January 1997

Measuring Hotel Service Quality: Tools for Gaining the Competitive Edge

Robert C. Ford
University of Central Florida, hospitality@ucf.edu

Susan A. Bach
University of Central Florida

Follow this and additional works at: http://digitalcommons.fiu.edu/hospitalityreview

Part of the Design of Experiments and Sample Surveys Commons, Hospitality Administration and Management Commons, Statistical Theory Commons, Tourism Commons, and the Tourism and Travel Commons

Recommended Citation
Available at: http://digitalcommons.fiu.edu/hospitalityreview/vol15/iss1/8

This work is brought to you for free and open access by FIU Digital Commons. It has been accepted for inclusion in Hospitality Review by an authorized administrator of FIU Digital Commons. For more information, please contact dcc@fiu.edu.
Measuring Hotel Service Quality: Tools for Gaining the Competitive Edge

Abstract
As the hotel industry grows more competitive, quality guest service becomes an increasingly important part of managers' responsibility. Measuring the quality of service delivery is facilitated when managers know what types of assessment methods are available to them. The authors present and discuss the following available measurement techniques and describe the situations where they best meet the needs of hotel managers: management observation, employee feedback programs, comment cards, mailed surveys, personal and telephone interviews, focus groups, and mystery shopping.

Keywords
Hotel, Service Organization, Statistics, Management, Quality
Measuring Hotel Service Quality: 
Tools for Gaining the Competitive Edge

by

Robert C. Ford

and

Susan A. Bach

As the hotel industry grows more competitive, quality guest service becomes an increasingly important part of managers' responsibility. Measuring the quality of service delivery is facilitated when managers know what types of assessment methods are available to them. The authors present and discuss the following available measurement techniques and describe the situations where they best meet the needs of hotel managers: management observation, employee feedback programs, comment cards, mailed surveys, personal and telephone interviews, focus groups, and mystery shopping.

The greater sophistication of hotel guests has made service quality more important than ever as hotel managers strive to meet both guest expectations and increasing competition. Therefore, measuring the quality of the service experience is an increasingly key part of hotel managers’ responsibilities. Accurately measuring what customers think about their restaurant meal, hotel stay, or reservation experience is a difficult challenge for hotels striving to achieve service excellence.

Gathering data about the quality of the hotel experience before the guest leaves the property is ideal. This ensures that the information is still fresh in the customer's mind and, at the same time, makes it possible for the hotel to recover from a possible service failure. Unfortunately, too few hotels gather such information. More typically, ignorance about faulty service quality or service failures continues until reduced profits, fewer repeat guests, lower restaurant covers, or declining occupancy forces managers to seek remedies which may not target the problem.

The critical challenge for managers is to identify and implement the appropriate methods that measure the quality of the hotel experience.
This challenge is made more complex by the fact that the quality of that experience is, to a great extent, determined by the individual customer. Consequently, what is perceived as acceptable service to one guest may be a “wow” experience to another and totally unacceptable to a third.

The subjective nature of the quality and value of a service experience makes identifying and implementing the appropriate measurement particularly difficult. No matter how well management planned the meal, scheduled the convention, or designed the hotel lobby, the quality of service cannot be measured until the server delivers it to the guest. Therefore, hotel managers should develop a strategy for effectively monitoring and measuring the service quality of each guest’s experience.

**Measuring Guest Service Effectiveness Is Critical**

A variety of methods are available to measure the quality of the service experience. These methods differ in cost, accuracy, and degree of guest inconvenience. Selecting the best method requires balancing the organization’s strategic goals and the cost of achieving them. The balance depends upon the information needed, the extent and precision of the research expertise required to gather and interpret the information, and the availability of funding. As a rule, the more accurate and precise the data, the more expensive it is to acquire it.

The simplest and least expensive technique to assess service quality is to encourage managers to be observant of the interactions between employees and guests. The advantage of managerial observation is that managers know their own business, its goals, capabilities, and service quality standards. They know when employees deliver a quality service experience. At its best, these observations do not inconvenience guests and permit immediate correction of a customer service problem.

However, some managers do not have enough experience or training to interpret their observations, or they may have biases which influence their objectivity. More importantly, when employees know that managers are observing the service delivery process, they invariably perform it differently. Additionally, although managerial observation ensures the quality of the service experience for a particular guest, the unobserved guests’ experiences remain unknown.

Training managers in methods of observing service encounters and measuring them against quality standards can eliminate both ignorance and personal bias. Unobtrusive observational techniques, random observations, and video cameras diminish employee awareness that “the boss is watching.” For example, many organizations tell their employees and customers that all phone conversations are
"monitored for training purposes" to eliminate the observation bias. Some larger companies use managers from one location to observe employees at another location for the same reason. However, employees should be alerted that they may be monitored to reduce ethical concerns.

Employee feedback about service encounters supplements managerial observation. Employees can provide input on issues such as cumbersome company policies and control procedures, managerial reporting structures, or other processes that inhibit effective service delivery. They know first hand about organizational impediments that prevent them from delivering quality service.

Employee work teams and quality service circles provide another source of feedback. Employee awareness of management's strong commitment to service quality is affirmed through work teams. For example, Ritz-Carlton Hotels have used work teams to develop "zero defect" service strategies. Such techniques foster an understanding and appreciation of how each employee can directly influence service quality. Confidence in employee judgment to correct service problems requires employee training and management trust. The current employee empowerment movement promotes exactly that.

Guest Input Is Important Source of Data

While observational methods for assessing service quality have their benefits, gathering guest reactions to their service encounters is more appropriate in measuring the customer experience. Techniques to collect data directly from guests vary in cost, convenience, objectivity, and statistical validity. Table 1 provides an overview of these items, and shows the advantages and disadvantages of each technique.

- **Employee generated guest feedback:** Employee feedback programs typically involve a structured interview or survey technique through which employees gather customers' perceptions of the service delivery or product. For example, a receptionist or restaurant cashier asks guests several questions about their experience as they are leaving the hotel or restaurant. Such immediate feedback allows recovery from service failures while generating information about the quality of the service experience. There may be costs associated in professionally verifying the usefulness of the questions asked, as well as in training employees in how to effectively solicit information. Employee training should also include appropriate service recovery techniques since research confirms the benefits of employee solicitation and resolution of customer complaints. Hotels know that recovering from service failures yields greater customer loyalty and repeat visits. Employees know that management places greater credibility on service recovery feedback obtained directly from guests.

*Spring 1997*
Table 1  
Sources of Data

<table>
<thead>
<tr>
<th>Management Techniques</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| Management Observation | • management knows business, policies and procedures  
• no inconvenience to customer  
• opportunity to recover from service failure  
• opportunity to obtain detailed guest feedback  
• opportunity to identify service delivery problems  
• minimal incremental cost for data gathering | • management presence may influence service providers  
• lacks statistical validity and reliability  
• objective observation requires specialized training  
• employees disinclined to report problems they created |
| Employee Feedback Programs | • employees have knowledge of service delivery obstacles  
• customers volunteer guest service experience information to employees  
• no inconvenience to customer  
• opportunity to recover from service failure  
• employee empowerment improves morale  
• opportunity to collect detailed guest feedback  
• minimal incremental cost for data gathering and documentation | • objective observation requires specialized training  
• employees disinclined to report problems they created |
| Comment Cards | • suggests that company is interested in customers' opinions of service quality  
• opportunity to recover from service failure  
• moderate cost  
• minimal incremental cost for data gathering | • self-selected sample of customers not statistically representative  
• comments generally reflect extreme guest dissatisfaction or extreme satisfaction |
| Mail Surveys | • ability to gather representative and valid samples of targeted customer  
• opportunity to recover from service failure  
• customers can reflect on their service experience  
• suggests that company is interested in customers' opinions of service quality | • recollection of specific service encounter details may be lost  
• other service experiences may bias responses because of time lag  
• inconvenience necessitates incentives for participants  
• cost to gather representative sample may be high |
Table 1 (continued)
Sources of Data

<table>
<thead>
<tr>
<th>Management Techniques</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| On-Site Personal Interviews | • opportunity to collect detailed guest feedback  
• opportunity to recover from service failure  
• ability to gather representative and valid samples of targeted customers  
• suggests that company is interested in customers' opinions of service quality | • may not be representative sample of guests  
• recollection of specific service encounter details may be lost  
• other service experiences may bias responses because of time lag  
• respondents tend to give socially desirable responses  
• inconvenience necessitates incentives for participants  
• cost moderate to high |
| Telephone Interviews     | • opportunity to collect detailed guest feedback  
• ability to gather representative and valid sample of targeted customers  
• opportunity to recover from service failure  
• suggests that company is interested in customers' opinions of service quality | • individuals tend to find telephone call intrusive  
• difficult to contact people at work, inconvenient at home  
• cost of skilled interviewers and valid instrument are high |
| Focus Groups             | • opportunities to collect detailed guest feedback  
• opportunity to recover from service failure  
• qualitative analysis helps to focus managers on problem areas  
• other problems may surface during discussions  
• suggests that company is interested in customers' opinions of service quality | • may only identify symptoms and not core service delivery problems  
• feedback limited to small group of customers  
• information representative with repeat sampling  
• recollection of specific service encounter details may be lost  
• one group member may dominate or bias discussion  
• inconvenience necessitates incentives for participants  
• high cost of properly trained focus group leader |
| Mystery Shoppers         | • consistent and unbiased feedback  
• can focus on specific guest service situations  
• no inconvenience to customer  
• opportunity to collect detailed guest feedback  
• allows measurement of training program effectiveness | • snapshot of isolated encounters may be statistically invalid  
• cost moderate to high |
- **Comment cards**: Comment cards are the least expensive and least complex service evaluation technique. Widely used throughout the hospitality industry, comment cards rely on voluntary customer participation. Guests rate the quality of the service experience by responding to a few simple questions on a conveniently available form. Most forms also allow space for written comments. Guests deposit the form in a box, return it to the service provider, or mail it to the corporate office. Their comments may be interesting and helpful to management in understanding the total service experience, but the information is not statistically valid.

Using comment cards resembles the statistical process of quality acceptance sampling although the randomness requirement is difficult to meet. Positive and negative comments indicate experiences both above and below the expected quality level. Comments may be plotted as numerical values on a bar graph to display customer perception of the service experience. Written comments such as long waits for food, lines at the front desk, or housekeeping problems reveal additional insights into the strengths and weaknesses of the service delivery system.

Positive comments provide management with the opportunity to recognize employee excellence. Recognition reinforces good guest service and creates role models for other employees. Negative comments can be used in training, without mentioning specific employees, to illustrate behaviors leading to negative guest experiences. Thus, managers can utilize positive and negative actual guest comments to train employees about service.

The greatest disadvantage of comment cards is that respondents may not represent all guests. Typically, only 5 percent of customers return comment cards, either the delighted or the dissatisfied; the other 95 percent say nothing. Using comment cards exclusively to measure guests' service experiences leaves management uninformed about how those other 95 percent felt. Were they happy, unhappy, or indifferent?

Marriott Hotels provides an example of how one company sought to gather a greater percentage of customer responses with their Fairfield Inn’s Scorecard program. At checkout, guests are asked to answer several brief questions on a computer touch screen while the receptionist is processing this bill. The ease of response and timing while guests expect to wait means that more guests share their opinions about the quality of their hotel stay instead of just the very happy or very unhappy.

Another major disadvantage of comment cards is that the time lag between guest response and managerial review prevents on-the-spot correction of any negative service encounter. Once the “moment of
truth* has passed and the angry or disappointed guest leaves, having expressed negative emotions on a comment card, the opportunity to retain that customer's future business diminishes. Even worse, negative word-of-mouth advertising generated by dissatisfied guests cannot be corrected.10

Comment cards have the advantages of being inexpensive and, if properly designed, easy to tally and analyze. Such advantages make them attractive for gathering guest satisfaction data, especially in smaller hotels that do not have the resources for a quality assessment staff or consultants. Costs can be as low as $200 for developing and printing comment cards that are left at the property.

- Toll-free 800 customer service numbers: Another way of measuring the quality of service is the customer service 800 number. This common technique invites guest comments and allows hotels to remedy complaints 24 hours a day. However, the convenience of 800 numbers alone is insufficient to ensure a representative response from all types of customers. The company needs to also communicate enthusiastic appreciation to customers who called and provide them with feedback about how the company addressed the problem.

- Surveys mailed to guests: Survey methods are available to obtain guest feedback about the quality of the service encounter. Surveying, a more expensive technique than comment cards, can yield valid measures of customer opinion. Surveys range in sophistication, precision, validity, reliability, complexity, cost, and administration difficulty. Well-developed surveys sent to an appropriate and willing sample provide hotels with useful, valid, and reliable information concerning guest satisfaction. However, many uncontrollable factors can influence customers' responses to a mailed survey. Inaccurate and incomplete mailing lists or simple disinterest in commenting can negatively impact response rate. Poor response rates greatly decrease the usefulness of the information obtained through surveys.

In addition, although mailed surveys are less costly than other survey techniques, they are still expensive when questionnaire development, validation, and the expense of data analysis are considered. A typical survey costs from $1,000 to $15,000 to develop and analyze. Printing, postage, and purchasing customer mailing lists not available on an in-house database further increase costs.

The numerical aspect of survey questionnaires makes these data less informative than may be desired to understand the quality of the guest service experience.11 In analyzing responses numerically, if some customers remember an experience as terrific while others thought it was terrible, the overall average response would show that customers' expectations were met. In addition, since there is a time lag between

Spring 1997

89
the service encounter and survey response, more recent experiences can blur a guest's memory of details.

A good example of a service quality survey is SERVQUAL, developed by Berry and his associates. SERVQUAL has been extensively researched to validate its psychometric properties. It measures the way customers perceive the quality of service experiences in five categories: reliability (the organization's ability to perform the desired service dependably, accurately, and consistently); responsiveness (its willingness to provide prompt service and help customers); assurance (employee's knowledge, courtesy, and ability to convey trust); empathy (providing caring, individualized attention to customers); and tangibles (the physical facilities, equipment, and appearance of personnel).¹²

- **Personal interviews or surveys with guests**: Face-to-face interviews provide rich information when trained interviewers, able to detect nuances in responses to open-ended questions, probe for details about the service experience. Interviewing can uncover previously unknown problems or a new twist in a known problem which cannot be addressed in a pre-printed questionnaire. However, personal interviews are costly because of the expense of employing trained interviewers, the custom designed interview instrument, and the inconvenience to guests. Costs range from $200 to $350 per interview, plus incentives provided to guests as compensation for their time.

  Without incentives, most guests see little personal benefit from participating in a customer survey unless, as with the guest comment cards, they are either very satisfied or very dissatisfied. Since the most desirable time to measure the quality of the customer experience is immediately after the service encounter, it is a challenge to get guests' attention while they are rushing to leave the hotel or anxious to go home.

  Brinker International, the parent company of restaurants such as Chili's, Grady's, Romano's Macaroni Grill, and Cozymel, has developed a variation of the customer interview technique which uses a frequent diner card program. This program is designed not only to increase customer loyalty and return visits to Chili's Restaurants, but also allows Brinker greater opportunity to gather feedback. Once Brinker obtains basic customer information, it is able to follow up with mailed surveys to guests who use their cards frequently (or infrequently) to gain valuable feedback on eating preferences and patterns by demographic category. Having the ability to award frequent diner points for survey participation provides Brinker with a valuable incentive for participants.

  Another variation on the customer survey approach is to employ consultants or use employees to function as "lobby lizards" who ask randomly selected guests their opinions on several key service issues. These conversations assess guest perception of their stay and identify service flaws that can be corrected while the guest is still on property.¹³
• **Using guests in focus groups:** Focus groups gather in-depth information on how customers view the service encounter. Typically, a customer focus group contains six to 10 guests in one discussion session lasting for several hours. Through repeated sampling of specifically targeted customers, focus groups reveal service problems and generate guests’ suggestions on how to correct them. Marriott Corporation, for example, conducted focus groups of frequent stay guests and incorporated their comments into the design of the Marriott Courtyard model. The Disney organization routinely samples attendees and invites them to participate in a focus group in exchange for a return admission or a complimentary dinner. These guests perceive they are fairly compensated for their time and are impressed that the company cares enough about the quality of the Disney experience to ask for their opinion.

Focus groups have the disadvantage of being expensive, time consuming, and labor intensive. A group facilitator can cost $500 or more. Adding the cost of meeting space, travel, and lodging expenses for the facilitator and participants, a single focus group session can cost as much as $7,500. In addition, participants frequently receive some compensation for their time and inconvenience. Since focus groups represent the targeted guest market, correct selection of participants is crucial in obtaining accurate information. If the guest sample is not accurate or doesn’t match the desired customer profile, the resulting information can lead to inappropriate conclusions about guest experiences. While an organization like Disney can pick ideal and representative groups from the many guests leaving their theme parks, it is far more difficult for an individual restaurant, hotel, or gift shop to assemble a group which accurately represents the targeted customer profile. More often, these organizations must use guests whose comments about their experience is retrospective. Consequently, the data obtained cannot capture the important nuances of the guest service experience the hotel needs to know.

• **Conducting telephone surveys with guests:** Telephone interviews are another useful method for assessing the service encounter. Car dealerships, for example, frequently use telephone interviews to measure customers’ satisfaction. In the hospitality industry, some tour operators telephone customers to obtain feedback about a recent vacation experience while paving the way for subsequent travel arrangements. Although telephone interviews eliminate the inconvenience of gathering information while guests are still at the hotel, they present other challenges. This technique also relies on retrospective information which can be blurred by more recent experiences. If the service encounter was too insignificant for guests to accurately recall, or if guests have no special motivation to participate, the information they
provide is unreliable. In addition, guests regard telephone surveys as intrusions on their time and violations of their privacy. Annoyed respondents create both potential bias in the data and resentment toward the hotel.

Telephone interviews are also expensive. Developing sophisticated questionnaires and employing the number of trained interviewers necessary to contact an adequate sample for valid information about the guest experience at the hotel can be costly. Interviewers typically receive $20 to $50 for each completed interview. When data analysis and expert interpretation are included, the total cost ranges from $8,000 to $16,000 for a statistically valid survey.

- **Using mystery shoppers to evaluate service:** Mystery shoppers provide management with an objective snapshot of the service experience. While posing as guests, these trained observers methodically sample both the service product and its delivery and then compile a detailed report of their service encounters. Shopper reports generally include numerical ratings of their observations so that the quality of the service experience can be compared over time. While companies inform employees that a mystery shopper program is used, employees do not know who the shopper is or when the shopping occurs. Smaller organizations such as independent restaurateurs or hoteliers might occasionally hire a commercial service or individual consultant to conduct a mystery shopper program. Larger organizations and national chains typically employ a commercial service or use their own staff as shoppers.16

Since mystery shoppers are used at random, mystery shops are designed so that employees cannot “dress up” their performance as if for a VIP. In addition, shoppers can be scheduled for specific times to assess the quality of service during various shifts, under diverse conditions, with different employees, and through the eyes of different types of shoppers.17 For example, a hotel designed as a family resort employed a shopper and her children to assess the “family friendly” factor at the property. The children observed that, from their vantage point, the front desk counters were too high, thereby preventing them from seeing what was going on. As a result, a special registration desk was installed where the young guests could check in and learn about the activities available for them at the hotel.

Mystery shoppers can also observe other properties in a particular market and systematically gather information on competitors’ service level, facilities, prices, and special packages. Some hotels employ mystery shoppers to test the ability of their own organizations to respond to anticipated service problems and service delivery failures. For example, shoppers can create a problem or intensify a situation by asking certain questions or requesting unique types of services to assess employee responses under pressure. Mystery shoppers can also gauge
the effectiveness of a particular training program by shopping the property before and after the training is introduced.

The American Automobile Association (AAA) employs a staff of trained inspectors who indirectly act as mystery shoppers when they anonymously inspect hotels, motels, and restaurants, and report their observations as a service to AAA members. In addition, before they leave a hotel, inspectors share their observations with property managers who then have the opportunity to correct service flaws.

The disadvantage of a mystery shop is the size of the sample from which the shopper generates reports. Since anyone can have a bad day or a bad shift, a mystery shopper may draw conclusions on the basis of unusual or atypical guest service experiences. One or two observations is not a statistically valid sample of anything. Using enough randomly assigned visits will yield a valid sample of the organization’s quality of service, but this would be impractical and expensive. Further, individual shoppers may have unique preferences, biases, or expectations that can unduly influence a report. Well-trained shoppers with specific information about the hotel’s service standards, instructions on what to observe, and guidelines on how to evaluate the experience avoid this pitfall. The cost of a mystery shop ranges from under $100 plus expenses for a freelance consultant testing a restaurant meal to over $1,500 plus expenses for a shopper staying overnight and reporting on the guest experience at a full-service resort hotel.

The Measurement that “Fits” Must Be Found

Typically, what gets measured gets managed. Knowing quality assessment measures is essential for developing an organizational strategy to determine the best “fit” between the need and value of information. The value ties directly to critical organizational outcomes such as revenues, profitability covers, and/or occupancy.

Management decisions about which technique or combination of service quality measurement techniques to use should be based on a careful evaluation of the advantages and disadvantages of the methods as seen in Table 1. A luxury resort hotel, for example, may require more elaborate and expensive strategies to measure feedback since the cost of poor service can harm the hotel’s reputation, quickly making it uncompetitive in a dynamic marketplace. On the other hand, an independent limited service property whose owner loves to “interview” his guests will probably not require sophisticated quality assessment methods.

Costs and level of expertise used to gather data vary also. An important question to ask is who should be used to collect data: employees, consultants, or a professional survey research organization. Cost, which is always a consideration, should not be the primary factor in determining the data collection method. For example, using...
employees is the least expensive alternative, but they also have the least expertise in research, and may lack the communication skills to interview effectively. Consultants and survey organizations, though more costly, are better able to gather and interpret sophisticated data. Selection of professional survey organizations should be based on their industry experience and a quality reputation for information gathering and reporting accuracy.

Large, multi-unit hotel chains may need information to be generalized across a wide population more than a small property with a limited number of guests. As a rule, the more representative, extensive, and costly measurement techniques are more generalizable to a wider customer base.

Regardless of the evaluation technique selected to measure service quality, one thing is certain. Guests evaluate a property's service every time the service is delivered, forming distinct opinions about its effectiveness. Hotels, like all hospitality organizations that aspire to excellence in guest service, must constantly assess the quality of their service experience through their customers' eyes. Most guests are happy to tell hotels what they thought about their service experience if they are asked appropriately. Managers of hotels striving for excellence need to ask the right questions at the right time, of the right guests, to obtain the information necessary to ensure service that meets and exceeds guests' expectations.

References

3. Ibid.
9. Lewis and Pizam
10. Heskett, Sasser, and Hart


Heskett, Sasser, and Hart.


Robert C. Ford is professor and chair of the Hospitality Management Department at the University of Central Florida and Susan A. Bach is visiting assistant professor in the Hospitality Management Department at the University of Central Florida.