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**SUBJECT: Boutique Hotels –
Missing the Opportunity to Provide Personalized Services**

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Introduction

In part one of a two part national study to measure customer service and sales in today's web-based world, Advanced Feedback, Inc. completed 252 controlled phone shops to boutique hotels across the United States. The focus was on this segment, believing that services among boutiques would be more personalized given their size, attention to detail, and intent on creating a lifestyle or personality experience.

In part two, Advanced Feedback is to survey high end luxury brands and comparing them, and the boutiques, to the overall range of hospitality offerings.

Using a simple and consistent mystery phone shop to check rates and availability, Advanced Feedback was able to objectively determine if the hotel is intent on providing service to prospective guests any more personable than an online reservation form. To minimize the chance of survey variability calls were done by the same person using the exact same scenario, time of day, day of week, pace and tone.

With such controls and consistency, the results of the phone shops should reflect the actual phone handling practices for each property. In other words, with all variables removed this should be a quick and easy indicator of each hotel's commitment to service and sales, a combination of intent, procedures (training and monitoring) and willingness to follow through on objectives.

While it is certainly true that there are many more touch points than the initial phone call it is at least an unbiased indicator of management's attention to service and sales at one of only three possible first interactions with a customer, those being, the Internet, phone, and in person. Management's ability to influence their online impression is obviously limited to the website design. Depending on the results of the phone shop study, Advanced Feedback may conduct a number of walk-in surveys to correlate the onsite first impression with the telephone experience. One can easily make the assumption that how a front desk associate interact with potential guest via phone is pretty much what you get in person. Instead of "what you see is what you get", the assumption is "what you hear is what you get".

Survey

The survey consists of the following questions:

1. Did the agent answer the phone within 3 rings?
2. Did the agent use the appropriate hotel greeting? (salutation, establishment, provided their name, how may I help you?)
3. Did the agent ask for and use the caller's name?
4. Did the agent qualify the guest (1st visit, reason)?
5. Did the agent ask a follow-up question to further determine your needs? (any special request?)
6. Did the agent build value by mentioning a benefit based upon your needs prior to quoting a rate?
7. Did the agent ask to secure a reservation?
8. Did the agent attempt to overcome objections or reservation resistance?
9. Did the agent lead the conversation?

Many common procedural aspects of phone call handling and reservations were intentionally left out, maintaining a focus on the key elements that determine a guest's first impression, and those that deliver quality service and sales for hospitality management. Specifically, the survey focuses on rapport, needs assessment, building value, making an offer and leading the caller.

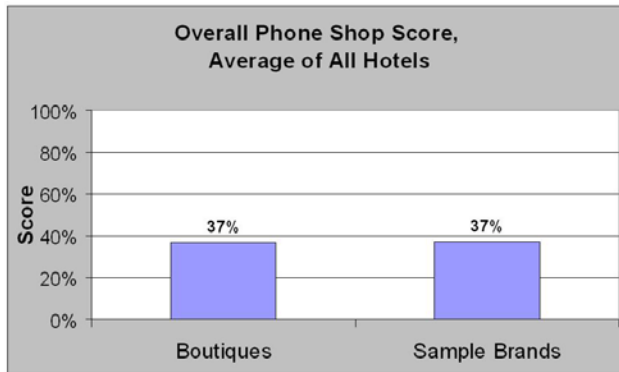
Furthermore, there are no variables unique to the property, such as size and class, that should influence an associates ability to cover all elements. The likely exception to this is whether or not the associate mentions property benefits. One would think agents of properties that have more amenities would find it easier to mention them as possible guest benefits. Our results will reveal if properties with more to offer actually do so. Extending the study to include the reservation process would likely be a measure of their program efficiency rather than the agent's communication skills and culture to use them. Also, without the reservations process, the calls were kept very quick and non intrusive.

Hotels were selected randomly based on only one criteria - they were self proclaimed or advertised to be a boutique, design, personality, or lifestyle property. Major brand were avoided however there are some rather large and growing hotel groups in this sector. Advanced Feedback also selected hotels in certain pre-established metropolitan areas or popular destination cities for the purpose of having results comparable by city, state, region and nationally.

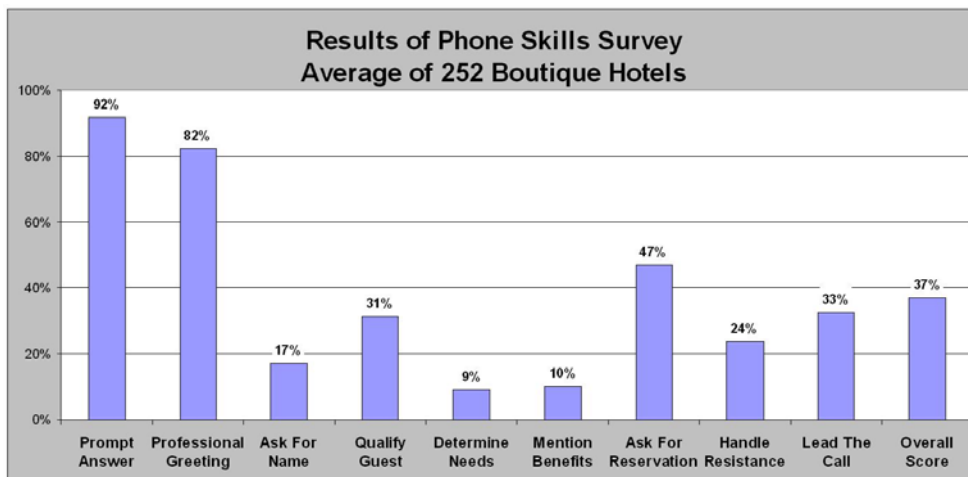
Results

First a quick look at the overall average phone shop scores for all hotels in this study and how that compares to a small control group. The control group consisted of only 20 hotels called during the boutique survey that represent a cross section of major brands. This sample size is too small to draw any conclusions other than a comparison of the overall phone shop score, which is an average of all 9 questions.

Results show no statistical difference between the overall phone shop score calling boutique hotels versus calling the major brands. This will be a subject of further review in part two of the study, however, at this stage we can assume boutiques are not doing anything drastically different.



Now, looking at the aggregate score for all 252 boutique hotels we see what comprises the low overall score of 37%. Once the phone has been answered promptly and with a professional greeting, the average of remaining aspects of measured phone skills amounts to an abysmal 24.5%. Admittedly everything after picking up the phone and speaking involves more effort – basically, engaging in active questioning and listening.



If we are to draw any conclusions at this point, it might be that the front desk (or reservations) is adequately staffed and trained to answer the phone promptly and politely, but that’s where the training stops. It seems this is true across all brands, not just

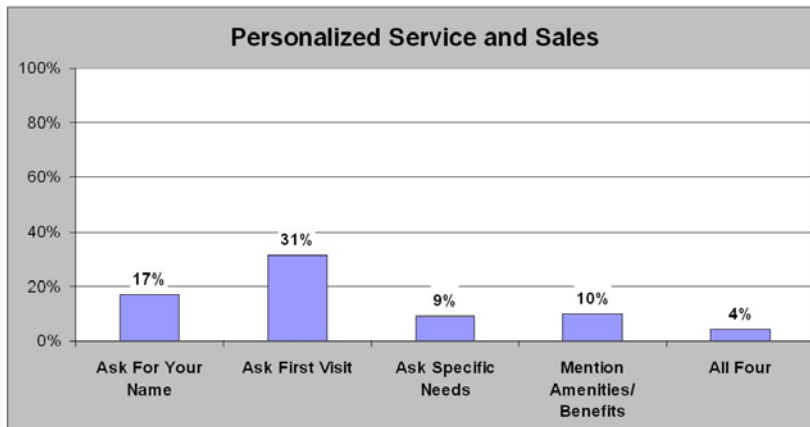
boutiques. The company will know for sure when a second phase of the investigation is complete, as the control group sample is too small to make comparisons on a question-by-question basis.

Personalized Service

While all elements of excellent phone skills lead a potential guest to conclude they have called a high quality property, there are four in particular that add the most to a sense of personalization. The next four questions in our survey all revolve around the caller; ask and use their name, ask if it is their first visit or reason for visit, ask if they have any special needs, and then mention some hotel amenities or services that may be a benefit to the caller. The final three questions of the survey have more to do with attempting to make the sale, but of course these too are made much easier if the rapport, needs assessment and value statement took place.

So the personalization of the call is not only paramount to a guest's perception of personal care, it is fundamental to the sales process. Improved reservation-to-call ratio and any measure of revenue rate or margin is driven by the value built during this phase of communication. This value building opportunity is not even an option with a hotel's web interface, and an option onsite only after the sale has been made.

So focusing on this opportunity, to both personalize a call and profit from it, we see from the chart below that boutique hotel representatives take full advantage only 4% of the time!



One would think boutique hotels have a unique opportunity to establish a personal connection with nearly every caller, as they may assume there is some element of interest in their property as a destination or attraction rather than just a place to stay. One or two simple questions to qualify the guest and refer to unique offerings would go a long way to affirm the experience the caller seeks.

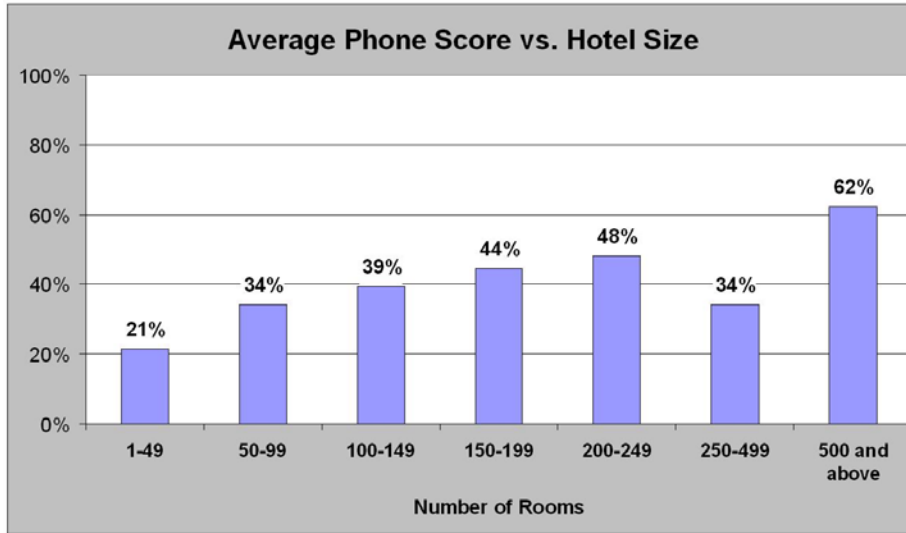
Attention to Sales

As we know from any basic lesson in sales, a sale is more likely when the value of an offer meets a buyer's needs and perceived value. Since the afore mentioned personalization of the call is all about determining a buyers needs and establishing a benefit of value, it goes without saying that the phone skills leading up to the offer are more important than the offer itself. Having said that, we now turn to the adage "nothing ventured, nothing gained".

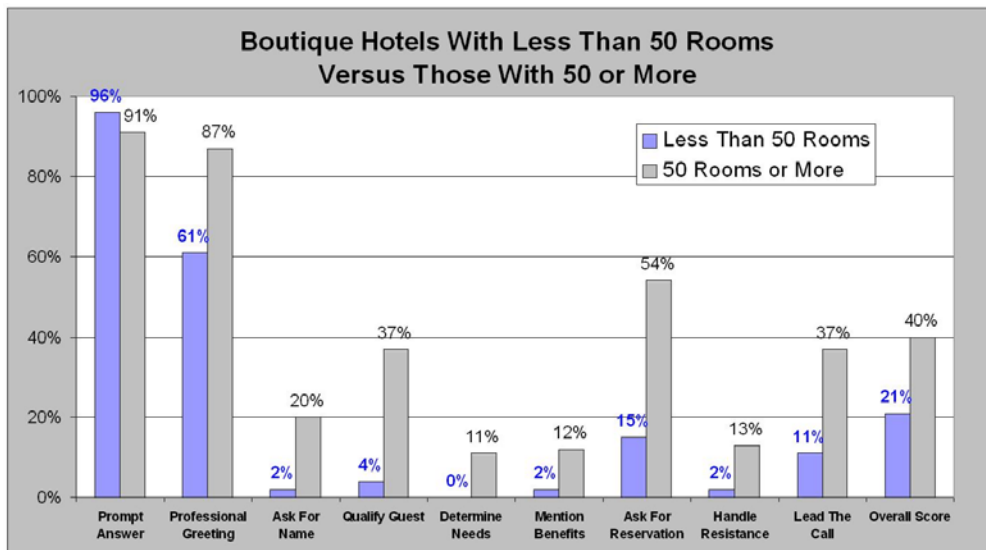
When a prospective guest checks availability and rates online they are presented with a an option. Whether we label it "Go", "Continue", "Reserve", or "Book Now", we are made an offer. Yet, when we called our list of 252 boutique hotels and asked for availability and rates, with specific dates, we were given an offer to make a reservation less than half the time. Keep in mind, this is someone calling a property to specifically ask what they can buy – they're given the answer but no offer to buy it? Clearly when only 47% of hotel agents ask the caller to make a reservation phone skills training is no longer front and center. After a long recession, we can expect excuses like cuts in training, and attention to online sales, but as long as associates are paid to answer the phone, they should be selling their service.

Phone Skills vs. Hotel Size

With some additional research, Advanced Feedback also established the room count of each property called. Just as we thought boutique equals personalized service, so too we wanted to believe that small might equate with more personalized care. Unfortunately, very small properties, those under 50 rooms, came in with the worst scores, only 21% on average. Scores improved gradually with each additional 50 rooms until the 250 to 500 range. The relationship between measured phone skills and size above 250 is poorly correlated and would require larger samples within each segment, however the highest average score did go to the largest group of hotels. Those with 500 or more rooms achieved an average score of 62%, but this was a sample of only 10 hotels.



While no size-based group did well with the qualification, needs assessment, and value aspects of our survey, the small hotels had the lowest scores in all elements of phone service except for prompt pickup.

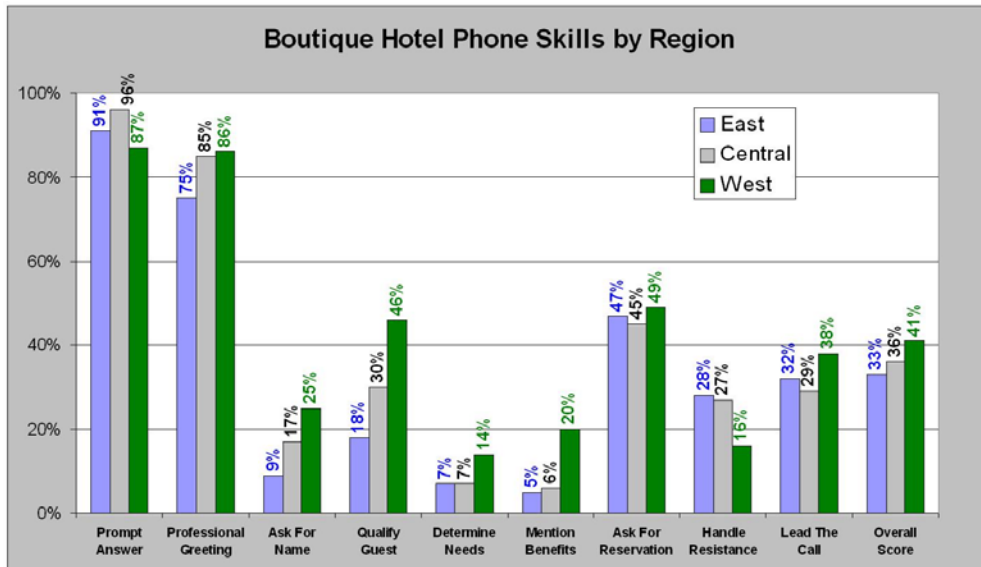


Clearly training for the front desk at small hotels does not go beyond an expectation to answer the phone and field questions. Again, this is discouraging given the opportunity for smaller properties to personalize their guests' experience. An obvious consideration for this group would be their limited access to training systems, franchise or otherwise. However, with today's low cost online solutions, such as Advanced Feedback's on-demand phone shop service, whereby a hotel can request a single call and coach's review within a couple of mouse clicks, the onus is on management to make customer service a priority.

Regional Variance

Advanced Feedback’s survey also looked at differences between specific cities, states and regions of the country. In most cases the sample size per city is too small for reliable comparisons. The data will better support this after part two of the study when Advanced Feedback adds major brands and hotel groups to the survey.

As shown below there is some evidence that hotels in western states put a little more effort into personalizing the call, 26% versus 15% central states and 10% eastern states, but nothing to cheer about.



The following table ranks average phone shop score by the state. These comparisons will be more reliable when calls are added during the second phase of the study.

	Shops	Score
Arizona	9	53%
Illinois	10	52%
Washington	10	43%
Tennessee	14	43%
California	40	42%
Maryland	10	41%
District of Columbia	10	38%
Indiana	7	37%
Michigan	10	34%
Texas	41	34%
Colorado	10	33%
North Carolina	8	33%
New York	10	32%
Nevada	9	32%
Hawaii	8	32%
Georgia	9	31%
Pennsylvania	9	31%
Florida	10	29%
Massachusetts	10	29%
Ohio	8	22%

The following cities were included in the survey: Atlanta, Austin, Baltimore, Boston, Charlotte, Chicago, Columbus, Dallas, Denver, Detroit, Honolulu, Houston, Indianapolis, Jacksonville, Las Vegas, Los Angeles, Memphis, Nashville, New York, Philadelphia, Phoenix, San Antonio, San Diego, San Francisco, San Jose, Seattle, Washington DC

If you would like to see how your hotel compares to the results of this in this survey, or you simply want a recorded phone shop to your property at any time, please visit Advanced Feedback’s Hotel Phone Shops On Demand. A link to both offers is provided at the top of the Advanced Feedback home page, at www.advancedfeedback.com.