THE HOSPITALITY SERVICE STRATEGY

Courtesy of Hilton Hotels

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1 THE BASICS OF WOW! THE GUEST KNOWS BEST

Hospitality Principle: Provide the Service Quality and Value That Guests Expect

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LEARNING OBJECTIVES

After reading this chapter, you should be able to

1.1   Recognize the importance of the guest experience.

1.2   Identify the components of the guest experience.

1.3   State the importance of meeting the hospitality guest's expectations.

1.4   Define *service quality, service value,* and *cost* in hospitality.

1.5   Explain the reasons why "it all starts with the guest."

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INTRODUCTION

Serving guests and making products are so different that they require different management principles and concepts. Catching a defective tire or a paint blemish on a car's finish at the final inspection stage of an assembly line production process is one thing, but listening to irate guests telling you in no uncertain terms that your hotel, restaurant, or airline has failed to deliver the service experience they expected is quite another. In the first instance, the quality inspector—one of many people between the maker of the product and the final customer—can send the defective product back for rework without the customer ever knowing. In the second instance, there is usually no one to buffer the relationship between the person delivering the unsatisfactory service and the guest dissatisfied with it.

At its most basic level, the hospitality industry is made up of organizations that offer guests courteous, professional food, drink, and lodging services, alone or in combination. But the hospitality industry is more than hotels and restaurants. Beyond these, the industry is defined in many ways. An expanded definition includes theme parks, airlines, gaming centers, cruise ships, trade shows, fairs, meeting planning, and convention organizations. Indeed, everyone involved in the vast travel and tourism industry may be considered part of the hospitality industry. We believe the principles and practices presented in this book have wide application; therefore, we are going to use this more expanded concept of the industry. The challenge for all organizations in this industry is to ensure their personnel always provide at least the level of service their guests want and expect—every time, perfectly. This book is designed to show all those working in this industry and those who manage them how to do that.

Even more challenging for those in hospitality organizations is the simple reality that service quality and service value are defined not by managers, auditors, or rating organizations: They are defined entirely in the mind of the guest. Although there are a few organizations, such as J. D. Power and AAA, and many websites, such as Trip Advisor and Yelp, that rate the service quality of the local Holiday Inn, Carnival Cruises, or Olive Garden, individual guests still make their own decisions on whether the quality and value of the service they experienced met their expectations. *BusinessWeek* annually rates the best service companies and the American Customer Satisfaction Index (ACSI) and *Consumer Reports* occasionally offer evaluations of the major airline, hotel, and restaurant companies. In the final analysis, however, the decision about the quality and value of a hospitality experience is made anew by each individual guest in every transaction with a specific unit of a hospitality organization on a particular date with a certain service staff. If the guest comes on a date or at a time when the organization for whatever reasons fails to meet expectations, for that guest, the restaurant is no good, the airline is inept, and the

hotel is a major disappointment. One unfortunate incident can negatively influence the opinion of the guest and anyone the guest talks to both in person and virtually, through a website posting or social media site.

You will find this text is very different from traditional management texts, because hospitality organizations are very different businesses to run from those discussed in traditional management texts, many of which still describe organizations as if they are manufacturing a product. Most of the traditional texts emphasize principles and guidelines for managers while producing a physical product; however, the success or failure of creating the guest experience may depend on how a single moment of truth between a hospitality employee and the guest is handled. Management's responsibility is to ensure that each moment of truth has been prepared for—has been managed—as well as humanly possible to yield a satisfying, even outstanding, outcome for the guest.

How to achieve such outcomes is the focus of this book. Once dominated by the manufacturing sector, the economy is now overwhelmingly dominated by the service sector. This shift to a service economy, and then beyond ultimately to what is now known as the experience economy, requires traditional management models and methods be reorganized and redirected to meet the unique challenges and opportunities of hospitality organizations.

GUESTOLOGY: WHAT IS IT?

In this book, we organize the available knowledge about meeting these challenges and opportunities around guestology, a term originated by Bruce Laval of The Walt Disney Company.[1] Customer-guests are, to the extent possible, studied scientifically (the *-ology* in *guestology).* Guests' behaviors within the hospitality organization are carefully observed. Their wants, needs, capabilities, and expectations regarding the hospitality guest experience are determined. The result of all this study is that the service product is tailored to meet their demands and those of future guests.

The use of *guest* in guestology also has a meaning, as it implies that all the organization's employees must treat customers as if they were guests in their own homes. Guestology then simply means that the organization should study the guests to manage everything it does from the guest's point of view. All the while, this is a business, and an eye must be kept on the bottom line to ensure that services can continue to be provided in the future. The good news is that guestology makes good business sense. The practice of guestology makes it possible to increase guest satisfaction, which leads to more repeat visits, which in turn increases revenues. The findings of guestology turn into the organizational practices that provide sustained outstanding services. The organization's strategy, staff, and systems can be aligned to meet or exceed the customer's expectations regarding the three components of the guest experience: service product, service setting ("also called service environment, servicescape, and sometimes just the **setting**), and service delivery. These aspects or elements are carefully woven together to give guests what they want and expect, plus a little bit more. "It all starts with the guest" is not just an inspirational slogan; in the service-centered hospitality organization, it is the truth, and everybody accepts and lives by it.

Guestology turns traditional management thinking on its head. Instead of focusing on an elaborate organizational design, strict adherence to a managerial hierarchy, and lean production systems to maximize organizational efficiency, guestology forces the organization to start everything it does by looking systematically at the guest experience from the customer's or guest's point of view. What customers do and want are first systematically studied, modeled, and predicted. Only then can the rest of the organizational issues be addressed. The goal is to create and sustain an organization that can effectively meet the customer's expectations and still be efficient enough to

make a profit. Guestology also requires learning from other world-class organizations. A guestologist will look at these **benchmark organizations** that meet or regularly exceed customer expectations regarding service quality and value and that have a high degree of excellence in their services, processes, and business support systems. These benchmark organizations are valuable sources of ideas about how the guestologist's organization can better meet or exceed their guests' expectations.

Meeting Customer Expectations

Customers come to a service provider with certain **expectations**. These expectations are the characteristics that a guest hopes and assumes will be associated with a service experience, and they form these expectations for themselves, their businesses, and/or their families. First-time guests may have general expectations. For example, a first-time guest of a major hotel may simply expect a nice room, a comfortable mattress, clean surroundings, satisfactory meals, and a reasonable price. A repeat guest may have more specific expectations based on past experiences. Olive Garden knows that all guests, new and repeat, have certain expectations that drive their evaluation of the quality and value of the Olive Garden experience. From extensive research of their customers, Olive Garden leaders know their guests' key drivers are food of good quality, fast and attentive service, cleanliness, and a pleasant atmosphere. Olive Garden not only asks and studies its guests to find their key drivers, it also solicits comments about how well it delivered on those characteristics by gathering customer feedback.

A **guestologist** seeks to understand and plan for the expectations of an organization's targeted customers before they ever enter the service setting, so that everything is ready for each guest to have a successful and enjoyable experience. The road from the Magic Kingdom's Main Street, U.S.A. that hubs off to the right to Tomorrowland in Orlando's Walt Disney World Resort is wider than the road to Adventureland, which is off to the left. This is because Disney carefully studied guest behavior and discovered that when people were otherwise indifferent as to which direction to go, they tended to go in the direction of their handedness. Since there are more right-handed than left-handed guests, Disney made the road to the right wider than the other roads off the main hub anticipating that more people would go in that direction. That is guestology in practice. Here is a second illustration of the concept. Disney knows one of its greatest assets is its reputation for cleanliness. Keeping a theme park clean is a big job, so the Disney organization encourages its guests to help out by disposing of their own trash. After all, whatever people throw away by themselves does not have to be cleaned up by a paid employee. In studying guest behavior, Disney learned two things. First, if cast members (the Disney term for its employees) are visible constantly picking up even the smallest bits of trash, park guests tend to dispose of their own trash. The cast members model the desired behavior of keeping the parks clean to show respect for cleanliness, and guests copy them. Second, people tend to throw their trash away if trash cans are convenient, easily seen, and not far apart. Disney locates the trash cans to match these criteria. If you visit the Magic Kingdom on a quiet day when the crowds are not distracting, you will notice that Main Street, U.S.A. looks like a forest of trash cans, located 25 to 27 paces apart. Understanding how guests respond to environmental cues and using that knowledge to help maintain a high standard of cleanliness is guestology in practice.

Organizations must understand why their guests come to their hospitality organization, what those guests expect, and what the organization can do to meet guests' expectations if they seek to provide a guest experience that is memorable. Many people think running a restaurant is simple: Offer good food at a fair price, and everything else takes care of itself. Profitable restaurants know that guests patronize them—or get angry and leave—for a variety of reasons other than food quality and value. Managing the total dining experience is a much bigger job

than merely executing a good recipe. Guestology involves systematically determining what those factors are, modeling them for study, measuring their impact on the guest experience, testing various strategies that might improve the quality of the experience, and then providing the combination of factors or elements that attracts guests and keeps them coming back.

Understanding the Guest

To well-managed hospitality organizations, guests are not statistical outcomes, vague concepts, or abstractions. Even with the availability of massive amounts of information on customers "big data" analytics can provide, the best service providers never forget that within the heterogeneous mass of people they serve or hope to serve, each is a unique individual. Some companies use the term VIP to remind their employees they are serving "Very Individual People." Each guest brings to the guest experience a different bundle of needs, wants, capabilities, and expectations. The Melting Pot is a chain of fondue restaurants, located throughout the United States and Canada. For most melting pot guests know how to use the fondue pots; others, however, need to be taught so they don't burn themselves. Most guests coming to an amusement park will arrive happy and excited about whatever is going to happen to them. Others, though, will arrive unhappy, bored, or even angry. Even more challenging is the possibility that the happy, excited guest who came yesterday is the unhappy angry guest coming in the door today. The hospitality organization must not only strive to satisfy each of the guests it seeks to serve but also adapt what it does to account for the changes in expectations, wants, needs, capabilities, and even behaviors those guests may have from visit to visit.

The first step in understanding how to manage the guest experience is, therefore, to understand the guests in a target market, to whatever extent possible. Ideally, this understanding would include (1) the traditional demographic breakdowns of age, race, gender, income level, and guests' home locations; (2) the psychographic breakdowns of how they feel, what their attitudes, beliefs, and values are, and what kind of experience they need, want, and expect the hospitality organization to deliver; and (3) the guests' knowledge, skills, and abilities, known as **KSAs**, to co-produce the expected experience.

Meeting the expectations of a customer who arrives needing but not really wanting the service or who may even be angry at the service provider, and perhaps even at the world itself, is difficult. In such situations, ensuring the quality of the service experience is even more crucial because of the circumstances leading to the need for the services. For example, those employing the services of a funeral home rarely do so under happy circumstances. Most dental patients coming in for a root canal will neither enter nor leave the dentist's office filled with joy. In hospitality, sometimes people must travel but don't particularly want to, like the overtired business traveler, the reluctant wedding guest, or the child forced to go out to a family dinner. Fortunately, most guests of hospitality organizations are not only capable of performing whatever tasks they must perform to co-produce the experience but are also eagerly anticipating the service and have no problems with needing it or wanting it. They are easier to keep happy than the person waiting for the dentist's drill, surgeon's knife, divorce lawyer's advice, or otherwise forced into circumstances not by their choosing.

Understanding and appreciating that guests, their expectations, and their capabilities are varied motivates the guest-focused organization to design each guest experience from each guest's point of view. Not everyone is able to do the walking required to enjoy a visit to Six Flags, so Six Flags parks have motorized scooters available for those guests needing help with walking. Understanding guests' expectations, capabilities, and motivations allows the organization to deliver a personalized experience to the extent possible and ensures the hospitality organization has systems and procedures in place to accommodate variations in guests' capabilities.

Serving Internal Customers

In addition to public consumers, the hospitality organization has within itself many **internal customers**, people that depend on each other and "serve" each other. The principles for providing an outstanding service experience for external customers also apply to these many internal customers. For example, employees at a computer help desk that serves internal customers should understand and fulfill the expectations of these customers just as any organization tries to meet and exceed the expectations of its external customers.

This logic can easily and rightfully be extended to the level of the individual employee. The organization must meet or exceed the expectations of employees about how they will be treated. Smart hospitality organizations know their employees must get the same care and consideration they want their employees to extend to their guests. They understand they can't mistreat their own employees and expect them to then treat the customers well. They know the way in which the organization treats its own employees will inevitably spill over onto the way their employees treat guests and each other. In these organizations, everyone works hard to avoid employee mistreatment and unfairness. As expressed in the Virgin Atlantic values statement, "Keeping our people and our customers safe and secure is at the heart of all we do. We have three core values that our people connect with, as a recipe to supercharge our teams to be the best they can be. They're centered on making the right things happen for the right reasons—working for the good of our communities and our planet, creating a culture of respect and trust in the wider world, and providing experiences that make people feel safe, cared for, and listened to."[2] Extending guest treatment to employees is so important to organizational success that much of Chapter 7, on employee motivation and empowerment, will be devoted to it.

Service

We have frequently spoken of **service**, a word with numerous meanings. A common way to think of service is as the intangible part of a transaction relationship that creates value between a provider organization and its customer, client, or guest.[3] More simply, a service is something done for us. Services can be provided directly to the customer (e.g., a spa treatment, a haircut, and medical procedures) or for the customer (e.g., finding and purchasing tickets to a show, lawn care, and car repair) or with the customer (e.g., guided tour, self-service wine bar, and a classroom). The services can be provided by a person (e.g., by a service associate in a restaurant or by a concierge) or via technology (e.g., by booking a ticket online, following a guided tour on a smartphone app, or interacting with a robot concierge). Some of these relationships are depicted graphically in Figure 1.1. And, of course, services can be provided as a combination of these characteristics.

Most services include a tangible physical product or tangible materials in the transaction as well. At McDonald's, guests get a hamburger they can see, touch, eat, or take home in a box; they also get service along with the hamburger. A cruise line will include a ship, a dining experience will provide food, and a teacher's lesson may require a course website to provide downloadable lecture slides, and a text. Other service transactions—for example, a session with a psychiatrist, massage therapist, or job counselor—offer only the customer-provider interaction.

Service Product

Another, perhaps even more common meaning of service refers to the entire bundle of tangibles and intangibles in a transaction with a significant service component. If you leave town for a month and pay for pet-sitting services, the organization or individual may buy and serve pet

food, groom your pets, interact with them, clean their litter box, and so forth. Some of what you pay for when you purchase the pet-sitting service is tangible (e.g., the dog food); some is intangible (e.g., petting the dog). For such tangible-intangible mixtures or bundles, the term **service package** or **service product** is often used. The terms are used to describe pure services as well, since the pure service provided is the product the organization offers for sale. Although these overlapping meanings can be confusing *(service* sometimes referring to a tangible-intangible mixture, *service product* sometimes referring to a pure service with no tangible product), the way the term is used in context should make clear what we are talking about in this book. In different contexts, sometimes one term will feel appropriate, and sometimes the other.

A critical distinction is that the service product does not refer only to the tangible items that may accompany the experience, although it can include them. That is, if you go to Bahama Breeze for dinner, the actual meal is not the service product; it is just a tangible part of the service product that Bahama Breeze delivers to diners within a building themed to resemble a Caribbean restaurant and a feeling that "Your island getaway begins here." Likewise, Starbucks knows it's not just selling coffee but everything that goes along with a full and enjoyable coffeehouse experience. Ultimately, both the organization and the guest define the service product, but the definitions may not be the same. The organization may think its service product is the well-made, tasty hamburger, reliably consistent from location to location. But the guest may be "buying" a more extended service product: a well-made, tasty, consistent hamburger delivered quickly in clean surroundings by a cheerful server. Cleanliness and cheerfulness may be as important as burger taste for many guests. Because it all starts with the guest, a hospitality organization must define its service product not in terms of its own interests but in terms of what its guests want and expect. Charles Revson, founder of Revlon, Inc., long ago drew this important distinction between what his organization makes and what the clientele buys: "In the factory we make cosmetics; in the store we sell hope."[4]

Bahama Breeze uses its architecture, landscaping, and design to help communicate to the customer the Caribbean theme of the restaurant.

Courtesy of Darden Restaurant

Service Industries

Just as the service product is a mixture of tangible and intangible elements, so are the entire industries that provide these products. Although some industries have traditionally been referred to as service industries, marketing writer Theodore Levitt made an important point about service over a half-century ago: "There are no such things as service industries. There are only industries whose service components are greater or less than those of other industries. Everybody is in service."[5]

Goods to Services to Experiences

In the contemporary economy, hospitality organizations were the first to understand that, for many consumers, receiving well-made goods or well-rendered services may no longer be sufficient. To succeed in business today, you need a **competitive advantage**. That is, something that your organization does or has that makes it somehow better than its competitors in the eyes of its targeted customers.

If you build a better mousetrap today, the world may or may not beat a path to your door. Today's consumers increasingly want their goods and services packaged as part of a memorable experience that has an emotional impact. Of course, today's airlines must fly passengers safely from point to point on schedule; restaurants must serve tasty, safe-to-eat food; hotels must provide clean rooms—all at a price customers are willing to pay. But the most successful hospitality organizations, and an ever-increasing number of organizations of all types, are recognizing the competitive advantage they can gain by providing carefully designed experiences that are so engaging they remain in the memories of their customers, clients, and guests. B. Joseph Pine and James H. Gilmore were among the first to note that just as we had moved from an industrial to a service economy, we have now transitioned to an experience economy.[6] If this is true, thinking in terms of providing customer experiences is important for many organizations in varied industries; in the hospitality industry, such thinking is already considered essential to a successful strategy for gaining a competitive advantage.

A firm can gain a competitive advantage in a number of ways. For example, it can have a unique (and legally protected) feature like the Philadelphia Phillies' baseball team's mascot the Phillie Phanatic, a known image like the golden arches of a McDonald's franchise, or a respected brand like Marriott. It can also be gained by controlling non-substitutable resources like a secret sauce no one else has for its barbecue, a service culture that attracts the best employees, or a plot of Napa Valley with just the right soil for producing exceptional wine. Kentucky is known for its bourbon and has used its control over this unique, difficult-to-substitute or imitate resource to gain a competitive advantage by promoting its "Bourbon Trail" of distilleries to tourists. The point is that controlling a valuable and rare resource or having a capability that others can't use, imitate, or substitute for gives a hospitality organization a competitive advantage. Having and keeping a competitive advantage can lead to long-term success.

The competition for guest loyalty and dollars (or euros, pesos, rupees, won, yen, yuan, or even a cryptocurrency like Bitcoin) is intense and will only grow more so in the future. New hospitality organizations spring up every day, and for new organizations to survive, they need to develop and sustain a competitive advantage. Although opening a hospitality organization such as a hotel, convention center, cruise line, or airline costs a lot of money, for thousands of restauranteurs, hospitality suppliers, tour operators, event planners, app designers, and convention services providers, the amount of start-up capital needed is comparatively small. This book is not just for large corporations. These smaller organizations, like the larger ones, need to master and practice the principles of guestology if they hope to survive and prosper in this competitive environment. If they don't provide the experience their guests expect, someone else will.

THE GUEST EXPERIENCE

A term we have already repeatedly mentioned and that will recur many times in the following pages is **guest experience**. The guest experience, often referred to as the **service experience** in other service industries, is the sum total of the experiences the guest has with the service provider on a given occasion or set of occasions. If a guest tells a friend that last night they had a "wonderful evening at the concert," they are referring to the evening as a whole and are thinking of it that way; the evening of music was the guest experience. Providing them with the different phases and aspects that made up their wonderful evening, however, involved many employees, some of whom they saw and many of whom they were not even aware, who produced those different activities and projects flawlessly. For purposes of planning and execution, most hospitality organizations divide the total experience they offer into convenient units or components. For purposes of explaining the total guest experience, we shall do the same, even though such a division is to an extent artificial.

Marketing scholars Valerie Zeithhaml and Stephen Brown suggest even traditional manufacturing organizations should be aware of the importance of the service component of their manufactured product as they have recognized the value of the total product offering to include the services associated with it.[7] In the experience economy, customers should be considered as guests whether they are having the experience of participating in the purchase of a physical product or of an intangible service.

Product, Setting, and Delivery

In a way, this entire book can be oversimplified into one (fairly long) sentence: We are going to show how the best hospitality organizations use their strategy, staff, and systems to provide each guest with a seamless three-part guest experience—service product, service setting, and service delivery—each part of which will at least meet the guest's expectations and the sum total of which ideally will make the guest say, or at least think, "wow!" In a simple service situation, the entire guest experience might be delivered by a single person in a single moment; for the typical guest experience, however, speaking of a service delivery system seems more accurate. That system consists of an inanimate technology part (including organization and information systems and process techniques) and the people part—most importantly, the frontline server who delivers, or presents the service, or co-produces it with the guest.

Here is the basic equation that captures all the components of the customer experience that must be effectively managed by the guestologist:

Guest experience = service product + service setting + service delivery system

All the moments spent at the concert add up to the guest experience later, described as a "a great concert." However, the guest probably had many smaller service experiences during the evening. If, for example, they went at intermission to get a drink, that short experience would have its own service, setting, and delivery system. Any time a consumer goes to a vacation resort, takes a tour, flies, or visits a theme park, they will have numerous separate service experiences and will ultimately make a judgment about the quality and value of the *overall* guest experience. If a guest spends a week at a resort, each day's individual guest experiences will add up to the overall day's experience, and the one-day experiences will add up to the overall resort experience.

Unique, Yet Similar

Experiences are never exactly the same for two people—whether at a concert, hotel, vacation resort, restaurant, or on a cruise ship; therefore, no two guest experiences are exactly alike. Even if the incidents and occurrences were exactly the same, each guest's experience of them will be unique because the wants, needs, tastes, preferences, capabilities, and expectations each guest brings to the experience are uniquely theirs and may even change from day to day. Add in the intangibility of service itself, and the uniqueness of each guest experience cannot be questioned. That uniqueness is what provides the primary challenge for the hospitality service provider. The old saying has it that "you can't please every guest," but the hospitality organization has to try, even though everybody is different.

In contrast, guests do respond to many experiences in similar if not identical ways. These categories of responses can be sampled, studied, and modeled to produce extremely accurate predictive models of guests' behaviors. Probabilistic statistics are a major tool in the guestologist's toolkit for identifying how hospitality organizations can best respond to the needs, wants, capabilities, and expectations of their targeted guest markets. Successful hospitality organizations spend considerable time, effort, and money studying their guests to ensure each part of the entire guest experience adds something positive. They also expend significant resources finding and fixing the inevitable mistakes the best they can.

Components of the Guest Experience

Although the three elements the hospitality organization has to work with should blend seamlessly into one experience, for the purpose of discussion, we break them out into the service product, service setting, and service delivery system. Here is a fuller description of each.

The Service Product

The service product, sometimes called the *service package* or *service/product mix*, is why the customer, client, or guest comes to the organization in the first place. An organization's reason for being is often embodied in the name of the business: Pacific Playground Amusement Park, the Continental Hotel, the Casino Royale, Cheers Bar and Grill. Recall that the basic product can be relatively tangible, like a hotel room, or relatively intangible, like a concert. Most service products have both tangible and intangible elements and can range from mostly product with little service to mostly service with little if any product.

The Service Setting

The second component of the guest experience is the **service setting** or **service environment** in which the experience takes place. The term **servicescape**, the landscape within which service is experienced, has been used to describe the aspects of the setting that contribute to the guest's overall feel of the experience. Las Vegas casinos are famous for using their hotels' designs to make the focus of the service setting on the gambling. Hotel lobbies are lavishly decorated, making the customer feel they are in a resort. Everything the customer needs—the rooms, bars, fancy restaurants, fast food, shopping, and shows—is conveniently inside the casino. And to get to any service the guest needs—for example, the front desk to check in or out, or to get to any restaurant—the guest must always pass through the casino. The design of the service setting keeps the customer focused on where the hotel makes its money: the casino. The servicescape is also extremely important to themed eatertainment restaurants such as the Hard Rock Cafe and Rainforest Cafe. They use the distinctive theme of the food-service setting—from the building

exterior, to decorations inside the restaurant, to background music choice, to table and menu design—as an important means of making themselves memorable and distinguishing them-selves from other restaurants.

Casinos use the servicescape as part of the overall experience to keep the guest's focus on the many opportunities for gambling.

Erik Snyder via Getty Images

The Service Delivery System

The third part of the guest experience is the **service delivery system**, including the human com-ponents (the restaurant server who places the meal on the table or the sound engineer at the concert) and the physical production processes (the kitchen facilities in the restaurant or the rock concert's sophisticated amplification system), plus the organizational and information systems and techniques that help deliver the service to the customer. Unlike a factory's assembly line, which is generally distant from and unobservable to consumers, many parts of service delivery systems must necessarily be open to consumers who can avail themselves of the services directly and co-produce the experience. Also, the output products of an assembly line can be touched, physically owned, and seen; the services produced by the service delivery system are intangible memories of experiences that exist only in guests' minds.

While all aspects of the service delivery system are important, the people interacting with customers or guests are by far the most able to make a difference in how customers feel about the value and quality of the experience. Even if there is little they can do when the food is ruined or the concert amps fail, customer contact employees can make the difference in both how angry the customers are with a failure in the service experience and how happy they are when every-thing went right. For hospitality organizations, they can be the most important component of the service delivery system and the most challenging to manage. It is the wait staff, the cabin crew, the front desk agents, the valet parkers—their genuine attitude, authentic friendliness, sin-cere concern, and helpfulness in ensuring the success of the guest's co-production—who largely

determine both the value and the quality of the experience for the guest. At the moment or over the series of moments when the service is experienced, that single employee is the service department, and perhaps the entire organization, to the guest. The feeling the guest takes away from the experience is largely derived from what happens during the encounters or interactions between the guest and the employees, and the less tangible the service product, the more important the servers become in defining the quality and value of the guest experience. The single service employee makes the "wow!" No wonder the leading hotels, restaurants, and other hospitality organizations invest substantial time and money into finding, training, and supporting their frontline employees. If these employees fail to do it right, the guest and everyone the guest ever tells about the experience may be lost.

Service Encounters and Moments of Truth

The term **service encounter** is often used to refer to the person-to-person interaction or series of interactions between the customer and the person delivering the service. Although both parties are usually people, the many situations or interactions between organizations and guests that are now automated—the automatic teller machine, check-in kiosks, and mobile app transactions being familiar examples—may also be considered service encounters. The heart of a service is the encounter between the server and the customer. It is here where emotions meet economics in real time and where most customers judge the quality of service.[8]

An encounter is the period of time during which the organization and the guest interact. The length of a typical service encounter will vary from one service experience to another. The purchase of a ticket is a brief service encounter; the interaction between guest and agent at a hotel front desk is usually somewhat longer; and the series of interactions between guest and server comprising a restaurant meal is an even longer encounter. A day in a theme park may involve fifty to a hundred different service encounters. Other service encounters can last for an extended time. For example, at Club Med, where vacationers may spend more than a week at a resort, the guests—called GMs *(Gentil Members)*—regularly interact with Club Med staff—called GOs *(Gentils Organisateurs)*—who play, dance, dine, and drink with the guests every day and night.

The check-in is often the first moment of truth for the hotel guest.

Martin-dm via Getty Images

On cruises, guests may develop a personal relationship with their cabin steward over a multiday voyage. Lindblad Expeditions offers week-long trips to exotic locations, which make for extended interactions between service providers and guests on a ship with at most 148 or as few as 12 guests.

Service encounters or interactions, and especially certain critical moments within them, are obviously of crucial importance to the guest's evaluation of service quality; they can make or break the entire guest experience. Jan Carlzon, the former president of Scandinavian Airline Services (SAS), coined a term to refer to the key moments during these interactions, and to some brief encounters or interactions themselves, as a **moment of truth**.[9]

If the airplane wouldn't fly, the meal was bad, or the air conditioning in the hotel room didn't work, the guests won't care how pleasant the server was or how good that person made them feel. While a server can often make any bad situation better, when a failure occurs, there is a problem with the service experience that needs the full attention of the hospitality manager. In contrast, since most plane rides are like other rides, most meals are similar to other meals, and most hotel rooms are like other hotel rooms, the distinguishing characteristic of most guest experiences is how the people providing the service did it! Even if the plane ride, meal, or hotel room is the best of one's life, a rude or careless service person can wreck the guest experience in a moment. If that happens, all of the organization's other efforts and expenditures are wasted. It is little wonder the most effective hospitality organizations spend serious time and money managing these moments.

For example, a potential passenger's first interaction with airline personnel is an obvious moment of truth; it can determine whether the potential passenger leaves your airline and goes to another, or whether a potentially lifetime relationship with the passenger is begun. Carlzon managed the entire airline so as to provide good service at the moment of truth, "the fifteen golden seconds" during which an entire airline is represented to one guest by one server, because the success of the entire organization depends on those first fifteen seconds. The original definition of moment of truth was Carlzon's, but other writers have expanded the term to include any significant or memorable interaction point between server and guest or, if no server is present as at an ATM or on an app, between organization and guest. In most hospitality organizations, the first fifteen seconds are make-or-break moments as the hospitality organization, like everyone else, gets only one chance to make a first impression.

At the moment of truth, a server or other organizational representative is typically present and attempting to provide service. Some writers include interactions with inanimate objects as potential moments of truth. Opening the door of a hotel room might be such a moment. If the guest's first impression of a room's appearance is negative, or if the organization has slipped up and forgotten to clean the room, for example, a crucial moment has not been properly managed, and a guest, possibly an excellent long-term customer, may be lost for good.

Each moment of truth also offers the possibility of making the experience memorable in a way that differentiates this organization's service from all others—to create a competitive advantage. Ritz-Carlton, for example, encourages its employees to find ways to make routine experiences special. Simple examples include the chef creating a complimentary appetizer when the meal is going to be delayed, to more complex examples like creating an indoor floor hockey game when the children of a guest had to be told they can't play in the hallways. Ritz-Carlton encourages its employees to find opportunities to wow its guests. While many of these wow moments are created to turn a service failure or an "ow" into a "wow," there are many stories told to remind all employees they should look for ways to make a moment of truth a "wow!" moment.

The moment-of-truth concept is very important: Each guest may have only a few moments of truth during a single guest experience or many moments in a lifetime relationship with a company, but each one needs to be positive. The best organizations identify when and where these moments

of truth occur and ensure they are managed well. Because many involve a customer co-producing an experience with an employee, these organizations make a special commitment to ensuring their servers know how to deliver on the many make-or-break moments of truth every day by not only delivering a flawless service but by doing so in a way that is memorable to the guest.

Many hospitality organizations ask their employees to identify such moments of truth and record them in a database. Gaylord Hotels, Hyatt, and Disney, for example, ask their staff members to share stories about noteworthy encounters they have observed so they can use these stories to help teach employees about their service culture.

The Nature of Services

Services and manufactured products have traditionally been seen as having different characteristics. Manufactured products tend to be tangible—produced, shipped, and purchased now for consumption later. Although there is a growing trend by some manufacturers to also consider the service aspects of their manufactured product, most production organizations don't spend much time on assessing the customer service issues that are created by the interaction between the manufacturer and the consumer. Services, on the other hand, tend to be intangible, purchased (if not always paid for) first, then simultaneously produced and consumed, and accompanied by considerable provider-customer interaction.[10] Let's look at these characteristics more closely.

Services Are Partly or Wholly Intangible

Even when the service rendered includes a tangible item (e.g., an interactive wand from the Wizarding World of Harry Potter, a local single malt scotch while visiting Scotland, or a traditional necklace from a village tour in Maasai Mara), the total guest experience is the sum of the tangibles plus the intangibles included in the service-product mix, the environment within which it is delivered, and the service product's delivery. Because all or part of the service product is intangible, it is impossible to assess the product's quality or value objectively, to inventory it, or to repair it (although we will talk later about correcting service failures). Because the customer decides whether or not the quality is acceptable or value equals expectations, the only way to measure either quality or value is through subjective assessment techniques, the most basic of which is to ask the customer.

A second implication of this intangibility characteristic is that every guest experience is unique. Even though a given room at the Ritz-Carlton looks the same to everyone, the overall experience at the Ritz will be different for each guest each time. The less tangible the service provided, the more likely each guest will define the experience differently. The point is simple: since every guest is unique, every guest experience will also be unique.

Another implication of intangibility is that hospitality organizations cannot keep an inventory of guest experiences. Service experiences are perishable. The seats on today's 10 a.m. flight to New York are gone after the plane leaves. Tonight's unsold hotel rooms cannot be held over until tomorrow night, nor can seats at tonight's concert. The inability to inventory experiences has important implications for hospitality organizations. One of the more important is the management of capacity. Because capacity is limited and demand for guest experiences varies over periods of time, capacity must be carefully managed to meet demand. If demand exceeds capacity, then guests have to wait or don't get served at all. If capacity exceeds demand, then the hospitality organization's costly human and physical resources sit idle.

Finally, because services are intangible and therefore difficult to fully anticipate before they are delivered and actually experienced, organizations wanting guests to try their services rather than those of competitors must find ways to make the intangible tangible—through photographs in advertising, a virtual tour of a hotel interior on the Internet, using cloth versus plastic tablecloths at

a restaurant, hanging awards on the hotel lobby wall, getting endorsements by famous people, and so forth. Such efforts to give tangible evidence of service quality help the employees as well. After all, the service is as intangible for the organization's employees as it is for guests. A tangible picture can be worth a thousand words in helping organization members form a mental image of what their service should be like and what their organization's quality level should be.

Services Are Consumed at the Moment or during the Period of Production or Delivery

Even if the guest takes home Harry Potter's wand, the bottle of scotch, or the necklace, or even if a luncheon was prepared an hour before the customer ate it, the service as a whole and from the customer's perspective was consumed as it was delivered. The customer can take home the wand, scotch, or necklace and the memory of the experience but not the service itself. What are the important implications of this characteristic for hospitality managers? Organizational systems must be carefully designed to ensure the service is consistently produced so each guest has a high-quality experience that both meets expectations and is nearly equal to that experienced by every other guest (except for differences supplied by servers in response to each guest's unique needs and co-production capabilities). In addition, the experience must at least equal that which the same guest had in previous visits. The hospitality organization must think through the service delivery process by *working from the guest backward.*

This working backward to meet customer desires and expectations is a major difference between hospitality organizations and typical bureaucratic functional organizations, which are often designed for the convenience and efficiency of organizational members. In a well-designed hospitality organization, the focus is on the guest experience and those who co-produce it. All the traditional organizational and managerial concepts that have been classically taught as the best way to manage are turned upside down. Instead of concentrating on top-down managerial control systems to ensure consistency and employee predictability, hospitality organizations must concentrate on motivating their employees to find creative ways to make their experiences memorable. They know managers cannot watch every guest-employee interaction. The guest experience cannot be held back until the boss checks it for errors, as would be true of a new book, tractor, or suit. The frontline service provider who cares about the service, the organization, and the guest must be selected in the employment process and then trained and trusted to deliver the guest experience. Instead of managers following the traditional model of reviewing employee performance after the fact, hospitality organizations teach their employees so they know how and why the consistent delivery of a high-quality guest experience is critical to guest satisfaction and organizational success. Instead of tracing information and authority from the top down, the guest-focused organization must trace it from the bottom up.

Services Require Interaction between the Service Provider and the Customer, Client, or Guest

The interaction between the organization and the customer may be as short as the brief encounter occurring at a McDonald's drive thru, or as long as the lifetime relationship between the patient and the family physician. These interactions can be face to face, virtual meetings, over the phone, or by mail, e-mail, or texting.

Whether the interaction is face to face, telephonic or virtual customers and employees must be taught how to co-produce the experience in some systematic way. The Melting Pot Restaurant trains its servers how to train guests on the proper way to cook in a fondue pot, a hotel's convention services group stations people at key places to give directions to attendees, and an airline has

staff at its check-in counter to help passengers navigate any problems with the technology. When the experience happens at the moment of its consumption, then the organization needs to plan on how to ensure new, untrained, inexperienced, and unknowledgeable customers get the same service experience quality and value that the returning, trained, experienced, and knowledgeable ones get. Because each customer is different, the organization cannot expect each customer to consume the same amount of time or resources in the experience. Accommodating the variability in customer differences is how a guestologist can make an important contribution by careful research and thoughtful planning to adjust the service experience provided for each customer.

Figure 1.1 displays four types of relationships between provider and customer, with examples of each type noted inside the respective boxes. Different service situations call for different strategies in systems, personnel, and service environment by the service provider. If the provider is not going to be present in the encounter, the service system must be foolproof for all types of customers who are in the targeted market to use it. Many self-service kiosks, for example, ask customers to select the language they want for the instructions. Web designers spend considerable time testing how people access their web pages to ensure they are logical, easily used on computers and hand-held devices, and quick to load, so impatient users don't click off. In contrast, if the provider is present, the organization must focus on the customer's interactions with the provider as a major means for adding value to the service product. A full-service hotel or restaurant, for example, relies extensively on its front-line employees to deliver value in the guest experience; the owners of websites rely on their designers.

FIGURE 1.1 ■	The Different Relationships between Customer/Guest/Client and Service Provider	
Service provider personally present	Hospitality, medical, professional services	Lawn service, jewellery repair
Service provider not personally present	Electric/gas/phone/internet utilities, ATMs, vending machines	Online stores and travel services, technical help, answering services
	Customer personally present	**Customer not personally present**

Many services are delivered with customers present at some stages but not all. At car dealerships, most car repairs take place out of the customer's sight. Two points of contact occur: at the customer service desk and the payment window. The appearance of both the physical setting and the people at those contact points are quite different from those back in the repair area, beyond the sight of customers. Each type of customer encounter may call for a different managerial strategy, environment, and delivery system.

GUEST EXPECTATIONS

Guests arrive with a set of expectations as to what that chosen hotel or restaurant can and should do, how it should do it, how the people providing the service should behave, how the physical setting should appear, what capabilities guests should have to perform their roles or responsibilities

in co-producing the experience, how the guest should dress and act, and what the cost and value of the successfully delivered service should be. First-time guests arrive with a mindset of expectations based on advertising, familiar brand names, promotional devices, their previous experiences with other hospitality organizations, their own imaginations, and stories and reviews from people who have already been guests. The organizational responsibility for bringing first-time or infrequent guests to the organization usually lies with the marketing department's ability to make promises about what expectations will be met.

Repeat guests' past experiences with an organization provide the primary basis for their expectations regarding future experiences. In many instances, this sets a high standard to meet. What may create a "wow" experience for guests upon a first visit may be only "as expected" the next time. The organizational responsibility for getting the repeat business of both new and previous customers rests on the service providers' ability to meet and maybe even exceed both the promises that marketing has made and prior experiences of repeat guests. Depending on what sort of business you are in, you may or may not want to under-promise; but the key to "wowing" customers is to consistently over-deliver.

Most hospitality organizations try to provide their guests with accurate information ahead of time so these customers come to the experience with expectations the organization can meet or exceed. If the hospitality organization does not provide that information, guests will obtain or infer it, accurately or inaccurately, from other sources: perhaps the organization's general reputation, ads, experiences their friends have had with the organization, those they themselves have had with similar organizations, online reviews, or from social media. People going to Wendy's, for example, have well-defined expectations about the quick-serve experience and quickly notice if the food is not up to par, service is slow, the rest rooms are dirty, or something else is different from what they expected. Likewise, diners at a Michelin three-star restaurant bring their well-defined expectations about the fine dining experience and will quickly notice when something is not up to their expectations. Both Wendy's and the three-star restaurant will have customers bringing their dining expectations, but the expectations will be very different. To be successful, both restaurants must know what these expectations are and at least meet them.

Meeting Expectations

The major responsibility for meeting or exceeding the expectations created by the marketing department and by the past experiences of repeat guests lies with the operations side of the organization. If what guests experience falls short of what they have been led to expect or have learned to expect, they will be unhappy. They will not later remember a delightful, carefully planned guest experience; they will remember their unmet expectations as poor service and a bad experience. To preserve its reputation and customer base, the hospitality organization must meet or exceed the expectations of its guests. If it cannot or does not, it must either change its marketing strategy and create different guest expectations or change its service product, service setting, and/or service delivery system so it can meet present guests' expectations. If enough people tell their friends what a terrible experience your restaurant or hotel provided or write negative online reviews, your reputation will be damaged. With widely available Internet access, happy and unhappy guests are no longer restricted to talking with friends and neighbors over the backyard fence or on the phone. Angry customers can instantly tweet their followers or post their complaints to convey their experiences with different organizations or products. With such sites easily accessed—and indeed frequently used by individuals when planning trips—customers can convey their opinions about any hospitality organization almost instantly to thousands of

strangers all over the world! A visit to TripAdvisor or Yelp will provide good examples of the power of individuals to influence others across the world.

The challenge for hospitality organizations is to anticipate guest expectations as accurately as possible and then meet or exceed them. The ones that are consistently ranked as excellent spend extra time and money to ensure the experience of each guest—first time and repeater—not only matches but exceeds the guest's expectations. This is an especially big challenge when one considers the high expectations with which guests arrive at, say, a luxury cruise ship. First-time customers have probably received travel agency brochures, seen cruise ships in movies and on television for years, and viewed YouTube videos of other's cruises. They probably know of the cruise line's outstanding reputation and what the brand promises. Repeat passengers arrive with high expectations based on prior cruises. The cruise line wants both new and repeat customers to leave the trip wowed and makes a concerted effort to exceed each passenger's expectations.

The same is true throughout the hospitality industry. The Rocky Mountaineer claims that it proudly offers "The Most Spectacular Train Trips in the World" and Country Walkers claims on its web page, "Discover the unexpected. Our insider expertise gives you access to places you'd never find in the guide books. From unmarked trails and hidden restaurants to private olive mills and home-cooked meals, you'll have a truly unique travel experience."[11] But communicating the experience also means that organizations must be careful to not promise more than they can deliver. It is better to under-promise and over-deliver than the opposite.

During the coronavirus (COVID-19) pandemic, a difficult time for all hospitality organizations, Chick-fil-A continued to do well. One reason is, of course, that it converted to being entirely a drive through with superb service. But another key reason for its real success is that it does not promise more than it can deliver. As one person noted on Yelp, "I really do not know how anyone ever has a negative experience with Chick-fil-A. Food, drinks, and service was exactly what I expected and was on par with other Chick-fil-A."[12] The hospitality organization must assess guest expectations in its target market, assess its own competencies in meeting them regardless of the circumstances like the COVID-19 crisis, and still find ways to meet or exceed them at the level their customers have come to expect.

Do Not Provide More Hospitality than Guests Want

Organizations must be careful not to over-deliver to the point of making guests feel uncomfortable or unpleasantly surprised. If customers enter Eat 'n' Run, which looks and sounds like a fast-food restaurant, and see white linen tablecloths, they may feel they are about to experience expensive, leisurely, fine dining and incur a bigger cost than they expected. Most restaurant-goers enjoy fine dining, but they want to pick the occasion, not be surprised when it occurs.

Waiters are supposed to be attentive and polite. However, consider a dining experience during which the waiter constantly hovers and speaks to the diners. If Mary Jones has taken her boss out for an important business discussion, or Bob Smith has come to the restaurant with his love interest in hopes of finding a quiet moment to propose marriage, the constant presence of an overly attentive wait staff will be a major annoyance and too much service. When does enough service become too much? The excellent hospitality organization will do two things to find out. First, it will spend the time and money to train its employees to be alert to customer cues, signals, and body language so they can fine-tune their interaction with their customers. Second, it will constantly survey or ask its guests what they thought about the experience to ensure guests receive more service value than they expect but not so much more as to detract from the experience. As former Chili's Restaurants CEO Norman Brinker said, "Listen to your customers. They'll tell you what to do."[13]

Just What Does the Guest Expect?

Most guests have the same general expectations when they go to a hospitality organization for service. Surveys and interviews are not required to determine that most guests expect to have the service experience they came for including cleanliness, courtesy, responsiveness, reliability, friendliness, and the desired service product delivered well in the appropriate service setting.

Customers complain when they do not get what they expect or when they have an unpleasant experience. Another way to understand what customers expect is to examine their complaints. Marketing expert Leonard Berry has listed the ten most common customer complaints.[14] Considering what customers do not want can provide insight into what they do want. A common thread running through the complaints shown in Table 1.1 suggests that what bothers customers most is disrespect.

TABLE 1.1 ■ What Guests Don't Want (Their Complaints) and What They Do Want (Their Expectations)

Guest Complaint	Guest Expectation
Lying, dishonesty, unfairness	To be told the truth and treated fairly
Harsh, disrespectful treatment by employees	To be treated with respect
Carelessness, mistakes, broken promises	To receive mistake free, careful, reliable service
Employees without the desire or authority to solve problems	To receive prompt solutions to problems from empowered employees who care
Waiting in line because some service lanes or counters are closed	To wait as short a time as possible
Impersonal service	To receive personal attention and genuine interest from service employees
Inadequate communication after problems arise	To be kept informed about recovery efforts after having or reporting problems or service failures
Employees unwilling to make extra effort or who seem annoyed by requests for assistance	To receive assistance rendered willingly by helpful and trained service employees
Employees who don't know what's happening	To receive accurate answers from service employees knowledgeable about both service product and organizational procedures
Employees who put their own interests first, conduct personal business, are texting instead of paying attention to the customer or chatting with each other while the customers wait	To have customers' interests come first

Source: Leonard L. Berry. *Discovering the Soul of Service: The Nine Drivers of Sustainable Business Success.* New York, NY: The Free Press, 1999, 31.

Being aware of these common guest complaints and expectations should be part of any hospitality organization's knowledge base and training program. As we shall see later, however, the best organizations dig deeper to discover the more specific guest expectations, which allow them to personalize each guest's experience as much as possible. Some organizations keep a record of these specific expectations in their database to be sure of meeting them on the guest's next visit.

QUALITY, VALUE, AND COST DEFINED

In the hospitality industry, the terms *quality, value,* and *cost* have specialized meanings to fit the guest-focused orientation of the benchmark firms.

Quality

Two "equations" can help make clear what quality, value, and cost mean to the guestologist and why we say quality and value are determined not in any absolute sense, as they might be in other situations, but entirely by the guest.[15] The **service quality** of the entire guest experience or of any part of it is defined as the difference between the quality the guest expects and the quality the guest receives. If the two are the same, then quality in this special sense is as expected; the guest got what was expected and was satisfied. If the guest got more than was expected, quality was positive; if the guest got less than was expected, quality was negative. For example, a guest stays on successive nights at a Hyatt resort hotel and at a Knight's Inn hotel. If the Hyatt hotel did not live up to the guest's high-quality expectations and the Knight's Inn exceeded the guest's somewhat lower-quality expectations, according to the preceding definition, the Knight's Inn guest experience was of higher quality.

The first equation that follows describes these relationships for the quality of the guest experience, Q_e. It is equal to the quality of the experience as delivered, Q_{ed}, minus the quality expected, Q_{ee}. If the delivered and expected quality are about the same, quality is not zero as it would be if these were true mathematical equations but average or as expected. If quality is average or above average, the guest can be described as satisfied. If quality is below average, the guest is dissatisfied.

$$Q_e = Q_{ed} - Q_{ee}$$

As reflected on the right side of the equation, quality as perceived by the guest will be affected by changes in either guest expectations or organizational performance. If Q_e is high enough, the guest had an exceptional, memorable, or wow service experience. The quality of any aspect of the service experience could be described in the same way.

Quality is independent of cost or value. Quality can be high and cost also high; quality can be high and cost low, and so forth.

Value

The **service value** of the guest experience (V_e) is equal to the quality of the experience (Q_e) as "calculated" using the first equation divided by all the costs incurred by the guest to obtain the experience:

$$V_e = \frac{Q_e}{\text{All costs incurred by guest}}$$

If the quality and cost of the experience are about the same, the value of the experience to the guest would be normal or as expected; the guest would be satisfied by this fair value but not wowed. Low quality and low cost, and high quality and high cost, satisfy the guest about the same, because they match the guest's expectations. Organizations add value to their guests' experiences by providing additional features and amenities without increasing the cost to guests.

Cost

The **cost** of a service is the financial and non-financial burden incurred by a guest to obtain a service, including tangible quantifiable costs (like price) and intangible non-quantifiable costs like opportunity costs of foregoing alternative opportunities, annoyance at receiving unsatisfactory

service, and so forth. One source of the cost to a guest having lunch today at your restaurant rather than someone else's is, of course, the price of the meal. In addition, experienced restaurant and other hospitality managers appreciate that the guest has also incurred other, less quantifiable costs, including the so-called opportunity costs of missing out on alternative meals at competing restaurants and foregoing experiences or opportunities other than eating a restaurant meal. The cost of the guest's time and the cost of any risks associated with entering into this service transaction must also enter the equation. The guest's time may not be worth an exact dollar figure per minute or hour, but it is certainly worth *something* to the guest, so time expenditures (time spent getting to your restaurant, waiting for a table, waiting for service) are also costly. Finally, the customer at your restaurant runs some risks, slim but real and potentially costly. The customer runs the risk that your restaurant cannot meet expectations or the risk that your service staff will embarrass the customer in front of the customer's own special guest today, as in our previous examples, Mary Jones with her boss or Bob Smith with his love interest.

All these tangible and intangible, financial and nonfinancial costs comprise the "all costs incurred by guest" denominator of the second equation. They make up the total burden on the guest who chooses a given guest experience.

Cost of Quality

An important concept in service organizations is the **cost of quality**. Interestingly enough, cost of quality is often used as a reminder not of how much it costs the organization to provide service quality at a high level. but of how little it costs compared to the cost of not providing quality. If the organization thinks about the costs of fixing errors, compensating guests for failures, lost customers, low employee morale, and negative word of mouth that can result from poor service, the cost of quality is low indeed and the cost of not providing quality enormous. That is why the best hospitality organizations expend whatever resources are necessary to accomplish two complementary goals: exceed expectations to deliver "wow" to the level of guest delight and prevent failures. Because preventing and recovering from failure are so important, we devote Chapter 13 to these topics.

Who Defines Quality and Value?

Because service is intangible and guest expectations are variable, no objective determination of quality level (and therefore of value) can be made. In some areas of business, a quality inspector might be able to define and determine the quality of a product before a customer ever sees it. In the hospitality field, however, only the guest can define quality and value. No matter how brilliantly the organization designs the service, the environment, and the delivery system or develops measurable service standards, if the guest is dissatisfied with any of these elements, the organization has failed to meet the guest's expectations; it has not provided a guest experience of acceptable quality and value.

Of course, the hospitality organization may help the guest to perceive quality and value by offering a guarantee or a pledge of satisfaction that can be exercised by the guest when the guest feels the experience did not meet expectations. Premier Inn in the United Kingdom has used a "Good Night Guarantee" that provides its guests with some customer-defined tangibility to its promise of service quality. Its guarantee states, "In fact, we're so confident you'll have a great night's sleep that, if you don't, we'll give you your money back. Just speak to one of our friendly reception team. This is our Good Night Guarantee."[16]

To meet or exceed the expectations of all types of guests with their different needs, wants, experiences, capabilities, and moods is the fundamental and most exciting challenge of a hospitality organization. If the hospitality manager does not believe the guest is always right (at least

in the guest's mind), then the manager had better find a new career. Even when guests are wrong by any reasonable standard, the hospitality manager must find ways to let them be wrong with dignity so their self-esteem and satisfaction with the guest experience and the organization are not negatively affected.

Ultimately, it is the individual customer who defines the quality and value of the service experience.

Robert C. Ford

THE IMPORTANCE OF GUESTOLOGY

While guestology is obviously most helpful in organizing knowledge about the management of hospitality businesses—like hotels and restaurants, which have traditionally spoken of their clientele as guests—it can be used to study and understand any organization in which people are served in some way. Even manufacturing firms have "guests" or people they should treat like guests: their customers, their own employees, and their strategic partners. Nevertheless, the traditional management model found in typical texts tends to be oriented toward the manufacturing sector and the production of physical products. Using the manufacturing model to describe how to provide hospitality services and experiences is a questionable approach.

Is hospitality management different from traditional management? Do hospitality organizations face challenges different from those faced by other business organizations? Should they therefore design themselves differently and set different types of goals? Do managers of hospitality organizations face different types of problems and require different training than managers of traditional manufacturing organizations? Do hospitality employees respond best to managerial strategies different from those to which manufacturing

employees respond? The growing literature on hospitality management and the experience of successful hospitality organizations indicate the answer to all these questions is yes.[17] A purpose of this book is to show why.

Why bother to consider the guest part of this guestology material seriously? Why should I think of my subordinate as a guest, the person walking into my hotel lobby as my guest, or the family coming off I-81 to visit Dinosaur Land as guests? Let's look at the service situation from your perspective for a moment. What hospitality organizations do you personally patronize, and what kind of restaurant or hotel would you yourself want to work for? Those that make you feel like a special guest, or those that treat you like an interruption to their organizational procedures and policies?

The answers to all these questions are plain. The hotels you return to, the restaurant you dine at again and again, and the theme park you enjoy and recommend to friends and family are the ones that take the time to figure out what you seek in the guest experience, offer it to you, and then make clear in all they say and do that it was their pleasure that you sought it out from them. If they make every effort to understand you and give you what you seek in that experience, you will feel an emotional liking for them that makes it memorable, ascribe high value to the guest experience they provide, return when you again need that service, and post on Facebook so all your friends and neighbors can know what a terrific place that hospitality organization is.

LESSONS LEARNED

LO 1.1   Recognize the importance of the guest experience.
  ● Experiences that evoke a guest's emotions are more memorable.

LO 1.2   Identify the components of the guest experience.
  ● Manage all three parts of the guest experience: the service product, the service environment, and the service delivery system (both the processes and the people).
  ● Service product + service environment + service delivery system = guest experience.

LO 1.3   State the importance of meeting the hospitality guest's expectations.
  ● If an organization makes every effort to understand you and gives you what you are seeking in that experience, you will feel an emotional liking for them that is memorable, ascribe high value to the guest experience they provide, return when you need that service, and post on Facebook so all your friends and neighbors can know what a terrific place that hospitality organization is.

LO 1.4   Define *service quality, service value*, and *cost* with respect to hospitality.
  ● Your guest defines the value and the quality of your service, so you had better know what your guest wants.
  ● Ask, ask, ask your guests.
  ● The cost of providing quality is low compared to the potential cost of not providing quality.
  ● You may under-promise, but always try to over-deliver.

LO 1.5   Explain the reasons why "it all starts with the guest."
  ● Treat each customer like a guest, and always start with the guest.

KEY TERMS

benchmark organizations

competitive advantage

cost

cost of quality

expectations

guest experience

guestologist

guestology

internal customers

KSAs

moment of truth

service

service delivery system

service encounter

service environment

service experience

service package

service product

service quality

service setting

service value

servicescape

setting

REVIEW QUESTIONS

1. Consider the formula presented in the chapter: service product + service environment + service delivery system = guest experience
    A. Although all parts are important, do you think these three types of organizations—a hotel, a restaurant, and an airline—would tend to place a different emphasis on the three parts in providing the total guest experience?
    B. If product + environment + delivery system = 100%, how would the hotel, restaurant, and airline divide up their emphasis? Or, how would these organization types rank the three parts of the guest experience in order of emphasis?

2. Imagine that a Rolex watch, a Casio watch from Walmart, an Eagle Mirado #2 pencil, and a Cross fountain pen are sitting on a table in front of you. Explain which item is highest in quality, and which is lowest?

3. These standard rooms are available in your locality: the Ritz-Carlton Hotel ($956 per night), a Holiday Inn ($250), a No-Tell Motel ($150), and an Airbnb ($75). Which room would you expect to be highest in quality, and which would be lowest? Explain why.

4. Consider the examples in Questions 2 and 3 in terms of value. Under what circumstances can quality be high and value low? Value high and quality low?

5. A guest experience is a service, and this chapter explained that services are largely intangible. Think of a somewhat expensive guest experience you have had. What tangibles did the organization use to make you feel your intangible experience was worth the money you paid?

6. Reflect on a recent, enjoyable guest experience and on a disappointing guest experience.
    A. What were the significant events, the moments of truth, during each experience?
    B. How did they contribute to your enjoyment or disappointment?
    C. How do they relate to managing the guest experience in hospitality organizations?

7. This chapter makes some general statements about how people form their expectations for guest experiences. How do those statements match up with the way you personally form your expectations for a new upcoming experience?

A. If you are going for a repeat experience, would your expectations be based totally on previous experiences?

B. If you were a hospitality manager, what level and type of expectations would you want to create in your guests, and how would you try to create them?

C. How would you take into account the fact that some guests are new, some are repeaters, and you may not know which are which?

8. You are probably familiar with the expression "too much of a good thing." In the hospitality setting, that would describe over-delivering the service guests have come to receive. How much service is too much service? Have you ever experienced excessive service?

A. How does a hospitality manager ensure guest expectations are met or exceeded without going overboard?

9. From an article in a guest services magazine: "What brings hotel guests back? A fluffy robe hanging on a padded hanger? Creamy chocolate reposing on the pillow? The jungle safari bedroom decor? Or plain vanilla, old-fashioned service?" What do you say?

10. How is service quality related to guest satisfaction?

11. Why is it important to start with the guest in everything the hospitality organization does? How does the practice of guestology enable hospitality organizations to be successful in starting everything with the guest?

ACTIVITIES

Many of the chapters in this book will include suggested hospitality field exercises or activities that might involve speaking to customers, employees, and managers of hospitality organizations. Your instructor will guide you on whether to do these assignments and how to go about them. You will also have assignments that ask you to report on a service failure or write a letter of complaint. You are doing these assignments to learn, not to make trouble for hospitality employees, so don't use real names in your reports unless your instructor gives permission. Don't send a fake complaint to an organization to see how they respond; this could get you in real trouble.

Excellent sources for study are your own organization, if you are presently working, and the organizations in which your friends may be working. Ideally, your information will come from hospitality organizations but if your personal situation does not permit that, study some other type of service organization. If you are really at a loss, consider the "service" provided by the instructors of your classes. For some of the requested firsthand information, however, you may have to visit the organization and talk with its people. If so, be a good guest!

For the following three exercises, and all the others in this book, you will write your responses or prepare to discuss them in class, as your instructor directs.

1. Pick two service organizations, in the same service field, you have patronized recently or can visit conveniently. Compare them in terms of the service quality and value you received.

2. Think about the last business establishment of any kind you visited. What were the tangibles of its service product? What were the intangibles?

3. Divide up into groups. On the basis of the group's collective experience, discuss what good service is. Mention some organizations that deliver good service. Compare notes with other groups.

ETHICS IN BUSINESS

This chapter has emphasized the idea of serving the customer's needs, and the general notion that "the guest is always right." Of course, there are times when the guest goes too far, or wants too much. As mentioned earlier in the chapter, in such circumstances, "the hospitality manager must find ways to let the guest be wrong with dignity so their self-esteem and satisfaction with the guest experience and the organization are not negatively affected." So, how would you suggest handling the following situations?

- A guest leaves a message that he will be interviewing job candidates in his suite at noon, and so needs the room made up immediately, while he is out for breakfast. The housekeeper sent to the room reports that some illegal drugs were left in the bathroom, and she refuses to make up the room.

- A long-time customer has drunk a bit too much in your hotel bar. He is staying at the hotel that evening, he is not driving, and he insists on one more drink. He says that if the hotel refuses to serve him, he will take his business elsewhere.

- You are working at a fancy restaurant and serving a family. The family orders a 2005 Chateau Lafite Rothschild (a bottle of wine that will run you roughly $4,700 at Eleven Madison Park in New York City). They want you to pour "just a taste" for their child, so that he may share in the experience of trying this exceptional wine. You are unsure what the local laws are, and you simply do not know if you are allowed to serve alcohol to a minor, even with the parents' consent. They, however, insist it is just a taste, and there is no harm.

CASE STUDY

Eastern States Air Environment

Gloria Rooney assumed the presidency of Eastern States Air in the early 2010s, after proving her ability as executive vice president with two other major airlines. Like most other surviving airlines, Eastern States Air weathered rough times during the mid-2000s. But as the year 2018 neared, Rooney was running an airline that was doing well. Naturally, Rooney couldn't be satisfied with simply staying the course; she wanted to do better. And she thought she knew how.

Rooney saw that service in the airline industry had been in a state of steady decline for several years. The number of passengers flying was greater than ever before, but their level of satisfaction had gone down. Crowded airports, flight delays, overbooking, cramped seating, add-on costs for luggage, the occasional disastrous customer-service incident, and other factors had combined to raise industry complaints to all-time-high levels just when passenger flight miles were also at an all-time high.

In that atmosphere, Rooney finally had an opportunity to put into practice one of her most deeply held beliefs about running an airline: "It's not what you do; it's how you do it." She told her staff time after time: "The 'what' is the easy part. What we do is take passengers from here to

there at a competitive price. The way we can distinguish ourselves favorably from our competitors is in the "how."'

Eastern States Air became known as "the airline that put the Frills back into Flying." A small lounge was added to all planes that could accommodate first class passengers. For others or those people not wanting to leave their seats, two complementary drinks per passenger per flight, delivered to the seat, became the standard. An internationally known chef was hired to supervise a food-service system that produced meals as close to the gourmet level as was possible given the state of technology. Just before passengers exited each Eastern States flight, they were surveyed to see how satisfied they had been with the basics of the flight and with the frills that Eastern States had put back into flying. Early results of Rooney's campaign showed passenger satisfaction levels were off the chart at the top. In one astonishing month, the airline received no complaints about anything. Rooney was overjoyed. "They said zero defects was an impossible standard in airline service. We proved them wrong." The passengers who raved about Eastern States Air and flew the airline as often as they could, sometimes simply for sheer pleasure, understood there is no free lunch. Eastern States had to raise its fares considerably to provide outstanding service, but some people paid the higher prices happily.

Unfortunately, the number of passengers flying Eastern States Air took a disastrous drop during the Pandemic when travel, especially business travel, virtually disappeared. The ones who stayed loved the airline. They became unpaid spokespeople for Eastern States Air, but there were not enough of them. Rooney realized she had been somewhat deceived by the excellent survey results. The results were biased because she had only surveyed those who stayed, not those who left.

Surveying a broader cross-section of passengers, former passengers, and passengers of other airlines led Rooney to change her strategy. "When you get right down to it," she said, "this is really a very simple business. Steamships used to be a mode of transportation; now they provide luxury cruises that end up where they started. But in our business, what people want is to get from here to there as inexpensively as possible. In the current market, cheap airfares are what people expect, and that's what we need to give them. But we won't forget the loyal customers who have stayed with us. If we do this right, we can appeal to both groups."

To implement the new strategy, Eastern States Air cut back on the number of seats in first class but increased their size, along with first-class appointments and level of service, to retain the airline guests who had been satisfied to have the frills put back into flying and were willing to pay for them. Throughout the rest of the plane, however, economy became the watchword. More seats were stuffed into each plane, the number of flight attendants was reduced, and meals could be purchased for an extra fee. They not only added a fee for luggage, but they even charged for carry-ons.

Eastern States began to make a financial comeback, but the number of complaints skyrocketed to record levels. The following comments were typical:

> "You are putting all your service into the front of the plane. What about those of us stuck in the back?"

> "I've seen the animals in cattle cars treated better than this."

> "I used to be able to get by a window or on the aisle; now I always seem to get stuck in the middle seat. Why is that?"

"I see that your industry is enjoying record profits. How about using some of that dough to give us a better ride?"

"I'm a little over six feet tall, and I have to twist my legs to fit in that cramped space you give me."

"Seats too narrow, too close together. Flight attendant didn't even ask me if I wanted a drink or a meal."

"I've had better seats and better service on the cross-town bus."

"How can you charge me to stick my own bag under my own feet?"

Some of these disappointed and angry passengers took out their resentment on the flight crews. Morale among the pilots and flight attendants began to drop. Rooney was baffled and disappointed. "You can't win in this business. You give people what they want, and the complaints go through the roof." She was quite concerned about the next board of directors meeting and what the board would have to say about her management of the airline.

1. What is the service product of the airline industry?

2. What were Rooney's mistakes?

3. How could they have been avoided?

4. What now?

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FURTHER READINGS

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Further readings on the topics in this chapter are listed in "Additional Readings" on pages 525–527.

End notes for this chapter are provided on page 559.