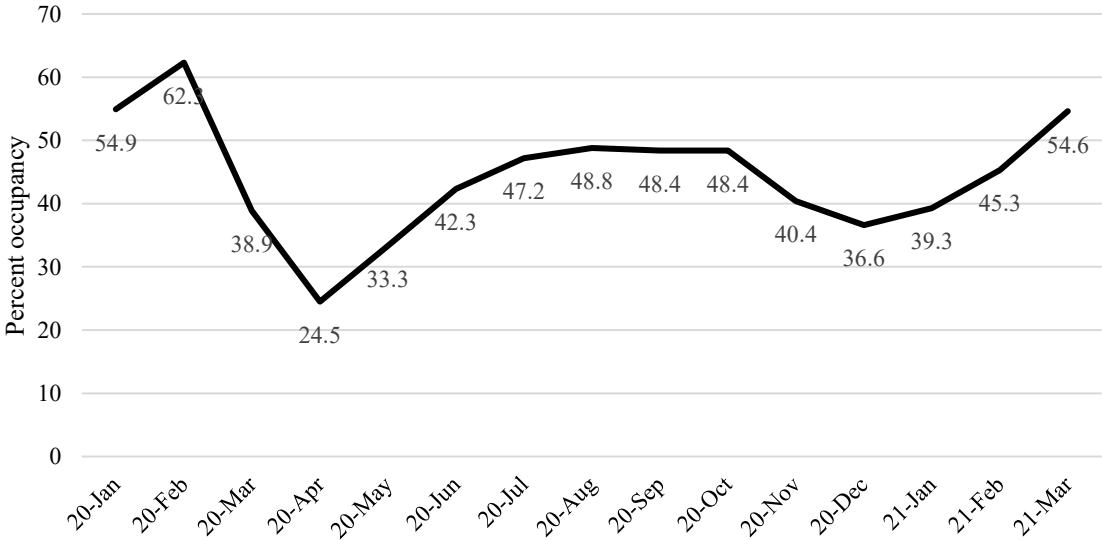


Case 1 Closing the customer gap during a pandemic Due: May 24, 2021	HRTM 440 – Summer 2021 Professor Drew Martin
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Customers’ expectations serve as the performance standards to measure their perceptions of service experiences. Perceptions of the service delivery are customers’ subjective assessments. The difference between customers’ service expectations and perceptions is called the Customer Gap. Service providers can close the Customer Gap by understanding what customers want and how they assess the service offering. Understanding customers’ expectations and perceptions help service providers to design more effective services.

A global pandemic had adversely affected the hospitality industry. In the U.S., the travel and tourism sector lost an estimated \$766 billion USD last year (WTTC, 2020). Starting March 2020, the lodging industry experience a dramatic decline in customers. Recently, leisure travel has started to improve, but business travel continues to lag. Currently, average occupancy rates are above 50 percent, an improvement from about 25 percent last year (STR, 2021a).

**Figure 1. U. S. hotel occupancy rate by month: January 2020 – March 2021**



(Source: STR, 2021)

As people start traveling again, the hotel industry has an uphill battle to improve customer satisfaction. A recent report by the American Customer Satisfaction Index (ACSI) finds a nearly a four percent decline in customer satisfaction compared to pre-pandemic data (ACSI, 2021). While four percent does not seem significant, the customer satisfaction with airlines has improved during this same timeframe and restaurants’ customer satisfaction remains unchanged (ACSI, 2020, 2021). A closer look at customer satisfaction with hotel services shows declines in all areas. Table 1 compares customer satisfaction with services and compares 2021 to 2020. The maximum score is 100 and reflects a percentage of people surveyed who feel satisfied with a

particular service element. For example, a score of 81 means 81 percent of people surveyed report satisfying experiences (19 percent are unsatisfied).

**Table 1. Customer service benchmarks for hotels by year**

<u>Service type</u>	<u>2021</u>	<u>2020</u>	<u>details</u>
Quality of mobile app	81	83	
Ease of making a reservation	80	83	
Reliability of mobile app	80	83	(lags, crashes)
Ease of check-in process	79	84	
Website satisfaction	79	81	
Courtesy and helpfulness of staff	78	81	
Room quality	77	80	(cleanliness, comfort)
Call center satisfaction	76	78	
In-room entertainment quality	75	77	
In-room internet service quality	75	77	(speed, reliability)
Quality of in-room amenities	75	77	(refreshments, electronics, bedding)
Loyalty program	74	75	
Quality of hotel amenities	72	74	(pool, fitness, business center)
Quality of food services	71	73	(restaurants, room service, mini-bar)

Source: ACSI, 2021

One critical element influencing customer perceptions is a service quality assessment. Positive service quality assessments likely influence overall customer satisfaction as well. SERVQUAL identifies five dimensions of service quality (see Parasuraman, Zeithaml, & Berry, 1988). To address concerns that SERVQUAL requires adaptation for specific service types, LODGSERV uses the same dimensions, but the scale was developed for the lodging industry (Knutson et al., 1990). Both scales use the same dimensions, but the questions are adapted for lodging in the latter. As reducing the customer gap is critical, addressing service quality concerns are a step in the right direction.

### Questions

1. How have hotel customers' needs change in the past year? Think of hotel guests in terms of Maslow's hierarchy. Please provide evidence to support behavioral changes to suggest a change.
2. Given the relationship between satisfaction and service quality, how do the satisfaction areas reported in Table 1 relate to elements of lodging service quality (see Knutson et al., 1990)? Which of these service quality area(s) should a hotel focus on improving?
3. What are examples of best industry practices that a hotel should integrate into operations to improve service quality? Please identify at least one industry example per service quality area needing improvement (from question 2).

## Instructions

Assume that the audience is a corporate management team. Senior management looks to you for a short report (about 5 pages, double-spaced). Please single space references. The writing style must be of the highest quality (no first person, contractions, or “it”). Do not write “I think” in your report. Evidence needs a citation and reference (American Psychological Association citation style). At least five quality outside references are expected. Give senior management guidance based on evidence in the form of theory, data, or best practices. Your personal experience is the same as “I think” are not sufficient to influence management decisions. This report counts as 20 percent of the course grade. Please upload a Word document into Blackboard by midnight on May 24, 2021.

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