
Chapter 13

Managing customer satisfaction

Chapter Objectives

After working through this chapter, you should be able to:

- Define customer satisfaction
- Understand the importance of satisfying customers
- Evaluate customer satisfaction guarantees in hospitality
- Describe tools for measuring customer satisfaction in the hospitality industry.

Introduction

The concept of satisfying customers is rooted deep in the philosophy of marketing and is a key element in most marketing definitions. Academics and practitioners agree that customer satisfaction is a crucial concept. In this chapter we will explain why customer satisfaction is important; we will then discuss customer satisfaction guarantees in hospitality and explain how companies choose between investing in improvements in customer satisfaction and investing in returns to the stakeholders. Finally, we will review measures for capturing customer satisfaction data and customer complaint processes.

Measuring and understanding customer satisfaction are important elements in the post-encounter marketing mix. Satisfaction has a significant influence on customer attitude and behavioral intention. Customers generally have pre-encounter expectations of hospitality experiences and after the encounter they evaluate the experience against those expectations, effectively asking: 'Did that experience meet my expectations?' If expectations are underperformed, dissatisfaction is likely to result. Dissatisfied customers are at risk of defecting to competitors. Satisfied customers, whose expectations are met or exceeded, however, hold out the promise of further business. Consequently it is important for marketers to measure and understand the major influences upon customer satisfaction.

Defining customer satisfaction

Satisfaction is a complex phenomenon (Zeithaml and Bitner, 2003; Figure 13.1). In Chapter 3 we discussed consumer expectations, which are formed prior to purchase.

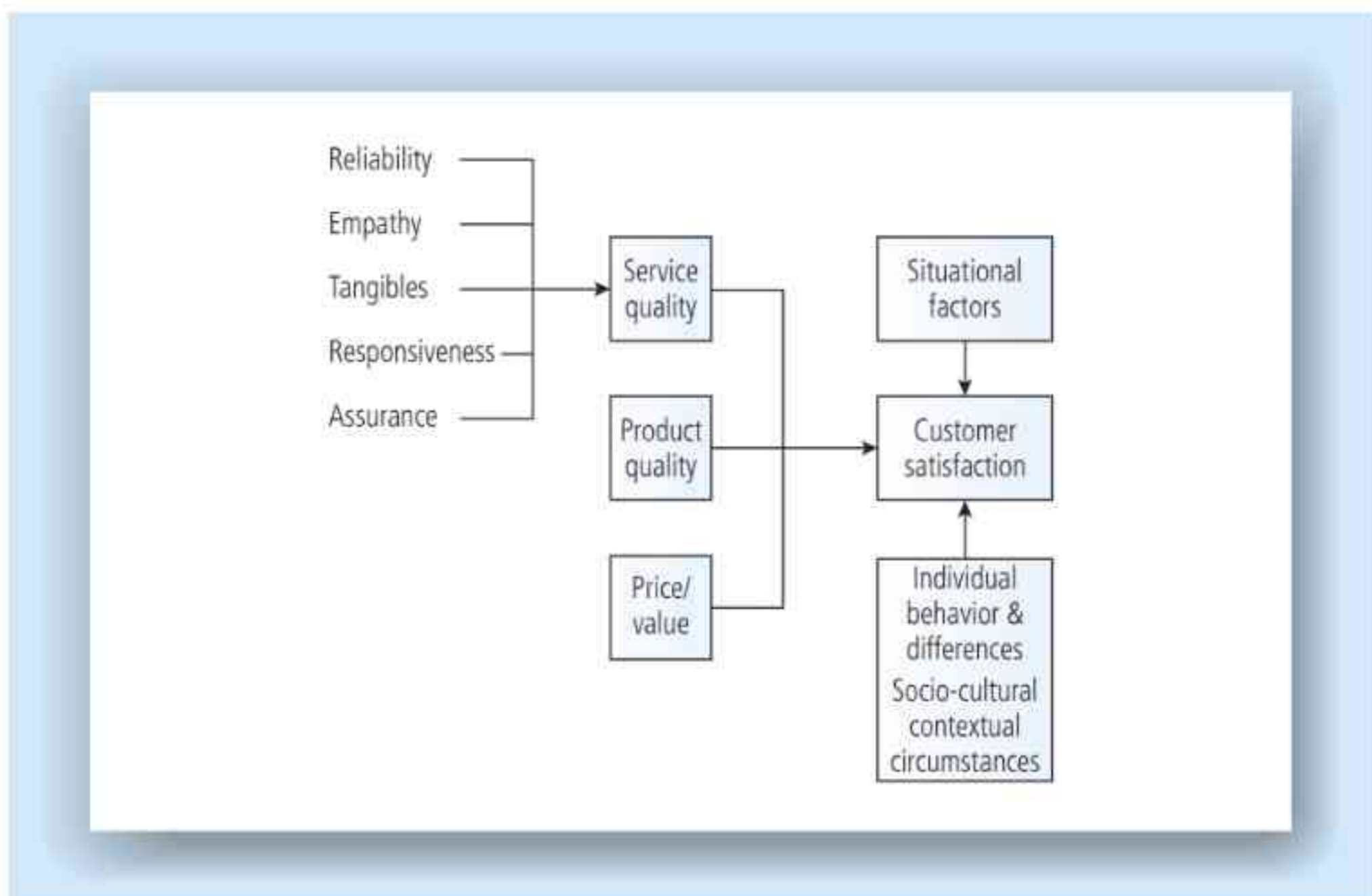


Figure 13.1 Customer satisfaction (adapted from Zeithaml and Bitner, 2003, *Services Marketing*, reproduced with permission of The McGraw-Hill Companies)

Expectations are important comparison standards that help consumers to evaluate the perceived performance of the hospitality offer throughout and at the end of the service encounter. At the simplest level, customers are satisfied if the experience matches or exceeds their expectations, and dissatisfied if the service performance fails to match their expectations. Customer satisfaction can therefore be defined as a positive attitude towards a supplier that is achieved when the customer's expectations are met. One situation that does not fit this definition is when customers expect that a service experience will be poor, and those expectations are met! Meeting these low expectations does not generate satisfaction. However, when expectations are positive, this definition of satisfaction is perfectly adequate. Since customers needs and wants change over time, consumer expectations of the hospitality offer also change over time.

Customers can enjoy a range of different types of satisfaction, including:

- Contentment, when a routine service is delivered satisfactorily
- Pleasure, when a service makes the consumer feel happy
- Delight, when a service surprises the consumer and exceeds expectations
- Relief, when a service overcomes a potentially difficult situation and delivers satisfaction.

Activity 13.1

Can you identify a number of hospitality experiences that have given you the following feelings:

- Contentment
- Pleasure
- Delight
- Relief.

Can you explain why you felt the way you did?

Why customer satisfaction is important

Customer satisfaction is important to the success of hospitality businesses. Few hotels and restaurants can manage to survive if they consistently deliver unsatisfactory experiences. When customers have alternative providers, they may choose to reduce the amount of business done, or even not to return at all. They may also utter negative word-of-mouth, discouraging potential customers from visiting. Commonsense tells us that satisfied customers must be good for business. Research into a number of conditions supports this commonsense notion – the cost of acquiring new customers; the benefits of repeat purchases by satisfied customers; and the impact of positive word-of-mouth recommendations.

Marketing insight

An Example where Customer Satisfaction is Less Important

Hospitality units in prime tourist locations with transient visitors sometimes take advantage of tourists and can remain profitable despite delivering customer dissatisfaction. A restaurant close to the Rialto Bridge in Venice attracts tourists with a low-priced tourist menu, and then encourages customers to eat local fish specialities at high prices. The dissatisfied tourists will never return, and the restaurant continues to trade profitably because of its prime location.

The cost of acquiring new customers

Throughout this book we have emphasized the competitive marketplace in which hospitality companies operate. Attracting customers carries significant marketing costs – primarily selling, advertising and sales promotion costs. Indeed, research suggests that the cost of attracting a new customer is five or six times greater than the costs of retaining an existing customer. At the same time, competitors are also striving to attract the same customers. Therefore, when a customer is initially attracted to your marketing offer your company is given a unique opportunity to make a sale and perhaps develop a longer-term relationship with the customer. Customer retention strategies are predicated upon delivering customer satisfaction the first time a customer experiences the hospitality offer; customers who are not satisfied may never return, and the investment in the pre-encounter marketing activities will have been wasted.

Repeat customers

For the vast majority of hospitality businesses, repeat customers are an essential element of the customer mix. The cost of attracting repeat customers – providing they are satisfied – is significantly lower than and in many situations minimal compared to the costs of acquiring new customers (Reichheld, 1996). There are also non-economic benefits derived from repeat customers, including the following:

- Repeat customers know where and how to book, what to expect, and how to find the premises
- Customers who return have expectations that can be met – they already know what the hospitality offer represents, and this indicates that they were relatively satisfied with their first experience
- Customer-contact employees greeting regular customers provides reassurance to first-time visitors regarding product quality and customer satisfaction
- Regular customers are less costly to look after because they know how the service operation works.

Indeed, repeat customers can become powerful advocates for the business, encouraging others to patronize the establishment.

Positive word-of-mouth recommendation

A word-of-mouth recommendation from a satisfied customer is simply the most cost-effective form of customer acquisition. When friends or relatives tell us that a restaurant served really good quality food at reasonable prices, or that the atmosphere, company, drinks and music at a nightclub were excellent, then the next time we book a meal or go clubbing we will seriously consider following that word-of-mouth recommendation. *Word-of-mouth has a positive influence on customers because the source of the message (our friends and relatives) is highly trusted.* They have no reason to lie to us, and we know them so well that we are likely to believe their advice. Customers who give positive word-of-mouth are also more likely to be retained for the longer term.

Word-of-mouth recommendations are dependent upon all the elements of the hospitality marketing mix working effectively. Helpful, smiling staff cannot win over customers when the prices are too high; a good product in the wrong location will suffer; and wonderful food served by rude staff is normally counterproductive. Ultimately, it is marketing during the hospitality encounter that delivers customer satisfaction and generates word-of-mouth referrals.

Basic principles of customer satisfaction

Effective management of customer satisfaction is based on several principles:

- 1 Identify which customers you are trying to satisfy. Not all customers or prospects are equally important.
- 2 Identify what is important to those chosen customers. Not all customers value the same components of the hospitality offer, and not all elements are equally important. For example, some customers value food quantity, while others value food quality. The same customers' expectations may change over time: customers generally want faster service at lunch, but more leisurely service in the evenings.
- 3 Get it right first time. Customers' expectations, once understood, should be satisfied at the first opportunity. You should try to eliminate the causes of customer dissatisfaction, such as slow service, ill-informed contact staff and malfunctioning equipment.
- 4 Excellent recovery. Accepting that occasionally a hospitality company will fail to meet customer expectations, you need to have in place recovery processes to mitigate customer dissatisfaction, pre-empt negative word-of-mouth and promote retention.

Customer satisfaction guarantees

When consumers buy manufactured products, the manufacturer provides a guarantee and will normally repair or replace the product if the customer is not satisfied.

Both consumers and manufacturers understand the concept of satisfaction guarantees, which plays an important role in marketing manufactured products. However, most hospitality managers are intuitively opposed to the idea of customer satisfaction guarantees. They believe that too many guests will be dishonest and make bogus complaints, even when they have enjoyed their stay or meal. It is interesting to note that virtually all hospitality providers do compensate customers when they have a genuine complaint, and this compensation implies that companies do actually have some sort of customer satisfaction guarantee, even if they do not inform customers about it. This controversial topic can be better understood if we explain the different type of service guarantees that companies can adopt (Zeithaml and Bitner, 2003).

Implicit satisfaction guarantee

When customers book into a hotel or restaurant, they assume that they will receive a satisfactory outcome for the price they will pay, even though the hospitality outlet has not given the customer any guarantee. There is an implicit understanding, grounded in experience, education and consumer protection legislation, that the hospitality provider will compensate a customer with a genuine complaint. Whilst there is no formal contract with the customer, most hospitality companies do compensate customers who complain. The problem with this informal type of customer satisfaction guarantee is that neither the customers nor the company know what an implicit guarantee covers. There are no guidelines setting out what the company offers and how customers will be compensated if something goes wrong.

Explicit satisfaction guarantee

An explicit satisfaction guarantee is based upon a specific, measurable performance factor. Time based services, like room service delivery or pizza home delivery, are good examples of explicit satisfaction guarantees. The length of time to deliver the service can be fixed as part of the service guarantee, and it is then simple to establish whether the service has been delivered on time or not. These guarantees have been used with varying degrees of success. Unfortunately, Domino's Pizza had to withdraw a 30-minute guaranteed delivery time because of problems caused by employees driving dangerously fast whilst trying to deliver pizzas on time. Another example of an explicit guarantee is the conference package offered by Ramada Jarvis Hotels' 'Summit Conferences', which includes a money-back guarantee that the conference equipment will be fully checked well in advance of the meeting, and messages will be delivered promptly. Although Ramada Jarvis suggest they will serve a two-course meal in just 35 minutes as part of a conference package, this service is no longer included in the guarantee.

Marketing insight

Holiday Inn's Guest Charter

Holiday Inn introduced a guest charter and a hospitality promise informing customers that 'making your stay a complete success is our goal'. If customers are not satisfied with any part of their stay, they are invited to inform the front desk or duty manager. The Holiday Inn promise is to solve the customer's problem, and if the problem cannot be solved, then the customer does not

pay for that part of their stay. This promise, which has a trademark copyright protection, is mainly promoted in the bedrooms. Although the promise offers a service guarantee, the way it is worded does not have the same impact as an explicit satisfaction guarantee or an unconditional 100 percent complete satisfaction or money-back guarantee.

Unconditional satisfaction guarantee

An unconditional satisfaction guarantee promises customers complete satisfaction or their money back. An unconditional guarantee makes a powerful statement about the confidence a hospitality service provider has in the integrity of the offer. An unconditional guarantee gives consumers:

- Confidence to purchase the service (by reducing risk) in the knowledge that a 100 percent refund is available if they are not satisfied
- Reassurance that the company can deliver on the promise, or it would not provide a service guarantee
- Preference over competitors who do not provide a similar guarantee.

Before a hospitality company can introduce an unconditional guarantee, the following conditions must be fulfilled:

- The target market must be clearly defined
- The company must understand the drivers of customer satisfaction for the products and services offered
- Product or service quality standards must be set to deliver customer satisfaction
- Employees must be aware of the 100 percent satisfaction guarantee, and be capable of fulfilling their role in the service experience.

A hospitality company intending to introduce an unconditional guarantee must be prepared to invest significantly in marketing research to evaluate the drivers of customer satisfaction, competitive standards, and consumer's perceptions of price and value, as well as investment in product quality and training; it must also ensure that there is an effective quality audit process. Most importantly, if a company cannot deliver consistent customer satisfaction then it simply cannot afford to offer an unconditional service guarantee.

The small number of hospitality companies that introduced unconditional service guarantees have:

- Been forced to adopt a customer orientation, and to view customer satisfaction from the consumer's perspective
- Had to review the entire customer experience to eradicate failure points (areas of customer dissatisfaction)
- Effectively used the service guarantee as a differentiator in marketing communication campaigns
- Increased brand awareness and market share
- Been able to monitor the cost of consumer dissatisfaction by the cost of refunds to dissatisfied customers
- Used customer complaints to identify and correct service and maintenance problems

- Given managers and employees measurable customer satisfaction performance goals
- Effectively used the concept of unconditional guarantees in employee team-building exercises
- Achieved significant reductions in employee turnover.

From a quality perspective, unconditional guarantees force companies to 'do it right first time' or the costs of complaints would be unacceptably high. However, despite all these advantages few hospitality companies can seriously entertain the notion of providing a 100 percent satisfaction guarantee. Many hospitality organizations do not have the product/service consistency to be able to offer an unconditional guarantee, and in these cases the costs of compensating customers who complained would be too high. Such companies should not consider introducing an unconditional guarantee policy.

Hampton Inns in the USA pioneered the introduction of unconditional guarantees in hospitality (Case study 13.1), and more recently Travel Inn in the UK has adopted this policy (Case study 13.2). Both operate in the budget accommodation market, with a price-led strategy, a relatively standardized product, simple pricing policies and few employees. This type of brand formula delivers a homogeneous marketing offer, which lends itself to an unconditional guarantee.

Case study

13.1 Hampton Inns

In 1990, Hampton Inns – the US budget hotel brand that was then owned by Holiday Inn – took a calculated gamble and introduced the following customer satisfaction guarantee:

Hampton Inn 100 percent Service Guarantee. We guarantee high-quality accommodations, friendly and efficient service, and clean, comfortable surroundings. If you are not completely satisfied, we don't expect you to pay.

Prior to this innovative strategy, Hampton Inns had carried out a detailed quality audit to eliminate any failure points and to ensure customer satisfaction standards. After a successful trial period the policy was introduced, and any customer who is not satisfied with his or her stay now receives a night's accommodation free. This hassle-free money-back policy has helped Hampton Inns to capture the highest retention rate of customers in the USA.

The problem of customers abusing the unconditional guarantee is solved in the following way. If the customer-contact employee handling a complaint believes the customer does not have a valid reason, a comment is entered on to the database. The customer is not charged on the occasion of making a complaint. If, however, the customer tries to book again, the reservations department informs the customer that he or she is welcome to stay at the Hampton Inn, but in the event of a complaint the unconditional guarantee will not be offered.

Hampton Inns continues to use the 100 percent guarantee as the focus of its marketing activities.

(Source: Zeithaml and Bitner, 2003)

Most mid-market hotels target many market segments. They have a complex range of accommodation, food, beverage and leisure products, with a wide variety of prices and price bundles, and a relatively large number of employees. This type of

company delivers a heterogeneous marketing offer, and so it would be difficult to provide an unconditional guarantee, even if the management were interested in offering one.

Luxury hotels and restaurants providing high-quality service and well-maintained facilities do not need to introduce an unconditional guarantee. The reputation of Four Seasons Hotels, or the Savoy Hotel in London, carries an implicit guarantee of complete customer satisfaction.

Case study

13.2 Complaints and customer satisfaction at Travel Inn

Since introducing the 100 percent satisfaction guaranteed or money-back policy, Travel Inn has witnessed an increase in the number of guests complaining (the most common complaints are about noise from other guests, car alarms and delivery lorries), and has consequently paid out 0.5 percent of sales revenue in refunds. However, the company believes the refunds are an investment in customer satisfaction. Travel Inn carried out research with 10,000 customers, and discovered a significant increase in satisfaction with the complaint resolution process. The Managing Director, Carl Leaver, said: 'our research proves that increased customer loyalty drives incremental sales that pay back the cost of the refunds many times over'.

Constraints on customer satisfaction

We have discussed the difficulties that hospitality companies have in delivering 100 percent customer satisfaction guarantees. *Whilst most companies could almost certainly improve their level of customer satisfaction, there are constraints that restrict such improvements.* Customers want competitive prices, and there are limits to how much customers are prepared to pay for higher levels of satisfaction. Hospitality companies have other stakeholders who compete for the funds that could be invested in delivering higher customer satisfaction – for example, shareholders want an increase in dividends, management and employees want higher wages and bonuses, and suppliers want prompt payment. Therefore, investment in improving customer satisfaction has to be balanced against the needs of other stakeholders. Indeed, financial constraints frequently inhibit investment in the hospitality product and improvements in customer satisfaction.

Activity 13.2

Log on to the following hotel brand websites and evaluate their approaches to providing customer satisfaction guarantees:

- www.holiday-inn.com
- www.hamptoninn.com
- www.travelinn.co.uk
- www.jarvis.co.uk (Summit Conferences)

Measuring customer satisfaction

Hospitality companies use a combination of direct and indirect methods to measure and monitor customer satisfaction. Indirect methods included tracking actual sales and profit figures compared to forecast and previous period performances. Direct methods include customer research, and analysis of complaints and compliments. Although most hotels and restaurants will have customer comment cards or questionnaires in the guest bedrooms and on the tables, the industry does not have a standard approach to measuring customer satisfaction; and companies use a variety of different methods to collect and analyze the data. For example, there is no common scale used in collecting customer satisfaction data – some companies use a numerical scale (1–5), others use word descriptors (poor, fair, good, excellent), and others rely solely on customer's own comments. Each organization will ask customers different types of questions according to their own needs, and will rarely share data on such a confidential topic.

Delivering customer satisfaction consistently is dependent upon listening to customers and customer-contact employees so that performance standards are continually enhanced. A number of different classes of customer can provide insight into the level and causes of customer (dis)satisfaction. Research can be conducted into current customers, lapsed customers, competitors' customers and potential customers. Techniques include the following:

- Analyzing customer complaints and changing service policies and procedures to reduce or eliminate the sources of complaint.
- Post-transaction surveys – customers can be sent postal or email questionnaires when they have returned home, with an incentive to complete and return them. The questionnaires obtain post-experience data about customer satisfaction. Many tour operators give customers a questionnaire to complete on the flight home, and this provides information about the hospitality service during their holiday.
- Key account customers, frequent guests, and members of loyalty clubs understand the level of consistency across a hotel brand better than most employees. Surveying the views of expert customers can identify underperforming units and highlight important brand inconsistencies.
- Employee surveys – encouraging employees to provide feedback on the service operation – provide another technique used by progressive companies. Employees are acutely aware of service problems, and often know the reasons why performance is below the brand standards. Seeking and acting on their views can help to improve customer satisfaction.
- Focus groups of customers and employees allow the coordinator to explore customer satisfaction issues in depth.
- Mystery shopping is a key tool in auditing the service process in hotels and restaurants. Mystery shopping combines a customer-centred approach to monitoring service with measurable performance standards. Researchers pretend to be customers and record their impressions of the service. The mystery shopper survey includes quantitative measures (for example, the length of waiting time for service) and qualitative measures (for example, employee friendliness and courtesy). At the end of the visit, the mystery shopper survey score and report is given to

the unit manager and to head office. Some companies use the results from the mystery shopper survey as part of the manager’s bonus scheme, which emphasizes the importance of this auditing tool.

- Internal brand audits – hospitality chains employ their own staff or commission external firms to carry out brand conformance audits to ensure that the unit is delivering customer satisfaction (assuming that the brand standards do actually deliver customer satisfaction!). These inspections are not secret. The general manager and employees know in advance when the audit will take place, and obviously prepare for the inspection. Inspectors have detailed brand performance standards covering all aspects of the operation, and check the unit’s performance against the company’s benchmarks. In large hotels, several inspectors can stay for three or more days reviewing the service operation. For franchise operations and hotels in consortiums, the brand audit provides the brand owner with evidence to force units performing below the minimum brand standards to improve performance. Ultimately, if the unit continues to underperform, the brand owner can terminate the agreement and withdraw the brand name and support for the property.

Normally, both quantitative and qualitative research methods are used to collect data from customers. Research should be continuous, and over time changes in customer satisfaction can be recorded, with an explanation to account for increases or decreases. Processes for evaluating customer satisfaction include importance/performance analysis, benchmarking and complaints capture.

Importance/performance analysis

Importance/performance analysis (IPA) starts by identifying the elements of the hospitality experience that contribute importantly to customer satisfaction. It then assesses the performance of the firm against those expectations. Many companies conduct qualitative research, such as focus group interviews, in order to identify the important elements of the experience. There are clearly dangers in using standardized instruments (such as SERVQUAL; Parasuraman *et al.*, 1988) that do not account for variance in customer expectations. Questionnaires can then be constructed that assess customer expectations of those elements as well as their perceptions of performance. The normal format is to ask customers to rate, on a seven-point scale, their expectations of an excellent hospitality company and their perceptions of the researched hospitality company’s performance (see Table 13.1).

Table 13.1 Importance/Performance Questions

<i>Item</i>	<i>Strongly disagree</i>							<i>Strongly agree</i>
Expectation: Excellent budget hotels provide quiet sleeping accommodation	1	2	3	4	5	6	7	
Perception: Hotel XYX provides quiet sleeping accommodation	1	2	3	4	5	6	7	

Analysis can then focus on identifying where the company falls short of meeting customer expectations. For example, if a customer were to rate the expectation item above at 7 and the perception item at 4, this would mean a 3-point negative gap (perception score (4) less expectation score (7) = -3). Customers are invited to identify the relative importance of each element or a group of similar elements, such as those relating to responsiveness of contact staff. It is a mistake to believe that every negative gap is equally important to customers. For example, a (-3) gap may also be found for illumination of the car park. For most customers, a noisy bedroom is a much more important issue than a poorly lit car park. For this reason, many satisfaction questionnaires invite customers to identify not only expectations and perceptions, but also the importance of each element. Typically this is done by asking customers to distribute 100 points between the elements or groups of elements in a way that reflects their relative importance.

This information can be used to guide customer satisfaction strategies. For example, where customers have identified a particular attribute as important and the company is not meeting expectations, there is a potential source of customer dissatisfaction and the gap should be closed. However, where the company is exceeding customer expectations on some attribute that is unimportant to customers, there may be a case for reducing expenditure on that attribute.

Results from this sort of analysis can be mapped onto an IPA matrix, as in Figure 13.2.

In the matrix, cell I of the matrix represents a competitive strength – an area where the customer is satisfied with the company’s performance on important attributes. Cell II is a threat – the company is failing to satisfy customers on important attributes. Cell III describes the situation where the company is meeting and perhaps exceeding customer expectations on attributes that customers think are unimportant. The options here are to educate the customer as to the attribute’s importance or to reduce investment in that attribute. In cell IV, the customer is dissatisfied, but the attribute is not important. It would make sense to monitor the importance of

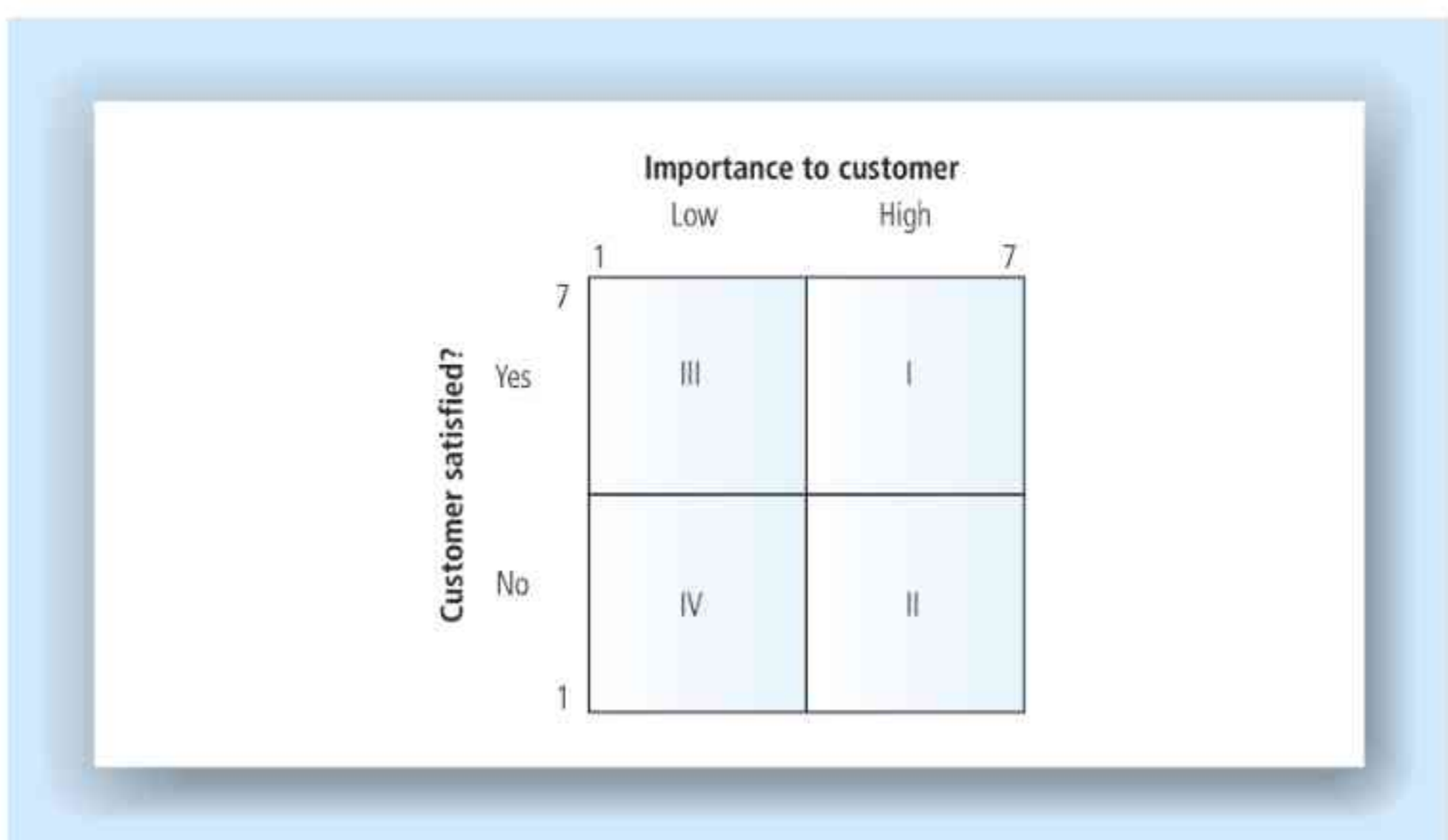


Figure 13.2 Importance/performance matrix

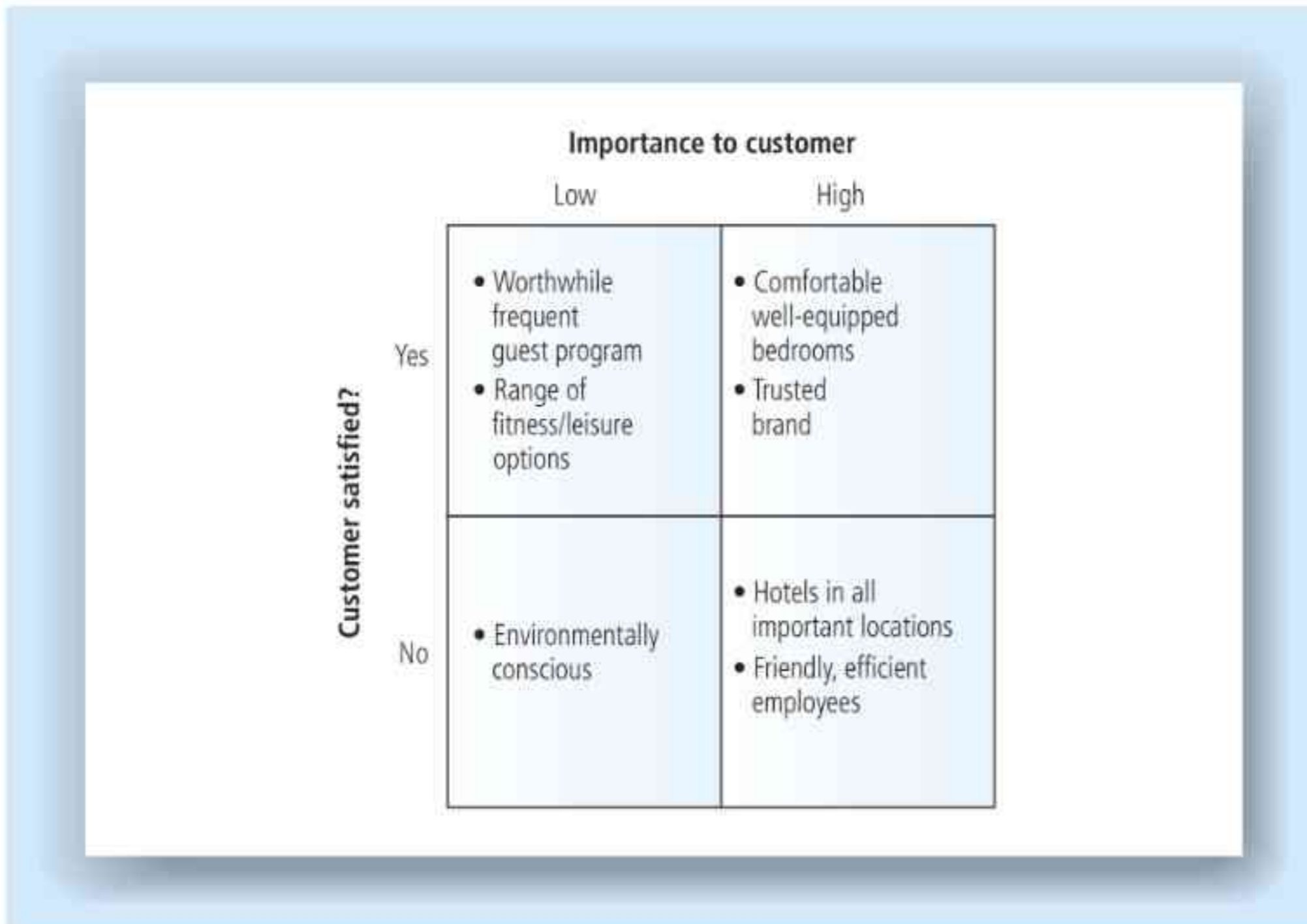


Figure 13.3 Importance/performance matrix, hotel example

that attribute, because if customers come to regard it as important in the future it will become a threat. Figure 13.3 provides an example of seven IPA attributes, for an upscale full-service hotel brand, mapped on an importance/performance matrix.

Benchmarking

Consultancies and marketing research agencies provide hospitality organizations with benchmarking services, which enable companies to compare their own brand’s performance on a wide range of indicators against their competitor set and best practice in the industry. BDRC provides the leading hotel companies in Europe with confidential, customized research, benchmarking each brand’s performance on key attributes relevant to customers in their market sector. The benchmarking process enables the marketing team to identify and correct important weaknesses compared to the competitor set, and ultimately to improve customer satisfaction.

Complaint capture and analysis

In Chapter 11 we explained that encouraging customers to complain and then responding effectively to the complaint helps to improve customer satisfaction. Companies who take complaints seriously need to develop a management system to capture and analyze the volume and characteristics of complaints. These data can then be used to identify and correct failure points. In hospitality, one source of complaint data is the questionnaires customers complete in hotels and restaurants. Another source is complaint letters, which often describe a catalogue of critical incidents. Both these sources provided management with important information about

failure points. However, the problem with customer questionnaires and complaint letters is that they only represent a very small sample of either very happy or very unhappy customers. An effective complaint capture system will employ many channels, such as questionnaires, emails, fax, telephone calls and websites. It will also include a channel to facilitate employee feedback on customer complaints.

Customer satisfaction may not lead to repeat business

In highly competitive industries with commoditized products, low differentiation, many competitive or substitute offers available, low switching costs, and consumer indifference, satisfied customers will still defect. Hospitality markets suffer from these characteristics; so whilst delivering customer satisfaction is essential for the success of the hospitality business, it is not a guarantee for success. Indeed, there are many examples of restaurants that delivered good customer satisfaction but failed because of other factors – such as setting up in the wrong location.

In hospitality, completely satisfied customers may never return to the unit or to the destination for a variety of reasons. For leisure products, many of today's travelers want to explore the world and visit new destinations rather than returning to the same tourist resort. They are variety-seeking customers. Given the industry's over-capacity, price-led consumers can choose from a wide range of competitively priced deals anywhere in the world. Customers attending unique events, like wedding receptions, sports matches and exhibitions, will stay at or near the venue, and may never have another reason to visit the area. However, this does not mean that customer satisfaction is unimportant to these customers. Hospitality businesses that take customer satisfaction seriously will not lower their service standards because of the transient characteristics of customers.

Conclusion

Customer satisfaction is a complex topic, which will continue to be the focus of research because of its important role in generating repeat sales, word-of-mouth recommendation and enhancing profitability. Although most hospitality companies have difficulty in offering 100 percent unconditional guarantees of customer satisfaction, virtually all of them provide implicit service guarantees. The cost of improving customer satisfaction has to be balanced against the willingness of customers to pay more for enhanced satisfaction, and the needs of other stakeholders. Customer satisfaction is the foundation of a successful hospitality business, but satisfied customers may never return.

In this chapter, we have explained:

- A definition of customer satisfaction
- Four different types of satisfaction – contentment, pleasurable, delight and relief

- Why customer satisfaction is important – because of the high costs of acquiring new customers and the economic and non-economic benefits of repeat customers
- The characteristics of an implicit satisfaction guarantee, an explicit satisfaction guarantee and an unconditional 100 percent satisfaction guarantee
- The constraints on improving customer satisfaction due to the needs of other stakeholders
- Various tools for measuring customer satisfaction, including importance/performance analysis, complaint capture and benchmarking
- That some satisfied hospitality customers may never return.

Now check your understanding by answering the following questions:

Review questions

- 1 Discuss the importance of customer satisfaction to a hospitality business
- 2 Evaluate the concept of service guarantees in the following hospitality market sectors:
 - budget
 - mid-market
 - luxury.
- 3 Discuss the role of customer satisfaction measures in improving customer satisfaction for a hospitality brand.

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