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## 2013 Compendium

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## 2013 Compendium

#### Abstract

A compendium of 2012 publications of the Center for Hospitality Research.

#### Disciplines

Hospitality Administration and Management

#### Comments

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## The Center for Hospitality Research

Hospitality Leadership Through Learning



# Compendium

## The source for hospitality industry research



Cornell University School of Hotel Administration



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#### **COMMUNICATION**



#### Daphne Jameson



Judi Brownell

## Telling Your Hotel's "Green" Story: Developing an Effective Communication Strategy to Convey Environmental Values

## Daphne Jameson and Judi Brownell

Any lodging companies are spending substantial time and money on environmental initiatives. Often these firms do not get the support, recognition, and respect they deserve for their efforts. Based on a study of the "green" communications of 90 hospitality organizations, this tool provides practical guidelines to help hospitality firms develop effective communication strategies to explain environmental initiatives to employees, customers, clients, owners, franchisees, investors, and other important audiences. A sound communication strategy should tell a compelling story about the company's environmental values, goals, programs and practices. This tool compares and contrasts three green story lines: the environmental story, the financial story, and the service story. It then explains seven focus patterns through which each story can be told. Each of these patterns has a different dynamic between communicator and audience: teacherstudent, coach-player, friend-friend, salesperson-customer, cheerleader-fan, host-guest, and statesman-citizen. The tool also discusses four principles to help managers choose the best media, channels, and timing for their communication strategies: combine multiple media, minimize audience effort, encourage audience participation, and retell the story. By

applying these guidelines, managers can convince internal and external audiences to actively support, implement, and honor the company's environmental initiatives. http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-16121.html Cornell Hospitality Tools, Vol. 3, No. 2

#### **FINANCE**



Levon Goukasian



Qingzhong Ma

## Saving the Bed from the Fed

## Levon Goukasian and Qingzhong Ma

Provide the reaction of the United States hotel and restaurant industries to the monetary policy actions of the U.S. Federal Reserve. We find that a portfolio of hotel industry stocks react strongly to unexpected changes in the federal funds target rate. Specifically, for a hypothetical surprise 25-basis-point rate cut, the valueweighted hotel industry stock portfolio registers a one-day gain of 245 basis points (or 2.45 percent). This response is 78-percent stronger than that of the overall equity market in the U.S. In addition, the price impact is stronger at times of policy reversals. On the other hand, the restaurant industry is not as responsive to unexpected changes in the monetary policy. To "save the bed from the Fed," investors should first recognize the sensitivity of hotel stocks to changes in Fed policy and then engage in appropriate risk management activities, including hedging portfolio risk in the futures market.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16279.html Cornell Hospitality Reports, Vol.12, No. 8

## Evolution of Hotel Asset Management: The Historical Context and Current Profile of the Profession

## A. J. Singh, Robert D. Kline, Qingzhong Ma, and Paul Beals

s the hotel industry's structure has become more complicated over the past decades, the asset management profession has likewise been evolving. This article documents the evolution of hotel asset management from its early troubleshooting role to its present ongoing role of maximizing hotel values for owners. Based on a survey, this study found that these asset managers are highly educated, all had hotel management experience before becoming asset managers, and most had also been hotel developers. Many of the asset managers began their careers as hotel operators, but a substantial number began as consultants. Increasingly, asset managers are involved in analyzing strategic issues and making recommendations intended to improve asset value. Responding asset managers reported spending substantial time in monitoring the asset's financial performance, operational reviews, and capital expenditure analysis. Typical performance measures are value creation, financial performance, operating measures, asset utilization, and growth measures, including GOP and RevPAR. http://cqx.sagepub.com/content/53/4/326.abstract



Qingzhong Ma

## The Monetary Policy Risks of Hospitality Stocks

## Levon Goukasian, Qingzhong Ma, and Mehdi Majbouri

n the basis of 100 monetary policy announcements made by the U.S. Federal Reserve between 1994 and 2005, we estimate the reaction of the hotel and restaurant industry stock values to the Fed's monetary policy actions. We find that the portfolios of hotel industry stocks react strongly to unexpected changes

in the Federal Funds Target Rate. Specifically, for a hypothetical surprise 25-basis-point rate cut, the value-weighted hotel industry stock portfolio registers a one-day gain of 245 basis points (or 2.45 percent). This response is 78 percent stronger than that of the overall equity market in the United States. On the other hand, the restaurant industry is not as responsive to the unexpected changes in the monetary policy. When the Federal Reserve announces a reversal of monetary policy in either direction, hotel industry stocks react more strongly than do others. http://cqx.sagepub.com/content/53/4/339.abstract

Cornell Hospitality Quarterly Vol. 53, No.4 (November 2012), pp. 339-346

## Earnings Announcements in the Hospitality Industry: Do You Hear What I Say?

## Pamela Moulton and Di Wu

his study examines how the stock prices of publicly traded hospitality firms respond to quarterly earnings announcements. We find that after the initial price reaction to unexpectedly good or bad news, stock prices continue to drift in the same direction for up to 20 trading days following an announcement, suggesting that the new information is incorporated into prices gradually. Although this implies that hospitality stock prices are not perfectly efficient, we note that the prices of hospitality stocks generally appear more efficient than stock prices in the broader market, where drifts lasting up to 60 trading days are common. Similarly, we find that stock analysts are somewhat slow in revising their forecasts for future earnings in the hospitality sector, but this result is less pronounced than in the broader market. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16339.html **Cornell Hospitality Reports, Vol.12, No. 11** 



Pamela Moulton



Di Wu

## **HUMAN RESOURCES** Fostering Ethical Leadership: A Shared Responsibility

#### Judi Brownell



Judi Brownell



Timothy Hinkin



**Brooks Holtom** 



Dong Liu

thics reaches to the core of hospitality operation, since trust and integrity are the essence of hospitality. The 2012 CHR Ethics Roundtable was conducted with the - support of the Stephen Hall family to examine the key issues surrounding ethics in hospitality leadership. Participants examined case studies of sexual harassment and ethical issues related to union-management relations; considered the key elements of integrity in leadership, including the monetary value of keeping your word; and focused on the responsibilities and challenges of fostering leadership with integrity in both industry and academic environments. The roundtable identified innovative approaches to fostering ethical awareness and responsibility in young leaders. Keeping your promises and maintaining integrity are keys to effective leadership, according to several participants. Thus, companies and universities need to create their own culture in which ethical behavior is clearly valued. For international operations, cultural norms may cause varying interpretations of the specifics of ethics, but hospitality itself is an important moral value in many societies. http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/ roundtable-16239.html

Cornell Roundtable and Conference Proceedings, Vol. 4, No. 6

## The Contagion Effect: Understanding the Impact of Changes in Individual and Workunit Satisfaction on Hospitality Industry

## Turnover

## Timothy R. Hinkin, Brooks Holtom, and Dong Liu

his report describes a two-year longitudinal study examining the effects on employee turnover of the change in individual and unit levels of satisfaction. Analyses of data collected from 5,270 employees in 175 business units of a hospitality company demonstrate that changes in an individual's level of satisfaction affect that person's turnover decisions. More important, unit-level job satisfaction change and its dispersion jointly affect the individual's satisfaction change and the overall turnover rate in a unit, in what can be termed a "contagion effect." As the work environment becomes more positive and overall satisfaction in the unit increases, fewer individuals leave their jobs. Even unhappy employees are lifted by a coherently positive environment. We further find evidence of a multilevel three-way interactive effect of unit-level job satisfaction change and its dispersion, and individual job satisfaction change on individual turnover. When attitudes in a work unit vary substantially, a general increase in satisfaction has little effect on an individual's satisfaction or turnover plans. Put differently, when an employee is out of step with prevailing trajectory in unit-level attitudes, the discrepancy of attitudes appears to alter the relationship between his or her job satisfaction trajectory and turnover propensity. The findings emphasize the importance of tracking changes in employee satisfaction and the impact of changes in group attitudes on individual attitude and behavior. http://www.hotelschool.cornell.edu/research/ chr/pubs/reports/abstract-16319.html

Cornell Hospitality Reports, Vol.12, No. 9

## The Integrity Dividend: How Excellent Hospitality Leadership Drives Bottom-line Results

## **Tony Simons**

study of 6,800 employees at 76 franchised Holiday Inn properties found a strong correlation between the behavioral integrity scores of each hotel's manager and that hotel's profit. Managers who earned the highest integrity scores from their employees also recorded noticeably higher profits. An analysis of these hotels' financial results measured the increased profit that was obtained from higher integrity scores. Further, it revealed a chain of favorable outcomes stemming from managers' behavioral integrity, including increased employee trust and commitment, improved discretionary service behavior, lower employee turnover, and greater customer satisfaction—all of which led to profit. Interviews with corporate leaders in various industries confirmed and further developed these links between integrity and the bottom line. One mechanism for the link from behavioral integrity to engaged employees is the fact that leaders offer clear direction and behave in the same way. Such consistent congruence between words and actions permeates an organization to create an effective culture and permit successful organizational change.



Tony Simons

http://www.hotelschool.cornell.edu/research/chr/pubs/perspective/perspective-16060.html Cornell Hospitality Industry Perspectives, Vol. 2, No. 1

## HR Branding: How Human Resources Can Learn from Product and Service Branding to Improve Attraction, Selection, and Retention

## Derrick Kim and Michael C. Sturman

B rand equity and human capital are two critical assets that support a firm's shortterm stability and long-term success. While businesses have recognized the power of brand management for attracting and retaining external customers, companies are only beginning to realize the potential benefits of HR brand management for attracting, selecting, and retaining internal customers (i.e., employees). The purpose of this report is to introduce CHR readers to the concept of HR branding. Our purpose is to review the research and implications of the branding literature, and then to describe how human resource management can draw on these lessons to influence human capital. Specifically, we will (1) define HR branding, (2) detail its potential for attracting, selecting, and retaining employees, and (3) describe how firms can manage their HR brand to achieve this potential. Many examples of firms engaging in HR branding practices are provided throughout the paper. We argue that human resources can learn from marketing, thereby managing three components of a company's HR brand—its reputation, culture, and total value proposition. Ultimately, HR branding can be used as a strategic tool to manage different aspects of the employment experience.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16400.html Cornell Hospitality Reports, Vol.12, No. 14



Derrick Kim



Michael Sturman

## INFORMATION SYSTEMS AND TECHNOLOGY The Impact of Social Media on Lodging Performance

#### **Chris Anderson**



Note that the number of reviews they are reading prior to making their hotel choice. Second, transactional data from Travelocity illustrate that if a hotel increase its price by 1 point on a 5-point scale (e.g., from 3.3 to 4.3), the hotel can increase its price by 11.2 percent and still maintain the same occupancy or market share. Third, to measure

Chris Anderson

the impact of user reviews on hotel pricing power, consumer demand, and revenue performance the study uses matched-sample data from ReviewPRO and STR. By matching ReviewPRO's Global Review Index<sup>™</sup> with STR's hotel sales and revenue data, a regression analysis finds that a 1-percent increase in a hotel's online reputation score leads up to a 0.89-percent increase in price as measured by the hotel's average daily rate (ADR). Similarly this 1-percent increase in reputation also leads to an occupancy increase of up to 0.54 percent. Finally, this 1-percent reputation improvement leads up to a 1.42-percent increase in revenue per available room (RevPAR). http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16421.html

Cornell Hospitality Reports, Vol.12, No. 15

# Emerging Marketing Channels in Hospitality: A Global Study of Internet-Enabled Flash Sales and Private Sales



Gabriele Piccoli



Chekitan Dev

#### Gabriele Piccoli and Chekitan S. Dev

survey of nearly 200 international hospitality practitioners found that a remarkable 42 percent had tested a flash deal promotion, and some of those firms had offered numerous flash deals. At the same time, 46 percent of the responding hospitality firms had no intention of offering a flash deal, with some citing concerns about potential damage to brand integrity. Individual hotels that had offered flash deals tended to be large, averaging more than 150 rooms. Discounts offered in the deals ranged widely, from 15 to over 75 percent off rack rates. Likewise, commissions paid to deal vendors saw a wide range, as the most typical commission was 15 to 20 percent, but some hotels paid as much as a 40-percent commission. Most of the deals reported in this survey had been offered through Groupon or LivingSocial, but Jetsetter unexpectedly appeared as the number-three flash-deal channel for these respondents. Deal structures also varied widely. Although most offers involve a non-refundable purchase, deal vendors are increasingly offering their customers opportunities to obtain refunds in certain circumstances. Respondents' assessment of the deals was mixed, saying that their deals brought in new customers, but repeat business was more tenuous. One favorable outcome was that the respondents saw little evidence of cannibalization of existing business, particularly when they packaged their deal carefully. On balance, hoteliers who were most pleased with the outcome of their deals were also the ones who managed the cost of the deal most assertively. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16019.html Cornell Hospitality Reports, Vol.12, No. 5

## Customer Preferences for Online, Social Media, and Mobile Innovations in the Hospitality Industry

#### Rohit Verma, Debra Stock, and Laura McCarthy

he study discussed here summarizes the internet search preferences and mobile device use of 2,830 recent travelers. With regard to gathering information for a hotel stay, business travelers most often follow their company's recommendation for a hotel, although many of them use search engines or online travel agents to learn more about available hotels. In contrast, recommendations of friends and colleagues are most important to leisure travelers, followed by travel-related websites, search engines, and OTAs. Once the information is gathered, however, travelers of all kinds turn more to such sources as the brand website, OTAs, and TripAdvisor. Late in the decision process, the respondents tended to land on the brand websites or go to an OTA, where they can book their room. http://cqx.sagepub.com/content/53/3/183.abstract

Cornell Hospitality Quarterly, Vol. 53, No. 3 (August 2012), pp. 183-186

## Cornell Hospitality Research Summit 2012: Moving the Hospitality Industry Forward with Social Media and Technology

#### Glenn Withiam

ith two keynote panels and over 80 presenters, the Cornell Hospitality Research Summit 2012 (CHRS 2012) brought some 230 participants to the School of Hotel Administration for two intense days of presentations and discussion. Participants came from 21 nations in addition to the U.S., with about 60 percent industry practitioners and 40 percent academic researchers. Seventeen presentations touched directly on the areas of social media and technology, critical topics, given the industry's rapid push to understand and manage the social media and mobile revolutions. Travelers' move to mobile technology continues at a remarkable speed, and mobile will soon overtake other internet access platforms. The hospitality industry must focus more directly on the many applications arising from mobile and develop a mobile strategy. Although mobile technology is revolutionary, the most remarkable aspect of social media is customers' willingness to share their opinions of hospitality experiences, and further to express their needs and desires. The challenges here involve making sense of the disorganized pile of information created by social media and the internet. Several presentations proposed analytic methods to filter noise and find the valuable information that guests are posting. In addition to building competitive strength, hotels can use the information to augment loyalty programs and to improve services. http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/ roundtable-16441.html

Cornell Roundtable and Conference Proceedings, Vol. 4, No. 7



Rohit Verma



Debra Stock



Laura McCarthy



**Glenn Withiam** 

## MARKETING AND TOURISM Branding Hospitality: Challenges, Opportunities and Best Practices



Chekitan Dev



#### Chekitan S. Dev and Glenn Withiam

s discussed in the second annual branding roundtable, while brand management fundamentals remain unchanged in the digital age, the widespread expansion of social media and smart phones, along with ever vigilant (and vigilante) guests creates a round-the-clock environment for all brands. Excellent brands will continue to shine in this environment, but weak or defective brands may be swept away by the tsunami of digital information. In this environment, everyone in the company should understand and be able to articulate their brand's key differentiating points. Whether one is developing a new brand or upgrading an existing brand, innovating a brand involves a disciplined process that begins with recognizing a need and then filling that need in a way that resonates with customers. As an example, InterContinental Hotels Group has developed the new Even Hotels brand to fulfill an identified market gap for frequent travelers who wish to maintain their healthful balance and routines on the road. Social media have altered the relationship of brand and customer from a theoretical partnership to a continuous interaction. In particular, social media strongly influence consumers' purchase processes. Brands in the original decision set may all be dropped by the time a purchase occurs and an entirely different brand—perhaps one suggested by strangers via social media—may be the final choice. Moreover, flash deals spur purchases that may be based on price rather than brand. To remain a strong brand in the presence of social media, a hospitality firm needs horizontal

*Glenn Withiam* integration so that guests receive a consistent experience at all levels of brand contact. http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/roundtable-16219.html

#### Cornell Roundtable and Conference Proceedings, Vol. 4, No. 5

# Engaging Consumers: Building the LEGO Brand and Culture One Brick at a Time



Conny Kalcher

#### Conny Kalcher

he LEGO® Group maintains a culture of engagement for its consumers, in part because engagement drives revenue growth. To empower children (and adults) to be problem solvers, the LEGO Group promotes the idea of a "system in play" that involves more than just the bricks themselves. The firm seeks to encourage its consumers to move up the "affinity pyramid" to higher levels of engagement. Ultimately, the LEGO brand experience promotes "lead users" who are deeply knowledgeable about the product. The consumer engagement process involves improving customer insights and experience, growing a community of users, improving consumer service, and promoting a consumerfocused culture. Because the LEGO Group seeks continuous improvement of the customer experience, that experience is constantly measured. One way this happens is through a net promoter score, in which customers are continually asked to rate their experience in real

time on the web. Likewise, the contact center promotes the customer experience by spending as much time with the customer as needed—with no. scripts or time limits. This allows the voice of the customer to be heard. The result is a strong group of fans, who share information, promote the product, and participate in LEGO user groups. Among other accomplishments, LEGO users have posted millions of videos, pictures, and other projects. http://www.hotelschool.cornell.edu/research/chr/pubs/perspective/perspective-16119.html

## **OPERATIONS MANAGEMENT**

## Managing a Hotel's Reputation: Join the Conversation

#### Amy Newman, Judi Brownell, and Bill Carroll

Social media have dramatically changed the nature of communication. A guest complaint that goes viral can quickly damage a great reputation that has taken years to establish. This blog provides a way for managers and staff to discuss concerns and share ideas for managing a hospitality company's reputation. The blog presents a situation in which a front desk attendant has "walked" a guest who then posts several complaints, writes a negative review on TripAdvisor, tweets to followers, and sends an email to the general manager. On the blog, you can view all of these communications plus a YouTube video of the hypothetical interaction. On separate blogs, employees and managers share approaches, strategies, and tactics for dealing with negative (accurate or not) social media commentary. An analysis of blog comments will enable us to better understand how managers and staff respond to reputation-related issues and to provide recommendations for managing these and similar incidents in the future. The tool poses a series of questions to get the conversation started.

http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-15939.html Cornell Hospitality Tools, Vol. 3, No. 1

## Innovative Practices in the Spanish Hotel Industry

#### Mar Vila, Cathy Enz, and Gerard Costa

survey of corporate-level senior research and development managers in twentyseven of Spain's largest hotel chains found a general bias toward innovation, as the majority have formal R&D departments and offer rewards for innovative concepts. Considering a framework that includes four types of innovation (i.e., product innovations, process innovations, enhanced knowledge of market, and management innovations), the survey found that the chains focused the greatest innovation efforts on improving management. However, the innovations most frequently mentioned involve enhanced knowledge of the market, including the use of new sales channels and communication improvements. Case studies of four hotel concepts depict innovations intended to be singular, that is, hard to duplicate. NH Hoteles uses its customer data center to segment customers and create targeted communications and special offers; Hoteles Hesperia has allied with Michelin-rated chefs to upgrade its hotel restaurants both in terms of menu and image; Chic&Basic has installed modest-price but high-quality inns in center-city locations that usually host luxury hotels or poor guality guest accommodations; and Margués de Riscal has developed City of Wine, in the Rioja region of Spain, complete with a Frank Gehry-designed hotel operated by the Starwood Luxury Collection. http://cgx.sagepub.com/content/53/1/75.abstract

Cornell Hospitality Quarterly, Vol. 53, No. 1 (February 2012), pp. 75-85



Amy Newman



Judi Brownell



Bill Carroll



Cathy Enz

#### **OPERATIONS MANAGEMENT (CONTINUED)**

## The Terrorist Attacks of 9/11 and the Financial Crisis of 2008: The Impact of External Shocks on U.S. Hotel Performance



Renáta Kosová



Cathy Enz

#### Renáta Kosová and Cathy A. Enz

he U.S. hotel industry faced two major external shocks in the decade of the 2000s, the terrorist attacks of September 11, 2001, and the financial crisis of September 2008, which led to an economic recession. Using data from STR covering nearly 35,000 hotels, this study isolates the specific effects of the two shocks by controlling for other market factors (e.g., inflation, seasonality) and hotel characteristics (e.g., hotel size, segment, or operation type) that affect a hotel's daily operations. The study shows that hotels were significantly affected by both events, but they started to recover relatively quickly, within four months of each shock. Because of the nature of the shock, the 9/11 terrorist attacks had an abrupt and dramatic impact in reducing hotels' occupancy, and rates briefly followed occupancy downward. The effects of the financial crisis took longer to develop but were less striking and apparently well handled by most hotel managers. Looking specifically at New York City's hotels which stand next to ground zero for both shocks, the study found a pattern of occupancy, ADR, and RevPAR similar to that of the nation as a whole. New York's luxury hotels felt the brunt of the shocks, but they were able to recover. Overall, the study paints a picture of an industry that maintains its ability to address the effects of environmental shocks, and focuses well on revenue management. Far from being in disarray, hotel management addressed the effects of these two shocks, as evidenced by the hotels' recovery.

http://cqx.sagepub.com/content/53/4/308.abstract Cornell Hospitality Quarterly, Vol. 53, No. 4 (November 2012), pp. 308-325

# Optimizing Hotel Pricing: A New Approach to Hotel Reservations

Peng Liu



Peng Liu

his report discusses the economic basis and provides a description of a new hotel reservation pricing approach. In addition, the second half of this report provides a step-by-step key to the screens and functionality of the companion Cornell Hospitality Tool—"Hotel Reservation Optimizer." The tool applies a general equilibrium approach to establishing a value for a room reservation. The room reservation is essentially an option to occupy a room at an agreed-on room rate. By establishing a price for the reservation that is based on the traveler's best estimate of whether she will actually occupy the room, the hotelier gains information about how likely it is that the room will be sold. This tool is a mechanism by which hotel managers can obtain more accurate information regarding future room demand.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16320.html Cornell Hospitality Reports, Vol.12, No. 10

## The Hotel Reservation Optimizer

## Peng Liu

he Hotel Reservation Optimizer allows hoteliers to establish a price for both a room and for the reservation for that room, recognizing that the reservation Optimizer provides a mechanism that allows guests to gain a reduced room rate in exchange for signaling the probabilities surround their actual intention to occupy the room, as indicated by the value they place on the reservation. Based on the aggregate forward-looking check-in likelihood, the hotel can focus its revenue management system more sharply and does not have to rely solely on historic ratios for room occupancy. The companion report presents an example and explanation of how the Hotel Reservation Optimizer tool operates to help practitioners implement this pricing methodology. Note that the user needs to open the calendar installer file first for instructions on the calendar patch to ensure that the tool will function correctly. MSCAL.OCX is a patch for a calendar function that was formerly part of Excel. http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-16321.html Cornell Hospitality Tools, Vol. 3, No. 4

## Energy University: An Innovative Private-Sector Solution to Energy Education

## R. Sean O'Kane and Susan Hartman

Seeing the need for energy education in all industries, Schneider Electric developed Energy University, a virtual, professional, college-level training program focused on energy consumption and efficiency for building and facility managers at all levels (www. MyEnergyUniversity.com). Critical to the success of this idea, the information available through Energy University is vendor neutral, unlike much information available on the internet. This unusual step was paired with the idea of opening the courses to all people, whether customers or not. Courses were developed both by Schneider's own subject-matter experts and those of partners. The result was an unmatched depth and breadth of courses. Among the industries that can benefit is the hospitality industry, which can realize dramatic savings from energy controls. Given the comprehensive courses in Energy University, the Educational Institute of the American Hotel and Lodging Association is using these courses as part of its industry certification programs. Individual hospitality companies, such as Marriott International have also adopted Energy University's courses, and other firms, such as Wyndham International, make use of them.

http://www.hotelschool.cornell.edu/research/chr/pubs/perspective/perspective-16159.html Cornell Hospitality Industry Perspectives, Vol. 2, No. 3

Peng Liu



R. Sean O'Kane



Susan Hartman

## **OPERATIONS MANAGEMENT (**CONTINUED**)**

## Determining Materiality in Hotel Carbon Footprinting: What Counts and What Does Not

Eric Ricaurte



Eric Ricaurte

s hotel companies seek in good faith to determine and report their carbon footprints, often in response to stakeholder requests, the issue of materiality arises, in which the hotel firm must determine what factors are important to greenhouse emissions and which are negligible in terms of emissions. The guidance from existing sources on this question is complex and can be contradictory. In addition to examining the boundaries of materiality, this report presents a materiality analysis of two sources of hotel greenhouse gases, fugitive coolant emissions and mobile fuels. Based on data from 154 hotels in 25 countries, neither source appears to be material for most hotels, since neither exceeds the commonly used cut-off point of 5 percent of total emissions. While the circumstances of a particular hotel might render one of these sources material, they do not seem to merit the industry's attention for constant measurement.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16340.html

Cornell Hospitality Reports, Vol.12, No. 12

## The Hospitality Industry Confronts the Global Challenge of Sustainability

#### Eric Ricaurte

-he third annual Cornell roundtable on sustainability addressed the hospitality industry's continuing effort to define and measure sustainability, in connection with the increased interest in sustainability on the part of guests and other stakeholders. The barriers to sustainable operation rest largely in myth and lack of knowledge, although the complexity of sustainability policies and mandates make it challenging to discern the way forward. Myths include the ideas that green operation is more expensive and that guests are not interested in sustainability. In fact, the reverse is true for both. Other barriers include the challenge of educating guests, communicating sustainability information, structuring sustainability as a business issue, and recognizing sustainability as a longterm concern. Overarching trends that influence sustainable operation include the unpredictable effects of resource depletion, social media, and globalization. Also not clear is the effect of new generations of travelers, who may have a stronger sustainability ethos than current quests. A key issue underlying all sustainability programs is one of measurement, given the many different standards and mandates already in place. So far, the hospitality industry has not determined a measurement mechanism. Although some industry practitioners subscribe to a third myth, to the effect that green policies can be delayed indefinitely, guests expect more now. In particular, meeting and conference planners are establishing their own sustainability standards and are asking hotels to respond to gueries about green policies and programs. In conclusion, the roundtable participants expressed the need for continuing research and study to shatter myths and explode barriers.

http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/roundtable-16039.html Cornell Roundtable and Conference Proceedings, Vol. 4, No. 1

## Hospitality Sustainability Reporting: Slow, Steady Progress

#### Eric Ricaurte, Rohit Verma, and Glenn Withiam

he hospitality industry continues to make steady progress in its guest to find ways to document its many sustainability initiatives, but the target is a moving one, and additional issues arise each step of the way. Participants in the 2012 Cornell Sustainability Roundtable addressed current issues in reporting, benchmarking, the supply chain, and customer sustainability perceptions, as well as innovations in green operations. Due to the industry's complexity, hospitality firms may never be able to develop "one number" to benchmark or report their sustainability initiatives collectively. A major focus in reporting is to identify the key issues that matter the most to stakeholders—that is, the items that are most material to a business's impact with regard to sustainability. The value of sustainability programs to various stakeholders depends in part on the stakeholder's perspective. For owners, cost control remains an uppermost consideration, but many guests are only interested in green practices which don't diminish their experience. Often, being a "green hotel" is a tie breaker for booking the hotel when all other factors are equal. Customers are interested in green practices, but they are not currently getting the information they need. Furthermore, because sustainability is not customers' first priority, they're not seeking out green information. Even as individual guests display an "on holiday" attitude and seem unaware of green initiatives when making purchase decisions, most corporate and group planners seek sustainability information in their requests for proposals as part of their supply-chain evaluation. The hospitality industry has its own supply chain, in addition to being a supplier to other industries, which increases the complexity of reporting efforts. Most hospitality operators and their suppliers are trying to "do the right thing" with regard to sustainability, but so much of the activity occurs in the back of the house that guests simply do not see it. Indeed, the hospitality industry's focus on the customer's view of sustainability during the guest experience is itself unique. In the end, it's important to remember that the industry creates value from its operations, and one of its chief impacts is to foster secondary businesses in many destinations.

http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/ roundtable-16481.html

Cornell Roundtable and Conference Proceedings, Vol. 4, No. 8



Eric Ricaurte



Rohit Verma



**Glenn Withiam** 

## **OPERATIONS MANAGEMENT (CONTINUED)** Service Scripting and Authenticity: Insights for the Hospitality Industry

## Liana Victorino, Alexander Bolinger, and Rohit Verma



Liana Victorino



Alexander Bolinger



Rohit Verma

ustomers in hotels and restaurants can quickly discern when an employee is following a service script. The customer's reaction to that script depends in part on the nature of the service transaction, but also on how authentically the employee behaves within the script. A study of 2,407 U.S. hospitality customers found that many customers (almost half of the sample) focus on the treatment aspect of scripts-that is, how they are treated by the employee—and have a generally negative view of scripted services. However, about one-third of the sample considered the task-completion aspect of scripts. These respondents agreed that scripts are valuable for ensuring that all aspects of a task are completed correctly. Certain encounters are well suited to strict scripting (such as reservations and check-in), because their task-related aspects are critical to quality. Other encounters, such as concierge service and fine-dining interactions, might benefit from more flexible scripts, since customers are more focused on how they are treated during such service interactions. The respondents were uniformly negative when they detect what is known as "surface acting," which occurs when employees are clearly just going through the motions of a script. In contrast, positive results occurred with "deep acting," in which employees are (or seem to be) sincere in their service interaction. However, only a substantial minority of respondents reported perceiving sincere script delivery by employees. Given the importance of scripts in ensuring that service tasks are completed correctly, the study's implications for hospitality managers include strategies of assessing the balance between task and treatment, determining which tasks are appropriate for flexible scripts, training employees in "deep acting," and gaining employees' buy-in by having them assist

with script design. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16380.html Cornell Hospitality Reports, Vol.12, No. 13

## Exploring Resource Efficiency Benchmarks for Environmental Sustainability in Hotels

## Jie J. Zhang, Nitin R. Joglekar, and Rohit Verma

Successful environmental sustainability (ES) initiatives aim for simultaneous environmental and economic benefits. Benchmarking these initiatives must therefore account for environmental and economic outcomes. To this end, the authors propose to construct a cost-based resource efficiency measure for ES from reported financial data.

This approach links the environmental and economic performance outcomes by extracting information from resource related expenses normalized by RevPAR (revenue per available room). Through exploratory factor analysis of an eight-year panel of 984 U.S. hotels, the authors identified two factors that drive resource efficiency in hotel operations, one of which is operations-centered and the other customer behavior–centered. This two-factor measure quantifies the weights that operations and customer behavior contribute to resource efficiency and measures the systematic variations across key hotel operating characteristics. Such resource efficiency benchmarks complement the practice-focused environmental management systems developed by individual hotel companies and guidelines proposed by government agencies such as the U.S. Environmental Protection Agency. http://cqx.sagepub.com/content/53/3/229.abstract

Cornell Hospitality Quarterly, Vol. 53, No. 3 (August 2012), pp. 229-241

## **RESTAURANT MANAGEMENT**

# The Role of Multi-Restaurant Reservation Sites in Restaurant Distribution Management

## Sheryl E. Kimes and Katherine Kies

study of 474 U.S. consumers documents the increasing popularity of sites that allow reservations at numerous restaurants—although the telephone remains by far the most common way to make a restaurant reservation. Slightly over half of the respondents to this survey had made a restaurant reservation online. About 60 percent of those who made reservations online used a multi-restaurant site to do so, and the rest used the restaurant's own website. Those who continued to make phone reservations said they preferred a personal touch. However, a substantial percentage of respondents who telephoned their reservation had located the restaurant using a multi-restaurant site or app. Restaurateurs need to note the demographics and habits of customers who typically make reservations online. There are no. gender differences between customers who make reservations online and those who don't, but the online group is noticeably younger. Multirestaurant site users also visit restaurants more frequently than the other respondents. They were more likely to rely on online reviews, and they like having several restaurants to choose from. Although participating in a multi-restaurant reservation site represents an additional expense, restaurateurs should consider a distribution strategy that includes such sites, especially since they seem to be the preferred portal for younger guests who dine out more frequently than others. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-15979.html Cornell Hospitality Reports, Vol. 12, No. 3

## Restaurant Daily Deals: The Operator Experience

## Joyce Wu, Sheryl E. Kimes, and Utpal Dholakia

survey of 273 restaurateurs who have offered daily deals presents a mixed picture regarding the deals' success and the operators' attitudes on past and future deals. About half of the restaurateurs, a substantial majority of which were independents, had offered at least one deal, most of them through Groupon or LivingSocial. These operators reported that about 40 percent of the deal purchasers were new customers, meaning that there was substantial cannibalization of existing customers. However, 35 percent of the deal customers returned to the restaurant without a further incentive. Although many restaurant operators said revenues increased, the number that said they made money on the deal was about the same as those who lost money. Additionally, a comparison of deal buyers' attitudes with the restaurateurs' view of the deal buyers found that the operators misjudged their guests in some regards but were correct on others. The operators underestimated deal buyers' likelihood of returning to the restaurant without a subsequent deal, and missed a key characteristic of the deal buyers, which is that they want to be opinion leaders, or "market mavens." This aspect of deal buyers can be important for future sales. Given the consumers' attitudes, the best strategy to bring back deal buyers is to offer them a first-class experience so that they can see a restaurant's full value proposition. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16461.html Cornell Hospitality Reports, Vol. 12, No. 16



Sheryl Kimes



Katherine Kies



Joyce Wu



Utpal Dholakia

## **RESTAURANT MANAGEMENT (CONTINUED)**

## The Effect of Perceived Control on Consumer Responses to Service Encounter Pace: A Revenue Management Perspective

## Breffni M. Noone, Jochen Wirtz, and Sheryl E. Kimes



Sheryl Kimes

he ability to manage the time involved in a service process is critical to effective revenue management (RM). At the same time, customer satisfaction is also a key element of time management in services. In this study, we explore the time component of RM in services that sell time implicitly by examining a dining experience. Although service managers can use pace to manage the duration of a service encounter and increase capacity during periods of high demand, manipulating the pace may interfere with customer satisfaction. Prior research has shown that the relationship of perceived pace with customer satisfaction follows an inverted U-shape. If the service pace misses the "sweet spot" that balances pacing with customer satisfaction, the revenue benefits of increasing pace may be short-lived. Using a survey-based approach, we examine the moderating effect of restaurant customers' perceived control of pace on the relationship between perceived pace and customer satisfaction. We found that when perceived control is low, perceived pace has a significant negative effect on customer satisfaction. However, when perceived control is

high, consumers are less sensitive to variations in pace. This finding suggests that consumers' perceived control of pace is instrumental to attenuating the negative effect of a fast pace on customer satisfaction. http://cqx.sagepub.com/content/53/4/295.abstract Cornell Hospitality Quarterly, pp. 53, No. 4 (November 2012), pp. 295-307

# Black–White Differences in Tipping: The Moderating Effects of Socioeconomic Status

## Michael Lynn, Curt C. Pugh, and Jerome Williams



Michael Lynn

wo studies found that higher socioeconomic status reduced differences between black and white patrons in stiffing and flat tipping, but increased black–white differences in the amount tipped by those who did tip. The finding that movement up the socioeconomic ladder increases black–white differences in tip size suggests that efforts to address the problems posed by those differences in tipping should not be confined to lower-class establishments and neighborhoods. Managers and executives of restaurants and restaurant chains catering to black customers of all socioeconomic levels are encouraged to reduce racial discrimination in service delivery and to address the other problems stemming from black–white differences in tipping by **(1)** hiring both black and white mystery shoppers to monitor the service provided to black guests; **(2)** increasing blacks' awareness and internalization of tipping norms through community education, as well as information provided in the restaurant; or **(3)** replacing voluntary tipping with automatic service charges.

http://cqx.sagepub.com/content/53/4/286.abstract Cornell Hospitality Quarterly, Vol. 53, No. 4 (November 2012), pp. 286-294

## **Restaurant Table Simulator, version 2012**

#### Gary M. Thompson

Restaurant Table Simulator (RTS) is an Excel-based model for simulating table usage in restaurants. RTS, which includes a charts and results tables, can be used to improve a restaurant's mix of tables. While the CHR already has a web-based tool for identifying restaurant table mixes, this version of RTS is useful in that it runs in Excel. The tool contains fill-in tables that will allow restaurant managers to run "what-if" scenarios for different table mixes, using different assumptions. Additionally it provides graphical information that the web-based tool doesn't. Finally, it allows for situations where customers select their own tables, instead of being assigned to a table by a host or hostess, a scenario common in many restaurants. These features make this version of interest and more accessible to a wider group of restaurant managers and hospitality educators.



Gary Thompson

http://www.hotelschool.cornell.edu/research/chr/pubs/tools/tooldetails-16161.html Cornell Hospitality Tools, Vol. 3, No. 3

## STRATEGY Why Hotels? Economy Weakens but Hotels Remain Relatively Strong— What Gives? And What Might Give?

## Jack Corgel and Mark Woodworth

espite tepid economic indicators, the demand for hotel rooms in the United States has surged since the depths of the great recession in 2009. Bucking all apparent economic trends, lodging has been a leading industry during this sluggish economic recovery. This is different from past recovery periods when hotels typically lagged other industries. Notwithstanding the favorable comparisons with the depths of recession, hotels show revenue strength due to guests' willingness to spend and relatively high employment levels among likely traveling demographics. International travel to the U.S. has also lifted the industry. On the supply side, the pipeline of new hotel rooms has been relatively empty. Absent another economic shock, the industry's revenue should continue to grow. http://cqx.sagepub.com/content/53/4/270.abstract

Cornell Hospitality Quarterly, Vol. 53, No. 4 (November 2012), pp. 270-273



Jack Corgel



Mark Woodworth

## **STRATEGY (CONTINUED)** Strategic Revenue Management and the Role of Competitive Price Shifting

## Cathy A. Enz, Linda Canina, and Breffni Noone



Cathy Enz



his paper examines whether stable competitive pricing positions yield better average annual RevPAR growth than do price shifts either upward or downward, as compared to competitors' positions. Using property level data on average daily rate (ADR) and average annual RevPAR growth, this study found two contrasting price-shifting strategies. For hotels that were lower priced relative to their competitors in 2007, the most popular strategy was to make price shifts to higher price categories in both 2008 and 2009. In contrast, the most popular strategy for hotels that originally positioned themselves above the competition was to move to lower price categories in both 2008 and 2009. Although RevPAR fell for all hotels during this period, the strategy of shifting to a higher price category was the most successful in terms of average annual RevPAR growth over the threeyear period of this study. On the other hand, a shift to lower prices was least successful in delivering RevPAR growth. Overall the results suggest that upward shifts in relative prices are the best way to achieve higher RevPAR growth, and maintaining price stability is the next most viable positioning strategy in terms of RevPAR.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16079.html Cornell Hospitality Reports Vol.12 No. 6

# Strategies for the Implementation of Service Innovations

Linda Canina



Breffni Noone

## Cathy A. Enz

mplementation strategies are the ways in which information about a new service innovation are shared with those employees who must execute on the innovation. This article examines the relationship between innovation success and the frequency of use of various strategies for the implementation of two specific nationwide service innovations in the North American hotels of a global lodging chain. Cost and service quality–based innovations were found to rely on different implementation strategies, suggesting that the connection between an implementation strategy and success depends on the type of innovation. In the hotel chain studied, the most successful strategy for implementing quality innovations was individual counseling, while rewards and focus groups were most strongly associated with success when implementing cost-based innovations. A mix of execution strategies including implementation by persuasion, leader intervention, participation, and even edict were linked to service innovation success. Participative employee-centered implementation strategies emerged as the most critical in the diffusion of service

innovations. http://cqx.sagepub.com/content/53/3/187.abstract Cornell Hospitality Quarterly, Vol. 53, No. 3 (August 2012), pp. 187-195

## The Effect of Corporate Culture and Strategic Orientation on Financial Performance: An Analysis of South Korean Upscale and Luxury Hotels

#### HyunJeong (Spring) Han and Rohit Verma

esearchers have been studying the importance of an appropriate and effective culture to business success for over thirty years. A successful culture combined with a congruent strategic orientation is now considered essential for a business to maintain its edge in a fiercely competitive environment. So far, however, little research has focused directly on how the hospitality industry can maximize performance through the combination of a corporate culture and a strategic action plan. In this study, we explore the relationship between strategic orientation, corporate culture, and financial performance for hotels, using data from 211 managers of 99 upscale and luxury (4- or 5-star) hotels in South Korea. The study shows that corporate culture directly affects financial performance, but for this group of hotels not all cultures performed equally. The transaction-oriented Market culture did not promote financial performance, as compared to the family-oriented Clan culture or the innovative "Adhocracy" culture. The tradition-bound Hierarchical culture actually cost hotels in terms of financial performance. Certain strategic orientations moderated and improved financial results for some of the cultures, but not all. The opportunity-seeking approach of a Leading strategic orientation drove financial results for the Clan and Adhocracy cultures, but did not help the Market or Hierarchy cultures. Other strategic orientations also drove financial results, including Future-analytic and Defensive. http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-15982.html

Cornell Hospitality Reports, Vol.12, No. 4



HyunJeong Han



Rohit Verma

## The Relationship among Corporate Culture, Strategic Orientation, and Financial Performance

## HyunJeong (Spring) Han

his study was conducted to suggest strategic orientations that can analyze which types of corporate culture and strategic orientation contribute to enhanced financial performance, based on the theory that, to acquire a competitive edge in the fierce competitive environment and maximize performance, the combination of corporate internal competitiveness and an appropriate action plan is crucial. The study shows that corporate culture does directly affect financial performance. However, for this group of Korean hotels, not all cultures performed equally. The transaction-oriented Market Culture did not promote financial performance, as compared to the family-oriented Clan culture or the innovative Adhocracy culture. The tradition-bound Hierarchical culture actually cost hotels in terms of financial performance. Certain strategic orientations moderated and improved financial results for some of the cultures, but not all. The opportunity-seeking approach of a leading orientation drove favorable financial results for the Clan and Adhocracy cultures but did not help the Market or Hierarchy cultures. Other strategic orientations also drove positive financial results, including future analytic and defensive. On the other hand, the discounting-oriented aggressive orientation returned negative financial results to all hotels in this sample. http://cqx.sagepub.com/content/53/3/207.abstract

Cornell Hospitality Quarterly, Vol. 53, No. 3 (August 2012), pp. 207-219

#### **STRATEGY (CONTINUED)**



Jan Katz



Glenn Withiam

## The International Hospitality Industry: **Overcoming the Barriers to Growth**

## Jan Hack Katz and Glenn Withiam

hough each nation has its own challenges and opportunities, the international hospitality industry should be able to expand and prosper. This roundtable examined the global opportunities and challenges that the industry currently confronts. Starting the discussion were the results of a survey of hotel managers in 56 countries that found a generally optimistic outlook, despite specific local concerns. Among the bright spots, a general rise in tourism and an expansion in both international and domestic travel in both business and leisure segments. Roundtable participants identified such opportunities as growing intergenerational travel and a generally well informed group of travelers looking for novel destinations. Potential negative points involve economic turbulence and local considerations. In several countries, but particularly in China, a shortage of well trained front line and managerial employees was considered a key issue. For most roundtable participants, excellence in operations was the key regardless of the location and the culture of visitors. While it was necessary to respond to the realities of new visitor demographics and nationalities, those changes were superficial and easily made relative to the humanresources-related difficulties of ensuring high quality service. http://www.hotelschool.cornell. edu/research/chr/pubs/roundtableproceedings/roundtable-16160.html

Cornell Roundtable and Conference Proceedings, Vol. 4, No. 3

## Benefits from Agglomeration Within and Between **Hotel Segments**

## Matthew Freedman and Renáta Kosová

esearch Question: How does product heterogeneity interact with geographic agglomeration?, or How do the net benefits of applomeration vary across differentiated firms?

Findings: Agglomeration patterns among U.S. hotels are characterized by a high degree of product heterogeneity. The benefits from agglomeration do not merely accrue to lower scale hotels

Renáta Kosová

locating near upper-scale hotels, but also vice versa. http://www.hotelschool.cornell.edu/research/chr/pubs/researchbriefs/details-15999.html

Cornell Hospitality Research Briefs, Vol. 2, No. 1

## Age, Size, and Survival and Growth of **Franchise Chains**

#### Renáta Kosová and Francine Lafontaine

esearch Questions: How do age and size affect growth and survival of franchise chains? Moreover, do other variables such as contract or other chain characteristics play a significant role in chain survival?

Findings: We found a negative impact of age and size on chain growth, and a positive impact of age on chain survival. Most surprising was a finding that chain size has a positive rather than a negative impact on the likelihood of a chain's failure. Delving deeper, we found that this result characterizes only young chains, rather than the mature ones. http://www.hotelschool.cornell.edu/research/chr/pubs/researchbriefs/details-16259.html Cornell Hospitality Research Briefs, Vol. 2, No. 2

## Does Environmental Certification Help the Economic Performance of Hotels?: Evidence from the Spanish Hotel Industry

## María-del-Val Segarra-Oña, Ángel Peiró-Signes, Rohit Verma, and Luis Miret-Pastor

he capacity to generate value-added services in order to acquire and retain loyal clients is one of the challenges facing the hospitality sector. For this reason and because of economic realities and government policies, an ever-growing number of hotels are formally adopting certified environmental practices such as the ISO 14001. In this article, we attempt to analyze the relationship between the implementation of a proactive environmental management tool, the ISO 14001 standard, and the generation of economic revenues in the Spanish hotel industry. Also considered are the possible effects on the business results of moderating factors such as company size and the market segment where the hotel operates. Empirical economic information on 2,116 Spanish hotels was obtained from the SABI database (Iberian Balance-Sheet Analysis System) for the year 2008, during which 108 properties had ISO 14001 certification. Quantitative analysis techniques showed significant differences in the economic performance of ISO-certified hotels and those not certified, particularly for urban and beach hotels. The results showed influence of both company size and organizational factors on revenue. Only small rural hotels saw no. difference in revenues due to the presence or absence of ISO certification. http://cgx.sagepub.com/content/53/3/242.abstract

Cornell Hospitality Quarterly, No. 53, Vol. 3 (August 2012), pp. 242-256

## The Ithaca Beer Company: A Case Study of the Application of the McKinsey 7-S Framework

## J. Bruce Tracey and Brendan Blood

A nanalysis of the Ithaca Beer Company demonstrates how the McKinsey-developed 7-S model can be used to assess a company's competitive and strategic position. The model itself proposes that the following seven key points should be in alignment: strategy, structure, systems, staff, skills, style, and shared values, the last of which is central to the other six elements. Relatively small by the standards of the U.S. brewing industry, Ithaca Beer Company (IBC) is a craft beer brewer with a gradually expanding regional distribution. Based on interviews and other analysis, four of the seven factors in the 7-S model clearly are aligned and critical for this company's success. They are strategy, staff, skills, and shared values. Briefly, IBC's strategy is one of community involvement and careful attention to distributors, retailers, and customers. Its relatively small staff is enthusiastic about the product, has strong skills, and works collaboratively. Although the other three S factors do not seem to be so critical at the moment, they may come into play as IBC continues to grow and expand. Thus, while the 7-S analysis is useful in highlighting a company's strengths and challenges, a contingency approach may be the most appropriate, with certain factors being more salient than others at any particular time.

http://www.hotelschool.cornell.edu/research/chr/pubs/reports/abstract-16120.html Cornell Hospitality Reports, Vol.12, No. 7



Marival Segarra-Oña



Ángel Peiró-Signes



Rohit Verma



Bruce Tracey



Brendan Blood

#### STRATEGY (CONTINUED)

## The Intersection of Hospitality and Healthcare: Exploring Common Areas of Service Quality, Human Resources, and Marketing

Brooke Hollis and Rohit Verma



**Brooke Hollis** 



Rohit Verma

eld in fall 2011, the first Hospitality and Healthcare Roundtable represented a collaboration between the Center for Hospitality Research and the Sloan Program in Health Administration at Cornell University. While space limitations cannot fully capture the depth of discussion during the roundtable, these proceedings attempt to capture some of the ideas discussed and developed during the program. Nearly three dozen participants from both industries shared their best practices, with the goal of finding common ground and cross-pollinating towards the development of improved strategies.

Beyond the many intersections of the two fields noted in the body of the proceedings, a recurring theme for the roundtable was the idea that success in both healthcare and hospitality depends on the core principle of creating a culture of respectful treatment and valuing all stakeholders. An effective culture engages staff members and ensures that they feel their work is important and appreciated. At the same time, effective operations depend on continual and careful measurement of customer satisfaction, using such rubrics as net promoter scores and the national Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS).

A particular challenge for many healthcare systems involves aged facilities, particularly those located in inner cities. While the facility itself may largely be inflexible, the staff's approach can help overcome that negative factor. Other small touches also help, such as making sure the facility is sparkling clean, uncluttered, nicely decorated, and properly lighted. Food service is a critical part of patient satisfaction in facilities of all kinds. Many hospitals are moving to a catering-style approach that brings food to patients when they need it. Senior care and continuing retirement care facilities expressly use hospitality-type approaches, with guests who are long-term rather than transient. As is true of many

segments of the healthcare industry, the customer for senior living facilities is not only the client but also the client's family. Thus, a holistic approach is needed that involves resident and family alike.

The healthcare system faces financial challenges, as it is likely that hospitals in particular will see reduced payment levels. For this reason, healthcare systems must pay particular attention to costs and find ways to apply innovative ideas from hospitality and other areas to reduce inefficiencies while maintaining high quality outcomes. For society as a whole, the greatest cost savings may be to help people stay healthy, and many healthcare systems are encouraging behavior that prevents or delays illness, often borrowing ideas from the hospitality industry.

Finally, the flow of expertise between the two industries can run in both directions. While healthcare is benefitting from a hospitality-style approach of focusing on a service culture, the hospitality industry can learn from healthcare's expertise in complex-system management, which involves a system with many moving parts, some of which are independent of each other, the presence of numerous intertwined legal, human resource, and supply chain subsystems, working with multiple decision makers and stakeholders, and a collaborative approach to product and service innovation.

http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/roundtable-16099.html Cornell Roundtable and Conference Proceedings, Vol. 4, No. 2

## Connecting Customer Value to Social Media Strategies: Focus on India

#### Rohit Verma, Ramit Gupta, and Jon Denison

Ithough the internet has yet to make substantial inroads into hotel distribution in India, that time is soon coming. Thus, Indian hoteliers and academics met for the first Cornell Center for Hospitality Research Roundtable in India to discuss ways in which operators there can make the best use of online travel agents and electronic and social media as those channels grow in importance to India's industry. Participants observed that reviews and comments made by customers on social media can become an adjunct to management's guality control efforts, since managers can guickly respond to problems that have been posted. Operators will have to become attuned to potential guests' search processes, which vary according to market segment. Although appropriate pricing is essential, a strong focus on the brand is an essential counterbalance to the disintermediation and commodization that can be side effects of internet transparency. Existing models for the use of social media that have become common in America and Europe may not apply in India, which already has its own culture of communication that is based on informal networks. One approach that hoteliers can use to maintain an effective customer value proposition is to analyze the data that customers supply on their numerous internet postings. Although those data are not structured, it is possible to use specific analytical techniques to determine what customers want and how to incorporate value into the hotel brand.

http://www.hotelschool.cornell.edu/research/chr/pubs/roundtableproceedings/ roundtable-16199.html

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