Airways found that of customers experiencing service problems, only 50 percent stayed with the airline if they did not complain to BA personnel. But a full 87 percent of those who did complain stayed and did not defect to a competitor.

Some companies claim even stronger results from successful complaint resolution. They believe that, on average, 70 percent of their guests will stay with the organization if a complaint is resolved in the guest's favor, and that a full 95 percent will do business again if the complaint is resolved favorably on the spot. This is why the benchmark hospitality organizations empower their frontline employees to handle many complaints personally and in the best possible way they can, rather than seeking the manager's authorization first. As former Gaylord Hotels COO John Caparella said, "The only way to meet our mission of 'Flawless Service' is through the commitment and dedication of our front line employees. Our 'STARS' are the ones that are close enough to the customer to recognize and evaluate a problem and make it right for the customer and keep that customer." This has been a point long championed by Hart, Heskett, and Sasser who wrote, "The surest way to recover from service mishaps is for workers on the front line to identify and solve the customer's problem." Just as handling a complaint well can be to the organization's benefit, handling it poorly or not at all can hurt badly. If a dissatisfied customer complains and then finds that the organization can't or won't fix the problem, the organization has now failed that customer twice, and everyone the customer knows will hear about it. A large sticker on the computer screens used by servers at T.G.I. Friday's reads "Every Guest Leaves Happy." Making sure no guest leaves unhappy is obviously to the organization's advantage. The excellent organizations want all of their dissatisfied customers to complain so that they can fix whatever problems might have occurred.

Bad-Mouth the Organization

The third action an unhappy customer can take is to bad-mouth the company, telling everyone who will listen about the terrible experience. If the negative experience was very costly for the customer either financially or personally, the customer is even more likely to spread the bad word. The greater the costs to the customer, the greater the motivation to tell. If someone returns home after spending a lot of time and money flying to the Cayman Islands, staying in a hotel for a week, eating out, and paying admissions to various attractions, friends and neighbors will probably ask, "How was your vacation?" If it was a bad experience, the customer

will make every effort to share that information with all who ask, post it on a blog, and add the experience to TripAdvisor. The likelihood that anyone who listened to or read about that person's experience on the Internet will also spend the time and money to go to the Cayman Islands will be substantially diminished.

Obviously, the more important the experience is to the customer, the quicker the customer will become unhappy when the experience does not meet expectations. The unhappier a customer is, the more likely that person will complain, leave, and tell people about the experience.

Retaliate

Beyond bad-mouthing the organization, the fourth action an unhappy guest can take is to find a way to retaliate. Getting back at the offending company can take several forms.

Some customers get so angry that they conduct public bad-mouthing by taking their concerns to the press or their legislative representative. In rare cases, the retaliation can even be in the form of creating nongovernmental organizations (NGOs) to protest the organization and the practices that have led to the service failure.

Airlines are a good example of an industry that has outraged so many people that angry customers have organized into groups to seek new legislation and redress for the airlines' passenger practices and apparent indifference to their guests' needs, wants, expectations and behaviors. As a result airlines face governmental mandates to make higher reimbursement payments for passengers bumped from flights and renewed consideration of Passenger Bill of Rights legislation.

Other retaliatory strategies are available to angry guests who believe that the organization failed them in some way.

They can picket organizational facilities, take out ads in newspapers publicizing whatever the organization did to anger them, organize boycotts against the company, or file lawsuits that take company time and money to resolve.

Retaliating guests may even take out their frustration on the company's employees. These actions by angry guests all have a cost for the organization. For example, when employees are abused by an angry guest, they themselves are likely to become angry with an employer that makes its customers so angry that employees get unfairly yelled at (or worse) by their customers.

Worst-Case Scenario

If the failure was severe enough, it turns the guest into the angry avenger that every organization fears. This is the company's worst-case scenario for a service failure, where the customer leaves vowing never to return, does not complain to the organization, switches to another service provider, bad-mouths the organization, and finds a way to retaliate.

The company has not only lost any future business from the angry customer, but it has also lost the business of the many people who will hear and be influenced by the negative word of mouth.

This dissatisfied customer has become a true avenger fighting against the organization. A typical dissatisfied customer may tell eight or ten people about the problem. An avenger may create a Web site or a blog and influence millions.

6.3.3 The Value of Positive Publicity: Bad-Mouth versus Wow

On the other hand, the value of a wowed customer can be huge. Picture a family coming back home from a Caribbean island that caters to tourists. They have terrific tales to tell (or twitter) their friends and post on Facebook. Their experience exceeded their expectations. To have these apostles telling everyone they know about their great vacation is very much to the Caribbean island's advantage.

This positive word of mouth has great value, not only for influencing others to go to the Caribbean paradise, but also for blunting negative word of mouth. If a potential customer hears strong testimonials or reads the blogs about a guest experience from three trusted friends, disregarding a complaining avenger will be easier.

Credibility

Word of mouth is important for several reasons. People who tell other people tend to be more credible than impersonal or anonymous testimonials. When your friend tells you a restaurant was bad, you no longer believe all the ads on television assuring you that the restaurant is a good place to eat.

Not only is the information more credible, but it tends to be more vivid as well. For either good or bad word of mouth, the richness of the detailed personal experience of a friend is more compelling than any commercial advertisement.

Evangelists

Exceeding expectations creates the evangelists that every organization hopes to have. Hospitality companies work hard to ensure that their guests have experiences so memorable that they can't wait to get home and tell all their friends and relatives about what a terrific time they had, post on their social network site, or submit a glowing report on TripAdvisor. This positive word of mouth advertising reinforces the company's favorable public image.

Like all companies that seek excellence, the good hospitality organizations work hard to identify and train their people to find and fix the inevitable problems quickly. The best companies plan for failures—by training, using simulations, telling stories to teach how employees have creatively fixed problems in the past, and celebrating employee efforts to find and fix service problems—with the intent of changing a problem into an opportunity to "wow" the guest and perhaps create an evangelist. In The New Gold Standard: 5 Leadership Principles for Creating a Legendary Customer Experience Courtesy of the Ritz-Carlton Hotel Company, Michelli reports a Ritz-Carlton example of a problem that was not even the hotel's fault but an employee fixed it anyway. Some Ritz-Carlton hotels operate camps for kids. One guest reported, "My daughter spilled something on her pants soon after arriving there for a day. Our baggage was lost by the airline, and so she didn't have a change of clothes. Not only did the camp counselors have her clothes dry cleaned; they also went to Macy's and bought her a new outfit. I was floored. This is obviously above and beyond anything I would have expected." Guests who get this kind of red-carpet treatment may become evangelists who spread the company word far and wide.

6.4 FAILURE IS NOT FATAL: ACTIONABLE INSIGHTS ON SERVICE FAILURE AND RECOVERY FOR THE HOSPITALITY INDUSTRY

The service industry accounts for more than 70% of global GDP and continues to grow. This growth of the service sector in the foreseeable future is partly fueled by the rapid development of service technology (e.g., artificial technology (AI), chatbots, and automated self-service technology) in the digital age. Service performance is pivotal to consumer satisfaction, however, it is characterized by heterogeneity and intensive human involvement, and therefore service failure is almost inevitable.

Consequently, service companies must derive service recovery strategies that would help them mend the broken service promise in case of a service failure. For example, how can customer dissatisfaction be reduced in the event of a service failure? When a service was not performed well for a guest at a hotel, should the General Manager apologize in person? Or send a hand-written apology or an email to the customer? Is a private or public service recovery more effective? Does a service failure matter for an observing (potential) customer? How would a customer witnessing a service failure react to the situation and the service recovery effort by the hotel? Does service technology curb service failure due to its ability to offer standardization? Or does it create new challenges for service failure circumstances and service recovery strategy?



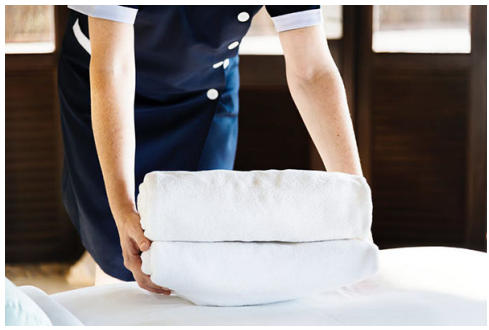
In this section, we seek to address each of these questions by discussing the most notable research findings concerning service failure and recovery. More importantly, we offer some actionable insights derived from existing academic research. The key takeaway is that while service failure is inevitable, proper service recovery effort will not only fix the problem but also enhance customer satisfaction beyond the current as well as potential customer's expectation.

6.4.1 Insights from Classic Service Failures and Recovery Research

Service failure refers to an instance when customers experience dissatisfaction as a result of an actual service performance not meeting expectation. There are some factors that can reduce consumer dissatisfaction in service failures. For example, a clean and organized service environment, a pre-existing customer-company relationship, and the type of service failure.

Service Environment

One classic research has showed that simply providing a clean, neat and organized service environment can reduce consumer dissatisfaction when service failures happen. Interestingly, a clean and organized environment conveys a professional image that make consumers attribute the cause of the failure as a random event. Consequently, they are less likely to blame the firm for the mistake. If the service environment is unclean and disorganized, the reverse is true: consumers become more dissatisfied with the mistake.



Customer Relationship

Building positive and strong customer rapport is another important strategy because customers tend to be more forgiving of mistakes when they have a positive, pre-existing relationship with a service provider. This is especially true for consumers from Asian cultures.

If a customer treats a service provider as a friend (as opposed to a business partner), he/she will be even more tolerant of the service mistakes due to trust. This trust, however, can be a double-edged sword. When customers have high trust for the service company and it fails to deliver on an explicit promise (e.g., "I guarantee you"), customers would feel betrayed and become angrier. But if the service promise is implicit (i.e., "I try my best to help"), customers would be more forgiving. Perhaps counterintuitively, this implies that companies are best to avoid offering service guarantees to loyal customers who consider them more than just a business partner, but as a friend.

The Type of Service Failure

Service failures can be classified into outcome and process failures. An outcome failure involves a loss of economic resources (i.e., money,

time) and a process failure involves a loss of social resources (i.e., social esteem). To illustrate, a flight delay would be an outcome failure but an inhospitable flight attendant would be a process failure.

Cross-cultural research has shown that when an outcome failure happens, Asian consumers are *less* dissatisfied than their Western counterparts. When a process failure occurs, however, the reverse is true. The main reason is because, when compared to Western consumers, Asians are more sensitive to social resources and face concern (i.e., care about one's social image in front of others), but they pay relatively less attention to economic resources.

The two types of service failures also have implications for service recovery. Consumers prefer to receive recovery resources that match the type of failure that they suffer. Consumers prefer compensation and a speedy recovery when an outcome failure happens. However, they prefer an apology and an organization-initiated recovery when a process failure happens. Moreover, offering a compensation accompanied by a personal handwritten note (vs. an impersonal typewritten note) from the service provider would boost consumer recovery satisfaction and even reciprocal customer behaviors like more tips.



In fact, the majority of previous research has focused on customers who are directly involved in service failures, scant attention has been paid to studying observers' reactions to service failures. Observers are the potential customers for a service firm. In the digital age, it is very easy for an unhappy customer to post a negative review online via messaging apps, and this online complaint can be viewed by many others. Notably, customer online complaints have increased 800% over the years between 2014 and 2015, and this definitely captures much research and practitioner's attention.

6.4.2 Insights about the Role of Observers (Potential Customers) in Service Failure Recovery

Since service failure is defined as incidents between the focal service provider and customer, past service recovery strategies research has largely focused on the effectiveness of the various means of recovery efforts for the focal customer's loss and in restoring this customer's satisfaction level. While it is important to know how a customer involved in a service failure responds to different recovery strategies, recent research suggests that it is also crucial to examine how an observer (potential customer) witnessing a service failure evaluates the recovery effort. Although there is no reported figure of the financial cost associated with service failure, the consequence of service failure and ineffective service recovery are expected to be increasingly costly due to the prevalence and influence of online distribution and social media channels (e.g., TripAdvisor, booking.com, Instagram, Twitter, etc.). The monetary costs of losing a hotel guest or restaurant patron can include a direct cost represented as in the short term as the value of a repeat customer and in the long term as customer lifetime value. But the prevalence of online channels, such as TripAdvisor, and Booking.com, implies that the monetary costs of a service failure could also include an indirect social cost due to negative word-of-mouth permeated through negative online reviews. As such, it is expected that the detrimental effects of ineffective service recovery may go beyond those impacts on the customer involved to the observers (e.g., potential customers reading online reviews).

In general, the scant research which focused on the observer (potential customer) has found that a service failure which happened to another customer does have an impact on the observer's evaluation of, and by extension, intention to engage with the service provider. More interestingly, the contagion impact of a service failure to the observing (potential) customers has been shown to have psychological rather than rational underpinnings. One study showed that the extent to which an observing customer assigns blame to the service provider reflects a defensive mechanism. In particular, when the observing customer witnesses a negative event (i.e., saw or read about a negative service experience), feeling of threat would arise. This feeling would trigger a self-protective motive manifested as the observing customer's heightened motivation to avoid possible future harm by assigning more blame to the perpetuator of the negative event (i.e., the service provider).



The robustness of the defensive mechanism in the role of an observing customer in service failure is further supported by the finding that an observing customer's perceived personal similarity with the customer involved accentuates the blame assignment for the service provider. Past research reported that when the observing customer perceived more personal similarity with the focal customer of the service failure, more blame was assigned to the service provider. Moreover, the psychological state that drives this pattern of blame attribution is a sense of vulnerability felt towards the chance that the same failure would befall oneself, as opposed to negative emotions felt towards the negative experience associated with the observed service failure. In addition, this line of research suggests that personal similarity can be instigated by a variety of factors, such as the focal customer's age (e.g., a younger person vs. an elderly) and ethnicity (e.g., Asian vs. Cassian), customer status (e.g., VIP status at the focal service company). More importantly, the increased blame assignment to the service provider in the aforementioned studies would further hinders key customer outcomes, such as perceived service quality, likelihood to use the service, and intention to choose the focal service provider, which could hurt the company's bottom line.

Taken together, this body of research suggests that a company's service recovery should not be limited to the customer involved in the failure, but extended to those who observed it. For example, service firms can consider offering a public apology or recovery on social media channels

after service failures, it may help in alleviating the feeling of threats that the observing customer may experience. Moreover, after the service recovery had been performed to the customer involved, extra attention maybe devoted to other customers as well. If a food order has been placed incorrectly, for example, after apologizing to the patron involved, the server may ask those sitting nearby about their orders and food. This act of concern may soothe any uneasiness emerged out of witnessing someone else's negative experience.



6.4.3 Service Failure and Recovery in the Technology-Infused Era

The recent surge in technology-infused services has brought new opportunities and challenges to the service industry as a whole. But what are the implications, if any, with respect to service failure, and by extension, service recovery? There is admittedly very limited research in this area. But we hope to offer a few key takeaways for mangers based on our current knowledge:

1. Companies must remember that while technology-enabled service standardization does not curb service failure. But service failure resulted from service technologies may often be the customers' own fault (e.g., inability to use technology, not following instructions, etc.). Companies' must focus on how to better educate customers on the operations of the service technologies and assist customers to prevent such service failure.
2. Customers using self-service technologies tend to attribute success to themselves but failure to the company. To illustrate, a recent study found that Apple Pay users became

more satisfied with the service provider if the payment was successful because it made them look *cool*; on the contrary, those users became more dissatisfied if the payment was unsuccessful because they felt embarrassed. This suggests that companies' service recovery effort would not only need to fix the problem but also to alleviate the negative emotions (e.g., embarrassment, anger, etc.) the customer experienced.

3. Recent market studies have repeatedly found that many customers consider themselves reluctant participants in adopting service technologies. Companies may need to handle service failure and recovery differently for customers who are receptive to technology from those who are reluctant participants. One may expect that those who felt that they did not have a choice may be even more dissatisfied and thus require extra recovery effort.

6.5 RECOVER FROM A SERVICE FAILURE

Failures in customer service are inevitable. Whether you're just starting out as a business or a well-oiled machine, you're bound to slip up and disappoint a customer at some point; your reservations desk forgets to accommodate a special request, your airline has to cancel a flight to a popular holiday destination, or a waiter in your restaurant is having a bad day and is impatient with an elderly couple.



It happens.

The good news is that this is where you have the opportunity to make a real difference. Left unresolved, service failures produce disgruntled customers - who will be quick to tell their friends, family and just

about anyone who will listen about their poor service experience. In fact, research shows that on average, a dissatisfied customer will share their negative experience with 16 people. That will not bode well for your business.

Handled tactfully, however, breakdowns can be resolved, and even turned into opportunities to enhance customer loyalty and improve overall customer satisfaction.

The key lies in mastering service recovery. With the right skills, and a little training, companies can not only recover from their service failures and win back customers - but learn from their mistakes and come out stronger on the other end.

6.5.1 Do Something Quickly

The basic recovery principle is to do something and do it quickly. Satisfaction with service-recovery efforts decreases as the amount of time taken to provide a resolution increases. Strive for on-the-spot service recovery. Its many benefits are one major reason why benchmark organizations empower their frontline employees to such a great extent. The one answer a guest does not want to hear is, "I'll have to ask my manager." That's why a standing guideline for empowered employees of the best organizations is: Provide immediate service recovery.

The Ritz-Carlton is famous for empowering its employees to find and fix failures. Here are three of the "Ritz-Carlton Basics" that appear on the Credo Card, carried by every employee:

- Any employee who receives a customer complaint "owns" the complaint.
- React quickly to correct the problem immediately. Follow up with a telephone call within twenty minutes to verify that the problem has been resolved to the customer's satisfaction. Do everything you possibly can to never lose a guest.
- Every employee is empowered to resolve the problem and to prevent a repeat occurrence.

How the problem came about or who caused it does not matter. Every employee is empowered to resolve it. The $2,000 each employee is authorized to use to recover from a service failure and achieve guest satisfaction backs up that philosophy.

Management must empower employees with the necessary authority, responsibility, and resources to act and act quickly following a failure. The higher the cost of the failure to the guest in terms of money, personal

reputation, or safety, the more vital it is for the organization to train the server to recognize and deal with it promptly, sympathetically, and effectively. Of course, empowering employees to recover from failure will not be sufficient if recovery mechanisms are not in place. If the rest of the organizational systems are in chaos, empowering the front line won't do much good.

A necessary further step is that employees should inform their managers about system failures even if they initiate successful recovery procedures. If they don't, the problem may recur elsewhere. In part to help encourage employees to share how they handle service failures, Federal Express created the Golden Falcon Award to recognize employee initiatives in service recovery. Winners not only get a pin to commemorate their success, but they also have an article published in the company newsletter about what they did. In addition, they get a telephone call from the chief operating officer and receive ten shares of the company's stock.

All hospitality personnel should be trained to apologize, ask the guests about the problem, and listen in a way that gives guests the opportunity to blow off steam. Considerable research indicates that having the chance to tell someone in authority about the service failure and the problems it created is very important in retaining the guest's future patronage. This strategy is even more effective when the organization expresses its thanks for the complaint with a tangible reward, even if it is small. Many restaurants will apologize to guests who complain about a longer-than-expected wait and offer a free dessert as a small recognition of their sincere regret for disappointing the guest. Some restaurants do this even if the guest does not complain.

Benefits of Quick Recovery

A quick reaction to service failure has numerous benefits. Solving a problem up front instead of over time reduces the overall expense of retaining guests. It is generally less expensive to fix a problem on the spot than it will be if the guest is further aggravated by the inability of the server to solve the problem without checking with the supervisor. This is where minor annoyance can become true anger and the reason the benchmark hospitality organizations empower their employees to fix the problem on the spot if at all possible. The sooner the guest is satisfied, the more likely the guest will remain with the hospitality organization and the sooner the organization will benefit from the guest's repeat business. Fix their problems and most guests will come back. Fix

their problems on the spot and there is a very good chance that they will not only come back but will also likely recommend the organization to their friends. Reward programs and recognition for employees who have done an especially good job of recovering from a service failure offer strong incentives to other employees while providing role models of the organization's commitment to service quality.

6.5.2 How Do Customers Evaluate Recovery Efforts?

A service failure has occurred, and the organization has made an effort to recover from it. Does the guest feel fairly and justly treated? Four dimensions of justice—distributive, procedural, interactive, and informational—need to be considered. According to Tax and Brown, justice dimensions explain 85 percent of the variation in customer satisfaction with how complaints are handled.

Distributive Justice

Distributive justice, or outcome fairness, is an assessment by the customer of the fairness associated with whatever compensation he received to rectify a service failure. What did the organization actually give or distribute to the unhappy customer as compensation for the problem? If the guest complains about a bad meal and gets only a sincere apology because that's all company policy calls for, some guests will feel unfairly treated; sometimes "We're sorry" isn't enough, in the guest's judgment, to compensate for the poor service. Once again, it all comes down to meeting the guest's expectations. The issue is difficult because each guest is different. For many guests, an apology is fair enough compensation for many service failures. For others, nothing is good enough to make up for the problem or difficulty that the service failure created for them. Finding satisfactory compensation may involve methodical trial and error on the organization's part, but the easiest way is to ask the guest. For example, a hotel could offer a disgruntled guest a choice of either a refund or an upgrade.

Procedural Justice

Procedural justice refers to whether the customer believes company procedures for handling service failure are fair and not a procedural hassle full of red tape. Best Buy believes that not giving customers the best value possible is a kind of service failure, so it will pay customers a refund plus 10 percent if they show they were not given the lowest price

in the area on a purchased product. Customers feel this is a fair policy. Customers also want an easy process for correcting failures. They feel that if the organization failed them, it is only fair that the organization makes it easy for them to receive a just settlement.

Interactional Justice

Interactional justice refers to the customer's feeling of being treated with respect and courtesy and being given the opportunity to express the complaint fully. If the customer has a complaint and is denied the opportunity to state it to someone because the offending server is rude, indifferent, or uncaring, and the manager cannot be found, the customer will feel unfairly treated. A study of traffic-court offenders by Lind and Tyler revealed that many offenders whose cases were dismissed without a hearing were dissatisfied with the process and angry about the outcome, even though the dismissal was a favorable result for them. Since they were denied their day in court, they were unhappy with the process even though they had won.

Common sense suggests and research shows that a customer who is encouraged to complain–and is then treated with respect, courtesy, and given a fair settlement–is more likely to be satisfied with the experience, spread positive word of mouth, and repatronize the organization than one who was given a fair settlement but only with reluctance and discourtesy.

Informational Justice

Informational justice refers to guests' satisfaction with the adequacy of the information and communication provided by the organization. Were employees of the organization candid with you, or did they not tell you what was going on, hide information, or simply did not communicate to you what the current situation was and what they knew? If a guest is unhappy about a flight delay, it is generally perceived as worse if the airline does not let the guest know the reason for the delay and how long it should realistically take to resolve. An unexplained wait feels longer than an explained wait. Saying "we're sorry" shows the company is apologetic for the delay, but the guest still wants the service product she originally purchased: the flight from point A to point B. Feeling that the company was honest and forthright with information can go a long way with helping the guest at least understand that there is a legitimate reason for the service failure.

How the Recovery is Managed

Fairness can mean different things in different situations and with different people. A lot of research has been done to see which is more important and when. Studies have found that while all four justice dimensions influence customer satisfaction, procedural justice seems to be most influential. Since this dimension is most closely aligned with the idea of receiving the service you were promised, this conclusion seems reasonable. Some research indicates that customers feel more fairly treated when organizations extend options as compensation for service failure. A separate study of restaurant customers found that interactional justice and procedural justice had a positive effect on customer satisfaction and positive word of mouth but only procedural justice impacts revisit intention. Distributive justice had no impact on any outcomes studied.

More recent studies have found that the impact of justice is more complicated. Wirtz and Mattila found that the recovery outcome (such as compensation or apology), the procedures used to determine that outcome, and the interactional treatment used to deliver that outcome (such as the attitude of the server offering an apology) combine to impact the satisfaction with the recovery. In other words, the research is supporting what common sense would suggest: a compensation that the guest sees as fair for the pain and suffering caused by the failure, delivered in a quick and easy-to-use complaint process by an employee who seems genuinely apologetic for the failure and appreciative of the opportunity to fix it, will seem fair to the guest. Guests who feel fairly treated will likely come back, spread good words about your organization, and be satisfied with the experience.

These effects of justice are well illustrated by the following example, where a customer emerged highly satisfied by what began as a horrendous service failure. Southwest reports a story of how a passenger wrote a letter thanking Southwest for a trip that took twentytwo hours. While most would think this is a cause for a major complaint, the customer saw it differently because of the actions taken by several customer service employees. It seems that weather had caused cancelled flights and closed airports for a traveler trying to get from Salt Lake City to Chicago. The customer service agent, working a seventeenhour shift to help stranded customers, found a way to book the passenger on actual flights instead of sending him on his way to hope for the best on standby status. Booking a triple connection, the agent got him confirmed seats to his home. At the same time, another agent booked his bags directly

to Chicago so they would be there when he finally arrived, and another agent met him at the end of the first leg of his trip and provided him with a snack. In the letter summarizing his experience, the passenger wrote, "Due to your amazing customer service, a flight plan that could have been a nightmare instead became a great story to tell. I received much more attention than expected because your organization truly under-promised and over-delivered."

The important lesson that justice theory teaches is that different people will see failure and recovery through different perceptions of fairness. The extent of dissatisfaction is affected by such factors as the customer involvement in co-production requirements; the length, frequency, closeness, and importance of the relationship to the customer; and the costs of switching to another provider. The stronger guests feel about these factors, the angrier they will be when the organization fails them in some important way. One might then assume that satisfaction with service recovery would only be a function of how much the person gets (i.e., distributive justice) in compensation, but the prior research and the Southwest example shows this not to be the case. Instead, perceptions of service recovery are influenced by the fairness of the process used (procedural justice), the empathy of the employee (interpersonal justice), and the way in which the customer was kept informed (informational justice). The way in which the recovery is managed can thus either help or hinder the guest's future relationship with the organization.

There are a number of key lessons for service recovery that we can learn from the research on fairness: If there is a problem, fix it quickly. If the guest is a long-time loyal customer, fix it quickly and especially well. But solving it quickly and well does not mean just throwing money at a complaint, as that won't make it go away. Find out and care about the problem, be honest when solving the problem, and approach the solution fairly.

6.5.3 Service-Recovery Systems Analysis

Besides the individual tools and techniques, an overall strategy for failure analysis will serve the guestologist seeking to prevent any guest from being disappointed. Based on a model presented by Gonzalez and his coauthors, Figure 3 presents a model that describes how managers should analyze their failures and their efforts at failure recovery. This figure shows that analyzing and correcting service failures has seven steps. The first three steps involve failure analysis, while the last four steps involve the recovery effort.

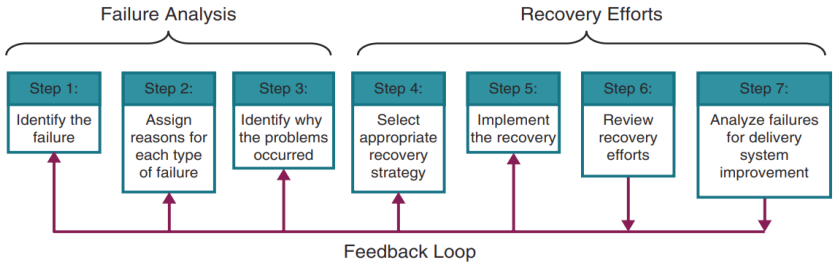


Figure 3: The Steps of Failure Analysis and Recovery Efforts.

Specifically, the first step is to identify the failures. The second step is to put them into categories for further analysis. These steps require organizations to be on watch for service failures and to have a system in place to document and track any errors that occur. The third step is to assign reasons for each type of failure, attributing them to who was in charge, how often they happen, and whether those in charge could have controlled what happened. This step is not designed to focus on finding someone to blame or punish, but rather to identify why the problems occurred so that the system can be changed, the employee involved can be trained, or the necessary changes can be made.

The recovery effort begins where the failure analysis ends. The fourth step of the model is to select the appropriate recovery strategy for each type of failure. Strategies can range from a simple apology to some level of compensation to no response at all. During the planning phase, companies must consider the types of failures that might occur and prepare appropriate responses for them. The fifth step is the implementation of the recovery. Its success is grounded in how fair customers perceive it to be, in terms of the justice types we have just discussed. The sixth step is to review the recovery efforts and follow up to see if they were successful. The organization should assess the extent to which the employees involved in attempting recovery performed appropriately and whether the details of the failure have been recorded and retained in the company database for future use and further study of failure causes.

Another critical component of a good failure analysis system is the feedback loop. Information obtained from each part of the process should be shared throughout the organization to help correct problems, prevent similar problems, and help teach other employees how to handle problems. While this feedback should occur throughout the process, in the seventh step the organization should look beyond the specific service failure incident and consider the implications of service failures for the

entire service delivery system. For a system to "heal itself" it must be able to learn from its mistakes.

6.5.4 Characteristics of a Good Recovery Strategy

While the exact mechanisms of a good recovery system will depend on the specific nature of the business and its service product, in general a service-recovery strategy should satisfy several criteria. First, the strategy should ensure that the failure is addressed quickly and fixed in some positive way if possible. Second, recovery strategies must be communicated clearly to the employees charged with responding to customer dissatisfaction. The service people must know that the organization expects them to find and resolve customer problems as part of their jobs. Third, recovery strategies should be easy for the customer to find and use. Finally, they should be flexible enough to accommodate both the different types of failures and the different expectations that customers have of their guest experiences. The service-recovery strategy developed should be based on management understanding that because the customer defines the quality of the service experience, the customer also defines its failures and the adequacy of the recovery strategies.

No Better Makes It Worse

A strategy that does not improve the situation for the complaining customer is worse than useless because the organization makes plain that it can't or won't recover from failure even when informed of it. The work of Hart, Heskett, and Sasser suggests that most recovery strategies are in serious need of improvement. More than half of organizational efforts to respond to consumer complaints actually reinforce negative reactions to the service. In trying to make things better, organizations may make them worse.

Costs of Failure to Guests

One reason that customers view many recovery strategies as inadequate is that they do not really consider all of the costs to the customer. Bad meal? Replace it. Theme park attraction broken? Give a complimentary one-day return pass. Busy signal on the telephone line for airport information? Interject a recorded apology. After such recovery efforts, the organization may think the relationship is back where it started but, for the customer, many other tangible and intangible costs may be associated with failures. The effective organization will try to identify

these costs and include some recognition of them in selecting the appropriate service recovery. After all, the customer will think that the fact that the service failed is "not my fault." Why should I have to wait on the side of the road for a long time because the rental car broke down? Why should I have to call back repeatedly to reservations because the airline messed up the original reservation? Why should I have to return ten miles to the restaurant because the drive-through people didn't get the order right?

Making It Right Is Not Enough

Customers clearly think that when a failure occurs, organizations need to do more than simply make it right by replacing it or doing it over again. Of course, organizations should do that, but they should do more. For example, if the failed meal causes the guest to be embarrassed in front of a client or boss, then the recovery strategy must not only include compensation for the meal but some consideration for the guest's other costs and emotional outlays as well. If a dad tells his family about the terrific time they all will have at a famous resort, uses his only week of vacation to go there, and spends all the extra money he has so carefully saved, he has a lot at stake. If the experience fails somehow to meet the family's expectations, the dad loses his time, his money, and his credibility with his family. The outstanding hospitality organization systematically considers how to compensate guests for losses other than financial and makes extra effort to ensure that dissatisfied guests not only have their financial losses addressed in a recovery effort, but the guests have their ego and esteem needs met as well. They want dad to go home a hero to his family.

Being Wrong with Dignity

Even when the guests themselves make mistakes, good hospitality organizations help to correct them with sensitivity. That way guests leave feeling good about their overall experience and appreciating how the organization's personnel helped them redeem themselves. Imagine how depressed you would feel if you came back to the parking lot after a long day at an amusement park to find that you have lost your car keys and are locked out of your car. Then you see the park's "Auto Patrol" coming to your rescue. They even make you a new set of keys for free! Even though such problems are not its fault, the guest-oriented organization believes that the guest needs to be wrong with dignity. It knows that guests who are angry at themselves may transfer some of

that anger to the organization. To overcome this very human tendency, guest-centric organizations find ways to fix problems so that angry, frustrated people leave feeling good because a bad experience has not been allowed to overshadow or cancel out all the good. By providing this high level of guest service, the hospitality organization earns the gratitude and future patronage of guests and enhances its reputation when such service successes are circulated to both external and internal customers.

6.5.5 Matching the Recovery Strategy to the Failure

The best recovery efforts match the nature and severity of failure. For example, if a restaurant is out of a certain menu item, compensating the guest with a "rain check" might be appropriate. If the failure is server inattentiveness, an apology by the manager would be a more appropriate response. Sometimes, customers demand more than is reasonable, and a company must respond while finding a way to stay within sensible limitations. For example, a customer claimed that a Starbucks store had sold him two defective coffee makers with a total value of $500, neglected to include a promised free half-pound of coffee, and treated him rudely. The customer was not satisfied by company apologies, replacement and refund offers, and gifts. His suggested recovery strategy was that Starbucks take out a full-page ad of apology in the Wall Street Journal, give him a $2,500 coffee maker, and fund a shelter for runaway children. Needless to say, the customer's demands were not met.

Categorizing the severity and causes of service failures is a useful way to show the type of recovery strategy that a hospitality organization might select. In Figure 4, the vertical axis represents the severity of the failure ranging from low to high. The horizontal axis divides service failures into those caused by the organization and by the guest. When severity is high and the failure is the organization's fault, the proper response is the redcarpet treatment, as in the case of a sold-out hotel "walking" a guest with reservations to a fully paid, upgraded room at another hotel. The organization needs to bend over backwards to fix this guest's problem and should consider trying to provide a wow level of recovery to overcome the negative feeling the guest will have after a severe failure. A less severe problem caused by the organization might be a server bringing to a guest a cold food item that is supposed to be hot. A fitting solution here is to apologize and replace the item quickly. Providing a complimentary dessert might also be appropriate. McDonald's has a policy that anyone bringing a food item back to

the counter with the complaint that it is cold is immediately given an apology and a replacement item with no questions asked.

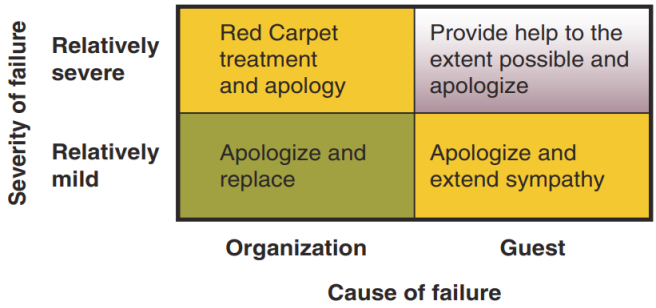


Figure 4: Matching the Recovery Strategy to the Failure.

The two general situations in which the guest caused the failure provide terrific opportunities for the organization to make guests feel positive about the experience even when they caused the failure. In a low-severity situation, a sincere apology is sufficient and will make the guest feel that the organization is taking some of the responsibility for a situation that was clearly not its fault. Indeed, some organizations will do even more, if the cost to make a guest feel better is not too high. Many restaurants don't charge their guests for meals or items they don't like or want. Some photo developers have the same policy. The poor pictures may not be the developer's fault, but the customer feels good that the organization won't make customers pay for their own mistakes. The upper-right box represents situations where the problem is relatively severe and the guest or some external force created the problem. These are opportunities for the organization to be a hero and provide an unforgettable experience for the guest.

A Domino's delivery man showed up with pizzas at a house that was still smoldering from a devastating fire. The distraught couple, standing in the front yard of their ruined house looked up at the delivery man with some annoyance, said they hadn't ordered any pizza, and wondered if the delivery person couldn't see that they were overcome by the tragedy. The delivery man responded that he knew; he had passed the house earlier, saw it burning, and had told his manager. The two decided that it would be a kindness to cook up some pizzas and just give them to these people in their hour of sadness. The company became a hero to the couple—customers who didn't even know they were customers.

6.5.6 Learning from Failures

From a guestology view, a failure is an opportunity to improve. If the data collected show that older guests are having problems with reading the signs, then an organizational response would be to increase lettering size. If the data show that the source of customer dissatisfaction is other customers cutting in line, being too loud, or otherwise intruding on guest experiences, then policies and processes can be created to add rope lines, separate guests by a wider space, or institute cautioning measures. If the data show that the loyalty program is making promises on which the organization does not deliver, then the program must be revised to ensure that loyalty awards are easy to obtain, with accessible procedures, as valuable as promised, and actually available when desired. Finally, if the data show that the organization itself has policies, processes, and procedures that cause customer dissatisfaction or service failures, then it has valuable knowledge about what it needs to fix, improve, or change, what employee training to develop, and what innovations to make.

As is true of any data that report failures in any system, guest complaints are valuable and should be collected and analyzed regularly. In an interview with Bruce Laval, retired vice president for planning and operations for the Walt Disney Company, he was asked how he found the things to fix. His response, as the inventor of the term guestology, should be a guide to all who wish to create a guest-focused organization: measure what you want to manage and, especially, everything that touches or impacts the guest. In a company like Walt Disney, that includes everything they do.

6.5.7 Service Recovery: Ow! to Wow!

Companies that have invested in the formation and operation of units designed to handle complaints can realize substantial returns on their investment. Putting money and effort into service recovery is good business. A Disney saying is, "Turn tragic moments into magic moments." The best hospitality organizations view a service failure as a great opportunity to create an unforgettable, outrageously positive response. If the guest is upset that the hotel is overbooked and her room is gone by the time she arrives tired and ready for bed, the hotel should not only drive her to a nearby hotel with the price of the room paid but should consider upgrading her room from whatever she had reserved. This guest who was denied her standard room but got a paid-for night in a VIP suite at another hotel might readily forgive the hotel that failed to save her a room. The organization extended its hospitality to a guest,

then failed her. It should go the extra mile and then some to repair the damage. The right failure-recovery strategy can turn an irate guest, ready to head for the competition, into a raving evangelist.

Consider the example of how CruiseWest managed a problem that was clearly outside their control, and turned it into a memorable experience. Scott, driving a tour bus with twenty-five guests, was traveling from Fairbanks, Alaska to Denali National Park for CruiseWest, a premium tour company. Suddenly, just outside Nenana, he was forced to stop at the end of a long line of busses from a number of other tour companies making the same journey.

They were stopped because of a dangerous fire burning across the road in front of them, and there was no word on when it would be again safe to travel. Scott immediately called back to the supervisor in Fairbanks to report the situation.

The supervisor told him to take the guests to a restaurant in Nenana while she sorted this out. While the group was dining, the supervisor called five bush pilots she knew of and arranged for them to fly to Denali. She then called Scott and told him to take the group to the Nenana airport where the bush pilots were now waiting, and who would fly the guests and Scott over the fire (and the fifteen waiting tour busses from the other tour companies). After the short flight, they landed near Denali at Healy where a bus picked them up and took them to their hotel to continue on with their scheduled tour activities. While this creative solution added nearly $10,000 to the operating cost of the tour, it was a far less expensive solution than what the other tour operators faced as they had to both reimburse their angry travelers for the unfulfilled trip experience and give them vouchers for another trip.

This creative and quick solution to what might have otherwise been a complete disaster for CruiseWest guests turned an “ow” into a “wow.” In fact, these guests indicated on their comment cards that the flight over the fire was the highlight of the trip and they could hardly wait to tell all their friends what a great cruise experience CruiseWest provided. (As an aside, consider that the bus, and the unanticipated plane trip to Nenana, was really a “wait” for the real service product, the cruise. Because of the way the situation was handled, the guests actually ended up finding the wait for service to be a great moment on the trip!) A motivated and creative employee not only saved the trip and the costs of a major service failure but also created tremendous word of mouth for his company.



Figure 8: CruiseWest, when faced with a potential service failure caused by circumstances out of its control, used a creative solution to get its guests to the cruise they had purchased and ultimately provide a "wow" experience for its guests.

Even if you are not responsible for a failure, recovering is an important way to get the guest's attention with impressive service. When no one expects you to fix someone else's mistake and you do it anyway, people are wowed.

6.5.8Successful Service Recovery

Although beginning a discussion with a definition is customary, we will end with one, by Michel, Bowen, and Johnston: Service recovery is "the integrative actions a company takes to re-establish customer satisfaction and loyalty after a service failure (customer recovery), to ensure that failure incidents encourage learning and process improvement (process recovery) and to train and reward employees for this purpose (employee recovery)."

If these recovery actions that the company takes are unsuccessful, then the company has added failure to failure. If the actions restore customer satisfaction and loyalty, then the recovery has succeeded from the customer's point of view, and that is the main thing. But from the company's perception, a truly successful service recovery will be a set of integrative actions that also improve the process and the employees involved. After successful service recovery, the people and the process are all better off.

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CHAPTER 7

EMPOWERING SERVICE PERSONNEL TO DELIVER QUALITY SERVICE

INTRODUCTION

Motivation, leadership, empowerment, workers, and service quality are all inextricably intertwined in any organization that seeks to satisfy guests, customers, and others whom it serves. When the organization operates within the hospitality, tourism, and leisure sector, much or all of its output will necessarily be an intangible service rather than a hard product. The service will likely be perishable, delivered directly to the consumer, and not subject to the types of quality assurance measures that may be used when manufacturing, distributing, and selling a product.

7.1 UNDERSTANDING EMPLOYEE EMPOWERMENT

Employee empowerment, on an employer's or manager's part, is ensuring staff members feel some sense of freedom to get their work done on their terms, rather than asking for permission every step. In other words, it's when employees have some autonomy.

Empowered employees get to play a role in making important decisions for the business. For them to feel empowered, though, they need to have all the resources to successfully complete their jobs without help. These resources include both knowledge and tools. You need to give your

employees the necessary tools to physically complete their jobs and enough training to feel confident that they know how to handle most of what they'll encounter.

"For us [at our company], employee empowerment comes through engagement," said Christy Lobst, chief parent officer and general counsel at Colugo. "Ensuring that employees connect with our mission is a key first step. Then, we give them the tools and confidence to always respond to customer questions in a way that furthers our mission."

Employees are empowered when they aren't micromanaged and have the tools and knowledge to complete their jobs.

7.1.1 Need to Empower your Customer Service Team

The importance of empowering your customer service team ties back to reaching your company goals. But why should your customer service team members go above and beyond to help you make more money? Sure, wanting to keep their jobs could be one reason, but if every employee does good work instead of great work, you'll miss out on a greater return on investment. Operating a business is about more than money – it's about people too, and empowering your customer service team can help you keep your people happier – employees and customers alike.

These are the main benefits of customer service team empowerment:

Employees feel free to do their jobs in the most effective way.

Micromanaging employees is time-consuming and not always possible for customer service teams who need to handle a constant stream of customer inquiries. When employees are empowered, they feel free to do their jobs properly by addressing customers' inquiries as they come in and also feel good about owning the process.

It leads to higher customer satisfaction.

Customers who have a problem don't want to be put on hold with long wait times or bounced from agent to agent. They want the person they're speaking with to address their concerns. Empowered employees can take care of customer issues without asking others for help. The quicker a customer service rep can resolve a customer issue, the happier that customer will be.

If the rep leaves the customer on hold while they ask their superiors what to do or the customer keeps getting passed off to someone else, they will probably leave the encounter far from satisfied and take their business elsewhere. On the other hand, a skilled and empowered service rep could turn an angry customer into a happy one who would be glad to continue giving you their business.

It boosts employee retention. When your employees feel empowered, they are more likely to stay with your company. A LinkedIn study found that there is a 47% chance of employers holding on to employees who feel they have influence in the workplace for longer than three years. Companies viewed as less empowering only have a 35% chance of employees sticking with them for over three years. High employee turnover often looks bad to customers, especially ones who speak to your customer service team often and have built relationships with them.

Empowerment of your customer service team can result in a number of benefits, including higher customer satisfaction and employee retention.

7.1.2 Empowerment as Managerial Concept

In business environments, empowerment is still not consistently defined. It is described as "the process of the distribution of power that allows the employee greater capacity for decision-making and greater autonomy over his/her work". In the past, employers mainly assumed that employees are only working to earn money, which made an authoritarian management style necessary to assure compliance to rules and regulations, decreasing the chance of experiencing empowerment for employees.

The term empowerment within businesses became popular when globalization and international competition forced organizations to change their management style in order to reach innovation, employee commitment, and willingness to take risks. Moreover, at this time research enforced empowerment's popularity as it drew the attention of managers towards the hidden capabilities and potentials of their workforce.

The term empowerment often implies delegating or sharing power with subordinates. When looking at this as a relational construct, it involves the assumption that one has power over others, which can be derived from one's position in the organization, personal characteristics, knowledge, or the access to resources

7.1.3 Power

In order to better understand the concept of empowerment, it is important to think about power first. Power can be seen as the ability to do something or, more accurately described, as the "capacity to exert influence over others". Three kinds of power supervisors carry out: power through position, power through knowledge, power through money.

Power through Position

Position power bases to the ability to influence others on the particular position somebody holds in an organization and also refers to the ability to decide on punishments, which is also called coercive power. Using coercive power – "Do what I say!" – might be useful in a situation where a crisis is approaching or where immediate reaction is required. However, there are still managers who use the threat of punishments to influence employees in the desired way because some think they need to keep control over their employees' work. Those supervisors will never be able to use all the capacity of their workforce effectively. Coercive power is often used in the traditional way of managing people, where no power is granted to subordinates and where employees are explicitly told how to complete their jobs. If there is empowerment established, managers rather assist and guide their subordinates by using the power through knowledge.

Power through Knowledge

This particular kind of power relates to special skills, knowledge, and competences people possess. If somebody is recognized as an expert in a particular area, people will tend to trust and do what this person says, which is evidence for good leadership. Having such people as managers in an organization is an important basis for implementing empowerment. Additionally, as knowledge is power and power should be shared in the concept of empowerment, it would be important that managers of that ilk are willing to support their employees in increasing their education and skills and thus, also share their own knowledge.

Power through Money

The third type of power refers to the possibility to provide or withhold instruments in order to do a job. For managers, it is important to keep

in mind that in order to motivate their employees, they have to supply them with the necessary means to complete a task. For empowerment, this might mean that the manager needs to share his or her power and duties.

The form of power that should be implemented within an organization is power through knowledge, as sharing knowledge and developing capabilities in and among all levels is essential for creating an empowered workforce. Moreover, power through money, provides the perspective for managers to act as facilitators for employees to be able to complete work successfully.

7.1.4 Empowerment as Motivational Concept

The way empowerment is described above is often the way empowerment is regarded from management literature and includes the assumption that the individuals possessing more power are more likely to succeed in their actions than those who have less. The intention of management then was to shift some of the power from the more powerful individuals to the subordinates, often described as sharing power or delegating authority by implementing quality circles or management by objectives.

However, Conger and Kanungo (1988) tried to look at empowerment from a motivational perspective and described empowerment as "…a process of enhancing feelings of self-efficacy among organizational members through the identification of conditions that foster powerlessness and through their removal …". They assume empowerment being internal to individuals, as they explain that everybody has an intrinsic desire for power, referring to self-determination and self-efficacy. Moreover, they argue that empowerment should be regarded as enabling, meaning being motivated through a greater self-efficacy, rather than delegation. "Enabling implies creating conditions for heightening motivation for task accomplishment through the development of a strong sense of personal efficacy."

Thomas and Velthouse (1990) further elaborated this theory to what is called "cognitive model of empowerment". Because the new development in motivational theory through empowerment strives to increase employees' commitment to their tasks, they focus on intrinsic task motivation, which involves employee motivation to perform a task and satisfaction with tasks formed from prior experiences. The authors established four intrinsic dimensions ("task assessments") that determine motivation within employees: impact, competence, meaningfulness, and choice.

Impact

When people assess a task according to its impact, they focus on the degree of contribution their actions can make towards performing the task and reaching the goal. Impact is closely related to perceived control over the environment, as both convey the feeling of being able to make an impact through the behavior. Empowered employees believe having an impact.

Competence

Competence is described as being able to perform tasks skillfully and competently. Empowered employees have a feeling of self-confidence in task performance, meaning they know that they are able to accomplish the task.

Meaningfulness

Employees judge the value of a task according to their individual expectations and ideals. The outcome of this judgment is directly related to the employees' willingness to put effort into the task. Therefore, if employees perceive this task to be important to them, they are committed to the task and eager to put effort into it. Empowered employees create a feeling of meaning.

Choice

"Choice" is equivalent to the term self-determination. It describes the degree to which each individual is responsible and the cause for his or her actions. "Self-determination reflects autonomy in the initiation and continuation of work behaviors and processes;…". Empowered employees will establish a sense of self-determination, meaning a feeling that they are able to decide on how to complete the task by themselves.

Assessing tasks according to those four criteria will shape employees' future behavior and thus, the outcome of tasks. This can be seen as a circular development. For instance, when employees experience low impact or inability to perform the task, employees will be unlikely to take initiatives, hence resulting in further decrease of competence, impact and so forth. Nevertheless, this cycle can also develop in reverse direction. If employees are able to establish a sense of being capable of accomplishing meaningful tasks and impacting the goal, employees are more likely to initiate actions and persist on tasks when facing obstacles.

The four dimensions are only related to the task itself. However, some argue that also external, contextual factors can influence motivation and satisfaction, such as bureaucracy and authoritarian management styles.

Management can create conditions or use a strategy, such as sharing decision-making power, to increase the feelings of self-determination and efficacy in order to make employees feel more empowered. Though, empowerment cannot, in contrary to many assumptions, be done to employees. Individuals must choose to be and perceive them- selves as being empowered. "They must see themselves as having freedom and discretion; they must feel personally connected to the organization, confident about their abilities, and capable of having an impact on the system in which they are embedded."

7.1.5 Prerequisites for Empowerment

"Empowerment" may have become something of a buzzword. It isn't enough e to simply deliver results –see each and every one of my employees succeed at business and in life, and that requires empowering others.



Leadership

The form of leadership that is exercised and hence, the way relationships are established between employees and supervisors, will largely influence the development of feelings of empowerment within employees' minds.

Every manager tends to one of two perceptions of his or her employees which also considerably influences the way those people are managed. Those two perceptions are called "Theory X" and "Theory Y"

Theory X managers tend to think that their subordinates are lazy, unambitious, that they need to be forced to work, delegated, and do

not want to take over responsibility. Moreover, according to this theory, employees are selfish and not interested in the overall performance or goal of the organization. People with this attitude about their workforce only delegate and control it with enforcement, reward, and punishment in order to comply with organizational standards. In former times, when employees came from various social classes and different levels of education, this way of managing people eventually was appropriate.

However, as the education of people in every level of organizations continues to get higher and the gaps between social classes minimize, this theory gets more and more inapplicable. Thus, there is theory Y, in which managers believe that employees are capable and motivated to work towards corporate goals, if top-management provides the necessary conditions. Referring to this attitude, employees only act as described in theory X, if the organization ignores their capability of taking over responsibility. The main management task is to provide certain conditions that enable subordinates to reach their own personal goals by working towards corporate goals.

As easily seen, theory Y significantly fits better to the principle of empowerment. Managers who think about their employees as described in theory X form one major obstacle to the implementation of empowerment within the company.

Having managers who represent theory Y is not enough for empowerment, as it still means that they put themselves on top of the hierarchy and follow an autocratic management style, with which employees have to go along. Empowerment goes further, with the goal of recognizing, supporting and employing the staff's capabilities and knowledge to its full potential. Theory E describes this.

In theory E, like in theory Y, managers believe that employees can and want to do a better performance, if the necessary conditions are ensured by management. The difference between theory Y and E is that theory E goes beyond these common assumptions and focuses on the decentralization of power. This is done through facilitating work of the workforce as well as supporting every individual and group, instead of delegating and playing the role of the leader. The role of supervisors change in a way that they are rather regarded as enablers or coaches. While delegating implies that the responsibility is handed over – the employee only functions as substitute –, and power stays with the manager, in decentralization, power, together with responsibility, is passed on to the employee, which means that this individual is fully responsible for tasks. As argued by many researchers, additionally to

this, managers also need to assure that employees perceive themselves as capable of performing those tasks; that they are able to create an impact; that those tasks are meaningful to the employee; and that they can self-determine of how to accomplish the goal.

The Idea of Man

Another way of thinking that can be related to empowerment in organizations is the self-actualizing and complex man.

Self-actualizing Man

In empowerment theory, the human being is viewed as performing tasks initiatively and responsibly and it is assumed that employees are highly motivated if they are granted greater scope of their job and participation possibilities.

The idea of man in empowerment complies very much with the one of the self-actualizing man. The concept of self-actualizing man as being a human who is looking for independency, self-control, and self-actualization. This idea also implies that employees are trying to satisfy their intrinsic needs and are rather motivated by these than by extrinsic factors, which also is in line with the cognitive theory of empowerment by Thomas and Velthouse and other researchers. Moreover, employees are commonly demotivated if they are not provided with the possibility of using their full potential of skills for work performance. In more detail, the idea of the self-actualizing man displays a contrast to Taylorism, suggesting that tasks will be completed holistically by individual employees, which creates a sense of impact. Employees will possess decision-making power, possibilities for participation, and increased scope which can be used responsibly. This will result in a flatter hierarchy within the organization, where supervisors will take over the role of a facilitator – aiding in completing the more sophisticated tasks – , instead of a controlling authority.

Numerous reasons exist why empowerment can be judged as serving as a tool for motivating employees as well as for increasing their job satisfaction. However, some problems in taking these assumptions for granted also may arise.

Complex Man

Although it seems logical that empowerment can serve as a great tool for motivating employees, it also has to be mentioned that empowerment is

not a motivation for everyone. Numerous studies prove that employees tend to respond differently to similar working conditions. Some tasks that are objectively judged as challenging and diversified could be perceived as boring and unsatisfactory. Also, the reverse option exists that tasks, objectively judged as monotonous and unaspiring, are by some perceived as exciting and satisfying.

However, still a great amount of employees experience increased motivation when challenged with sophisticated tasks and granted with more scope for performing the work. On the other hand, other employees might feel uncomfortable and unable to cope with the fact of being empowered.

As the theory of self-actualizing man is therefore obviously challenged, Schein created the idea of man called "complex man". According to this, people differ in their individual needs and motivations over time.

The implication to this would be that it is impossible to implement empowerment without any recognition of employees' individual needs and in turn, without any differentiation for individual employees. Besides managers' perception of employees, also the structure within the company contributes to a successful implementation of empowerment, as it is described in the next section.

Corporate Structure

The duties of managers involve planning, directing, or controlling at least one, but often more, subordinates. This results in the traditional way of organizing a company – a pyramid, as shown in Figure 1. It shows the hierarchy that exists in almost every company in some form, even if some management theories try to shorten the chains of command by flattening the hierarchy. This implies that top-management still tends to be far away from customers, so that it cannot rapidly react on customer demands.

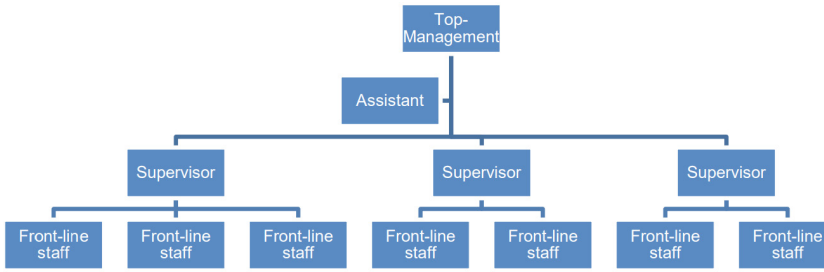


Figure 1: Traditional management structure in form of a pyramid.

To overcome this issue, employees are often delegated with additional responsibilities and/or increased authority, which extend the scope of their jobs. This aspect of empowerment enables employees to enhance their personal capabilities. However, for implementing an extended scope, managers need to take the role of coaches who support empowered employees until they are able to use their full potential in completing the job, rather than the role of controlling supervisors.

Through empowerment, the organization also gets a less hierarchical structure, which also provides managers with more time to be spent on more strategic planning than on controlling. Implementing empowerment also implies changes within the corporate culture and relationship among employees. Managers would be forced to revise the way they are working with subordinates. Some of their "new" and important tasks would be to find out about the skills and intrinsic needs of employees; to train them to gain competence in accomplishing the task; to set boundaries of empowerment according to their capabilities and legitimate them; and to communicate the overall mission and vision of the company to ensure that employees keep on the right track.

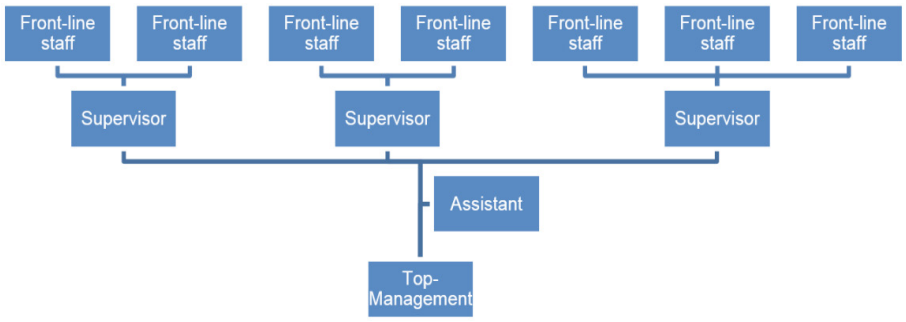


Figure 2: Management structure with empowerment in form of a reversed pyramid.

For visualizing empowerment in the organizational hierarchy (Figure 2), the organization can put the pyramid upside down and see the hierarchy from a different angle. Looking at the reversed chart, the more senior management gets a more supporting and facilitating role, representing a stable basis rather than the role of only leading and commanding top-down. Looking at the hierarchy in a different way, accredits the front-line staff more importance, because they are not seen in the lowest position anymore, as it was done traditionally. The front-line staff is recognized on the top of the hierarchy, enabled by managers and in direct contact with the customers. The task of the manager would then be to provide

the necessary means, such as information, knowledge, and development to ensure high quality service, whereas the front-line staff, additionally to providing satisfactory customer service, needs to ensure an efficient communication of customers' needs to management level.

Trust

One of the most important prerequisites for empowerment in an organization is trust between supervisors and subordinates. The culture within organizations that successfully empower employees as being based on trust.

This introduces the ability to learn from mistakes and thus, creates self-confidence among employees. Trust is especially important when it comes to service failures. If employees need to take some risk in order to attain agreed-upon goals, they need to know that if they would fail, the supervisor would accept the failure.

Thus, two important responsibilities of managers would be to establish a working environment in which those who are empowered (1) do not have to be anxious when experiencing a problem within the job and experiencing the ability to frankly report any difficulties arising, and (2) are encouraged to take risks. With a culture of trust, employees will be courageous and will be willing to take risks.

Even if their intentions fail, managers will guide the employees toward learning from mistakes for future risk-taking which in turn contributes to their knowledge as well as self-confidence and enhances their sense of competence and personal efficacy. The subordinates should be aware of the fact that they will rather be criticized if they do not even try to be successful than if the trial fails. If a failure occurs, the manager should explain how to avoid or correct future errors, without using abusive language. If the employees are scared of the reaction of the manager on a failure, they will try to hide it, which would be the worst case.

Honesty

Moreover, employees should know that they can be honest about the failures that occur or that they can voice doubts or criticism frankly (. In the same way as the employee should know about and try to fulfill the requirements management places on him or her, management should also be aware of suggestions and try to meet the expectations employees have.

7.1.6 Managerial Meanings of Empowerment

The terms employee participation, involvement, empowerment and democracy are often used interchangeably in literature, although in reality they result in different implementations for organizations.

Employee involvement includes employees providing information and consultation to management and enhancing the communication within and commitment to the organization.

Employee participation, on the other hand, implies that employees are involved in decision-making, which previously was solely the task of upper management. Such initiatives are often established by management, who also sets the limits of the impact of employee suggestions and their decision-making power, in order to meet operational needs and to effectively handle problems as they arise. However, what should be kept in mind is that employees need to develop internal feelings of being empowered and that management strategies can only try to enhance these feelings.

There are also activities within an organization that seek to establish possibilities for employees to contribute and exercise some control in decisions having an influence on the organization. Those are summarized under the term industrial democracy.

Finally, employee empowerment is described as having some similarities and overlaps with the previously described initiatives, which is also the reason why those terms are sometimes used interchangeably, but empowerment initiatives can vary widely in the degree of employee influence, activities involved, and the reason why they were implemented. While all organizations try to gain the advantages of empowerment, the underlying needs and intentions for implementing might differ.

Table 1: Managerial meanings and potential forms of empowerment.

Managerial meaning	Initiatives used
Empowerment through participation	Autonomous work groups Whatever it takes training Job enrichment
Empowerment through involvement	Quality circles Team briefings Suggestion schemes
Empowerment through commitment	Employee share ownership Profit sharing and bonus schemes Quality of working life programs, job rotation, job enlargement
Empowerment through delayering	Job re-design Re-training Autonomous work groups Job enrichment Profit sharing and bonus schemes

The form of empowerment that will be used is influenced by these intentions accordingly. In order to account for different intentions, somecame up with a model that describes "four separate but overlapping meanings of empowerment in service industries", as shown in Table 1.

Those examples represent different forms of empowerment that can vary in intrinsic and extrinsic motivation for employees and intensity toward achieving company goals.

7.2 EMPOWERING EMPLOYEES FOR SERVICE EXCELLENCE

The success of any business depends on the people that work in it. When you are managing a business where employees deal with customers every day, such as the ones in the hospitality industry, this is even more prominent.

Let's consider some examples.

The odds of a customer rating your hotel highly after dealing with an unprofessional reception employee are very low. If your cleaning lady didn't do her job well, how do you expect the guests to come back to your villa again? If the guests waited half an hour for the waiter to take their order, won't they leave or never come back to your restaurant?

If you want to succeed in this industry, you need to hire the right people. That's the first step. The second step is to create the conditions that will enable and empower these people to do their job well.

That's precisely what we'll discuss in this section – the best ways to empower your team in the hospitality industry.

7.2.1 Implement an Employee Assistance Program (EAP)

Your team's health should come first. Most job seekers nowadays look for health benefits as one of the most important factors in their employment decisions. This is even more frequent since the COVID-19 pandemic.

In addition to their physical health, good employee also cares about their mental health. One great way to empower your teams in any industry is to promote mental well-being in the workplace. To do this, you can launch a quality EAP (Employee Assistance Program) and help your team beat any issues that might be impacting their work.

Perkbox, a platform used to create all kinds of benefit programs can assist you in working on a personalized EAP for your team. An EAP

would normally include things like an assessment, counseling, and other things that promote your team's health.

Due to the growth of psychological health issues such as depression and anxiety, the popularity of such programs has grown tremendously. Perkbox points out research data of 68% growth since 2008, which demonstrates the growth of awareness of businesses of the importance of good health.



Nowadays, EAPs are more versatile than ever. They assist workers with counseling and similar services but also cover a broader range of issues such as financial or legal problems, childcare problems, etc. They can come at no cost and be delivered with absolute confidentiality – even online and on the phone!

If there are any workplace or personal issues that are stressing out your employees and harming their mental or physical health, such programs will help you tackle and resolve them. Not only will your employees be happier with such a program, but you'll also reap the benefits. Taking care of a person's mental health can be very empowering.

7.2.2 Identify your Employee's Strengths and Weaknesses

You've selected each employee for a reason. Every person on your hospitality business' payroll has a certain talent. It is your job to discover what their strengths are, and use those strengths to empower the individual.

If you keep track of your employee's work, listen to them and get feedback for their work, you can determine what role they are best for, and what they shouldn't do. A person is most motivated to work if they do something they are good at.

Even if an employee is not amazing in their job, you can notice their strengths and support their growth. This can be done through advice

and encouragement, as well as proper training. Also, make sure to implement neurodiversity into your hotel's work environment. Progress is being made to help neurodiverse people in the modern workplace, with some regions already establishing legislation whose aim is to support neurodiverse employees.

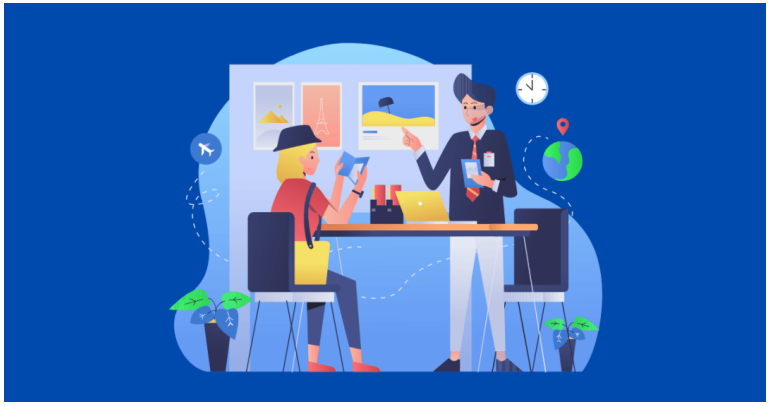
7.2.3 Invest in Good Travel Software

People that work in the hospitality industry often need to travel. Whether they do this to make some deals, work in a different location, attend meetings and events, or for other business reasons – how you handle this is very important.

TravelPerk, one of the best Egencias competitors and a tool with the biggest travel database can help you greatly with this. This is a business travel platform that manages everything from online bookings to risk management to trip cancellations to VAT recovery.

Thanks to travel software solutions like this one, you can manage multiple travels for every member of your team. You can keep track of your budget and enforce travel policies, as well as resolve any unexpected travel issues thanks to their 24/7 support.

TravelPerk currently scores higher than Egencia, which makes it the people's choice. This is due to their fast support and better reporting features, as well as the affordable pricing.



7.2.4 Define the Service Standards Clearly

Your hospitality team won't be able to make effective decisions and take the right approach if they don't know what the service standards are. One of the biggest mistakes that managers make in this business

is not spending enough time or effort to clarify what is expected of the employees.

Yes, some of the employees will have the necessary experience to do the job as it should be done in this industry. Others will need some guidance. You'll also have your specific requirements in terms of how you want them to deal with customers, serve customers, prepare their rooms or meals, etc.

If you want to empower your employees to do their job properly, they must know *what is expected of them.* Make this a part of your onboarding process – and make the information available to your team at any time.

Creating a guide with specific service standards can be very helpful.

According to a McKinsey study, 70% of purchase experiences are based on how your company makes the customer feel i.e. how your employees treat them. Knowing this, your guide should tell your team how to welcome, communicate with, and treat customers. It will define exceptional service and tell them that you expect it from them.

7.2.5 Reward Quality Work and Good Decisions

In this industry, it is highly important to track the work of your employees. When you notice that an employee follows your service guidelines and treats customers properly, you should acknowledge their good work.

We aren't just talking about praise, but also a good rewards program that will motivate and empower your team to work harder.

The same applies to situations where your employee makes a good call. Dealing with customers in the hospitality industry can often be tricky. If your employee made a good call in a difficult situation, you should acknowledge, praise, and reward them because this leads to a good customer experience.

If not, you should train and guide them for the next situations where this happens. By praising the good decisions in difficult situations, you'll also be making an example out of a good employee, and showing others how to do their job better.

Your rewards don't have to be grand every time you do this, but always do something to acknowledge the good work of an employee.

7.2.6 Provide Opportunities for Development and Growth

Chances are, your employees won't know what exactly you want and what your business needs the day they are hired. You need to tell them,

show them, and even more importantly – train them. If you fail to provide them with a path for growth, their skills will remain stagnant. In return, you can expect lesser productivity, lower revenue, and an unhappy team.

Invest in development and training for your team. There are tons of options to train people in the hospitality industry. There's the traditional training through courses and classes, but also practical opportunities such as role-playing.

For example, you can create various scenarios where employees will need to handle hypothetical customer complaints. This will show you how they'll work and help you guide them toward proper service resolution.

7.2.7 Listen to Your Employees

The best way to empower your employees is to *listen to what they tell you.* In the end, it is you who will decide what is best for your business. However, the people that work in it deal with customers every day and can give you an insight into what can be done to improve the work of the company.

Remember that these people are professionals in their field. This means that they might have some useful information for you, so give them a voice in the business. Not only can you come up with great ideas with their help, but this will also make them feel valued and included, which is a great motivator.

7.2.8 Invest in a Quality Hotel Management System

Long gone are the days when hotel and restaurant reservations were written on paper or in an Excel spreadsheet. Technology today is so enriched that this is made very easy – and far more effective.

If you want to empower your team, it is your job to provide them with the tools that make their work easier and more efficient. This is why you should consider investing in a management system. One such example is Cloudbeds, a centralized system that offers features like contactless check-in, channel managers, booking engine, payment processor, etc.

Want to succeed in the hospitality world? It starts with your employees!

The success of a business in this industry starts with the employees. If you want people to be happy with your business and your team to work at full force, you need to take measures such as the ones above to empower and motivate them!



The hotel industry is always changing, especially during a time of crisis. Make sure to future-proof your business and continue attracting new guests by investing in these solutions.

7.3 DIFFERENTIATION OF EMPOWERMENT TO MOTIVATION

Like many managers, you may assume that motivating employees means doing things *for* them, such as paying annual bonuses, awarding free travel and giving time off. It might surprise you to learn that research actually shows that while these types of extrinsic rewards may cause a short-term burst of productivity, they also contain the seed for de-motivation in the long term.

Why? Because once they are awarded, they become expected. So when revenues dictate that bonuses are smaller and vacation days are fewer, people aren't just unmotivated, they actually become less satisfied with their jobs overall.

This realization is at the heart of the work and research of the man known as the father of modern motivation, Frederick Herzberg.

A noted psychologist and one of the most influential names in business management, Herzberg's research showed that while the absence of certain basic things -- like good working conditions and an appropriate salary --contributed to job dissatisfaction, they didn't necessarily increase job satisfaction. In other words, they definitely de-motivate when absent, but don't necessarily motivate when present.

So what does motivate people to work harder and perform at their best? According to Herzberg's research, real motivators include achievement, recognition, meaningful work, responsibility, advancement and growth.

In addition, if retention is a concern, then consider that the number one reason given for leaving a job is dissatisfaction with supervisors.

No matter what type of work your employees do, you can begin to make changes in the way you manage and in your workplace that will create a more stable and motivating work environment.

Understand the difference between motivation and reward.

According to Herzberg's research, real motivation comes from the work itself, not the rewards given for doing the work. His research shows that providing more money, less time at work and better fringe benefits in the name of motivation only motivates people to expect them and ask for more.

When you are about to make a change intended to motivate, ask yourself: how will this contribute to the person's sense of achievement or recognition? Will it enable him or her to grow and be prepared to take on more responsibility?

Does it make the work more meaningful to the person? If you can't answer yes to one of these, then recognize that while it may make the person feel rewarded for a job well done, it probably won't provide the long-term motivation you're hoping to achieve.

- Recognize that people are natural problem-solvers.

  You've heard the saying "everyone has an opinion" and you know it's true. This is because people are natural problem-solvers. We like to figure things out and determine the way things are done -- especially when we are the ones doing the work.

  When you give people the opportunity to express their opinions and provide input about the work process, you create buy-in and ownership of the work. When people feel ownership of their work, they are more likely to own the problems that occur and take on the daily task of finding solutions much more enthusiastically.

  In order for people to provide meaningful input into the design of the work process however, they must first clearly understand the desired outcome and the parameters within which they must work to achieve it. Once this is understood, people must then be given latitude to determine *how* they are going to achieve it. Recognizing this natural drive to be an integral part of the solution is a critical first step to motivating people to do their best.

- Build Trust: Take time to get to know your people.

  Effective managers take time to get to know their people. This area can be a pitfall for entrepreneurs, who have the tendency to focus on the task and not the person. When you make people feel like you care more about the work than you do about them, you make them feel insignificant. Conversely, when an employee feels that his or her manager is as concerned about their well being on the job as they are about the job itself, they are more likely to feel the sense of trust that is critical among high performing teams and organizations.

  In addition to creating this vital sense of trust, taking the time to get to know your people will provide invaluable insight into what motivates them. Different people are motivated by different things. While one person might be stoked to be designated as project manager, another might feel more achievement if they get to actually produce the desired product once it's determined how it will be done.

  This comparison illustrates how different people require varying degrees of structure in order to be happy within their jobs. One way to asses each individual's need for structure is to ask them to bring in questions about their jobs. Someone who has lots of questions needs more structure; the person who has few questions needs less structure.

- Make the transition from problem-solver to coach.

  You must also recognize this human drive to problem solve in yourself if you are to make the critical transition from problem-solver to coach that every effective manager must make.

  As a manager, your job is to mentor, coach and develop people so they are adequately prepared and supported to do the work on their own. Turning off the impulse to simply provide answers when your employees come to you for help isn't easy, but you must learn to do it. When you always provide answers, you're doing long-term damage to the person, your company and yourself.

  First, you're reinforcing the person's lack of confidence in their own problem-solving ability. Second, you're missing an opportunity to teach your people to problem-solve, which will make them better employees and keep your management pipeline filled with good candidates. And finally, you're

creating more work for yourself, teaching your people to continue to come to you for answers instead of trying to solve the problems on their own.

Instead of providing answers, ask questions. Asking good questions is a great way to help people learn to problem solve. This Socratic method of coaching gives people the opportunity to discover the answers for themselves, creating sustainable learning that will serve them much longer and better than any solution you simply give them, no matter how ingenious it may be.

- Focus on what's working.

As managers learn to make the transition from doing to coaching, it's natural to focus on what's not working. Managers who intervene only when there's a problem are often viewed negatively by their people, who begin to fear every conversation with them. Brain chemistry research shows that this sense of fear of criticism actually triggers the fight or flight response, bathing the brain in fear hormones that increase defensive behavior and actually inhibit learning. And if you only take time to talk to your employees when something's wrong, chances are they'll be defensive and withholding -- decreasing the opportunity you'll find out what you need to know about the job or the person.

To avoid this all-too-common scenario, you must instead intentionally make time to focus on what is working. One way to do this is to schedule regular meetings with your people where they are invited to report their successes. Quite the opposite of the scenario where you only show up to talk about problems, this structured time together will begin to make your people see time with you as a positive experience and something to look forward to, motivating them to achieve even more.

And of course, in the process of learning what's working, you'll inevitably learn about what's not working. But because the interaction starts with attention on what the person is doing right, you've created an atmosphere where people are open to discussion and learning can definitely take place.

BONUS: When you create time for regular positive interactions between management and employees, you also further contribute to the sense of trust between you and your

people, is critical to high performance among teams and organizations.

Recognize people through responsibility and advancement.

In addition to making time to let people tout their own achievements to you, public recognition is also necessary to extend that achievement into a feeling of responsibility and accountability in the workplace. When people are publicly recognized for a job well done, they experience that sense of achievement all over again, which makes them eager to get back to work and tackle the next problem even more skillfully.

Appropriate recognition for good performance can and should include the awarding of more responsibility and advancement within the company. Using responsibility and advancement as recognition is good for the employee, the manager and the whole organization.

The timing of recognition is important too, so don't wait for the annual awards banquet. Making public recognition spontaneous and frequent will motivate everyone by creating an environment that supports and encourages ongoing learning, achievement and accountability by all.

To truly motivate your people to perform their best, you must provide a work environment that provides achievement, recognition, meaningful work, advancement and growth. You can start to create this work environment by trying out the following six suggestions. First, make sure you understand the difference between motivation and reward. You'll make better decisions on how to do both. Second, recognize that when people feel ownership of their work, they are more likely to own the problems that occur and take on the daily task of finding solutions much more enthusiastically. Third, no matter how busy you are, keep in mind that taking time to get to know your people and what they need at work will pay off big in the long run. Fourth, remember that your job is to coach, mentor and develop your people, not to do their work for them. Fifth, make time each week to focus on what's working. And finally, publicly recognize people frequently on their performance, awarding responsibility and advancing them up in the organization as soon as they've demonstrated that they can do it.

7.4 THE BENEFITS OF EMPOWERMENT FOR THE HOSPITALITY INDUSTRY

Empowerment can be productively viewed as a dual relationship between a manager and their subordinates. Spreitzer (1995) defined empowerment as a process of psychological state manifested in four cognitions: meaning, competence, self-determination, and impact. Empowerment is defined here as 'a process'. Previous research shows that empowerment is an important driver of organisational effectiveness, involving the delegation of responsibility down the hierarchy, giving subordinates the responsibility of increased decision-making authority in respect to the execution of their primary work tasks.

There is a significant comparison between this 'structural definition' of empowerment and the 'motivational definition' of empowerment, as 'psychological enabling' and focuses on the cognitions of the individuals who are empowered. The practice of empowerment therefore allows employees to feel that their work is important on a personal level and view their behaviours as making a difference in work outcomes because of the freedom empowerment grants them to choose how to initiate and perform tasks. This is a result of increased responsibility, autonomy and decision-making authority being granted to employees, thereby positively affecting their intrinsic task motivation and enhancing their feelings of self-efficacy. Gill et al. (2010) conclude that individuals have been found to have an intrinsic need for empowerment, highlighting the employee's capacity to influence and control their work environment and achieve greater self-determination.

7.4.1 Proposed Benefits of Empowerment

Self-efficacy

Empowerment is a process of enhancing feelings of self-efficacy among employees. The importance of self-efficacy lies in its capacity to improve employee performance as employees exert more effort, become more persistent, and learn how to cope with task-related obstacles. The hospitality industry is synonymous with the intangible and the unpredictable, and therefore self-efficacious employees should be able to perform better in the hospitality industry when demanding situations arise during the service encounter. Qualitative studies demonstrated that customers are more satisfied when employees possess the ability, willingness and competence to solve problems. Empowerment therefore

has positive service implications for the hospitality industry and a positive effect on employee responsiveness and customer satisfaction as a result of creating self-efficacious behaviour.

Intrinsic Motivation

Empowerment creates intrinsic motivation by aligning the employee's goals and objectives with those of the organisation. Intrinsic motivation refers to the extent to which an individual is interested in or fascinated with a task, and engages in it for the sake of the task itself. When an employee is intrinsically motivated, they believe that their job requirements are meaningful and personally important and are more likely to take the time to understand a problem from multiple perspectives and spend effort searching for a solution.

The most significant benefit of empowerment is that it positively influences an employee's willingness to engage in creative problem solving, and do so with motivation and a degree of self-determination. This increases their commitment to the organisation and represents a dramatic step forward to building a more pro-active and productive workforce.

Adaptability

To be competitive, any individual – like any company – has to adapt continuously, learning new fields and new skills. The hospitality industry is characterised as an uncertain working environment. When employees have to deal with uncertainty, a variety of meanings can be attached to situational stimuli, making interpretations of a situation or service encounter more discretionary.

Adaptability is the ability of customer contact service employees to adjust their behaviours to the interpersonal demands of the service encounter and is thus a key competency within the hospitality industry.

The extent to which a subordinate is autonomous determines their ability to successfully interpret uncertain situations and attach meaning to the decision-making process, a direct result of feeling empowered. Information is multiplied if shared, but many weak leaders tend to horde it.

With the intangible nature of the hospitality industry, all employees need information to make critical, immediate decisions. On the front lines of the service industry, being able to adapt to the situation is the only way to ensure customer satisfaction.

Organisational Commitment

There is a strong relationship between an employee's affective commitment to the organisation and that person's experience of empowerment. Organisational commitment is categorised by three factors: a strong belief in the organisation's goals and values; a willingness to exert considerable effort on behalf of the organisation, and a strong desire to remain in the organisation. Organisational commitment is also a precursor to job satisfaction. As a result of empowerment, an employee will experience increased levels of organisational commitment and therefore, job satisfaction. The benefits of empowerment don't end there - ownership of decisions not only improves teamwork by creating greater commitment and understanding, but it also builds an employee's self-confidence. Empowerment is therefore a relevant and important management practice that the industry needs to adopt on a much larger scale in order to effectively reduce the transient nature of the workforce. Its application is also necessary to satisfy the rising demand for future leaders to overcome the current crisis of management present in the industry today.

7.4.2 Link to Individual & Organisational Performance

Extra-role Behaviours

It is important to examine the positive effects empowerment has on followers and their work performance. Due to the unique, intangible and impermanent nature of the hospitality industry, it is necessary that frontline staff demonstrate extra-role behaviours, which encompass the little extras and spontaneous attention that service employees direct at customers during the service encounter. Challenging extra-role behaviours require that individuals adopt an active orientation towards their work performance – a characteristic of employees who feel psychologically empowered. Psychological empowerment is related to freedom and flexibility, and a sense that one is less constrained by supervisory instructions and organisational procedures. Subsequently, psychologically empowered employees are likely to pro-actively execute their job responsibilities. This could involve anticipating problems and taking the initiative to bring about constructive change. There is also a link between psychological empowerment and autonomous motivation. When employees feel psychologically empowered, they retain the values associated with engagement in autonomous, self-determined activities. Consequently, they are likely to engage in challenging extra-

role behaviours not because they are incentivised to do so by extrinsic rewards, but rather because they perceive that such behaviour is an integral part of who they are, that it emanates from their sense of self, and is thus self-determined. It is therefore clear that psychological empowerment is a source of flexibility, pro-activity and increased job responsibility for subordinates, as well as a source of autonomous motivation and self-determination. These attributes directly affect customer service, as employees feel internally driven by the effects of an empowered organisational environment. It is these 'above and beyond' behaviours which will create and inspire followers to become the future leaders needed in the hospitality industry.

Psychological Empowerment & Power Values

The concept of individual power values connects to the practice of empowerment and improvements in productivity. Low-power valued individuals are not motivated to achieve power, adding that psychological empowerment provides an important source of intrinsic motivation. This point is central to the benefits of empowerment for the hospitality industry because hospitality employees are largely under qualified, transient in nature and generally not commitment to the organisation – motivated by external rewards. Psychological empowerment is an imperative practice for the international hospitality industry because it intrinsically motivates employees by their attainment of social status and control over their work. It motivates followers to value power within their job and to continue to strive to achieve it by performing well. This evaluation also demonstrates the benefits of empowerment for an international and multi-cultural workforce. Psychological empowerment acts as a catalyst for change, specifically in the change-oriented behaviours of employees – transcending cultural levels of power distance. Empowerment is therefore a key organisational practice because it unleashes employee's potential by allowing them to be more adaptive and receptive to their environment and enhancing their motivation to perform well.

Implications for a Multi-Cultural Workforce

Regarding the international and multi-cultural hospitality workforce, it is important to evaluate further the implications of empowerment practices for such a diversity of nationalities working for an organisation, and propose recommendations for making empowerment successful. The benefits of empowerment are not always realised and

the hindering factors to failures of implementation, rather than design. This observation is central to argument for empowering multi-cultural employees because people from different countries see, interpret, and evaluate things differently, and consequently act upon them differently. It is imperative for an organisation to implement training programs for all new employees to ensure that an accurate communication of their values, goals and management practices are not misunderstood or misinterpreted by employees from different cultural backgrounds. Effective communication between an organisation and their employees heavily replies upon creating a shared language which helps the employees understand the company's culture and empowerment practices, therefore motivating them to perform well by encouraging organisational commitment. There is a responsibility from the company to communicate the benefits of empowerment within their organisational culture to surpass cultural boundaries and intrinsically motivate employees who may have low power values.

Excellent customer service requires employees to be empowered to make service decisions independently and on the spot. Empowerment is therefore an increasing necessity in the service industry due to the challenges and pressures that are faced to meet the individual needs of every guest. A committed, motivated and self-determined workforce only occurs if personnel are nurtured, have the right tools to self-manage, and are given rapid and relevant feedback on performance. Furthermore, this highlights the importance of orientation training programs to create a shared organisational language that transcends individual power values to avoid inter-cultural misinterpretation of empowerment practices. If organisations are able to implement such training and development that encourages autonomy, then they are not just creating empowered employee's, they're also creating future leaders.

7.5 POTENTIAL CONSEQUENCES OF EMPOWERMENT

Even though employee empowerment plays an important role in hotel front desk operations, there are some negative aspects when empowering personnel. First of all, managers may tend to avoid empowerment due to their fear of losing power and at the same time they may distrust employees to use empowerment correctly. Most of the objections to employee empowerment comes from middle- level managers who think that their positions of authority will be threatened. He found that upper-

level management felt less threatened by empowering employees. Middle –level managers sometimes feel that this will put more demands on them and their staff numbers may be reduced. Managers may also argue that employees have limited knowledge, so that they are not able to see the "big picture." "Their (employees) limited perspective and expertise is likely to contribute to disastrously short-sighted and narrowly self-interested choices". For example, new front desk agents and new front desk managers are not familiar with the nature of a new workplace and they will not be able to immediately perceive what they can and cannot do when dealing with guest complaints.

Secondly, it is difficult to train employees for the proper use of empowerment. Normally empowerment is implemented based on an individual's common sense. The idea of using common sense from the point of view of a manager and how that common sense was used to make decisions. We did this to see how he could better use the idea of common sense to make better decisions. Common sense might mean different things to different people so that what one person believed was sensible might be seen by someone else as showing a lack of common sense. Individuals developed their idea of common sense through their individual experiences. In fact, the front desk has a diverse workforce having different cultures, education, and work experience. Therefore, the subjective nature of common sense naturally makes the training difficult and it is impossible to train someone who has different backgrounds and personalities to make the right decisions on daily basis when in fact the problems that they have to deal with also change each and every day.

In addition, no amount of training will be able to change employees' perceptions since they have been carrying those habits, ways of thinking and knowledge their entire life.

Finally, empowerment can be abused by both employees and guests. Due to the nature of the hotel industry, front desk agents are constantly dealing with rude and impatient guests during their work shift. Indeed, some guests are always "fishing for comps" which means that they push the front desk personnel in order to get compensation for their inconveniences during their stay. They may make up stories or try different front desk agents to get the maximum compensation that they can. Because of this, front desk agents may use their empowerment inappropriately just because they want to get away from difficult guests, even though they should be using empowerment at front desk operations with the proper paper work and procedures. A hotel manager of a resort

in Las Vegas stated that it is difficult to say "There are limitations for empowerment". She stated that using empowerment differs from case to case because the front desk has different challenges and guests on a daily basis.

The biggest challenge can be to just say "NO" in the hospitality industry. Even though front desk personnel may deal with demanding or intoxicated guests, and some who ask for things which do not make sense, it is difficult to say "NO" in the hospitality industry. Indeed, a resort hotel on the strip in Las Vegas has a specific "Standards of Service" which says that "NO" is not an option, and team members must offer guests alternatives. Many hotels care about their hotels' ratings and monitor UniFocus scores which affect a hotel's rating. Especially now with the economy in a recession and social media over the internet affecting the hospitality market, word of mouth and blogging are becoming important marketing tools. Therefore, accommodating and solving guests' problems during their stay can be a difficult task for front desk personnel.

Employees might feel that management just says that they believe in TQM and employee empowerment but in reality most decisions are made by management and that employees really don't have a say in the decision making process.

In many organizations, they still believe in this traditional labor division which is the real reason why managers don't want to delegate the decision making process to their employees. To some people delegating authority is really a form of indirect control. Moreover, some lower level managers look on empowerment as abandoning their responsibility and that could lead to a kind of anarchy in the organization.

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CHAPTER 8

CULTURAL DIVERSITY IN A WORKPLACE

INTRODUCTION

Diversity and multiculturalism in the workplace are vital for any thriving business that wants to attract top talent and appeal to a broad customer base. As a customer-centric industry, diversity in hospitality is even more important.

A diverse hospitality team brings fresh perspectives, better customer service, improved decision-making, and greater creativity.



8.1 CULTURE AND CULTURAL DIFFERENCES

The ability to recognise and understand your own cultural context is seen as an essential prerequisite for understanding and interacting with

people from different cultural backgrounds. Let's begin by grappling with the idea of culture itself.

8.1.1 Definition of Culture

One component of investigating culture involves processes of globalization and cross-cultural elements as a global cultural homogenization. This refers to blending different cultural practices into one blended uniform of cultural practices. Cultural homogenization usually disregards local cultural perspectives. From a cultural point of view, globalization is the process of increasing homogeneity of individual lifestyles within the organization. It comprises different views and greater opportunities for the company and the employees. Globalization combines people into a single world society.



In essence, the modern tourism and hospitality environment is experiencing an increasing internationalization and globalization. The huge development of the hospitality industry over the past decade has been extensively influenced by advanced technology, communication systems and transportation.

People travel more around the world, and their countries are integrated into global markets. This leads their exposure to culturally different societies, social interactions, and cultural exchanges.

The fact is that travelling and tourism is growing into a multicultural environment which obtains both similarities and differences in worker

behavior across cultural borders. Tourism and hospitality organizations will work in a very complex multicultural tourism environment and they must understand the perception of culture and the role of national culture, and how impact both employee as well as tourist behaviour.

According to Tylor the first person to give the definition of culture said that culture is a complicated definition due to several different factors, such as knowledge, belief, art, morals, law, custom, and all other kinds of skills or routines people may have. Culture is the way people function and communicate with each other all the time. It literally means that culture plays a crucial role in people's attitudes and it defines people's actions. When humans are considered as an engine to establish and reform society, culture becomes a basic measure to assess activities as well as understanding people.



Culture as a word has many different meanings. Initially, culture originates from Latin word cultura, which means to cultivate. It refers to human activity and symbolic structure designs that emphasize the importance and value of the actions.

The concept of culture is really complex to describe due to its name referring to extremely broad and multidimensional phenomenon. It is constantly changing and easily lost because it only exists in our minds. Culture is not tangible, however, culture can be expressed through tangible items such as food, architecture, clothing, art or expressed elements such as an organization's vision, but there are other unarticulated elements as well. Ultimately, it is the full range of learned human behavior patterns.

The purpose of culture is to explain how to live, talk, think and do things. It gives guidelines for one's life to behave in a socially accepted way and value diverse things. It clarifies what is correct, honest, true

and important. It also sets up rules and regulations to society in order to obtain stability and peace. Culture is the main force that brings people together, creates uniqueness of the cultural group as well as communicates with one another. Cultures are perceived to embrace group work, sharing and teamwork. However, culture and society is not the same thing. People perceive that their society is distinct from other societies in terms of shared traditions and expectations. Culture is created and submitted to others in a society.

In this section culture is considered as a behavioral manner of different individuals with different backgrounds in the work environment and organization. Fundamentally, culture is utilized as a broad phenomenon which covers diverse beliefs, values, attitudes and behavior of various perspectives of diverse population within the globalized hospitality corporation. Culture refers to employee's abilities, skills, communication, traditions, behavior and attitudes to- wards themselves, the work environment, co-workers and their different cultures in this section.

Types of Cultures

There are different types of cultures within the society. Various culture levels and types are associated with each other. The most broad culture level is universal culture whereas individual culture represents the most unique category as illustrated in Figure 1.

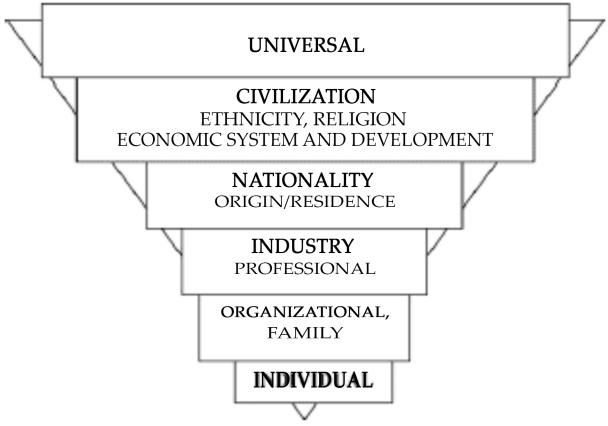


Figure 1: Levels of culture.

Basically, everybody belongs to the universal culture category. All nationalities and humans with their diverse beliefs, ideas, morals and values are part of the universal culture. For example, all people have special forms of speech for special occasions. Followed by the civilization

culture category, civilization is the broadest level of cultural identity that people obtain. This category involves, for example, ethnicity and religion. National culture is a more narrow culture. Generally, culture refers to national culture, which can be called country culture. National culture can be determined by a country of residence, country of birth, or citizenship. People's behavior and perceptions are shaped by several other cultures, such as ethnicity, family, friends, global environment, occupation, race, religion, and value systems.

Finally, minor culture components within the society are industry, organizational and individual culture. Those three levels are more unique. They have the most diversity and differences due to the stimulus of other categories. Fundamentally, individual culture is the most shaped by the influence of other levels of cultures, which impact personal beliefs, thoughts and values.

Layers of Culture

Almost everyone belongs to a number of different categories and groups of people at the same time. People unavoidably carry layers corresponding to different levels of culture. There are likely three layers of culture that are associated with learned behavior patterns and perceptions.

Firstly, the most common layer consists of cultural traditions that distinguish a person's specific society. Culturally shared traditions are like myths, ceremonies, legends and rituals verbally or nonverbally. For instance, shared language is very a visible traditional cultural attribute. It is learned from parents and other family members who have it. As a result, cultural traditions are passed from generation to generation.

Secondly, each culture consists of several subcultures which are non-national cultures that share values and mental programming. Diverse societies in which people originate from many parts of the world often maintain a great deal of the original cultural traditions of their national culture. Consequently, individuals frequently are part of a particular subculture in their new society. They share cultural traits that set them apart from the rest of their new society. A subculture can be distinguished based on its members' race, nationality, tribe, religion, geographic region, ethnicity, socioeconomic class, age, gender, occupation, politics, sexual orientation, or a combination of these factors. For example, in the United States subcultures consist of different ethnic groups, such as African Americans, Hispanics, and Asian-Americans, which are

the three major ethnic groups. All these subcultures share a common identity, food tradition, language, and other cultural traits that come from their common ancestor background and experience. The cultural differences between members of a subculture and national culture decline and eventually disappear. Accordingly, the subculture tends to lose gradually their ancestry roots.

Thirdly, cultural universals are the last level of culture. These mean learned behavior patterns that are collectively shared by everybody. It does not matter where these people live because everyone has these cultural universal traits. Using age and gender to classify people are great examples of the universal attributes. Even though there are universal manners of executing things, different cultures and subcultures have developed norms, rules and specific ways of expressing them. Some subcultures, for instance, likewise deaf subcultures, use sign language instead of verbal language.

Cultural Distance

Cultural distance indicates a gap between different national cultures. Cultural distance can be notified within organization, particularly within hospitality industry. Hospitality organizations, likewise international and multinational tourism companies, likely hold several different cultures within the property. There can be diverse cultures between employees or between employees and customers. Organizations should decrease the cultural distance, especially between their employees. The cultural distance affects interactions between employees from two different cultures. The greater the distance gap is, the more conflicts appear and this lowers the rewards experienced from working together.



Cultural distance is a vital component of international tourism and multinational companies. In essence, it measures the extent to which national cultures differentiate and are related to the compared culture. Therefore, organizations and managers are advised to measure the cultural distance within the property. There are numerous measures of the perceived cultural distance between countries and cultures. Reisinger suggests examples of measuring cultural distance by using the cultural diversity index, cluster analysis index, self-rating method, and linguistic distance index. Cultural diversity index ranks differences between each country from the base country according to Hofstede's four cultural dimensions. The index ranks all dimensions from very similar to very dissimilar. Cluster analysis index differentiates language, religion, and geographical location into five clusters: Anglo, Nordic, Germanic, Latin and the rest of the world. Each cluster's distance is calculated from Great Britain. Moreover, self-rating method observes respondents' cultural differences between their countries and others by using a low-to-high distance scale whereas linguistic distance is based on language genetics or common ancestor similarity by ranging the difference from 0 to 7.

Using cultural distance methods or other measurement tools as reviewed in the study, organizations will be more aware of their employees, their cultural background and possible cultural distances. When they have measured the differences and similarities between employees, they know which things to emphasize and change, as well as what things to take into consideration in order to become more knowledgeable of the cultural dimensions.

8.1.2 Cultural Variability

In the hospitality industry diverse cultures infuse on a daily basis. There are several contrasts between employees or between a customer and an employee in the hospitality organization. Cultural diversity management is necessary in order to understand the variability of cultures that initially appear inside the organization. It is important to recognize cross-cultural behavior if the company wants to have a competitive edge in the hospitality industry.



Cultural variability involves both recognizing differences and accepting them. Acceptance is a respect of culture and appreciation of differences in culture, such as values, norms, styles, behavior. The three layers of culture should be valued and respected in a correct manner.

Sources of Cultural Differences

Cultural variability identifies major dimensions along which national cultures differ from each other. There are multiple cultural differences among numerous nations. Cultural differences can appear in verbal or nonverbal communication, social interaction, personality, gender, class or education. They impact human behavior and how employees execute tasks.

Cultural difference also comprises systematic differences, for example, in beliefs, philosophy and values of social regulation. Within an organization there might be a great deal of systematic differences across cultures. Asian cultures are more collectivistic whereas Western cultures tend to be more individualistic. It is really important for managers to take these cultural differences into consideration due to their different characteristics, for example in terms of collectivistic or individualistic goals. Managers who understand cross-cultural behavior are an asset for any company in order to bring the best out of employees and be a coherent, consistent, and successful organization.

As two people from two different cultures interact within the organization and attempt to find an understanding to their cross-cultural approaches, these cross-cultural partners bridge the cultures into a so called third culture. The third culture includes methods of finding compromises between distinct cultural practices. Cross-cultural partners find ways to create organizational practices and management techniques that assists everybody within the organization. In order to establish synthesized third cultures, systematic differences must be understood, reconciled and transcended since it is a new system with infused cultural characteristics. The third culture is vital for businesses that look for international partnerships. Therefore hospitality organizations and managers should construct effective third culture practices.

Cultural Values and Dimensions

Cultural values are principles and norms that a group of people considers as good, right, or worthwhile. Values characterize the center of any type of culture and comprise psychological, spiritual, and moral phenomena.

In essence, values are standards of socially desirable behavior. They differ from other cultures and explain cultural differences. Changes in values impact people's thoughts, beliefs and actions which may arouse conflicts and disagreements. Therefore, cultural values have an important role in regulating customs and etiquettes that occur in the workplace.

Cultural differences and values can be measured as well. The measurements give guidelines for the company to recognize cultural differences and take action if needed. The cultural difference measurements help the organization to acknowledge future requirements in terms of the culture of the organization, employees, and customers. One of the most common cultural dimension measurements to distinguish cultures is created by Hofstede.

Hofstede's Dimensions of Cultural Variability

Hofstede conducted well-known studies of how values in a workplace are influenced by culture. The study shows both national and organizational culture value impacts. He analyzed a significant amount of data base about employee values from over 70 countries and published his results in 1980. He indicated that the values that differentiated countries can be divided in four different dimensions: power distance, individualism vs. collectivism, masculinity vs. femininity and uncertainty avoidance.

The first cluster, power distance, is the extent to which the less powerful members of organizations and institutions expect that power is distributed unequally. Power distance refers to dissimilarities which are expected and accepted within a culture. For instance, Asian cultures have a reasonably large power distance. Thus, in Asian cultures the lower social status will have to respect and admire higher social status people.

Another culture-based variable that explains differences is individualism versus collectivism. Individualism is the degree to which individuals are expected to look after themselves whereas collectivist culture involves cohesive strong in groups which will look after each other with automatic loyalty. As concluded earlier, Asian cultures are more collectivistic than Western cultures.

The third dimension involves masculinity versus femininity. Masculinity denotes the distribution of gender roles. In the business world, this dimension is a basic issue for societies. The assertive and competitive pole is typical of the masculine and the modest and caring pole is considered

feminine. For example, Middle Eastern countries are on the masculine side whereas Scandinavian countries take place in the feminine side.

Finally, uncertainty avoidance consists of the tolerance of the society for ambiguity and uncertainty. It explains how accepting people are toward others who have dissimilar opinions to what they are used to. Uncertainty tolerant cultures attempt to have as few rules as possible. Controversially, uncertainty avoiding cultures desire to minimize the possibility of surprising and uncomfortable situations through strict laws and safety factors.

In addition to the four cultural value dimensions there is also a fifth dimension observed and added in 1985 by Michael Bond. It comprises long-term orientation versus short-term orientation. Long-term oriented cultures value perseverance and thrift, whereas short-term oriented cultures value protecting one's face and fulfilling social obligations.

8.2 UNDERSTANDING DIVERSITY IN THE HOSPITALITY INDUSTRY

At the very foundation of diversity is an understanding that as humans we all come with our own unique and varied life experiences, cultural histories, and perspectives. Diversity in hospitality means recognizing, valuing, and leveraging these differences in both your employees and your customers to improve the overall experience for everyone.



8.2.1 Types of Diversity in the Workplace

To better understand diversity in the workplace it can be useful to think about different factors that play into it. Some of these are innate while others are external. Let's take a look at the four main diversity types.

Internal Diversity

Some are characteristics we're born with and these are things we don't choose and can't change about ourselves, including:

- Age
- Nationality
- Ethnicity
- Race
- Cultural identity
- Sex assigned at birth
- Gender identity
- Sexual orientation
- Physical ability
- Mental ability

External Diversity

External characteristics are those related to a person but not things they are born with. External diversity is influenced by the external world, including surroundings and other people, so they are aspects of a person that can change over time. External characteristics include:

- Socioeconomic status
- Education
- Geographic location
- Citizenship
- Religious beliefs
- Life experiences
- Personal interests and hobbies
- Familial status
- Relationship status

Organizational Diversity

Organizational, or functional, diversity involves characteristics assigned to different employees within an organization that distinguishes them from one another. An organization can be a paid workplace but can also be a volunteer environment or any activity undertaken as part of an organized group. Organizational diversity includes:

- Place of work
- Role or job function
- Employment status
- Management status
- Seniority
- Type of pay

Worldview Diversity

Lots of factors, including external, internal, and organizational characteristics combine to form our worldview. Our worldview is how we interpret the world around us and includes:

- Outlook on life
- Moral compass
- Political leanings

The hospitality and hotel industry is a unique melting pot of cultural diversity where workers, customers, and clients from different backgrounds from all over the world come together.

This can present challenges, for example, a lack of cultural awareness and not hearing diverse voices can create unhappy teams and a poor customer experience. But diversity also presents unique opportunities. Having a culturally diverse team can:

- Help you better understand and improve the service for different types of guests
- Tap into different views, ideas, and perspectives to innovate and offer new and different services
- Create better market segmentation because you understand your audience and can adapt services and products to meet their needs.

8.2.2 Importance of Workplace Diversity

Focusing on the employee side, a well-managed diverse workforce is an invaluable asset.

When you embrace the diversity of your team, including everyone from front-of-house staff to senior decision-makers, you can tap into a well of amazing talent, skills, and perspectives that can benefit both the organization and your people.

8.2.3 Importance of Diversity in the Hospitality and Tourism Industry

Whether you're a hospitality manager, event manager, or hotel manager, it's essential to understand the importance of diversity and multiculturalism in the workplace.

Aside from making your work environment a generally happier place to be, it's vital for ensuring your current team feels heard and valued and for attracting top talent. When you recruit from a wider and more diverse pool you'll access more candidates and attract those looking for space to grow. This brings better overall staff performance, fresh ideas, and the opportunity to better understand a diverse customer base.



8.2.4 Benefits of Diversity in the Hospitality and Tourism Industry

Diversity in hospitality and tourism is beneficial in many ways for both hospitality industry employees and customers, such as:

- **Improved cultural awareness**. Whether you're a local or global company, having a team rich in cultural diversity allows you to work more collaboratively with different clients. Maybe you have vendors based in India, so having an employee who speaks Hindi could be beneficial to working relationships.
- **Positive employer brand**. If you have a more diverse workforce you're more likely to be perceived as a more human, accepting, tolerant and progressive employer. That's great for attracting future talent.
- **Increased marketing opportunities**. Potential customers who see that a company represents a diverse workforce

are more likely to be able to relate to it. Advertising that is more genuinely diverse in its representation, with different ethnicities, ages, abilities, and gender representations will promote your services to a more diverse customer and client base.

- **Increased productivity**. **Diversity and multiculturalism** in the workplace play a big part in how engaged employees feel. When employees are treated with respect and feel heard and valued they feel happier, work harder, and are more productive.
- **Better employee retention**. Employees are your biggest asset, and it takes time and money to train your team up in customer service, IT systems, and everything that goes with efficiently running a hospitality and tourism business. When you encourage and celebrate diversity, staff are able to be their full selves when they come to work and will feel like an important part of the team and want to stay.
- **Better decision-making**. Having diverse representation at every step in the decision-making process means you'll be able to draw on diverse experiences and views and make more informed decisions.
- **New markets**. A diverse group of employees can give you new insights into regional differences and help you tap into new demographics and markets you might not have even known existed.

Studying hospitality and tourism management is a great way to gain real-world experience of working in diverse hospitality environments. With a hospitality degree, you'll be set up for success in whichever path you choose to follow in your hospitality career.

8.2.5 Diversity with an Example

Leading hospitality businesses understand the importance and value of dedicating time and attention to creating a more diverse workplace environment. One of the major focus areas in helping to achieve this is in recruitment. A diverse recruitment strategy means a process free from unconscious bias that gives all jobseekers, irrespective of background, an equal opportunity.



A great example of diverse recruitment in action is Hilton hotel's efficient and inclusive hiring process. Even before the move to more digital workplaces in the 2019 pandemic, Hilton was fully embracing video interviews. It understood that this made the interview process more accessible to a broader and more diverse range of talent, removing obstacles like paying for transport, having to meet in a busy or stress-inducing office environment, or having to make difficult care arrangements for dependents.

Hilton also systemized the process which meant the business could interview a large volume of candidates simultaneously. This streamlined the process and reduced the hiring process from 45 days to an impressive five days. That saves a lot of time and money for candidates and the business. This inclusive and efficient recruitment process earned Hilton a coveted DiversityInc award and put the hotel chain up there as the number one best place to work in 2021.

The importance of diversity in hospitality can't be underestimated. It creates a more positive work environment, increases job satisfaction, brings diverse voices into the decision-making process, fosters creative ideas, and helps you segment and better understand your customer base. All of this means a more productive, customer-focused, successful, and profitable business.

8.2.6 Challenges of Cultural Diversity in the Workplace

Alongside the considerable benefits, it's also important to note the challenges of diversity in the workplace.

- **Communication barriers:** People from a mix of cultural backgrounds may speak different languages and have different communication styles, leading to misunderstandings.

- **Stereotyping and bias:** When employees make assumptions about people based on ethnicity or cultural background, this can lead to harassment, discrimination, and, ultimately, exclusion.
- **Misunderstandings:** Cultural differences can create a clash of beliefs, values, and customs, potentially leading to misinterpretation and resentment.
- **Resistance to change:** Some employees may be unwilling to adapt to new cultures or working methods, often due to a lack of understanding, fear, or a disproportionate sense of cultural superiority.
- **Conflict and tension**: This can arise due to miscommunication or misunderstanding.



While these challenges are significant, businesses can overcome them by providing employees with training, encouraging open communication, and creating clear policies that promote and celebrate diversity and inclusion.

8.3 MANAGING CULTURAL DIVERSITY IN THE HOSPITALITY INDUSTRY

Our environment determines our behaviors. People adopt certain communication styles, eating habits, and different modes of dressing depending on the type of social orientation. Symbols such as gestures and body language also form part of the human culture. Different people interpret symbols differently depending on their culture. As such, individual's way of life determines how one perceives different ideas. Our way of life determines how we cope in a new environment with unfamiliar practices.



8.3.1 Culture Shock

When people are exposed to different cultures, they go through culture shock. This happens especially if individuals are not prepared to adapt to the new culture. Individuals go through disappointments and develop unsocial behavior. This is common due to confusion and the inability to interact with others in the society.

In the hospitality industry, culture shock is more likely to be experienced because of diverse customers. Most tourists seek accommodation in hotels. Here, tourists experiences culture shock; they face different language, food, and lifestyle.

Case study/ Example

Jimmy Steve is an employee of Sagret Hotel, one of the best restaurants in America. Last year, the management of Sagret Hotel opened a new branch in India. Because Jimmy Steve was experienced, he was transferred to India as the new manager of Sagret Hotel India branch. Jimmy Steve experienced the following problems.

First, it was difficult for him to understand both verbal and non-verbal communication. This is because some gestures are interpreted differently in India from the way they are interpreted in the US. For instance, nodding the head in the US means yes to a question. In India, nodding of the head can mean yes or no. Hence, found it difficult to give clear directions to the workers who were Indians.

The second challenge that Steve faced was that, he had difficulties eating the local foods. To him, the food was not appealing. He was also

frustrated by different behaviors by the locals. Steve experienced very different custom and value system. He could not understand why there was discrimination based on caste system in the workplace. Steve also had issues with environment and hygiene. He was not able to understand why people would cook food next to places with sewer in the hotel.

The safety of the hotel that was supposed to accommodate tourists was questionable for him. He observed that there were beggars around the hotel, which could scare away guests. He was surprised that in the hotel only women worked in the housekeeping and food departments. All waiters and cooks were women while men worked as cashiers and supervisors. Steve was told that it was taboo for men to cook since that was a job for women.

8.3.2 Cross-cultural Theory

In the hospitality industry, cross-cultural issues may be experienced because this sector receives customers from different regions. Dr. Milton Bennett argues that the more an individual encounters cultural differences, the more likely a person will become more competent working across cultures.

People, who become competent in managing cross-cultural issues, can be able to adjust and adapt to different environments. Bennett has provided six stages of how individuals develop intercultural competence. The first step is the denial stage. At this level, individuals are not able to interact.

Usually, people refuse to interact and behave aggressively. The second level is the defense stage. In this stage, individuals consider their culture superior over the other. Individuals usually criticize the other culture because it is "inferior." At this stage, individuals will also defend their culture.

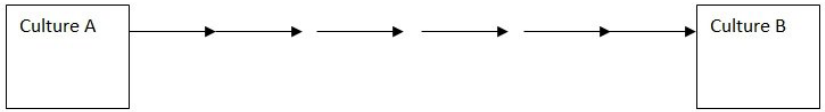
The third step is the minimization stage. At this stage, individuals believe that all cultures share common values. People try to minimize cultural difference. The fourth level is the acceptance stage. At this stage, individuals are curious about the other culture. Although they may criticize the other culture, they will also acknowledge that not all cultures are similar.

The next stage is the adaptation stage. At this stage, individuals start adapting the other culture. People begin to change communication style and so on. The last step is the integration stage. At this stage, individuals are fully integrated with the other culture. Individuals' adapt some behaviors from the other culture. Some people can even communicate

using different styles.

The cross-cultural theory portrays what happens to individual while adapting to a new culture. A tourist from the US visiting India would most likely stay in a hotel. While at the hotel or restaurant, the tourists experiences cross-cultural issues. The individual comes across different lifestyle, communication style, and unfamiliar food.

In the example presented, it is clear that adapting to a new culture is a long process with many challenges. The link between this theory and issues of cultural diversity is that, the theory describes steps that such individuals would go through to be integrated into a new culture.



In the diagram the arrows represents the stages of development.

8.3.3 Cultural Dimension Theory

According to Cultural dimensions theory people are different from six dimensions. The difference in dimension is what determines how people can easily adopt to foreign cultures. This theory argues that societies have different power structure. Some cultures such as Indian culture encourage a gap between people in high positions and subordinates.

While the US culture encourages equal power distance between leaders or managers and workers. This leads to democratic type of leadership. In a close power relation, people interact as equals irrespective of their formal positions. People can be able to provide their ideas and participate in decisions making.

The second dimension is individualism verses collectivism. This refers to the level of integration in the society. The US is an example of an individualistic society. The US culture is focused on individual achievement but others such as India encourage collective effort. Individuals have to forego their personal needs for common goals.

According to the cultural dimension theory the third aspect that differentiates, people are the level of tolerance and avoidance practiced by a society. Tolerance and avoidance is an aspect used by the society to socialize its members on ways of dealing with anxiety and new ideas. The US has a high level of tolerance because of its diverse population compared to India. On the other hand, India has a homogenous culture.

Hence, India encourages avoidance making it hard for Indians to adopt other cultures.

The fourth dimension is masculine verses feminine. Socialization and allocation of gender roles is different depending on the society. The American society advocates for equality between men and women in the society. In societies that are masculine such as India men make decisions. While in the US, women have the opportunity to make or influence decisions.

Additionally, in masculine societies gender roles are rigid there are domains that are set specifically for men and women. One such society is India where it is a taboo for men to cook and look after children. Nevertheless, in the US both men and women share gender roles (Warner and Joynt, 2002).

The fifth cultural dimension is long-term verses short-term orientation. Societies with short-term orientation emphasizes on the past and present. Community members conserve and protect their cultural values.

Short-term orientation does not allow change of ideas. India is an example of a short-term orientation society with rigid cultural values. While the US is a long-term orientation society, it focuses on the future. Long-term orientation societies are tolerant to different cultures and encourage new ideas.

The sixth and the last cultural dimension is indulgence against restraint. In societies that encourage indulgence, individuals are allowed to satisfy their needs and desires. Such societies encourage people to have what they want when they want. Societies that practice restraint are more conservative and do not tolerate other cultures. Individuals from this type of society do not adopt new cultures. Western countries practice indulgence while those in countries such as India practice restraint.

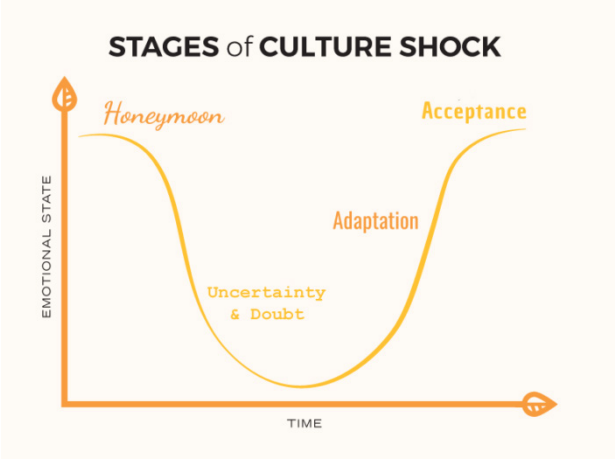
8.3.4 How Issues of Culture Shock Affects Work

Issues of culture shock affects work in many ways. According to cross-cultural theory, an individual who is experiencing culture shock will not relate well with colleagues at the work place. Lack of good relationship may affect individual's commitment to work.

Secondly, individuals experiencing culture shock face communication problems. In the work place, lack of proper communication may cause poor feedback. Issues of culture shock may also cause low production. In the work place, people work in groups and contribute towards the same goals.

8.3.5 Managing Culture Shock in the Work Environment

Managing culture shock is the first step towards adapting and coping in a new work environment. This is what Bennet refers to as competence in the cross-cultural theory. To overcome culture shock, affected individuals like Steve should do the following. First, develop confidence and always remember about your personal strengths.



This is the first step in adapting a new culture as portrayed in the acceptance stage of cross-cultural theory. Secondly, always keep an open mind. Being open minded will help an individual not to judge other based on their culture. Thirdly, always maintain a sense of humor. Laughing will always help to fight embarrassment, fear, and despair.

Furthermore, the affected individual should develop a hobby . One can decide to make new friends in the work environment and so on. Another strategy is being patient. It is not easy to adapt in a new environment. It takes time to be integrated with a new culture .

At the adaptation stage, individuals should try to be flexible. Being flexible will facilitate rapid change. Lastly, try to read new resources. Reading books and other articles will help an individual to understand others and appreciate their culture . The procedures portrayed here are what Bennet refers as "adaptation." Once individual adapt to the culture they become integrated.

8.3.6 Encouraging Cultural Diversity in the Work Place

In the hospitality sector, cultural diversity helps in ensuring that all people are comfortable working together despite of their cultural

differences. In order to manage cross-cultural issues, restraints and hotels should make the initiative to help their workers and visitors adapt in a new environment. As such, it is important for organizations like restaurants to develop mechanisms, which will encourage cultural diversity at the work place.

Foremost, restaurant and hotel management should provide mentors cross culturally. This is very important because it will help leaders to understand people of different cultures like tourist. This will also enable the management to provide guideline for employees experiencing culture shock.

Secondly, the management should provide training seminars to encourage cultural diversity . Training should be conducted to all new employees to familiarize them with the new environment and existing cultural differences. The training should focus on ways of helping the new employees to adapt, accept, and appreciate their new environment and culture.



Thirdly, the hospitality management should encourage leaders to prepare and present a cultural profile of their workers. By preparing such a profile, the manager can present it to new workers to familiarize them with other colleagues. This will help in preparing new workers so that they do not become disappointed due to different expectations. Presentation can be done using Power Point.

In the work environment, leaders should promote cultural diversity by encouraging sports and other events especially when doing orientation for new employees. During such events, people can share history, stories, and experiences about their cultures. The participants can organize different cultural activities like sports, dances, and story-telling sessions. This will bring people together. It will also help people to understand and appreciate others.

In addition to this, hotel managers should craft statements or create posters, which promotes cultural diversity. such posters should be put on all public places and in the offices too. The manager can craft the following statement, "Be flexible, accept change, and appreciate others."

This message does promote cultural diversity. In case there is sensitive discussion at the work place, the leaders should tactfully intervene and avoid being bias. Finally, individuals should develop positive attitude and learn from others. All employees should embrace change and develop a common organization culture. In summary, embracing changes in the hospitality sector is a very important in promoting cultural diversity. The hospitality industry should be more involved in this process because they receive people from different cultural background especially tourist. Management in the hospitality industry should always make the initiative to help employees and diverse customers adapt to new working environment.

It is also important that people should accept and appreciate different cultures. In the hospitality industry, the management should provide cross-cultural training courses to enable customers and employees appreciate different cultures. According to cross-cultural theory, patience is needed as it takes time to adapt a different culture.

8.3.7 Strategies for Managing Cultural Diversity

The benefits of cultural diversity in the workplace are numerous, but it involves careful management. If you're considering pursuing a career in hospitality management, here are some key strategies to help you manage cultural diversity.

Promoting Cultural Awareness and Education

Training programs, workshops, language courses, and cultural events can help promote cultural awareness and education and help employees understand a range of cultures and customs.

Encouraging Open Communication

Creating an environment that encourages open communication between employees and management to address cultural diversity-related issues can help foster a sense of mutual understanding and respect. This can include a dedicated forum to discuss cultural differences, regular communication between managers and employees, and a platform where employees can share their perspectives and experiences.

Establishing Clear Policies and Guidelines

Clear policies and guidelines that promote diversity and inclusivity can help employees understand the importance of these values and foster a more inclusive and positive workplace. It can also help to improve employee morale and productivity and attract and retain a diverse talent pool.

Providing Training and Development Programs

Training and development programs that promote and raise awareness of cultural sensitivity and awareness can help all employees identify and avoid stereotyping and bias.

They can also learn to communicate effectively with people from different backgrounds and understand different customs.

Celebrating Diversity and Inclusivity

You can celebrate diversity and inclusivity by recognizing different cultural traditions and events. Examples might be celebrating key cultural holidays, hosting events, and promoting diversity across company communications.

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CHAPTER 9

SERVICE GUARANTEE: AN ORGANIZATION'S BLUEPRINT FOR ASSISTING THE DELIVERY OF SUPERIOR SERVICE

INTRODUCTION

Service offerings are largely intangible in nature. Customers are thus unable to assess the purchase outcome prior to experience, rendering the risk of possible customer dissatisfaction very high. It is argued that the concept of service guarantees proposed by services management theory can be effectively utilised to reduce the perceived risk of dissatisfaction for the customer in service organisations.

Additionally, it is suggested that service guarantees force management to undertake activities which elevate the superiority of the organisation in the eyes of the customer and, thus, the opportunity to transform one-time customers into loyal ones. The purpose of this text is twofold – first, to illustrate how customers' behavioural intentions can be influenced by the use of a service guarantee; and second, to outline a systematic process that can help service business managers to develop and implement an effective service guarantee.

9.1 SERVICE GUARANTEE: DEFINITION, FEATURES, BENEFITS, TYPES AND DESIGN

If a customer experiences a service failure and does not complain, the service provider has no knowledge of the problem. And not only does

the company have an unhappy customer, it also may be unaware that a problem exists.

A service guarantee is one way a company can encourage customer complaints. And while service guarantees could be viewed as just another marketing ploy, my research has found that a service guarantee can offer many positive benefits.

So what is a service guarantee? A service guarantee is a promise by a company that it will perform at a certain level. If that level is not met, the company promises to compensate the customer in some way. For example, Radisson Hotels Worldwide offers the following guarantee:

Our goal at Radisson is 100 percent guest satisfaction. If you are not satisfied with something, please let us know. We'll make it right or you won't pay.

Before deciding to offer a service guarantee a company must be sure that the level of service quality that it is planning to guarantee is generally achievable. If the company guarantees a level of quality that it is unable to provide, invocations of the guarantee can be financially prohibitive.

Amtrak discovered this when it was forced to discontinue its service guarantee in 2002. Amtrak began offering unsatisfied customers travel vouchers in 2000, with the goal of providing no more than one voucher per 1,000 passengers. Amtrak never attained this level of service satisfaction, and consequently it was forced to discontinue the guarantee program for financial reasons.

A service guarantee can enable a company to continuously improve service quality and customer satisfaction by encouraging customers to complain. A service operation should want its customers to complain so that employees can "fix" the problem, make the customer happy, and find and eliminate the root causes of the problem.

9.1.1 Meaning and Definitions of Service Guarantee

Various definitions of service guarantees can be found in the literature. For instance, Hart, Schlesinger and Maher define a service guarantee as '…a statement explaining the service customers can expect (the promise) and what the company will do if it fails to deliver (the payout).' Evans, Clark, and Knutson define a service guarantee as … 'a policy, express or implied, advertised or unadvertised, that commits the operation to making its guests happy.' Callan and Moore (1998) state that, 'a service guarantee can be represented as a promise to the customer and is often advertised as such.'

As per the dictionary definition 'service guarantee' as defined, "an assurance of the quality of or length of use to be expected from product offered for sale, often with a promise of reimbursement." A guarantee is a particular type of recovery tool. Although guarantees are relatively common for manufactured products, they have only recently been used for services.

Traditionally, many people believed that services simply could not be guaranteed given their intangible and variable nature. What would be guaranteed? With a product, the customer is guaranteed that the product will perform as promised and if doesn't, that it can be returned. With services, it is generally not possible to take returns or to "undo" what has been performed. Again, this raised the question for many of what could be guaranteed, and how.

The skepticism about service guarantees is being dispelled; however, as more and more companies find they can guarantee their services and that there are tremendous benefits for doing so. Companies are finding that effective service guarantees can complement the company's service recovery strategy—serving as one tool to help accomplish the service recovery strategies.

Inconsistencies in Definitions

Currently, a lack of consensus about what exactly constitutes a guarantee is evident. While some researchers view it as a policy, others suggest it is a firm promise. Also, confusing the scope with its elements has led to inconsistent definitions of different guarantee types. For instance, an unconditional guarantee has sometimes been used to refer to the circumstances under which a guarantee may be invoked.

Others have used it to refer to the firm goal of assuring complete customer satisfaction, or assume that it implies compensation in full. This confusion has led to idiosyncratic operationalisation of concepts in studies define "Satisfaction guaranteed" as a selling policy when no customer is worse off after purchase and all costs are refunded if the guarantee is invoked. This makes it difficult for researchers to compare results across studies, raises concerns about construct validity, and hinders replication.

We suggest that a guarantee contains two typical elements:

i. A service promise or pledge that expresses the firm's willingness to engage in behaviours considered desirable by its customers and

ii. A compensation offer in case of service failure. Thus, unconditional and specific may be used to represent the service promise (about all or specific attributes of the service respectively) guaranteed by the firm, while compensation is separately specified. Empirical evidence shows that firms provide full refunds (e.g., money-back guarantees), partial refunds (e.g., assessment based upon damage or use, exchanges less restocking fees or shipping charges), or award punitive damages (e.g., token credits or payouts) when guarantees are invoked.

Compensation and claim procedures may be either implied or explicitly stated in the guarantee. In addition to resolving definitional problems, this distinction potentially increases the combinations of promises and compensation schemes available for study. This allows for a richer investigation of the effects of service guarantees.

9.1.2 Features of a Good Guarantee

A good guarantee has the following features:

(i) Easy to Collect – The remedy should be supplied immediately. For example, a dis-satisfied customer at Hampton Inn should receive an immediate credit for the price of the dissatisfying service. The customer should not have to drive across town to obtain payment, nor should the customer have to fill out a laborious form or accumulate a tedious amount of documentation.

(ii) Easy to Invoke – Let us consider the Hampton Inn guarantee, for example – Suppose the customer's air conditioning did not work on a hot summer night, and the problem could not be rectified, in spite of bringing it to the management's attention. For the guarantee to be effective, management should make that night free, without waiting for the customer to ask. If it evident that the customer is dissatisfied, and the problem has not been solved, then management should invoke the guarantee itself.

In most cases, management does not really trust the guarantee, and, therefore, puts up barriers to invoking it. Management may be concerned about loss of revenues, which may be linked to management compensation. This creates a natural tension between the intended corporate culture, as desired by top management, and the actual corporate culture, as

implemented by middle management, may be the front line. Counteracting an employee's natural reluctance to invoke or carry out the guarantee requires careful training.

(iii) Easy to Understand – If the customer does not understand the guarantee, then that customer will not see any benefit. For maximum effectiveness, the guarantee should be specific. For example, Domino's pizza guaranteed delivery in 30 minutes. That is much better than guaranteeing "fast delivery," which is hard to pin down. Be specific.

(iv) Meaningful – The guarantee must be about things that customers care about. A fast-food restaurant guaranteeing 10-minute service at lunch will probably do better than one guaranteeing to address customers by their first name. This is because fast service at lunch is important to fast-food customers, whereas personal familiarity is not.

(v) Unconditional – If a guarantee applies only to left-handed people on Friday in a leap year when there is a full moon, few customers will be very interested. By comparison, consider the Hampton Inn guarantee. It says simply, "If you're not completely satisfied, we don't expect you to pay.

This is unconditional and you don't need to be a lawyer to understand it. A guarantee loses power as conditions are placed on it. Consider the Lufthansa on-time guarantee, for example. The conditions exempted 95% of the cases to which it might be applied, reducing its effectiveness by at least that percentage.

9.1.3 Benefits of Service Guarantee

The benefits to the company of an effective service guarantee are as follows:

(i) Sets Clear Standards for the Organisation – It prompts the company to clearly define what it expects of its employees and to communicate that to them. The guarantee gives employees service-oriented goals that can quickly align employee behaviours around customer strategies.

(ii) Forces the Company to Focus on its Customers – To develop a meaningful guarantee, the company must know what is important to its customers — what they expect and value. In many cases "satisfaction" is guaranteed, but in order for

the guarantee to work effectively, the company must clearly understand what satisfaction means for its customers (what they value and expect).

(iii) A Good Service Guarantee Studies the Impact on Employee Morale and Loyalty – A Guarantee generates pride among employees. Through feedback from the guarantee, improvements can be made in the service that benefits customers, and indirectly employees.

(iv) Immediate and Relevant Feedback from Customers – It provides an incentive for customers to complain and, thereby, provides more representative feedback to the company than simply relying on the relatively few customers who typically voice their concerns. The guarantee communicates to customers that they have the right to complain.

(v) Reduces their Sense of Risk and Builds Confidence in the Organisation for Customers – Because services are intangible and often highly personal or ego involving, customers seek information and cues that will help reduce their sense of uncertainty.

9.1.4 Types of Service Guarantees

Further, previous research has identified four types of service guarantees:

i. Specific,

ii. Unconditional,

iii. Implicit and

iv. Internal.

(i) A Specific Guarantee — Signals firm commitment on specific attribute performance such as delivery time or price. Specific guarantees allow customers to evaluate service by disconfirming attribute performance expectations. From the firm's perspective, a specific guarantee can serve not only as a benchmark to guide employee efforts and firm process design, but also as a performance measure. However, the narrow focus on some attributes may not be highly valued or appreciated by a heterogeneous customer base, although it may appeal to certain segments.

(ii) An Unconditional Guarantee — Promises performance on all aspects of service, and "in its pure form, promises complete customer satisfaction, and at a minimum, a full refund

or complete, no cost problem resolution for the payout." Unconditional guarantees require a slightly different firm approach since variables that determine customer satisfaction such as effect and cognitive evaluations of attribute performance (Oliver) are not within the firm's control.

Implementation of unconditional guarantees requires firms to focus efforts on managing customer interactions instead of specific service attributes. The distinction between specific or overall (unconditional) performance is important as it defines the scope of the marketing effort required to communicate and support the guarantee, and has widely different implications for service guarantee design and management.

(iii) Implicit Guarantee — As the term suggests, it is an unwritten, unspoken guarantee that establishes an understanding between the firm and its customers. Customers may infer that an implicit guarantee is in place when a firm has an outstanding reputation for service quality. The focus of an implicit guarantee is customer satisfaction. Previous research suggests that customers are more likely to rely on explicit firm promises instead of implicit cues to make inferences about the firm.

(iv) An Internal Guarantee — Is "a promise or commitment by one part of the organization to another to deliver its products or services in a specified way or incur a meaningful penalty, monetary or otherwise." Since implicit guarantees are unconditional guarantees (without formal expression of explicit commitment) and the focus of internal guarantees is limited to coordinating functions and employees, the subsequent discussion includes only specific and unconditional guarantees.

9.1.5 Impacts of Guarantees on Customer Perceptions

Service promises can foster and strengthen customer-firm relationships due to their attention to specific attributes such as price or delivery time, or because of unconditional assurances aimed at increasing customer satisfaction. Ostrom and Iacobucci suggest that service guarantees serve as external cues (just like price or brand reputation) that are used by Customers to evaluate service quality and reduce risk.

In an experimental study, they found that service guarantees improved customer evaluations only in the absence of other quality information. As

expected, perceptions of risk were lower when a guarantee was offered. In the same study, they also found that service guarantees had a greater impact on customer evaluations when quality variation was perceived to be high among service providers. In addition, the uniqueness of a guarantee has been found to amplify its effect on customer evaluations.

Wirtz notes that in general, service guarantees favorably influence customer attitudes and beliefs, thereby increasing purchase intention. However, Tucci and Talaga found that service guarantees did not necessarily increase subject likelihood of choice. They found that guarantees increased choice likelihood for expensive services, but negatively influenced choice when prices were low.

In a later study, Wirtz et al. found that the impacts of service guarantees on customer evaluations of quality, risk, and purchase intention were significantly moderated by firm reputation. Specifically, they found that change in customer evaluations was higher for a good quality provider than for an outstanding quality provider when guarantee availability was varied. This may be due to information redundancy or a ceiling effect where a firm with a reputation for outstanding quality is unable to signal higher quality since it is already a quality leader.

Consequently, Wirtz et al proposed an inverted U hypothesis suggesting that firms with moderate or good quality reputation benefit the most from service guarantees, while those at the high or low ends gain the least. They also found that explicit guarantees did not lower customer evaluations of service quality for high or outstanding quality providers as proposed earlier in the literature.

In summary, these studies suggest that not all customers and firms benefit equally from service guarantees. The level of risk (which could be a function of price or degree of quality variation), availability of other information (e.g., brand, price), uniqueness of the guarantee, or firm reputation (low, high, or outstanding), may considerably moderate the ability of service guarantees to improve customer evaluations.

9.1.6 Design of Service Guarantees

In a text summarizing past research, Wirtz proposed that well designed service guarantees should be unconditional, easy to understand and communicate, meaningful to customers, easy to invoke, easy to collect on and credible. McDougall, Levesque, and VanderPlaat found that survey respondents preferred a specific service guarantee to an unconditional guarantee when their attention was focused on invoking the guarantee.

In this section, specific guarantees were preferred on three dependent measures – risk reduction, ease of obtaining refunds, and confidence in dealing with the firm.

However, when it came to selecting a firm based on the type of guarantee offered, firms offering unconditional guarantees were preferred. McDougall et al concluded that a guarantee that combined the best of both types, i.e., an unconditional guarantee with specific payout clauses would appeal to a broader audience. Chu et al. have shown that a no-questions-asked refund policy is superior to a verifiable-problems-only or no-refund policy.

They derived optimal refund policies for service firms under different conditions of salvage value, complaining costs, customer dissatisfaction, and frequency of use during trial, and price. Using theoretical modeling, Chu et al. showed that a partial refund policy was optimal when customer opportunism was high and an unrestricted money-back policy was appropriate when customer opportunism was low.

Fruchter and Gerstner have suggested that satisfaction-guaranteed (unconditional guarantee with a full refund plus hassle costs) is optimal from a theoretical standpoint when firms are able to set high prices that equal the willingness to pay of satisfied customers. They also showed that such a guarantee would be most profitable even when returned products had no salvage value.

The evidence suggests that both, specific and unconditional guarantees have positive effects on customer evaluations. However, their efficacy differs depending upon the task facing the customer, and size, type, and procedures for claiming compensation. Firms should decide refund policies based upon the level of customer opportunism and would do well to compensate customers for inconvenience as well as basic exchanges or repairs. Note that there is much scope to empirically validate the results obtained by Chu et al and Fruchter and Gerstner.

9.1.7 Service Guarantees Expedite Service Recovery

Callan and Moore used attribution theory to explain how customers evaluate service quality and failure. However, they did not discuss how service guarantees affect customer evaluations in the event of failure (or success) and how firms can design guarantees to assist in service recovery. Tax, Brown and Chandrashekharan have used social justice theory to explain how customers evaluate service complaint experiences. While their work did not focus on service guarantees per se, they provided a comprehensive discussion of the variables that influence

satisfaction with complaint handling. They found that customers seek fair outcomes, fair processes, and fair interactions. Their framework is very useful for reasoning how service guarantees might affect customer evaluations during service recovery.

In summary, previous research has identified theoretical approaches that explain how customers evaluate service failure and recovery. Attribution theory is useful for understanding customer reactions to service failure while social justice theory is well suited for explaining satisfaction with complaint experiences.

However, there aren't any studies that specifically investigate how service guarantees affect customer evaluations in the event of failure, or how they may be used to assist service recovery. Such knowledge can help firms not only conceive and design effective guarantees, but also assist in their implementation.

9.1.8 Organizational Impacts of Service Guarantee

While much anecdotal evidence has been cited, little formal research has addressed how service guarantees affect employees and organizations. Wirtz has suggested that service guarantees force firms to identify performance expectations of customers and the importance they attach to different elements of the service process. Citing anecdotal evidence, Wirtz also contends that guarantees cause firms to improve their service delivery processes by identifying and working towards eliminating potential fail points.

Guarantees help firms set performance standards for employees. Therefore, service guarantees have positive impacts on personnel management by inducing firms to hire and train employees to deliver guaranteed service. Hart suggests that firms can improve internal quality problems by offering internal guarantees.

To summarize, the research on employee impacts and organizational benefits is based largely on anecdotal evidence. There is a lack of empirical research or theory to support the hypothesized positive impacts of service guarantees on firm processes and performance.

i. Need for multiple theoretical perspectives.
ii. Existing service guarantee research still leaves a number of important questions unanswered;
iii. When do firms benefit from service guarantees and why?
iv. How should guarantees be designed to minimize the effects of service failure?

v. How do guarantees affect customer evaluations when service fails?

vi. How do guarantees affect employees and firms?

9.2 SERVICE PROMISE

A service promise is essentially a complement to your company's mission or vision statement. It is sometimes referred to as a "brand promise," but a service promise is different in a very distinct and important way. While your brand promise details the company's goals as an organization, a service promise focuses squarely on customers by outlining the type of experience they will have and how the company will deliver it every time.



For restaurants, which are customer service-driven, a clear service promise and plan to bring it to life are vital to the business's success. The competition in this line of business is intense — even more so in wake of the devastating economic effects of the Covid-19 pandemic. Connecting with customers has never been more important because they not only want to know they are getting a quality product but that they'll be safe when visiting restaurants as well.

That's why my restaurant brand's service promise — "to make you feel like family" — is the focus throughout our business every day.

Family is the basis for my company's service promise for a reason: Our business has humble beginnings as the creation of immigrants whose success is a quintessential American story.

When my family came to this country seeking a better life, the only thing my father and uncles had was each other. Ingrained in them was

the belief in caring for others as they would their own family. This is the basis for our service promise — to continue the tradition set by our parents and grandparents.

9.2.1 Three Keys To Keeping Your Service Promise

Understanding the importance of family and treating our customers like extended family members made our business strong. It's why we train our employees with a three-pillar approach to deliver on our service promise. By encouraging employees to treat guests like family, engaging in actually treating them like family, and then creating a memory that meets or exceeds expectations, we're working to set ourselves apart from competitors. Develop and keep your service promise and you will, too, by creating ambassadors who feel an emotional connection to your company that goes beyond what they purchase.

Keeping your promise requires commitment coupled with active, demonstrated participation day in and day out. Otherwise, your service promise just becomes a collection of words that sound nice but have no significance. For us, this means knowing our regulars by name and their orders, partnering with local schools and nonprofits to give back to the community, honoring front-line and essential workers, and so much more.

Think about your favorite places to eat, shop or get a haircut. Chances are they've become places you go to not just for the quality service but for the familiar, friendly faces you see and the fact that they already know what you need before you say a word. This kind of service sounds nice, but how does it affect your business's bottom line? Significantly, according to the research.

A recent article by the MIT Sloan Management Review discusses how having a human-centered approach enables entrepreneurs to excel, even in times of extreme crisis. Our belief in giving back to our community — our extended family, as we see them — has helped our community standing because people know our commitment isn't lip service or a gimmick. It is just another extension of our service promise in action.

This is why training franchise owners, employees, etc. on how to live your service promise is critical to business success. If they don't understand the importance of it, they can't perform it. If they don't believe in it, customers won't experience it (and may not give you a second chance to provide the missing experience). This is why our service promise also includes treating our own employees like family. When we treat each other like family, that same mentality translates into how we treat others

who walk through the door. We work every day to make sure employees know their efforts to treat guests like family makes a difference.

9.2.2 Making Promises and Keeping Them

A service promise may sound like an antiquated idea, but as any successful organization can tell you, it is not. It is a guarantee that people have come to expect and rely on and is the reason they're loyal customers, both in good and bad times.

Craft your service promise. Train employees on how to put it into practice, and make sure it's something everyone in your business believes in. We've been able to enjoy 56 years in business as a result of our commitment to our service promise, and I can tell you that your business will be better once you make or reaffirm your commitment to your service promise.

9.2.3 Hotel Guests' Promises: Client Expectations

Hotel Guests' Promises – whether checking into a five-star hotel or a rental home, it's likely that your guests have already made assumptions about the level of service and amenities they may expect. No matter the budget or the amount of time spent looking for a house that perfectly suits their demands, the bar is typically set high.

Most hotels are proficient at marketing. They advertise in the ideal places and use the appropriate slogans. A brand's development, however, involves more than just a marketing plan. Customers will have specific expectations about the kind of experience they would have if they stay at the hotel due to the nature of its brand. This is a noble action, theoretically speaking. However, visitors are likely to feel let down if the encounter falls short of their expectations. In other words, the guests believe that the hotel has betrayed their trust by failing to uphold its reputation.

Unfortunately, more often than hotel management may realize, this occurs. Too frequently, hotels make claims that they are unable to fulfill because of flaws in how they conduct their everyday business. The results may be extremely detrimental, alienating clients and gradually eroding the carefully built brand. So the question is, how do you avoid such issues?

Your promise to customers on the quality of the services you provide is crucial as a business owner, manager, or specialist. A lot needs to be done in this direction. Don't forget that customers are the primary

reason you are in business and that there would be no business without them. A particular, measurable, acceptable, reasonable, time-bound, and proportionate service delivery guarantee must be made to guests.

Following are some guidelines for how to treat your visitors:

Walking the Talk

Your promise: To treat every visitor in the same manner as you would wish to be treated.



- Your interactions with visitors will affect how they react to you. For instance, even the most irate guest will react in a calmer, less angry manner if you are kind and helpful, and your kindness may be remembered for years to come.
- Keep in mind that even if you're "having a bad day," you choose your conduct.
- During many interactions with visitors, there will be a crucial point where something must be said or done in a very challenging situation. Then comes the "moment of truth" in terms of your response. Do you become upset with your guests, for example, or do you try to work things out?
- How you behave toward a guest can make or break the relationship.
- Keep an eye on what's happening around you, even if you're busy or in a line. Look up from your work when visitors are nearby or are coming toward you. Smile at them.
- Whenever you come across a guest on the hotel grounds, either verbally or visibly recognize their presence. For instance, turn to face the visitor and use their name. Each visitor should be treated as an individual who is special and unique.

Verbally Thank Visitors

- When you first see them, speak to them as quickly as you can. Always use their name and apologize for any delays.
- Let them know you've been paying attention by perhaps echoing the issue they've just mentioned. "Yes, Mrs. Mwangi, I'm sorry to hear about your delayed flight. Please allow me to make you as comfortable as I can in a dayroom. Use his name – it's the most crucial word for him.
- Verify that you comprehend the visitor's problems, and offer an option whenever practical. "Would you like to eat lunch in the main restaurant, beside the pool, in our seafood restaurant, or do you prefer to have room service?" is one example.
- Confirm any follow-up on the agreement you have made at the conclusion of a conversation.

Visually Thank Visitors

- Approach the person with courtesy and attention, but avoid staring. The worst thing you can do is act like they aren't there by physically ignoring them.
- When conversing with visitors, keep eye contact and mention their names subtly and naturally. To someone, the sound of their name is priceless.
- To demonstrate that you are paying attention while interacting with a guest, take notes if necessary. Lean forward, smile, and make open movements as examples of friendly body language.
- After assisting a guest with something, introduce yourself and inquire as to if they require any further assistance.
- Make contact with somebody who can assist you right away if you learn of a visitor need that you are unable to address directly. Make sure you let the visitor know who is handling the request and when it will be resolved. Make sure you are knowledgeable on both your department's specifics and the amenities and services offered by the hotel.
- When customers ask you for directions within the hotel, go beyond merely pointing them in the right direction. Offer to accompany them to their destination after taking the first few steps with them.

- Make an effort to foresee your visitors' needs and to meet them before they ever ask.
- Don't put up any physical obstacles between you and your visitors. Stepping away from your workstation or desk is far more courteous (if possible).
- As you interact with guests, offer little-noticed extras like compliments or services. (For instance, you could inquire about a guest about their journey.)
- Whether guests are in their rooms, always check to see if it is an excellent time to enter.
- When possible, kindly hold doors and elevators open for visitors.

Be Prepared and Aware

- You represent the hotel, so it's crucial that you always look your best.
- All staff should be knowledgeable about all chain hotels and lodges operated by the group, be able to explain them and be able to connect visitors with sales personnel who can provide them with further information.
- Always be on the alert for "strange characters" and let your manager or the security guard know about them. Know what to do in an emergency when there is a power outage, a security danger, or a visitor who is ill.

"Hospitality managers must put forth a lot of effort to guarantee that clients receive what they were promised in advertising materials that influenced their facility selection, as failing to do so may negatively affect clients' experiences and expectations in the venue."

9.3 GAINING CUSTOMER TRUST

Guest expectations in hospitality industry, today, is higher than ever and there are several factors behind this. Technology plays a huge role in making them more aware and connected than before. Delivering on and exceeding customer expectations therefore is paramount to a hotel's success in increasing customer loyalty. When you can have a large percentage of repeat or loyal customers, it acts as a firm revenue foundation. The result will be immensely profitable for every hotel owner.

Staying connected with existing customers requires you, as a hotel owner, to have your strategy in place. Building customer loyalty is directly related to exceeding customer expectations. Knowing how to satisfy a guest in the hospitality industry helps hoteliers accelerate growth. There are many customer loyalty strategies you can use to turn new customers into repeat guests and retain your current list of guests as well.

Let's understand how you can go about exceeding customer expectations in hospitality and thereby increase customer loyalty with these tips.

9.3.1 Make the Right First Impressions

There's a reason why 'First Impressions Always Last'. Always be attentive to your guests' expectations and needs, even before their stay with you begins. The check-in process sets the tone for your hotel, so make it a smooth process for new guests. Your hotel's staff must go the extra mile in exceeding customer expectations and should offer an impeccable service, for enhanced customer loyalty. Pay close attention to the hotel housekeeping expectations, which when handled with care can take you places in impressing guests.

9.3.2 Add the Personal Touch

This is the age of data. Storing guest data in your hotel management software will help you provide a personalized service to new and existing guests.

For e.g.: Knowing about a guest's most-preferred suite at the time of booking is the kind of personal touch guests look forward to. Hotel housekeeping expectations that guests have are common around the world and are quite simple. So make sure you tick off all the boxes in that department. But when you have a software that helps track guest expectations, preferences, etc., you can deliver on those guest requests that may otherwise go unnoticed.

Since the devil is in the details, the more the personalization the higher the guest satisfaction and loyalty. Tracking guest data and preferences also helps you find innovative ways to encourage guests to book your hotel property for the next visit.

9.3.3 Offer Incentives

Incentives play a huge role when it comes to meeting guest expectations in hospitality. Build up on great incentives to make new guests turn into

loyal visitors. Think beyond complimentary welcome drinks and meals! Spend time to analyse your audience and ask yourself this question – "what is it that will be of importance for the guest?"

Increasing customer loyalty is cakewalk if you truly understand your guest expectations.

A family on a leisure trip can be offered a complimentary trip to nearby local attractions. A business traveler may prefer flexible check-in timings. You can even announce offers on direct bookings for new guests so that they have an incentive to book your hotel property on the next trip.

9.3.4 Create Useful Hotel Loyalty Programs

Learning the many ways on how to satisfy guests in the hospitality industry, can take you a long way in defining your long-term customer loyalty. And in this context, Hotel loyalty cards are an important part of customer loyalty programs.

A report by Deloitte mentions 18% of guests become active loyalty card members based on the benefits it offers. Find out what customers want. With each interaction try and dig deeper into truly understanding what your guests' expectations are and also, reward repeat visits accordingly.

New guests to your hotel must know the long-term value of the loyalty program.

Once you succeed with the sign up of a new customer for your loyalty program, let this act as your firm foundation to build upon the trust for long-term customer loyalty initiatives with your guests.

9.3.5 Prioritize Guest Experience

The guest experience begins even before the check-in process. Put together an organizational culture that prioritizes guest experience above everything else. Connect with your guests online once the booking is in place. Send out relevant messages through emails – mention about local events, popular hangouts, and details that will be of interest to your guest. Ask questions during their stay.

"Are you having a comfortable stay? Do you require any assistance?" Questions such as these will establish trust. Guests will know your brand cares to see if guests are genuinely comfortable. Connect with each guest personally to address their requirements. Exceeding customer expectations is the only way to gain their trust and loyalty in the service industry.

9.3.6 Use Technology to your Advantage

Technology can offer many benefits for hoteliers. Right from offering a smooth booking process online to including innovative ways to engage guests technology has enabled hoteliers in multiple ways. Depending on individual business requirements, hoteliers needs to adopt technological solutions that help answer the question at hand- "How to exceed customer expectations in hospitality". Make sure you include every touchpoint in your guests' journey with you, to make it seamless and consistent.

Email automation tools to reach out to guests who have made a booking with you will help build pre-arrival guest experience. Self check-in, keyless entry, mobile apps that allow guests to put forth their requests, energy-saving devices, etc,. will make your hotel stand out from the rest and helps build a lasting impression with your guests. Since technology aims, primarily, to make life easier, be sure to invest in smart technology that adds to guests' convenience. This is a sure shot way to exceeding guest expectations and build customer loyalty for your hotel.

9.3.7 Exceed Customer's Expectations

If you truly want to stand out, then you need to put guest expectations and satisfaction at the core of your business strategy. The first step towards hitting a home run here is understanding that every guest has a different set of expectations. If your focus is exceeding customer expectations, then you need to study your guests and understand them in as much depth as possible, on a strategic as well on a tactical level.

Does a guest have a specific request not mentioned in your hotel amenities? In this case you could either refuse politely if it is a request that is impossible to fulfil.

But if you could make it happen, guarantee them that you'll have it done and make sure it is done as quickly as possible.

Is there an irate guest at your hotel property? Hear them out with genuine interest and apologize sincerely, even if it has nothing to do with your or the hotel! Empathize with them and do what you can to placate them! If it an issue that can be resolved by you or your staff, take special care to resolve it as quickly and as efficiently as possible. A simple follow-up email post a guest's stay that thanks them for their visit with exciting offers can also create a good level of engagement. A guest's stay should be memorable and hoteliers need to go the extra mile to exceed customer expectations.

9.3.8 Seek Immediate Feedback

Why do negative reviews appear online? Guests who are displeased with their stay may not always be vocal at the time of the stay. This is why it is essential to actively and carefully seek feedback, before, during and post stay. Do not wait for a customer to have an issue or make a complaint. Is your guest happy with the room service? Is the menu tailored according to his/her needs? Find information, ask the right questions and stay connected.

All these factors play an important role when it comes to enhancing guest experience. Bottom line is that, it is vital to maintain a personal connect to exceeding customer expectations and turning first-time visitors into repeat guests.

9.4 BLUEPRINT FOR SUPERIOR SERVICE

When providing a service to customers, you might find it challenging to identify areas that could be improved or what aspects of your service or products are not doing well. Providing interventions at the exact moment in the service processes and providing concrete answers to several questions can make a difference in how your service and company grow. Service is a multi-layered, complex process that involves several human workforce and technologies that work together.

By definition, a service blueprint is a framework that illustrates the relationships between several service components, including people, processes, and props (digital and physical evidence), that are directly connected to touchpoints in particular customer journeys. Just like customer-journey maps, blueprints are vital in complex situations that span various service-related offerings.

It is a structure that guides you in designing a blueprint of the service processes. To make innovations and create vital changes that promote customer satisfaction, you have to visualize every step and actor from the customers to the third-party suppliers. As complex as it can get, the service blueprint will simplify the task.

9.4.1 Service Blueprint Benefits

Structuring a service blueprint is a collaborative process that allows insights and inputs from stakeholders, a range of teams, and staff to identify a unified source of truth. Engagements in blueprinting, companies can:

- Provide clarity within the vague service landscape
- Create a unified source of truth and information
- Achieve and align the goals
- Agree on tactical actions and improvements
- Have a clear vision of intangible services
- Determine potential gaps and areas to improve on in the service experience
- Reveal interconnectedness between elements of your service
- Empower and inspire organizations to drive meaningful changes

9.4.2 How to create a service blueprint?

G. Lynn Shostack first introduced the service blueprint diagram in 1984 during the Harvard Business Review. Before exploring how to do this diagram, it would also be fitting to familiarize its components. This way, you can have a more precise grasp of how the chart is structured. See the list below for the five main categories of this blueprint:

- **Physical Evidence.** This is what customers and even employees come in contact with. The category includes locations, such as the company website or a physical store, signages, notifications, receipts, or confirmation emails.
- **Customer actions.** This category here describes what customers are doing as they experience the service. A few examples would include customers visiting the website, talking to an employee, making a purchase, placing and accepting orders.
- **Frontstage actions.** This includes what customers physically see and who they interact with. An employee might greet a customer visiting a store location, respond to queries through chat, send emails, take orders, or provide status information.
- **Backstage actions.** This includes all other employee preparations, activities, or responsibilities that customers do not see but can make services possible. A few examples in this category would be writers providing content on the website or through emails or those tasked to package orders.
- **Support processes.** Under this category can be third-party suppliers who deliver logistics and other equipment, carrier service, payment, or delivery systems.

- **Optional categories.** Suppose you wish to be more detailed with your diagram. In that case, you can provide timeframes of how long each step will take to finish, a success metric to evaluate goals, and customers' emotions recorded throughout the project process.

Generally, a service blueprint centers on the customers. They provide a clear illustration of the service design, which eventually helps companies refine their business processes and provide memorable and pleasing customer experiences.

Sure the diagram can be complex for most parts, especially for huge services. Here are the steps of building a service blueprint template:

1. **Identify a customer scenario.** Since this blueprint focuses more on the customers, you need first to figure out a customer scenario that you wish to explore. It could be a new process or an existing one. It can also be beneficial to include an actual customer in the conversation so the scenario and experiences could be as accurate as possible.
2. **Lay out customer experiences.** Whatever scenario you have plotted from the first step, map out the possible actions customers will take chronologically.
3. **Include other categories in the template.** After you have laid out all the complete customer service experience, it is time to fill other categories to the customer actions. This includes support processes, backstage and frontstage actions, time, physical evidence, and more.
4. **Clear out lanes of action and responsibility.** You can use different lines of separation to clearly mark each category and illustrate ways various actors' interactions for the entirety of the service process:
   - Use the line of interaction to emphasize where the customers interact with the employees and its services.
   - The line of visibility signifies where the organizational process or employee becomes invisible to customers.
   - You can use the line of internal action to highlight where employees or partners who do not interact with customers step in to support the services.
5. **Highlight cross-functional relationships.** After filling out each category, you can add another level of detail to your blueprint by including arrows. As you have laid out all the

steps in each lane, it is also fitting to show dependencies and relationships that function across various categories using arrows.

9.4.3 Service Blueprint Examples

Whether you are ready to create your service blueprint template or probably would want to look at more examples of how this diagram looks, here are some of them below:

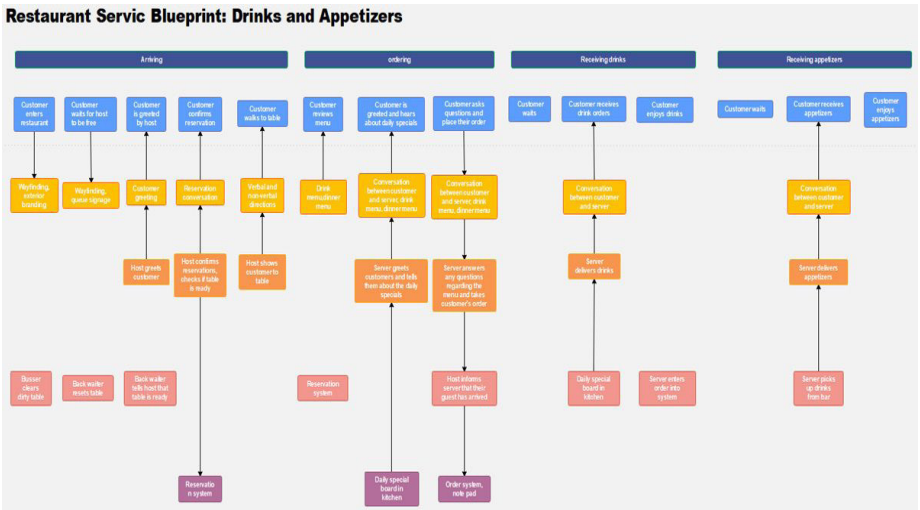
Restaurant Service Blueprint

You might already know how essential quality of service is in restaurants, and it has become a vital factor in success in restaurant businesses.

You can see how complex yet detailed the example for restaurant service is as owners and managers might have various processes for dining-in and takeaway meals.

The service blueprint plays a crucial role in the restaurant business as they may identify customer behavior on eating out through the diagram.

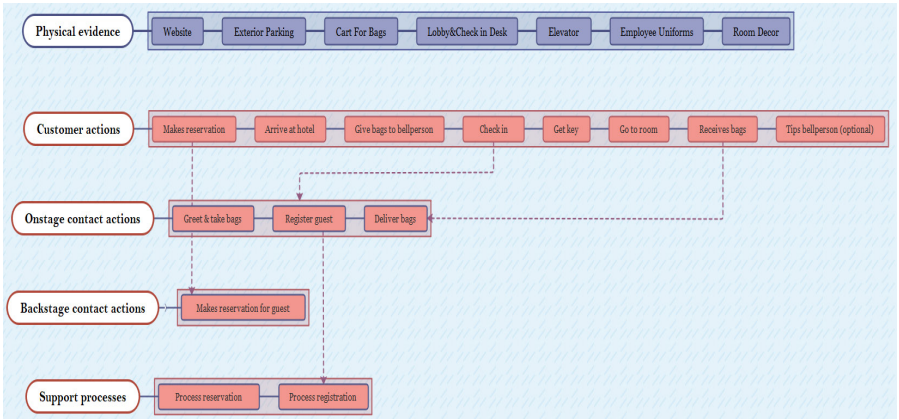
Through the service blueprint, a restaurant might intervene in areas where customers feel like there is something wrong, either with the service or the food itself. The good thing about a detailed blueprint is that you can quickly identify where to focus on your strategy.



Hotel Service Blueprint

As you may know, hotels are service-based businesses that provide leisure activities to their guests. The hospitality industry continues to grow rapidly, owing to economic growth and advanced living standards. It contributes to over 80% of the worldwide tourism earnings. As the industry grows, competition tightens, hence one must be on top of the game to keep up with the competition. Similar to restaurants, the hotel guests' behavior must also be analyzed by every hotel management.

The service blueprint example for hotels below is a simplified one and uses colors to identify each category. It is also made of phrases instead of long sentences, which is evident and easier to read. Remember that this diagram can also be lengthy. It just depends on how companies create their blueprints.



9.4.4 Service Blueprint Tips

As complex as a service blueprint could be, it still is a great help to illustrate how current situations are different from those in the past. This blueprint identifies the processes and actions required for business owners when shifting to servicing customers in new ways faster. In creating the blueprint, one must remember to reflect on various scenarios to avoid minimal ideal outcomes.

Another essential thing when drafting the blueprint is that it should be done collectively. There must be a constant effort for team members to healthily collaborate, give inputs and suggestions for every category in the diagram. Companies can have individual brainstorming for every department and have the representatives for each to collate all the information from every team member. In the course of formulating a

diagram, there can be debates and interrogations. Just make sure it is still a health discussion.

Finally, when it comes to collaboration, if time will not permit gathering everyone in the exact location, you can turn to online software to provide tools for collaboration. As you may know, there is countless software today offering several templates on service blueprints. Together with creating this diagram are collaboration features where team members can view the chart and its progress no matter where they are in the world. Some members can also edit the diagram if they are permitted. It makes collaboration more accessible and efficient.

9.5 SERVICE GUARANTEES IN THE FAST-FOOD SECTOR

When you buy a car, a camera or a toaster oven, you receive a warranty — a guarantee that the product will work. How often have you seen a warranty for restaurant meals? Hardly ever. Yet it is here, in buying a service like a restaurant meal, that the assurance of a guarantee would presumably count most.

Many people believe that, by definition, services simply can't be guaranteed. Services are generally delivered by human beings, who are known to be less predictable than machines. To complicate it further, services are produced and consumed at the same time.

It is easy to guarantee a camera, which can be inspected before the buyer gets it, and which can be returned to the factory for repairs. Obviously, you don't have the same opportunities with a restaurant meal.

But that does not mean that you cannot guarantee guest satisfaction. At first glance, guaranteeing that guests will have a great time seems a little crazy. After all, there are lots of factors that determine whether a person has a good time or not, and not all of them are under your control.

On closer examination, though, the idea isn't as crazy as it seems.

Regardless of where the fault lies, anything that causes your guests to have less than a great time reflects on the restaurant. Since you are going to suffer anyway, making a commitment to giving your guests a great time will force you to do it!

Your company exists only to make your guests happy. Every time a guest leaves your restaurant with a more optimistic view of the world, you have done your job; every time you fail to raise a guest's spirits with good food, gratifying service and a soothing atmosphere, you have not!

To the extent that you delight your guests, you will move in the direction of becoming the most successful restaurant in the market. This may seem pretty obvious—a useful motto that most restaurants understandably overlook in the day-to-day flood of details—but I believe that your passionate commitment to this goal of excellence is the key to your growth and profits.

9.5.1 Consistency Counts

You see, in order to offer this guarantee and not lose your shirt, you have to be consistently great, consistently professional, consistently alert and responsive to what your guests want. When you are willing to put your money where your mouth is, it requires that you stay focused on providing memorable service according to the standards of your guests.

In practice, this simply means that everyone in the company, regardless of position, has the responsibility and authority to do whatever they believe is necessary to be sure the guest has a great time every time they dine with you. Your staff should not need someone else's permission first and there should never be any repercussions for any actions taken in the cause of delivering memorable guest.

9.5.2 The Real Cost

This is obviously going to cost you money when you make mistakes or fail to satisfy your guests and have to make it right. However, if you are not satisfying your guests, it is already costing you money! If you don't have to pay off, you just don't know how much you are losing!

By getting your breakdowns out in the open, you can start to identify the causes and figure out how to eliminate the problem. When you start looking at system failures, you can see where you may have done an ineffective job of training or where your delivery system is too complex. You can identify a menu item that is impossible to prepare.

9.5.3 System Failures

System failure costs are not the same as staff failure costs. In fact, it is helpful to look at all failures as system failures.

Staff failures are actually breakdowns in your selection system (you hired the wrong person), your development system (they were not adequately trained) or your coaching system (their performance was not properly monitored). System failure costs measure the extent of the confusion in company structure, for which the company alone is responsible. You

should welcome every payoff on your service guarantee—every system failure expense—as an otherwise lost insight into your business. It is a clue as to where the gold is hidden.

You can make every problem pay a dividend if you avoid band-aid solutions and insist on finding the real cause of each problem. You actually want to pay off on your guarantee. Every dollar you give away points to a problem you can fix.

9.5.4 Appropriateness

As part of your training, you should discuss appropriateness. It might be inappropriate, for example, to comp an entire meal if you were late delivering the salad. If you spill soup on a guest, it would be very appropriate to give them enough money for cleaning, replace the soup and give them something unexpected for their trouble.

Discussing appropriateness with your staff will help them be more comfortable when dealing with guests who may be upset. The goal of it all, however, is simply to help assure that every guest will have a marvelous experience every time they dine with you.

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Service Quality Management in Hospitality and Tourism

In today's business landscape, the pursuit of profit maximization has become a central goal for nearly every firm. To achieve this, companies seek to increase productivity and sales figures by attracting more customers. The prevailing belief is that more customers equate to more sales, leading to greater profits and a larger market share. While this approach may seem logical, a wiser strategy lies in focusing on retaining existing customers rather than solely acquiring new ones. By doing so, companies can reduce marketing and advertising expenses and cultivate customer loyalty, which ultimately contributes to sustained growth and profitability. In the hospitality industry, profit maximization is also a primary objective. This multifaceted sector operates on a large scale, dealing with billions of dollars, and recognizes that service quality plays a pivotal role in enhancing profit margins by satisfying customers. The underlying concept is to align service offerings with customer expectations and, where possible, exceed those expectations to gain a competitive advantage over rivals. By providing strong service quality, hospitality businesses can not only boost revenue and minimize financial losses but also create a positive environment for both guests and staff, fostering a sense of "home away from home." The expectations of customers in the hospitality, tourism, and leisure sectors have risen significantly. Today, consumers demand a high overall level of service, leading to intense competition based on strategies that emphasize service quality to add value, rather than relying solely on product or price differentiation.

In response to this changing landscape, the book focuses on enhancing the delivery of hospitality services and offers clear and straightforward explanations of theoretical concepts and their practical applications. For both practitioners and educators, this knowledge is invaluable for improving their businesses and preparing students for the demands of the modern business world.

By adopting Service Quality Management, companies can gain a competitive edge in a fast-changing industry. Understanding and implementing these theoretical concepts and methods will allow businesses to meet and exceed customer expectations, leading to higher levels of satisfaction and loyalty. Satisfied customers are more likely to remain loyal to a brand, make repeat purchases, and recommend the business to others, creating a positive cycle that further reinforces the company's profitability. While profit maximization has been a dominant goal for many businesses, the hospitality industry has come to recognize the significance of service quality in achieving this objective. By focusing on retaining existing customers and exceeding their expectations, companies can create a loyal customer base, reduce marketing expenses, and foster a positive work environment. Implementing Service Quality Management principles can provide businesses with a competitive advantage in a highly demanding market, leading to sustained growth and profitability.

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