

# **Guest Satisfaction Still First Priority for Hospitality Industry in Weathering Challenging Economic Times**

**By Robert Zarco**

**March 31, 2009**

Massive Wall Street bailouts, a declining stocks and bonds market, a mortgage crisis, and unprecedented unemployment have left the U.S. economy reeling. No one is immune to the repercussions of an unstable economy, especially not the hospitality industry. In fact, in this recession, the hospitality industry is suffering disproportionately greater than other segments of the economy. The St. Regis Hotel in Detroit, the Tropicana in Atlantic City, and the historic Greenbrier Hotel in West Virginia have all sought bankruptcy protection recently, with more sure to follow. According to the latest hotels.com Hotel Price Index, the average price of a hotel room around the world fell by 12% last year. This, coupled with substantially reduced occupancy rates, contributes to the even further financial deterioration of this industry. Leaders in the hospitality industry are struggling to find ways to save money without sacrificing their brand image.

The most important thing to remember is that these challenging economic times are temporary- the economy will eventually get better. Unfortunately, in response to unfavorable economic circumstances many hoteliers reflexively do things such as cutting down on the amount and quality of guest perks and customer services. This is not necessarily the wisest course of action, as it may accelerate the demise of a hotel/motel property. If a hotelier implements imprudent cost-cutting measures, the resulting negative fallout could very well cause damage that lasts well beyond the current, but temporary, state of economic affairs. Don't think that guests won't notice when the services and accommodations at their favorite hotel franchise are curtailed or perhaps even eliminated. Such cut-backs might temporarily help the bottom line, but the long-term damage to the goodwill of the brand is potentially immeasurable. By resorting to quick fixes that pinch pennies but offend guests, hotel brands will sacrifice their long-term well-being.

Slighting customers during a tough economy means they won't be back when times are better. In fact, the most important time to step up your levels of quality, service and cleanliness for your hotel is during an economic downturn, because you are competing for fewer dollars that are available in the marketplace. Customers are price conscious to some extent, but they have not forgotten the discriminating tastes that they developed during more robust times. If a hotel wants to survive and flourish, it has to continue to live up to these high standards.

Believe it or not, there are ways in which to improve the guest experience that do not cost the hotel a single penny. One recent example that was related to me by an attorney in my law firm who was traveling to attend a court hearing is on point. She landed at 10:00 pm on the night before a 10:00 am court hearing. In the morning, she ordered room service, for convenience and to save time. The food arrived, it was very good, and usually, that would have been the end of the guest experience.

This time, however, ten minutes after the food arrived, her hotel room phone rang. It was the customer service representative from the hotel...just calling to confirm that her room service order was accurate and that everything she ordered had arrived and was at the proper temperature. Well, this made a fantastic impression on our business traveler. As it happened, her room service order had arrived in perfect condition. But she was truly impressed that the hotel made this unexpected, pro-active effort to guarantee her satisfaction. It really connected. Because the truth was, as a busy professional, if there had been something missing from her breakfast order, she wouldn't have had the time to complain, but still would have made a permanent mental note. Now, even though her order was perfect, she was left with the indelible impression that, if there had been something amiss, this hotel would have seamlessly taken care of it for her.

This phone call is a beautiful, effective marketing device on multiple levels. First of all, it reaches out and connects with *every* guest—not just the demanding ones. One of the problems with many customer service campaigns is that “only the squeaky wheels get the grease.” In other words, only the most vocal and demanding clients get to see the true lengths to which the hotel is willing to go to guarantee guest satisfaction. It is crucial that hotels understand that a great many of their guests *don't* complain when things are wrong-- they just chalk it up to business as usual, jump in their cab, and away they go. In the meantime, the hotel has no idea that a mistake was made, has no opportunity to rectify the situation, and the guest takes away a negative experience that will likely affect his or her choice of hotel in the future. By following up with every guest who orders any type of service from the hotel staff, the hotel not only makes a great impression on those guests whose order was perfect, but it gets an opportunity to rectify mistakes it might otherwise not have known about.

Another wonderful service that makes the customer feel very special and “at home” begins when the guest first comes in contact with any hotel employee. When the bags are turned over, the employee should immediately radio the front desk to advise that, “Mr. Smith is walking toward the front counter.” Mr. Smith, to his surprise, is greeted with, “Welcome Mr. Smith,” or for a repeat guest, “Welcome back to our hotel Mr. Smith.” How much do these brilliant value-added services cost the hotel? *Nothing*. What is more, these small, considerate efforts stemming from simple detail-oriented training are even more appreciated during a down economy—by giving more when everyone is expecting less, the seeds of long-term brand loyalty are sown.

Of course, in these challenging times, professionals in the hospitality industry must not only take judicious action while their guests are staying in the hotel, but also make concerted efforts to get those guests into the hotel in the first place. In this economy, the business is not going to fall into your lap. It must be cultivated. Encourage sales reps and meeting planners to aggressively pursue booking more events at the hotel. Meetings and conventions revenues are an often neglected, but potentially very lucrative endeavor, even if a discount must be offered to generate the business. Lower profit margins are much better than no profits at all, and every traveler in this economy already recognizes that such discounts are only temporary.

Also, many cost-conscious travelers are skipping internet booking altogether, and instead are actually making phone inquiries to confirm with a human being that they are getting the very best rate. Reservations and front desk workers should be trained and well-versed in the hotel's

special accommodations, packages and promotional offerings. A well-prepared soul on the other end of the line will successfully capture these phone inquiries and convert them into reservations. Another strategy is to lure locals with the frugal indulgence of a “staycation,” where burned-out city types and suburbanites book a hotel weekend to “get away.” The recession has people guarding their money, but they still need time off; by saving on airfare and staying in town, many consumers find that relaxing for a few days in a nearby luxury hotel is a great option.

In order to successfully navigate through these tough economic times, hoteliers must keep the big picture at the forefront of their strategy. Nobody ever said weathering an unstable economy would be easy. Prudent money savings measures will have to be very creative and not counter-productive. The temptation to cut the amount and quality of guest services should be avoided. There are other, more prudent ways to cut costs in this tough economic climate. Perhaps cutting back on piped-in music, delaying some unneeded renovations (so long as the deferral does not cause a breach of the franchise agreement), or cutting back on landscaping services can help save money. Consider moderately modifying the hotel restaurant’s operating hours or menu items, or cross training staff, so that one person can fulfill multiple responsibilities, including having department managers becoming more directly interactive with the guests. Cautiously raising prices is also an option. But cutting back on quality and service to save money during a recession should be avoided. This knee-jerk solution may look good temporarily on one month’s balance sheet, but it short-sightedly ignores the long term effects that can result in tarnished goodwill and long-lasting reputational declines. Ultimately, the quick fix can wind up costing the hotel many times more money than the quick fix’s temporary boost ever contributed.

Robert Zarco is an internationally recognized franchise legal expert and speaker. He is also the founding partner of Zarco Einhorn Salkowski & Brito, P.A., a leading law firm specializing in franchise, licensing, dealership, and distribution law. Based in Miami, Florida, Mr. Zarco represents franchisees from hundreds of different franchise systems throughout the United States and internationally.

The author would like to thank Mikhael Ann Buchanan, an attorney at the law firm of Zarco Einhorn Salkowski & Brito, for her contributions to this article.