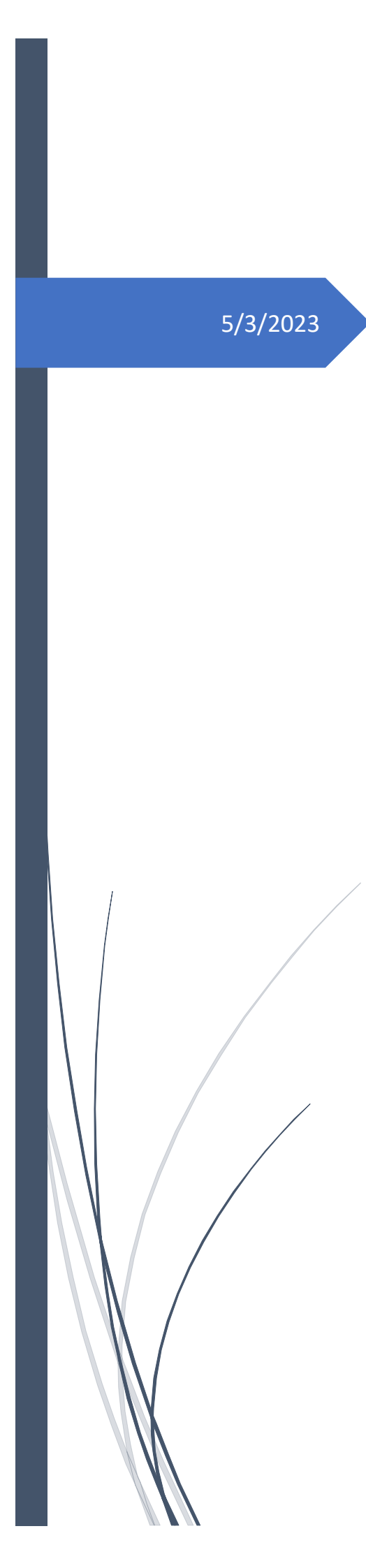




5/3/2023

Hotel standards, reputation management, building and retaining customer loyalty.

Hospitality & Guest Services in the Hotel
Industry [BMIH4003]

Jusna Khanom (2218814)

TUTOR: LISA-MARIE BASSLER

Executive Summary

The hospitality industry is one of the most competitive sectors in the global economy. To stand out in this competitive market, hotels must ensure they are providing a consistent and high-quality experience to guests. This report examines the importance of hotel standards, reputation management, and customer loyalty in the industry which are all critical components of a successful hotel business.

Hotel standards refer to the set of guidelines and expectations that hotels set for themselves to provide a consistent and high-quality experience for guests. Reputation management involves actively monitoring and maintaining a hotel's image and reputation. With the emergence of online review platforms and social media, reputation management has become an essential element of hotel operations, as even a single negative review can have a significant impact on business. Building and retaining customer loyalty, on the other hand, involves creating a positive experience for guests that encourages them to return to the hotel in the future and recommend it to others as well as implementing effective loyalty programs to build and retain customer loyalty.

The report concludes with a series of practical recommendations for hotels to improve their reputation management and customer loyalty in the current and emerging trends. These recommendations include investing in staff training, regularly reviewing and updating hotel standards, embracing technology, and monitoring online reviews and social media, and proactively engaging with customers to build strong relationships.

Contents List

1) Introduction	3
2) Main Findings	
2.1) Hotel Standards	4
2.2) Reputation Management	5
2.3) Customer Loyalty	6
3) Conclusion	7
4) Recommendations	8
5) Reference List	9

1. Introduction

The hospitality industry is a highly competitive sector where hotels must constantly strive to provide exceptional service and experiences to their guests. This report explores the significance of hotel standards, reputation management, and customer loyalty which are critical factors that can make or break a hotel's success. The report begins with an executive summary that outlines the main findings, recommendations, and insights. The subsequent sections delve deeper into the concept of hotel standards, reputation management, and customer loyalty, providing practical examples and case studies to support the analysis. The report concludes with a set of recommendations that hotels can implement to improve their performance in these areas and enhance their competitiveness in the market.

2. Main Findings

2.1 Hotel Standards

Hotel standards are crucial in hospitality industry as they provide expectations for guests and ensure consistency in service quality across different locations and touchpoints. These standards vary widely depending on the brand, target market, and level of luxury and service offered. Standardisation improves customer satisfaction and loyalty as it increases predictability and reduces the risk of service failures (Paraskevas & Arendell, 2007). Additionally, brand consistency standards help build a strong brand identity, which is a critical asset in a highly competitive market (Kotler & Armstrong, 2021, p. 298).

Within particular hotel chains, there is a degree of consistency in brand standards across global locations, with some flexibility to accommodate local differences and preferences. Marriott's properties worldwide are committed to enhancing the natural environment and providing employment for local communities and businesses (Marriott Business Conduct Guide 2023). They have a detailed brand standards covering design, food and beverage, guest services, and sustainability. Tina Edmundson (2020), Marriott's global brand officer writes, 'Standards must be developed across every aspect of the hotel: operationally, experientially, and through design.' Including 'which scents should be infused throughout certain areas of the hotel should be considered.' (Today's Hotelier, 2020).

Hilton Hotels & Resorts is a well-known hotel brand with a global presence. To maintain brand consistency across all its properties, it has established a set of detailed brand standards that cover everything from room design and level of service guests should expect from staff, including response times to marketing and communications (Hiltons Code of Conduct, 2023). Another example is Four Seasons hotel chain, whose 'Golden Rule' philosophy means treating others the way you would like to be treated. The Four Seasons is known for its personalised service, and staff members are trained to anticipate and meet guest needs (Mr. Isadore Sharp / Founder & Chairman, Four Seasons Hotels, 2016).

Budget hotels have less extensive brand standards and fewer resources to enforce them, but the importance of brand consistency still applies. For example, a budget chain may have standards for design and layout of guest rooms, quality of linens, and level of customer service provided. Premier Inn (2023) guarantee 'A good night's sleep' or 'give you your money back'. To reinforce this guarantee Premier Inn, sell their beds and bedding on their website (Premier Inn, 2023). This showcases that budget chains approach may not be as personalised as that of luxury hotels, but it is effective in delivering consistent and comfortable guest experiences.

2.2 Reputation Management

Schultz and Werner's Reputation Management (2004) states a company's reputation is based on the perceptions of its stakeholders. The theory suggests that companies should proactively manage their reputation by engaging in activities that create positive perceptions and addressing negative perceptions before they escalate.

In today's digital age, hotel guests place a significant emphasis on reviews shared on social media and other communication networks. These reviews play a significant role in shaping the perceptions of potential guests and influencing the decision-making process. (Vermeulen & Seegers, 2009). As a result, it is crucial for hotels to maintain continuous engagement with their customers through social media. By monitoring and actively engaging with guests on social media, hoteliers can ensure that they are accurately representing their brand and keeping on trend with technology.

Negative reviews can have a significant impact on a hotel's reputation, but they are just as important as positive reviews. Hoteliers must monitor and respond to negative reviews in a professional and empathetic manner (Berezina et al, 2015). Similarly, Harrison-Walker (2001) highlights that dissatisfied customers identify the areas of the hotels operations that need careful attention and improvement, benefiting the company in the long run. He discusses the Service Recovery Paradox (SRP), where customers who have experienced a service failure and received effective service recovery may have a higher level of satisfaction than customers who had no issues with the service at all.

It appears Hilton Hotel followed findings from Sadaghashvili and Correia (2019), when in 2013, a guest at their hotel wrote a negative review on TripAdvisor, complaining about a bedbug infestation. The hotel responded to the review, by apologising for the guest's experience, compensating for the guest's losses, and promising to take steps to prevent future incidents. The hotel's proactive response helped to mitigate the negative impact of the review and demonstrate its commitment to customer satisfaction (TripAdvisor, 2011) (Daily Mail, 2013).

Tony Jonson (2015) a Customer Service Leader and Trainer, consoles us that 'mistakes are going to happen', and when it does the best path to service recovery is to use strategies outlined in The Service Recovery Model LEARN (Heskett et al, 1997).

2.3 Customer Loyalty

The concept of customer loyalty has been studied by various scholars in marketing and consumer behaviour. According to Oliver (1999), customer loyalty is a deeply held commitment to repurchase a preferred product or service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing. This definition implies that customer loyalty is more than just satisfaction but also includes an emotional attachment to a brand, which makes a customer choose a brand even when cheaper alternatives are available. Kunjuran (2020) concludes 'brand awareness, brand association and perceived quality have positive relationship with the brand loyalty'.

A popular theoretical framework used to understand customer loyalty is the 'Customer Loyalty Loop' by Noah Fleming (2016). This model proposes customer loyalty process involves three stages: attraction, conversion, and retention. In attraction stage, hotels need to attract customers through marketing and advertising. In conversion stage, hotels need to convert attracted customers into paying customers. In retention stage, hotels need to focus on building long-term relationships with customers. In his podcast interview, Fleming says 'There's extreme value in just being good and consistent.' For example, if a customer emails the company, respond straightaway. He believes it is the little and consistent effort that psychologically nurtures customer loyalty.

Customer loyalty is essential for the financial success of any hotel. A study by Bain & Company (2017), found increasing customer retention rates by 5% can increase a hotel's profitability by 25-95%. Additionally, loyal customers are more likely to recommend a hotel to others, leading to positive word-of-mouth marketing. Loyal customers also spend more on a hotel's services over time, leading to increased customer lifetime value. It is seven times more expensive to acquire new customers than retain existing ones (Gallo, 2014).

There are numerous examples of hotels that have successfully implemented customer loyalty programs. One example is Marriott's Bonvoy program, which offers customers points for each stay, which can be redeemed for rewards, such as free nights or experiences. (Marriott, 2023). Another example is Hilton's Honors program, which offers free room upgrades, late checkouts, and access to exclusive events (Hilton, 2023). Budget hotel chains such as Travelodge offer business members benefits which include 5% off flexible rates and a dedicated booking platform (Travelodge, 2023). While the range of benefits and rewards is more limited than that of Marriott and Hilton, Travelodge has a simpler earning and redeeming process. As a budget hotel chain, Travelodge prioritises value for money over luxury.

3. Conclusion

This report has examined the importance of hotel standards, reputation management, and customer loyalty in the highly competitive hospitality industry. It shows that providing consistent and high-quality experiences for guests through well-defined hotel standards is crucial for establishing positive reputation and building customer loyalty. It has discussed the importance of reputation management, especially in the digital age, where negative reviews and feedback significantly impact hotel's performances. Lastly, it has explored effective ways to build and retain customer loyalty through personalised experiences, loyalty programs, and proactive engagement with guests.

Based on this analysis, it has provided a series of recommendations for hotels to improve performance in these areas. These include investing in staff training, regularly reviewing and updating hotel standards, embracing technology, monitoring online reviews and social media, and proactively engaging with customers to build strong relationships. By prioritising these elements and following recommendations outlined, hotels can differentiate themselves in the highly competitive market, deliver exceptional experiences to guests, and build lasting relationships that drive repeat business and referrals.

4. Recommendations

By following these recommendations, hotels can improve their hotel standards, reputation management, and customer loyalty, while also keeping up with current and emerging trends in the industry.

- Regularly review and update hotel standards: To ensure that they remain relevant and aligned with guest expectations. This includes both physical facilities and the overall guest experience.
- Monitor online reviews and social media: These have become powerful tools for guests to share their experiences and opinions. Hotels should regularly monitor these channels to identify areas of improvement and respond promptly and professionally to guest feedback.
- Leverage technology: Technology can play a significant role in enhancing the guest experience, from online check-in and keyless entry to in-room entertainment and smart devices. Hotels should consider adopting technology that aligns with their brand and appeals to their target audience.
- Engage with guests proactively: By taking a personalised approach, tailoring their communication to individual guests' preferences and needs, builds strong relationships and encourages repeat business. This could include welcoming guests with personalised messages and providing recommendations for local activities.
- Offer loyalty programs: Such as discounts, free upgrades, or exclusive offers, provide customers with incentives for repeat bookings,
- Invest in staff training and development: It is paramount to equip employees with the skills and knowledge to deliver outstanding service as guests are increasingly seeking personalised experiences.
- Embrace sustainable practices: Such as reducing plastic waste, conserving water and energy, and using eco-friendly products, hotels can demonstrate their commitment to the environment and appeal to the growing number of environmentally conscious travellers.

5. Reference List

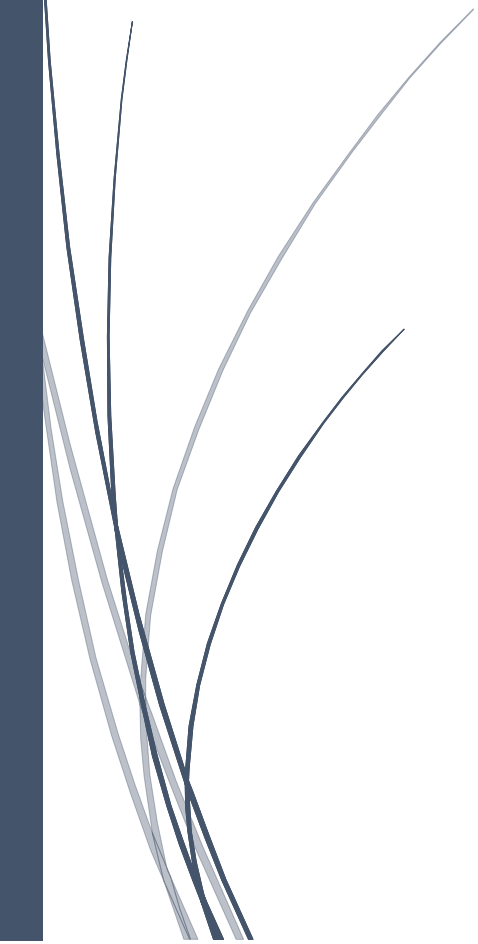
- Bain & Company. (2017). *The value of customer experience, quantified*. Available at: <https://www.bain.com/insights/the-value-of-customer-experience-quantified/> (Accessed: 05 March 2023)
- Berezina, K. et al. (2015). *Understanding satisfied and dissatisfied hotel customers: Text mining of online hotel reviews*. Journal of Hospitality Marketing and Management, 25:1, 1-24. Available at: DOI: [10.1080/19368623.2015.983631](https://doi.org/10.1080/19368623.2015.983631) (Accessed: 05 March 2023)
- Bond, S. (2013). *Ouch! Hilton Hotels pay £750 compensation to Gatwick guest, 74, whose holiday in Spain was ruined by BED BUG bites*. Daily Mail. Available at: <https://www.dailymail.co.uk/news/article-2275616/Hilton-hotel-forced-pay-compensation-guest-holiday-ruined-BED-BUGS.html> (Accessed: 05 March 2023)
- Dooley, R. (2020). *The Customer Loyalty Loop with Noah Fleming*. Ep #138: The Brainfluence Podcast Transcript.pdf. Available at: <http://www.rogerdooley.com/wp-content/uploads/2016/11/EP138-BrainfluencePodcastTranscript.pdf> (Accessed: 05 March 2023)
- Edmundson, T. (2020). *Brand standards. The intersection of guests, owners, brands, and staff Website title*. Today's Hotelier magazine. Available at: <https://www.todayshotelier.com/2020/02/03/brand-standards/> (Accessed: 05 March 2023)
- Fleming, N. (2016). *The customer loyalty loop: The science behind creating great experiences and lasting engagement*. McGraw-Hill Education.
- Gallo, A. (2014). *The Value of Keeping the Right Customers*. Harvard Business Review. Available at: <https://hbr.org/2014/10/the-value-of-keeping-the-right-customers> (Accessed: 05 March 2023)
- Harrison-Walker, L., (2001). *E-complaining: A content analysis of an Internet complaint forum*. The Journal of Services Marketing. Available at: <http://modir3-3.ir/article-english/isi284-2001205525.pdf> (Accessed: 05 March 2023)
- Heskett, J. L. et al. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*. New York: The Free Press.
- Hilton Hotel (2023). *Hilton Honors*. Available at: <https://www.hilton.com/en/hilton-honors/> (Accessed: 05 March 2023)
- Hilton Hotel (2023). *Hilton Code of Conduct*. Available at: <https://ir.hilton.com/~media/Files/H/Hilton-Worldwide-IR-V3/committee-composition/HW-Code-Of-Conduct-OCT2015-L26.pdf> (Accessed: 05 March 2023)
- Johnson, T. (2015). *When it Comes to Service Recovery, be sure to L.E.A.R.N.* Available at: <http://thetonyjohnson.com/when-it-comes-to-service-recovery-be-sure-to-l-e-a-r-n/> (Accessed: 05 March 2023)

- Kotler, P., & Armstrong, G. (2021). *Principles of Marketing*. (17th Ed.). Pearson.
- Kunjuraman, V., et al. (2020). *Nurturing Hospitality, Tourism and Wellness World*. Available at: <http://myscholar.umk.edu.my/bitstream/123456789/1181/1/proceeding%203.pdf> (Accessed: 05 March 2023)
- Marriott (2023). *Business Conduct Guide*. Available at: https://www.marriott.com/Multimedia/PDF/CorporateResponsibility/Marriott_Business_Conduct_Guide_English.pdf (Accessed: 05 March 2023)
- Marriott (2023). *Member Benefits*. Available at: <https://www.marriott.co.uk/loyalty/member-benefits/member.mi>
- Oliver, R. L. (1999). *Whence consumer loyalty?* *Journal of Marketing*, 63, 33-44.
- Paraskevas, A., & Arendell, B. (2007). *Enhancing service quality in the hospitality industry through total quality management: A research agenda*. *Journal of Hospitality and Tourism Research*. 31(3), 338-357. (Accessed: 05 March 2023)
- Premier Inn (2023). *A good night's sleep guaranteed*. Available at: <https://www.premierinn.com/gb/en/sleep/good-night-guarantee.html> (Accessed: 05 March 2023)
- Premier Inn (2023) *Introducing Premier Inn. Our brand, values and what we bring*. Available at: https://cdn.whitbread.co.uk/media/2021/02/26120857/Introducing-Premier-Inn_A4_8pp-Planning-brochure_March-2021_FINAL.pdf (Accessed: 05 March 2023)
- Sadaghashvili, A., & Correia, R.F. (2019). *Online Negative Reviews in the Hospitality Industry: Moving from problems to Opportunities*. Available at: <https://ibimapublishing.com/articles/JMRCS/2019/126255/126255-.pdf> (Accessed: 05 March 2023)
- Sharp, I. (2016). *Mr. Isadore Sharp / Founder & Chairman, Four Seasons Hotels*. Available at: <https://www.dc-finance.com/mr.-isadore-sharp#:~:text=Founder%20%26%20Chairman%2C%20Four%20Seasons%20Hotels%20and%20Resorts&text=It%20comes%20down%20to%20one,they%20will%20do%20the%20same.%E2%80%9D> (Accessed: 05 March 2023)
- Schultz, H. B. and Werner A., (2004). *Reputation Management*. Gabler Verlag. Available at: https://www.oxford.co.za/download_files/cws/Reputation.pdf (Accessed: 05 March 2023)

Travelodge (2023). *It pays to stay with Travelodge*. Available at:
<https://www.travelodge.co.uk/business> (Accessed: 05 March 2023)

TripAdvisor (2011). *Customer Review*. Available at:
<https://www.tripadvisor.co.uk/ShowUserReviews-g187051-d239658-r116771164-Hotel Hilton London Gatwick Airport-Crawley West Sussex England.html> (Accessed: 05 March 2023)

Vermeulen, I. E., & Seegers, D. (2009). *Tried and tested: The impact of online hotel reviews on consumer consideration*. *Tourism Management*. Available at:
https://www.researchgate.net/publication/222870717_Tried_and_Testing_The_Impact_of_Online_Hotel_Reviews_on_Consumer_Consideration (Accessed: 05 March 2023)



The End