



HOME / HOSPITALITY NEWS

/ HOW ERODING CUSTOMER SATISFACTION IMPACTS PROFIT

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As hotel demand returns to pre-COVID levels (or exceeds it in the case of destination resorts), hotels are facing new challenges particularly as it relates to the guest experience. Staffing shortages, supply chain challenges and reduced or modified levels of service show their scars throughout the industry. What has changed? Customers are voicing discontent. If hotels are charging more, guests want to experience service levels that support the increased rate. How can hoteliers put customers first while dealing with a plethora of new operational challenges?

Eliot Lamb, hotelAVE, Providence, Rhode Island

The hotel industry saw the largest GOP margins achieved in 2000 and 2017 at 38.8%. During 2020 this dwindled to 15.5% as occupancy levels dropped to historic lows. The industry implemented extraordinary cost-cutting measures to reduce the blow from a worldwide travel freeze. In 2021, GOP margin rebounded to 34% while RevPAR was at 81% of 2019 levels. Since March 2022, GOP margins are exceeding 2019, driven by higher ADR, continued lack of available labor, modifications to operating standards, and fewer low-margin departments (i.e., room service) in full operation.

Hotels want to hire more associates. The industry is still 1.3 million workers short of 2019 levels, while RevPAR has fully recovered despite hotel wage growth being the highest in 40 years and outpacing all other industries.

Hotels aspire to offer guests a wide selection of amenity choices, but supply chain and associate limitations are affecting menu options and hours of operation.



Overall guest satisfaction has declined 8 points as consumers recognize they are paying more, but not getting as much in return. This is especially apparent in the gold standard metric; *Intent to Recommend*; which measures the likelihood a guest would return to the property. When surveying over 25 hotels across different geographic regions, brands and service levels, the top five guest detractors were:

- Inadequate or poorly trained staff
- F&B choice/F&B hours of operation
- Daily housekeeping/guestroom cleanliness
- Concierge lounge
- Value proposition

Hotels are very much in tune with the importance of guest satisfaction. However, travel and meeting planners are also expressing that hotel staffing and service levels are their top concern along with travel budgets and higher costs, according to recent research. Implementing and tracking specific feedback from customers will allow for operation and service modifications that are impactful to the guest experience.

Due to the labor shortage, it is impractical to plan a return to the traditional pre-COVID staffing models. Instead, hotels can leverage technology for “transactional services.” The utilization of smart technology requires less staffing and results in an enhanced guest experience. Automated services such as mobile check-in, online concierge and chatbots allow customers to interact with hotels in new and more efficient ways. These services aggregate data and provide hoteliers with actionable information to reduce common guest complaints.

Almost all 2023 hotel budgets include training and enhanced quality assurance protocols as many hotel associates are new to the industry since COVID. Hotels are also addressing value propositions through greater amenity offerings. In this manner, hotels can provide the service levels expected by the modern consumer while managing the available staffing available and the balance with profitability.